

The Road to Empire?

Assessing the Emergence of a
China-Centric Geoeconomic Order

Nikolaj Kærslund Andersen

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Chapter 1: Introduction

The rise of China is perhaps the most important development in the practice and study of international relations in the early twenty-first century. The economic miracle that is China's modernization since Deng Xiaoping's reforms in the 1970s has taken China from the position of a backwater, poor, and rural nation to the world's second largest economy (in absolute terms) supporting the world's second largest military budget. The country still has some way to go to reach the ambitious goals of the Chinese Communist Party of raising the living standards of all Chinese, fostering companies that lead innovation in key technological sectors, and having a modern military with global reach.¹ Nonetheless, the world's most populous country has again become a leading great power, and the rest of the world is readjusting to this new reality.

This has reignited classic debates within the academic field of International Relations² about the consequences of changes to the distribution of power in an international system. Drawing especially on the literature on power transitions,³ the dominant focus has been the relationship between China and the United States and the prospects for great power conflict.⁴ In academia, policy circles, as well as the broader media, a narrative has crystallized of a competition between the two great powers,⁵ each representing fundamentally different kinds of societies. Cold War-analogies are abundant,⁶ and the "international order" is what is at stake.

¹ Elizabeth C. Economy, *The Third Revolution: Xi Jinping and the New Chinese State* (New York: Oxford University Press, 2018), chap. 1.

² Henceforth, I capitalize 'International Relations' when referring to the academic discipline and literature. I leave the term in lower case when speaking of empirical developments in the sense of international affairs.

³ The classical texts in power transition theory include A. F. K. Organski, *World Politics* (New York: Knopf, 1958); Robert Gilpin, *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981).

⁴ E.g. Graham T. Allison, *Destined for War: Can America and China Escape Thucydide's Trap?* (Melbourne: Scribe, 2017).

⁵ Daniel H. Nexon, "Against Great Power Competition: The U.S. Should Not Confuse Means for Ends." *Foreign Affairs*, 15 February, 2021.

⁶ E.g. David L. Shambaugh, "As the U.S. and China Wage a New Cold War, They Should Learn From the Last One." *The Wall Street Journal*, 31 July, 2019; Emma Ashford and Matthew Kroenig, "Is This the Beginning of a New Cold War With China?" *Foreign Policy*, 31 July, 2020; Steven Lee Myers and Paul Mozur, "Caught in 'Ideological Spiral,' U.S. and China Drift Toward Cold War." *The New York Times*,

In this uncertain political climate, the notion of a China-centric international order has emerged.⁷ Though its nature and content are somewhat unspecified, the guiding idea is that an increasingly assertive China⁸ will gradually become the center of attention and activity of more and more states in the world, posing a challenge to the privileged position of the United States. In a China-centric order, Beijing will be able to set the terms of interaction and shape international relations more to its liking, the argument goes.⁹ This is not just an assertion about power capabilities—whether measured in GDP, military budgets, oil reserves, or PhD graduates. It is a more fundamental claim about the ordering of international relations. Is Beijing the new Rome to which all roads will lead?¹⁰

This dissertation takes the idea of a China-centric international order seriously by theorizing its contents and studying whether it is manifesting empirically. Rather than addressing international order in its entirety, I argue that international order is best understood as comprised of a range of different orders relating to different domains. I focus on *geoeconomic order*, that is, the interplay of economic means with geopolitics. I study whether China's rise has led to a restructuring of international economic ties and the formation of a

14 July, 2020; Alan Dupont, "The US-China Cold War Has Already Started." *The Diplomat*, 8 July, 2020; Patrick Wintour, "US v China: Is This the Start of a New Cold War?" *The Guardian*, 22 June, 2020.

⁷ E.g. Shyam Saran, "Is a China-centric World Inevitable?" *The Wire*, 22 July, 2017; Greg Bruno, "Is a China-led World Order Inevitable?" *Asia Times*, 27 May, 2020; Nadège Rolland, ed. *An Emerging China-Centric Order: China's Vision for a New World Order in Practice* (Seattle, WA, and Washington, D.C.: The National Bureau of Asian Research, 2020); Lulio Vargas-Cohen, "Is the U.S. Sleepwalking Into a Sino-Centric World Order?" *RealClear Defense*, 4 February, 2020.

⁸ On the claim that China is growing more assertive, see Camilla T. N. Sørensen, "The Significance of Xi Jinping's "Chinese Dream" for Chinese Foreign Policy: From "Tao Guang Yang Hui" to "Fen Fa You Wei"," *Journal of China and International Relations* 3, no. 1 (2015); William A. Callahan, "China's "Asia Dream": The Belt Road Initiative and the New Regional Order," *Asian Journal of Comparative Politics* 1, no. 3 (2016); Nien-Chung Chang-Liao, "China's New Foreign Policy under Xi Jinping," *Asian Security* 12, no. 2 (2016). For contrary views, see Alastair Iain Johnston, "How New and Assertive Is China's New Assertiveness?," *International Security* 37, no. 4 (2013); Andrew Chubb, "PRC Assertiveness in the South China Sea: Measuring Continuity and Change, 1970–2015," *International Security* 45, no. 3 (2021).

⁹ E.g. John J. Mearsheimer, "Bound to Fail: The Rise and Fall of the Liberal International Order," *International Security* 43, no. 4 (2019). I discuss this piece at length in my conclusion.

¹⁰ As posited by Peter Frankopan, "These Days, All Roads Lead To Beijing." *HuffPost*, 28 July, 2017.

China-centric geoeconomic order. Moreover, I examine the future prospects for such an order by assessing the factors that may strengthen or impede it. The aim is to qualify the argument in both its theoretical content and its empirical application. This means presenting a theory about what orders are in general, what characterizes geoeconomics as a particular kind of order, what it would mean for an order to be China-centric, and how this would affect relationships between China and other countries. It also means assessing whether such an order is recognizable in international relations today, enhancing our understanding of the political world we inhabit.

I approach the idea of a China-centric order through an ideal-typical theorization of a familiar term: *empire*. While the term is contested, to say the least, and loaded with strong normative connotations, recent work within International Relations has sought to rehabilitate it as a useful, analytical category to describe a particular configuration of international connectivity or network.¹¹ I develop this literature and combine it with inspirations from slightly older work on empires in comparative history and sociology.¹² This makes for an ideal-typical theory of empire as an international network structured as a hub-and-spokes, which may manifest in different ways. The theory is used to study contemporary China but it is also applicable to other historic or contemporary studies of international orders.

Few scholars have used the concept of an empire to study contemporary China in a structured, theory-informed way.¹³ This is surprising considering the vast existing literature discussing the existence of an American empire, reviewed in chapter 2. The concept of empire has only recently been applied to China to study domestic policies, especially concerning the provinces of Xinjiang and Tibet.¹⁴ However, these studies stop at China's formal borders.

¹¹ The most important pieces being Daniel H. Nexon and Thomas Wright, "What's at Stake in the American Empire Debate," *American Political Science Review* 101, no. 2 (2007); Meghan McConaughy, Paul Musgrave, and Daniel H. Nexon, "Beyond Anarchy: Logics of Political Organization, Hierarchy, and International Structure," *International Theory* 10, no. 2 (2018).

¹² Particularly Michael W. Doyle, *Empires* (Ithaca, N.Y.: Cornell University Press, 1986); Alexander J. Motyl, *Revolutions, Nations, Empires: Conceptual Limits and Theoretical Possibilities* (New York: Columbia University Press, 1999); Herfried Münkler, *Empires: The Logic of World Domination from Ancient Rome to the United States* (Cambridge: Polity, 2007).

¹³ The main exception, discussed in chapter 2, being Jeffrey Reeves, *Chinese Foreign Relations with Weak Peripheral States: Asymmetrical Economic Power and Insecurity* (London: Routledge, 2016).

¹⁴ McConaughy, Musgrave, and Nexon, "Beyond anarchy."; Jae Ho Chung, *Centrifugal Empire: Central-Local Relations in China* (New York: Columbia

In contrast, this dissertation studies how imperial dynamics are at work outside China's formal territory, shifting the focus from China as a state to the international order in which China is situated.

I have chosen this ideal-typical method because it is well suited for a more explorative approach that can generate new questions and perspectives. I do not conduct a "test" of a particular theory to assess its "explanatory power" on empirical cases in the neopositivist sense. Rather I approach the empirical world as one of profound complexity of which theories are heuristics that can help us make sense. This approach represents a pragmatic and analyticist epistemology.¹⁵ The point is not to establish laws of the behavior of states but to deepen our understanding of particular patterns of interaction through comparison with an idealized construct. My argument is that we may learn something about China by comparing it to a theoretical construct, even if reality differs from the ideal. An idealized theory thus helps us realize the world's complexity and make informed claims about it. Chapter 3 is dedicated to elaborating this methodology.

Rather than making sweeping claims about China's position in all aspects of international affairs, I focus on important dynamics of geoeconomics, as they materialize within transportation infrastructure and currency relations. I have chosen these two topics for several reasons that will be developed further in their respective chapters. Empirically, both areas are the objects of much contemporary attention. China's Belt and Road Initiative (BRI), also known as the "New Silk Roads," is often seen as a clear sign of China's ambition to rewire the ties of connectivity in Eurasia and beyond.¹⁶ Few policy initiatives have preoccupied both media and academics as much as the BRI in recent years, due to its massive scope in terms of countries involved and investments promised. Internationalization of the Chinese currency, the renminbi, has received less attention in comparison. Nonetheless, analysts increasingly debate whether the renminbi could come to challenge the dollar as China's economy continues to grow.¹⁷ This could leave China as the issuer of

University Press, 2016); Justin M. Jacobs, *Xinjiang and the Modern Chinese State* (Seattle: University of Washington Press, 2016).

¹⁵ Patrick Thaddeus Jackson, *The Conduct of Inquiry in International Relations: Philosophy of Science and its Implications for the Study of World Politics*, 2. ed. (London: Routledge, 2011; repr., 2016), chap. 5.

¹⁶ Christian Ploberger, "One Belt, One Road - China's new grand strategy," *Journal of Chinese Economic and Business Studies* 15, no. 3 (2017); Bruno Macaes, *Belt and Road: A Chinese World Order* (London: C. Hurst Co, 2018); *The Economist*, "China wants to put itself back at the centre of the world." 6 February, 2020.

¹⁷ Weizhen Tan, "Jim O'Neill: China could Globalize the Yuan in a Challenge to the US Dollar's Dominance." *CNBC*, 20 June, 2019; Hung Tran, "Can China's Digital

Asia's most important currency, just as China is already the center of trade relations in the region. On the other hand, China's economic rise could continue without the emergence of a corresponding China-centric currency order, resulting in a somewhat compromised geoeconomic order.

Studying these two domains provides valuable perspectives on the consequences of China's rise, of the impact of the BRI on international affairs, and of the future of the international currency ties. Both infrastructure and currency are long-term trends, as opposed to investment and loan patterns, which may fluctuate greatly from year to year.¹⁸ This means that developments in these two areas may shape the longer trajectory of geoeconomic relation between China and its periphery.

My choice of domains for study is also theoretically motivated. It makes sense to approach both topics through network theory, since infrastructure and currency are phenomena that "tie" societies together. Their respective configurations may say much about power relations among states. Moreover, both topics are undertheorized in International Relations, and studies of them tend to lack an overarching theoretical framework for analysis. This is particularly problematic in regards to infrastructure since attention to geography is a hallmark of the academic discipline.¹⁹ This dissertation addresses this shortcoming by adapting previous theoretical notions of order into a cohesive framework for analyzing infrastructure, which may be used on other cases as well.

Besides my two analyses of infrastructure and currency, chapter 5 also presents a short study of trade connectivity in Asia to provide some important geoeconomic context. Trade is both a cause and a benefactor of improved infrastructure and currency ties, and it is thus intimately tied to the two other domains. Trade also generally reflects longer-term patterns of connectivity

Yuan Really Challenge the Dollar?" *Atlantic Council*, 30 November, 2020. Susanne Barton, "Dollar Hegemony is Under Fire from China's Rapid Growth Recovery." *Bloomberg*, 8 January, 2021.

¹⁸ For evidence of this fluctuation, see recent data on Chinese overseas development financing, Rebecca Ray et al., "Geolocated Dataset of Chinese Overseas Development Finance," (Boston: Boston University Global Development Policy Center).

¹⁹ Classic works on geography and international relations include Halford J. Mackinder, "The Geographical Pivot of History," *The Geographical Journal* 23 (1904); Nicholas J. Spykman, *The Geography of Peace* (New York: Harcourt Brace & Co, 1944). The term 'geopolitics' was coined by Rudolf Kjellén. See Ola Tunander, "Swedish-German Geopolitics for a New Century—Rufold Kjellén's 'The State as a Living Organism'," *Review of International Studies* 27, no. 3 (2001); Lawrence Freedman, *Strategy: A History* (New York: Oxford University Press, 2013), pp. 120-122.

among states. Further, trade patterns can be studied quantitatively to provide an overview, which I can subsequently draw on in my other analyses. China's trade relations are not as understudied a domain of geoeconomics as infrastructure and currency,²⁰ and for that reason, I keep my trade analysis somewhat brief. It serves to set the stage for my two main empirical analyses. At the same time, it contributes by providing an updated empirical picture of trade connectivity in Asia.

More fundamentally, this study contributes to the growing literature on geoeconomics by presenting and employing a *structural* theory of geoeconomics and international order. Most recent works on geoeconomics have been based on case studies focused one or a few states.²¹ This literature approaches geoeconomics as a set of economic tools, which a state may use in pursuit of its strategic interests. While valuable, this work has tended to pay less attention to the larger structural dynamics of a given international order. For instance, there are plenty of works in the International Relations literature on trade sanctions as a geoeconomic tool, but fewer works on trade order, despite it being the broader structure that enables the use sanctions in the first place. My study thus fills a gap in the International Relations literature on geoeconomics by theorizing geoeconomic order at the structural level, providing insights applicable across cases.

This study also contributes to the body of theoretical literature on international order, great powers, and power transitions. I flesh out and elaborate the ideal type of an empire in its structural properties as a particular configuration of international order, which can manifest in many different ways. This makes it better suited for studies of contemporary great powers as well as historical empires situated in very different contexts. Moreover, I develop a typology of drivers and impediments to imperial development, which can be used as a

²⁰ E.g. Guillaume Gaulier, Françoise Lemoine, and Deniz Ünal-Kesenci, "China's Emergence and the Reorganisation of Trade Flows in Asia," *China Economic Review* 18, no. 3 (2007); Wan-Ping Tai and Jenn-Jaw Soong, "Trade Relations Between China and Southeast," *The Chinese Economy* 47, no. 3 (2014); Robert S. Ross, "On the Fungibility of Economic Power: China's Economic Rise and the East Asian Security Order," *European Journal of International Relations* 25, no. 1 (2018).

²¹ Tomasz Grzegorz Grosse, "Goeconomic Relations Between the EU and China: The Lessons From the EU Weapon Embargo and From Galileo," *Geopolitics* 19, no. 1 (2014); Robert D. Blackwill and Jennifer M. Harris, *War by Other Means: Geoeconomics and Statecraft* (Cambridge, Mass: The Belknap Press, 2016); Mikael Wigell, "Conceptualizing Regional Powers' Geoeconomic Strategies: Neo-imperialism, Neo-mercantilism, Hegemony, and Liberal Institutionalism," *Asia Europe Journal* 14, no. 2 (2016).

framework to study the expansion or contraction of different orders of interaction among units across a myriad of issue areas. This contribution owes in large part to my integration of classic pieces on empires with more recent work on economic statecraft²² and on ideal types into a single analytical framework.

Research Question and Argument

The research question of this dissertation is as follows:

Is a China-centric geoeconomic order emerging in the twenty-first century?

I operationalize the notion of a China-centric geoeconomic order as an ideal-typical pattern of connectivity wherein China forms the core of a hub-and-spokes. I refer to this pattern in its idealized form as an *empire*. Though “order” is formulated in the singular, I contend that different domains or issue areas may be ordered in different ways, resulting in a world of coexisting domain-specific orders, and I assess the emergence of a China-centric infrastructure order and a China-centric currency order (and briefly a China-centric trade order). These two orders, infrastructure and currency, are subsets under the broader geoeconomic order which in turn is a subset under what we might call international order as a whole. The conclusions I draw are therefore of a limited nature, and I make no claims about other kinds of order that may or may not be materializing around China. Nonetheless, my findings can be used as a point of departure to discuss China’s future role in international relations and in the international political economy more broadly.

This dissertation focuses on geoeconomics because China’s rise remains primarily economic. While I study economic ties between states, my analytical perspective is consistently on the implications of these ties for international power and interdependence between states. Moreover, geography plays an important part in my study of infrastructure, as evident in my study of maps of the BRI in chapter 6, making “geoeconomics” a highly appropriate term. Though not the focus of this dissertation, my emphasis on geoeconomics also opens for a fruitful dialogue with the broader literature on the security implications of China’s rise at the empirical as well as theoretical level.

The temporal context of my study is at once contemporary and future-oriented, as I discuss the degree to which a China-centric order is *emerging*. The data I use and the empirical developments I discuss are from the past 10-15

²² Blackwill and Harris, *War by Other Means*; Benjamin J. Cohen, *Currency Statecraft: Monetary Rivalry and Geopolitical Ambition* (Chicago: University of Chicago Press, 2019).

years, and these form the basis of presenting scenarios for the future. This is a dangerous path for an academic, since no one knows what tomorrow will bring, except that hardly anything develops in a linear fashion. The current COVID-19 pandemic more than attests to this. At the same time, I believe there is a great value in studying the world as we find it today and pondering future prospects, even if we will know more tomorrow. In discussing how international affairs will develop in the future, I thus combine extrapolation of existing tendencies with different possible scenarios for the future and considerations on what might alter these trajectories. Chapter 8 presents and discusses five different scenarios for the world economy in the wake of the COVID-19 pandemic and discusses how these scenarios would influence the emergence of a China-centric order within infrastructure and currency connectivity.

I argue that a China-centric geoeconomic order is emerging today, but that it bears stronger resemblance to a *hegemony* than to an *empire*. While China is indeed becoming the center of a hub-and-spokes pattern of connectivity, this pattern still includes some ties among periphery states and ties between peripheries and other great powers. Yet, these ties are generally much weaker than the geoeconomic ties to China, the core of the order. This hub-and-spokes pattern is clearest in trade and in infrastructure connectivity. At the same time, I argue that a China-centric currency order is not emerging globally or regionally, since the renminbi remains an unattractive alternative to the globally dominant United States' dollar. Whereas trade and infrastructure connectivity thus increasingly resembles a China-centric order, the structure of currency ties continues to be centered on the United States. In combination, these mixed findings suggest that international exchange in Asia and much of the developing world will increasingly revolve around China and the Chinese market, situating Beijing in a structurally powerful geoeconomic position. Yet, even though the Belt and Road will lead to China, it will primarily run on United States' dollars rather than the renminbi. Nonetheless, even though connectivity in the sub-domain of currency will not be centered on China any time soon, the broader geoeconomic order is growing China-centric and more imperial in other important aspects. As China's rise continues in the years to come and the BRI manifests in new completed infrastructure projects, we might even see the geoeconomic order gravitate from a hegemony to a China-centric empire.

What This Dissertation Is Not

The use of the term *empire* to study China may cause some misunderstandings regarding the scope of my project. The following addresses three. First, because I conceptualize empire as a configuration of international order defined by the ties between states, this dissertation attributes a smaller role to domestic politics in China. This is not a study of whether China itself is becoming more imperial with Xi Jinping as the new emperor. I include domestic factors in my analyses only to the extent they inform my argument about the development of international order.

Second, this is not a study of the intentions and grand strategy of China or China's leaders. Many books and articles claim to present what China wants,²³ how China sees the world,²⁴ and what Xi Jinping thinks.²⁵ Such questions can only be answered in a suggestive way.²⁶ Lacking the ability to read minds, we can only try to deduce motivation from observed behavior and from statements of intent. Rather than engrossing myself in Chinese policy papers, I focus on the outcomes of policies in the form of actual developments in connectivity with other countries. In this way, I sidestep the question of China's intentions to focus on what is actually happening and what it means for the structure of connectivity among states. I do discuss different strategic rationales when evaluating drivers and impediments of imperial development, but I do not claim to identify China's *true intentions*. I return to this issue in my discussion of agency in chapter 5.

Third, although the term empire is loaded with much normative baggage in common parlance and often associated with imperialism, the scope of my argument is descriptive rather than normative. I use the concept of empire to describe and discuss the world and the power relations among states. My findings can surely be used to make normative arguments, but such are beyond this dissertation. My aim is to bolster our understanding of international relations, not judge them.

²³ E.g. Kerry Brown, *China's World: What Does China Want?* (London: I. B. Tauris & Co., 2017).

²⁴ E.g. John M. Friend and Bradley A. Thayer, *How China Sees the World: Han-Centrism and the Balance of Power in International Politics* (Lincoln: Potomac Books, 2018).

²⁵ E.g. Kerry Brown, *The World According to Xi* (London: I. B. Tauris & Co., 2018); Sulmaan Wasif Khan, *Haunted by Chaos: China's Grand Strategy from Mao Zedong to Xi Jinping* (Cambridge, Mass.: Harvard University Press, 2018).

²⁶ Ronald R. Krebs and Patrick Thaddeus Jackson, "Twisting Tongues and Twisting Arms: The Power of Political Rhetoric," *European Journal of International Relations* 13, no. 1 (2007).

Defining Ideal Type and Key Concepts

The following section briefly defines my use of “ideal type” and some key concepts so that they may be used to contrast my theory to others in the field in chapter 2. I lay out my use of *international order*, *empire*, *core*, *periphery*, and *geoeconomics*.

Ideal Type

An ideal type is a theoretical construct that intentionally idealizes and emphasizes certain dimensions of reality.²⁷ Being pure theoretical constructs, ideal types can never be identified in the empirical world. Instead, they serve as heuristic tools with which one may juxtapose empirical phenomena to learn more about the latter. One can therefore speak of ideal types both as theories and as a method of analysis, the latter involving the comparison and juxtaposition of the ideal type with empirical phenomena. Ideal types are typically associated with the philosophical epistemological position of pragmatism and the methodological position of analyticism, which holds that theory should be evaluated by its broader usefulness rather than by its ability to explain empirical phenomena accurately or by their potential to be falsified. Chapter 3 elaborates this position in detail.

International Order

I define international order as the pattern of connectivity among states within a particular domain. It is the network of ties between states. These ties and their aggregate pattern may be studied in a holistic and all-encompassing way where “international order” is treated as a single monolithic thing. Alternatively, they denote specific issue areas or domains, such as “infrastructure order” or “currency order”.²⁸ The term “order” may mean the empirical network of relations or it may mean an ideal type of such a pattern, depending on the context. Such terms as “an imperial order,” “an empire,” or “a hub-and-spokes” refer to the ideal-typical constellation. In contrast, “the currency order” and “the pattern of infrastructure connectivity” refer to the actual empirical networks. Note that I use “structure of connectivity,” “network” and “pattern” interchangeably. These terms all denote how states are tied together by a particular pattern of ties within a given area. “Connectivity” is used in the

²⁷ My approach to ideal-typical research is strongly influenced by Jackson, *The Conduct of Inquiry in International Relations*.

²⁸ My conceptualization is similar to that of Nexon and Wright, except that they do not distinguish orders by issue area but remain on the general level. See “What’s at Stake in the American Empire Debate.”

sense of “connectedness” to describe the strength of ties between states. Connectivity is not a particular configuration of ties. It merely describes existence and the strength of these ties, however structured. Hence, greater connectivity among states may result in a hierarchical order centered on one or a few states or a nonhierarchical order, where no state enjoys a privileged position vis-à-vis its peers.

Order may be used to describe all manners of domains between states, from military relations, to trade, to university exchange programs. Within all these areas, ties between states vary depending on the closeness of their interactions, and one or more states will usually be more centrally placed than others. It may be useful to picture international order, as done in network analysis, as nodes (the states) connected by ties whose thickness are defined by the intensity of relations within the given area.²⁹ For instance, three states engaged in trade may all have trade ties among them, but ties to one (State A) may be much stronger due to the size and nature of its economy. In such a scenario, the A-B and A-C ties will be thick, whereas the B-C tie will be thin, situating A in a more central place in the order.

As an order is related to a specific domain, multiple orders coexist both in parallel and within each other.³⁰ For instance, within a geoeconomic order, the respective patterns of ties between a group of states may differ between the domains of trade and of financial flows. States may accordingly differ in their degree of centrality depending on the domain. In principle, issue areas can be aggregated and disaggregated into orders in any way. One may speak of the “geoeconomic order” as a single thing, or perhaps an all-encompassing “international order,” which includes economics, security, and everything else. Alternatively, one may reduce orders to their smallest components, speaking of an arms trade order, a railroad gauge order, or a currency swap agreement order. None of these is more or less correct. The question, in line with my pragmatist approach, is how the particular conceptualization of order benefits the study of an empirical question of interest. If one is interested in the arms trade specifically, speaking of an “international security order” as whole may obscure more than it clarifies, compared to a more narrow “arms trade order.”

²⁹ Emilie M. Hafner-Burton, Miles Kahler, and Alexander H. Montgomery, “Network Analysis for International Relations,” *International Organization* 63, no. 3 (2009).

³⁰ For a similar use of the term, see Alexander Cooley and Daniel H. Nexon, *Exit from Hegemony: The Unravelling of the American Global Order* (Oxford: Oxford University Press, 2020).

Figure 1.1. Orders across Different Levels of Aggregation

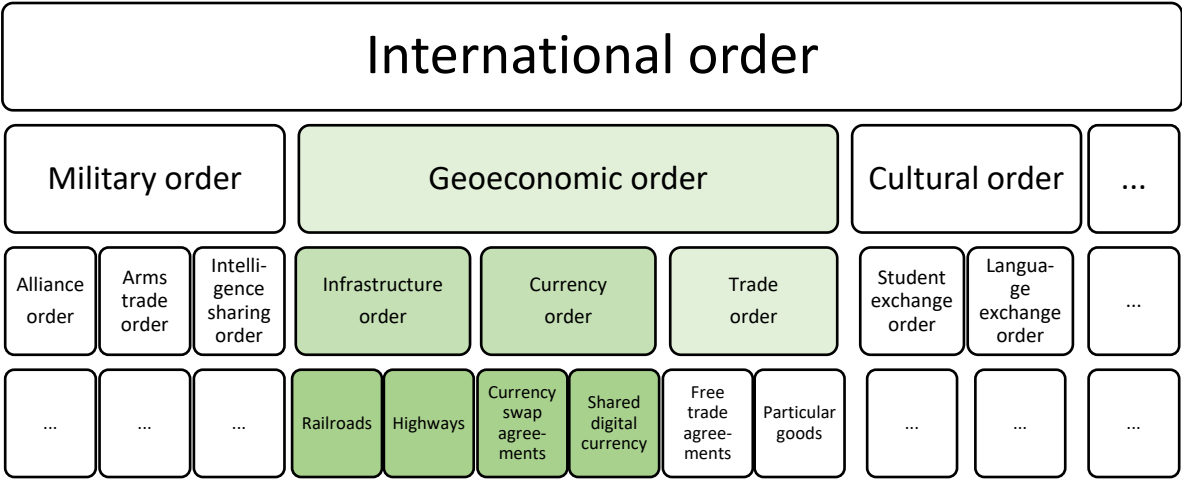


Figure 1.1 depicts the categorization of international orders employed in this dissertation. Remember that these could well have been organized by other principles, that more orders could always be added across all levels of aggregation except for the highest international order (which by definition encompasses all other orders), and that orders can in principle be disaggregated ad infinitum. I study infrastructure order and currency order, both of which may be subsumed under a broader goeconomic order and could be disaggregated into multiple smaller orders, such as railroad order, highway order, currency swap agreement order etc. When discussing infrastructure order, I speak of both the physical infrastructure connectivity being put in place (roads, railroads etc.) and the financial ties that follow their construction (loans, the contracting of construction companies etc.). Chapter 5 also presents a brief study of trade order to set the stage for my two main analyses.

Orders are of course not independent of each other. Developments in one order will influence other orders. This is the case for narrowly defined suborders as well as for the comprehensive goeconomic and security orders. In the goeconomic analyses of this dissertation, the interplay between different orders is exemplified in the way infrastructure ties shape the conditions for trade ties, and how trade provides an impetus for stronger currency ties. In these examples, the strengthening of ties in one domain accelerates the development of ties in other domains. Yet, while orders influence each other, I still believe they can meaningfully be studied separately, as they still have some degree of independence. More fundamentally, the separation of international affairs into different orders is an analytical construct rather than a reflection of the empirical world. Studying orders separately is justified by my pragmatic methodology, elaborated in chapter 3.

The level of order studied has important implications for the claims made. All particular orders except for the highest level of aggregation are subsets of

a broader order. If a study reveals *much* about a particular order, it will also reveal *something* about a larger aggregate order but necessarily less. This is comparable to generalizing from a single case to a case universe. If all sub-domains of infrastructure order (railroads, highways etc.) resemble one ideal type of connectivity such as an empire, the aggregate infrastructure order will also resemble the ideal type, being the sum of its parts. This also means that the larger geoeconomic order will resemble an empire in at least one regard, infrastructure, but not necessarily in others.

Different orders can coexist in different geographic spaces, and some orders are predominantly regional, while others span the entire planet. The existence of multiple regional orders at the same time may, but does not necessarily, spark competition between the units of these orders. For this reason, it is important to include the presence of alternative orders when studying any specific order. For instance, my study of the currency order focusing on the Chinese renminbi evaluates the prospects for a new *regional* currency order centered on China to challenge the existing dominance of the United States and the dollar in the region. My study of infrastructure order is less sharply defined in its geographic scope, since Chinese companies are building infrastructure ties within and outside its regional context, but it will also include discussions of rival infrastructure hubs, such as Russia in Central Asia.

Finally, orders are not actors but structure. They are comprised by states who do things and the more centrally placed states in an order will have the strongest influence on how it develops, but when speaking of competition among orders, it is not the actual orders that compete but the cores of those orders, perhaps supported by their peripheries. In this sense, my use of order is comparable to the neorealist use of “balance of power” as an international structure.

I should also stress that this conceptualization of order differs from parts of the International Relations literature. As argued by Iain Johnston, order is typically understood as “interstate agreement over the norms, rules, and institutions that regulate interstate behavior.”³¹ Order is thus seen as the quali-

³¹ Alastair Iain Johnston, “China in a World of Orders: Rethinking Compliance and Challenge in Beijing’s International Relations,” *International Security* 44, no. 2 (2019).

tative nature of international affairs or the *way* states behave. This is the approach of the English School,³² of liberal theories of international order,³³ and even recent work of the stout realists John Mearsheimer.³⁴ In contrast, my concept of order is structural. I define orders as patterns of international ties. These patterns may greatly affect how states behave as they reflect structures of asymmetric interdependence and power, but they are not defined by this behavior, and that is a crucial difference. This structural approach provides a number of analytical advantages, which I return to in my conclusion.

I refer to the central domain of this dissertation as a “geoeconomic” rather than simply an “economic” order. The reason is my emphasis on the relationship between economic factors, asymmetric interdependence, and geopolitics. I am not interested in the role of economic wealth in itself, nor does my study rely on the mathematical models and assumptions of the academic field of economics. By using the term “geoeconomics,” I firmly ground myself in the International Relations’ literature and debates. This point is elaborated below

Empire, Core and Periphery

An empire is a particular ideal type of an international order consisting of *a single core* and *two or more peripheries*.³⁵ Empire, like the three alternative ideal types presented in chapter 4, speaks to the structure of connectivity and not the substance of a particular order. International connectivity within any domain may be structured more or less like an empire. The imperial order is structured as a hub-and-spokes, where a single node (the core or hub) is connected to multiple nodes (the periphery states or spokes) who are mutually disconnected and disconnected from nodes outside the system. The core is thus the central or dominant state in the order, and peripheries are the remaining states. Peripheries may vary greatly in their power capabilities but they are ideal-typically defined as having only ties to the core. I use the terms

³² Hedley Bull, *The Anarchical Society: A Study of Order in World Politics* (Basingstoke: Macmillan, 1977), chap. 1. Bull further adds that orders are defined as serving certain goals shared among states.

³³ E.g. G. John Ikenberry, *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order After Major War* (Princeton, N.J.: Princeton University Press, 2001); Georg Sørensen, *Rethinking the New World Order* (London: Palgrave, 2016).

³⁴ Mearsheimer, “Bound to Fail.”

³⁵ I follow Motyl in requiring more than one periphery state in imperial orders, because a two-state order will not resemble a hub-and-spokes but merely be one of asymmetric interdependence and the dominance of one state over another. Motyl, *Revolutions, Nations, Empires*, p. 120.

core and periphery both in their ideal-typical and theoretically specific definitions and as empirical terms for the dominant state in an empirical order (the core) and the remaining states in that order (the periphery states). Of course, in empirical reality, no state will ever only have ties to a single core. Yet, the ideal type is formulated in absolute terms to clarify its use for comparison with a much more complex and murky reality. In chapter 4, I present three other alternative ideal types—hegemony, contested order, and nonhierarchical order—which I will draw on in my empirical analyses to describe connectivity patterns that bear smaller resemblance to the imperial hub-and-spokes.

Due to its central position within the empire, a core will be less dependent on any single periphery state than vice versa because the core has better opportunities to shift its ties to other states. The core will therefore enjoy structural power over the periphery states, enabling it to shape their preferences. Once integrated into the imperial order, shifting away from its dependence on the core will be costly for a periphery state, and this locks it in a position of self-reinforcing asymmetric interdependence on the core.

An imperial system can break down in one of three ways, logically derived from the characteristics of its structure. It breaks down if ties between core and periphery are cut, if inter-peripheral ties form, and if peripheries form ties to states outside the imperial system. The third cause of imperial breakdown is the theory's main touchpoint with the realist power-balancing literature.³⁶ Competing cores may actively seek to forge ties with periphery states in an empire, in order to undermine the imperial structure as a whole, or at least reduce the asymmetry of dependence of a single core-periphery relation, by providing the periphery state with an alternative tie.

Geoeconomics

This study focuses on geoeconomics, which I define as the domain wherein cross-border economic ties shape geopolitical relations among states by creating asymmetric interdependencies. It is thus the interplay between economics and geopolitics, the latter being the study of interstate power relations in their geographic context.

The substance of my definition—the relationship between economic means and geopolitical ends—is in line with most commonly used definitions

³⁶ E.g. Hans J. Morgenthau, *Politics among Nations: The Struggle for Power and Peace*, Fourth ed. (New York: Alfred A. Knopf, 1948; repr., 1967); Kenneth N. Waltz, *Theory of International Politics* (New York: McGraw-Hill, 1979).

of “geoeconomics.”³⁷ The prefix “geo” is justified by the geographical and spatial features that are prominent in my analyses, particularly in the study of transportation infrastructure, which is always built somewhere and serves to connect geographically separate places.³⁸ More broadly speaking, I also discuss the implications of infrastructure and currency ties for regional relations, situating my argument within geographic boundaries. Finally, the empirical issues I study are all considered “key topics” in what Braz Baracuhy refers to as the fourth generation of geoeconomics.³⁹

My approach to geoeconomics differs from much of the literature in one important regard; the structural rather than practical or strategic focus. Most studies of geoeconomics focus on how one or a few specific states employ geoeconomic strategies and practices.⁴⁰ Indeed, according to Baracuhy, “geoeconomics can only be fully understood in the context of the grand-strategic calculus of ends and means.”⁴¹ Geoeconomics is treated as the strategic choices made by states to employ economic means in their pursuit of various geopolitical goals. However, the potency of geoeconomic instruments will always be defined by the geoeconomic order in place at a given time.

In the introduction to the edited volume *Geo-economics and Power Politics in the 21st Century*, Sören Scholvin and Mikael Wigell describe how power and security are coupled “to commanding and manipulating the economic ties that bind states together. By making use of the leverage provided by the asymmetric vulnerabilities inherent in these economic interconnectivities, geo-economics provide a way for states [...] to conduct power politics.”⁴² I agree with this assertion but also suggest that this should direct our analytical attention

³⁷ For an overview and discussion of definitions of “geoeconomics”, see Sören Scholvin and Mikael Wigell. “Geo-economic Power Politics: An Introduction.” In *Geo-economics and Power Politics in the 21st Century: The Revival of Economic Statecraft*, edited by Mikael Wigell, Sören Scholvin, and Mika Aaltola. pp. 1-13. (London: Routledge, 2019). For the classic piece on geoeconomics, see Edward N. Luttwak, “From Geopolitics to Geo-economics: Logic of Conflict, Grammar of Commerce,” *National Interest* 20 (1990).

³⁸ For a discussion of the “geo” in “geoeconomics”, see Braz Baracuhy. “Geo-economics as a Dimension of Grand Strategy: Notes on the Concept and its Evolution.” In *Geo-economics and Power Politics in the 21st Century: The Revival of Economic Statecraft*, edited by Mikael Wigell, Sören Scholvin, and Mika Aaltola. pp. 14-27. (London: Routledge, 2019), p. 15.

³⁹ Ibid. p. 23.

⁴⁰ E.g. Blackwill and Harris, *War by Other Means*; Wigell, “Conceptualizing Regional Powers’ Geoeconomic Strategies.”

⁴¹ Baracuhy, “Geo-economics as a Dimension of Grand Strategy,” p. 18.

⁴² Scholvin and Wigell, “Geo-economic Power Politics,” pp. 1-2.

towards the broader patterns of “ties that bind states together” rather than focusing only on the behavior of particular states. If the ability of a state to pursue a geoeconomic strategy is defined by its place in an international structure, understanding this structure must be a priority for International Relations research. For this reason, I study geoeconomics as a domain of international order, as illustrated in Figure 1.1 above.

Structure of the Dissertation

This dissertation is structured as follows: Chapter 2 sets the theoretical and empirical stage and situates my ideal-typical theory of empire within the field of International Relations. One of the central purposes of this chapter is to clarify how my theory differs from other, perhaps more familiar, concepts relating to international order and great powers, such as hegemony and imperialism. After moving through the theoretical literature, I review the contemporary debate on the rise of China and some of the most prominent ways in which it has been studied. Finally, I critically evaluate the concepts of tianxia and tribute system as alternative frameworks for understanding contemporary China.

Chapter 3 presents my methodology. It may seem unorthodox to present methodology before theory, since the purpose of a methodology chapter is often to operationalize theory. In my case, understanding the methodology of an ideal type is fundamental to understanding the theory itself, and following the conventional order could lead to less clarity. The chapter first reviews some of the methodological literature on ideal types before exemplifying familiar ideal types in the International Relations literature. I then provide some considerations on my own theorizing. Next, I discuss how I mobilize my ideal type in empirical research and the data sources I rely on, before closing the chapter with a discussion of my own positionality and normativity when working with a concept such as empire and with a politically charged empirical question such as the rise of China.

Chapter 4 lays out my theoretical framework. I first discuss different concepts of hierarchy and power in International Relations, emphasizing how my ideal type conceptualizes power as stemming from the position of a state within an international structure. I then elaborate my definition of empire as a configuration of international connectivity with a single core with multiple peripheries structured in a hub-and-spokes. A defining feature of this structure is the asymmetry of interdependence between core and periphery states, which I exemplify in trade, investment, and debt. After presenting the purely structural dimension of my ideal type, I discuss different ways in which em-

pires manifest. This is done by introducing three typological distinctions—formal-informal, continental-maritime, and developmental-extractive—which provide a language to discuss how different empires may look very different. Next, I discuss how empires develop by presenting a typology of drivers of and impediments to imperial expansion, which I categorize as either metrocentric or pericentric, depending on the causal factors. Finally, I present three alternative configurations of order—hegemony, contested order, and nonhierarchical order—which I logically derive from the imperial order by relaxing one or more of its defining characteristics. Chapter 4 is the part of the dissertation most strongly inspired by and relying on the history of empires throughout the world. I include the examples hereof to demonstrate how imperial aspects have manifested in different ways and, more broadly, to let history provide an avenue for inspiration for other studies whether contemporary or historical.

Chapter 5 serves to connect the abstract theory to the concrete context of China's rise today to set the stage for my empirical analyses. I first discuss the degrees of formality—one of the three elements of the manifestations of empires—in relation to China, arguing that China has both a domestic and an external periphery. I then discuss the role of globalization in my analyses of geoeconomics and argue that it may still make sense to speak of hub-and-spokes-structures in a world of global connectivity. Next, I turn to the issue of agency regarding China to address some possible analytical misunderstandings and how my state-centric analysis tackles the messy web of interests among Chinese actors. Finally, chapter 5 presents brief discussions of two international orders in Asia, the security order and the trade order, to situate my argument. Both analyses study other important hubs of connectivity and use the ideal-typical language of chapter 4 to characterize the patterns of security and trade. I argue that both the United States and Russia are more centrally placed than China in the security order in Asia, but that the Asian trade order can be characterized as a China-centric hegemony.

Chapter 6 makes up the empirical bulk of this dissertation by presenting my study of infrastructure connectivity and its financing. I first discuss the function of physical transportation infrastructure such as roads and railroads in historical empires, theorize it in terms of hub-and-spokes, and offer some considerations on the contemporary purposes of infrastructure. I then reflect on how to study this in respect to contemporary China. The empirical analysis itself begins with a description of China's BRI and of what I call the Chinese model of development. I then look at quantitative measures of Chinese infrastructure construction activity, arguing that the center of activity is shifting from Africa to Asia, and demonstrating the high degree of activity in some of the least stable countries in the world. Next, I study geocoded data of the BRI on maps, arguing that it generally resemble a hub-and-spokes with overseas

peripheries being connected to China via ports. I then turn to railroad construction specifically and conduct case studies of the rail lines being constructed in continental Southeast Asia, Nigeria, Iran, and Argentina. These four case studies are followed by a discussion of the different railway gauge standards employed by China and its neighbors. Finally, the chapter discusses whether a China-centric order is emerging by evaluating the forces that drive and impede such a development. As in chapter 7, the discussion is based on a “more of the same” scenario, leaving chapter 8 to discuss the possible consequences of COVID-19. I conclude that a China-centric infrastructure order is emerging and that I expect it to gravitate towards greater benefits for the periphery rather than relying on an extractive logic.

Chapter 7 studies the consequences of China’s rise for currency order in Asia. I first conduct a theoretical overview of the relationship between currency internationalization and power in international relation, drawing on the work of Benjamin Cohen, which I incorporate into the hub-and-spokes framework of empires. Next, I conduct a brief historical overview of changes to currency order to provide context for the subsequent study. My contemporary analysis of the Chinese currency, the renminbi, begins by demonstrating how little the currency is used today compared to other currencies, and I offer a number of reasons why this is the case. I then account for recent Chinese policy initiatives to promote renminbi internationalization. Finally, the chapter discusses the factors that drive and impede the formation of a renminbi order today and in the near future. This is followed by a discussion of recent developments in digital currency in China, where I argue that the Digital Currency Electronic Payment (DCEP) will enhance the potential benefits of currency internationalization for China but is unlikely to accelerate internationalization. Chapter 7 concludes that a China-centric currency order based on the renminbi is not in the making.

Chapter 8 discusses the consequences of COVID-19 for the world economy and for the conclusions drawn in chapters 6 and 7. I present five scenarios for the different consequences of the pandemic and of the resulting lockdowns and then revisit the discussions of drivers and impediments to currency internationalization and strengthened infrastructure connectivity based on these. The first three scenarios describe different possible economic outcomes in terms of slowed economic growth. Scenario 1 discusses the consequences of slowed economic growth in China, scenario 2 discusses slowed growth in competing cores (the United States, Europe, and Japan), and scenario 3 discusses slowed economic growth in the developing world, leading to a weakened periphery. The final two scenarios relate to the impact on globalization. Scenario 4 discusses a reduction in economic ties between China and China’s competitors (primarily the United States) specifically, and scenario 5 discusses a larger

winding down of globalization as Western companies bring production to their home region. The chapter concludes with a summary of the expected impacts of the different scenarios.

Chapter 9 concludes the dissertation by summarizing my findings and arguing how they contribute to our theoretical and empirical knowledge. I reach the overall conclusion that a China-centric geoeconomic order is emerging, but that it is more of a hegemony than an empire. I then revisit the broader debate on the rise of China, accounted for in chapter 2, to show how my work can inform this debate. One of the central points is here that students of China's rise should be hesitant to speak of international order in the singular, and that the prospects for a China-centric order must be evaluated differently depending on the issue. Next, I discuss the usefulness of my ideal type for creating new insights and questions and suggests future avenues of research, which could be inspired by the ideal type. I round off the conclusion with some reflections on China's road ahead and the future of great power relations with each other and the developing world.

Chapter 2: Situating the Argument

Empire is a contested concept to say the least. The word *empire* and its modern relative *imperialism* are familiar to everyone and used to mean a host of different things. After the end of the Cold War and especially since the early 2000s, the term “empire” has made a comeback in both political commentary and the International Relations literature to describe (and often criticize) the power position and behavior of the United States.⁴³ It has been qualified with adjectives such as “incoherent,”⁴⁴ “failed,”⁴⁵ “benevolent,”⁴⁶ “informal,”⁴⁷ and at times been labelled an “empire by invitation.”⁴⁸ Common for these terms is a lack of conceptual clarity and an undeveloped relation to similar concepts in the International Relations literature. The term primarily served as an ideological vehicle to criticize the United State for behaving unilaterally and aggressively. This kind of use carries little theoretical benefit as it rarely fleshes out the concept of empire in detail.

⁴³ E.g. Michael Cox, “The Empire’s Back in Town: Or America’s Imperial Temptation — Again,” *Millennium - Journal of International Studies* 23, no. 1 (2003); “Empire, Imperialism and the Bush Doctrine,” *Review of International Studies* 30, no. 4 (2004); G. John Ikenberry, “Liberalism and Empire: Logics of Order in the American Unipolar Age,” *Review of International Studies* 30, no. 4 (2004); Andrew Hurrell, *On Global Order: Power, Values and the Constitution of International Society* (Oxford: Oxford University Press, 2007); Charles S. Maier, *America among Empires? Imperial Analogues and Imperial Syndrome*, lecture presented at the German Historical Institute (8 March, Washington DC, 2007); David A. Lake, “The New American Empire?,” *International Studies Perspectives* 9, no. 3 (2008); Richard Saull, “Empire, Imperialism and Contemporary American Global Power,” *International Studies Perspectives* 9, no. 3 (2008). For a critique of this use, see Miriam Prys and Stefan Robel, “Hegemony, not Empire,” *Journal of International Relations and Development* 14, no. 2 (2011).

⁴⁴ Michael Mann, *Incoherent Empire* (London: Verso, 2003).

⁴⁵ “The First Failed Empire of the 21st Century,” *Review of International Studies* 30, no. 4 (2004).

⁴⁶ Robert Kagan, “The Benevolent Empire,” *Foreign Policy*, no. 111 (1998).

⁴⁷ Niall Ferguson, *Empire: How Britain Made the Modern World* (London: Allen Lane, 2003); Andrew Hurrell, “Pax Americana or the Empire of Insecurity,” *International Relations of the Asia-Pacific* 58, no. 2 (2005).

⁴⁸ Geir Lundestad, *The American Empire and Other Studies of United States Foreign Policy in Comparative Perspective* (Oxford/Oslo: Oxford University Press and Norwegian University Press, 1990).

This dissertation examines the question: *Is a China-centric geoeconomic order emerging in the twenty-first century?* It relates to important themes in International Relations, such as hierarchy, great power status and behavior, international order, and, of course, the rise of China. This chapter reviews the existing literature that addresses these issues in order to situate my own argument and argue for the usefulness of an ideal-typical conceptualization of empire to provide an answer. The purpose is to distinguish my theoretical and empirical work from other approaches and concepts on the academic market, while also acknowledging the ground shared between my work and that of others.

The works reviewed here are the ones that revolve around the themes above, and the ones my argument has most frequently been confronted (and confused) with when I have presented my research. The central concepts are *great power*, *hegemon* and *hegemony*, *imperialism*, and various conceptualizations of *empire*. By reviewing the different uses of these concepts systematically, it becomes clearer what my ideal-typical theory of empire is and is not. In this way, this chapter also presents its own theoretical argument that “empire” is not just another word for a dominant state.

The chapter is divided into three parts. The first part is theoretical and reviews central concepts relating to hierarchy within the traditions of realism (particularly neorealism), the English School, hegemonic stability theory, power transition theory, Marxist theories of international political economy, Gramscianism, and neo-Gramscianism. I also discuss the literature that explicitly uses the concept of empire and I organize it into theories that consider empire a discourse of supremacy and theories that use empire as an ideal type of international relations as I do.

The second part reviews the dominant positions in the contemporary empirical debate over China’s role in international relations. I will return to these arguments in the conclusion and use them to discuss the findings of my own analysis. Third and finally, I engage and criticize the notion of a particular “Chinese” approach to international relations and argue that the concept of empire is more useful than concepts of *tianxia* and *tribute system* for studying contemporary China’s position in the international order today.

Great Powers and Hegemony in Realism

Empires are about hierarchy and power, but empire is not synonymous with *great power* or *hegemon* as conceived in the neorealist literature.⁴⁹ In neorealist terminology, great powers are defined in terms of material capabilities. By most accounts, a state qualifies as a great power if it has a sufficiently strong military, economy, and, for contemporary studies, a credible nuclear deterrent.⁵⁰ These capabilities can be disaggregated into factors such as population size, level of technology, resource endowment etc., which contribute to military or economic power. The fundamental point is that power is something a state possesses, and a great power has a lot more of it than the majority of other states. By extension, hegemony describes a situation in which a single state is sufficiently stronger than any other state in the international system. In John Mearsheimer's terms, a hegemon is so strong that no other state can

⁴⁹ The realist school or tradition of International Relations is large and has a number of sub-traditions. The three major branches are classical realism, structural or neorealism (with subdivisions) and neoclassical realism. Central works of classical realism include Edward Hallett Carr, *The Twenty Years' Crisis, 1919-1939: An Introduction to the Study of International Relations* (London: Macmillan and co., 1939); and Morgenthau, *Politics among Nations*. Structural realism or neorealism was initially presented in Waltz, *Theory of International Politics*. It can be further divided into its defensive and its offensive branch. For defensive realism, see *ibid.* ; Stephen M. Walt, *The Origins of Alliances* (Ithaca, N.Y.: Cornell University Press, 1987). For offensive realism, see John J. Mearsheimer, *The Tragedy of Great Power Politics*, 2 ed. (New York: W. W. Norton & Company, 2001; repr., 2014). For neoclassical realism, see Gideon Rose, "Neoclassical Realism and Theories of Foreign Policy," *World Politics* 51, no. 1 (1998); Steven E. Lobell, Norrin M. Ripsman, and Jeffrey W. Taliaferro, *Neoclassical Realism, the State, and Foreign Policy* (New York: Cambridge University Press, 2009).

⁵⁰ For classic examples of power measures, see e.g. Morgenthau, *Politics among Nations*, chap. 9; Waltz, *Theory of International Politics*, p. 131. Or more recently, Øystein Tunsjø, *The Return of Bipolarity in World Politics: China, the United States, and Geostructural Realism* (New York: Columbia University Press, 2018), chap. 3-4. John J. Mearsheimer distinguishes between "actual power" (military and nuclear forces) and "potential" or "latent power" (the economic and demographic prerequisites for actual power). I avoid this distinction since it entails that military and nuclear forces are the only kinds of force than can be used on their own. In line with the literature on economic statecraft, I consider economic capabilities a form of actual power that states can employ in pursuit of their goals. *The Tragedy of Great Power Politics*, pp. 43, 60.

“put up a serious fight” against it.⁵¹ Again, what is at stake is the international distribution of power capabilities.

Other strands of realism apply additional qualifies to describe great powers. Classical realists Hans Morgenthau and Robert Gilpin argue that prestige and status are fundamental goals and assets of great powers,⁵² which goes beyond the strictly materialist ontology of most neorealists. In addition, they tend to treat prestige as a kind of capability that is owned by states, even if it is less tangible than military and economic assets. As such, the classical realist incorporation of nonmaterial factors in the definition of a great power does not change the capability-basis of the concept.

The realist terminology is excellent for describing material power hierarchies between states. However, it is too narrow for my purpose, since it reduces the complexities of international order into a question of balance of power. In my inquiry into the nature of the international order and the rise of China, I am interested in more than just China’s capabilities. I ask whether the order can be considered China-centric. This is about the nature and structure of relations, namely the asymmetry of dependence and connectivity between states.

Material power capabilities do play a role in empires, but it is indirect. Military power may serve a crucial function in establishing imperial relations and forcing periphery states to associate with the core exclusively.⁵³ This is the essence of military conquest followed by formal annexation. Economic power in the form of a large market and capital to export may also naturally create a hub-and-spokes pattern of interaction, as other states will enjoy economic benefit from directing their business towards the hub of trade and finance. Similarly, if a core were to lose its economic preponderance over the periphery, the economic hub-and-spokes structure of interaction would also fall apart, as peripheries would increasingly do business with each other and with states outside the imperial system. Power inequality is a necessary—but not sufficient—condition for imperial relations. It is hard to imagine an imperial core that is not also a great power.⁵⁴ A weak state cannot maintain its position

⁵¹ Mearsheimer, *The Tragedy of Great Power Politics*, p. 40.

⁵² Morgenthau, *Politics among Nations*, chap. 6; Gilpin, *War and Change in World Politics*, pp. 30-34.

⁵³ Charles S. Maier, *Among Empires: American Ascendancy and its Predecessors* (Cambridge, Mass.: Harvard University Press, 2006), pp. 70-75.

⁵⁴ A point made also by Benjamin Cohen in his study of imperialism. *The Question of Imperialism: The Political Economy of Dominance and Dependence* (New York: Basic Books, 1973), p. 15.

as the core of a hub-and-spokes system, but a strong state will not necessarily create one either.

Hegemonic Stability Theory

Compared to realist theories, hegemonic stability theory shifts the scope from the dominant state itself to its impact on international order. This brings it closer to my research agenda. Hegemonic stability theory argues that the dominant state or hegemon may serve as an enabler of international exchange and cooperation by providing stability to the international system.⁵⁵ The presence of a single more powerful state fundamentally alters the nature of interactions in its system.

Hegemonic stability reveals an important element in international hierarchy: the ability of a dominant state to foster cooperation. However, it lacks nuance. It says nothing about the particular structure of relations being created, nor how the dominant state might enjoy a particularly privileged position within the system. The empire ideal type I use also posits that the core can help foster exchange and interaction between units in an international system, but it underscores the centrality of the core by insisting that international connectivity will be structured in a hub-and-spokes. In hegemonic stability theory, the hegemon supports cooperation and interaction in general. In an empire, the core only supports interactions between itself and individual periphery states, not between other units in the system. The latter is more useful for my particular research question, since I wish to study whether an emerging international order can be characterized as China-centric.

Power transition theory, the realist “cousin” of hegemonic stability theory, focuses more on change and transitions between hegemonic orders but its argument about the role of the hegemon is not fundamentally different.⁵⁶ For this reason, it differs from the empire ideal type in the same way. Empires are about a particular configuration of connectivity, which places much greater emphasis on the *centrality* of the imperial core, rather than merely its function as the enabler of international cooperation. I return to these differences in my discussion of four different ideal types of order in International Relations in chapter 4.

⁵⁵ Charles P. Kindleberger, *The World in Depression, 1929-1939* (London: Allen Lane, Penguin, 1973); Robert O. Keohane, “The Theory of Hegemonic Stability and Changes in International Economic Regimes, 1967-1977,” (Center for International and Strategic Affairs, University of California, 1980); John Ruggie, “International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order,” *International Organization* 36, no. 2 (1982).

⁵⁶ Organski, *World Politics*; Gilpin, *War and Change in World Politics*.

The English School

The English School of international relations incorporates relational notions in its use of great power and hegemony, which moves it closer to my structural argument. In this school of theory, a defining feature of great powers is the special rights and responsibilities bestowed upon them by the international society of states.⁵⁷ Capabilities alone do not define a great power. They rely on the social recognition of other states in international society to fulfil their role. On this basis, Ian Clark uses hegemony to describe different constellations of leadership in international society, which may be composed of a single state or a collective of states, and which may have a limited or an exclusive coalitional basis.⁵⁸ No matter its particular form, hegemony relies on social recognition from other members of the international society to gain legitimacy.⁵⁹ A sufficiently unequal distribution of capabilities in the absence of legitimacy should be considered *primacy*, not hegemony.⁶⁰

In the English School, great power status and hegemony are regarded as something that is in part socially constituted and thus based on the relations between states rather than just the capabilities of states. This introduces an important constructivist element to the formula, since legitimacy, recognition, responsibility, and rights are all fundamentally social phenomena that are constructed in the interactions in international society. This constructivist component marks an important difference from my ideal type.

I theorize empires as relational, in the sense that they denote a structure of international relations between a hub and its spokes. A hub is only a hub, and a spoke is only a spoke because of its relations to other states in the structure. However, I conceptualize these relations in terms of dependence vis-à-vis political autonomy rather than as social ties of mutual recognition. In this

⁵⁷ Bull, *The Anarchical Society*; David A. Lake, *Hierarchy in International Relations* (Ithaca, N.Y.: Cornell University Press, 2009).

⁵⁸ Ian Clark, *Hegemony in International Society* (New York: Oxford University Press, 2011).

⁵⁹ *Legitimacy in International Society* (New York: Oxford University Press, 2005). See also Martin Wight, *Systems of States* (Leicester: Leicester University Press, 1977), p. 153; Adam Watson, *The Evolution of International Society: A Comparative Historical Analysis* (London: Routledge, 1992; repr., 2009), p. 13; Robert W. Jackman, *Power without Force: The Political Capacity of Nation-States* (Ann Arbor: University of Michigan Press, 1993), p. 95; Ian Hurd, "Legitimacy and Authority in International Politics," *International Organization* 53, no. 2 (1999); Martha Finnemore, "Legitimacy, Hypocrisy, and the Social Structure of Unipolarity," *World Politics* 61, no. 1 (2009).

⁶⁰ Clark, *Hegemony in International Society*, pp. 23-28.

sense, my ontology is more materialist than that of the English School. I consider this approach more useful in answering my research question, because of my focus on actual empirical developments rather than formulations of policy. Physical infrastructure and currency-bound exchanges are somewhat tangible things, not social constructs (though both of course rely on various social practices). For this reason, I also use the term “international system” or “international order” rather than “international society,” as the latter is based on the idea of a social compact between states.⁶¹

Further, like with hegemonic stability theory and power transition theory, the hub-and-spokes structure of an empire places specific requirements on the international system that are foreign to the English School’s understanding of international society. In an empire, all spokes are exclusively connected to the hub. In contrast, the English School makes no claims about the connectivity structure among states or the centrality of any single state. Even in an international society dominated by a single-state hegemon, nothing hinders non-great powers from interacting freely with each other. The English School could thus describe a China-led international order but would have a harder time conceptualizing a China-centric order.

It is difficult to see in English School terms, how a hegemon should be able to structure international society into a hub-and-spokes while maintaining its legitimacy among its constituents. In such a configuration, the hierarchy would tend more towards domination and primacy, and one would expect the hegemon to rule more through force than through the consent of its subjects, taking away an integral part of what it means to be a hegemon. A hub-and-spokes international society would have to rely more on power and dependence than on the social recognition of the rights and duties of the core, and this is exactly what my ideal-typical theory posits.

In summary, Prys and Robel’s claim that “the concept [of empire] has been stretched to the point where it is conterminous with hegemony or leadership”⁶² is misguided. Empires differ from realist notions of great power and hegemon by describing an international order rather than a state with sufficient power capabilities. Empire differs from hegemonic stability theory and the English School by positing a particular pattern of connectivity, the hub-and-spokes-structure, rather than cooperation in general. And unlike the English School, the theory of empire places its theoretical emphasis on asymmetric interdependence rather than social recognition as the tie that connects the stronger with the weaker in an international system.

⁶¹ Evelyn Goh, *The Struggle for Order: Hegemony, Hierarchy, and Transition in Post-Cold War East Asia* (Oxford: Oxford University Press, 2013).

⁶² Prys and Robel, “Hegemony, not Empire,” p. 250.

Imperialism

Empire is often associated with imperialism. Linguistically, the word “empire” existed centuries before “imperialism” and the two only really become entangled around the late nineteenth century.⁶³ Nonetheless, some scholars continue to view them as two sides to the same coin. For instance, Michael Doyle considers “imperialism” as merely “the process of establishing and maintaining an empire.”⁶⁴ Outside its Marxist economic use, imperialism is mostly frequently considered synonymous with “expansionism.” Schumpeter defines imperialism as “the objectless disposition on the part of the state to unlimited forcible expansion,”⁶⁵ and Morgenthau uses imperialism in much the same way as later realists would use “revisionism.”⁶⁶ The same goes for Snyder and Kupchan, who both study imperial overstretch; the self-defeating tendency for great powers to expand beyond their own means.⁶⁷ Unfortunately, by referring to expansionist great powers as empires, Snyder and Kupchan dilute the usefulness of the concept. They might as well have framed the object of their studies as “self-defeating revisionism” or “expansionism”.

Imperialism is primarily associated with Marxist strands of International Political Economy and below follows a brief review of some of the components of the Marxist understanding of imperialism in order to show how my theory differs from it. It should be noted from the start that Marxist scholars use and define the term in different ways, and that the following section only reviews some common features.⁶⁸

Marxists view imperialism as an outcome of modern capitalism, wherein the capitalist class exploits the working class by appropriating the surplus

⁶³ Russell David Foster. “The Concept of Empire.” In *The SAGE Handbook of Political Sociology*, edited by William Outhwaite and Stephen Turner. 2018), p. 5. See also *Tabulae Imperii Europaei: Mapping European Empire* (London: Routledge, 2015); Anthony Pagden, *The Burdens of Empire: 1539 to the Present* (New York: Cambridge University Press, 2015), chap. 1.

⁶⁴ Doyle, *Empires*, p. 19. Julian Go uses ‘imperialism’ to the same end. *Patterns of Empire: The British and American Empires, 1688 to the Present* (Cambridge: Cambridge University Press, 2011), p. 7.

⁶⁵ Joseph A. Schumpeter, *Imperialism and Social Classes* (New York: August M. Keely (repr. Martino Publishing), 1951; repr., 2014), p. 7.

⁶⁶ Morgenthau, *Politics among Nations*, chap. 5.

⁶⁷ Jack Snyder, *Myths of Empire: Domestic Politics and International Ambition* (Ithaca, N.Y.: Cornell University Press, 1991); Charles A. Kupchan, *The Vulnerability of Empire* (Ithaca, N.Y.: Cornell University Press, 1994).

⁶⁸ The following relies substantially on Anthony Brewer, *Marxist Theories of Imperialism: A Critical Survey*, 2. ed. (London: Routledge, 1990).

value that is generated from their work. It is a both descriptive and normative school of thought, since it seeks to explain the origins of imperialistic relations and criticizes them for being exploitative. The search for higher returns on capital investment and export markets for companies creates an expansive dynamic in capitalism. The growing monopoly of a few companies and banks internationalizes market competition as they look outside their own borders for new profits. As private enterprises grow stronger, they also get a stronger voice in shaping the foreign policy of states, creating expansionist foreign policies to support their economic interests. Scholars in this line of argument differ on whether imperialism is the natural product of capitalism or the result of a small group of financiers who hijack policy. Lenin and Luxemburg took the former position,⁶⁹ while Hobson (who was not a Marxist, but whose arguments were often cited in the Marxist literature) and Schumpeter held the latter.⁷⁰ All these authors shared a focus on the capitalist economic system, on the appropriation of surplus values by the capitalists, and the importance of production as a social process.⁷¹

The Marxist argument was introduced into the field of International Relations primarily by Andre Gunder Frank and by Immanuel Wallerstein in his world systems theory.⁷² These authors transpose the Marxist logic of class struggle from the domestic economy to the international scene by studying the world as divided into a core or center and a periphery (and occasionally a semi-periphery).⁷³ In this context, imperialism is the economic exchange between these two “classes” of states, where the core appropriates surplus value from the periphery, which leads to the enrichment of the already wealthy core and leaves the periphery even worse off than before—a process Frank refers to as “underdevelopment”. Moreover, periphery nations become dependent on the core and unable to break free of their role in the system through export dependence and debt.⁷⁴ The argument still revolves around capitalism, but the

⁶⁹ Lenin summarizes and condenses the argument in a seminal pamphlet, which, though it may not have contributed much to the development of the theory of imperialism, was central to its proliferation. *Imperialism: The Highest Stage of Capitalism* (Peking: Foreign Languages Press, 1917; repr., 1973).

⁷⁰ Doyle, *Empires*, pp. 22-24.

⁷¹ Brewer, *Marxist Theories of Imperialism*, pp. 11-12.

⁷² E.g. Andre Gunder Frank, *Dependent Accumulation and Underdevelopment* (London: Macmillan, 1978); Immanuel Wallerstein, *The Modern World-system* (New York: Academic Press, 1974).

⁷³ Brewer, *Marxist Theories of Imperialism*, chap. 8.

⁷⁴ Teresa Hayter, *Aid as Imperialism* (Harmondsworth: Penguin, 1971; repr., 1974); *The Creation of World Poverty*, 3. ed. (London: Pluto Press, 1982); Cheryl Payer, *The World Bank: A Critical Analysis* (New York: Monthly Review Press, 1982).

capitalist system is now seen as a form of international distribution of labor between different kinds of states. Imperialism in this sense is the process by which the core maintains and expands a system of underdevelopment, dependence, and exploitation of the periphery.⁷⁵

The Marxist and neo-Marxist literatures provide important insights regarding economic dependence and the structural power of economics to shape interstate relations. However, it is too narrow in its scope for my research agenda. Marxism may speak to economic orders or production orders in a modern capitalist context but it has less to say about political orders. The empire ideal type differs from the Marxist literature on a number of points.

First, the historical scopes differ. My ideal type of empire is created to be useful in understanding imperial structures all the way back to the ancient empires and all across the world, not just European imperialism since the nineteenth century (as in the original Marxist work) or the sixteenth century (as in Wallerstein's world systems theory). My scope is broader in time and space. Second, the units of analysis in my theory are international orders being systems comprised of a number of states, rather than capitalism or a world system of capitalist exchange. In world systems theory, there can be multiple core states in a system. In the imperial hub-and-spokes, there can be only one core state. Other cores may exist outside the imperial system and interact with the core of that system, but they can never become part of the imperial system. This is important because the notion of a China-centric order means an order with a single core state, not a world system where multiple cores—say, China, the United States, Europe—collaborate to exploit the rest.

Third, the role of economics differs. In my theory, economic ties are one kind of ties among many others that may exist between core and periphery. The role of economics—and capitalism in particular—is thus much smaller than in Marxist theory, where politics are the result of the mode of production. Factors like security, prestige, and domestic sentiment cannot be reduced to the demands of a capitalist economy. To paraphrase Carl von Clausewitz's famous dictum:⁷⁶ Empire is *not just* the continuation of economics by other means, as Marxists would have. The economic needs of a capitalist economy can surely be a driving force of imperial expansion but should not be viewed in isolation. Further, economic relations between core and periphery do not have to favor the core in my theory. Ties to a core may actually be of greater

⁷⁵ For a critique, see Cohen, *The Question of Imperialism*, chap. 6.

⁷⁶ Carl von Clausewitz, *On War* (Hertfordshire: Wordsworth, 1832; repr., 1997), Book I, chap. I, 24.

economic benefit to the periphery. This is not always the case, but the possibility of such relations is at fundamental odds with the idea of underdevelopment.

Johan Galtung, though arguably not a Marxist, presents a structural theory of imperialism that shares most economic elements of the Marxist theories reviewed above but comes closer to my own theory of empire.⁷⁷ The idea of hub-and-spokes, which is the most important element of my empire ideal type, was introduced by Galtung to theorize imperialism, and he also acknowledges that multiple cores may exist in the world, but each will have their own imperialist systems of peripheries. Finally, he underscores how ties can be made up of, e.g. cultural, military, educational, or even journalistic transactions in addition to economic.

There are three main differences between my theory and Galtung's. First, as already noted, I do not assume that imperial ties always favor the core over the periphery. This is a central component in Galtung's theory like in Marxism. Second, Galtung assumes that the division between the population and the elite within a periphery society is greater than the division between the periphery elite and the elite of the core. This explains why periphery rulers would strike deals with the rulers of the core when such agreements actually impoverish their own populations. While I contend that such a structure of mutual interests and disinterests may be present in an empire, I do not consider them a necessary feature. Even a periphery society without internal division between core and periphery may be incorporated into an imperial structure through various forms of asymmetric interdependence. Finally, my theory has a less benign view of the relation between core states, arguing that their relationships will often be characterized by rivalry rather than collaboration. In this way, my theory is more strongly inspired by realist notions of power balancing, as the development of imperial structures is strongly shaped by the presence and behavior of other great powers. I believe this third difference is particularly important when studying contemporary China, because the relationship between China and the United States seems much more competitive than collaborative, even if both of them may be cores of their own systems.

In summary, while I do draw on some insights from the Marxist literature, I believe my research question is better answered with a theory that has a broader empirical scope and that more clearly defines patterns of relationships within the international order. This lets me assess whether China is becoming the center of other kinds of order. Further, by insisting that economic relations do not have to favor the strong over the weak and does not assume

⁷⁷ Johan Galtung, "A Structural Theory of Imperialism," *Journal of Peace Research* 8, no. 2 (1971).

collaboration between cores, I allow a more nuanced study of China's relations with other states.

Neo-Gramscian Hegemony and Empire

Antonio Gramsci adapted the class-based Marxist view of society to a much more comprehensive idea of hegemony.⁷⁸ He considered hegemony the dominance of the ruling class over all other classes, not by force or direct oppression, but through their consent. This consent is achieved through the spread of economic, political, cultural, religious etc. ideas and values, which create cohesion in society and support for the rule of the established order. In essence, the ruling class wins the hearts and minds of its subjects.⁷⁹ This totality of cultural values and social norms in their absolute broadest sense is the means by which legitimate rule is established and maintained. Unlike in the Marxist approach, the ideational element of hegemony is not just a superstructure that obscures the fundamental class differences defined through modes of production, it is the glue that keeps society working together—and the ruling class in place.

Robert Cox played a central part in introducing Gramscian thinking into the International Relations literature as neo-Gramscianism.⁸⁰ Cox incorporated social forces as an important aspect of any international structure, together with the organization of production and state formations. Societal ideas, cultural norms, and values thus become an integral part of international hierarchy as the source of hegemonic consent.⁸¹ The term hegemon is used broader than in neorealism to denote the entire hegemonic system rather than

⁷⁸ For an introduction, see Owen Worth, *Rethinking Hegemony* (London: Palgrave Macmillan, 2015), chap. 4.

⁷⁹ Antonio Gramsci, *Selections from the Prison Notebooks* (London: Lawrence & Wishart, 1971); *Antonio Gramsci - Prison Notebooks, Vol. 1* (New York: Columbia University Press, 1992). See also Raymond Williams, *Culture and Materialism* (London: Verso, 1980), p. 37. Martin Wight approximates the argument when writing that international systems assume “a degree of cultural unity among its members”, *Systems of States*, p. 33.

⁸⁰ Robert W. Cox, “Social Forces, States and World Order: Beyond International Relations Theory,” *Millennium - Journal of International Studies* 10, no. 2 (1981); “Gramsci, Hegemony and International Relations: An Essay in Method,” *Millennium - Journal of International Studies* 12, no. 2 (1983). See also, Peter Burnham, “Neo-Gramscian Hegemony and the International Order,” *Capital & Class* 15, no. 3 (1991).

⁸¹ E.g. Charles A. Kupchan. “Unpacking Hegemony: The Social Foundations of Hierarchical Order.” In *Power, Order, and Change in World Politics*, edited by G. John Ikenberry. pp. 19-60. (Cambridge: Cambridge University Press, 2014).

just the leader of that system. Many of Cox' conclusions were similar to the arguments of hegemonic stability theorists, as both see the hegemonic order as facilitating international cooperation rather than conflict.⁸² Moreover, the leading state in the hegemonic system maintains a crucial role as the primary source of inspiration for the ideas and values that dominate the system.⁸³ In this way, insights from neo-Gramscianism may also be incorporated in the English School to theorize the cultural and ideological pieces to legitimacy and consent in international society.⁸⁴

Building on Gramsci and Cox, scholars have studied contemporary international hegemony in ideational terms at several levels. "Neoliberalism" has been a favored object of analysis and critique both in terms of the financial institutions and international organizations that consolidate it globally and regionally,⁸⁵ the intellectuals who promote it,⁸⁶ and the market ideology that permeates it.⁸⁷ Some have departed from Cox' state-centrism to argue that a transnational capitalist elite comprises the real ruling class in the international capitalist hegemony⁸⁸ or that hegemony should be understood in different socially produced spaces, such as cities, rather than just the borders of

⁸² Amitav Acharya, *The End of American World Order*, 2 ed. (Cambridge: Polity Press, 2014; repr., 2018), pp. 34-37; Worth, *Rethinking Hegemony*, pp. 70-71.

⁸³ William I. Robinson, "Gramsci and Globalisation: From Nation-State to Transnational Hegemony," *Critical Review of International Social and Political Philosophy* 8, no. 4 (2005); Owen Worth, "Recasting Gramsci in International Politics," *Review of International Studies* 37, no. 1 (2011).

⁸⁴ Goh, *The Struggle for Order*, p. 6n12.

⁸⁵ Stephen Gill, *American Hegemony and the Trilateral Commission* (Cambridge: Cambridge University Press, 1990); Gramsci, *Historical Materialism and International Relations* (Cambridge: Cambridge University Press, 1993); Craig N. Murphy, *International Organization and Industrial Change: Global Governance since 1850* (Cambridge: Polity, 1994); *Global Institutions, Marginalization, and Development* (New York: Routledge, 2005); Andrew Gamble and Anthony Payne, *Regionalism and World Order* (Basingstoke: Palgrave Macmillan, 1996).

⁸⁶ Stephen Gill, ed. *Global Crises and the Crisis of Global Leadership* (Cambridge: Cambridge University Press, 2012).

⁸⁷ "Globalization, Market Civilisation and Disciplinary Neoliberalism," *Millennium - Journal of International Studies* 24, no. 3 (1995); *Power and Resistance in the New World Order* (Basingstoke: Palgrave Macmillan, 2003).

⁸⁸ Kees van der Pijl, *The Making of an Atlantic Ruling Class* (London: Verso, 1984); Leslie Sklair, *Sociology of the Global System* (London: Pearson, 1991); Kees van der Pijl, *Transnational Classes and International Relations* (London: Routledge, 1998); Henrik Overbeek. "Transnational Historical Materialism: Theories of Transnational Class Formation and World Order." In *Global Political Economy*, edited by Ronen Palan. (London: Routledge, 2000).

territorial states.⁸⁹ Other have maintained state-centrism but used neo-Gramscian ideas to emphasize the role of ideology and culture in creating legitimate hegemony.⁹⁰ Joseph Nye's concept "soft power" could be considered an example.⁹¹

Daniel Nexon and Iver Neumann have a state-centric ontology in their attempt to bridge the divide between realist and neo-Gramscian conceptualizations of hegemony. They argue that material capabilities provide the basis for a hegemon, but that the truly defining feature of a hegemon is that it possesses meta-capital, enabling it to "influence the exchange rate of different kinds of capital within and across fields; and 'infuse' specific kinds of capital—generated from objects, relations, and performance—with symbolic significance."⁹² Nexon and Neumann are inspired by the Bourdieuan concepts of "habitus" and "capital." Within the arena of international politics, different kinds of capital can be used in different ways to different effects at different times. The meta-capital of the hegemon is the ability to define what is valuable and shape the rules for its exchange. This process is inherently social and relates to the allocation of status and prestige among states.⁹³

Coming full circle, Michael Hardt and Antonio Negri's exemplify a neo-Gramscian use of empire. They theorize empire in the twenty-first century as a non-state-centric world order expressed as a juridical formation that enshrines liberal democratic norms and practices. It is "a *decentered* and *deteritorializing* apparatus of rule that progressively incorporates the entire global realm within its open, expanding frontiers."⁹⁴ Empires do not recognize geographic or temporal boundaries, and they are always dedicated to realizing "a perpetual and universal peace outside of history."⁹⁵ Empire is perhaps best seen in the "so-called right of intervention,"⁹⁶ by which the dominant subjects in the world order impose their will on others by appealing to "essential values

⁸⁹ Henri Lefebvre, *The Production of Space* (Oxford: Basil Blackwell, 1991); *Critique of Everyday Life* (London: Verso, 2008).

⁹⁰ G. John Ikenberry and Charles A. Kupchan, "Socialization and Hegemonic Power," *International Organization* 44, no. 3 (1990); Daniel H. Nexon and Iver B. Neumann, "Hegemonic-Order Theory: A Field-theoretic Account," *European Journal of International Relations* 24, no. 3 (2017): p. 665.

⁹¹ Joseph S. Nye, *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004).

⁹² Nexon and Neumann, "Hegemonic-Order Theory," p. 671.

⁹³ Ibid. p. 673.

⁹⁴ Michael Hardt and Antonio Negri, *Empire* (Cambridge, Mass.: Harvard University Press, 2000; repr., 2001), p. xii. Original emphasis.

⁹⁵ Ibid. p. xv.

⁹⁶ Ibid. p. 18 Emphasis removed.

of justice,”⁹⁷ effectively behaving as a world police by reference to the United Nations’ Charter. Although the United States plays an important part in this world order, empire cannot be reduced to any single state.⁹⁸

My theory of empire differs from the neo-Gramscian approach and its proponents in several ways. First, the central contribution of Gramsci and his followers to the concept of a hegemon was the role of culture and ideas in establishing its legitimacy. This component is absent in my theory of empire. Instead of legitimacy, I focus on symmetric dependence as the theoretical mechanism that keeps the international hierarchy together. Second, unlike many neo-Gramscians, I stick to a state-centric ontology (rather than studying “The West”, “neoliberalism” or a “transnationalist capitalist class”) and reserve the position as leader of the imperial system for a single state. This is essential to answering my research question about the possibility of a China-centric order, that is, an order centered on a state.

Third, much neo-Gramscian thinking in International Relations gravitates towards the logic of hegemonic stability theory, as legitimate hierarchy is seen to provide the basis for international stability and exchange between the units of the system. As argued above, my theory of empire only entails interactions between peripheries and the core, not among all units in the system. The connectivity structure of my empire ideal type is more restricted than in hegemonic stability theory, and it has a clearer center.

Fourth, I have a more materialist ontology than most neo-Gramscians as I consider the most important goals of a state (security and prosperity, and after these status) exogenously given. This leaves less room for ideational notions, such as meta-capital, as the defining capability of the dominant state. Finally, the emphasis on international law and international organizations in Hardt and Negri’s work is too narrow for my concept of empire. International laws and organizations may be a formal kind of hierarchy, but dominance and intervention can also spring from informal imperial ties. Moreover, in contrast to their world order empire, I conceptualize imperial orders as networks of states, none of which have ever reached a global geographic extent. For this reason, multiple imperial orders can exist simultaneously in my theory. I believe this framework is much more fitting a discussion of a China-centric order, as argued in relation to the imperialism literature, because China and the Western great powers are unlikely to create a joint world order anytime soon.

⁹⁷ Ibid. Emphasis removed.

⁹⁸ For a development and critique, see Tarak Barkawi and Mark Laffey, “Retrieving the Imperial: Empire and International Relations,” *Millennium - Journal of International Studies* 31, no. 1 (2002).

Empire as Idea and Discourse

Some scholars have gone further with the ideational and cultural perspective on empire to define it simply as a discourse, albeit a powerful one. In many ways similarly to Hardt and Negri, Russell David Foster argues that the essence of empire is a “specifically European imagination of the right and responsibility to rule, handed down through time.”⁹⁹ As in Hardt and Negri’s world order, Foster’s empires do not recognize any equals¹⁰⁰ but consider it their duty to rule and to defend and sometimes spread their culture and values. Empire is a hierarchical way of thinking about one’s place in the world.

As empires do not recognize peers, they effectively become borderless in this poststructuralist line of thought.¹⁰¹ Borders between states are a symptom of Westphalian equality among formally equal units. Unable and unwilling to recognize peers, empires do not fit into such an order. This makes it problematic to use the concept of empire for contemporary studies in a world where the entire habitable surface has been organized into formal states. In order to avoid conceding that empires are a historical category that is no longer applicable, one must either abandon a state-centric definition of empire and make it a broader term (as Hardt and Negri does) or conceive “recognition of peers” in abstract terms. The latter is the path chosen by Münkler, who argues that American interventionism and self-image as the “global policeman” is an example of not recognizing peers.¹⁰² The United States may formally recognize the sovereignty of Iraq as an independent nation, but it does not treat it as such. I resolve this particular conceptual challenge by theorizing empire as an order, which may manifest in formal and informal relations, and by accepting that multiple empires with their own respective imperial cores can coexist. A single imperial system will only ever have a single core, but multiple empires

⁹⁹ Foster, “The Concept of Empire,” p. 9. See also, Walter Ullman, *A History of Political Thought: The Middle Ages* (Harmondsworth: Penguin, 1965); R. H. C. Davis, *A History of Medieval Europe: From Constantine to Saint Louis* (London: Longman, 1970); Jacques Le Goff, *Medieval Civilization, 400-1500* (Oxford: Blackwell, 1988); David Armitage, ed. *Theories of Empire 1450-1800* (Aldershot: Ashgate, 1998); Anthony Pagden, *Lord of All the World: Ideologies of Empire in Spain, Britain and France c. 1500-1800* (New Haven, Conn.: Yale University Press, 1998); *The Burdens of Empire*.

¹⁰⁰ This point is also made by Hendrik Spruyt, “The Origins, Development, and Possible Decline of the Modern State,” *Annual Review of Political Science* 5, no. 127-149 (2002): p. 140; Münkler, *Empires*, pp. 5-6.

¹⁰¹ *Empires*, pp. 5-6.

¹⁰² *Ibid.* chap. 6.

may exist side by side, and imperial cores may compete for control over periphery states.¹⁰³

To scholars who consider empire a discourse, it is a domestic ideology that drives expansionist policies, which are seen to further a ‘greater good,’ be that civilization, culture, cosmopolitanism, the true faith, enlightenment, prosperity, capitalism, racial supremacy, neoliberalism, communism, democracy, or something else.¹⁰⁴ To Foster, this way of thinking is inherently European, and applying the term outside of a western political philosophy and Western historiography is misguided and Eurocentric.¹⁰⁵ A number of literatures have emerged to describe the various forms such a discourse can take. These usually leave the concept of “empire” behind but maintain notions of hierarchy and dominance associated with civilizational, cultural, or racial factors. From a poststructuralist stance, language has been seen as reinforcing hierarchy in international relations, even if this process is much more difficult to pinpoint than explicit references to a divine mission or racial superiority. Edward Said uses the term “orientalism” to describe the process by which non-Western phenomena (within science, philosophy, and cultural products etc.) are patronized and dismissed as useless to a Western audience—though they may be “interesting” and “exotic.”¹⁰⁶ This process can be labelled cultural imperialism, as it involves the perceived dominance of one cultural group over another.

It is obvious that empires have often been driven by strong ideological sentiments about hierarchy and the empire’s place and role in the world. Yet, this is but one of several drivers that may lead a state to establish an imperial order. The presence of an imperial ideology is not a necessary condition for the existence of an empire. There is no logical reason why a hub-and-spokes-like structure cannot emerge around formally equal states. In my argument, the red thread of imperial relations is asymmetric interdependence, and that dynamic can be present between formally equal states. A China-centric order could be emerging without an imperial ideology in China. I prefer to study the ties of connectivity being established because they capture actual power relations irrespective of domestic ideology in China.

¹⁰³ On this problem, see also McConaughey, Musgrave, and Nexon, “Beyond anarchy,” p. 191.

¹⁰⁴ Maier, *Among Empires*; Pagden, *The Burdens of Empire*.

¹⁰⁵ Foster, “The Concept of Empire,” p. 11. Accordingly, the Japanese imperial ideology of racial supremacy in the first half of the twentieth century must be considered a European inspiration, although Foster does not address the question.

¹⁰⁶ Edward W. Said, *Orientalism* (New York: Vintage Books, 1979); *Culture and Imperialism* (London: Vintage, 1994). See also Jürgen Osterhammel, *Unfabling the East: The Enlightenment's Encounter with Asia* (Princeton, N.J.: Princeton University Press, 2018).

My research question implies an ontology that is more materialist than constructivism and post-structuralism—at least in my interpretations and in the literature in which I situate my argument. The question is whether the order is China-centric, not whether China perceives it to be or believes it should be China-centric. In this light, it makes more sense for me to study material rather than discursive developments. We now turn to the ideal-typical literature akin to my argument.

Empire as an Ideal Type and a Network

As Foster correctly notes,¹⁰⁷ a large body of literature conceptualizes an empire as a particular form of state.¹⁰⁸ Whether defined by size,¹⁰⁹ duration,¹¹⁰ multi-ethnicity,¹¹¹ the presence of an emperor,¹¹² weak central rule relying on local authorities,¹¹³ or something else, these authors all consider empires a particular organization of political society. I agree to the extent that an empire is one among several possible configurations of political relations, but rather than defining it as a characteristic of a single state, I define it as a particular *structure* of *inter*-state relations; an ideal-typical order. The point is not to label some contemporary or historical states as empires based on the degree to which they check out on the list of imperial characteristics, but to use the term as a heuristic for interpretation of the power dynamics at play in a certain international network of political relations. Below, two ideal-typical conceptualizations of empires are presented: the model of concentric circles and of hub-and-spokes, which are the most well known in the ideal-typical empire literature.

¹⁰⁷ Foster, “The Concept of Empire,” p. 6.

¹⁰⁸ Jane Burbank and Frederick Cooper, *Empires in World History: Power and the Politics of Difference* (Princeton, N.J.: Princeton University Press, 2010); Doyle, *Empires*; Maier, *Among Empires*; Dominic Lieven, *Empire: The Russian Empire and its Rivals* (London: John Murray, 2000); John Darwin, *After Tamerlane: The Global History of Empire since 1405* (New York: Bloomsbury, 2008).

¹⁰⁹ Lieven, *Empire*, p. xi.

¹¹⁰ Doyle, *Empires*, p. 45.

¹¹¹ Lieven, *Empire*, p. xi; Maier, *Among Empires*, p. 31; Münkler, *Empires*, p. 13; Pagden, *The Burdens of Empire*, p. 1.

¹¹² Matthew W. Waters, *Ancient Persia: A Concise History of the Achaemenid Empire, 550-330 BCE* (New York: Cambridge University Press, 2014), p. 92. Lieven also contends that “an empire is by definition not a democracy”, *Empire*, p. xi.

¹¹³ Motyl, *Revolutions, Nations, Empires*, pp. 119, 124; Maier, *Among Empires*, p. 7.

Adam Watson depicts empires as a series of concentric circles characterized by gradations of imperial domination.¹¹⁴ This provides a terminology for discussing the degree of hierarchy between different societies, acknowledging that some communities will be more strongly influenced by the imperial core than others are. The concentric circles are not necessarily geographic depictions—different neighbors may enjoy different statuses within the imperial order—but they depict the different *degrees* of imperial control that may exist over different periphery communities at the same time. Watson's model is useful for describing different degrees of dominance in an imperial system. However, it says nothing about the connectivity structure between core and periphery, which provides the foundations for asymmetric interdependence and structural power. It identifies where communities are placed in the imperial hierarchy, but it does less to explain how that hierarchy is sustained or how it develops. (The dynamic element of Watson's theory, the pendulum swinging from anarchy to empire and back, is more of an observation of the broader developments of international relations than a description of the driving forces behind these changes.) For this reason, I consider it more analytically fruitful to study empires as hub-and-spokes.

My theoretical argument draws especially on a piece by Daniel Nexon and Thomas Wright¹¹⁵ and, to a smaller extent, on one by Meghan McConaughy, Paul Musgrave, and Nexon.¹¹⁶ Both pieces theorize empires as a relational ideal-typical concept wherein a core enjoys a privileged position over a number of periphery societies (McConaughy et al. use the term segment rather than periphery). They draw on terminology and insights from network analysis to argue that a central element of power comes from one's position in a network structure.¹¹⁷ Both pieces consider the hub-and-spokes structure a part of empires, though Nexon and Wright incorporate it into the definition and McConaughy et al. contend that the structure may emerge organically from

¹¹⁴ Watson, *The Evolution of International Society*, p. 16. See also Ole Wæver, "Magter og Mønstre: Kort Oversigt over de Vigtigste Cirkler og Trekanter i Europæisk Sikkerhed," [Power and Patterns: Brief Overview of the Most Important Circles and Triangles in European Security.] *Militært tidsskrift* 123, no. 5 (1994); Münkler, *Empires*, p. 6. This ideal-typical depiction is also used to describe colonial rule in the periphery. See Jeffrey Herbst, *States and Power in Africa: Comparative Lessons in Authority and Control* (Princeton, N.J.: Princeton University Press, 2000); Ola Olsson and Gustav Hansson, "Country Size and the Rule of Law: Resuscitating Montesquieu," *European Economic Review* 55, no. 5 (2011).

¹¹⁵ Nexon and Wright, "What's at Stake in the American Empire Debate."

¹¹⁶ McConaughy, Musgrave, and Nexon, "Beyond anarchy."

¹¹⁷ Hafner-Burton, Kahler, and Montgomery, "Network Analysis for International Relations."

empires. Both pieces also attribute a great role to governance when describing empires, acknowledging that empires tend to rule through local intermediaries. This element is absent in my theory, making the structure of my ideal type simpler than that of the other two, particularly than McConaughy et al., who present a three-dimensional model of governance.

McConaughy et al. write about “governance hierarchies”;

Governance hierarchies imply the presence of common authority, however strained, attenuated, jointly produced, or ultimately reliant on asymmetric coercive capability that authority may be. Governance hierarchies may manifest as *de jure* (formal) or *de facto* (informal) rule of one political community over another. Relevant actors may include states, international institutions, multinational corporations, or any other relatively bounded social site¹¹⁸

This description is similar to my understanding of empire in several ways, but it is also broader than my concept. In my study, I focus on the asymmetries of interdependence inherent in the hub-and-spokes structure of relations and the resulting structural power, rather than other sources of authority. Again, this is perhaps the most important factor that differentiates my theoretical approach from that of the English School. I also take a more state-centric approach to my studies of China in order to answer my research question, but nothing prevents future studies from using my empire ideal type on non-state actors such as international institutions or corporations.

My approach to international order is narrower than the two pieces. Rather than identifying a single order among states, I study domain-specific orders, namely infrastructure ties and currency ties. While this may seem to reduce the scope of my argument, it also makes for much more precise descriptions of the phenomena of interest. It lets me say a lot more about two specific topics rather than a broad and somewhat vague all-encompassing international order.

Finally, my structural ideal type is complemented by an ideal-typical distinction between three different manifestations of empire and of the different drivers of and impediments to empire. (Although McConaughy et al. do include formality as a factor in different manifestations.) In this way, my theory has a broader scope than these two, and it offers itself to larger and more comprehensive analysis of how empires differ depending on their particular context. Further, the explicit inclusion of factors that shape imperial development makes my theory useful for studies of change and transition rather than just snap-shots of empires. This is helpful when seeking to discuss the *emergence* of an international order.

¹¹⁸ McConaughy, Musgrave, and Nexon, “Beyond anarchy,” p. 186.

The theoretical landscape in which my dissertation is situated has now been presented and important distinctions in the use of key concepts have been made. Empire is not synonymous with great power or hegemon, nor can it be reduced to economic exploitation, a social order of legitimacy, or a discourse of superiority. In order to shed new light on the possible emergence of a China-centric order, it can usefully be defined as a particular configuration of international relations and connectivity among a single core state and one or more periphery states.

I do not claim that my research question could not fruitfully be studied through any of these other theoretical perspectives. As we shall see in the following, it already has, for the most part. The appeal of using the empire ideal type is its emphasis on hierarchy structured in a particular configuration of relations, which are explicitly China-centric, and which may be used to study a host of empirical topics. The second part of this chapter explores the empirical literature that forms the context of my study.

Debating the Rise of China

The economic rise of the People's Republic of China has been astronomic. It may be the largest change to the international distribution of economic power in world history over such a short time span. Parallel to this economic rise, China's military capabilities and its diplomatic presence have expanded, making it today the strongest state in its region with a global presence. This alone is plenty of reason for why China has become a central item on the academic agenda of the field of International Relations. China's rise forms the backdrop of the question whether a China-centric order is forming. The following pages reviews some of the central axes of discussion in the literatures, moving from the predominantly American debates on polarity and global order to more narrow debates on regional order and hierarchy.

China's rise in economic and military power has reignited research on the polarity of the international system. Some scholars argue that the world is about to or has already entered a new era of bipolarity between the United

States and China,¹¹⁹ some argue that the new situation is multipolar,¹²⁰ and others declare the coming of a non-polar world.¹²¹ Most scholars subscribe to the notion that we are in the midst of a power transition away from American dominance towards something else, and that China plays a central part in this transition.¹²²

The predominantly American approach to the rise of China is perhaps best captured in Graham Allison's book *Destined for War* from 2017.¹²³ Allison uses the notion of "Thucydides' trap" to argue that power transitions historically have led to hegemonic war between the rising and the incumbent power more often than not. A similar notion guides Mearsheimer's¹²⁴ offensive realist argument about the inherent dangers of China's rise to both US interests

¹¹⁹ Laris Gaiser and Igor Kovač, "From Bipolarity to Bipolarity: International Relations Repeating Again," *Journal of Global Policy and Governance* 1, no. 1 (2012); Yan Xuetong, "For A New Bipolarity: China and Russia vs. America," *New Perspectives Quarterly* 30, no. 2 (2013); Øystein Tunsjø, "U.S.-China Relations: From Unipolar Hedging toward Bipolar Balancing." In *Strategic Adjustment and the Rise of China*, edited by Øystein Tunsjø and Robert S. Ross. (Ithaca, N.Y.: Cornell University Press, 2017); *The Return of Bipolarity in World Politics*; Richard Maher, "Bipolarity and the Future of U.S.-China Relations," *Political Science Quarterly* 133, no. 3 (2018).

¹²⁰ Jenny Clegg, *China's Global Strategy: Towards a Multipolar World* (London: Pluto, 2009); Donette Murray and David Brown, eds., *Multipolarity in the 21st Century: A New World Order* (New York: Routledge, 2012); *Power Relations in the Twenty-First Century: Mapping a Multipolar World?* (New York: Routledge, 2018).

¹²¹ Richard Haas, "The Age of Nonpolarity," *Foreign Affairs*, no. May/June (2008); Charles A. Kupchan, *No One's World: The West, The Rising Rest, and the Coming Global Turn* (Oxford: Oxford University Press, 2012).

¹²² Fareed Zakaria, *The Post-American World* (New York: W. W. Norton & Company, 2008); Randall L. Schweller and Xiaoyu Pu, "After Unipolarity: China's Visions of International Order in an Era of U.S. Decline," *International Security* 36, no. 1 (2011); Stephen G. Brooks and William C. Wohlforth, "The Rise and Fall of the Great Powers in the Twenty-first Century: China's Rise and the Fate of America's Global Position," *International Security* 40, no. 3 (2016); William Z. Y. Wang, Stephen G. Brooks, and William C. Wohlforth, "Correspondence: Debating China's Rise and the Future of U.S. Power," *International Security* 41, no. 2 (2016); Thomas Ambrosio, Carson Schram, and Preston Heopfner, "The American Securitization of China and Russia: U.S. Geopolitical Culture and Declining Unipolarity," *Eurasian Geography and Economics* 61, no. 2 (2019).

¹²³ Allison, *Destined for War*.

¹²⁴ Mearsheimer, *The Tragedy of Great Power Politics*, chap. 10; "The Gathering Storm: China's Challenge to US Power in Asia," *The Chinese Journal of International Politics* 3, no. 4 (2010).

and international peace. By his account, states are by default expansionist since they always seek to improve their security by enhancing their international position and power. This puts any rising power on a collision course with an existing hegemon, as the latter will seek to prevent the emergence of a peer competitor. While varying in gloominess, realist students of Sino-American relations generally contend that China will seek to expand its influence abroad and that this has a high risk of increasing tensions with the United States.¹²⁵ In this light, the single most pertinent question is whether China and America are headed for war—and if so, what kind of war?¹²⁶

Another take on this debate revolves around the chimeric concept of *order*, largely inspired by theories of hegemonic stability and various forms of liberal institutionalism.¹²⁷ John Ikenberry has been central in this debate.¹²⁸ The United States, Ikenberry argues, built a liberal international order in the wake of the Second World War, and with the demise of the Soviet Union, the order went truly global and has enabled China's rapid rise by enmeshing it in a peaceful political and economic framework. The central question is then: To what extent will China try to alter the current international order? In a way, Ikenberry has represented the dominant answer at different times, arguing in

¹²⁵ For other prominent examples, see Aaron L. Friedberg, *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia*, 1. ed. (New York: W. W. Norton & Company, 2011); Christopher Layne, "The US–Chinese Power Shift and the End of the Pax Americana," *International Affairs* 94, no. 1 (2018).

¹²⁶ Adam Liff and G. Ikenberry, "Racing toward Tragedy?: China's Rise, Military Competition in the Asia Pacific, and the Security Dilemma," *International Security* 39, no. 2 (2014); Richard N. Rosecrance and Steven E. Miller, eds., *The Next Great War?: The Roots of World War I and the Risk of U.S.-China Conflict* (Cambridge, Mass.: The MIT Press, 2014); Christopher Coker, *The Improbable War: China, the United States and the Continuing Logic of Great Power Conflict* (London: Hurst & Company, 2015); Tunsjø, *The Return of Bipolarity in World Politics*.

¹²⁷ Rosemary Foot and Andrew Walter, *China, the United States, and Global Order* (Cambridge: Cambridge University Press, 2011); Acharya, *The End of American World Order*; Thomas J. Christensen, *The China Challenge: Shaping the Choices of a Rising Power* (New York: W. W. Norton & Company, 2015); Sørensen, *Rethinking the New World Order*; Astrid H. M. Nordin and Mikael Weissmann, "Will Trump Make China Great Again? The Belt and Road Initiative and International Order," *International Affairs* 94, no. 2 (2018); Shiping Tang, "China and the Future International Order(s)," *Ethics & International Affairs* 32, no. 1 (2018); Fareed Zakaria, "The New China Scare: Why America Shouldn't Panic About Its Latest Challenger," *Foreign Affairs* 99, no. 1 (2020).

¹²⁸ G. John Ikenberry, *Liberal Leviathan: The Origins, Crisis, and Transformation of the American World Order* (Princeton, N.J.: Princeton University Press, 2012).

2008 that China would integrate peacefully into the established order, and gradually moving towards a more skeptical position.¹²⁹

The order debate is usually framed in global terms, and it tends to revolve around global international organizations, the global network of United States' allies leading to the global presence of the United States military, and the global economy. For analytical precision, it is useful to disaggregate the concept into issue-specific orders, since developments in the international trade order can differ vastly from those in the international security order etc. Iain Johnston argues that one should think in terms of multiple orders depending on the topic and evaluate whether China is challenging these orders separately rather than as one big "yes" or "no".¹³⁰ The line of analysis in this dissertation follows that logic and studies studying infrastructure and currency connectivity as two separate issue areas that may or may not resemble an imperial structure.

The order debate also has a regional version, revolving around similar topics but in the context of East and Southeast Asia.¹³¹ A common feature of these regional analyses is the juxtaposition of economic and security ties to China. On one hand, most East Asian countries are already tied closely to China by economic exchange. On the other hand, many still try to keep China at a distance in terms of security relations by forging closer ties to the United States. This hedging behavior is particularly common among Southeast Asian countries.¹³²

¹²⁹ "China and the Rest Are Only Joining the American-Built Order," *New Perspectives Quarterly* 25, no. 3 (2008); "The Rise of China. the United States, and the Future of the Liberal International Order." Chap. 3 In *Tangled Titans*, edited by David L. Shambaugh. pp. 53-74. (Lanham, md.: Rowman & Littlefield, 2013); "Why the Liberal World Order Will Survive," *Ethics & International Affairs* 32, no. 1 (2018); "The End of Liberal International Order?," *International Affairs* 94, no. 1 (2018).

¹³⁰ Johnston, "China in a World of Orders."

¹³¹ Goh, *The Struggle for Order*; John Wong, "A China-centric Economic Order in East Asia," *Asia Pacific Business Review* 19, no. 2 (2013); Amitav Acharya, "Power Shift or Paradigm Shift? China's Rise and Asia's Emerging Security Order," *International Studies Quarterly* 58, no. 1 (2014); David Arase, ed. *China's Rise and Changing Order in East Asia* (New York: Palgrave Macmillan, 2016); Jae Chung, "The Rise of China and East Asia: A New Regional Order on the Horizon?," *Chinese Political Science Review* 1, no. 1 (2016); Liselotte Odgaard, *Maritime Security Between China and Southeast Asia : Conflict and Cooperation in the Making of Regional Order* (London: Routledge, 2016).

¹³² Evelyn Goh, "Understanding "Hedging" in Asia-Pacific Security " *PacNet, Pacific Forum CSIS*, no. 43 (2006); Cheng-Chwee Kuik, "How Do Weaker States Hedge?

Hierarchy is a central component of both the global and the regional order, and more and more studies within the International Relations literature emphasize hierarchical aspects in both historical and contemporary studies of China and Asia.¹³³ To this end, the terms “tribute system” and “tianxia” have been proposed and I discuss these in the next section. Particularly relevant to this study are the surprisingly few existing uses of empire-related terminology in the literature considering the large debate on American empire but a decade ago.

Jae Ho Chung uses China’s history of imperial structure to understand domestic affairs in China,¹³⁴ and Tukumbi Lumumba-Kasongo leans on a Marxist notion of imperialism to reflect on China’s relations with African countries.¹³⁵ Yet, the research that comes closest to my own in combining an ideal type of empire with contemporary China are two pieces by Jeffrey Reeves: *Chinese Foreign Relations with Weak Peripheral States*¹³⁶ from 2016 and “Imperialism and the Middle Kingdom: the Xi Jinping administration’s peripheral diplomacy with developing states” from 2018.¹³⁷ Though similar in many ways, our work does differ in important aspects.

Unpacking ASEAN States’ Alignment Behavior towards China,” *Journal of Contemporary China* 25, no. 100 (2016).

¹³³ Victoria Tin-bor Hui, *War and State Formation in Ancient China and Early Modern Europe* (Cambridge: Cambridge University Press, 2005); David C. Kang, *East Asia before the West: Five Centuries of Trade and Tribute* (New York: Columbia University Press, 2010); Yan-Kang Wang, *Harmony and War: Confucian Culture and Chinese Power Politics* (New York: Columbia University Press, 2011); Erik Ringmar, “Performing International Systems: Two East-Asian Alternatives to the Westphalian Order,” *International Organization* 66, no. 1 (2012); David C. Kang, “International Relations Theory and East Asian History: An Overview,” *Journal of East Asian Studies* 13, no. 2 (2013); Feng Zhang, *Chinese Hegemony: Grand Strategy and International Institutions in East Asian History* (Stanford, CA: Stanford University Press, 2015); Ji-Young Lee, *China's Hegemony: Four Hundred Years of East Asian Domination* (New York: Columbia University Press, 2016); Joseph MacKay, “The Nomadic Other: Ontological Security and the Inner Asian Steppe in Historical East Asian International Politics,” *Review of International Studies* 42, no. 3 (2016); “Rethinking Hierarchies in East Asian Historical IR,” *Journal of Global Security Studies* (2018).

¹³⁴ Chung, *Centrifugal Empire*.

¹³⁵ Tukumbi Lumumba-Kasongo, “China-Africa Relations: A Neo-Imperialism or a Neo-Colonialism? A Reflection,” *African and Asian Studies* 10, no. 2-3 (2011).

¹³⁶ Reeves, *Chinese Foreign Relations with Weak Peripheral States*.

¹³⁷ “Imperialism and the Middle Kingdom: the Xi Jinping Administration’s Peripheral Diplomacy with Developing States,” *Third World Quarterly* 39, no. 5 (2018).

Both of Reeves' pieces use the core-periphery terminology as I do. Like my own argument, *Chinese Foreign Relations* centers on the theoretical logic of asymmetric interdependence and structural power, though Reeves situates these within a Marxist framework of structural violence. It is a theoretical assumption in his work that asymmetric interdependence is harmful to the periphery (and in some cases to China as well), and that bilateral relations are driven by ties between the Chinese core and the core of the respective peripheries, as theorized by Galtung and Wallerstein. Reeves studies the bilateral relationships between China and eight of its neighboring countries, focusing on economic and security issues, and introduces the literature on weak states into a theory of asymmetric interdependence, which is relevant since most of China's neighbors are developing countries. In "Imperialism and the Middle Kingdom," Reeves tunes his theoretical model to be more similar to the work of Nexon and Wright as well as my own, when he analyzes how a China-centric regional network is developing between China and eleven developing countries in Asia. This study focuses on Chinese policy concepts to demonstrate how China uses imperialist tactics.

My work differs from Reeves' on several points. First and perhaps most importantly, where Reeves focuses on policy concepts, such as "harmonious future" and "shared dreams," in order to make claims about China's tactics and intentions, I focus on whether the practical, material conditions and developments resemble an empire or not, leaving the question of China's intentions unaddressed. Second, my analysis is not premised on the assumption that imperial relations are bad for the periphery, which is the case in Reeves' work. Third, I allow for a greater role for competing cores outside the imperial system, which may weaken the tie between China and its peripheries. In this way, my study draws stronger inspiration from realist notions of balancing as an important pericentric impediment to empire.

Fourth, my findings are much more conservative than Reeves' are, as I include empirical phenomena that do not resemble the ideal type. This point relates more to methodology. I place greater emphasis on the differences between the studied world and the ideal type, as a way to say something specific about the object studied. Fifth, unlike Reeves' 2016 book, I do not base my theory on a Marxist position, which in part accounts for the differences in the normativity of our studies. Sixth, I organize my empirical analyses by issue area rather than by country in order to focus on the international orders within each area, rather than a host of bilateral relations. Seventh, Reeves does not include different types of manifestations or drivers and impediments in his study, which is more loyal to its theoretical inspiration in Nexon and Wright. This makes my theory more useful for dynamic studies.

We have now seen that much of the literature on the rise of China focuses on the relationship and dynamics between China and the United States and that studies have explored the consequences of China's rise for its own region. However, few of these studies offer clear definitions of what is meant by order and how we can conceptualize China's role in it. This dissertation addresses this shortcoming by analyzing currency internationalization and infrastructure investments through a particular structural definition of order. Before closing this chapter and moving on to the presentation of my methodology of ideal-typical research, I briefly discuss some of the Chinese concepts that have been presented in the debate over China's rise, and how they tie into an agenda of globalizing International Relations.

Chinese Concepts of Order: Tianxia and the Tribute System

A growing number of scholars have been calling for a more globalized and inclusive field of International Relations.¹³⁸ One of the central arguments made is that scholars should be hesitant to apply Eurocentric concepts—that is, concepts that originate in the Western world and Western way of thinking—to the entire world. Such concepts risk marginalizing non-Western experiences by holding Western science to be the gold standard against which everything else is measured.

The concepts of *tianxia* and of a *tribute system* have been offered as ways to describe alternatives to the Westphalian order through insights from China's own history. These concepts regularly surface in debates over contemporary China, especially when the notion of empire is used, as the two can be considered alternatives to European-style empires.¹³⁹ For this reason, I pre-

¹³⁸ For a concentrated formulation of this agenda, see Amitav Acharya, "Global International Relations (IR) and Regional Worlds: A New Agenda for International Studies," *International Studies Quarterly* 58, no. 4 (2014). See also, Amitav Acharya and Barry Buzan, "Why is there no Non-Western International Relations Theory? An Introduction," *International Relations of the Asia-Pacific* 7, no. 3 (2007); Yaqing Qin, "Why is there no Chinese International Relations Theory?," *International Relations of the Asia-Pacific* 7 (2007); Amitav Acharya and Barry Buzan, eds., *Non-Western International Relations Theory : Perspectives on and beyond Asia* (London: Routledge, 2009); Arlene B. Tickner and Ole Wæver, eds., *International Relations Scholarship around the World* (New York: Routledge, 2009).

¹³⁹ E.g. *The Economist*, "China wants to put itself back at the centre of the world".

sent and discuss the two at some length here. I present what I consider analytical problems related to their use and argue why I consider empire a more useful theory for studying China today.

Tianxia and tribute system are both contested concepts with no clearly agreed upon definition, and both supposedly build on China's historical experience. In the most comprehensive presentation of tianxia translated into English, Zhao Tingyang traces the idea back to China's Zhou dynasty, which lasted from the 11th century BC to 256 BC.¹⁴⁰ In this period, China comprised a number of smaller states, many of which were at war with each other. (The period 475-221 BC is known as The Warring States Period.) One of these states, the Zhou, took a hegemonic role in the system, although it was not the strongest of the Chinese states. According to Zhao, Zhou hegemony emphasized the shared interests of states to make it more attractive for others to cooperate than to oppose the system.¹⁴¹ This provided the hegemony with legitimacy through its moral appeal, as even stronger states accepted the leading rule of the Zhou. Based on this historical order, tianxia is conceptualized as a hegemonic form of international order based not on power or coercion but solely on voluntary cooperation and moral leadership.

Besides describing a historical political order, tianxia is also a more normative philosophical concept encompassing a worldview-cum-theology quite distinct from a materialist Western ontology.¹⁴² Briefly put, tianxia is a state of accordance between Heaven and Earth, maximizing compatibility and co-existence between peoples and thus acknowledged by the entire physical world and all the people in it. It is a world system of complete harmony encompassing everyone without coercing anyone. The ruler of this system is the *son of Heaven* who is mandated by Heaven as long as he rules virtuously and takes the interests of all into account.

After the fall of the Zhou dynasty, tianxia increasingly internalized from being an international order for the entire world (i.e. East Asia) to an internal order in China.¹⁴³ The notion of a heavenly mandate was maintained, but it

¹⁴⁰ Tingyang Zhao, *Redefining A Philosophy for World Governance* (Singapore: Springer Nature, 2019), p. 2. See also Mark Edward Lewis and Mei-yu Hsieh. "Tianxia and the Invention of Empire in East Asia." In *Chinese Visions of World Order*, edited by Ben Wang. pp. 25-48. (Durham, NC: Duke University Press, 2017), pp. 26-29.

¹⁴¹ Zhao, *Redefining A Philosophy for World Governance*, pp. 4-5.

¹⁴² Ibid. pp. 6-13; Joseph Chan. "Territorial Boundaries and Confucianism." Chap. 4 In *Confucian Political Ethics*, edited by Daniel A. Bell. pp. 61-84. (Princeton, N.J.: Princeton University Press, 2008).

¹⁴³ Zhao, *Redefining A Philosophy for World Governance*, pp. 40-42. Lewis and Hsieh make the case that the Han dynasty, following the Zhou (ca. 200–140 BC) can

now described the emperor's legitimate rule over China. The hierarchical relationship between the emperor and China as a whole was then used as an ideal for how Chinese foreign relations *should* be, placing China in the center of a hierarchical order.

The concept of a *tribute system* was used to describe the international aspects of this hierarchy, as it developed primarily during the Ming and Qing dynasties. This has caused some confusion about the overlapping qualities of the two terms.¹⁴⁴ John Fairbank saw China's foreign relations as expressing externally "the same principle of social and political order that were manifested internally within the Chinese state and society."¹⁴⁵ One way to describe the relationship between the two is to consider *tianxia* the normative and philosophical order envisioned for China's internal and external structure and the tribute system the actual ordering of China's external relations.¹⁴⁶

Fairbank popularized the concept of a Chinese tribute system to the field of China studies and International Relations with his edited volume *The Chinese World Order* from 1968.¹⁴⁷ More recently, David Kang and others have reintroduced the concept as a historical alternative to systems of balancing.¹⁴⁸ Like the Zhou *tianxia*, the tribute system was an international order characterized by hierarchy between China and the surrounding states (Japan, Korea, and Vietnam), and like *tianxia*, the tribute system rested in great part on the legitimacy of Chinese rule, which was derived from cultural superiority and restraint in foreign policy. In this system, other states paid tribute to China, recognizing its dominant cultural position in the hierarchy.

also usefully be analyzed in terms of *tianxia*. "Tianxia and the Invention of Empire in East Asia," p. 30.

¹⁴⁴ For example, Dreyer seems to treat the two as describing the same thing in her account of the tribute system, "The 'Tianxia Trope': Will China Change the International System?," *Journal of Contemporary China* 24, no. 96 (2015).

¹⁴⁵ John K. Fairbank, ed. *The Chinese World Order: Traditional China's Foreign Relations* (Cambridge, Mass.: Harvard University Press, 1968), p. 3.

¹⁴⁶ Nadine Godehardt. "China and the Definition of the Asian Region." Chap. 6 In *Regional Powers and Regional Orders*, edited by Nadine Godehardt and Dirk Nabers. (Abingdon, Oxon: Routledge, 2011), pp. 119-123.

¹⁴⁷ Fairbank, *The Chinese World Order*.

¹⁴⁸ Kang, *East Asia before the West*. See also, "Getting Asia Wrong: The Need for New Analytical Frameworks," *International Security* 27, no. 4 (2003). See also Yongjin Zhang and Barry Buzan, "The Tributary System as International Society in Theory and Practice," *Chinese Journal of International Politics* 5, no. 1 (2012); Fangyin Zhou, "Equilibrium Analysis of the Tributary System," *Chinese Journal of International Politics* 4, no. 2 (2011).

The historical accounts of tianxia and the tribute system are similar in a number of ways. They were both hierarchical and China-centric orders. They were both supposedly peaceful and stable, as subordinate states accepted China's leading position. In this respect, both concepts are used to call "into question the liberal ideal of equality between sovereign states,"¹⁴⁹ and their advocates argue that peace and stability can emerge from hierarchy (similarly to hegemonic stability theory, though with a much stronger ideational component). Both orders were maintained through cultural unity and the perceived legitimacy of the hegemon (similarly to neo-Gramscian hegemony). The role of power as capabilities is the central difference between the two. The Zhou dynasty was weaker than the other Chinese states and ruled through non-coercive means only. In contrast, the tribute system relied on the hegemon's "mix of legitimate authority and material power."¹⁵⁰

The historical narratives of tianxia and the tribute system have been mobilized today to legitimize China's rise, arguing by analogy that a stronger China will also be a peaceful China, just as it has always been.¹⁵¹ This account is presented as an alternative to the alarmism of Allison's Thucydides' Trap¹⁵² and similar claims that China's rise will lead to more insecurity and conflict, particularly with the United States. As Amitav Acharya argues, "no major Western analyst or analysis accepts that the US decline might be good for international order."¹⁵³ In contrast to this eurocentric assumption, scholars of tianxia and the tribute system argue that Chinese hegemony has historically been peaceful. If it is not so today, the United States is to blame, not China. In academic debates, this argument has inserted itself into the global International Relations debate mentioned above as a way of using non-Western theory and concepts in a non-Western context. In short, China's future will not be dictated by Western theory built on Western history.

¹⁴⁹ Daniel A. Bell. "Realizing Tianxia: Traditional Values and China's Foreign Policy." In *Chinese Visions of World Order: Tianxia, Culture, and World Politics*, edited by Ben Wang. pp. 129-146. (Durham, NC: Duke University Press, 2017), p. 134.

¹⁵⁰ Kang, *East Asia before the West*, p. 2.

¹⁵¹ Dreyer, "The 'Tianxia Trope'."; Suisheng Zhao, "Rethinking the Chinese World Order: the Imperial Cycle and the Rise of China," *Journal of Contemporary China* 24, no. 96 (2015).

¹⁵² Allison, *Destined for War*.

¹⁵³ Acharya, *The End of American World Order*, p. 31.

The Problems of History and Analytical Exceptionalism

While I am sympathetic to the agenda of globalizing the academic discipline of International Relations, the concepts of tianxia and tribute system face issues that hamper their analytical usefulness. Below, some important criticisms of the two concepts are reviewed, and I elaborate why I consider empire a more useful theoretical lens. Some of these points revolve around the concepts themselves, while others reflect some general points in the debate over the globalization of the field.

First, the historical accounts that form the basis of tianxia and the tribute system are problematic, as they tend to romanticize and idealize Chinese history.¹⁵⁴ For example, in his critique of the idea of a tribute system—a critique that is also applicable to tianxia—Peter Perdue argues that Chinese history is not as peaceful as it may be presented:

The Chinese Academy of Military Science estimates that Chinese states fought 3,756 wars from 770 BC to 1912 AD, for an average of 1.4 wars per year. The Ming dynasty initiated at least one conflict with the Mongols alone every four years. Even these simple numbers reveal the absurdity of the claim of a peaceful East Asia.¹⁵⁵

Either the claims about China's peaceful history are misguided or they apply to a very limited scope of states. If the latter is the case and Chinese states were only peaceful towards culturally similar states that would undermine the usefulness of the historical analogy today, since Chinese history is being used to make claims about China's foreign relations with culturally dissimilar states.

Second, the concepts impose a degree of uniformity and order on Chinese history that is ahistorical. There was not a single order but a host of relationships, all of which were very different in character.¹⁵⁶ Further, China did not always see itself as the superior member in these relationships, which refutes the idea of a persistent hierarchy.¹⁵⁷ The term was not used by the imperial

¹⁵⁴ Hun Joon Kim and Yongjin Zhang. "The Chinese School of IR as an Intellectual Project – a Critical Assessment." In *Constructing a Chinese School of International Relations*, edited by Yongjin Zhang and Teng-Chi Chang. pp. 210-223. (London: Routledge, 2016).

¹⁵⁵ Peter C. Perdue, "The Tenacious Tributary System," *Journal of Contemporary China* 24, no. 96 (2015): p. 1005.

¹⁵⁶ Odd Arne Westad, *Restless Empire: China and the World Since 1750* (London: Bodley Head, 2012), p. 10.

¹⁵⁷ Joseph Fletcher. "China and Central Asia, 1368–1884." In *The Chinese World Order : Traditional China's Foreign Relations*, edited by John K. Fairbank. pp. 206-225. (Cambridge, Mass.: Harvard University Press, 1968).

rulers at the time, and it must therefore derive its value from analytical usefulness. Unfortunately, as an analytical concept, tribute system has unclear meaning and does not describe a single phenomenon.¹⁵⁸ It is thus neither a historical category nor a useful theoretical term.

Third, the normative component of tianxia is unclear.¹⁵⁹ As a philosophical worldview, tianxia is clearly normative. It describes how the world *should* be governed in accordance with the heavenly realm. As argued above, it does not provide an accurate historical presentation of the Zhou dynasty, and it is hard to see how the order should actually be realized. This limits its usefulness for understanding contemporary affairs.

Finally and more generally, insisting on using Chinese concepts to understand China as a principle has unfortunate consequences for International Relations in general.¹⁶⁰ It implies either that one must invent new concepts for every single context imaginable or that China is exceptional. The first option would mean the complete abandonment of the field of International Relations in favor of area or country studies alone. The second option relies on a special notion of exceptionalism, which is more of an unfounded assumption than an empirical fact.¹⁶¹ I do not see why China should be *more unique* than any other country or culture and deserve special theoretical treatment.

¹⁵⁸ Perdue, “The Tenacious Tributary System,” pp. 1005-1006.

¹⁵⁹ Bell, “Realizing Tianxia,” pp. 131-132.

¹⁶⁰ For work on the existence or potential for a “Chinese School” of International Relations, see Gerald Chan, *Chinese Perspectives on International Relations: A Framework for Analysis* (New York: Palgrave, 1999); William A. Callahan, “China and the Globalisation of IR Theory: discussion of ‘Building International Relations Theory with Chinese Characteristics’,” *Journal of Contemporary China* 10, no. 26 (2001); Stephen Chan, Peter Mandaville, and Roland Bleiker, eds., *The Zen of International Relations: IR Theory from East to West* (Basingstoke: Palgrave, 2001); Qin, “Why is there no Chinese International Relations Theory?.”; Nele Noesselt, “Is There a ‘Chinese School’ of IR?,” *GIGA Working Paper*, no. 188 (2012); Ras T. Nielsen and Peter M. Kristensen. “‘You need to do something that the Westerners cannot understand’: The Innovation of a Chinese School of IR.” In *Chinese Politics and International Relations: Innovation and Invention*, edited by Nicola Horsburgh, Astrid Nordin, and Shaun Breslin. pp. 97-118. (London: Routledge, 2014); Peter M. Kristensen, “How Can Emerging Powers Speak? On Theorists, Native Informants and Quasi-officials in International Relations Discourse,” *Third World Quarterly* 36, no. 4 (2015).

¹⁶¹ Kim and Zhang, “The Chinese School of IR as an Intellectual Project – a Critical Assessment,” pp. 218-219. The same position is taken by Amitav Acharya. “Thinking Theoretically about Asian IR.” Chap. 3 In *International Relations of Asia*, edited by David Shambaugh and Michael Yahuda. pp. 59-89. (Plymouth: Rowman &

In contrast to these issues, using an ideal type of empire to study China makes no claims about the uniqueness of any state. The ideal type is inspired by historical experiences of Western, Chinese, and other empires, and its structural nature makes it usable across contexts. The ideal type is purposely abstract, and it will never provide a perfect fit—for China or any other state. Instead, it poses a set of questions that can be used to study possible imperial configurations anywhere.

One might object to this criticism by arguing that *tianxia* and tribute system are also ideal types and therefore cannot be “falsified” by pointing to historical evidence that does not fit the theory. Yet, proponents of the concepts argue that they are useful today because they describe China’s historical behavior with sufficient accuracy. The argument states that China will behave differently because it has a different history. This is not an ideal-typical argument as it assumes the historical accuracy of the concepts. Furthermore, the content of the concepts remain blurred, and in light of the criticism here, it is unclear what analytical purpose they might serve (although their ideological potential is very clear). This also marks them as different from ideal types, which are by definition oversimplifications and caricatures rather than exact accounts. An ideal-typical use of the terms might claim that “this or that aspect of Ming rule resembled a tribute system,” but it would not claim, “the Ming dynasty ruled a tribute system.”

For the reasons above, I consider the concept of empire a more useful term to provide new insights on the power structure between contemporary China and its periphery than *tianxia* or tribute system. This chapter has reviewed the theoretical and empirical landscape in which my argument is situated. I have argued for the usefulness of an ideal-typical theory of empire to assess whether a China-centric geoeconomic order is emerging in the twenty-first century by demonstrating how such a theory maintains a focus on states and on the actual developments in interstate relations, how the theory is dynamic, and how the theory can usefully describe the rivalry among great powers without reducing China’s rise to a duel with the United States, among other reasons.

The purpose of this chapter has not been to discredit alternative theories. On the contrary, my conceptualization of empire as an ideal type is mostly a synthesis of existing work, as will be demonstrated in chapter 4. The rise of China can be studied in very different ways, by employing different theories to highlight different aspects, as is abundantly clear from the contemporary literature. I have chosen a materialist and state-centric focus because I believe it provides a both intuitive and clear avenue for discussing international power

Littlefield, 2014), pp. 80-83; Lewis and Hsieh, “*Tianxia and the Invention of Empire in East Asia*,” p. 46.

relations, and because I believe material developments often become foundations for other factors. A new order of shared values, ideology and international legitimacy could well emerge to support a China-centric order, but I expect such a development to come *after* the change in material relations among states. For this reason, I focus on some of the more tangible elements of international relations, leaving the analysis of ideational power structures and legitimacy for future studies. The next chapter lays out the methodology of ideal-typical research to clarify the kind of theory I employ and the kind of arguments I make.

Chapter 3: Methodology

This dissertation studies China's rise through the ideal type of an empire. In this chapter, I explain what ideal types are in detail, their methodological foundation, and how I use the method. I define "methodology" as "the logical structure and procedure of scientific enquiry"¹⁶² and "methods" as the techniques employed in the enquiry. The methodological position outlined is strongly inspired by Patrick Jackson's notion of "analyticism," as presented in *The Conduct of Inquiry in International Relations*,¹⁶³ albeit with slight differences in nuance and terminology.

The chapter is structured as follows: I first discuss what ideal types are and the knowledge claims that can be made based on them. I then review some well-known ideal types in the International Relations' literature and argue how my ideal type of empire relates to these. Next, I describe my process of adapting the ideal type from the existing theoretical literature, the methodological principles guiding my empirical analysis, such as my approach to cases and sources, and the concrete procedure of my ideal-typical method. Finally, I discuss some normative considerations related to the concept of empire and my own position as a scholar.

Ideal Types in the Social Sciences

What are ideal types, and how can they be used to make claims about the world? Ideal types are theoretical constructs that simplify and idealize aspects of reality. They depict the organization of a phenomenon, and they show how its parts are connected and relate to each other.¹⁶⁴ Theorizing in ideal types means isolating, abstracting, aggregating, and idealizing,¹⁶⁵ all of which reduce the complexity of the world in order to distill a mental construct that may order our thoughts and ideas in productive ways. It is impossible to encompass all the complexities of empirical reality no matter how complex a theory one conjures. The method of ideal-typification accepts this premise but maintains the role of theory in managing this complexity. Indeed, by juxtaposing an infinitely complex empirical world to idealized theory, the former becomes

¹⁶² Giovanni Sartori, "Concept Misformation in Comparative Politics," *The American Political Science Review* 64, no. 4 (1970): p. 1033.

¹⁶³ Jackson, *The Conduct of Inquiry in International Relations*.

¹⁶⁴ Waltz, *Theory of International Politics*, p. 8.

¹⁶⁵ Ibid. p. 10.

all the more clear in the analysis. Ideal types are “analytical constructs [...] found nowhere in empirical reality.”¹⁶⁶ This also means that there are no objectively “correct” ideal types in the sense of a “neutral” reproduction of the world.¹⁶⁷ An ideal type could always be constructed differently. Its quality is assessed by its usefulness in making sense of the world and in directing attention to new and intriguing facets and questions, which may spark new questions and constructive inquiries. On the other hand, a poor ideal type “can be discarded—not for being *false*, but for being *useless*.”¹⁶⁸

“Useful” and “useless” may seem somewhat vague terms—for good reason. When theories are considered neutral depictions of reality, one need only compare them to the object of interest to evaluate their accuracy. This is the stance taken by methodological *neopositivists*, who subscribe to falsification as the paradigm of good research.¹⁶⁹ If a theory does not match reality, it should be discarded (at least if a better alternative presents itself), and theories that cannot be falsified are not proper scientific theories.¹⁷⁰ In contrast, ideal types are not intended to accurately depict empirical reality but purposefully accentuate and idealize it to bring forth relevant dynamics.

The underlying approach here is *pragmatic*.¹⁷¹ Ideal types are evaluated by their consequences, not their intrinsic validity. This means that although abstract in nature, ideal types serve a practical purpose. They are tools to understand the world.¹⁷² Ideal-typical research does not strive to prove the existence of the ideal type (in my case an empire) because the ideal type is per definition pure abstraction. It is when juxtaposed with reality ideal types create analytical value because ideal types help us learn more about the phenomena we study.

The act of comparison—and by extension contrastation, which I consider a part of comparison—is central to ideal-typical research. By comparing phenomena to the ideal type, attention is drawn to some elements and away from

¹⁶⁶ Max Weber cited in Jackson, *The Conduct of Inquiry in International Relations*, p. 154.

¹⁶⁷ Fritz K. Ringer, *Max Weber's Methodology: The Unification of the Cultural and Social Sciences* (Cambridge, Mass.: Harvard University Press, 1997), p. 123.

¹⁶⁸ Jackson, *The Conduct of Inquiry in International Relations*, p. 155. Original emphasis.

¹⁶⁹ Ibid. chap. 3.

¹⁷⁰ Karl Popper, *The Logic of Scientific Discovery* (New York: Routledge, 1992), pp. 119–121.

¹⁷¹ Jackson, *The Conduct of Inquiry in International Relations*, p. 158.

¹⁷² Max Weber, *Max Weber: Collected Methodological Writings* (London: Routledge, 2014), p. 126.

others.¹⁷³ The ideal type of empire has much to say about structures of connectivity, asymmetries of interdependence, and consequently about interstate power relations. It has less to say about social norms, cultural attractiveness, discourses of rule, and a host of other topics theorized in International Relations, as reviewed in chapter 2. This is not to say that these are unimportant; only that they may be the focus of a different dissertation. It is important to keep this point in mind since it means my work does not claim to discuss everything important about China in international affairs. As George Lakoff argues, the world is multivalent, and many different metaphors or comparisons may be applicable to a single phenomenon.¹⁷⁴ This study focuses on the ideal type of empire to maximize the insights on China in this one regard, leaving other theoretical lenses for future research.

Ideal Types in International Relations

Different from the neopositivist approach to theorizing, which dominates much of the social sciences today,¹⁷⁵ ideal types have been a persistent component of the field of International Relations, and some of the most famous and cited works employ the method. My study thus stands on the shoulders of giants in the field. In this section, I explore a few of these in order to better position my own research in the tradition.

In *The Anarchical Society* (1977), Hedley Bull describes how interstate relations may take the form of an international society when states share a sense of rules, values, and interests, reflected in five institutions.¹⁷⁶ “Institutions” include the balance of power, international law, diplomacy, war, and the great powers.¹⁷⁷ While these five have manifested themselves differently in different historic periods, they have shaped the orderly coexistence of states. Bull’s theory is ideal-typical in its caricatured and simplified presentation of interstate relations, which are seen as resting on only five central institutions. Of course, in the real world of politics, many more factors influence the behavior of states and their perception of the world, but these five help structure his study of

¹⁷³ Jonathon Wayne Moses and Torbjørn L. Knutsen, *Ways of Knowing: Competing Methodologies in Social and Political Research*, 2. ed. (New York: Palgrave Macmillan, 2012), p. 234; Frederic Charles Schaffer, “Two Ways to Compare,” *Qualitative and Multi-Method Research* 16, no. 1 (2018): p. 17.

¹⁷⁴ George Lakoff, *Women, Fire, and Dangerous Things: What Categories Reveal about the Mind* (Chicago: University of Chicago Press, 1987), pp. 304-337.

¹⁷⁵ Jackson, *The Conduct of Inquiry in International Relations*, pp. 59-61.

¹⁷⁶ Bull, *The Anarchical Society*, pp. 3, 13.

¹⁷⁷ Bull approximates a definition on an institution as “a set of habits and practices shaped towards the realisation of common goals.” *Ibid.* p. 74.

world order and *make sense* of empirical developments across history. Bull is providing a helpful theoretical lens through which to understand world politics.

Waltz presents a different ideal-typical understanding of state behavior in *Theory of International Politics* (1979). As a systemic or third image theory,¹⁷⁸ Waltz assumes states to be “like units,”¹⁷⁹ their behavior determined solely by the distribution of power in the international system and the fact that states operate in an anarchy. He sets aside “questions about the kinds of political leaders, social and economic institutions, and ideological commitments states may have [...] leaving aside questions about the cultural, economic, political and military interactions of states.”¹⁸⁰ This is of course a gross simplification of reality, which Waltz also admits, but it serves his analytical purpose, which is to describe how units will act in response to changes to the international distribution of power. Again, this theory radically simplifies the unit, states, and their behavioral patterns in order to say something about the broader tendencies of the international system.

Unlike Bull, Waltz presents his theory in neopositivist language. He derives hypotheses about state behavior under given circumstances in order to make for a testable theory.¹⁸¹ Bull’s ideal type is formulated as more of a heuristic tool to understand international orders and change. Besides differences

¹⁷⁸ Kenneth N. Waltz, *Man, the State and War: A Theoretical Analysis* (New York: Columbia University Press, 1959; repr., 2001), chap. 6-7.

¹⁷⁹ *Theory of International Politics*, p. 93.

¹⁸⁰ *Ibid.* p. 80.

¹⁸¹ *Ibid.* pp. 7-8, 13 For this reason, Jackson argues that Waltz has been repeatedly misunderstood by scholars who claim that his theory is falsifiable and aim to make predictions in a neopositivist logic. Waltz certainly uses the neopositivist language. He claims, “usefulness is judged by the explanatory and predictive powers of the theory” (p. 8), and that while theories cannot “ever be proved true” (p. 14), “hypotheses may be inferred from theories” (p. 7) and hypotheses may be subject to “experimental and observational tests. [...] If a test is not passed, ask whether the theory flunks completely, needs repair and restatement, or requires a narrowing of the scope of its explanatory claims” (p. 13). Waltz may simply have been misunderstanding the methodological underpinnings of his own form of theorizing and using terminology unfitting an analyticist (albeit consistent with the terminology of Max Weber). Alternatively, Waltz did not share Jackson’s sharp delineation between theory as an idealized construct and the possibility of empirical tests based on theoretically deduced hypotheses. For Jackson’s argument, see Jackson, *The Conduct of Inquiry in International Relations*, pp. 123-125. For Weber on the relationship between ideal types and hypotheses, see Weber, *Max Weber: Collected Methodological Writings*, p. 125.

in their language, a central difference between Bull and Waltz relates to the purpose of their theories. Waltz is making a causal argument based on an idealized view of international relations.¹⁸² When one state grows stronger (if X), other states will try to balance against it (then Y).¹⁸³ In contrast, Bull's theory is not a causal claim about the behavioral patterns of states but a heuristic for interpreting the different dynamics of interstate behavior, which cannot be reduced to a simply causal claim of "if X then Y". The difference aligns with Hollis and Smith's distinction between *explaining* and *understanding* as two separate intellectual traditions, the former relying on deductive theory testing, and the latter on hermeneutics.¹⁸⁴

Adam Watson, whom I also discussed in chapter 2, combines his training as a historian and social scientist¹⁸⁵ (like Bull) in *The Evolution of International Society* (1992) to depict a number of historical societies on a spectrum from anarchy to hierarchy, the ultimate form of which is empire. These two poles are themselves ideal types and so is his model of imperial systems, described in chapter 2, as a number of concentric circles of control and influence from core to periphery. His book also includes other ideal-typical constructs, such as two logics of state behavior, *raison d'état* and *raison de système*, and four categories of political relationships: *independence*, *hegemony*, *dominion*, and *empire*.¹⁸⁶ None of these can be identified empirically in their pure form but are caricatures of real-world phenomena. For example, speaking of two distinct logics of state behavior is clearly an oversimplification. Most states consider both their national interests and the interest of the system to some extent in their calculations and behavior. Yet, distinguishing the two as fundamentally different *modus operandi* enables Watson to juxtapose different historical periods and societies.

A final and more recent example of ideal types in International Relations is provided in John Ikenberry's *Liberal Leviathan* (2012). Like Watson, Ikenberry describes different possible international orders by juxtaposing ideal types, namely three logics of order (balance, command, consent), two types of unipolar dominance (empire, liberal hegemony), and two strategies

¹⁸² For a depiction of causal ideal types, see Ringer, *Max Weber's Methodology*, p. 115; Asaf Kedar, "Ideal Types as Hermeneutic Concepts," *Journal of the Philosophy of History* 1, no. 3 (2007): pp. 334-335.

¹⁸³ Waltz, *Theory of International Politics*, p. 127.

¹⁸⁴ Martin Hollis and Steve Smith, *Explaining and Understanding International Relations* (Oxford: Clarendon Press, 1990).

¹⁸⁵ Barry Buzan and Richard Little, "Introduction to the 2009 Reissue" in Watson, *The Evolution of International Society*, p. xxv.

¹⁸⁶ Adam Watson, *ibid.* pp. 13-16.

of rule (rule by relationship, rule by rules).¹⁸⁷ His theory culminates in a study of the United States as a hybrid of multiple types,¹⁸⁸ wherein he compares different aspects of American foreign policy since the end of the Second World War with the idealized blueprints.

These examples demonstrate both the use and variety of ideal types in international relations research. The complexity of the field combined with the vastness of the scope of theories of international systems, societies, and orders make ideal types a useful method for studying the world in a way that is ordered and that makes for new insights. While different from the pervasive neopositivist norms in the social sciences, ideal types are a hallmark of the International Relations tradition. My approach to ideal types is more similar to the work of Bull, Watson, and Ikenberry than to that of Waltz, since my main thrust is descriptive, theorizing a particular pattern of connectivity. The ideal type of empires depicts how states are connected and how economic and military hierarchy materialized through asymmetries of interdependence. I also venture into ideal-typified causal dynamics by theorizing some of the forces that encourage and inhibit imperial expansion. While these will look different in different contexts, they still reveal something about what drives the development of empires. Like Ikenberry, I emphasize a single ideal type, empire, but also include alternative types to help guide my analyses.

The Creation of an Ideal Type

How does an ideal type come about?¹⁸⁹ Theory creation, or theorizing, is inherently subjective¹⁹⁰ and “escapes logical analysis”.¹⁹¹ It is a creative process wherein the scholar engages the world and the existing literature with an open and even playful attitude,¹⁹² pondering possible associations between phenomena.¹⁹³ The scholar moves abductively back and forth between these

¹⁸⁷ Ikenberry, *Liberal Leviathan*, pp. 48, 71, 85.

¹⁸⁸ Ibid. pp. 24-27.

¹⁸⁹ This section is inspired by Richard Swedberg, “Theorizing in Sociology and Social Science: Turning to the Context of Discovery,” *Renewal and Critique in Social Theory* 41, no. 1 (2012).

¹⁹⁰ Hans Reichenbach, *Experience and Prediction: An Analysis of the Foundations and the Structure of Knowledge* (Chicago: University of Chicago Press, 1938), p. 6.

¹⁹¹ *The Rise of Scientific Philosophy* (Berkeley: University of California Press, 1951), p. 231.

¹⁹² Charles S. Peirce, *Collected Papers of Charles Sanders Peirce*, vol. 6 (Cambridge: Harvard University Press, 1935), pp. 458-459.

¹⁹³ “Training in Reasoning.” In *Reasoning and the Logic of Things*, pp. 181-196. (Cambridge: Harvard University Press, 1992), p. 182.

three—the world (“data”); the thoughts of others (the “literature”); the thoughts of oneself (“theory”)—continuously refining the latter, which changes the perspective on the former.¹⁹⁴ Below I account for my own theorizing process.

In developing the ideal type of an empire, I am at once engaging a familiar concept, the meaning of which may seem intuitive to readers, and a contested theoretical and political term, which has been used by academics and activists through most recorded history. I started work on my ideal type by investigating the existing literature on empires, namely the works by political scientists and historians who sought to compare empires across time and geography. Some of these, like Michael Doyle, Herfried Münkler, and Alexander Motyl, present more or less clear definitions of what empires are and what characterizes them. Johan Galtung, Motyl, and Daniel Nexon and Thomas Wright even create a formal model of imperial relations, the hub-and-spokes structure. Others, like historians Hugo Maier and Anatol Lieven, opt for much looser definitions but still emphasize recurring patterns in imperial structures and relations. Of course, going through all the works of historians about empires would be a herculean task, so I have concentrated my efforts on the pieces that compare multiple empires, rather than individual accounts of every single empire.

Empires have operated in vastly different ways through history, conditioned by their contexts and the social and material technologies available to them. The work on empires I found to be of greatest use were the pieces that theorized patterns in structure and behavior, which have manifested in different contexts. I took the hub-and-spokes structure of Galtung, Motyl, and Nexon and Wright, and elaborated some of its elements while tying it more closely to the International Relations literature on geoeconomics. I then combined this structural theory with theoretical elements from other scholars of empires to supplement the structural aspect of the ideal type with two other components: How empires manifest and how empire develop. To this end I synthesized theoretical notions and terminology of much of the reviewed literature, e.g. by incorporating Doyle’s concept of an “Augustan threshold” and Galbraith’s notion of the “turbulent frontier.” This element of synthesis is what sets my theory most clearly apart from other theories of empire in the market and, I believe, a theoretical contribution of this dissertation to the literature.

¹⁹⁴ Tavory and Timmerman characterize abduction as “recursively moving back and forth between a set of observations and a theoretical generalization”. To this, I add a third source of inspiration: existing theories. Iddo Tavory and Stefan Timmermans, *Abductive Analysis: Theorizing Qualitative Research* (Chicago: University of Chicago Press, 2014), p. 4.

Rather than relying solely on the presentations given by the scholars of empires, I revisited some of the historical accounts drawn on to investigate how these imperial characteristics manifested in cases from ancient Assyria and Persia, to China, to Rome, to Great Britain, to America. While unable to conduct my own study of the primary sources on such a vast topic (archeological findings, historical records etc.), these dips into the empirical studies of historians put flesh on the skeletal ideal type and armed me with numerous examples of imperial dynamics through history. This engagement with the historical literature thus equipped me with analogies to draw on and a more contextualized understanding of the cases studied in the existing empire literature.

Finally, I developed my three alternative ideal types—hegemony, contested order, and nonhierarchical order—by first examining the typology of Nexon and Wright. I found their typology less useful, however, due to their focus on political authority hierarchies and on systems with only a single dominant state. Instead, I choose to relax different defining aspects of the hub-and-spokes structure systematically, in this way logically deriving new idealtypical variations. These alternative ideal types are used in the discussions of my analyses to help describe how empirical patterns may differ from the imperial hub-and-spokes.

The theory chapter of this dissertation presents the abstract ideal type of empire, which I have developed from the existing literature, and a number of illustrative historical examples. The ideal type is the product of a large and eclectic theoretical synthesis of “concepts, logics, mechanisms, and interpretations”¹⁹⁵ from many different strands of the International Relations’ literature, which are extricated, translated, and integrated into a coherent theoretical structure.

Getting Empirical

My study of China can be characterized as case-centric (as opposed to theory-centric),¹⁹⁶ since I am interested in understanding a specific case rather than using China to develop a general theory. Theory is important to my analysis,

¹⁹⁵ Rudra Sil and Peter J. Katzenstein, *Beyond Paradigms: Analytic Eclecticism in the Study of World Politics* (Basingstoke, Hampshire: Palgrave Macmillan, 2010), p. 10. Although Sil and Katzenstein explicitly distinguish analytical eclecticism from theoretical synthesis (p. 17), many of their considerations remain relevant to the vast amount of theoretical syntheses inherent in the construction of my ideal type.

¹⁹⁶ Derek Beach and Rasmus Brun Pedersen, *Causal Case Study Methods: Foundations and Guidelines for Comparing, Matching and Tracing* (Ann Arbor: University of Michigan Press, 2016), p. 19.

but the purpose is to learn more about China's geoeconomic relations to other countries, not develop a generalizable theory. Furthermore, the study will be case-based (as opposed to variance-based),¹⁹⁷ since I investigate a single, comprehensive case, the rise of China, rather than measure the causal effect of variables across multiple cases. This study is not concerned with the causal effect of variation within China's activities and relations but rather with the existing international structure.¹⁹⁸ In the words of Waltz, this approach enables me to say something about a "big and important thing"¹⁹⁹—the rise of China—and this has academic value, even if it lacks generalizability to other cases.

Methodology of Case-Based Research

My case-based analyses rely on a methodology characterized by ontological determinism and asymmetric causal claims.²⁰⁰ *Ontological determinism* stands opposed to ontological probabilism. The latter is the logic undergirding regression analysis wherein a high level of covariation between two factors (a trend) is taken as evidence of a causal effect between the two. The resulting causal claims take the form of "Y tends to vary when X varies". In contrast, when an individual case is studied, events do not *tend to* happen. X either did or did not cause Y at a given time and place. Case studies, like history, are the study of what *happened* in a given case. An everyday example: While overeating (X) may tend to make you tired (Y) in general, it is nonsensical to ask whether overeating at lunch last Monday tended to make you tired afterwards. It either did or did not on that particular occasion.

Asymmetry in causal claims means that while a cause may have a causal effect on an outcome, the absence of cause or outcome says nothing about the

¹⁹⁷ Ibid. chap. 2 Central proponents of variance-based research include Gary King, Robert O. Keohane, and Sidney Verba, *Designing Social Inquiry: Scientific Inference in Qualitative Research* (Princeton, N.J.: Princeton University Press, 1994).

¹⁹⁸ In this regard, my approach differs from that of Seawright and Gerring, who argue that the central value of case studies is to study "variation on relevant dimensions" to "elucidate the features of a broader population", i.e. generalization. Jason Seawright and John Gerring, "Case Selection Techniques in Case Study Research: A Menu of Qualitative and Quantitative Options," *Political Research Quarterly* 61, no. 2 (2008): p. 294. See also John Gerring, *Case Study Research: Principles and Practices*, Second ed. (Cambridge: Cambridge University Press, 2008; repr., 2017).

¹⁹⁹ Kenneth N. Waltz. "A Reponse to My Critics." In *Neorealism and Its Critics*, edited by Robert O. Keohane. pp. 322-346. (New York: Columbia University Press, 1986), p. 329.

²⁰⁰ Beach and Pedersen, *Causal Case Study Methods*, pp. 19-26.

other. A case study only informs us about what happened and, perhaps, how. It does not reveal what would have happened in the absence of the cause or why the same cause fails to produce the same outcome in other cases. As already noted, this limits the generalizability of the claims of case-based research. At the same time, it makes it nonsensical to criticize a case-based causal argument for not functioning in other cases. Claiming X cannot be the cause of Y in Case A because X failed to produce Y in Case B is a misplaced critique of a case-based argument, though it may lead to new and interesting studies of the conditions necessary for X to produce Y.²⁰¹

When discussing what drives and impedes imperial expansion, I make claims about causality. The evaluation of the strength of different drivers and impediments is made qualitatively, and the conclusion applies only to the specific cases studied. I make claims about what specific conditions are more important than others in a given situation, e.g. domestic constraints versus foreign drivers, but these claims are not general statements about the hierarchy of importance of different factors.

Empirical Ideal-Typical Research

So how does my ideal-typical empirical research look in practice? The following is a step-by-step description of the process.

1. I present the ideal type of an empire in chapter 4 as well as the three alternatives to it.
2. I combine the general ideal type with theoretical notions relating to a particular empirical area (e.g. currency internationalization). This makes for a more specific ideal type relating to the particular empirical area (e.g. “a currency empire”).²⁰² This is done in the beginning of each individual analysis in chapters 6 and 7.
3. I compare the structure and manifestations of connectivity within particular empirical domains to the ideal type to assess the ways they do and do not resemble the pattern. This is not a question of “yes” or “no” but one of degree and of qualification. I use the terminology of imperial manifestations, drivers, and impediments presented in chapter 4 to describe some of the qualitative characteristics of contemporary international order and China’s position in it.

²⁰¹ Ibid. pp. 253-257.

²⁰² Unlike Waltz, I avoid using the term “hypotheses” in my methodology due to its neopositivist connotations, since neopositivism implies a number of other epistemological claims to which I do not subscribe.

4. The differences between the ideal type and the empirical phenomenon are used to speak to the unique qualities of the empirical phenomenon studied,²⁰³ to argue what kind of geoeconomic order is emerging, and whether that order is centered on China.

In practice, the appropriate way to compare ideal type with empirical phenomena depends on the domain being studied. Some phenomena are best studied through quantitative data (e.g. trade ties), others through qualitative data, such as maps (e.g. rail ties). It is thus pointless to present an overall operationalization here. Instead, throughout the analysis chapters, I will provide considerations on how best to study the phenomena at hand.

When working with ideal types, a central methodological point is that the world will never be a perfect presentation of the ideal. There will always be differences, though they will vary in magnitude. This is one of the keys to gaining new knowledge of the studied world, as the uniqueness and complexity of a phenomenon reveals itself in these differences.²⁰⁴ From this perspective, ideal-typical research may actually be one of the strongest methods for avoiding theoretical tunnel vision, since the difference between ideal and reality is at the core of its epistemology.

Sources and Data

This dissertation is comprised of multiple analyses, relying on both qualitative and quantitative data. Due to the empirical broadness of the subject I investigate, I rely on the empirical data and analyses presented by others in articles, books, and reports, as well as descriptive statistical of my own, rather than ethnographic fieldwork or the like. This choice comes at a price. Having not conducted fieldwork or interviews, I am undeniably more separated from the object of my study than might have been preferable. However, due to the vast geographic and thematic scope of my argument, relying on such firsthand sources would require visits, not only to China but also to all the periphery countries being investigated. Further, since I am primarily interested in the larger, structural patterns, the contribution of interviews might have been limited.

I handle this “challenge of distance” by reading the empirical work conducted by others broadly. The best example of this is my use of the fieldwork

²⁰³ Kedar, “Ideal Types as Hermeneutic Concepts,” p. 334.

²⁰⁴ Moses and Knutsen, *Ways of Knowing*, pp. 232-234.

of Lampton, He, and Kuik to study rail construction in Southeast Asia.²⁰⁵ I draw on the arguments of their comprehensive work on the ground, and I update their empirical findings with recent empirical developments. This provides me with both empirical examples to investigate further and analyses to discuss. Fortunately, the amount of recent, high-quality research on China's relations with other countries is impressive and makes for a treasure trove of empirical data and accompanying analyses. Relying as heavily on the existing analytical literature as I do (as compared to first-hand empirical sources) is thus only possible because of the richness of the literature. This richness enables me to take a step back from the particular empirical development and do something PhD students are usually discouraged from doing: paint a broad picture of a larger development, as inquired into by my research question.

This study does not rely on Chinese sources for two main reasons. The first and obvious reason is that I do not command Mandarin. The second reason is that Chinese sources would likely add surprisingly little to my study. I am primarily interested in empirical developments *outside* China's borders, and these are more likely to be reported by local or specialized media than by Chinese media. For instance, in my study of rail construction in Southeast Asia, I benefit more from authors and journalists situated in Southeast Asia. If I were studying rail construction *inside* China, this would of course be a different story.

Normativity, Positionality, and Empire

In everyday discourse, "empire" is used as a derogatory term for aggressive enterprises who care little for the wellbeing of others. It tends to be linked to imperialism, which entails exploitation, colonialism, military conquest and other forms of domination, as reviewed in chapter 2. The concept is tied to historical practices that are widely condemned today. Applying the term to contemporary phenomena will usually be seen as a normative criticism. As Hans Morgenthau put it, "The term 'imperialism' has lost all concrete meaning. Everybody is an imperialist to someone who happens to take exception to his foreign policies."²⁰⁶

But this is no excuse to abandon the term. Morgenthau continues: "Under such circumstances it becomes the task of theoretical analysis to break with

²⁰⁵ David M. Lampton, Selina Ho, and Cheng-Chwee Kuik, *Rivers of Iron: Railroads and Chinese Power in Southeast Asia* (Oakland, Calif.: University of California Press, 2020).

²⁰⁶ Morgenthau, *Politics among Nations*, pp. 41-42.

popular usage in order to give the term an ethically neutral, objective, and definable meaning that at the same time is useful for the theory and practice of international politics.”²⁰⁷ I follow this ambition and use the terms “empire” and (its adjective form, “imperial”) in a morally neutral and analytical-descriptive way. This choice is consistent with Weber’s understanding of ideal types as non-normative, analytical constructs.²⁰⁸ My analysis and conclusions may be used to make normative arguments, but they have no normative implications in themselves. The reader will judge whether I succeed in this descriptive endeavor by holding my work to the scientific standard of objectivity.

Of course, absolute objectivity is impossible since all scholars are imbedded in a social and cultural context affecting the way they that see the world. A purely objective, neutral reproduction of the world is impossible, since the researcher is always situated at a certain place and time, trained in a certain way, and engaging a specific academic community, which fundamentally distances him or her from others – including the object of study. This is particularly the case when working with cultures different from one’s own.²⁰⁹ Moreover, what is considered a *relevant* or *interesting* object of study depends on the subjective preferences of the researcher and his or her cultural context.²¹⁰

Jackson refers to the broader fundamentals of this assertion as “mind-world monism.”²¹¹ Inspired by the work of Nietzsche, Dewey, the later Wittgenstein, and proponents of the so-called linguistic turn,²¹² this philosophical tradition holds that humans are always already imbedded in the world and that the words we use to describe the world are never value-neutral. In describing and theorizing the world, scholars are also in the process of shaping it. Conversely, being embedded in the world, the “mind” of a scholar cannot take a point of view “from nowhere” when studying the world. The scholar always carries with him or her a personal baggage of experience and preconditions which will inevitably shape his or her research.

I agree with the philosophical logic of mind-world monism. At the same time, I believe that scholars can and should strive to make their research as objective and detached as possible, in effect imitating the position of the mind-

²⁰⁷ Ibid.

²⁰⁸ Jackson, *The Conduct of Inquiry in International Relations*, chap. 5.

²⁰⁹ The notion of positionality is usually associated with an interpretivist methodology and ethnographic methods. However, I believe the concept can also be useful to reflect on possible biases. See Peregrine Schwartz-Shea and Dvora Yanow, *Interpretive Research Design: Concepts and Processes* (New York: Routledge, 2012), p. 67.

²¹⁰ Kedar, “Ideal Types as Hermeneutic Concepts,” p. 329.

²¹¹ Jackson, *The Conduct of Inquiry in International Relations*, chap. 5.

²¹² Ibid. pp. 132-146.

world dualist. I consider the recognition of mind-world monism a call for scholars to be conscious of personal biases and cultural grounding—a call that applies to all scholars. But even though my ideal type and analysis are grounded in a specific spatial and temporal context, its purpose is to be useful to scholars more broadly.

Chapter 4:

A Theory of Empire

This chapter presents my ideal type of empire. Following a brief review of key concepts, such as dominance, hierarchy, and power, the chapter provides a theoretical framework to answer three questions: How do empires work, how do empires manifest, and how do empires develop? These three questions make up the three pillars of my theory.

The first question—how do empires work?—pertains to the definition of and structural properties of empires as patterns of connectivity. It describes the fundamental attributes of the ideal type and the inherent power dynamics between core and periphery as captured in the theoretical logic of asymmetric interdependence. Finally, it uses trade, investments, and debt to illustrate how asymmetric interdependence may look in practice.

The second question—how do empires manifest?—bridges the gap between ahistorical, theoretical abstraction and concrete empires by presenting different ways in which the imperial dynamics may actually play out in the empirical world. Such considerations are important because historical empires functioned in vastly different ways across time and space. I conceptualize these differences through three typological distinctions: formal or informal, continental or maritime, extractive or developmental, which capture some of the main differences between empires.

The third question—how do empires develop?—theorizes the factors that drive or impede the expansion of imperial systems. As with manifestations, these have varied radically over time, and my theorization here points only to ideal-typical factors, which may manifest in different ways. This third line of questioning is included in my study to make my empirical analyses dynamic rather than static, so I can study whether a China-centric order is *emerging*. I am not just interested in analyzing China's relationships with its periphery today. I also want to discuss their future prospects and be able to identify the factors that drive or impede the development of more imperial relations in the future. This goes back to one of the original motivations of my research: to be able to contribute to the contemporary debate on the rise of China and its consequences.

Following the account of my ideal-typical theory of empires, this chapter is concluded by presenting three alternative ideal types—hegemony, contested order, and nonhierarchical order—all of which compromise one or more aspects of the imperial structure. These are introduced to help describe and discuss empirical patterns of connectivity that do not resemble the imperial

structure. Yet, before I present these alternatives, this chapter lays out the logic of empires in detail, as the main theoretical vehicle of this study.

Dominance and Hierarchy

Before exploring the three main pillars of my theory, the following reviews some central conceptual considerations regarding empires in International Relations. A theory of empires is necessarily a theory of dominance, hierarchy, and power among different societies. These are central components of any conceptualization of what empires are, how empires function, and why empires rise and fall. They are also intuitive. Even in the absence of explicit theorization, these are the themes we associate with the term “empire” in common parlance.

The first chapter of Michael Doyle’s *Empires* presents one of the most widely cited definitions of empires: “Empires are relationships of political control imposed by some political societies over the effective sovereignty of other political societies. They include more than just formally annexed territories, but they encompass less than the sum of all forms of international inequality.”²¹³ Similarly, Julian Go defines an empire as “a sociopolitical formation wherein a central political authority (a king, a metropole, or imperial state) exercises unequal influence and power over the political (and in effect the sociopolitical) processes of a subordinate society, peoples, or space.”²¹⁴ Both definitions capture the central aspect of an empire; one society or state exercising control over one or more others, whether formally recognized or not; a hierarchy between a single core and a number of peripheral states.

Defined as “any pattern of super- and subordination,”²¹⁵ power hierarchies are the normal state of affairs in international affairs.²¹⁶ The field of International Relations’ traditional preoccupation with anarchy, sovereignty and

²¹³ Doyle, *Empires*, p. 19.

²¹⁴ Go, *Patterns of Empire*, p. 7. This definition similar to the ones used in Stephen Howe, *Empire: A Very Short Introduction* (New York: Oxford University Press, 2002), p. 14; Motyl, *Revolutions, Nations, Empires*, p. 118; Maier, *Among Empires*. Ikenberry also lists “direct or indirect control” of dominant state as one of the three defining features of an empire, *Liberal Leviathan*, p. 68.

²¹⁵ McConaughy, Musgrave, and Nexon, “Beyond anarchy,” p. 181.

²¹⁶ Alexander Cooley, *Logics of Hierarchy: The Organization of Empires, States, and Military Occupations* (Ithaca, N.Y.: Cornell University Press, 2005); John M. Hobson and Jason C. Sharman, “The Enduring Place of Hierarchy in World Politics: Tracing the Social Logics of Hierarchy and Political Change,” *European Journal of International Relations* 11, no. 1 (2005); Stuart J. Kaufman, Richard Little, and William Curti Wohlforth, *The Balance of Power in World History* (Basingstoke:

power balancing is primarily a result of an overemphasis on modern European history,²¹⁷ which has not only formed the exclusive basis of much Western theorizing but has arguably also been widely misread.²¹⁸ States do exist in an anarchy if anarchy is defined as merely the absence of a world government analogue to a domestic government.²¹⁹ States may also be sovereign and equal in a legal sense. But in practice, the autonomy of states is severely circumscribed by the international structure of power and dependence on other states. Power asymmetries give some states great influence over the behavior of others and a much greater capacity to shape the framework of international interaction and exchange. International politics is an arena full of states with vastly different capabilities, and a prime consequence of this inequality is hierarchy.²²⁰ Thucydides' claim, "the strong do what they have the power to do and the weak

Palgrave Macmillan, 2007); Jack Donnelly, "Rethinking Political Structures: From 'Ordering Principles' To 'Vertical Differentiation' – and Beyond," *International Theory* 1, no. 1 (2009); Lake, *Hierarchy in International Relations*; Janice Bially Mattern and Zarakol Ayşe, "Hierarchies in World Politics," *International Organization* 70, no. 3 (2016); Ayşe Zarakol, *Hierarchies in World Politics* (Cambridge: Cambridge University Press, 2017).

²¹⁷ Stanley Hoffmann, "An American Social Science: International Relations," *Daedalus* 106, no. 3 (1977); Stephanie G. Neuman, *International Relations Theory and the Third World* (New York: St. Martin's Press, 1998); Ole Wæver, "The Sociology of a Not So International Discipline: American and European Developments in International Relations," *International Organization* 52, no. 4 (1998); Acharya and Buzan, "Why is there no Non-Western International Relations Theory?."; Alastair Iain Johnston, "What (If Anything) Does East Asia Tell Us About International Relations Theory?," *Annual Review of Political Science* 15, no. 1 (2012).

²¹⁸ Paul Schroeder, "Quantitative Studies in the Balance of Power: An Historian's Reaction," *The Journal of Conflict Resolution* 21, no. 1 (1977); "History and International Relations Theory: Not Use or Abuse, but Fit or Misfit," *International Security* 22, no. 1 (1997).

²¹⁹ This is Arthur A. Stein's limited notion of anarchy, which makes no necessary claims about the behavior of states, "Coordination and Collaboration: Regimes in an Anarchic World," *International Organization* 36, no. 2 (1982). Note that this narrow definition of anarchy differs from that of Waltz, who also implied that the "presence of segmentary differentiation and the absence of functional differentiation" were parts of anarchy, Ryan D. Griffiths, "The Waltzian Ordering Principle and International Change: A Two-dimensional Model," *European Journal of International Relations* 24, no. 1 (2018): p. 139.

²²⁰ Helen Milner. "The Assumption of Anarchy in International Relations Theory: A Critique." In *Neorealism and Neoliberalism: The Contemporary Debate*, edited by David A. Baldwin. (New York: Columbia University Press, 1993), p. 157.

accept what they have to accept”²²¹ was not just a statement about the lawlessness of international relations but also about its fundamental inequality.

Doyle considers “empire” the highest degree of such inequality as it entails the control over both domestic and foreign policy by one state over another.²²² Similarly, Adam Watson defines “empire” as the extreme value on a scale of political control or hierarchy (the opposite extreme being absolute balance).²²³ In a more recent work, David Lake defines empire as the highest level of combined security and economic hierarchy in an international system.²²⁴ Common for all three scholars is the acceptance that states and societies exercise unequal levels of influence and control over each other, and empire is seen as the highest level of such international hierarchy.

Power and Control

Some of the central challenges of working with empires defined through hierarchy revolve around the concept of power. As noted in chapter 2, the neorealist literature measures power in relative capabilities. My theory of imperial power moves beyond recognizing that empires have historically had great capabilities to study the structure of connectivity between core and periphery. This structure of relationships is in itself a source of imperial power and control.

Doyle claims that, “to explain the existence of empire, or a particular empire, one must first demonstrate the existence of control.”²²⁵ This method is intuitively appealing, since it directs our attention to potentially observable behavior. “Control” here rests on a Dahlian definition of power, where “A has power [or control] over B to the extent that he can get B to do something that B would not otherwise do.”²²⁶ But there are two problems with this approach. First, it relies on counterfactual reasoning. We must be certain that B would have behaved differently in the absence of A than it did. Methodologically, this is problematic since history never provides counterfactuals.

Second, by treating the interests of A and B as exogenously given, the Dahlian approach fails to grasp how imperial power may shape behavior and even

²²¹ Thucydides, *History of the Peloponnesian War* (London: Penguin, 1954; repr., 1972), 5,89/p. 402.

²²² Doyle, *Empires*, p. 44.

²²³ Watson, *The Evolution of International Society*, p. 40.

²²⁴ Lake, *Hierarchy in International Relations*, p. 53.

²²⁵ Doyle, *Empires*, p. 45.

²²⁶ Robert A. Dahl, “The Concept of Power,” *Behavioral Science* 2, no. 3 (1957): pp. 202-203.

shape interests through the structural ties of asymmetric interdependence between core and periphery. In structural conditions of asymmetric interdependence, State A will rarely have to coerce State B actively, since the interests of State B are shaped by the structure of interdependence to align with the interests of State A. In Barnett and Duvall's typology, the less dependent state may sometimes employ *compulsory power* by using (or threatening to use) its greater capabilities against weaker societies, but it will rely more on *institutional power* (I will refer to this as *structural power* throughout the dissertation), which springs from the "systems of exchange and interdependence"²²⁷ that tie the interests of core and periphery together. For the more dependent state, the policy path of least resistance will usually be the one that does not run counter to the interests of the less dependent state. Just as State A might deter State B from certain actions, State A may encourage and reward the policies that it finds desirable. This does not mean that State B will always choose that path; only that it will be structurally nudged towards it.

My theory of power is relational.²²⁸ The structural power of a state is defined by its position in the international network, which determines the presence or absence of relations to other states. The structure as a whole—the order, network, or pattern of connectivity—is the unit of analysis, and a state's position in this structure creates opportunities for and constraints on its behavior. The structure as a whole is defined by the ties between its units, which

²²⁷ Michael Barnett and Raymond Duvall, "Power in International Politics," *International Organization* 59, no. 1 (2005): p. 52. See also Susan Strange, *States and Markets* (London: Continuum, 1994), p. 24; Reeves, *Chinese Foreign Relations with Weak Peripheral States*, pp. 27-32.

²²⁸ Patrick Thaddeus Jackson and Daniel H. Nexon, "Relations Before States: Substance, Process and the Study of World Politics," *European Journal of International Relations* 5, no. 3 (1999); Stacie E. Goddard, "Brokering Change: Networks and Entrepreneurs in International Politics," *International Theory* 1, no. 2 (2009); Simon Frankel Pratt, "A Relational View of Ontological Security in International Relations," *International Studies Quarterly* 61, no. 1 (2017).

we might label its network properties²²⁹ or topography.²³⁰ I should stress that I bypass issues of identity constitution as a possible result of the structure and focus on its “geometric abstractions.”²³¹ That is, who is connected to whom and how many?

By studying imperial power as structural constraints on the behavior of other states, the question of intentionality is left out of the picture.²³² Structural power is an ongoing factor shaping state behavior. It is not the individual actions of an actor to achieve a particular outcome. While a state may use asymmetries of interdependence to impose sanctions on others, this is the exception rather than the norm. For the most part, imperial power is wielded by defining the cost-benefit structure that envelops others.²³³ In Cohen’s words, “What matters is not conscious intent but simply the force of circumstance [which] might be exploited proactively, but it need not be. Its impact might be felt even if the more powerful actor is entirely passive.”²³⁴

Let me once again reiterate what my theory of empire is and is not. I theorize imperial power as working through interactions of specific actors, not through social relations of constitution—a distinction drawn in Barnett and Duvall’s taxonomy of power. I focus on primarily material exchanges and the structure of interdependence between states. This structure is in itself not material or something “out there”, but it is a consequence of material power and

²²⁹ Charles Tilly. “International Communities, Secure or Otherwise.” In *Security Communities*, edited by Emanuel Adler and Michael Barnett. pp. 397-412. (Cambridge: Cambridge University Press, 1998); *The Politics of Collective Violence* (Cambridge: Cambridge University Press, 2003); Nexon and Wright, “What’s at Stake in the American Empire Debate.”; Daniel H. Nexon, *The Struggle for Power in Early Modern Europe: Religious Conflict, Dynastic Empires, and International Change* (Princeton, N.J.: Princeton University Press, 2009); McConaughy, Musgrave, and Nexon, “Beyond anarchy.”

²³⁰ Henry Farrell and Abraham Newman, “Weaponized Interdependence: How Global Economic Networks Shape State Coercion,” *International Security* 44, no. 1 (2019): p. 50.

²³¹ Emily Erikson, “Formalist and Relationalist Theory in Social Network Analysis,” *Sociological Theory* 31, no. 3 (2013): p. 226.

²³² Stefano Guzzini, “Structural Power: The Limits of Neorealist Power Analysis,” *International Organization* 59, no. 3 (1993): p. 457; Charles L. Glaser et al., “Correspondence: Can Great Powers Discern Intentions?,” *International Security* 40, no. 3 (2015/16).

²³³ Stefano Guzzini, *Power, Realism, and Constructivism* (London: Routledge, 2013), p. 56.

²³⁴ Benjamin J. Cohen, *Currency Power: Understanding Monetary Rivalry* (Princeton, N.J.: Princeton University Press, 2015), p. 38.

of connectivity. This stands in contrast to a social or poststructuralist ontology in which power is the ability to constitute what actors *are*, including social capacities and interests.²³⁵ As discussed in chapter 2, Daniel Nexon and Iver Neumann take this more constructivist approach to power when theorizing hegemons, arguing that hegemons possess meta-capital, which lets them “influence the exchange rate of different kinds of capital within and across fields; and ‘infuse’ specific kinds of capital – generated from objects, relations, and performance – with symbolic significance.”²³⁶ This way of thinking about power is fundamentally different from mine. I consider the interests of states, such as security and prosperity, exogenously given, and I completely sidestep the question of identity in states’ perceptions of self and other. It is of no consequence to my argument whether the core considers itself a core or the periphery a periphery. The behavior and interests of states are shaped by the asymmetric interdependence inherent in the imperial system whether states are aware of it or not. My argument does not contradict the logic of meta-capital and power through social relations of constitution. It simply adopts a different theoretical ontology.

Following this conceptual discussion of key terms, the following presents the three pillars of my theory of empire: the ideal-typical structure, distinctions in manifestations, and the different kinds of drivers and impediments to imperial expansion.

The Imperial Structure

The first pillar of my theory is the structure of empires. An empire is an international “pattern of relations.”²³⁷ In its most condensed form it can be defined as an international structure of connectivity in which one state, the core, is connected to one or more other states, periphery states, which are mutually disconnected and disconnected from states outside the system. This structure maximizes the asymmetry of dependence between core and periphery state, placing the core in a position of dominance. Although substantial inequality in material capabilities are necessary to establish and maintain an imperial structure, an empire is more than just the material preponderance of one state over others. It is a particular organization of international connectivity.

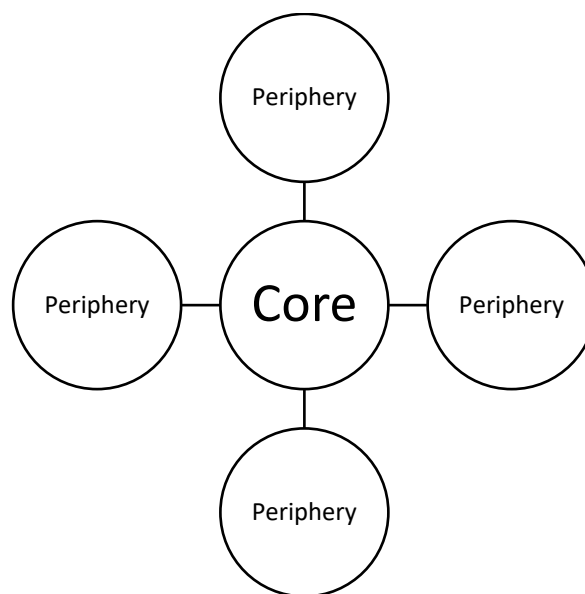
²³⁵ Barnett and Duvall, “Power in International Politics,” pp. 52-57.

²³⁶ Nexon and Neumann, “Hegemonic-Order Theory,” p. 671.

²³⁷ Harrison C. White, Scott A. Boorman, and Ronald L. Breiger, “Social Structure from Multiple Networks. I. Blockmodels of Roles and Positions,” *American Journal of Sociology* 81, no. 4 (1976): p. 733.

I call the state with the most connections the *core* or *hub*. ‘Metropole’ and ‘center’ are other common terms in the literature. I refer to the overall structure as a *hub-and-spokes*, a concept adopted from the work of Galtung and Motyl.²³⁸ It is important to emphasize that the terms *empire* and *hub-and-spokes* both refer to the entire network structure, although empires are often called by the name of the core state. When I refer to a Chinese empire, the term encompasses all the states in a system where China is the core. This theory of empires is about an international order, not about the behavior of individual core or periphery states.

Figure 4.1. The Hub-and-Spokes



The hub-and-spokes has three defining attributes. First, periphery states must be connected to the core. Second, periphery states must not be connected to each other. Empires are “rimless.”²³⁹ Third, periphery states must not be connected to states outside the system. In a hub-and-spokes, there are only bilateral ties. Note that it is irrelevant whether the imperial core is connected to

²³⁸ Galtung, “A Structural Theory of Imperialism.”; Motyl, *Revolutions, Nations, Empires*. See also Charles Tilly. “How Empires End.” In *After Empire: Multiethnic Societies and Nation-building: The Soviet Union and the Russian, Ottoman and Habsburg Empires*, edited by Karen Barkey and Mark Von Hagen. pp. 1-11. (Boulder, Colo.: Westview, 1997).

²³⁹ Motyl, *Revolutions, Nations, Empires*; “Why Empires Reemerge: Imperial Collapse and Imperial Revival in Comparative Perspective,” *Comparative Politics* 31, no. 2 (1999).

cores or peripheries outside its own empire. These three ideal-typical characteristics will guide my empirical analyses when I assess whether the structure of connectivity within a given domain resembles an empire or not.

I refer to the units (or in the language of network analysis; nodes) in the imperial structure simply as *states*. This terminology is potentially problematic because the modern nation-state has its roots in European history and has only recently become a truly global phenomenon. Throughout history, empires have consisted of many different kinds of political units, including nation-states, city-states, tribes, and more—all of which may be defined in a myriad of ways.²⁴⁰ I use *state* in a broader sense than *nation-state* simply to indicate a delimited social unit with some capacity to mobilize resources for collective action.²⁴¹ The terminology is perfectly applicable to my own empirical analysis of contemporary China, but might need slight modification for a study of ancient empires, such as the Assyrian or Babylonian empires.

Some scholars argue that units in the imperial structure should be distinguished in ethnic terms, defining empires as the dominance of one society over other ethnic groups.²⁴² This avoids the issue relating to the concept of states when describing non-modern and non-Western experiences. However, I see no reason why the dominance of other ethnically similar groups should not be considered imperial if it resembles the imperial structure. Such a definition also begs the question how ethnically dissimilar two groups must be? Was Rome's conquest of the Etruscans an imperial enterprise? Even if empires have always been multiethnic, this is no conceptual requirement.

Ties in the hub-and-spokes represent any form of interaction between two units, reflecting connectivity in a broad sense. Their concrete manifestation depends on the topic being studied. For example, in a study of international trade, an imperial order would see periphery states trading with the imperial core rather than with each other or with other cores.

The bilateral connectivity structure of an empire provides the context in which both core and peripheries operate. It enables exchange between some units, while discouraging connection between others. It nudges the periphery into behaving in a way that centers their attention on the core rather than on other periphery societies by making such behavior easier and more profitable. This is important because the presence of only bilateral ties to the core makes

²⁴⁰ Cohen, *The Question of Imperialism*, pp. 13-16.

²⁴¹ This definition draws on Ferguson and Mansbach's definition of a "polity." Yale H. Ferguson and Richard W. Mansbach, *Polities: Authority, Identities, and Change* (Columbia, S.C.: University of South Carolina Press, 1996), p. 34.

²⁴² E.g. Lieven, *Empire*, p. xi; Maier, *Among Empires*, p. 31; Münkler, *Empires*, p. 13.

periphery states unable to form balancing coalitions against the core.²⁴³ Empires are “divide-and-rule” systems,²⁴⁴ where local resistance in a periphery has a poor chance of spreading to other parts of the empire due to the absence of inter-peripheral ties. The imperial core prefers to negotiate with each periphery bilaterally rather than as a collective, multilateral block, since it improves its ability to shape the outcomes of such negotiations.

The relationships between the hub and each individual spoke will often vary significantly, leading to what Nexon and Wright call “heterogeneous contracting”²⁴⁵. For an example, one need only compare the respective relationships between the British imperial core and its colonies in America, Australia, India, and Ireland.²⁴⁶ One historically familiar outcome of bilateral systems of bargaining was the unequal trade agreements struck between core and periphery. Such arrangements would have been much more difficult to make for the imperial core if it had to negotiate with colonies that operated in concert. The next section develops how an imperial structure places the core in a position of power over periphery states through asymmetric interdependence.

Power Relations between Core and Periphery

Asymmetric Interdependence

The imperial core is in a position of power relative to its periphery, which stems from the asymmetry of dependence inherent in the imperial system. The relationships between states constrain their autonomy by creating different opportunity costs of different actions. Moreover, the actions of one state may incur costs on another state. State A is dependent on State B to the extent the actions of State B have significant positive or negative consequences on State A. What constitutes *significant consequences* of course depends on the interests of State A. The central point for this study is that relations of mutual dependence—interdependence—will never be perfectly symmetric. One state will always be more dependent on the other, and this creates a fundamental asymmetry, resulting in inequality in the “decision-making capability” of states.²⁴⁷

²⁴³ Nexon and Wright, “What's at Stake in the American Empire Debate,” pp. 261-263.

²⁴⁴ Galtung, “A Structural Theory of Imperialism,” p. 90.

²⁴⁵ See also Tilly, “How Empires End,” p. 3.

²⁴⁶ Nexon and Wright, “What's at Stake in the American Empire Debate,” p. 259. See also the comparative case studies in Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity and Poverty* (London: Profile Books, 2012).

²⁴⁷ Cohen, *The Question of Imperialism*, pp. 206-208.

Asymmetric interdependence is thus a key concept of this dissertation. It rests on some of the same assumptions as the familiar argument of interdependence liberalism²⁴⁸—interdependent states do not go to war with each other because it is too costly—but draws vastly different conclusions. While acknowledging that the actions of one state will have important impact on others in an interdependent context, theorists of asymmetric interdependence²⁴⁹ see the asymmetry as a possible tool of geopolitical or geoeconomic statecraft rather than simply as a cause of peace. Sufficient degrees of asymmetry in interdependent relations create a power hierarchy between states, which can be exploited by the less dependent state.

I use international trade to exemplify asymmetric interdependence throughout this chapter because trade demonstrates the dynamic in a neat and mathematical way. If State A decides to cut its trade ties to State B, both are sure to experience some negative economic consequences from the loss of trade or the need to find other partners. After all, if their mutual trade had not been profitable, we would not expect them to engage in it in the first place. However, State B may be hurt more than State A by the break in relative terms even if they suffer equally in absolute terms. If so, State B is more dependent on State A than vice versa.²⁵⁰ The two main sources of such an asymmetry are *differences in the availability of alternative sources of trade* and *differences in economic capabilities*.

Robert Keohane and Joseph Nye introduce a useful distinction between *sensitivity* and *vulnerability* when studying interdependence.²⁵¹ The difference lies in the ease with which actors can mitigate negative consequences of a change to the relations by implementing new policies. *Sensitivity* denotes

²⁴⁸ E.g. Richard N. Rosecrance and Arthur A. Stein, “Interdependence: Myth or Reality?,” *World Politics* 25, no. 1 (1973); Richard N. Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World* (New York: Basic Books, 1986); “The Obsolescence of Territory,” *New Perspectives Quarterly* 12, no. 1 (1995).

²⁴⁹ Thomas Wright, *All Measures Short of War: The Contest for the Twenty-First Century and the Future of American Power* (New Haven, Conn.: Yale University Press, 2017), chap. 5; Dale C. Copeland, *Economic Interdependence and War* (Princeton, N.J.: Princeton University Press, 2015).

²⁵⁰ Reeves, *Chinese Foreign Relations with Weak Peripheral States*, pp. 28-30; Christian O. Fjäder. “Interdependence as Dependence: Economic Security in the Age of Global Interconnectedness.” In *Geo-economics and Power Politics in the 21st Century: The Revival of Economic Statecraft*, edited by Mikael Wigell, Sören Scholvin, and Mika Aaltola. pp. 28-42. (London: Routledge, 2019).

²⁵¹ Robert O. Keohane and Joseph S. Nye, *Power and Interdependence: World Politics in Transition* (Boston: Little, Brown, 1977), chap. 1.

the negative effects a state would suffer from a change to the status quo in the short term, before mitigating policies can be enacted. *Vulnerability* denotes the negative effects suffered after new policies are enacted. The ability of a state to enact mitigating policies depends on its own capabilities as well as its relationships to other states.

Let us return to our imaginary trading states A and B. If State A and State B enjoy a high level of mutual trade relative to the scales of their own economies, they are both *sensitive* to the trade policies of the other, as large amounts of imports and exports would be affected by a change to their trade relationship. Yet their respective levels of *vulnerability* may differ. Imagine all trade relations between the two break down overnight and cannot be restored. State A is able to restructure its import and export to other countries or adjust its consumption and supply through domestic policies and hence does not suffer much from the absence of trade with State B after an initial adjustment period. State B is not so fortunate, as it has fewer alternative partners and a weaker domestic market. State B thus suffers lasting negative consequences even after it has shifted its policies to the best of its abilities. In this scenario, State B is more *vulnerable* than State A, since State A has alternatives to dealing with State B. Note that the *sensitivity* of State A and State B may be symmetric at the outset—they may suffer roughly equally in the period that follows immediately after the trade break-down—but it is the long-term consequences that define the higher *vulnerability* of State B. This creates an overall situation of asymmetric interdependence between State A and State B *before* their trade relations ever broke down, since State B would suffer greater negative consequences from a change to the status quo, and accordingly has a greater interest in maintaining the trade relationship to State A than vice versa. Put simply, State B needs State A more than the other way around.

Second, in the hypothetical scenario above, we assumed the economies of State A and State B to be roughly identical in size. In such a situation, the mutual sensitivity will be symmetric, and the vulnerability will primarily depend on the availability of third parties to replace the lost trade partner. However, as Albert Hirschman argued in his classic piece on economic statecraft, when one state wields greater economic capabilities than the other, its sensitivity will *ceteris paribus* be smaller.²⁵² In essence, the loss of a ten-dollar bill matters less to the millionaire than to the beggar.

Another example: State A and State B both export \$20 billion worth of goods to each other. State A has a GDP of \$400 billion, and State B has a GDP of only \$80 billion. Should trade relations between the two break down, both

²⁵² Albert. O Hirschman, *National Power and the Structure of Foreign Trade* (Berkeley: University of California Press, 1945).

would stand to lose the same amount of export value in absolute terms (\$20 billion). State A would lose exports worth only 5% of its GDP, but State B would lose exports worth 25%. State B is clearly considerably more sensitive to the actions of State A than vice versa. Of course, State B may be able to restructure all 25% of its exports to other markets and limit its vulnerability, but in the short run, it will suffer more than State A.

Asymmetric interdependence is a source of power for the less dependent over the more dependent. The more the asymmetry favors one part, the easier it can coerce its periphery with limited negative consequence to itself, e.g. through trade sanctions.²⁵³ More importantly, the latent threat of such policies, stated or not, increases the opportunity cost of the more dependent state of actions that might trigger negative counteractions by the less dependent part. This lead Hirschman to the conclusion that “the power to interrupt commercial or financial relations with any country, considered as an attribute of national sovereignty, is the root cause of the influence or power position which a country acquires in other countries.”²⁵⁴

This power is structural in the sense that it is reflected not in particular actions by the more powerful state but in a fundamental condition for the interactions between the two states. The more dependent part knows that the less dependent may at any time choose to impose costs on it, and this persistent threat makes any action that runs against the interest of the less dependent state a risky affair. It increases the opportunity cost of behavior that conflicts with the interest of the strong, making the more dependent state more likely to behave in a way that aligns with the interest of the strong.

Moreover, the interdependence of the two states leads them to share benefits, which in turn aligns their interests. Both of our imaginary states A and B are interested in improving their own economic wellbeing. Due to their close trade relations, the economic growth in one state will likely have a positive impact on the other through greater demand. If State A enjoys a GDP growth of 10%, State B might well be able to increase its exports to State A by 10%, if the economic growth is reflected in increased consumption. Interdependence thus makes states share benefits, just as they share hardship. A GDP contraction of 10% would hurt consumption and exports proportionately. This also means that both states will have an interest in promoting the economic growth of each other, as this will also benefit them. Interdependent states operate in

²⁵³ Ibid. ; Daniel W. Drezner, *The Sanctions Paradox: Economic Statecraft and International Relations* (Cambridge: Cambridge University Press, 1999), pp. 4-6; Ross, “On the Fungibility of Economic Power,” p. 6.

²⁵⁴ Hirschman, *National Power and the Structure of Foreign Trade*, p. 16.

a positive-sum rather than zero-sum relationship. This is crucial to my argument, because it means that both core and periphery in an international order will have a shared interest in mutual prosperity, as their fates are bound together.

Asymmetric Interdependence and the Imperial System

The notion of asymmetric interdependence sheds light on the power dynamics of imperial systems. The imperial core is less dependent on any individual periphery state than vice versa due to its greater capabilities and due to its greater options, which stem from ties to multiple states. The imperial structure maximizes periphery vulnerability and minimizes core vulnerability. Periphery states are per definition only connected to the core and cannot shift their policies towards other partners. By contrast, the core enjoys ties to all periphery states, leaving it with a much greater decision-making capability. The core may even be able to draw on ties to states outside the imperial system, which is impossible for its periphery.

Generally, the size of the core economy will be much larger than any single periphery economy, and this supports the asymmetry of sensitivity. The same volume of trade may be at once negligible to the core and vital for a periphery. This means that, in our trade example above, even if the core State A cannot find a substitute for its lost trade with State B, it is far more capable of sustaining the economic loss than State B, due to its greater economic capabilities.

Furthermore, the alignment of interests described above will favor the core more than the periphery. In a hub-and-spokes, all states in the system will benefit from the economic growth of the core, to whom they are all connected. In contrast, economic growth in a single periphery state will only benefit that particular state and the core, since no other states are tied to it. This again creates a fundamental asymmetry, where every state in the system shares interests with the core, but not with each other.

Henry Farrell and Abraham Newman propose another useful way of theorizing asymmetric interdependence in a hub-and-spokes structure through two dynamics.²⁵⁵ One is similar to the coercive use of asymmetric interdependence I have already described, which they label the “chokepoint effect.” It describes the ability of the core state to deny other states access to the hub of the system and thus to the system as a whole. If trade ties are cut between core and periphery in a hub-and-spokes system, the periphery is left without any ties to the system. The other dynamic is the “panopticon effect,” which

²⁵⁵ Farrell and Newman, “Weaponized Interdependence.”

captures the asymmetry of information enjoyed by the core. As all interactions flow through the hub of a hub-and-spokes system, the hub knows much more about what is going on in the entire system than any spoke. Farrell and Newman use these concepts to study the financial messaging system SWIFT and internet access, and the concepts will be especially valuable for my study of China's developing digital currency system.

Let me exemplify the asymmetric power dynamic of imperial structure with a very different example from John Padgett and Christopher Ansell. The rise of the Medici-family in fifteenth-century Florence was in part the result of historical developments, which established a hub-and-spokes of family, bank, and real-estate ties between the families of the city-state.²⁵⁶ In this system, inter-family interactions had to pass through Cosimo de Medici, which left him in a position of privileged information (panopticon effect) and impeded the formation of opposing coalitions (they were the system's chokepoint). The Medici became the only bridge between a host of spokes, and the only family able to mobilize collective action. Though this was inter-family relations rather than international relations, the fundamental logic is the same: Being a core in an imperial system provided the Medici with structural power that could not simply be reduced to their economic capabilities or the political offices they held.

Let us briefly pause and take stock of the theory and concepts presented so far in this chapter. An empire is a particular structure of connectivity among states, which forms a hub-and-spokes. This creates asymmetry of interdependence between core and periphery states within the system, leading periphery governments to be more sensitive and vulnerable to the actions of the core than vice versa. This places the imperial core in a position of structural power, as the interests of the periphery are shaped by the system, which it dominates. It also enables the core to use coercive power through the chokepoint effect, wherein peripheries are denied access to the system. Finally, the panopticon effect means the core also enjoys an asymmetry of information over the periphery.

Trade, Investment, and Debt

The following briefly explores three types of geoeconomic ties in international relations that may be asymmetric: trade, investment, and debt. Focusing on

²⁵⁶ John F. Padgett and Christopher K. Ansell, "Robust Action and the Rise of the Medici, 1400-1434," *American Journal of Sociology* 98, no. 6 (1993).

these three follows much of the literature on economic statecraft and geoeconomics in general and on contemporary China in particular.²⁵⁷ It exemplifies how asymmetric interdependence may work in practice and casts theoretical light on some of the themes that will be explored in the analyses of this dissertation.

First a word about historical contextualization. The kinds of economic interdependence elaborated here are mainly applicable to trade ties emerging after the invention of modern means of transportation and refrigeration. Before then, towns and cities tended to be self-sufficient and relied much less on economic relations with outside areas. Trade was usually limited to a smaller group of merchants and their financial backers and was therefore less important as a tool of state power and dependence. In today's global economy, however, local livelihoods are strongly affected by the access to world markets for large parts of the world's population. Moreover, economies are integrated in global financial flows, which makes investments and debt important factors.

Trade

As described above, asymmetric trade entail that trade relations between core and periphery are more important to the periphery than to the core, and consequently that changes to the relationship would be more harmful to the periphery than to the core. Asymmetric trade dependence is instrumentalized or weaponized through trade sanctions, such as import or export restrictions (permanent or temporary), tariffs, or outright termination of trade ties.²⁵⁸ I focus on bilateral trade sanctions rather than multilateral sanctions here, since the point is to explore the ability of the imperial core to coerce a weaker periphery by unilateral decision.

The general ability of a given state to implement effective trade sanctions is a function of two factors: its domestic markets size and its global market

²⁵⁷ Jie Huang and Kazimierz M. Słomczyński, "The Dimensionality and Measurement of Economic Dependency: A Research Note," *International Journal of Sociology* 33, no. 4 (2003). The Council on Foreign Relations' online "Belt and Road Tracker" also conceptualizes bilateral economic relations through these three. Council on Foreign Relations, "Belt and Road Tracker." 8 May, 2019.

²⁵⁸ Central works on trade sanctions include Klaus Knorr, *The Power of Nations: The Political Economy of International Relations* (New York: Basic Books, 1975); David A. Baldwin, *Economic Statecraft* (Princeton, N.J.: Princeton University Press, 1985); Robert A. Pape, "Why Economic Sanctions Do Not Work," *International Security* 22, no. 2 (1997); Drezner, *The Sanctions Paradox*; Meghan L. O'Sullivan, *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism* (Washington, D.C.: Brookings Institution, 2003).

share of specific goods.²⁵⁹ The degree of trade sensitivity of an actor in a specific bilateral relationship is determined by the amount of goods imported and exported from a single country relative to the total size of the economy, since this is the share of the economy that would be hurt immediately were trade relations to break down. Trade vulnerability is more difficult to calculate as it depends on the alternative policy options of both parties. Furthermore, vulnerability can be high for certain goods considered vital to the economy, even if the import volume of said good is relatively small. For the purpose of coercion, looking at sensitivity is often enough, because the threat of short-term injury may suffice to achieve the desired political outcome, even if long-term effects can be mitigated.

Investment

Investments make up another central component in a modern international economy. The interdependent relationship is here one between investor and investee. The investor is dependent on the investee to make a return on the investment, and the investee is dependent on the investor for future investments, which are often in short supply in the less affluent periphery. Again, the relationship is asymmetric when the investor is wealthy enough to sustain losses without major effect on its overall economies, while the investee would suffer greater consequences from the lack of future investments. As with trade, the investee's vulnerability is limited by the presence of other willing investors, and its sensitivity is measured by the size of the investments from the core relative to the overall size of the economy of the periphery.

Compared to trade, investment flows are easier to use for geoeconomic purposes, since they are more easily manipulated than trade flows. It is easier for the core to cut investments or to promise new investments than trade. This touches on the issue of state agency. Trade is usually conducted by businesses that either import or export certain goods to other businesses. Politics primarily influence trade by determining the structure and legal regime under which it is conducted through tariffs and trade agreements, subsidies or the improvement of infrastructure. Governments only engage in the actual buying or selling when it comes to strategic or sensitive areas like defense equipment or cutting-edge technology with strategic implications. In contrast, governments may wield their investments more directly, particularly if these are financed through state-owned banks, state-owned enterprises (SOEs), or sovereign wealth funds.²⁶⁰ But even in the absence of such state-controlled instruments, a state may provide diplomatic assistance to companies operating abroad, e.g.

²⁵⁹ Blackwill and Harris, *War by Other Means*, p. 58.

²⁶⁰ Ibid. pp. 53-58.

by facilitating meetings between foreign companies or bureaucrats and its own exporting companies.

As we shall see in the later chapters, China's economic model of state capitalism gives it a greater degree of direct control over some of the world's largest banks and some of the largest companies, which may be instructed to invest in periphery projects. This makes China better able to derive influence from investments than any other state great power.²⁶¹

Debt

The final type of economic dependence included here is debt. Like investments, debt creates interdependence between a creditor, who wants her money repaid with interests, and the debtor, who must ensure the availability of funds in the future. In terms of sensitivity and vulnerability, the bilateral sensitivity of the debtor is defined by the size of its debt to a single creditor compared to its overall economy and its ability to cushion high-debt services (as described below). Vulnerability is defined by the debtor's access to alternative sources of finance. *Ceteris paribus*, higher sensitivity will mean higher vulnerability as it is more difficult to restructure larger loans than smaller ones, but high debt in itself does not necessarily entail great debt vulnerability. If other financial great powers, multilateral institutions such as the International Monetary Fund (IMF), or private financial institutions (banks) are willing to step in and provide loans, the creditor will be less vulnerable to its current debtor.²⁶² Indeed, stronger debt ties to one economy may actually reduce vulnerability to that debtor in the long run, if the money borrowed is used to spur economic growth, pay off higher interest loans, or in other ways improve a country's credit rating, making it eligible for better future loans from other parties.²⁶³

Debt may take many forms and can impact an economy differently, depending on the maturity time and interest rates of the loans, whether it is owned by domestic or foreign creditors, and whether it is spread among many or few creditors. Likewise, an economy may have the ability to cushion the possible negatives of indebtedness by running a primary surplus (having more

²⁶¹ William J. Norris, *Chinese Economic Statecraft: Commercial Actors, Grand Strategy, and State Control* (Ithaca, N.Y.: Cornell University Press, 2016).

²⁶² Jerome Roos, *Why Not Default?: The Political Economy of Sovereign Debt* (Princeton, N.J.: Princeton University Press, 2019), pp. 71-75.

²⁶³ Ajit Singh argues that this has been the case with Chinese loans to African countries, such as Angola, in "The Myth of 'Debt-Trap Diplomacy' and Realities of Chinese Development Finance," *Third World Quarterly* (2020).

revenues than expenses before interest) or a trade surplus (having larger exports than imports), by having large foreign-exchange reserves, or by having the ability to provide its domestic financial system with liquidity.²⁶⁴ An economy swamped in debt will face the unpleasant choice of either implementing harsh austerity measures to cut expenses and service its debt (which tends to be an unpopular choice among constituents), obtaining additional loans to pay immediate interests (leaving an even bigger debt problem for the future), or default. The last solution typically involves negotiations to restructure existing loans to more favorable terms but may also harm the ability of the state to obtain loans in the future, hence increasing vulnerability.²⁶⁵

Countries in China's periphery tend to accumulate debt in one of three ways: Obtaining loans from multilateral development banks, obtaining bilateral loans from Chinese state-owned banks, or borrowing money on the market from private banks. Loans from the World Bank or other multilateral institutions generally have the lowest interest rates but will also impose a number of requirements on how the money is spent (good governance, transparency etc.) and are usually given for specific purposes, such as infrastructure projects. Loans made on the open financial market have higher and fluctuating interest rates, reflecting the credit rating of the borrower, but usually come with no conditions. In between those two, bilateral loans vary immensely and may be both cheaper and more expensive than multilateral loans, and may pose none or many conditions, depending on the bilateral agreement reached. What is often referred to as 'foreign aid' or 'development assistance'²⁶⁶ is usually such a bilateral loan made at sub-market rates (termed a 'concessional loan'). The loan may require the money to be spent in a particular way (e.g. documenting transparency and sustainability), on a specific project (e.g. a hydropower dam), and on specific subcontractors (e.g. a construction company from the creditors country). I return to the question of Chinese loans in the discussion of infrastructure investments in chapter 6.

In the study of asymmetric interdependence, debt is thus a third geoeconomic factor to look for, since it may place the fate of a society in the hands of another by making its access to capital dependent on the goodwill of one or more creditors. As with trade and investments, the relationship is interdependent, since the creditor also stands to lose from a default, yet the larger

²⁶⁴ *Why Not Default?*, p. 74.

²⁶⁵ *Ibid.* pp. 45-49.

²⁶⁶ For a classical piece on the role of aid in foreign policy, see Hans J. Morgenthau, "A Political Theory of Foreign Aid," *The American Political Science Review* 56, no. 2 (1962).

economic size of the core means that debtor would suffer more than creditor under such circumstances.

How Empires Manifest

The second pillar of my theory revolves around the different ways in which empires can manifest. The empire ideal type is in itself pure abstraction. It can be compared to anywhere in the world at any point in history to assess the degree to which a particular connectivity structure resembles a hub-and-spokes pattern. But no two points in history are identical, and while many international structures may have resembled the imperial ideal type to some extent, they have done so in many different ways, depending on geography, technology, social organization, ideological currents etc. For this reason, it makes sense to speak of different *manifestations* of the ideal type, being empirical configurations that can meaningfully be compared to and described in terms of the ideal type.

Methodologically, the term may lead to a dualist platonic misconception that ideal types are somehow “out there” and that their manifestations are “them in the flesh.” This is inaccurate. Ideal types do not “exist” anywhere, and real world phenomena are not representations of them. Ideal types only exist in language and thinking. They describe non-existing patterns to help make sense of the existing world. The term *manifestation* is a way of talking about the different kinds of empirical phenomena we may observe that resemble the ideal type. It is a term designed to bridge the gap between the abstract and the concrete.

I theorize imperial manifestations through typologies—in themselves ideal types—that distinguish different kinds of empires and imperial relations. This is done to help me describe differences between empirical phenomena to recognize how states have existed in different kinds of hierarchies that shared hub-and-spokes characteristics. The typological distinctions below present extremes on three different parameters—formal or informal; continental or maritime; extractive or developmental—and provide historical illustrations of each. These terms will subsequently be used to describe the nature of the international order surrounding China.

Besides the typologies presented here, chapters 6 and 7 also include sections that describe how I apply the ideal type to the specific domain in its contemporary historical context. Interaction between societies at any point in history has always been shaped by the material and social technologies available at the time and place. Not only did these technologies help define who had power (through new types of weapons, improved logistics, access to information etc.), they also shaped the qualitative nature of interactions. Barry

Buzan and Richard Little describe this dynamic as a state's "interaction capacity"²⁶⁷ and Robert Gilpin labels transition from one kind of interaction to another as "interaction change."²⁶⁸ The point is here that states interact differently at different points in time, and this has important implications for the study of imperial manifestations.

Let me illustrate this with the example of railroads, elaborated in chapter 6. Railroads have been important manifestations of empires since their invention, but their purpose has changed. Previously, a railroad network was essential to extract natural resources and to maintain control over the periphery by enabling mobility of soldiers. Today, most natural resources have multiple possible means of transport over land (such as pipelines and trucks), and the method chosen will depend on the commodity—minerals are not transported by pipeline for instance—and on the particular context. This means that railroads are no longer a requirement for resource extraction. Further, with the development of long-range weaponry, rough-terrain vehicles, and airborne transport craft, railroads are of much smaller significance today as means of territorial control. Military forces can be deployed faster by other means. This example shows that railroads serve different purposes today than a century ago, and that this must be taken into account when studying and interpreting railroads as a means of inter-state connectivity.

We could also turn to digital technologies and their impact on international economic relations. Geographic distance ceases to be a hindrance to financial exchange when any person with internet access can receive and transfer money online. It is more difficult to control and regulate economic interaction under such technological conditions because the internet connects all its users. But this does not mean that empire is dead in the age of internet. The web is itself home to a host of systems that structure interaction in different areas. Money transfer, communication, cloud storage, and other online services do not connect users directly but run through servers and platforms owned by someone. The asymmetry of dependence has simply transferred to other actors. Digital technologies have also given states new means to control cross-border interactions. At the same time, goods purchased online still need to be transported physically to the customer. In this regard, many aspects of economic exchange are still quite analogue even in a globalized and digital age. I return to some of the examples above when discuss globalization in chapter

²⁶⁷ Barry Buzan and Richard Little, *International Systems in World History: Remaking the Study of International Relations* (Oxford: Oxford University Press, 2000), pp. 80ff.

²⁶⁸ Gilpin, *War and Change in World Politics*, pp. 43-44.

5 and when I argue for the usefulness of the empire ideal type for future studies in my conclusion.

Formal and Informal

Imperial structures manifest with varying degrees of formality.²⁶⁹ On the one hand, a society may dominate another by seizing the formal political authority over its territory and subjecting it to direct rule, the clearest form of which is colonialism. This usually means conquest and provincialization, though it may also be by invitation.²⁷⁰ On the other hand, domination can be subtle with no formal recognition of hierarchy and submission. For instance, the core may place “advisors” to kindly guide periphery governments.²⁷¹ Even without such guidance, a nominally independent society may anticipate the will of the core and act accordingly for fear of repercussions, without any active coercion happening. The distinction between *formal* and *informal* empires is common in the literature²⁷² and usefulness when studying imperial manifestation. But I must emphasize that the two should be seen as two extremes on a continuum rather than as a dualism. Imperial relations tend to be formal in some ways and informal in others.

A note on terminology: Doyle distinguishes between formal and effective empires²⁷³; Wigell distinguishes between “more traditional, geopolitical uses of the notion of empire, which center more exclusively around territorial annexation and control”²⁷⁴ and neo-imperialism; and Anatol Lieven, Nexon and

²⁶⁹ Motyl, *Revolutions, Nations, Empires*, p. 129; David A. Lake, “The New Sovereignty in International Relations,” *International Studies Review* 5, no. 3 (2003); McConaughy, Musgrave, and Nexon, “Beyond anarchy,” p. 186. The degree of formality is sometimes seen as reflecting a more fundamental degree of hierarchy, where more formalized empires are also considered more hierarchical or centralized, Griffiths, “The Waltzian Ordering Principle and International Change.”

²⁷⁰ Howe, *Empire*, p. 13; Go, *Patterns of Empire*, p. 9.

²⁷¹ As was the case in Achaemenid Persia, Josef Wiesehöfer. “The Achaemenid Empire.” In *The Dynamics of Ancient Empires: State Power from Assyria to Byzantium*, edited by Ian Morris and Walter Scheidel. (Oxford: Oxford University Press, 2009), pp. 85-88; Waters, *Ancient Persia*, pp. 100-103.

²⁷² For a recent example, see Carl Müller-Crepon, “Continuity or Change? (In)direct Rule in British and French Colonial Africa,” *International Organization* 74, no. 4 (2020).

²⁷³ Doyle, *Empires*, pp. 32, 37.

²⁷⁴ Wigell, “Conceptualizing Regional Powers’ Geoeconomic Strategies,” p. 148.

Wright use “direct” and “indirect” rule to much the same end.²⁷⁵ I prefer the term “informal” to “effective”, “neo-“, or “indirect” for three reasons. First, it provides a clearer dichotomy than the terminologies of Doyle and Wigell. Second, ‘neo-imperialism’ is easily conflated with its more narrow economic meaning, discussed in chapter 2, whereas my concept of empire is broader. Third, formality says nothing of the effectiveness (however defined) of empires, and I am more concerned with their structure than with their competence. Using “formal” rather than “effective” therefore seems more intuitive.

Domination is easily identified when it is formally recognized by all parties. In ancient imperial constellations such as the Delian league, members would pay taxes to maintain the Athenian fleet and defer to Athenian leadership.²⁷⁶ China’s neighbors would send regular tributes to the Ming court,²⁷⁷ Japan’s local lords would reside in the capital in alternating years under the Tokugawa shogunate,²⁷⁸ and modern European empires would install governors in their colonies who in turn answered to London, Paris or Brussels. Formal empires can be painted on a map in bold colors.

Informal empires are more difficult to pinpoint. Here, a society is subservient to another even though there is no formal recognition of the fact. The concept itself was primarily the product of attempts to describe the dominance of the United States over Central America in most of the 19th and 20th century labelled “neocolonialism” or “new imperialism,”²⁷⁹ and how these relations differed from the formal colonial experience of the United States in the Philippines.²⁸⁰ The United States exercised “de facto control”²⁸¹ over its smaller neighbors and was often involved militarily in their domestic politics, even though they were all formally equal as sovereign states. Informal empire is

²⁷⁵ Lieven, *Empire*, p. 29; Nexon and Wright, “What’s at Stake in the American Empire Debate,” pp. 258-259; Nexon, *The Struggle for Power in Early Modern Europe*, pp. 70-77.

²⁷⁶ Doyle, *Empires*, chap. 3.

²⁷⁷ Kang, *East Asia before the West*.

²⁷⁸ Darwin, *After Tamerlane*, p. 133.

²⁷⁹ See Tony Smith, *The Pattern of Imperialism: The United States, Great Britain, and the Late-industrializing World since 1815* (New York: Cambridge University Press, 1981), pp. 6, 183; Motyl, *Revolutions, Nations, Empires*, pp. 123-124; Lake, *Hierarchy in International Relations*, p. 58. For a critique, see Cohen, *The Question of Imperialism*; Knorr, *The Power of Nations*, chap. 9.

²⁸⁰ David Reynolds, *America, Empire of Liberty: A New History* (Philadelphia, PA: Basic Books, 2009), pp. 237-243, 474.

²⁸¹ Alexander Wendt and Daniel Friedheim, “Hierarchy under Anarchy: Informal Empire and the East German State,” *International Organization* 49, no. 4 (1995): p. 695.

also a useful term for understanding the regimes of unequal trade treaties and extraterritorial privileges imposed on China during the 19th century by European powers.²⁸² China was not colonized, and it did not formally recognize any foreign lordship, yet it clearly lost sovereignty over more and more of its domestic politics, namely trade, during its so-called “Century of Humiliation.”

There is of course a vast middle ground on the continuum between ‘formal’ and ‘informal’.²⁸³ Empires have found different compromises varying through time, space, and among their different peripheries. For example, Luttwak depicts Roman grand strategy from the time of Emperor Augustus as a number of concentric circles representing degrees of formality (similar to Watson’s ideal type, discussed in chapter 2).²⁸⁴ The first circle around the city of Rome was made up of the formally annexed and provincialized territories that were under Roman law and whose governorships were usually given to Roman politicians after leaving office. The next circle was comprised of client states whose rulers were bestowed titles such as “friend of Rome.” Roman law did not apply here, but their rulers enjoyed the patronage of Rome in return for compliance. The final circle was comprised of societies with no formal ties to Rome but whose chiefs enjoyed informal support from the empire in return for peaceful relations and some degree of deference. Luttwak refers to these three circles as the “zone of direct control,” “inner zone of diplomatic control,” and “outer zone of influence”, respectively.²⁸⁵ The Roman army was stationed in the innermost circle, but it occasionally intervened in the other two. Over the centuries, the empire moved towards a more dichotomous structure, with the entire empire under formal rule and with clear borders. This all demonstrates how, at a single point in time, an imperial hierarchy may have both formal and informal aspects and how it this may change over time.²⁸⁶

To complicate matters further, different empires have historically overlapped, creating in practice coexisting formal and informal ties to different cores. Through much of the nineteenth century, Egypt was a formal part of the Ottoman Empire and informally controlled by the British and (to a lesser extent) French empires, who had taken control over the country’s finances after

²⁸² Darwin, *After Tamerlane*, pp. 298-299; Westad, *Restless Empire*, chap. 2.

²⁸³ Go, *Patterns of Empire*, p. 11.

²⁸⁴ Edward N. Luttwak, *The Grand Strategy of the Roman Empire: From the First Century A. D. to the Third* (Baltimore: Johns Hopkins University Press, 1976), chap. 1. Goldsworthy suggests the same structure, Adrian Goldsworthy, *Caesar: The Life of a Colossus* (London: Weidenfeld & Nicolson, 2006; repr., 2007), p. 288.

²⁸⁵ Luttwak, *The Grand Strategy of the Roman Empire*, p. 22.

²⁸⁶ Nexon and Wright refer to this aspect of empires as “heterogeneous contracting” between core and different peripheries. “What’s at Stake in the American Empire Debate,” pp. 258-259.

a debt crisis.²⁸⁷ Here, formal ties were de facto less consequential than the informal. Likewise, formal allies of the United States in Asia, namely Thailand and the Philippines, may be more subservient to their neighborhood great power, China, than to their treaty partner today.

The different degrees of formality are a place to start when investigating the nature of imperial hierarchies. Explicit recognition of submission is of course a strong indicator of hierarchy, but the absence of formal recognition does not disprove hierarchy. The manifestation of formality is usually one of the most obvious differences between empires. Compare, for instance, the British and the American empire. Both were mixed constellations of formal and informal rule, but the latter generally relied on far less formalized means of control than the former.²⁸⁸

In the empirical analyses of this dissertation, formality plays a smaller role. In infrastructure and infrastructure investment, formal ties can be identified in the participation of other countries in formal political projects such as the Belt and Road Initiative or the Asian Infrastructure Investment Bank, and in the signing of concrete deals. The resulting physical infrastructure is more informal, since it does not entail the submission of one state to another, but only the existence of a physical point of connectivity between the two. In currency affairs, formal ties could manifest in formal arrangements such as currency swap agreements, the adoption of a currency in international organizations (such as the Special Drawing Rights of the IMF), or the formal adoption of a foreign currency as a country's national currency. Most currency ties are informal as choice of currency is usually not guided by a formalized regime. I have chosen to include the issue of formality in my theory of manifestations here because it is a widely used concept in the existing literature and because I believe it could be highly relevant to other studies of imperial order. For example, a study of China's military relations with periphery states would probably need to distinguish between the varying degrees of formality in military partnerships. Moreover, speaking of formality helps explain important differences between the currency systems of historical colonial empires and global currency issuers today.

²⁸⁷ Doyle, *Empires*, pp. 208-218; Darwin, *After Tamerlane*, pp. 288-291, 383-384.

²⁸⁸ Marc J. O'Reilly and Wesley B. Renfro, "Evolving Empire: America's "Emirates" Strategy in the Persian Gulf," *International Studies Perspectives* 8, no. 2 (2007); Go, *Patterns of Empire*.

Continental and Maritime

A second way in which manifestations of empires differ is geography.²⁸⁹ The ancient Mesopotamian empires and the East Asian empires were continental in the sense that the territory of the imperial system was more or less geographically connected, usually having been created through conquest and annexation. In contrast, the modern European empires of France, Great Britain and others saw peripheries separated from their cores by large bodies of water. Some empires, like Mediterranean Athens and Rome, contained both kinds of peripheries, and others, like the Habsburg Empire, simply do not fit the dichotomy, as it was geographically scattered across a continent.

What are some of the consequences of this difference? First, imperial relations generally develop more easily or organically between geographically proximate societies whether the result of aggressive policies or simply of economic dependence. In military terms, it is easier and cheaper to project power across a shorter distance. This fundamental insight informs basic realist notions, such as the idea that states, *ceteris paribus*, are more threatening when they are close by,²⁹⁰ and that the “stopping power of water” impedes military expansion across large bodies of water.²⁹¹ Crossing large oceans with an army also requires particular technological means.

Economic ties also develop more organically between societies that are close to each other for the simple fact that it is easier to travel and transport goods a shorter distance. This creates a tendency for asymmetric interdependence to form around the strongest economy in a geographic region, as neighboring economies automatically gravitate towards strengthening ties to the core, unless policies are implemented to counteract this pull. Before the world economy became truly global, the power of proximity was of course stronger than it is today, when many countries have stronger trade relations with far-away economies than with their neighbors, in large parts due to more complex global value chains. But the fundamental dynamic is still at work: It will always be cheaper to transport goods a shorter distance.

Second, political instability tends to cross territorial borders more easily than oceans. An unstable imperial periphery spreads its instability to other peripheries or even to the core, as sub-state actors and networks move and communicate across borders. This has historically been a driver of imperial expansion, as imperial soldiers have been sent to stabilize a periphery, fearing that violence might otherwise spill over into new areas. This driving force is

²⁸⁹ Münkler, *Empires*, chap. 3. Dominic Lieven refers to the same distinction as the “two main schools” of empire scholarship, Lieven, *Empire*, p. 25.

²⁹⁰ Walt, *The Origins of Alliances*, pp. 23-24.

²⁹¹ Mearsheimer, *The Tragedy of Great Power Politics*, pp. 114-127.

elaborated later in this chapter. Suffice it to say here, the stopping power of water also applies to non-state actors. Empires may deploy troops to stabilize or protect overseas peripheries, but this is not for fear that the violence would spread to the core itself. Put differently, there is a smaller degree of instability spillover between core and peripheries when they are separated by large bodies of water.

Third, connectivity between core and periphery can be enhanced in a more direct and controlled way over land than overseas when it comes to infrastructure. Two states on a land mass can be connected by roads or rails going from one specific point to another. It is clear here what is being connected. In contrast, better ports may improve connectivity between two states separated by water, but it does so in a less direct way, since ships will not necessarily sail between any two states. This difference will be important for the analyses of China's infrastructure engagement in both Africa and Argentina in chapter 6.

Extractive and Developmental

The final typological distinction concerns the economic dynamic of core-periphery relations. The question is whether imperial ties solely benefit the core by extracting value from the periphery or if they help raise the overall economic level of the periphery. The distinction poses a basic trade-off between material gains and legitimacy. In an extractive relationship, the core enjoys greater immediate benefits but will often have to back up the arrangement with some degree of coercive means. In a developmental relationship, the direct benefits are smaller and more long-term, but the arrangement will enjoy greater support from the periphery, making it easier to sustain.

The Extractive Dynamic

Extractive relations are more often associated with empires. Railroads that run directly from a mine to a port, bypassing cities on the way, are some of the most obvious examples, as these were clearly built to extract resources from the periphery hinterlands without creating local value.²⁹² In a slightly broader sense, extractive relations can involve the fundamental reorganization of the periphery economy to produce one or a few crops for export to the core. This was the model of British and French imperialism in Egypt. Another example of extractive relations was the British establishment of "market boards" in African colonies like Ghana, Kenya, Sierra Leone, and Zambia. These boards dic-

²⁹² E.g. Daniel R. Headrick, *The Tentacles of Progress: Technology Transfer in the Age of Imperialism, 1850-1940* (New York: Oxford University Press, 1988), p. 50.

tated the price at which certain peripheral goods could be exported. Conveniently for the core, this price was consistently set well below the general market price of the goods, effectively allowing the core to “extract” the price difference of the goods.²⁹³ The ancient agrarian empires such as Rome and the Near Eastern empires also expanded through an extractive dynamic. As argued by Münkler, these empires were based on the “*military* extraction of surplus product,”²⁹⁴ where conquest enabled the harvesting of tribute and booty from the subdued periphery, which in turn was spent supporting the military itself as well as prestige projects in the core. Münkler points to Assyria as the clearest example of this dynamic, arguing that the empire only survived as long as it was able to channel resources from the periphery to the core.²⁹⁵

In an extractive imperial relationship, the core does not have to keep the periphery impoverished intentionally. If a periphery actually enjoys economic benefits from resource extraction, so be it. The point is that economic development of the periphery is not considered a goal in itself. Instability and poverty in a periphery is not a problem for the core in the extractive logic, as long as it retains its access to the desired resources or goods. It is therefore inaccurate to consider the extractive dynamic zero-sum as opposed to a positive-sum developmental dynamic. This is not a reformulation of the realism vs. liberalism debate on zero or positive sum gains.²⁹⁶ The asymmetry of power capabilities in an empire is so great that the core does not need to worry about whether the periphery actually makes economic gains from their relationship. In an extractive relationship, the periphery is considered a source of resources and wealth for the core.

The Developmental Dynamic

In the developmental logic, the core derives its benefits from the prosperity of the periphery. A wealthier periphery is better able to absorb products from the core, boosting exports. Economic development may also help reduce violence and instability, which again has positive economic impacts for both core and periphery. Win-win and positive-sum relations is the name of the game. The economic growth of the periphery becomes an interest of the imperial core.

This dynamic is captured in Doyle’s (and subsequently Münkler’s), account of the term “Augustan Threshold”: A process of reform undertaken by

²⁹³ Acemoglu and Robinson, *Why Nations Fail*, pp. 335-344.

²⁹⁴ Münkler, *Empires*, p. 52. Original emphasis.

²⁹⁵ Ibid. pp. 52-54.

²⁹⁶ E.g. David A. Baldwin, *Neorealism and Neoliberalism: The Contemporary Debate* (New York: Columbia University Press, 1993).

the Roman Empire in the first century A.C., which ensured the empire's persistence.²⁹⁷ In brief, Emperor Augustus "established a bureaucracy that put his, its own, and the empire's interests before any specifically Roman demands,"²⁹⁸ namely the demands of the aristocracy in the metropole of Rome. The process included the expansion of citizen rights to the people and elites in the periphery, and it helped reduce administrative costs and—perhaps most importantly—boost loyalty among imperial subjects in the periphery. Another central political innovation was the invention of a shared pension system for veterans, which shifted the loyalty of the Roman army from individual generals to the empire as a whole.²⁹⁹ The imperial rule in essence shifted its focus from benefitting particular factions and individuals within in the core exclusively to sharing economic and political inclusion across core and peripheries. Among other things, this helped bring down the cost of running the empire as growing peripheral loyalty required less attention from the Roman military. The Augustan Threshold is a useful way of thinking about developmental dynamics in an empire. In a contemporary, informal setting, the core may not be issuing citizen rights to residents of the periphery, but investments in the prosperity of the periphery could be a key component in the survival of the empire as a whole.³⁰⁰

Another notion that catches some of the developmental logic is the so-called "flying geese" model of development, originally used to explain East Asian economic development with Japan as the front goose. The model states that economies may evolve in parallel as they move through the different states of economic development. When one country develops ahead of others (the front goose), it accumulates physical and human capital, which is directed into more capital-intensive industries, and it outsources the production of less capital-intensive work, and later, capital itself to other countries (the next geese in the formation).³⁰¹ Outsourcing improves the infrastructure and economy of the less developed countries, which gradually imitate the experience of the front goose and start exporting work and capital to other countries further

²⁹⁷ Doyle, *Empires*, pp. 93-97; Münkler, *Empires*, pp. 65-79.

²⁹⁸ Doyle, *Empires*, p. 96.

²⁹⁹ Mary Beard, *SPQR: A History of Ancient Rome* (London: Profile Books, 2015), pp. 371-372.

³⁰⁰ Münkler, *Empires*, pp. 58, 102-107.

³⁰¹ Kiyoshi Kojima, "The 'Flying Geese' Model of Asian Economic Development: Origin, Theoretical Extensions, and Regional Policy Implications," *Journal of Asian Economics* 11, no. 4 (2000): p. 376. For a critical review, see Mitchell Bernard and John Ravenhill, "Beyond Product Cycles and Flying Geese: Regionalization, Hierarchy, and the Industrialization of East Asia," *World Politics* 47, no. 2 (1995).

down the supply chain. This ends up forming the arrowhead formation of flying geese; wherein all states enjoy the benefits of economic growth as a result of the growth of the geese ahead. They grow together. In an imperial context, the front goose is the core, which exports capital and technology to its periphery.

Using the model to describe imperial relations is problematic in one important sense. While hierarchical like an empire, the flying geese model assumes goose number two to be connected to goose number three, which is connected to number four and so on. It thus breaks with the second defining attribute of an imperial structure by having peripheries be connected to each other—even if it is only a single other state. One must either soften the criteria for a hub-and-spokes and allow peripheries to be connected to other peripheries downstream, maintaining the core as the hub, but having multiple nodes on each spoke leading to and from the hub. Alternatively, the model can be adjusted to a “mother goose” model, where the core provides shelter for all the smaller geese following in its wake. This adjustment would maintain the element of parallel economic growth while disconnecting the peripheries. Either way, the flying geese is one, albeit imperfect, way of illustrating how the developmental logic creates benefits for both core and periphery. (I return to the question of variations in the hub-and-spokes ideal type at the end of this chapter.)

The developmental logic entails an increase in the economic capabilities of the periphery, but this is hardly a threat to the overall hierarchy of the imperial structure. Even if economic ties between the core and a particular periphery were to provide greater economic benefits to the periphery than to the core, the core still has more connections to benefit from. A simple mathematical illustration: A core state has economic exchange with five periphery states. In each interaction, the respective peripheries reap an economic benefit worth five economic units a year, whereas the core only enjoys four economic units a year. Each periphery gets 25% more out of their interaction with the core than vice versa. However, when summarized, the core still enjoys an annual benefit of twenty units (5×4) compared to the five units of each periphery. Whether this is enough to sustain a larger annual growth rate than the periphery will of course depend on the respective sizes of the economies. The takeaway here is that the core may enjoy significant economic benefit from an imperial system of developmental ties even when peripheries profit more from the individual ties.

Developmental ties imply a risk for the core that prosperity in one or more peripheries may cause them to engage in commercial exchanges with each other rather than with the core alone, which would undermine the imperial

structure.³⁰² Although this is a real risk for the core, it is mitigated by the sheer size of the core's economy and the likely complementarity of core and periphery economies, which usually find themselves in quite different positions in the value chain of production. Even if two peripheries prosper, they may still not have good reasons to conduct economic exchange with each other instead of with the core.

The past pages have discussed the second pillar of my theory; the three different spectrums along which empires can manifest. It is perhaps tempting to collapse the first two distinctions into a single category called “modern empire” to describe informal maritime empires as opposed to the formal continental empires of the ancient world, but doing so obscures important differences. The logic behind the distinction between formal and informal is quite different from the one between continental and maritime. Collapsing the distinctions together thus only makes sense if most maritime empires were informal and most continental empires formal. Yet, Tsarist and Soviet Russia were continental and formal; America was largely maritime and informal; and The British Empire was maritime but had both informal and formal peripheries, gradually shifting from the former to the latter at the turn of the nineteenth century. With all these important exceptions, it is hard to see the analytical gain of collapsing the two distinctions into one.

How Empires Develop

Having looked at the structure and different manifestations of empires, we now turn to the third pillar of my theory: the factors that cause or inhibit the expansion of imperial systems. Empires are dynamic. They rise and they fall in the classic terminology.³⁰³ This section presents some of the driving forces behind imperial expansion or contraction, which I organize into two categories depending on whether they originate in the core or the periphery. A central argument of this dissertation is that both core *and* peripheries are important when studying the development of empires as a whole. These factors

³⁰² Bryan Ward-Perkins, *The Fall of Rome: And the End of Civilization* (Oxford: Oxford University Press, 2005), pp. 87-104; Nexon and Wright, “What's at Stake in the American Empire Debate,” p. 262.

³⁰³ Prominent examples include Edward Gibbon, *The History of the Decline and Fall of the Roman Empire* (Cambridge: Cambridge University press, 1829; repr., 2013); Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000* (New York: Vintage Books, 1989); Geir Lundestad, *The Rise and Decline of the American 'Empire': Power and its Limits in Comparative Perspective* (Oxford: Oxford University Press, 2012).

will be investigated in my empirical analyses to evaluate the prospects of strengthened imperial dynamics around China in the future.

It is tempting to think of imperial expansion and contraction in terms of depth and width; the former denoting the strength of imperial ties and the latter the geographic scope. But such a distinction would entail a clear theoretical distinction between the peripheries that are *inside* the imperial system and those that are not, and this is inaccurate. Imperial ties are always a question of degree, not either or. Expansion is the strengthening of the imperial structure, either through the strengthening of ties to existing peripheries, the creation of ties to hitherto disconnected states, turning them into peripheries, or through the disconnection of previous ties between peripheries and other units. Recall the three defining attributes of empires: core-periphery ties, absence of periphery-periphery ties, and absence of ties between peripheries and states outside the system. Imperial expansion is what strengthens these attributes, and contraction is what weakens them.

I theorize the factors that affect imperial development through a slightly old-fashioned distinction in the literature on empires between *metrocentric* and *pericentric* forces.³⁰⁴ These are akin to “push” and “pull” factors with different theoretical foci. The distinction has so far primarily been used to categorize the literature on imperial developments in metrocentric and pericentric theories, according to the causal factors to which they point. They also reflect different kinds of arguments and fields of research.

The metrocentric literature relies predominantly on Marxist arguments and consists of authors such as John Hobson, Rosa Luxemburg, Vladimir Lenin, and Joseph Schumpeter, all of whom argued that imperial expansion, whether economic or military, was an innate tendency of capitalist powers. In order to understand imperialism, they claim, we should look to the imperial core, its needs and interests. With the exception of Schumpeter,³⁰⁵ these scholars were mostly concerned with criticizing what they perceived as contemporary imperialism and demonstrating how this was rooted in the predominant economic model of society.

³⁰⁴ Doyle, *Empires*, pp. 22-26, 141-161.

³⁰⁵ In contrast to the other metrocentric theorists, Schumpeter regarded imperial expansion (in a military sense) as fundamentally at odds with capitalism, since capitalism relies on free trade. Imperial expansion should instead be explained either by the “warped export monopolies and big banks, which favored imperialism” or the existence of a societal “war machine” that “created the wars it required”. For a description, see *ibid.* pp. 155-159. For Schumpeter’s main piece on imperialism, see Schumpeter, *Imperialism and Social Classes*.

The pericentric position was primarily expressed by historians studying specific empires rather than by political scientists trying to develop general theories of imperialism. John Gallagher and Ronald Robinson argue in “The Imperialism of Free Trade,”³⁰⁶ one of the most cited articles within this line of argumentation, that imperial expansion and the transformation from informal to formal empires was typically the result of peripheral instability threatening the private actors of the state and forcing it to intervene. This argument shifts the perspective from the characteristics and needs of the core to the conditions in the periphery in which commercial and religious actors are already operating. The perspective thus shifts from universal imperial mechanisms and dynamics to context-specific conditions in a given periphery at a given time in history. Rather than following a particular strategy or capitalist demand, imperial rulers *react* to conditions in the periphery

Doyle includes a third type of arguments in his review: the systemic.³⁰⁷ This is essentially the neorealist explanation for state behavior as a response to the distribution of capabilities in the international system. The argument has two aspects. One is the claim that states naturally seek to expand their influence as they grow in power, a view Doyle attributes to Benjamin Cohen,³⁰⁸ and which has more recently become associated with John Mearsheimer and offensive realism.³⁰⁹ The other is that the polarity of the international system may shape and drive or inhibit imperialism. Doyle argues, for example, that multipolar systems tend to lead to formalized empires whereas bipolar systems tends toward informal empires.³¹⁰ I incorporate the systemic or neorealist arguments into my metro- and pericentric typology rather than give them their own category, because their arguments can be framed as strategic rationales of peripheries and of cores outside the system, who may seek to counter-balance each other. It is in other words the reaction of other states to the growing power of any single core.

As with the imperial manifestations discussed above, the distinctions drawn here are also ideal-typical. Several factors will be at work together in the expansion or contraction of an empire, and some of the driving or impeding forces could perhaps equally be framed in metro- or pericentric terms. The benefit of the typology is that it creates a way to categorize and theorize causal forces and to discuss them separately. It simplifies reality to make it manageable without ignoring empirical complexities. It also structures my enquiry.

³⁰⁶ “The Imperialism of Free Trade,” *The Economic History Review* 6, no. 1 (1953).

³⁰⁷ Doyle, *Empires*, pp. 26-30.

³⁰⁸ Cohen, *The Question of Imperialism*.

³⁰⁹ Mearsheimer, *The Tragedy of Great Power Politics*.

³¹⁰ Doyle, *Empires*, p. 136.

The particular drivers and impediments at work depend on the topic under investigation, and they will differ between chapter 6 and 7.

To these two kinds of drivers could be added the particular context that is being studied, since it will shape the forces that drive and impede imperial expansion. As discussed regarding manifestations of empire, the social and material technology available at a given time will shape the form of an empire. The same can be said about the dynamic development of that empire. The offense-defense balance is a familiar example in the International Relations literature.³¹¹ At any point in history, the available technology will favor offense or defense in warfare. The development of new fortifications may give the advantage to the defender, while new siege equipment will favor the attacker. More recently, the introduction of anti-access/area denial strategies (A2/AD) relying on missiles and radar surveillance capabilities has arguably shifted the advantage to the defense again.³¹² In times where the offense enjoys the advantage, states may be more inclined to engage in battle to ensure that they, not their opponent, receive the benefit of the offense. In periods where technology favor the offense, imperial military expansion will be more likely, and the opposite is the case in times where defensive technologies have the upper hand.

Contextual factors such as the offense-defense balance are neither metrocentric nor pericentric since they are conditions shared by core and periphery. I do not include them as distinct points in my analyses, but rather as themes that run through my discussions and help frame the particular issue areas at given times. For example, chapter 7's study of contemporary currency affairs is highly influenced by the globalized nature of capital flows in today's world economy, and this has important impact on the prospects for establishing a Chinese renminbi order. This insight is presented early in chapter 7 and in my discussion of globalization in chapter 5. The following explores some common metro- and pericentric factors that appear in the literature on empires and inspire my subsequent analyses.

Metrocentric Drivers

The metrocentric drivers capture the strategic pursuit of the benefits of empire by the core. What is considered strategically useful will always depend on the

³¹¹ Robert Jervis, "Cooperation under the Security Dilemma," *World Politics* 30, no. 2 (1978): pp. 167-214; Charles L. Glaser and Chaim Kaufmann, "What is the Offense-Defense Balance and Can We Measure it?," *International Security* 22, no. 4 (1998).

³¹² Stephen Biddle and Ivan Oelrich, "Future Warfare in the Western Pacific: Chinese Antiaccess/Area Denial, U.S. AirSea Battle, and Command of the Commons in East Asia," *International security* 41, no. 1 (2016).

specific historical and technological context. For instance, in most of human history, formal control over farmland has been the primary source of revenue for a ruler. Today, with revenues more closely tied to human capital and technology than to agricultural yields, annexing new territories may be more costly than beneficial to the new ruler. This illustrates what Victoria Hui calls the “loss of strength gradient”³¹³ and how it changes over time—and with it the strategic interests of states. Other metrocentric drivers of imperial expansion could be the economic need for a particular natural resource present in the territory of a periphery state, or the quest for prestige,³¹⁴ since being the hub of an imperial system carries international status beyond the peripheries of the same system.

Domestic imperial ideology can also drive expansion. This can be reflected in a popular and elite belief that it is the (divine?) mission of the empire to recreate the world in its image, be that image religious, neoliberal, cultivated etc.³¹⁵ Different ideologies may lead to the formation of different kinds of empires. For instance, an ideology of democratization by force is unlikely to lead to formal annexation of other states, though it may lead to invasion and occupation. In contrast, a “white man’s burden” ideology could well drive a push for formal rule over peripheral areas inhabited by foreign peoples in need of “guidance.” Analytically, it is notoriously difficult to ascertain whether an imperial ideology expresses deeply held beliefs or whether it just sugarcoats strategic or economic interests. Fortunately, that issue does not concern us here. If elites use an imperial ideology instrumentally to further particular interests, then the belief must be held among the population, and the ideology can therefore reasonably be considered an enabler of imperial expansion. Whether or not the elites subscribe to the ideology in their heart of hearts is as such irrelevant.

In a globally connected world, a shift to imperial policies could also be the result of changing views of multilateralism and of having a rule-based international order. A dominant state may at one point consider strong international institutions an asset and at another point consider them a nuisance and a straightjacket. In the latter case, it may begin dismantling multilateral institutions and conduct more of its international negotiations bilaterally. This

³¹³ Victoria Tin-bor Hui, “Towards a Dynamic Theory of International Politics: Insights from Comparing Ancient China and Early Modern Europe,” *International Organization* 58, no. 1 (2004); *War and State Formation in Ancient China and Early Modern Europe*.

³¹⁴ Gilpin, *War and Change in World Politics*, pp. 30-34; Morgenthau, *Politics among Nations*, chap. 6.

³¹⁵ Münkler, *Empires*, chap. 4; Foster, “The Concept of Empire.”

kind of shift in political ideology can itself have many causes, but it will support the emergence of a more imperial structure of foreign relations. It is important to note that a shift to a policy of isolationism would not support an imperial development, since isolation would mean the severance of ties to other states, as opposed to bilateralism, which keeps existing ties between core and peripheries.

Metrocentric drivers can also relate to particular groups within the core society rather than the interests of the state as a whole. On the economic side, particular sectors of the economy may push for stronger ties to the periphery because it is good for business. For Hobson and Hilferding, financiers and bankers were the main advocates of expansion due to their continuous search for new investment opportunities outside the core and they encouraged their governments to open up peripheries to economic exchange.³¹⁶ The political system in the Roman Republic before Augustus also directed provincial governors to pursue continuous conquest because the spoils of war were necessary for politicians to secure lucrative offices in the future³¹⁷ and to pay off the heavy debts they had obtained in order to launch their political careers in the first place.³¹⁸ In the analysis of infrastructure in this dissertation, the needs of the Chinese construction sector form a metrocentric driver, as a host of companies profit from working on large infrastructure projects abroad.

Metrocentric Impediments

Metrocentric impediments reverse the above logic. A state, or important factions within the state, may believe that running an empire is not in its own interest. This could be due to an isolationist preference or because policy makers consider the empire in risk of “strategic overstretch,” a concept usually attributed to Paul Kennedy’s analysis of the British Empire. Kennedy writes in his epilogue: “If they [great powers] spend too much on armaments—or, more usually, upon maintaining at growing cost the military obligations they had assumed in a previous period—they are likely to overstrain themselves, like an old man attempting to work beyond his natural strength.”³¹⁹ Attempting to do more than its power permits, the great power hastens its own decline.³²⁰

³¹⁶ Brewer, *Marxist Theories of Imperialism*, chap. 4-5.

³¹⁷ Lieven, *Empire*, p. 32.

³¹⁸ As was the case in the career of Julius Caesar, Goldsworthy, *Caesar*, p. 625.

³¹⁹ Kennedy, *The Rise and Fall of the Great Powers*, p. 540. See also Lieven, *Empire*, p. 109.

³²⁰ Gilpin makes the same argument about the Roman Empire, which overextended its territorial defense in the second and third century AD while failing to innovate a stagnated economy. *War and Change in World Politics*, pp. 189, 191.

A dominant state has good reason to wind down its international commitments when facing a relative decline in power compared to other states. A fundamental metrocentric impediment to imperial expansion is therefore a weakening power base, i.e. slowing economic growth. On the domestic side, the population of the core may lose their ‘will to empire’ or belief in their previously held imperial mission. Such a shift makes it much harder for policy makers to legitimize imperial policies, especially if the population believes wealth is being channeled from the core to the periphery in developmental ties. As argued in chapter 6, voices in China make this exact argument about the vast finances going into funding the BRI abroad.

Finally, the particular dynamics of a country’s economy may comprise a metrocentric impediment. Tight regulations and control over trade and financial exchanges make it more difficult and often costly to foster economic ties, as opposed to the more organic way in which an open economy can invite cooperation. If a state insists on maximizing its control over its economy, it may have a negative impact on trade and financial flows to and from the country.

Pericentric Drivers

To understand imperial developments, we must also look beyond the imperial core. Conditions in the periphery are equally important in the shaping (and dismantling) of empires.³²¹ At least four such factors can have a driving effect on the formation of an empire: demand for capital, the need to balance ties to other cores, instability, and internal division in society. The factors I focus on differ from Doyle’s comparative study, as he focuses almost exclusively on the societal structure of the periphery, i.e. whether they are tribal, patrimonial, feudal, fractionated, or settler societies.³²² In his argument, the social organization of a periphery is the primary explanation for periphery weakness to imperial aggression. This makes sense for a sweeping historical argument, which emphasizes forceful coercion as a hallmark of empires.³²³ Since my own empirical analysis is contemporary, all periphery societies will formally be states. Moreover, my analysis of China studies geoeconomics rather than military relations and conquest. That being said, the factors I highlight share many similarities with Doyle’s argument, since many of the conditions that enable military conquest may also pave the way for economic dependence. The difference is primarily in the theoretical structure of the argument.

³²¹ Jürgen Osterhammel, *Colonialism: A Theoretical Overview*, 2 ed. (Princeton: Markus Wiener, 1995; repr., 2005).

³²² Doyle, *Empires*, pp. 130-135.

³²³ Ibid. pp. 39-40.

First, periphery economies are often in need of capital from the outside to bolster their economic growth, and this creates an ongoing demand for economic ties to stronger economies. A core may experience a “pull” effect for stronger economic ties to peripheries, which may result in a compromise between extractive and developmental relations. Especially capital-hungry developing countries are usually open for business.

Second, a periphery may encourage stronger ties to a core as a means to balance against other states in their region or another great power. As Mary Beard argues in her study of the Roman Empire, “Representatives from the East repeatedly came to Rome in the hope of winning moral support or military intervention. [...] The simple shorthand ‘Roman conquest’ can obscure a wide range of perspectives, motivations and aspirations on every side of the encounter.”³²⁴ When these “invitations” resulted in Roman military intervention, results still varied substantially from a swift military campaign to the much rarer formal annexation. The point is here that the establishment of core-periphery ties often comes at the behest of the periphery rather than the core, and this goes for security, economy and other domains.

Third, instability in the periphery may drive imperial engagement. John Galbraith frames this dynamic as the “turbulent frontier.”³²⁵ When faced with violence and instability on its borders, an empire is constantly tempted to expand in order to stabilize its surroundings, since instability is usually not confined by territorial borders. The Roman Empire constantly faced this issue. Persistent raids on the empire’s borders and on its peripheral allies forced it to keep expanding its area of control in order to stabilize its periphery—a periphery that in turn grew ever larger and more difficult to manage. Here, insecurity on the periphery served to pull and stretch the empire ever wider in a form of “mission creep.” As Doyle remarks, “eminently defensive in character, this dynamic was nonetheless expansive in effect.”³²⁶ Galbraith makes the same argument about colonial expansion in South Africa, arguing that local colonial administrators could not wait for a response from the imperial core half a world away and instead took it upon themselves to pacify their turbulent neighbors.³²⁷ However, once territory was occupied, it was difficult to scale back the territorial expansion without returning to the previous unsatisfactory

³²⁴ Beard, *SPQR*, pp. 194-195.

³²⁵ John S. Galbraith, “The ‘Turbulent Frontier’ as a Factor in British Expansion,” *Comparative Studies in Society and History* 2, no. 2 (1960).

³²⁶ Doyle, *Empires*, p. 26.

³²⁷ John S. Galbraith, *Reluctant Empire: British Policy on the South African Frontier 1834-1854* (Berkeley: University of California Press, 1963).

status quo, and this led the British Empire to keep expanding. A similar dynamic was evident in European colonialism where the “first movers” were private actors, such as merchants and missionaries. Instability and violence in the overseas peripheries caused these private enterprises to call upon their home government to protect their lives and property, leading to interventions ranging from gunboat diplomacy to outright annexations.³²⁸

This process rarely a linear development.³²⁹ Private actors would often find future colonies ruled by strong and centralized powers, and in these cases, colonial conquest was usually preceded by a long period of subordination to the local rulers. Nonetheless, by the turn of the nineteenth century, colonization often sprang from these small, private enterprises. The presence of private actors of empires in the periphery often carried with them the seeds of future colonial dominance, although it was not a direct process.

Galbraith used the concept of a turbulent frontier to explain military conquest, but I argue that it is also applicable to economic ties. Instability is often tied to poverty and the lack of economic opportunity. Consequently, initiatives that combat poverty and create economic growth may also combat instability. The driving force is the same here: instability abroad, which causes harm to people and commerce and threatens to spread to the core or to other peripheries. The solution: the establishment of developmental ties to bolster the prosperity of the periphery.

Finally and most closely aligned with the factors mentioned by Doyle, division between a ruling elite and the wider population within a periphery society, such as in non-democratic or highly corrupt countries, may enable imperial expansion because it makes it possible for the core to strike deals that only benefit a narrow elite. The incongruence between the interests of the people and the elite in the periphery is one of the central pillars of several theories of imperialism, as it explains why a periphery may engage in exchanges with a core that are clearly disadvantageous to the periphery society.³³⁰ By appeasing a small ruling elite, the core may forge strong imperial ties to a periphery state as a whole. In contrast, politicians in countries with less societal division

³²⁸ Gallagher and Robinson, “The Imperialism of Free Trade.”; P. J. Cain and A. G. Hopkins, “Gentlemanly Capitalism and British Expansion Overseas I. The Old Colonial System, 1688-1850,” *The Economic History Review* 39, no. 4 (1986); John Darwin, “Imperialism and the Victorians: The Dynamics of Territorial Expansion,” *The English Historical Review* 112, no. 447 (1997): p. 619.

³²⁹ J. C. Sharman, *Empires of the Weak: The Real Story of European Expansion and the Creation of the New World Order* (Princeton, N.J.: Princeton University Press, 2019).

³³⁰ E.g. Galtung, “A Structural Theory of Imperialism.”; Motyl, *Revolutions, Nations, Empires*; Nexon and Wright, “What’s at Stake in the American Empire Debate.”

and lower levels of corruption, such as functioning democracies, will have stronger incentives to take the interests of their people into account when dealing with the core. Autocratic rule and corruption provide the imperial core with easier avenues for exercising influence and establishing ties to a periphery. When societies are divided, the core only needs to coopt a narrow elite rather than win broad, popular support.

Pericentric Impediments

The most important pericentric impediments represent the reversals of the previously mentioned drivers. First, affluence in a periphery places strong limits on the prospects for strong asymmetric interdependence between core and periphery. A rich and developed periphery is not dependent on capital from the core, even if investments may still be used as an inducement. Moreover, it may have more complementarity in its economic relations with other peripheries than with the core, making it more natural for it to forge economic ties to other peripheries than to the core. This reduces asymmetry in economic interdependence and makes it harder to establish the periphery as a spoke in an imperial system without resorting to violent means.

Second, just as a periphery may seek to strengthen its ties to the core to hedge against other great powers, the opposite is equally the case. The rise of a great power or its pursuit of policies considered aggressive may lead periphery rulers and rival great powers to form a balancing coalition. In realist jargon, this is when peripheral rulers who previously collaborated with the core move from bandwagoning to balancing.³³¹ It can also take the form of *soft balancing* through institutions, economic ties, and more informal kinds of alignments against the core. The purpose is the same here, though the means are indirect and ‘softer’ than military ones.³³² Whether hard or soft, balancing undermines the imperial hub-and-spokes by linking the periphery with rival great powers outside the system, undermining the political centrality of the imperial core.

³³¹ Walt, *The Origins of Alliances*, chap. 5. See also Joseph M. Parent and Sebastian Rosato, “Balancing in Neorealism,” *International Security* 40, no. 2 (2015).

³³² Robert A. Pape, “Soft Balancing against the United States,” *International Security* 30, no. 1 (2005); Kai He and Huiyun Feng, “If Not Soft Balancing, Then What? Reconsidering Soft Balancing and U.S. Policy Toward China,” *Security Studies* 17, no. 2 (2008); Birthe Hansen, Peter Toft, and Anders Wivel, *Security Strategies and American World Order: Lost Power* (London: Routledge, 2009), chap. 2; T. V. Paul, *Restraining Great Powers: Soft Balancing from Empires to the Global Era* (New Haven, Conn.: Yale University Press, 2018).

A coalition may form by the initiative of the imperial periphery or from the efforts of rival great powers who consider the core a strategic threat. In either case, balancing coalitions increase the cost of maintaining and expanding the empire by threatening with violent retaliation and by attempting to lure periphery rulers into abandoning their ties to the imperial core in favor of other allegiances. At their highest level of intensity, balancing coalitions may lead to hegemonic wars over the future structure of the international system.³³³ At moderate levels, the prospect of balancing limits the ability of the imperial core to leverage its asymmetric interdependence against its periphery for fear that they may turn to its rivals for support.

This dynamic relates to the self-defeating nature of sanctions, which is a persistent limitation on the ability of the core to influence its periphery. The more the core attempts to coerce its periphery by using ties of asymmetric interdependence, the more the periphery will actively try to reduce its dependence on the core in favor of other partners.³³⁴ This logic applies to geo-economic relations (trade, loans, investments, currency use) as well as military relations (defense guarantees), and its logic is explained by the iterated prisoners' dilemma: A propensity by one part to act against the mutual interest (e.g. mutually beneficial trade) will reduce the likelihood of the other actor cooperating in the future.³³⁵ In this way, every time the core "weaponizes" asymmetric interdependence against a periphery, it reduces the willingness of that periphery (and probably also of others) to forge closer ties to the core in the future, hence undermining the future of the imperial structure itself. In short, the fear of balancing places strong limitations on the ability of the core to influence its periphery, for fear of future repercussions.³³⁶

Third, just as peripheral instability may create a demand for economic or military engagement by the core, it makes that same engagement more costly.

³³³ Gilpin, *War and Change in World Politics*, pp. 199-200.

³³⁴ Blackwill and Harris, *War by Other Means*, p. 59.

³³⁵ Robert Axelrod, *The Evolution of Cooperation* (New York: Basic Books, 1984).

³³⁶ Brantly Womack argues further that in asymmetric relationships, the more dependent part will also be able to mobilize greater resources relative to its size than the less dependent part because the relationship is much more important to the weaker than to the stronger in relative terms. This is an interesting inversion of the logic presented in my chapter. Because peripheries are more dependent, they are also more attentive to the relationship and willing to dedicate more resources to it (either to maintain it or to challenge it). The argument does not contradict or pose a problem for my analysis. It merely shifts the focus from the structural conditions to the behavior of its units. For this reason, I do not include it in my theoretical framework. See Brantly Womack, *Asymmetry and International Relationships* (New York: Cambridge University Press, 2016).

Military operations in faraway unstable peripheries are hampered by the existence of local resistance forces that are familiar with the geography and supported by the local population.³³⁷ Business ventures in unstable areas have a much higher chance of failing due to the hostile environment. Workers may be attacked, goods transports ambushed, debts remain unpaid, and so on. Armed protection for workers may be required, which increases expenses. Moreover, news of core nationals being killed abroad may undermine public support at home for such projects. Construction projects may even require protection after they are finished. This all impedes the formation of imperial ties by making their creation and maintenance more expensive to both core and periphery.

Fourth, empires may face organized resistance from the peoples of the periphery. Citizens may become dissatisfied with what they perceive to be aggressive or unjust behavior on the part of the core and choose to revolt. Resistance may take the form of peaceful demonstrations, strikes, pressure on periphery politicians, or violence against the imperial presence in the periphery. Periphery “rebels” may even target people or places within the imperial core, creating instability. Besides frustrating imperial rule, resistance increases the risk of strategic overstretch for the empire by increasing the costs of maintaining control over the periphery, zapping the energy of the core.³³⁸

In formal empires, resistance is not only a cause but also a symptom of imperial weakness. As long as the empire is seen as strong, resistance is generally deterred, as dissatisfied individuals consider resistance futile. But if dissatisfied groups believe that the empire is already bleeding, they are far more likely to join the fight. This underscores why prestige and the image of control are so important for empires. Being perceived as weak is an invitation to the enemies of the empire to demonstrate that weakness. This dynamic also explains why empires have at times been so ruthless in suppressing resistance in the periphery.

The drivers and impediments presented here will be supplemented by more specific factors pertinent to the particular empirical analyses. This is not an exhaustive list. For example, in my study of railroads, different gauge sizes are an impediment to connectivity. Concrete analyses use the ideal-typical language and the above typology of drivers and impediments and then adds the applicable empirical factors.

³³⁷ Paul K. Macdonald, *Networks of Domination: The Social Foundations of Peripheral Conquest in International Politics* (Oxford: Oxford University Press, 2014), p. 7.

³³⁸ Münkler, *Empires*, p. 114.

Alternatives to Empire

This dissertation focuses on the empire ideal type as the main theoretical vehicle of my analyses. This choice of research method enables me to draw on and incorporate concepts and dynamics from the theoretical and empirical literature on empires, thus contributing to the International Relations' literature by both dusting off some older literature in the field (such as Doyle's *Empires*) and importing insights from newer work in other fields. However, as an ideal type, my conceptualization of empires is abstract and very "restrictive," since it is difficult to imagine an international order structured in a perfect hub-and-spokes at any point in history—let alone in a globalized world! For this reason, it may be useful to ponder some alternative configurations of connectivity to provide a theoretical vocabulary for connectivity patterns that do not conform to the imperial hub-and-spokes.

In the following, I first present three alternatives to empire as theorized by Nexon and Wright. All three posit some degree of international dominance by a single state but demonstrate how international orders may still differ. I then identify their shortcomings and argue why they are ill suited for contemporary studies, before presenting my own three alternative ideal types to empire, which I call *hegemony*, *contested order*, and *nonhierarchical order*. My three orders are all logically deduced variations on the imperial hub-and-spokes structure, wherein different aspects are relaxed or modified, i.e. by introducing multiple core states into the system or inter-peripheral ties.

Nexon and Wright's Three Alternatives

Nexon and Wright describe the imperial order as one of four possible patterns of order, the others being *unipolar anarchy*, *hegemonic order*, and *constitutional order*.³³⁹ These ideal types are all based on the logic of network theory, as my own work, and they are all designed to depict relations between a single predominant state and a number of weaker states.

In a *unipolar anarchy*, as understood in structural realist theory and depicted in the analogy of billiard balls, the actors in the system are fundamentally separate and independent, and anarchy makes cooperation difficult.³⁴⁰ The *hegemonic order* draws more on hegemonic stability theory.³⁴¹ Here, the

³³⁹ Nexon and Wright, "What's at Stake in the American Empire Debate," pp. 255-258.

³⁴⁰ Waltz, *Theory of International Politics*, p. 93; Arnold Wolfers, *Discord and Collaboration: Essays on International Politics* (Baltimore: Johns Hopkins Press, 1962), p. 19.

³⁴¹ Kindleberger, *The World in Depression, 1929-1939*.

existence of a predominant power mitigates the negative effects of international anarchy on international cooperation, as the hegemon functions as rule creator and enforcer in the international system. In such a system, the dominant state exercises asymmetric influence over the weaker actors in the system, while at the same time enabling peaceful exchange between other powers, great or small. This system only survives as long as the hegemon can maintain its position of power preponderance. The third configuration, the *constitutional order*, is a further development of the hegemonic order. Here the dominant power institutionalizes rules in a number of international regimes and institutions, which enable multilateral negotiations, information sharing, collective action, monitoring etc.³⁴² This order also facilitates cooperation among all actors in the system. All are affected by the institutions created, even if the predominant power enjoys a greater say in the running of these institutions. The central difference between the constitutional and the hegemonic order is thus the establishment of a new unit besides the state actors, which influences the behavior of all actors. Furthermore, by inscribing the hegemonic order in a body outside the hegemon itself, the order may be able to survive the eventual decline of the hegemon itself, since the order remains beneficial to its members.

There are three reasons why I do not employ the above typology in my own study. First, the four ideal types of Nexon and Wright provide an excellent framework for studying connectivity patterns among a group of states where a single state is predominant. They are, however, less useful for constellations where multiple competing cores vie for influence over periphery states, and this is often the case. They are therefore of limited use when studying empirical situations where great power competition is an important feature.

Second, the four types are best suited to study ties of *political authority* between states, which is why Nexon and Wright include international institutions in one of their orders and emphasize ties between elites. The work of Reeves on China as an empire, discussed in chapter 2, follows the focus of Nexon and Wright here.³⁴³ In contrast, I study the *structure of interdependence* among states rather than the political authority structure that may arise as a result of it. In my study of infrastructure ties, it does not make sense to include international institutions, since these are not geographic entities to

³⁴² Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, N.J.: Princeton University Press, 1984), chap. 5-6.

³⁴³ Reeves, "Imperialism and the Middle Kingdom."; *Chinese Foreign Relations with Weak Peripheral States*; "China's Silk Road Economic Belt Initiative: Network and Influence Formation in Central Asia," *Journal of Contemporary China* 27, no. 112 (2018).

which one might connect. Put bluntly, you cannot build a railroad to the European Union or the World Trade Organization, only to its member countries. Institutions can only be meaningfully included in my study as a form of *tie* rather than as a *node* in itself. The significance of a free trade agreement is not the establishment of a separate institution with its own secretariat, but the strengthening of trade ties between states. This difference in ontology—my focus on interactions among states rather than ties of political authority—makes Nexon and Wright’s constitutional order irrelevant to my study.

Third, Nexon and Wright’s first ideal type, unipolar anarchy, is irrelevant to any study of international connectivity in a globalized context, since it assumes the complete absence of interstate ties. Moreover, as I have defined international order as a pattern of connectivity among states, it is questionable whether the complete absence of interstate connectivity can form an order at all. Is it possible to have a “nothing” organized in a certain pattern? Such lingo-philosophical considerations aside, unipolar anarchy reveals nothing about contemporary geoeconomics and is therefore of little use in my study.

This criticism leaves only hegemonic order and imperial order as useful ideal types for my study, and it leaves us lacking one or more ideal types that include multiple competing great powers. For this reason, rather than amend the framework of Nexon and Wright, I present my own below, which I believe will be more useful for the study of contemporary international connectivity.

A New Typology of Connectivity Patterns

In constructing a new ideal typology of connectivity patterns or orders, I start with the imperial hub-and-spokes configuration and proceed by relaxing either of the following characteristics of empires: the presence of only a single core or the absence of ties between states other than between core and periphery. Both alterations weaken the asymmetry of power and resulting hierarchy of the orders, ultimately to the point where the order can be considered “non-hierarchical.”

Empire

Empires are hub-and-spokes orders of international connectivity centered on a single core, as elaborated at length in the present chapter. In summary, it is defined by the presence of ties between core and periphery states, and the absence of ties between periphery states and any other state (whether core or periphery). Empires express the highest degree of hierarchy and asymmetric interdependence between core and periphery, since every periphery state is tied to the core alone. Finally, empires are the types of order most clearly centered on a single state, the core.

Hegemony

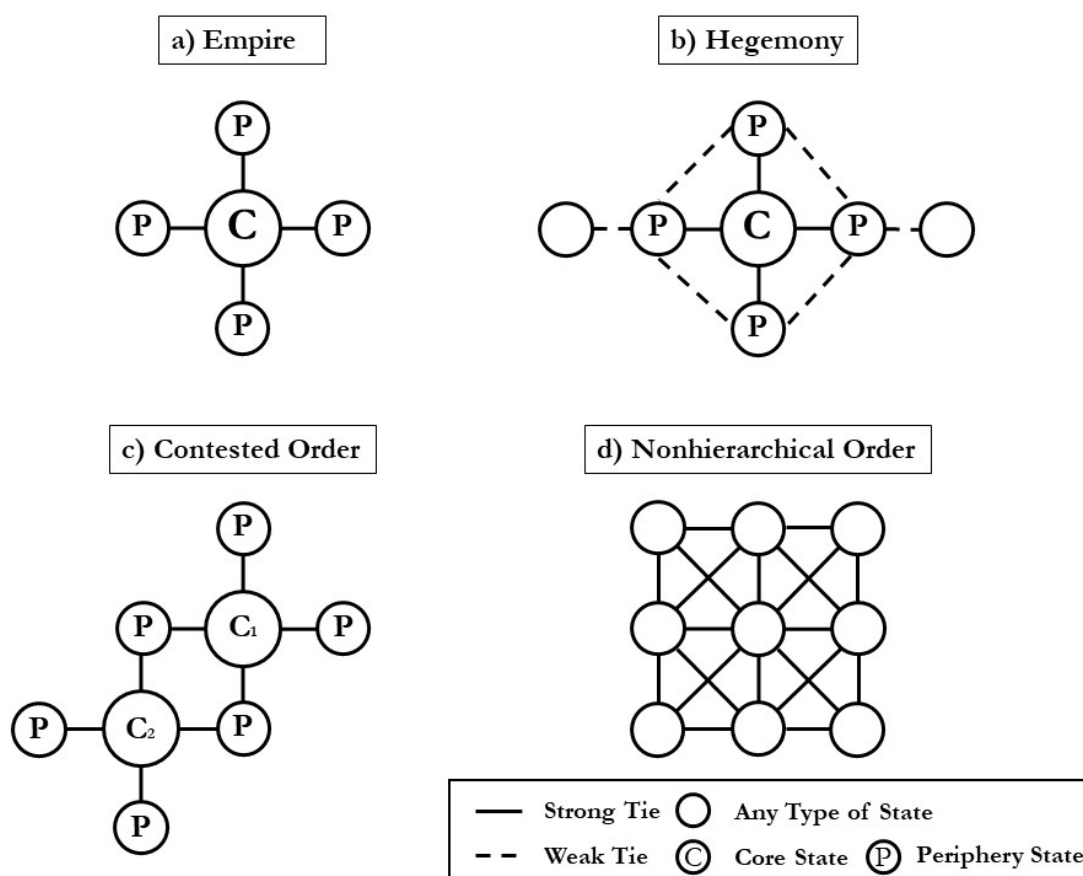
Hegemonies could also be labelled “soft hub-and-spokes” or “compromised empires” as they retain the fundamental dynamics of empires if in a weakened form. In hegemonies, periphery states may have weak ties to other states than the core of the system. This could be to other peripheries within the order, to peripheries outside the order, or to cores outside the order. The important thing is that these new ties are weaker than their ties to the core of the order. Thus, the hub-and-spokes remains in place for the strongest ties between states in the system, but weaker ties may coexist breaking with the hub-and-spokes pattern.

This kind of order is still hierarchical, since the core is still in a privileged position vis-à-vis the periphery states of the system, but the hierarchy is weakened by the new ties, since these lower the asymmetry of dependence between core and periphery. Peripheries now have alternative partners to the core, even though these new ties are weak. Like empires, hegemonies are also centered on a single state. Thus, returning to the research question of this dissertation, a china-centric geoeconomic order could also be a hegemony.

Regarding terminology, as demonstrated in chapter 2, hegemony is both a familiar and contested concept in the International Relations literature. My use is similar to that of Doyle, Watson, Nexon and Wright, and Lake.³⁴⁴ Rather than inventing new terms, using hegemony lets me speak to the established literature on empires, hierarchy, and order. In my use, *hegemony* refers to the entire order, and *hegemon* refers to the core state in a hegemony. I must also stress that this ideal type of hegemony, like the other three ideal types, reflects only the structure of connectivity, in contrast to other definitions of hegemony that stress the role of international institutions.

³⁴⁴ Doyle, *Empires*; Watson, *The Evolution of International Society*; Nexon and Wright, “What's at Stake in the American Empire Debate”; Lake, *Hierarchy in International Relations*.

Figure 4.2. Four Ideal Types of Connectivity



Contested Order

Contested orders involve strong ties between periphery states and one or more core states outside the system. Like in hegemonies, this undermines the asymmetry of dependence between core and periphery, because peripheries now have access to multiple cores, reducing their vulnerability to the actions of any single core. The presence of two cores does not necessarily mean competition or hostility between the two, but it may. For peripheries, it may mean the possibility of playing the two cores out against each other.

Like empires and hegemonies, contested orders are also hierarchical. Both cores enjoy more strong ties than any periphery and are thus relatively less dependent on any periphery than vice versa. Yet, while the hierarchical distinction between core and periphery is maintained, no single core sits uncontested atop the hierarchy. Unlike empires and hegemonies, contested orders are not centered on any *single* state. In terms of political authority, a contested order could lead to two rival orders, if inter-core relations are competitive, or to a coalitional hegemony,³⁴⁵ if the cores cooperate to run the order together.

³⁴⁵ Clark, *Hegemony in International Society*, p. 61.

Nonhierarchical Order

The fourth ideal-typical order is a connectivity pattern wherein all states are equally connected to each other. In this configuration, asymmetry of interdependence between states is minimal, and the very distinction between “core” and “periphery”—who are both defined by their position in the network—dissolves. There is no central state, no hierarchy, and neither hubs nor spokes in this order. Where empires are comprised solely of bilateral ties, nonhierarchical orders are characterized by multilateralism in the sense that any state is always tied to multiple others.

Anne-Marie Slaughter’s metaphorical description of globalization as a spider web fits this pattern.³⁴⁶ In a globalized system, she argues, innumerable paths of connection between any two points in the system exist. The result is nonhierarchical, since no entity has privileged access to others. As this dissertation demonstrates, my view of international affairs differs fundamentally, even in a globalized world.

Conclusion

This chapter has laid out my ideal-typical theory of empires as a certain pattern of connectivity. I have demonstrated how the imperial hub-and-spokes structure places the core in a position of structural power through asymmetric interdependence vis-à-vis its peripheries. I also presented typologies of the different ways empires can manifest and the drivers and impediments that shape their development. Finally, I presented three alternative ideal-typical configurations of connectivity, which all relaxed one or more of the characteristics of the imperial hub-and-spokes. Combined, this has armed me with an arsenal of analytical concepts with which I can compare the world. Before moving on to the empirical analyses, this conclusion addresses a few objections that may be directed at my theory.

It might be tempting to criticize the notion of a hub-and-spokes structure for being too vague. Does it not describe the relationships between most if not all great powers and weaker states? This criticism is misguided for two reasons. First, it is empirically inaccurate. While the American empire has surely displayed some imperial traits, e.g. its hub-and-spokes system of alliances in

³⁴⁶ Anne-Marie Slaughter, *A New World Order* (Princeton, N.J.: Princeton University Press, 2004); *The Chessboard & the Web: Strategies of Connection in a Networked World* (New Haven, Conn.: Yale University Press, 2017); Farrell and Newman, “Weaponized Interdependence,” pp. 48-49.

East Asia following the Second World War, its policy for European reconstruction does not fit the pattern.³⁴⁷ True, the Marshall Plan boosted trade across the Atlantic, but it was also a way of integrating Europe more closely with itself – not just tie it to the United States. Further, the post-war system was more institutionalized with multilateral bodies having great impact on interstate diplomacy and economics. Other examples of powers behaving unlike empires are post-war West Germany and Japan.

Second, even if imperial orders tend to emerge around great powers, the concept of “empire” as opposed to “great power” and “hegemon” still describes a qualitatively different and more specific pattern of relations and interdependencies than is provided by the predominantly realist literature. Shifting the focus from the great power itself to the order it inhabits enables us to say different things. Moreover, the imperial structure, combined with the typologies of manifestations and of imperial development, helps explore how great powers may create empires under different geographic and technological conditions. It lets us speak of the larger life cycles of empires—beyond simply the rate of growth or decline of their material power basis.

One might also criticize the empire ideal type for being too rigid. How would a hub-and-spokes order ever materialize in a globalized world? Would it not be more prudent to build my study around the concept of hegemony or similar less restrictive category? Such a criticism has an important point: As we shall see, my empirical analysis finds that the emerging China-centric geoeconomic order in Asia is more hegemonic than imperial. But it also misses the usefulness of the ideal-typical method. I use the empire as a baseline of comparison to assess the particular connectivity structure manifesting in the world. The point is not to “prove” its existence, but to use it heuristically to say something about the world. Moreover, I use the strict imperial hub-and-spokes as the logical point of departure for inventing the three alternative ideal types, which may be more applicable to specific empirical studies. In short, the imperial ideal type structures my analysis and my inquiry. It is not a neo-positivist theory to be proven.

One might criticize the absence of cultural factors in my theory. Are empires not more about cultural hierarchy and the imposition of values open others?³⁴⁸ This is like criticizing an apple for not being a pear. The two kinds of theories do different things even if they share a name. Moreover, conceptualizing empire in materialistic terms also seems more fitting for my subsequent studies of infrastructure and currency. These could also be studied for their cultural or symbolic significance, but that would reveal less about the power

³⁴⁷ Ikenberry, *Liberal Leviathan*, chap. 5.

³⁴⁸ Foster, “The Concept of Empire.”

structures of symmetric dependence that may be forming. It is simply a different kind of questions.

It should also be clear at this point that the ideal type can be used to study what we may normatively consider benign or malign imperial structures. Asymmetric interdependence can arise from peaceful economic exchange between a larger economy and its periphery. Such ties may be predominantly developmental in scope, benefitting all involved. But such an empire would still entail great asymmetry of interdependence between core and periphery, and the interests of the latter would be molded to better align with the interests of the core, simply because that is the path of least resistance. While everyone might benefit from such economic relations, it would still place the core in a position of greater asymmetric power vis-à-vis its periphery.

The ideal type can also be used to describe coercive and extractive empires. Imperial expansion may be driven by the core's strategic interests in conquest and spoils. Formal and informal peripheries may be established by the sword, followed by the extraction of taxes, resources, and even human beings from periphery to core. By installing new rulers who are friendly to the core in conquered peripheries, the core creates a hub-and-spokes structure of disconnected peripheries and rules through this structure, wherein peripheries may be formally annexed or nominally independent states. Moreover, the core may choose to impose its favored economic system on subservient peripheries, redesigning their economies as sources of certain raw materials for the core. Once such a transformation is completed, peripheries will be even more dependent on their economic ties to the core, simply because they cease to be able to supply for their own basic needs. The result: A hub-and-spokes established through the military capabilities of the core in which peripheries have minimal autonomy and are continuously drained of value to the exclusive benefit of the core. The ideal type presented here does not claim that empires are benign or malign in general, only that they will always involve power asymmetries privileging the core over the periphery.

Chapter 5: Setting the Stage

This chapter sets the stage for my analyses of contemporary China by addressing a number of central contextual issues. As always, context matters. China's rise is happening at a particular place and time in history and this shapes both the trajectory and the manifestation of a possible China-centric international order. This chapter is essentially a vehicle to help apply my general ideal type to the particular political and economic context today. I first discuss shared features for contemporary empires, namely their primarily informal manifestations and the role of globalization. I also discuss the varying degrees of formality in China's different peripheries. I then turn to the issue of globalization to present my understanding of the phenomenon and explain why the empire ideal type is still useful in an age of global connectivity. Next, I present some considerations on agency in my structural analyses to clear out some possible misunderstandings. Though my theoretical argument is structural, international relations are of course made up of people doing different things. In regards to economic activities abroad (or domestically, for that matter), China is not a monolith, and Chinese individuals cannot be reduced to mere extensions of the abstract will of the state of the Communist Party. There is plenty of room for tension and contradiction, and for agency on the part of the periphery. This must all be addressed in an analysis such as mine. Finally, I conduct brief studies of the security order and the trade order in Asia, as these form important backdrops for my own studies of infrastructure and currency orders. I do this to highlight other important hubs in Asia, which shape the broader international order in the region.

Contemporary Empires: Informality and Globalization

The empirical analyses of this dissertation study a particular place and time in history: China's role in a contemporary geoeconomic order. International relations have looked vastly different through different periods of history, and it is therefore crucial to acknowledge and understand the specific context today, as opposed to that of some of the historical empires I referred to in chapter 4. While it is an argument of this dissertation that we may learn about fundamental dynamics of imperial structures and relations by studying historical cases of empires, such as the Roman Empire and the British Empire, we must equally consider the specific historical context. In the following, I discuss two

factors I believe are crucial in contemporary imperial ties—informality in rule and globalization—and how they relate to contemporary China.

Degrees of Formality in China's Periphery

In contemporary international politics, imperial relations will usually manifest themselves in informal rule rather than formalized annexation and control. The sovereign equality of states has become embedded in the United Nations and in international law and further undergirded by strong nationalist sentiments that tie the loyalties of individuals to the nation-state.³⁴⁹ Conquest and annexation are considered illegitimate by most members of the international system today, and it is arguably more costly than ever due to economic interdependency.³⁵⁰ Yet, as argued in chapter 4, the formal equality of states has not removed the actual hierarchies of power and control in international relations. It has only made them more clandestine. Formalized elements of hierarchy or rule are most likely today to take the form of institutional affiliations, such as formal alliances.³⁵¹ But states giving up their formal sovereignty seems unlikely.

I argued in chapter 4 that the formality of imperial ties should be seen on a continuum rather than as a dichotomy. China is today a perfect example of this.³⁵² Different areas inside and outside China's formal borders are dominated by Beijing in what almost amounts to a Watsonian system of concentric circles of imperial rule (see chapter 2). The innermost circle is made up of eastern and central China, dominated by the ethnic Han population. This is China's true core.

The second circle is comprised of the five so-called "autonomous regions": Xinjiang and Tibet (the best known), Inner Mongolia, Guangxi, and Ningxia. These areas are formally recognized as parts of China by other states, but ethnic division, cultural repression, and—at least in Xinjiang and Tibet—struggle for greater independence are still a part of political life.³⁵³ These areas are thus geographically and politically on China's periphery, even if they are all included in "China" on most maps of the world.

³⁴⁹ Gilpin, *War and Change in World Politics*, p. 116.

³⁵⁰ Rosecrance, "The Obsolescence of Territory."

³⁵¹ McConaughy, Musgrave, and Nexon, "Beyond anarchy."

³⁵² For a comprehensive study hereof, see Brian C. H. Fong, Jieh-min Wu, and Andrew J. Nathan, eds., *China's Influence and the Center-periphery Tug of War in Hong Kong, Taiwan and Indo-Pacific* (Abingdon: Routledge, 2021).

³⁵³ *Human Rights Watch*, "Eradicating Ideological Viruses; China's Campaign of Repression Against Xinjiang's Muslims," (New York: Human Rights Watch, 2018).

The third ring consists of the two “special administrative regions” Hong Kong and Macau, which enjoy greater autonomy than the autonomous regions but are not independent countries. Indeed, the recent introduction of the new security laws in Hong Kong has arguably fundamentally undermined the “One country, two systems” system between Hong Kong and mainland China.³⁵⁴ But while China-Hong Kong relations seem to be characterized increasingly by formal control, they remain less formal than relations to the five autonomous regions.

The fourth ring consists of a single country: Taiwan. For all practical purposes, Taiwan is an independent country with its own political system, economy, foreign policy etc. Yet, at the time of writing (January 2021), only fourteen out of the 193 members of the United Nations (plus the Holy See) recognize Taiwan as an independent country and have diplomatic relations with it, and the number is dwindling.³⁵⁵ The United States has 400 diplomats stationed in Taiwan, where they help Taiwanese citizens obtain visas to the United States, but officially, this mission is an “American Institute”, not an embassy or a consulate.³⁵⁶

Rings beyond the fourth are the focus of this dissertation. Here, we find countries that are formally independent and recognized as such by the international community, but who may be developing ties of asymmetric interdependence with China. This is also where my theoretical framework departs from that of Watson. Rather than try to catalog which country belongs to which circle of Chinese control, I focus on the structure of connectivity within different domains as an important aspect of international power relations.

Globalization

I must also address the issue of globalization when discussing economic interdependence today. Globalization has been defined in innumerable ways, but it is useful to distinguish between two different approaches.³⁵⁷ We might call the first *strong* globalization. The idea is here that globalization has changed the nature of global politics and economics fundamentally and qualitatively.

³⁵⁴ *Financial Times*, “The End of One Country, Two Systems in Hong Kong.” 1 July, 2020.

³⁵⁵ Hilton Yip, “It’s Time to Stop Pandering to Beijing Over Taiwan.” *Foreign Policy*, 8 May, 2020.

³⁵⁶ Chris Horton, “Taiwan’s Status Is a Geopolitical Absurdity.” *The Atlantic*, 8 July, 2019.

³⁵⁷ Paul Hirst, Grahame Thompson, and Simon Bromley, *Globalization in Question*, 3 ed. (Oxford: Wiley, 2015).

Power has shifted from its traditional possessors, the nation-states, to new actors, such as transnational companies, and the domain of power relations is no longer geopolitics but the global market.³⁵⁸ The second approach can be labelled *weak* globalization, or simply internationalization³⁵⁹. Globalization is here seen as the strengthening of international connectivity among states all over the globe. As a process, globalization is seen as the increasing rate and speed of interactions of people, goods, ideas, and capital between societies.³⁶⁰ The weak approach considers globalization a quantitative rather than a qualitative change. States maintain their privileged position. The difference is that international ties are much stronger and more numerous.

The dissertation follows this second line of argument by maintaining a state-centric ontology in my study of *international* order. This is done to capture the “big picture” of international relations by carving up the world into manageable analytical units: states. More than any other entity, states also wield the power to shape the behavior of sub-state units such as companies through legislation and enforcement. Furthermore, since the scope of this dissertation is “geoeconomics”—the interplay of economics and geopolitics—state-centrism is essentially hardwired into the purpose of this study since states remain the central geopolitical actors in the world. This is in large part because they possess the strongest military capabilities of any entity by far, but also because they are the authority to which most (though far from all) individuals look for their security from violent domination by a foreign entity.

At face value, both the strong and the weak conceptualization of globalization may make the emergence of an imperial system seem unlikely. Whether focused on states or some other unit of analysis, the increasing rate and speed of interactions of peripheries will make ties to other entities than a single core seem unavoidable, thus undermining a defining characteristic of the hub-and-spokes. Is everyone not tied together in a non-hierarchical pattern today (as argued by Slaughter, reviewed in chapter 4)?

This is of course correct—strictly speaking. Even the most isolated state will have ties to more than one other state today. But this banal observation

³⁵⁸ Strange, *States and Markets*; *The Retreat of the State: The Diffusion of Power in the World Economy* (Cambridge: Cambridge University Press, 1996); *Mad Money: When Markets Outgrow Governments* (Ann Arbor: University of Michigan Press, 1998).

³⁵⁹ I reserve the term *internationalization* for my discussion of currency order and stick to the *globalization* for the broader phenomenon to avoid confusion.

³⁶⁰ Nick Bisley, *Rethinking Globalization* (New York: Palgrave Macmillan, 2007), p. 6. See also Jan Aart Scholte, *Globalization: A Critical Introduction*, 2 ed. (New York: Palgrave Macmillan, 2000; repr., 2005).

misses the point of ideal-typical theorizing. Even before the advent of globalization, no state enjoyed ties to just a single core. The ideal type is not empirical reality but an idealization and simplification of it intended to bring forth important dynamics to the observer. For while some degree of ties may crisscross most, if not all, states, different kinds of ties may still center on a single state, making the hub-and-spokes a useful term. An alliance structure may have a number of smaller states relying on a single core. A trade system may be dominated by a single market. The vast majority of international foreign exchange reserves may be made up of the same one currency issued by a single state. If one abandons the state-centric ontology, one could also turn to online interactions and identify hubs and spokes within social media (Facebook, WeChat etc.), search engines (Google, Baidu), or the gatekeeper of online financial transactions, SWIFT.³⁶¹ These examples demonstrate how specific domains of connectivity may be centered on a single hub even in a globalized world. There will never be a complete absence of inter-peripheral ties in the world, but that does not undermine the usefulness of theorizing in idealized terms.

When assessing the contemporary resemblance between China's relations with its periphery and the empire ideal type, I focus on informal ties and geo-economic relations, as these are the main ways imperial ties manifest today. Though formal imperial ties are absent in the analysis presented here, I have nonetheless included the distinction to make the ideal type applicable to non-contemporary cases where formal imperial ties may be evident, and to elucidate how contemporary imperial relations are but one of several possible manifestations. Empires are also products of their time.

Agency

Chapter 4 described the structural nature of my argument at length. The empire ideal type and its alternatives are all patterns of connectivity or international structures. But while the focus of my study is on the structure that is both *outcome* and *context* of international relations, politics and economics ultimately consist of individuals doing things. Agency is not a central component of my theory or my analyses, but it is nonetheless a fact of the world. Below follow some preliminary remarks about agency and the agent-principal problem in relation to China and China's periphery to set the stage for my analyses and to clear up some possible misunderstandings.

³⁶¹ Farrell and Newman, "Weaponized Interdependence."

Intentions and Policies

Due to my structural focus, I do not make claims about the intentions of Chinese policy makers nor policy makers in the periphery. My analytical objective is not to expose what Xi Jinping “really wants.” This is in part epistemologically motivated—how could we ever know what anyone thinks or desires?³⁶²—but equally theoretically motivated. As described in chapter 4’s account of pericentric theories of empires, empires have historically at times risen and expanded without a conscious plan to do so. Imperial patterns of connectivity may emerge in Asia without it being the defined intent of the Chinese Communist Party or anyone else. Hence, studying China’s “intentions” may be both impossible *and* inconsequential.

I pay some attention to Chinese policies and policy initiatives, particularly the BRI and various renminbi internationalization mechanisms. This is done to describe and analyze empirical developments and whether these developments suggest more or less imperial relations in the future. I further study some of the factors that may motivate China and periphery countries to seek the creation of China-centric orders. These are included in the respective sections on metrocentric drivers of imperial expansion.

Three Misunderstandings of Agency in Chinese Foreign Policy

It is important to avoid common misunderstandings in relation to Chinese foreign policy and agency. First, *the contemporary idea of regional connectivity did not originate in China with the BRI*. In fact, the Association of Southeast Asian Nations (ASEAN) began formulating plans for improving regional connectivity already in the 1990s, which materialized in its 2010 connectivity plan. Concerning Southeast Asia, the BRI was merely the alignment of China with a preexisting regional vision.³⁶³ This is important, because it undermines the narrative that China is the sole architect of regional connectivity and that the BRI is a Chinese master plan emerging *ex nihilo*. Reality is much more complex. Connectivity in Asia (within all domains) has several architects and builders who sometimes work together and sometimes in opposition. In short, China has not monopolized agency.

Second, while my study often speaks of “China” as a single entity, this is of course an analytical construct. In reality, *China is no monolith*. What we may refer to as the actions of China is really the sum of the actions of innumerable actors, including state-owned enterprises (SOEs), bureaucracies (central and

³⁶² Krebs and Jackson, “Twisting Tongues and Twisting Arms: The Power of Political Rhetoric.”

³⁶³ Lampton, Ho, and Kuik, *Rivers of Iron*, pp. xiii-xiv, 3, 35.

local), and interests groups (at home and abroad), many of which use national policy initiatives such as the BRI to pursue their own parochial interests.³⁶⁴ It is also important to note here that while the Chinese central government exercises some control over Chinese SOEs as well as privately owned Chinese companies, this control is not automatic, and company goals may not always align with the policy priorities of the Communist Party.³⁶⁵ Nor are the priorities of local governments identical to those of the central government. In the words of Thomas Orlik: “Chinese politics is not rigidly hierarchic; it is a struggle for control between the center and the provinces.”³⁶⁶ There are plenty of obstacles on the transmission line from the political priorities in Beijing and the memoranda of understanding (MoUs) signed between Beijing and foreign governments, to the actors who end up implementing these interests and priorities.³⁶⁷ In short, the Chinese government is all too familiar with the agent-principal problem.³⁶⁸

Third, just as the idea of regional connectivity was not solely made in China, *periphery governments are not mere receptors or objects of Chinese policies despite the asymmetry of power capabilities present*. Expansion and strengthening of geoeconomic ties, such as infrastructure and currency connectivity, are not forced on the periphery, and governments here play decisive roles in shaping both negotiation and implementation of these new initiatives.³⁶⁹ Just as there are many different actors and interests subsumed under the label “China”, the periphery is equally comprised of local and national government entities, businesses, and interest groups who all seek to shape geoeconomic relations to China. Since the geoeconomic ties studied in this dissertation are all ultimately based on the consent of the periphery rather than Chinese coercion, Chinese stakeholders must take the interests of their peripheral counterparts into serious account during negotiations.

This study “black boxes” most of these complexities by paying less attention to *who* does what and instead focusing on the structural outcome. While this is of course a simplification of reality, I believe it is analytically justifiable

³⁶⁴ Ibid. p. 10.

³⁶⁵ Norris, *Chinese Economic Statecraft*, pp. 2, 25. For an argument about the detrimental consequences to the Chinese economy of diverging interests between the Chinese state and Chinese banks, see Dinny McMahon, *China's Great Wall of Debt: Shadow Banks, Ghost Cities, Massive Loans and the End of the Chinese Miracle* (London: Little, Brown, 2018).

³⁶⁶ Thomas Orlik, *China: The Bubble that Never Pops* (Oxford: Oxford University Press, 2020), p. 19.

³⁶⁷ Lampton, Ho, and Kuik, *Rivers of Iron*, p. 151.

³⁶⁸ Norris, *Chinese Economic Statecraft*, p. 12.

³⁶⁹ Lampton, Ho, and Kuik, *Rivers of Iron*, chap. 4-6.

given the structural scope of my argument. The point is not to describe or analyze any specific negotiation or the bilateral relationship between China and any individual country. I am interested in the larger pattern of connectivity emerging from all these messy interactions. Arguing that a china-centric international order is emerging in Asia does not prove the existence of a Chinese imperial ambition, nor does it mean that periphery governments are but pawns to China's great power game.

The empirical complexities listed here make their way into my analyses in the sections on drivers and impediments to imperial expansion. These sections discuss the factors that stimulate and impede the strengthening of geoeconomic ties between China and its periphery. Consequently, both strategic considerations and local conditions figure here, as they represent important interests and actors in the road ahead. Rather than study them individually at length, I list them together with other central factors that will shape the future of international connectivity.

Security and Trade Orders in Asia

This dissertation focuses on geoeconomics in Asia, with some minor excursions to maritime peripheries in chapter 6. To assess whether a China-centric geoeconomic order is emerging in this region, we must also be attentive to the presence of other orders and hubs that shape international connectivity within different domains. While this dissertation treats an infrastructure order and a currency order as separate entities, it is clear that these orders influence each other and can hardly be studied in complete isolation. For this reason, this chapter briefly examines two other international orders to assess the pattern of connectivity within them. These studies are much shorter than the ones conducted in chapter 5 and 6, and their purpose is merely to establish some important context for my following main analyses.

I first offer some considerations on the broad security order in Asia, focusing particularly on the role of the United States. Geoeconomics is defined by the interplay of economics and strategic considerations, and it is therefore essential to have an idea of the security landscape when studying geoeconomic order. Next, I study trade order, which I consider a sub-order under the broader geoeconomic order. Trade ties paint a useful picture of economic connectivity and the way countries are tied together. Moreover, as argued in this chapter, a central purpose of transportation infrastructure is to improve the conditions for trade. Hence, it makes sense to assess the current state of trade affairs in Asia, as the emergence of a China-centric infrastructure order would also strengthen, *ceteris paribus*, China's position in the regional trade order. Likewise, one of the main vehicles of currency internationalization is trade. A

China-centric trade order will thus make the emergence of a China-centric currency order more likely. I have chosen a brief study of trade order rather than investment or debt orders due to the availability of clearer and more recent bilateral trade data, and because trade ties tend to fluctuate less than investment ties, providing a more long-term view of economic relations.

Security Order in Asia

For some context on Asian international affairs, one must also consider the regional security order. As it is not the focus of this dissertation, it will be treated very briefly here. The United States remains the main hub of international security ties both regionally and globally. In Asia, this is reflected in the San Francisco System of bilateral alliances connecting the United States with Japan and South Korea, who, together with Taiwan, the Philippines, Thailand, Australia and New Zealand, came to make up the United States' security order in the wider Asia-Pacific region.³⁷⁰ This system was, with the exception of Australia and New Zealand, clearly designed as a hub-and-spokes structure (unlike its Atlantic counterpart, the North Atlantic Treaty Association (NATO)) where all the countries were tied to the United States but mutually disconnected. As theorized in the previous chapter, this served to maximize the asymmetry of power relations in favor of the United States, who was fearful of the behavior or "rogue allies," who might drag the United States into unwanted conflicts. By ensuring the dependence of these governments on the United States as their sole security guarantor, this risk was mitigated, since governments were always vulnerable to abandonment by the United States.³⁷¹ The US-centric structure of alliances in Asia may be growing more multilateral and less hub-and-spokes like with the possible reemergence of the security collaboration between Japan, Australia, India, and the United States—The "Quad"—but whether this constellation proves sustainable is still an open question.³⁷² It was attempted previously in 2007, but was abandoned relatively quickly, and it might suffer the same fate second time around.

³⁷⁰ Victor D. Cha, "Powerplay: Origins of the U.S. Alliance System in Asia," *International security* 34, no. 3 (2010). For a more recent account theorized in ideal-typical theory of international order, see Cooley and Nexon, *Exit from Hegemony*, p. 63.

³⁷¹ Cha, "Powerplay." See also Jae Jeok Park, "The US-led Alliances in the Asia-Pacific: Hedge against Potential Threats or an Undesirable Multilateral Security Order?," *Pacific review* 24, no. 2 (2011).

³⁷² William Choong, "The Revived 'Quad' – and an Opportunity for the US." *International Institute for Strategic Studies*, 10 January, 2018; Lavina Lee,

Russia can also be considered a security hub in Central Asia. There are Russian military bases in Kyrgyzstan and Tajikistan, and various kinds of military cooperation across the former Soviet countries.³⁷³ While this region seems to also be strengthening its military ties to China, e.g. with the opening of a Chinese base in Tajikistan,³⁷⁴ military ties to Russia have a much longer legacy and remain preponderant.

These security orders structured around the United States and Russia remain important because they capture important strategic ties between countries on China's periphery and another core.³⁷⁵ Even if these countries were to grow heavily dependent on China across several geoeconomic measures (trade, investment etc.), leaving them strategically vulnerable to Chinese geoeconomic initiatives, their political autonomy would still be influenced by their security ties to the United States and Russia. Southeast Asian countries, such as Malaysia and Singapore, have been particularly careful to complement stronger economic ties to China with stronger security ties to the United States.³⁷⁶ Likewise, countries in the post-Soviet space have sought to play China and the United States off against each other in order to maximize support from both, thus using the nature of the contested order to the advantage of the periphery.³⁷⁷

The presence of strong security ties to multiple hubs means that the possible rise of a China-centric geoeconomic order would take place in a broader international order, wherein the United States in particular but also Russia remain cores. Such an international order (as the highest level of aggregation)

"Assessing the Quad: Prospects and Limitations of Quadrilateral Cooperation for Advancing Australia's Interests." *Lowy Institute*, 19 May, 2020.

³⁷³ Dmitry Stefanovich, "Russia's Military Cooperation Goals in Central Asia." *The Diplomat*, 31 January, 2018; Kinga Szálkai, "Russia's Recent Military Buildup in Central Asia." *Center for Strategic & International Studies*, 25 September, 2020.

³⁷⁴ Gerry Shih, "In Central Asia's Forbidding Highlands, a Quiet Newcomer: Chinese Troops" *The Washington Post*, 18 February, 2019; Micha'el Tanchum, "China's Tajikistan Military Base Eclipses India's Central Asian Ambitions." *East Asia Forum*, 23 March, 2019.

³⁷⁵ For a recent overview of important players and relationships in regional security dynamics, see the contributions in Ashley J. Tellis, Alison Szalwinski, and Michael Wills, eds., *U.S.-China Competition for Global Influence*, Strategic Asia 2020 (Seattle/Washington, D.C.: National Bureau of Asian Research, 2020).

³⁷⁶ Lampton, Ho, and Kuik, *Rivers of Iron*.

³⁷⁷ Chris Miller. "U.S.-China Competition in the Post-Soviet Space." In *U.S.-China Competition for Global Influence*, edited by Ashley J. Tellis, Alison Szalwinski, and Michael Wills. pp. 162-188. (Seattle/Washington, D.C.: National Bureau of Asian Research, 2020).

would probably resemble the contested order ideal type in significant ways, as periphery states in Asia evidently have strong ties to more than one core. Even if this study were to find a China-centric empire clearly emerging in both infrastructure and currency (which it does not), periphery states would still have important security ties to especially the United States, compromising the asymmetry of dependence between China and its periphery.

Much more could of course be written about this huge topic, but that is beyond the scope of this dissertation. The central take-away here is that China's geoeconomic rise happens in a security context where other hubs play important roles. When international connectivity is reconfigured by the rise of a new hub, such as China, the outcome will always reflect the preexisting order, and it will be circumscribed by ties to other hubs. I leave the study of developing security ties between China and China's periphery to future research.³⁷⁸

Trade Order in Asia

Trade is probably the domain of geoeconomic order where China has most clearly cemented its central position already. The following briefly describes the configuration of trade ties in Asia, based on data from 32 countries. The point is to characterize China's position in the trade order and to help identify which other countries can be classified as hubs of trade connectivity.

Imports from and Exports to China

Data from *Observatory of Economic Complexity* is presented in tables 5.1 and 5.2. All figures are from 2018.³⁷⁹ (Further data can be found in appendices A and B.) The tables paint a picture of trade ties of Asian countries, and they illustrate which countries are most central in the trade order.³⁸⁰ Table 5.1 depicts *import from China*, and Table 5.2 *export to China*.³⁸¹ Both tables provide essentially two pieces of information: the relative strength of trade ties vis-à-vis different trade partners and the relative strength of trade ties vis-à-vis the

³⁷⁸ For a study hereof, see Reeves, *Chinese Foreign Relations with Weak Peripheral States*.

³⁷⁹ Alexander Simoes and César Hidalgo, "The Economic Complexity Observatory." 2011. Note that Hong Kong and Taiwan are considered countries in this study.

³⁸⁰ I acknowledge the many problems of trade datasets as the one used here, such as the issue of accurately accounting for levels of re-exports in countries such as Singapore, and the challenge of different methods of accounting in different states. Despite these problems, I still find trade data useful as a heuristic to show some broader patterns of international geoeconomic relations.

³⁸¹ This method is in part inspired by Ross, "On the Fungibility of Economic Power."

economy itself, calculated as the size of import/export volumes as a share of a GDP. Both measures are important, and neither can stand alone when studying ties of trade connectivity. In the terminology of Keohane and Nye, the greater the trade volume as a share of GDP, the more *sensitive* a country will be to Chinese trade policies. The greater the share of trade that goes to China compared to other trade partners, the more *vulnerable* the country will be, since it will require greater efforts to restructure its trade to other trading partners.

Let us first look at Table 5.1, summarizing goods flowing *from China* to other countries in Asia. For 21 of 32 countries, import from China is worth more than 5% of the country's GDP, a sizeable figure. For 11 countries, the figure is more than 10%, and for 4 countries (Kyrgyzstan, Hong Kong, Vietnam, and Cambodia), more than a whopping 20%. These figures suggest that imports from China are an essential part of the economies of several countries in the region. Import ties are strong, and several countries would have a very hard time substituting other trade partners for China. The question is now whether they have similar strong ties to other countries than China.

For 21 of the 32 countries, China is the most important source of imports. For 10 of these (Kyrgyzstan, Hong Kong, Japan, North Korea, Bangladesh, India, Pakistan, Brunei, Myanmar, and the Philippines), imports from China are worth more than double the value of imports from the second most important partner. These 10 thus have substantially stronger ties to China than to any other core. This suggests a substantial degree of vulnerability in the asymmetric interdependence on China. Broken down by sub-region, import ties from China are strongest in Central and North Asia, East Asia, and Southeast Asia, with China playing a less central role in South Asia.

If we turn to the flow of goods to China (Table 5.2), some of the same patterns appear, albeit to a much lesser degree. 12 countries export goods to China worth more than 5% of the country's GDP, 6 countries rank above 10% of GDP, and 2 countries (Mongolia and Vietnam) sell goods to China worth more than 20% of their respective GDP. This again suggests some degree of trade sensitivity to China, though less than in imports. Mongolia in particular stands out, as more than 80% of its total exports go to China, amounting to almost half the GDP of the entire country.

Turning to vulnerability, 13 countries export more to China than anywhere else, and to 5 of these (Mongolia, Turkmenistan, North Korea, South Korea, and Taiwan), exports to China are worth more than double the amount of exports to the second most important destination. This again demonstrates the centrality of China in the trade order compared to any other state. Looking again at sub-region differences, exports ties to China dominate East Asia, but only half the countries of Central and North Asia as well as Southeast Asia. In

these areas, multiple export destinations are as important as China. Finally, in South Asia, China plays a much smaller role as an export destination, ranking only as the second-largest export destination of one country (Pakistan).

Table 5.1. Asian Countries' Import from China, 2018 (Excerpt from Appendix A)

Country	Import from China as share of GDP (%)	Largest import source	Share of total imports (%)	Second-largest import source	Share of total imports (%)	Third-largest import source	Share of total imports (%)
Central and North Asia							
Kyrgyzstan	54.97	China	52.5	Russia	19.4	Kazakhstan	7.85
Tajikistan	18.91	China	39.2	Russia	23.4	Kazakhstan	14.4
Mongolia	14.19	China	32.3	Russia	28.2	Japan	9.37
Uzbekistan	7.51	China	20.9	Russia	18.3	South Korea	11.5
Kazakhstan	4.84	Russia	34.6	China	23.1	Germany	4.55
Iran	3.15	China	27.8	United Arab Emirates	18.1	Germany	5.94
Russia	2.71	China	19.6	Germany	13.3	Belarus	5.45
Turkmenistan	0.78	Turkey	19.7	China	13.3	Russia	12.1
East Asia							
Hong Kong	77.83	China	44.4	South Korea	7.02	Taiwan	6.61
North Korea	12.79	China	95.7	Russia	1.38	India	1.35
Taiwan	8.38	China	18.8	Japan	15.6	United States	11.9
South Korea	6.24	China	21.1	United States	11	Japan	10.1
Japan	3.14	China	23.8	United States	11.2	Saudi Arabia	4.49
South Asia							
Maldives	9.51	United Arab Emirates	17.7	China	16.5	Singapore	12.4
Bangladesh	6.44	China	32.7	India	15.8	Singapore	6.19
Pakistan	5.2	China	26.6	United Arab Emirates	12.4	Saudi Arabia	4.88
Afghanistan	5	United Arab Emirates	18.7	Pakistan	16.7	China	9.75
Sri Lanka	4.78	India	22.7	China	22.6	Singapore	9.26
Nepal	3.67	India	71.7	China	10.6	United Arab Emirates	3.91
India	2.79	China	15.4	United States	6.42	Saudi Arabia	5.35
Bhutan	0.52	India	86.3	Thailand	5.17	China	1.69

Southeast Asia								
Vietnam	33.94	China	32.9	South Korea	19.2	Japan	6.15	
Cambodia	24.52	Thailand	31.8	China	25.1	Singapore	19.9	
Myanmar	14.14	China	39.6	Thailand	17.2	Singapore	10.3	
Singapore	12.64	China	14.6	Malaysia	11.4	United States	8.93	
Malaysia	12.53	China	21.2	Singapore	15.2	Japan	6.39	
Brunei	11.72	China	33.9	Singapore	15.7	Malaysia	12.3	
Philippines	9.34	China	24	South Korea	9.34	Japan	8.61	
Timor-Leste	8.45	Indonesia	40.3	China	28.2	Singapore	7.81	
Lao PDR	7.77	Thailand	66.9	China	22.6	Japan	2.07	
Indonesia	4.2	China	24.3	Singapore	13.8	Japan	8.76	
Thailand	3.41	Japan	18.7	China	13.5	Malaysia	6.77	

Source: Simoes and Hidalgo, "The Economic Complexity Observatory". Author's calculations.

Table 5.2. Asian Countries' Export to China, 2018 (Excerpt from Appendix B)

Country	Export to China as share of GDP (%)	Largest export destination	Share of total export (%)	Second-largest export destination	Share of total export (%)	Third-largest export destination	Share of total export (%)
Central and North Asia							
Mongolia	48.52	China	82.5	Switzerland	9.43	United Kingdom	2.24
Turkmenistan	17.92	China	80.2	Afghanistan	3.54	Turkey	2.81
Uzbekistan	4.44	Switzerland	23.6	China	21.3	Russia	15.6
Iran	4.25	China	30.2	India	21.4	United Arab Emirates	7.56
Kazakhstan	3.57	Italy	16	China	10	Netherlands	9.42
Russia	3.30	China	12.9	Netherlands	9.59	Germany	5.45
Tajikistan	1.01	Kazakhstan	26.5	Switzerland	18.3	Turkey	16.9
Kyrgyzstan	0.80	United Kingdom	49.2	Russia	14.4	Kazakhstan	13.2
East Asia							
Taiwan	16.52	China	27.3	Hong Kong	11.8	United States	11.7
South Korea	9.29	China	25.9	United States	11.9	Hong Kong	7.22
Hong Kong	7.02	China	20	India	12.6	Vietnam	8.3
Japan	2.79	China	19.4	United States	18.9	South Korea	7.23
North Korea	1.05	China	62.5	Zambia	6.88	Saudi Arabia	2.47
South Asia							
Pakistan	0.62	United States	13.2	China	7.32	Germany	6.68
India	0.61	United States	16	United Arab Emirates	8.3	China	5.1
Sri Lanka	0.38	United States	24.2	India	7.76	Germany	7.38
Bangladesh	0.36	Germany	15.3	United States	13.9	United Kingdom	8.24
Afghanistan	0.13	Pakistan	40.8	India	35.1	United Arab Emirates	9.45
Maldives	0.10	Thailand	25.7	Oman	12.7	Germany	9.34
Nepal	0.07	India	54.5	United States	13.7	Turkey	5.53
Bhutan	0.00	India	83.1	Italy	3.79	Germany	3.17

Southeast Asia									
Vietnam	21.90	China	19.6	United States	18.1	Japan	7.43		
Singapore	11.86	China	13.7	Hong Kong	12.9	Malaysia	10		
Malaysia	10.09	Singapore	13.6	China	13.4	United States	10.5		
Lao PDR	8.99	Thailand	51.2	China	31.7	Japan	3		
Myanmar	6.49	Thailand	26.4	China	24.7	Japan	7.32		
Thailand	6.10	China	11.8	United States	11.2	Japan	9.52		
Cambodia	5.52	United States	19.3	Germany	10.3	Japan	8.14		
Philippines	3.83	Hong Kong	14.2	United States	14.1	China	13.6		
Indonesia	2.70	China	14.3	Japan	10.3	United States	10		
Brunei	1.77	Japan	33.2	Thailand	12.5	Singapore	9.06		
Timor-Leste	0.18	Singapore	60.6	United States	10.5	Indonesia	5.45		

Source: Simoes and Hidalgo, "The Economic Complexity Observatory". Author's calculations.

A China-Centric Trade Order with Sub-Regional Competitors

What does this brief look at trade data tell us about China's position in the trade order in Asia? First, it supports the case that a China-centric trade order has already emerged in the region. Although several countries still have other larger trade partners than China, China is vastly more central than any other country—especially in terms of goods flowing from China. The order as a whole is thus China-centric, but with important ties to other cores and, in a few cases, between peripheries. A China-centric hegemony seems the most fitting ideal type.

Let us turn to sub-regional differences. East Asia clearly amounts to a China-centric trade hegemony. China is by far the most important state in the system, but significant trade ties remain to the United States and between states in the system. In Central and North Asia and in Southeast Asia, the trade order is also best described as a China-centric hegemony, since no other single core is challenging the system. There are multiple other important players in these areas, such as Thailand and the United States in Southeast Asia and some European countries who are important export markets for Central Asia. Yet, no single core in these areas comes close to China's central position, making it more akin to a China-centric hegemony than to a contested order.³⁸² South Asia is the outlier. Here, India and the United Arab Emirates are important sources of imports, and the United States and India are both more important destinations for exports.

Labelling the entire order a China-centric empire would be an overstatement, but a few individual trade ties do look imperial due to the massive asymmetry of interdependence. The China-Mongolia tie is the most asymmetric, cutting across imports and exports. China-Vietnam ties are also highly asymmetric, but Vietnam has a more diversified portfolio of trade partners (it exports almost as much to the United States as it does to China) and this greatly limits its vulnerability. Hence, a China-centric hegemony or “soft hub-and-spokes” best captures the pattern of trade ties.

The other regional hubs are India, who is more central than China to trade in South Asia; Russia, who remains an important source of imports for Central Asia; Thailand and Singapore play important roles in Southeast Asia; the United States and the United Arab Emirates are both significant in South Asia;

³⁸² This matches the findings of Ja Ian Chong. “Shifting Winds in Southeast Asia: Chinese Prominence and the Future of the Regional Order.” In *Strategic Asia 2019: China's Expanding Strategic Ambitions*, edited by Ashley J. Tellis, Alison Szalwinski, and Michael Wills. pp. 142-173. (Seattle/Washington D.C.: National Bureau of Asian Research, 2019).

and the United States is an important player in East and Southeast Asia. None of them matches China's centrality across multiple sub-regions. Taking the size of its economy into account, one might be surprised at the relatively small role Japan plays in Asian trade.

In the future, we might even expect China to become more central to trade in East and Southeast Asia due to the introduction of the Regional Comprehensive Economic Partnership (RCEP).³⁸³ RCEP is a free-trade agreement signed in November 2020 by fifteen countries in the region. It will lower tariffs between countries, and it is expected to strengthen trade ties between its members. China, Japan, and arguably Thailand stand to become relatively more important trade hubs than non-member states, such as India and the United States—a picture that might have been quite different had India not left the RCEP in the final stages of negotiations.³⁸⁴ I believe that it is reasonable to expect that the RCEP will further cement China's centrality in the regional trade order, even more so than Thailand's and Japan's because of the sheer scale of China's economy.

Geographic proximity is of course a key factor. Thailand is a larger hub of trade than the United States in Southeast Asia, because it lies in the middle of the region. India is important in South Asia but insignificant in all the other sub-regions. This insight makes it all the more important to study transport infrastructure connectivity, since the purpose of railroads, highways, and ports is to overcome the obstacles of geographic distance. If China is also becoming a core in an infrastructure order, it will most likely strengthen its position in the trade order even further.

Two final caveats: The data above considers Hong Kong its own country. With the new security laws under implementation,³⁸⁵ this may be an outdated view. If so, the data on Hong Kong should be added to that of China, which would make China appear as a much stronger hub of trade in the data. Keeping the two separate thus makes for more conservative conclusions. Further, a thorough study of trade would also look into the individual markets for the traded goods. That is, however, beyond the scope of this brief assessment of aggregate trade data.

³⁸³ Philip Heijmans and Xuan Quynh Nguyen, "Asia Pacific Nations Sign Biggest Regional Trade Deal." *Bloomberg*, 15 November, 2020.

³⁸⁴ Surupa Gupta and Sumit Ganguly, "Why India Refused to Join the World's Biggest Trading Bloc." *Foreign Policy*, 23 November, 2020.

³⁸⁵ Grace Tsoi and Lam Cho Wai, "Hong Kong Security Law: What is it and is it Worrying?" *BBC News*, 30 June, 2020.

Chapter 6: A China-Centric Infrastructure Order

Ruined roads are a common testimony to past empires. As empires rose and expanded, their road networks stretched out further, enabling easier commerce as well as deployment of imperial troops. Transportation infrastructure was a vital part of empires, since imperial control was only enforceable in accessible areas. Many empires were continuously building and developing roads, ports, and railroads all across their formal and informal territory to ensure control and economic integration across the vast swathes of territory. Connectivity was the name of the imperial game.

In this chapter, I study physical transportation infrastructure as a tie between societies. Transportation infrastructure is probably one of the most obvious kinds of ties that foster connectivity among states, and it is thus a domain for ideal-typical study of order. Its *raison d'être* is to tie geographically disparate places together and make it easier to move people, goods, and information from one place to another. I discuss the role of transportation infrastructure in empires in relation to economics and security, demonstrating how it has played different important roles in different historical contexts. It is easy to perceive an intuitive connection between empire and transportation infrastructure—as captured by the famous phrase “all roads lead to Rome”—but this association has rarely been spelled out theoretically.³⁸⁶ This chapter synthesizes the abstract empire ideal type with the particular functions of transportation infrastructure, resulting in a theory of imperial infrastructure. The purpose is to discuss how infrastructure connectivity can say something about the centrality of a state in an international order, and what this means for international relations.

Empirically, the chapter engages the Chinese policy initiative that has garnered the most attention in decades: The Belt and Road Initiative (BRI). I study the initiative through quantitative and qualitative methods to assess the pattern of connectivity that is being built by Chinese companies in much of the developing world. My findings update our empirical knowledge of the BRI and contributes to discussions of its future and of its impact on China's international position. This chapter demonstrates how studying infrastructure

³⁸⁶ One of the few scholars who study infrastructure in International Relations is Erik Davtyan, “The Role of Infrastructure in International Relations: The Case of South Caucasus,” *International Journal of Social Sciences* 3, no. 4 (2014).

through the empire ideal type is a way to conceptualize and study geoeconomic order within a coherent theoretical framework.

This chapter argues that the infrastructure order in Asia increasingly resembles a China-centric hub-and-spokes. This is clearest in the economic corridors of the BRI, in rail projects in Southeast Asia, and in the broader prevalence of bilateralism in the financing and construction of Chinese projects. Infrastructure investments in maritime peripheries also connect these areas to the global economy through ports and railroads to ports rather than to neighboring peripheries. Such projects strengthen ties to China, *ceteris paribus*, but may equally strengthen ties to other economic cores. Meanwhile, China is separated from most of its continental periphery by the different standards of gauges in use. A change would signal an even stronger shift towards a China-centric infrastructure order, and it is already taking place in Southeast Asia. Finally, I argue that Chinese infrastructure projects exhibit both extractive and developmental features depending on the specific context, but that they are likely gradually to turn to more developmental kinds of relations as demands for higher project standards in China and among periphery populations grow. I expect this to lead to a more limited and targeted BRI in the future.

Yet, while I do argue that a more imperial pattern is materializing, a key contribution of this chapter is to demonstrate the fuzzy and complex nature of this process, which is in no way a linear development. There are a multitude of obstacles and impediments to the formation of a China-centric infrastructure order relating both to the political context made up of China's neighboring countries as well as from the competition from alternative hubs of trade and finance. This chapter thus offers a word of caution against any narrative of the success of the BRI as inevitable. I believe the ideal-typical methodology is useful to this end, since it reveals the complexity and internal contradictions of the subject matter studied by juxtaposing it to the idealized patterns of connectivity.

My study of infrastructure contributes to the literature in several ways. First, where many aspects of empires have already been theorized in the literature, such as economic exploitation, the imposition of imperial culture, and the political dominance of other societies, infrastructure has been neglected. When considered, it is usually as a smaller subsection under broader questions of economic development and imperial control.³⁸⁷ This study provides a

³⁸⁷ For example, Doyle dedicates four pages to studying European railroad investments in the 19th and 20th century. Yet, he only studies these railroads as objects of investments, not for their actual significance as infrastructure. Münkler dedicates only two pages (out of 167) to discuss imperial infrastructure and Lieven mentions

theoretical framework for analyzing infrastructure connectivity in its relation to asymmetric power and as a form of international order. This framework could well be used for other cases of infrastructure connectivity, whether historical or contemporary. Introducing infrastructure to theories of empire has the additional benefit of providing a very material and tangible object of study to a theoretical field preoccupied with immaterial factors such as imperial ideology, political control, and dependence.

Second, the manifestations of empire theorized in chapter 4 provide helpful terminology for discussing the BRI, namely distinguishing between extractive and developmental ties, which may relate to different kinds of infrastructure. Third, I study multiple kinds of ties that may emerge from infrastructure deals, namely the physical infrastructure being built as well as the ties of financing and the tie of contracting to one or more companies. An infrastructure project may thus tie a periphery state closer to China in several ways or tie it to multiple cores in within different domains. Fourth, as in the previous chapter, distinguishing metrocentric from pericentric drivers provides a more context-sensitive way of discussing the current and future infrastructure order and accounting for the role of competing sources of infrastructure funding. Fifth, my study addresses the role of instability as both a driver of infrastructure investments (to stabilize) and as an impediment to infrastructure connectivity (ramping up costs and increasing likelihood of project failure). Sixth, researchers and journalists have tended to focus their scrutiny of Chinese infrastructure projects on a small handful of cases (namely Chinese activities in Sri Lanka, Pakistan, Greece, and Cambodia³⁸⁸). My study identifies important new cases that have been mostly missed in the coverage of the BRI by reviewing project-level quantitative data on China's construction activities and by conducting multiple case studies.

This chapter is structured as follows. I first theorize the role of infrastructure in empires through history. I then present some methodological considerations on studying empire through the ideal type of a hub-and-spokes. Turning to the case of China, I provide some context on the BRI and situate it in a broader history of Chinese policy going back to the late 1990s. This section

railways three times in 422 pages. Doyle, *Empires*, pp. 267-271; Münkler, *Empires*; Lieven, *Empire*.

³⁸⁸ E.g. Maria Abi-Habib, "How China Got Sri Lanka to Cough Up a Port." *New York Times*, 25 June, 2018; Keith Johnson, "Why Is China Buying Up Europe's Ports?" *Foreign Policy*, 2 February, 2018; Gurmeet Kanwal, "Pakistan's Gwadar Port: A New Naval Base in China's String of Pearls in the Indo-Pacific," in *Briefs* (Washington, D.C.: Center for Strategic & International Studies, 2018); Andrew Nachevson, "A Chinese Colony Takes Shape in Cambodia." *Asia Times*, 5 June, 2018.

also reviews some existing interpretations of the consequences of the initiative and argues for the usefulness of speaking of a “Chinese model” of infrastructure investments; a model or approach that is characterized by bilateralism in terms of both financing and contracting. With the theoretical and contextual framework established, I move on to my empirical study. I first look at quantitative accounts of Chinese infrastructure constructions before turning to maps of geocoded data to study the connectivity pattern materializing. Next, I zoom in on railroad construction specifically and conduct four case studies of rail construction. One is of continental Southeast Asia as a whole. The other three are country-level studies of Nigeria, Iran, and Argentina. This is followed by a discussion of the different railroad gauges in use in China and its periphery and the possible future changes herein. I then turn to the metro- and pericentric drivers of and impediments to the emergence of a China-centric infrastructure order. Finally, I summarize and evaluate my findings.

Infrastructure and Empires

The following reviews the economic and military functions of transportation infrastructure in general terms. These functions are then theorized in the context of a hub-and-spokes structure, arguing that improved infrastructure may increase the asymmetry of economic dependence between core and periphery, strengthening the power hierarchy between the two. Throughout this section and most of the chapter, my emphasis is on *transportation* infrastructure, namely roads, railroads, and ports. I briefly discuss energy infrastructure in relation to Chinese investments because this is the largest category of projects under construction, and when studying the AidData map below because it illustrates financial flows from China across all sectors, not just transportation. The particular scope of my arguments will be clarified in their respective sessions. The central point is that I study infrastructure in its capacity to connect societies thereby working as a tie in an international order.

I emphasize the role of infrastructure in facilitating trade between states. I include data on the volumes and compositions of trade when studying bilateral ties to inform the discussion of the purpose of infrastructure and to assess the degree of asymmetry in trade interdependence. This focus was chosen because trade usually changes more slowly than investment flows, enabling the analysis of more durable tendencies. The trade data used is again taken from

Observatory of Economic Complexity,³⁸⁹ and all single-year figures are from 2017.³⁹⁰

Economic and Military Functions of Infrastructure

The most fundamental purpose of transportation infrastructure is to reduce the time it takes to get from one point to another. This cuts transaction costs of communication and exchange of goods, and increases mobility, making it easier to interact with—and rule—areas that are far away.³⁹¹ Besides its important cultural function as a symbol of the spread of imperial civilization,³⁹² the benefits of infrastructure can be categorized in economic and military terms.

Infrastructure eases the economic exchange of goods, capital, and information between periphery and core. This includes anything from trade and tax collection, to natural resource extraction, to plundered goods. In the case of trade, infrastructure can boost economic growth in both core and periphery by benefitting individual travelling merchants and large corporations alike who can move large amounts of goods at reduced cost across greater distances.³⁹³ In cases of more one-sided interactions, infrastructure can ease the flow of value from periphery to core and vice versa. In Rome, generals would parade treasures and slaves captured in the periphery in triumphs through the streets of Rome. In the colonies of European empires, infrastructure secured the flow of cotton and other cash crops to factories located in the core. More recently, pipelines secure the flow oil and gas from resource-rich countries in the periphery to meet the consumption needs of the core. Here, the human element has been removed from the picture, as resources can move more

³⁸⁹ Simoes and Hidalgo, “The Economic Complexity Observatory”.

³⁹⁰ The reason chapter 6 uses data from 2017 when chapter 5 had data from 2018 is availability. Chapter 6 was written before chapter 5, and at that time, OEC’s most recent data was from 2017.

³⁹¹ For a study of the impact of railroads on state formation, see Geoffrey L. Herrera, *Technology and International Transformation: The Railroad, the Atom Bomb, and the Politics of Technological Change* (Albany, NY: State University of New York Press, 2006).

³⁹² Münkler, *Empires*, chap. 4; Headrick, *The Tentacles of Progress*, p. 59; Maier, *Among Empires*, p. 65.

³⁹³ For an interesting example of peripheral benefits to imperial infrastructure, see Francisco Garrido, “Rethinking Imperial Infrastructure: A Bottom-up Perspective on the Inca Road,” *Journal of Anthropological Archaeology* 43 (2016).

quickly than their human counterparts can. (In a sense, this development echoes the advent of the telegraph, which let word travel faster than any person could, severing the tie between transportation and communication.³⁹⁴)

Merchants are not the only travelers on the imperial roads. Military forces rely on infrastructure to enforce control and to be alerted about threats.³⁹⁵ In Rome, paved roads played a vital role in troop mobility from the inner provinces to thwart invading hordes and crush local uprisings.³⁹⁶ While sailing was the fastest mode of transportation, the Mediterranean was virtually inaccessible from November to March, forcing troops on overland routes.³⁹⁷ Improved transportation infrastructure goes hand in hand with improved communications, which drastically reduces the time between the outbreak of a rebellion or an enemy incursion begins and the response of the imperial authority. The royal roads of Achaemenid Persia were famous for their relay system, where official messengers had access to provisions and fresh horses all the way from the outskirts to Persepolis.³⁹⁸

At times, internal unrest even drove the development of transportation infrastructure. This was seen in the large investments in railroads in India following the Great Mutiny of 1857-58.³⁹⁹ Following the rebellion, imperial rulers recognized the importance being able to get soldiers across the subcontinent in a hurry, which had the additional benefit of enabling fewer troops to control larger areas.⁴⁰⁰ Similarly, one study has found that people who lived closer to railways were more likely to be victims of Stalinist repression in the Soviet Union, demonstrating how railroad infrastructure was a key component in exercising domestic control in Soviet Russia.⁴⁰¹ Railroads here enabled

³⁹⁴ James W. Carey. "Time, Space, and the Telegraph." In *Communication in History: Technology, Culture, Society*, edited by David Crowley and Paul Heyer. pp. 125-132. (Abingdon: Routledge, 2016).

³⁹⁵ For a recent take on this notion, see Carl Müller-Crepon, Philipp Hunziker, and Lars-Erik Cederman, "Roads to Rule, Roads to Rebel: Relational State Capacity and Conflict in Africa," *Working Paper* (2019).

³⁹⁶ Luttwak, *The Grand Strategy of the Roman Empire*, chap. 1.

³⁹⁷ Ibid. p. 81; Adrian Goldsworthy, *How Rome Fell: Death of a Superpower* (New Haven, Conn.: Yale University Press, 2009), p. 47.

³⁹⁸ Waters, *Ancient Persia*, pp. 111-113.

³⁹⁹ Headrick, *The Tentacles of Progress*, chap. 3; Burbank and Cooper, *Empires in World History*, p. 310.

⁴⁰⁰ Christian Wolmar, *Railways & the Raj: How the Age of Steam Transformed India* (London: Atlantic Books, 2017), pp. 11-12.

⁴⁰¹ Yuri M. Zhukov and Roya Talibova, "Stalin's Terror and the Long-term Political Effects of Mass Repression," *Journal of Peace Research* 55, no. 2 (2018): p. 275.

the mobility of military forces as well as the deportation of political prisoners to Gulag.

This logic does not only apply to infrastructure on land. The perhaps most important enabling factor of the British Empire was its developed maritime infrastructure, defended by the Royal British Navy, which allowed a relatively small army to maintain control over an empire sprawled over the entire globe. Here, military capability and infrastructure converged, as the power of the fleet provided the maritime stability necessary for global linkages to prosper.⁴⁰²

These examples all demonstrate the centrality of infrastructure in controlling large continental and maritime territories. By alerting military forces of threats and enabling them to meet them more quickly, infrastructure enhances the military's ability to deter foreign invaders and local rebellions altogether. If military force works at its best when it is not used at all,⁴⁰³ closer infrastructure ties between core and periphery may make the imperial forces much more effective. Rebels as well as invaders will think twice before mobilizing when the enemy is, if not omnipresent, then at least just over the horizon.

Infrastructure as a Hub-and-Spokes

In hub-and-spokes-systems, all roads tie spokes to the hub. In territorially cohesive empires like Rome or ancient China and Persia, this meant a concentration of roads around the respective capitals rather than along the outer borders.⁴⁰⁴ In maritime empires, European-built colonial railroads in Africa and Qing China usually went from trading ports to mines or other sites of resources in the hinterlands so goods could be shipped to the European hub. On the way, these railroads would regularly bypass major cities,⁴⁰⁵ demonstrating their imperial purpose. They were not about intra- or interperipheral but hub-spoke connectivity. This pattern was also seen in India, where the first railroads started in the coastal cities of Bombay, Calcutta, and Madras, none of

⁴⁰² Kennedy, *The Rise and Fall of the Great Powers*, pp. 154, 203; Lieven, *Empire*, pp. 104-108; John Darwin, *Unfinished Empire: The Global Expansion of Britain* (New York: Bloomsbury, 2012), chap. 10.

⁴⁰³ Thomas C. Schelling, *Arms and Influence* (New Haven, Conn.: Yale University Press, 1966). Luttwak argues, the same logic of deterrence guided the deployment of Roman legions, *The Grand Strategy of the Roman Empire*, pp. 2-4.

⁴⁰⁴ Lieven, *Empire*, p. 27; Burbank and Cooper, *Empires in World History*, p. 49.

⁴⁰⁵ Headrick, *The Tentacles of Progress*, p. 50.

which had been of any prior significance.⁴⁰⁶ The point of the colonial infrastructure was not to help goods flow within a colony but to help goods flow from the colonies to the imperial core and avoid it flowing to competing imperial cores.⁴⁰⁷ As a whole, the economic effect of the hub-and-spoke structure is to cement the centrality of the core.

At a fundamental level, imperial relations require some degree of connectivity, and this connectivity is enhanced through transportation and communication infrastructure. As put by one author, “Empire is a matter of transportation. It begins, culminates and ends in the control of means of communication.”⁴⁰⁸ Infrastructure may not be a necessary condition for interaction—two villages do not require a road to interact—but it lowers the cost of interaction thus making it more likely. If imperial orders are defined by some degree of interaction between two or more polities, and infrastructure enables interaction, infrastructure between a prospective core and periphery will *ceteris paribus* facilitate imperial relations. Of course, this does not imply that infrastructure improvements will always make relations more imperial or hierarchical. Connectivity between polities is a necessary but by no means sufficient condition for imperial relations.⁴⁰⁹

Imperial Infrastructure Today

In the following, I elaborate how imperial infrastructure may look in a twenty-first century setting. Resource extraction remains a purpose of imperial infrastructure since large states require a host of different natural resources, including food, energy, and minerals.⁴¹⁰ The perhaps most notable difference between today and the empires of the 19th and early 20th century is the globalization of the energy trade, the vastly increased quantities being traded, and the introduction of huge country-spanning pipelines. On the other hand, extraction of taxes and bounty from the periphery is irrelevant for contemporary informal empires.

⁴⁰⁶ Kartar Lalvani, *The Making of India: The Untold Story of British Enterprise* (London: Bloomsbury, 2016), p. 160.

⁴⁰⁷ Lieven, *Empire*, p. 100.

⁴⁰⁸ Irwin St. John Tucker, *A History of Imperialism* (New York: Rand School of Social Science, 1920), p. 7.

⁴⁰⁹ See also Gilpin, *War and Change in World Politics*, pp. 57-59.

⁴¹⁰ For a study of the markets for different commodities in relation to China, see Elizabeth C. Economy and Michael A. Levi, *By All Means Necessary: How China's Resource Quest is Changing the World* (Oxford: Oxford University Press, 2014), chap. 3.

The introduction of pipelines as energy infrastructure has important implications for the study of railroads below. Since it is generally cheaper to transport oil and gas over land by pipeline than by rail, improving railway infrastructure has little impact on the extraction of these commodities today. This is important when assessing the economic nature of the linkages developed with China's rail constructions around the world. Railways are not irrelevant for resource extraction today, but they only facilitate trade in solid resources like minerals, coal, and wood. For this reason, I will only take the presence of railroads as an indicator of extractive economic relations if solid commodities like gold or agricultural products are being traded. The presence or absence of railroads says little or nothing about the conditions for trade in oil and gas.

The tie between infrastructure and prosperity remains close today since infrastructure is a key component in developing a country's economy and its capacity to trade with others.⁴¹¹ For the imperial core, developing the infrastructure of the periphery serves multiple important purposes, as captured by the developmental logic, presented as a manifestation of empires in chapter 4. If improved infrastructure leads to economic growth in the periphery, this may create new export markets for the core. Creating economic benefits for the periphery also creates a positive perception of the core, which may bolster the legitimacy of its operations in the periphery. In the longer run, the strengthening of the periphery economy may reduce the dangers for core businesses that are active in the area. In these and other ways, infrastructure may encapsulate how economic benefits may be shared by core and periphery. Finally, the greater mobility of people and construction material today means that governments can use infrastructure projects abroad as a way to support their own industries to a much greater extent than ever before. This point is a key driving force of the BRI, as argued later in this chapter.

Whereas improved infrastructure has historically been key to imperial control, this aspect is less important today (though not irrelevant). Like with tax extraction, the relevance here is limited by the informal nature of contemporary empires, combined with the technological advances that enable much faster troop deployment (motorized vehicles, aviation) and long-range weaponry that can strike across borders or offshore. Imperial cores have never before been better able to strike enemies anywhere. While infrastructure still

⁴¹¹ Cheng-Chwee Kuik. "Connectivity and Gaps: The Bridging Links and Missed Links of China's BRI in Southeast Asia." In *The Belt and Road Initiative and Global Governance*, edited by Maria Adele Carrai, Jean-Christophe Defraigne, and Jan Wouters. pp. 76-95. (Northampton: Edward Elgar Publishing, 2020), p. 80.

has a role to play in enabling the deployment of military forces to combat insurgencies and terrorism, such operations are increasingly shifting to long-range weapons and drones, at least in informal peripheries. The United States' ongoing war in Afghanistan illustrates this development well.⁴¹²

This suggests that the connection between transportation infrastructure and international relations today is primarily economic or geoeconomic. Infrastructure projects tie the periphery closer to the core by creating financial ties (debt), contractual ties (the employment of one or more companies), and by strengthening trade ties. While debt may seem the most long-term of the three, it should be noted that debt ties can also remain for many years and that contractual ties may entail extraction rights or outright ownership of facilities spanning decades into the future.

Studying Infrastructure

At the theoretical level, infrastructure is an obvious object of interest in a study of empires since it is probably the most direct manifestation of a tie between societies. With the imperial hub-and-spokes structure as theoretical point of departure, this chapter assesses (1) whether China is improving connectivity between itself and its periphery, (2) whether China is improving connectivity between peripheral societies, and (3) whether China is improving connectivity between peripheral societies and other states outside the order. The more support I have for answering the first question affirmatively while answering the second and third questions in the negative, the more China's infrastructure building will follow an imperial hub-and-spokes pattern. On the contrary, if China is building infrastructure that connects most societies to each other and to other hubs as well as China, the resulting order will not resemble an empire.

When evaluating whether railroads, highways, and pipelines fit the hub-and-spokes pattern, I distinguish between continental ties and maritime ties, the latter requiring ports. I study the continental infrastructure by assessing if it is connecting periphery states more to China than to other hubs (namely Europe and India) or other periphery states. Maritime ties are more difficult to categorize neatly, since boats can sail between any two ports connected by water.⁴¹³ Here, I investigate if railroads connect to ports at all (or just to connected disparate cities in the hinterlands) and if China is investing in said

⁴¹² Leila Hudson, Colin S. Owens, and Matt Flannes, "Drone Warfare: Blowback from the New American Way of War," *Middle East Policy* 18, no. 3 (2011).

⁴¹³ In order to study the particular structure of connectivity emerging from port investments, one could use quantitative data on ship traffic, which mapped the pattern of travel between ports. Unfortunately, I was unable to locate this kind of data, and I therefore leave this method for future research.

ports. If both are the case, this suggests the establishment of maritime ties to China, especially if the country is already trading with China.

My method for studying maps could be called “cartographic hermeneutics,” in the sense that I interpret maps based on my preconceived ideal type.⁴¹⁴ This hermeneutic approach makes no claims about the intentions or the “essence” of the infrastructure depicted on the maps, but it does let me assess the infrastructure networks as they appear to me in comparison with the hub-and-spokes ideal type. The output of such a study is a number of interpretations. I study and challenge these interpretations by pointing to facets that seem to contradict the overall image. As already stated, the claims made from this analysis will always be phrased in terms of more or less. Some elements of the maps will resemble the ideal type more than other elements.

There are a number of important caveats to this study. First, as noted, Chinese construction of a railroad or port in maritime peripheries does not necessitate increased interaction with China. China may invest heavily in railroads and ports in Africa, only to see African countries increase their exports to Europe, the United States or elsewhere. Second, construction projects often have multiple stakeholders, and they may be carried out by any combination of local, Chinese, and third-party country companies. This raises the question of the nature of China’s stake in a given project when it is only one of several external parties involved. Such an assessment is not always straightforward. Some of these challenges are ameliorated by the inclusion of some qualitative case studies. My assessment of the nature of a railroad and port project hinges significantly on what lies at the other end of the tie. Is it a major city, or is it an agricultural area that exports specifically to China? The answer provides strong hints about the purpose of the infrastructure.

However, my case studies will be relatively cursory due to the scale of the project as a whole, and the findings of particular case studies cannot be generalized to all cases of Chinese infrastructure construction. The purpose of these case studies is to provide ‘examples on the ground’ of how Chinese infrastructure investments are changing connectivity patterns. It is also a probe of my more sweeping claims, based on the study of continent-sized maps. Turning to individual countries and the Southeast Asia region, I can assess how economic corridors may or may not be materializing, and which actors are actually involved.

Finally, in the following analyses, I refer to “China” as the acting party when a Chinese bank is financing a project, or a Chinese company is playing

⁴¹⁴ The use of the term “hermeneutic” employed here is adapted from Martin Heidegger, *Væren og Tid* [Being and Time] (Aarhus: KLIM, 2001; repr., 2007), pp. 55-58.

an important role in building it. Subsuming organizations and companies as agents of their home country may be analytically problematic, since these may act on their own accord rather than as puppets of their government, as argued in chapter 5. No country, not even China, is ever really a unitary actor,⁴¹⁵ and Chinese companies may have plenty of autonomy to resist policies from the Chinese government or the Communist Party.⁴¹⁶ However, this analytical problem is actually much smaller when studying China's involvement in infrastructure construction than in most other places. Within the Chinese railway sector, the only companies with the capacity to operate abroad are state-owned enterprises (SOEs). These have close connection to the Chinese government and to the Communist Party, and their actions are strongly shaped by the political line given.⁴¹⁷ Moreover, the railway projects are often financed through Chinese policy banks, such as the EXIM Bank of China or the China Development Bank. These are also government-run entities. Overall, equating the actions of Chinese construction companies and policy banks with the Chinese state is far less problematic than in most other countries.

The Belt and Road Initiative

The Asian Development Bank (ADB) assessed in February 2017 that “developing Asia will need to invest \$1.7 trillion per year in infrastructure until 2030 to maintain its growth momentum, tackle poverty, and respond to climate change.”⁴¹⁸ This staggering figure reflects the demand side of the infrastructure question in Asia. There clearly is a market for infrastructure investors, and this pattern is repeated in sub-Saharan Africa.⁴¹⁹ In this light, China's re-invigorated focus on infrastructure is a welcome addition for many developing

⁴¹⁵ Denghua Zhang and Graeme Smith, “China's Foreign Aid System: Structure, Agencies, and Identities,” *Third World Quarterly* 38, no. 10 (2017); Samantha Custer and Michael J. Tierney. “China's Global Development Spending Spree: Winning the World One Yuan at a Time?”. In *Strategic Asia 2019: China's Expanding Strategic Ambitions*, edited by Ashley J. Tellis, Alison Szalwinski, and Michael Wills. pp. 310-339. (Seattle/Washington, D.C.: National Bureau of Asian Research, 2019), p. 317.

⁴¹⁶ McMahon, *China's Great Wall of Debt*, chap. 7.

⁴¹⁷ Norris, *Chinese Economic Statecraft*.

⁴¹⁸ *Asian Development Bank*, “Meeting Asia's Infrastructure Needs,” (Manila: Asian Development Bank, 2017), p. xi.

⁴¹⁹ Linus Mofor, “Africa Has a \$100 Billion Infrastructure Problem. What's Missing?” *BRINK*, 20 March, 2019; Veda Vaidyanathan, ed. *China's Infrastructure Development in Africa; An Examination of Projects in Tanzania and Kenya* (Delhi: Institute of Chinese Studies, 2019), pp. 38-40.

countries.⁴²⁰ The central question here is then what kind of connectivity structure is being created, not whether the overall level of infrastructure is improving (which it indubitably is).

Infrastructure investments have become an inseparable part of Xi Jinping's political program since the announcement of the "New Silk Road" or "Silk Road Economic Belt" and the "Maritime Silk Road" in 2013.⁴²¹ The two were united under the banner of "One Belt, One Road" (OBOR), subsequently renamed the "Belt and Road Initiative" (BRI) in 2015 and included in the constitution of the Chinese Communist Party at the 19th Party Congress in October 2017 as a component of Xi Jinping Thought. But while infrastructure has taken center stage in recent years, it is important to note that the BRI is a continuation of previous policies and to some extent built on the rebranding of several projects launched under both Jiang Zemin and Hu Jintao, going back at least to Zemin's "Going Out" strategy from 1999.⁴²²

Most of the infrastructure projects launched after the inception of the BRI were still in the negotiation or construction phase by mid-2018.⁴²³ The projects that are already underway or finished were thus negotiated and commenced before the BRI. For this reason, my study of Chinese infrastructure investments is not limited to those launched after the BRI. This is not to denigrate the importance of the initiative. The BRI is more than a rebranding of existing projects, and it has heralded massive investments of money, human resources, and political capital from Xi.⁴²⁴ But it is more of an acceleration of previous trends and a redefinition of previously disparate projects under a single policy headline than a fundamental turning point.

⁴²⁰ Lampton, Ho, and Kuik, *Rivers of Iron*.

⁴²¹ Brown, *China's World*, pp. 113-114; Economy, *The Third Revolution*, pp. 190-193; Joel Wuthnow. "China's Belt and Road: One Initiative, Three Strategies." In *Strategic Asia 2019: China's Expanding Strategic Ambitions*, edited by Ashley J. Tellis, Alison Szalwinski, and Michael Wills. pp. 210-245. (Seattle/Washington, D.C.: National Bureau of Asian Research, 2019), p. 214.

⁴²² The main thrust of the Going Out strategy was to obtain new and secure sources of oil imports for China, but it also called for Chinese construction and engineering companies to seek projects abroad. Economy and Levi, *By All Means Necessary*, pp. 48-53; Peter Ferdinand, "Westward ho—the China Dream and 'One Belt, One Road': Chinese Foreign Policy under Xi Jinping," *International Affairs* 92, no. 4 (2016); Norris, *Chinese Economic Statecraft*, pp. 75-77.

⁴²³ Wuthnow, "China's Belt and Road," pp. 213-214, 223-225.

⁴²⁴ Nadège Rolland, *China's Eurasian Century? Political and Strategic Implications of the Belt and Road Initiative* (Seattle, WA, and Washington, D.C.: National Bureau of Asian Research, 2017), p. 43.

It speaks to the success of the BRI's branding that it has managed to become a familiar concept among the public well outside China—even if its changing names cause some confusion. Besides the Marshall Plan, I can think of no other infrastructure investment scheme that has garnered the same degree of public attention. Part of this PR success can be attributed to the narrative linkage with the ancient historical silk roads between China and the Mediterranean. (This historical association has in turn sparked a renaissance of public interest in the history the historical silk roads.⁴²⁵) This broad interest also means that numerous studies of the BRI have been written, primarily in the form of reports by policy thinks tanks⁴²⁶ and journalistic pieces written for a broader audience.⁴²⁷ Routledge has published *Handbook of the Belt and Road*,⁴²⁸ and in almost every one of the legion of books being published on contemporary Chinese politics every year, a section is dedicated to the BRI. One can hardly speak of China's rise today without mentioning the BRI. Finally, reflecting the ongoing character of the BRI, multiple institutions have created datasets and “trackers” that present continuously updated data on China's economic activities, some of them geocoded and visualized on world maps.⁴²⁹

I am not the first to frame the BRI in “imperial” terms, but it has never been done in a systematic and theory-guided way. Tom Miller argues in *China's Asian Dream* in relation to the BRI that “China's new ‘empire’ will be an informal and largely economic one, posited on cash and held together by hard infrastructure.”⁴³⁰ Nadège Rolland emphasizes how the BRI will promote Eurasian integration and greater regional policy coordination with China at its center. She writes that, “all roads will eventually lead to Beijing, both literally and figuratively.”⁴³¹ Elizabeth Economy, Peter Frankopan, and a host of

⁴²⁵ This public interest is probably best captured by the widespread success of Peter Frankopan's *The Silk Roads: A New History of the World* (London: Bloomsbury, 2015); and *The New Silk Roads: Present and Future of the World* (London: Bloomsbury, 2018).

⁴²⁶ Nadège Rolland's *China's Eurasian Century* from 2017 is probably the most cohesive and cited. For an overview of Western reports, see Rolland's appendix in *China's Eurasian Century?*, pp. 189-193.

⁴²⁷ E.g. Tom Miller, *China's Asian Dream: Empire Building along the New Silk Road* (London: Zed Books, 2017); Macaes, *Belt and Road*.

⁴²⁸ Cai Fang and Peter Nolan, eds., *Routledge Handbook of the Belt and Road* (London: Routledge, 2019).

⁴²⁹ E.g. *Council on Foreign Relations*, “Belt and Road Tracker”; *Center for Strategic & International Studies*, “Reconnecting Asia.”

⁴³⁰ Miller, *China's Asian Dream*, p. 17.

⁴³¹ Rolland, *China's Eurasian Century?*, p. 2.

news pieces on the topic likewise paraphrase the idiom “all roads lead to Rome.”⁴³² The connection is obvious—China is building roads—but the subtext is persistently imperial. For reasons that are usually unstated, analysts and commentators keep coming back to the language of empires when describing the BRI. This chapter takes this intuitive analogy and turns it into a theoretically guided study.

A Chinese Model

This chapter is concerned with the international ties formed by infrastructure investments. Such an analysis would be incomplete without considerations on China’s particular model of financing for these projects. The close relationship between China’s political leadership, China’s banks, and China’s SOEs is reflected in China’s approach to development and its dealings with foreign governments in such a way that Chinese projects abroad will often forge several kinds of ties between China and the host country. As already noted, large Chinese construction projects abroad are usually financed by a Chinese policy bank and contracted by a Chinese SOE. These projects tend to be the result of diplomatic exchanges, and this political component widens the spectrum of the projects and their financing.⁴³³

Before I develop this point, let us review what we might refer to as the “Western” model of multilateral development financing in its ideal-typical form. Here, the host country will forge financial ties to one or several entities providing the funding in the form of loans. This could be the World Bank, international development banks, or consortiums of private investors. Afterwards, a company or a consortium of companies wins an open competitive tender for the contract, by offering the supposedly best product at the best price. The contractor will then in turn hire subcontractors for various parts of the project, depending on its size and nature. This all leaves the hosting country with essentially two kinds of ties: one to its financiers and one its contractor (and indirectly to its subcontractors). As a whole, this model tends to include quite a number of actors, often from multiple countries, in both finance and construction.

In contrast, Chinese development projects are usually financed only by Chinese banks and the host government, and projects are contracted to Chinese SOEs.⁴³⁴ The SOE then subcontracts only Chinese companies to supply

⁴³² Economy, *The Third Revolution*, p. 190; Frankopan, *The New Silk Roads*, back side of book cover.

⁴³³ Economy and Levi, *By All Means Necessary*; Lampton, Ho, and Kuik, *Rivers of Iron*, p. 50.

⁴³⁴ Wuthnow, “China’s Belt and Road,” pp. 226–227.

equipment and building material. China monopolizes the ties to the periphery in this way, since all ties are kept bilateral. Moreover, in some cases, China has made loan-for-oil arrangements, which lets the debtor pay off its loan directly with revenues made from selling oil to Chinese consumers.⁴³⁵ The oil-producing country commits to selling a certain amount of oil to China each year for the span of the loan. The Chinese customer then pays the market price on the day of the sale directly to an account held by a Chinese bank.⁴³⁶ This reduces the risk of borrower default for China, since the creditor is more likely to run out of money than oil, and it ensures a supply of oil for the Chinese market. More fundamentally, it creates a third, trade tie between China and the host country. Overall, Chinese projects forge closer ties between the host country and China than is usually the case for development projects. The loan-for-oil dynamic is restricted to investments in oil infrastructure, but the first two dynamics dominate all sectors.

The Chinese model as a whole has been criticized for being too extractive rather than developmental, not because it necessarily involves resource extraction, but because positive spin-off effects of foreign investments for the local economy (especially jobs, knowledge transfer, and the improvement of project standards) have often been absent with Chinese projects.⁴³⁷ Chinese companies have tended to use Chinese rather than local labor and have a poor track record on labor rights, sustainability, environmental surveys, and transparency. This tendency means less economic development in the periphery. The side benefits of massive undertakings, such as rail construction, are accrued by Chinese companies.

The contrast between a multilateral model and a Chinese model should not be overstated. Western investors and donors have also used official finance to cultivate relationships, promote political ideologies, and support their own industries. What makes the Chinese approach unique is “the sheer volume of flows, the lower level of concessionality on average of those flows,

⁴³⁵ Øystein Tunsjø, *Security and Profit in China's Energy Policy: Hedging Against Risk* (New York: Columbia University Press, 2013), pp. 80-81; Economy and Levi, *By All Means Necessary*, pp. 56-57; Kevin P. Gallagher and Amos Irwin. “China's Economic Statecraft in Latin America: Evidence from China's Policy Banks.” Chap. 3 In *The Political Economy of China–Latin America Relations in the New Millennium: Brave New World*, edited by Margaret Myers and Carol Wise. (London: Routledge, 2017).

⁴³⁶ Singh, “The Myth of ‘Debt-Trap Diplomacy’ and Realities of Chinese Development Finance.”

⁴³⁷ Economy and Levi, *By All Means Necessary*, p. 70.

and the relative opacity of the terms of those flows to the public,”⁴³⁸ and perhaps most importantly, the fact that most Chinese companies engaged in the projects are state-owned. In combination, this makes the Chinese state a one-stop solution for infrastructure projects, which includes financing and contracting, comes without governance strings attached, and is usually faster than its multilateral counterpart,⁴³⁹ albeit sometimes with a higher price tag on the loan than would be the case with multilateral development banks.

Measuring of the BRI

Let us now turn to a quantitative assessment of the infrastructure projects undertaken by Chinese companies. Compared to the qualitative studies of maps below, statistics on infrastructure construction reveal less about the structure of ties being created and more about the relative size of projects, the sectors that are emphasized, and the geographic distribution of projects. It thus provides a sense of proportion. As is often the case in studies of China, reliable official data is scarce. This study uses the China Global Investment Tracker (CGIT)⁴⁴⁰ data from the American Enterprise Institute and the Heritage Foundation, which accounts for Chinese outgoing investments and constructions projects based on a combination of news coverage and publicized documents from the involved companies (business reports etc.). These institutions could be expected to hold a conservative bias, but the conclusions they draw about Chinese investments in their China Global Investments reports are actually less alarmist than most mainstream media. Moreover, their data is the most comprehensive and one of most cited sources on Chinese investments today.

The CGIT data distinguishes between *investment*, which “involves ownership and an indefinite presence in a host country,”⁴⁴¹ *construction*, which does not involve ownership, and *troubled transactions*, which “occur when non-commercial factors impair or reverse a finalized commercial agreement.”⁴⁴² Since this section focuses on infrastructure, I only engage in the data on construction projects and particularly those subcategorized as “transport” projects, because I am interested in the relationship between China and the de-

⁴³⁸ Custer and Tierney, “China’s Global Development Spending Spree,” p. 335.

⁴³⁹ Economy and Levi, *By All Means Necessary*, pp. 74-75.

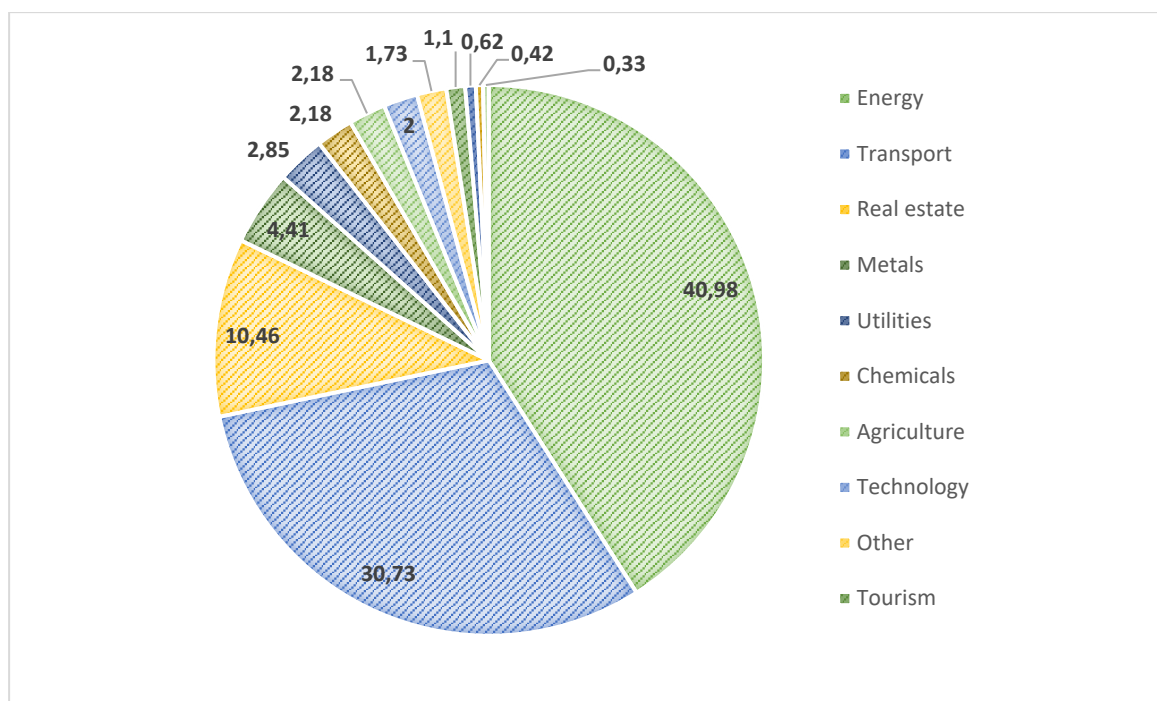
⁴⁴⁰ Derek Scissors, “China Global Investment Tracker (CGIT).” *American Enterprise Institute and the Heritage Foundation*.

⁴⁴¹ “China’s Global Business Footprint Shrinks,” (Washington, D.C.: American Enterprise Institute, 2019), p. 2.

⁴⁴² *Ibid.* p. 8.

veloping world. Although investments outpace construction by a healthy margin (\$1,171 billion versus \$815 billion respectively for 2005-2019H1⁴⁴³), the money primarily goes to other developed countries in Europe, as well as the United States and Australia. The purposes of these investments are generally to provide an economic return on capital and perhaps to facilitate some degree of technology transfer. This is quite different from construction projects that deliver time-bound engineering services.⁴⁴⁴ For this reason, I focus on construction alone. It should also be noted that CGIT only includes projects worth 100 million US dollars or more, so all figures are higher in reality than presented here.

Figure 6.1. Chinese Construction Projects by Sector



Source: Scissors, “CGIT”.

⁴⁴³ Ibid. p. 7.

⁴⁴⁴ Ibid. p. 5.

Table 6.1. Sectors in Chinese Construction by Aggregate Value

No.	Sector	Quantity in million USD	%	Number of projects
1	Energy	333,920	40.98	557
2	Transport	250,370	30.73	460
3	Real estate	85,190	10.46	235
4	Metals	35,950	4.41	72
5	Utilities	23,260	2.85	79
6	Chemicals	17,800	2.18	36
7	Agriculture	17,730	2.18	59
8	Technology	16,310	2.00	38
9	Other	14,130	1.73	32
10	Tourism	8,970	1.10	29
11	Logistics	5,090	0.62	17
12	Health	3,400	0.42	17
13	Entertainment	2,690	0.33	14
Total		814,810	100	1,645

Source: Scissors, “CGIT”.

According to CGIT,⁴⁴⁵ from 2005 up to the first half of 2019, China engaged in construction projects worth \$814.8 billion. Table 6.1 shows the distribution of Chinese construction projects across thirteen sectors. ‘Energy’ is the largest sector and dominates Chinese construction projects together with ‘Transport’. Combined, the two make up more than two thirds of all Chinese construction projects. Most of the energy construction projects are in hydro energy (32%), followed by coal (29%), gas (17%) and oil (15%).⁴⁴⁶ One might be surprised by the low share occupied by oil, but this is in part because Chinese oil activities abroad usually take the form of an investment involving ownership rather than just construction. Hydro energy, by contrast, often involves construction of huge dams where none existed before.

The focus of this chapter is on infrastructure that connects people, drawing historical inspiration from the roads, rails, and ports of empires past. For this reason, I focus on the transport sector. One might reasonably argue that energy is also an enabler of connectivity and thus should be included equally in my study. But this misses the important differences between building a coal power plant and building a highway. A new power plant affects connectivity

⁴⁴⁵ “CGIT”. Data obtained 1 November 2019.

⁴⁴⁶ Ibid. Data obtained 1 November 2019. These figures exclude energy construction projects, which have not been designated a sector, such as in nuclear power. The actual numbers are therefore slightly lower.

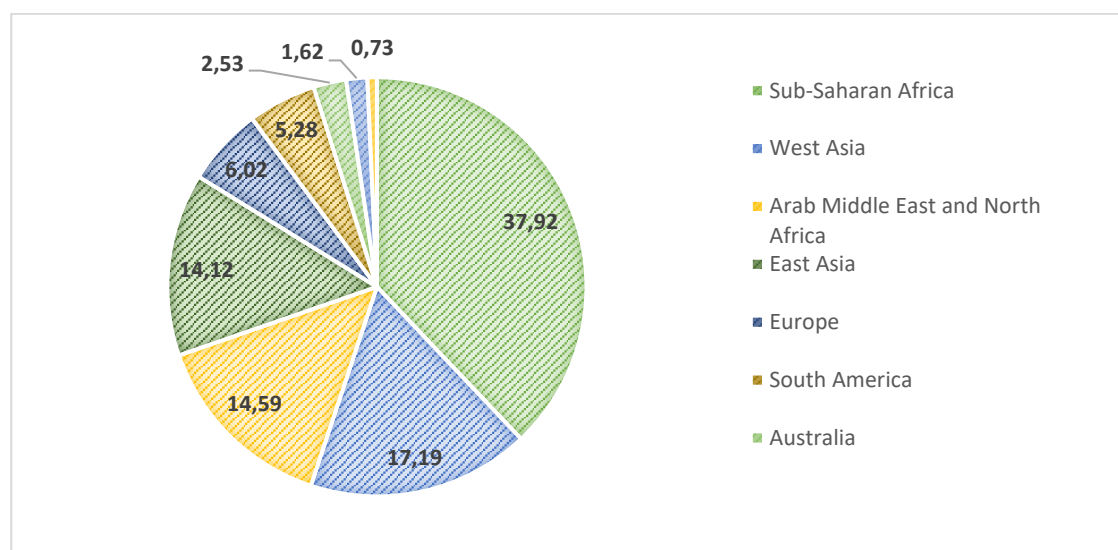
more indirectly than a new road. A road connects two disparate places (and everything in between). A power plant improves the capacity of a single area to interact with any other area. It is impossible to see who is connected by improved energy infrastructure; it is in a way *omnidirectional*. This is important, since it makes it much more difficult to compare energy infrastructure with the hub-and-spokes ideal type, when looking at connectivity. Energy will only improve a society's capacity for interaction in general. But I am interested in particular ties between societies.

What these numbers do tell us is that the BRI and the Chinese construction projects that preceded it are about much more than just roads and rails. China is lifting the level of energy and transportation infrastructure with vast sums of money across more than a thousand projects. As I argue in my discussion on drivers and impediments to infrastructure investments, a central motivation in this grand endeavor is to secure work for Chinese companies in construction and to provide an outlet for overcapacities in materials. The Chinese model of development entails that for the most part, these projects will be carried out by Chinese contractors and subcontractors, effectively functioning as a massive subsidy to the sector. Whether these projects create sustainable growth in the periphery is beyond the scope of this study. What I do claim is that these projects, at a minimum, keep large numbers of Chinese workers and SOEs in business.

Regionalizing China's Global Construction Presence

Table 6.2 shows the geographic distribution of 460 transportation construction projects across nine regions. Sub-Saharan Africa is the region with the most activity, hosting almost 38% of all Chinese construction the transportation sector—more than West and East Asia combined. Chinese transportation construction in Europe, South America, North America, and Australia is small in comparison. Projects are predominantly located in the developing world, as was the BRI's initial focus.

Figure 6.2. Chinese Transportation Construction Projects by Region, 2005-2019H1



Source: Scissors, “CGIT”.

Table 6.2. Regions by Aggregate Value of Chinese Construction Projects in “Transport” Sector

No.	Region	Quantity in million USD	%	Number of projects
1	Sub-Saharan Africa	94,940	37.92	155
2	West Asia ⁴⁴⁷	43,040	17.19	82
3	Arab Middle East and North Africa	36,520	14.59	62
4	East Asia	35,360	14.12	77
5	Europe	15,070	6.02	30
6	South America	13,230	5.28	25
7	Australia	6,330	2.53	12
8	North America	4,050	1.62	9
9	USA	1,830	0.73	8
Total		250,370	100	460

Source: Scissors, “CGIT”.

The volume of Sub-Saharan projects may surprise, considering how Eurasia has been the focus of the BRI. Yet, the investment patterns does suggest a shift towards West and East Asia if one looks at the years before and after the announcement of the BRI in 2013 rather than the entire period 2005-2019H1,

⁴⁴⁷ CGIT separates West and East Asia between Bangladesh and Myanmar, and Mongolia and China, coding India, Bangladesh, Kazakhstan and Mongolia as “West Asia”, and Nepal, Myanmar, and the rest of East and Southeast Asia as “East Asia.”

as is done in Table 6.3. For 2005-2012, Sub-Saharan Africa made up 43%. This share fell to 36% for 2013-2019. This relative fall should not be overstated, since the actual value of new contracts signed almost doubled from \$33 billion to \$62 billion in that region.

Another region receiving relatively less attention after 2013 is the Arab Middle East and North Africa. This region's large share can in part be explained by a single infrastructure project, the Algeria East-West Highway, the western and central part of which was built by CITIC, a Chinese SOE. CGIT assesses the value of this project alone at \$6.2 billion, almost a third of the region's total. In 2006 when the project was awarded to CITIC, it was the largest construction project ever won by a Chinese company,⁴⁴⁸ and it remains the second largest transportation project in the CGIT data for the entire period 2005-2019H1. Regional instability has closed off some countries in the region to Chinese companies. A case in point: China Railway Construction won a bid in 2008 to build new rails in Libya worth \$2.6 billion, but the project was suspended, and no new Libyan projects have been taken up since.

⁴⁴⁸ *CITIC*, "Algerian East-West Expressway Project."

Table 6.3. Regions by Chinese Transportation Construction Projects for 2005-2012 and for 2013-2019H1

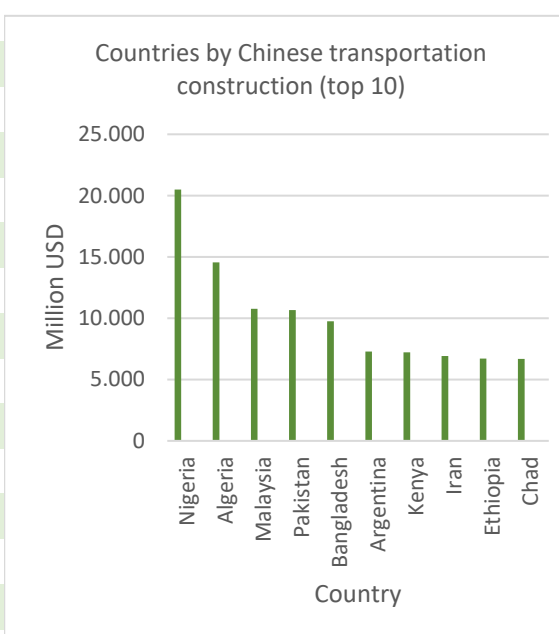
2005-2012					2013-2019H1				
No.	Region	Quantity in million USD	%	Number of projects	No.	Region	Quantity in million USD	%	Number of projects
1	Sub-Saharan Africa	33,280	43.29	56	1	Sub-Saharan Africa	61,660	35.54	99
2	Arab Middle East and North Africa	19,560	25.44	30	2	West Asia	33,510	19.32	57
3	West Asia	9,530	12.40	25	3	East Asia	29,970	17.27	57
4	East Asia	5,390	7.01	20	4	Arab Middle East and North Africa	16,960	9.78	32
5	Europe	3,770	4.90	5	5	Europe	11,300	6.51	25
6	South America	3,500	4.55	6	6	South America	9,730	5.61	19
7	North America	1,130	1.47	2	7	Australia	6,330	3.65	12
8	USA	720	0.94	4	8	North America	2,920	1.68	7
9	Australia	0	0.00	0	9	USA	1,110	0.64	4
	Total	76,880	100	148		Total	173,490	100	312

Source: Scissors, "CGIT".

Construction projects have instead turned to West and East Asia, where the quantity in million USD has multiplied by 3.5 and 5.6 respectively. Pakistan and Bangladesh have been important drivers of the West Asian increase, while Malaysia has played that part in East Asia. A shift is evidently taking place around the years of the BRI, directing proportionally more transportation projects to China's immediate Asian periphery. Appendix C shows the distribution of all 460 construction projects across countries, ordering countries by the aggregate value of the contracts. Table 6.4 presents the top twenty countries from this list.

Table 6.4 and Figure 6.3. Countries by Chinese Transportation Construction Projects (Top 20)

No.	Country	Quantity in million USD	Number of projects
1	Nigeria	20,500	16
2	Algeria	14,560	9
3	Malaysia	10,770	12
4	Pakistan	10,670	18
5	Bangladesh	9,750	14
6	Argentina	7,290	4
7	Kenya	7,220	13
8	Iran	6,920	10
9	Ethiopia	6,710	12
10	Chad	6,690	2
11	Sudan	6,670	5
12	Zambia	6,330	14
13	Australia	6,330	12
14	Congo	6,070	7
15	Saudi Arabia	5,940	9
16	Indonesia	5,730	9
17	Angola	5,150	8
18	Cameroon	5,070	6
19	Sri Lanka	4,610	14
20	Senegal	3,860	5



Source: Scissors, “CGIT”. (See Appendix C for the complete list of countries.)

What insights can be drawn from all these figures, which might help us assess the connectivity structure of China's infrastructure construction projects? First, the countries with the highest total value of transportation construction projects are geographic diverse. The top ten include countries in Sub-Saharan Africa; West and East Asia; North Africa and the Middle East; and South America, due to Argentina. China's construction efforts are not just targeting

a single region or cluster of countries. If an infrastructure order is emerging, both continental and maritime peripheries seem to be involved.

Second, the numbers indicate a Chinese willingness to operate in politically unstable countries. The World Bank ranks countries by “Political Stability and Absence of Violence/Terrorism.” In 2018, Monaco was the most stable (score: 1.94), and Yemen was the least stable (score: -3.0).⁴⁴⁹ With the exception of Argentina and Malaysia, all top ten countries where China is constructing the most in the transportation sector are in the bottom 20 percentile of all countries by stability, with Nigeria and Pakistan being in the bottom 10 countries. Construction projects in general may be mostly done in developing countries, and these tend to be less stable than their developed counterparts. Yet, China is not just building in developing countries generally, but in some of the most conflict-prone countries in the world. This instability may both be a cause and impediment of the expansion of an infrastructure order, as discussed later in this chapter.

Table 6.5. Political Stability and Absence of Violence/Terrorism in Top 10 Countries for Chinese Transportation Construction, 2018

Country	Score
Nigeria	-2.19
Algeria	-0.79
Malaysia	0.24
Pakistan	-2.27
Bangladesh	-1.03
Argentina	0.02
Kenya	-1.16
Iran	-1.31
Ethiopia	-1.34
Chad	-1.49

Source: *World Bank*, "Worldwide Governance Indicators".

A third general observation is that, aside from Pakistan, some of the countries that are most often mentioned in critical assessments of the BRI are not the countries that are seeing the most construction activity as a whole. Sri Lanka, often cited for the controversy over the Hambantota port, is only the 18th highest country on transportation construction and 32nd on total construction. Cambodia, arguably one of the clearest examples of a periphery government sliding closer to Beijing, comes in 25th in transportation and 42nd in aggregate,

⁴⁴⁹ *World Bank*, "Worldwide Governance Indicators."

and Djibouti, the site of the first Chinese military base abroad, is 46th in transportation and 83rd in aggregate. Of course, this does not take the size of the host economy into account and thus says nothing about the relative importance of the construction projects to the countries. But if one wishes to understand the BRI in itself and the connectivity structure it is creating, one should not consider these countries representative of the whole. On the contrary, some of the countries that see the most construction activity have been often neglected. This chapter seeks to address this shortcoming through the case studies of Nigeria, Iran, and Argentina below.

Fourth, the data reminds us that the BRI is about much more than just railroads and ports. The prominence of energy construction projects suggests that the BRI takes a quite holistic approach to connectivity. This in itself could well be interpreted to signal a non-imperial connectivity structure. As noted above, energy infrastructure is omnidirectional in the way it improves connectivity. By contrast, a road connects two places. Building dams and power stations in a periphery is likely to improve connectivity to the core. But it could equally improve the connectivity between different periphery countries or to other cores, making for a more nonhierarchical order of connectivity. In such a scenario, the improved energy infrastructure would undermine the imperial hub-and-spokes. At a very minimum, the preponderance of energy construction means we cannot reduce the BRI and Chinese construction projects in its periphery to being solely about building a hub-and-spokes structure in a narrow sense.

Keeping these findings in mind, we now turn to cartographic depictions of the BRI and of China's engagement in infrastructure construction in the world. I will continue to refer to the CGIT data throughout the chapter as the primary quantitative source on Chinese construction.

Belt and Road Maps

The BRI is a vision and an “organizing foreign policy concept,”⁴⁵⁰ but it is not a detailed plan. If it were a comprehensive and formalized plan, studying the official blueprint would have been a great way of assessing the overall scheme and the connectivity structure it is meant to promote. In the absence of such a master plan, this section studies some of the representations of the BRI created from geocoded data of Chinese investments; world maps wherein data has been plotted to visualize the geographic distribution of Chinese activities. I study in detail the maps created by MERICS and AidData and use these to draw insights about Chinese construction activities and the BRI. It should be

⁴⁵⁰ Rolland, *China's Eurasian Century?*, p. 1.

noted immediately that the two maps depict different things, as will be elaborated below, but they can nonetheless be used to paint a larger empirical picture of the connectivity structure being established. It is thus a form of empirical macro-level data, which can subsequently be complemented by studies of more specific cases.

I provide prints of the maps here, but some of the information collected from these maps (names of projects, sizes of loans, involved companies etc.) are obtained from the online sources. I will not include references to every single piece of information, but the reader should easily be able to identify the data on the maps, based on my descriptions.

MERICS Belt and Road Tracker

The Berlin-based Mercator Institute for China Studies' (MERICS) Belt and Road Tracker provides an illustration of China's infrastructure construction activities. According to their website, the tracker is based on a database with more than 2,500 projects as of September 2019,⁴⁵¹ encompassing areas covered by the two central policy documents that outline the BRI.⁴⁵² These include not only physical infrastructure projects but also "policy coordination, trade facilitation, financial integration and people-to-people relations."⁴⁵³ Only projects of a value higher than \$25 million are included in the set and the set is not limited to projects that are marked as part of the BRI, as long as they fit its scope, since there are a number of practical or diplomatic reasons why a specific project may not be labelled a BRI project.

These pieces of information still leave many questions unanswered regarding the methodology behind the translation of the collected data into the map below. Clearly, not all 2,500 projects have made it to the map, nor is the relative size of projects apparent. The map also highlights the 'Silk Road Economic Belt', the 'Maritime Silk Road', and six 'Economic Corridors,' which appear to be adapted from policy documents or other illustrations rather than from coded projects. These problems of methodological transparency in the MERICS Tracker suggest that the map itself is somewhat stylized in order to provide a coherent picture, demonstrating how the actual projects align with the

⁴⁵¹ *Mercator Institute for China Studies*, "MERICS BRI Tracker." 'MERICS BRI Tracker: Database and Project Design,' 18 September, 2019.

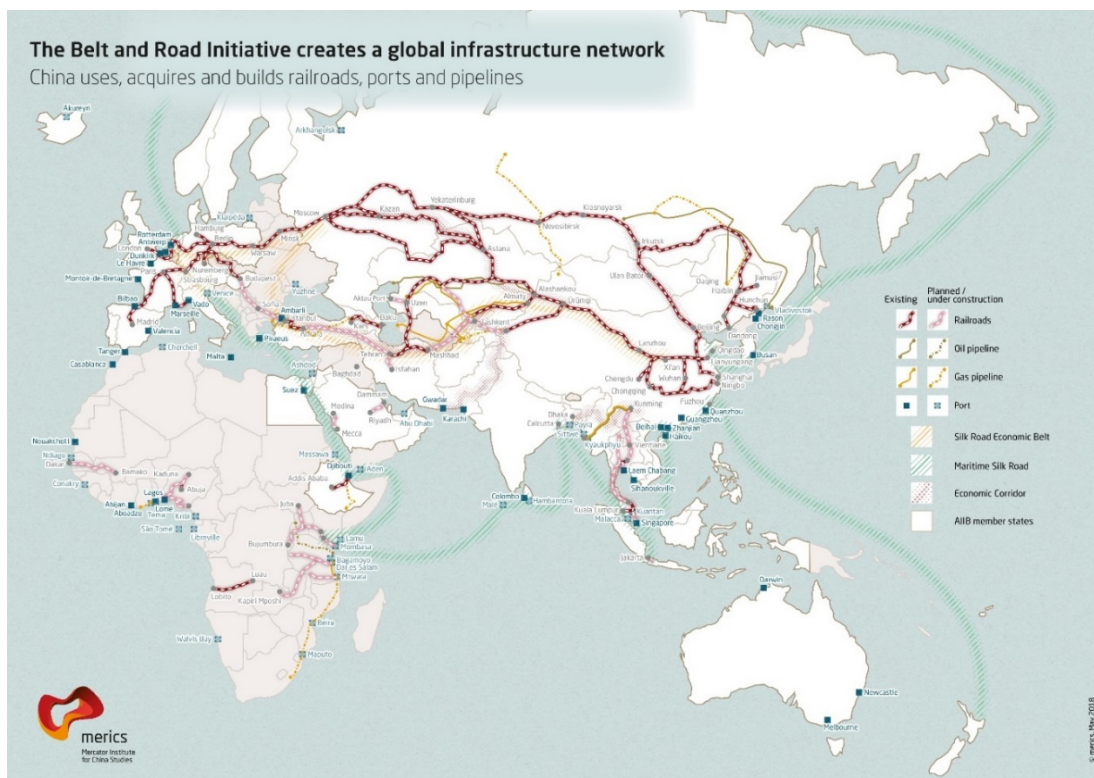
⁴⁵² *National Development and Reform Commission*, "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road." 28 March, 2015; The State Council of the People's Republic of China, "Full text: Vision for Maritime Cooperation under the Belt and Road Initiative." *Xinhua*, 20 June, 2017..

⁴⁵³ *Mercator Institute for China Studies*, "MERICS BRI Tracker" 'MERICS BRI Tracker: Database and Project Design,' 18 September, 2019.

politically envisioned ‘roads’ and ‘corridors’. That being said, the map still accounts for a number of important developments in railroads, pipelines, and ports, thus illustrating some of the lines of interaction that are being strengthened. I treat planned and existing projects similarly in this study, since some of the projects marked as ‘planned’ have already been finished since the production of the map.

How does the map compare to the hub-and-spokes pattern of empires? The two main lines around which the BRI has been framed, the Silk Road Economic Belt and the Maritime Silk Road, are not particularly hub-and-spoke like. They look more like a contested order comprised of two hubs, China and Europe, passing through a periphery consisting of Central Asia, Iran, Turkey, and the Balkans. The latter contains three lines, one linking China to Europe through the Indian Ocean and Suez, another, known as the “Polar Silk Road”⁴⁵⁴ passing north of Russia and Scandinavia to the same destination, and finally one going directly from China to New Zealand. Aside from the maritime road to New Zealand, these two are also more like winding paths from one possible core to another, with peripheral stops on the way.

Map 6.1. MERICS Map of the BRI



Source: Mercator Institute for China Studies, "MERICS BRI Tracker".

⁴⁵⁴ *The State Council of the People's Republic of China*, “Full text: China's Arctic Policy.” 26 January, 2018.

/More like hub-and-spokes are the six economic corridors that stretch out from China in lines towards the north, northwest, west, southwest, and south, placing China at the center of a rimless wheel. If one looks only at China, as is done in Map 6.2, these corridors are a near perfect example of a core stretching out lines of connectivity in all directions.

Map 6.2. MERICS Map of the BRI around China



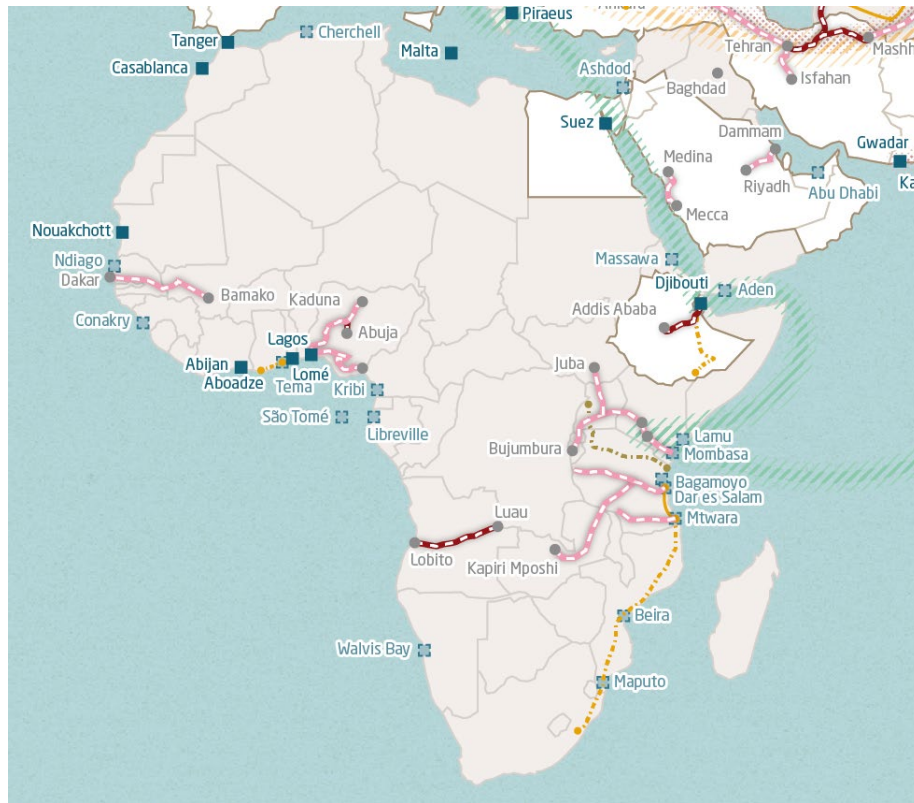
Source: Mercator Institute for China Studies, "MERICS BRI Tracker".

Map 6.2 also reveals that there is a clear domestic core and periphery within China, as argued in chapter 5. Tibet and the rest of southwestern China are neglected, and Xinjiang is a transitory region between Central Asia and China's true core to the mid-east and the coast. Without going into further detail on these domestic issues here, Map 6.2 tells a story that these areas are distinct from the economic core of China. If one were to remove the country borders from the map, Xinjiang would look like any other periphery through which Chinese rails are being built to connect to the core of China. The BRI thus connects both formal and informal periphery to China.

In Africa and on the Arabian Peninsula, both planned and existing railroads quite consistently connect cities inland to the coast. This is evident from Map 6.3. The Lobito-Luau railroad in Angola and the Addis Ababa-Djibouti railroad are existing examples. New lines are planned in Nigeria, in Senegal and Mali, in Tanzania and Zambia, and from South Sudan and Burundi through Uganda to the Kenyan port city of Mombasa. At the end of the African lines, China has existing or planned port projects in Lagos in Nigeria, Mtwara and Dar es Salam in Tanzania, Mombasa in Kenya, and Djibouti. The Saudi Dammam-Riyadh Freight Line and Medina-Mecca line also fit this pattern,

though there does not seem to be any Chinese port project in the Jeddah west of Mecca through which the line runs. Most of these maritime ties thus resemble the imperial pattern, tying hinterlands to the coast.

Map 6.3. MERICS Map of the BRI in Africa and the Middle East



Source: Mercator Institute for China Studies, "MERICS BRI Tracker".

An analytical challenge presents itself here. Most of the railroads built and planned for Eurasia, with the notable exception of Southeast Asia, tie the periphery to both Europe and China. It is also hard to say from the MERICS map whether the countries along the maritime roads are forging closer ties to China, Europe, or both. Accordingly, one might interpret this as the emergence of a contested order, quite different from the imperial pattern. If this is the case, it is notable that its emergence is driven primarily by China rather than by both cores in collusion.

Yet, some parts of the MERICS map indicate that the periphery is being connected slightly more closely to China than to Europe. In Central Asia, this is seen in the absence of a tie in Western Kazakhstan between the Khorgas-Aktau Port line and the Belarus Industrial Park line, which would shorten the travel distance to Russia and on to Poland and Germany. The importance of this non-existing rail tie should of course not be overstated. Further, the rails in Southeast Asia all go to China. There is no railroad running from Southeast

Asia through India headed for Europe. I return to the significance of the absent India-Myanmar rail link in my case study later in this chapter.

In summary, land-based infrastructure crossing Central Asia and Russia bears limited resemblance to a hub-and-spokes. The region seems to be connected almost equally to China and Europe, even if Uzbekistan and southern Kazakhstan may be connected slightly more closely to east than west. These ties seem to provide Central Asia with improved access to two competing hubs—a contested order.

If one focuses on Asia, as done in Map 6.2, the picture becomes more China-centric and imperial. Especially the rails from Kunming through South-east Asia resemble a hub-and-spokes, even if this is primarily the result of the geography of a region surrounded by water. (I return to Southeast Asia in detail my case study below). The pattern only lacks railways along the economic corridors to India and Pakistan (the latter being connected by highway rather than railroad). In this isolated perspective, China’s continental neighborhood is clearly being connected more closely to China through infrastructure, cementing the centrality of China for the regional economy.

Another hub-and-spokes-like part of the MERICS map are the overseas projects in Africa and Saudi Arabia that resemble the pattern of European imperial infrastructure built in Qing China, colonial India, and Africa. Here, existing and planned railways connect the hinterlands to ports, many of which are also being developed by Chinese companies. One might notice here, as we shall return to later, that many new Chinese railroads are being built along the same lines as the colonial railroads they are replacing.⁴⁵⁵ These projects are thus not creating but *recreating* an imperial network. I consider Saudi Arabia ‘maritime’ in relation to China, since land-based routes are effectively blocked off by instability in Iraq and Syria, neither of which are members of the BRI or particularly attractive for investment at the time of writing. The following section takes a broader view at China’s engagement in creating connectivity by switching perspective from rails and policy visions to the destinations of Chinese official finance.

AidData

AidData is perhaps the most cited quantitative dataset on China’s development footprint. Where CGIT covered Chinese construction projects, AidData accounts for official Chinese financing, including both Chinese aid by OECD-DAC standards (referred to as “official development assistance” (ODA)) and official financing that does not meet the criteria of ODA (referred to as “other

⁴⁵⁵ Robert Bianchi, *China and the Islamic World: How the New Silk Road is Transforming Global Politics* (New York: Oxford University Press, 2019), pp. 97–98.

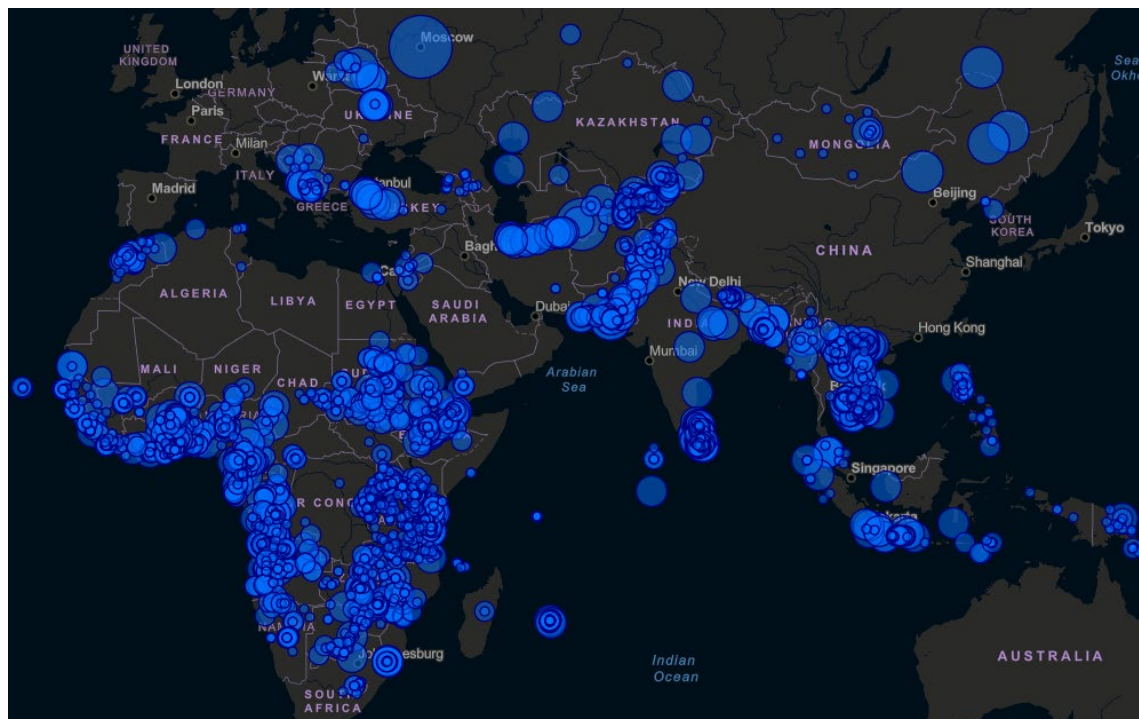
official flows” (OOF)).⁴⁵⁶ Taken together, these two types are referred to as “official finance”. The dataset captures some 4,300 projects worth \$354.3 billion from the period 2000-2014. The period makes it slightly dated for my study of contemporary China, but even with this caveat in mind, the data still provides an enlightening supplement to the MERICS map of where the Chinese government has been financially involved in its periphery. The AidData map gives a clearer impression of the different scales of investments in countries, since it includes an entry for each project, the size of which is reflected in the size of the circles. Geographically, AidData included projects all over the globe, though the map presented here only contains the same geographic area as the MERICS maps for ease of comparison.

It must be stressed that AidData includes much more than just transportation financing. Like CGIT, it includes official finance across all sectors. According to AidData and consistent with the data in Table 6.1, the largest sectors for Chinese official finance are “Energy Generation and Supply” (\$134.1 billion or 38% of total official finance) and “Transport and Storage” (\$88.8 billion, 25%), followed by “Industry, Mining, Construction” (\$30.3 billion, 8.6%), and “Communications” (\$16.9 billion, 4.8%). Even if we only consider energy, transportation and communications as infrastructure relevant for connectivity, these three groups still make up more than 70% of the official finance covered in the data. Hence, the vast majority of projects marked on the Map 6.4 are related to connectivity in its broader sense.

As with the previous discussion of energy’s role in connectivity, much of the financing described by AidData enhances the omnidirectional capacity for connectivity rather than the tie between two specific places. Though this is a methodological challenge for my study, AidData’s geocoded data also provides a solution. Map 6.4 lets me identify patterns in the concentration of investments. These patterns of concentration may or may not resemble a hub-and-spokes. In other words, AidData lets me trace which areas are having their overall capacity for connectivity improved. A new power plant in Location B financed by Country A may not directly connect B more to A than to anywhere else. However, a string of power plants running from Country A through areas B, C, D, and E could well be interpreted as a line of connectivity, on par with a railroad or highway. The AidData map highlights some of these “strings” of projects, which can make for ties in a hub-and-spokes. In short, our focus here shifts from the connectivity created by single projects, to the connectivity created by particular configurations in the concentration of projects.

⁴⁵⁶ Richard Bluhm et al., “Connective Financing: Chinese Infrastructure Projects and the Diffusion of Economic Activity in Developing Countries,” in *AidData Working Paper #64* (Williamsburg, VA: AidData at William & Mary, 2018), p. 3.

Map 6.4. AidData, Geocoded Global Chinese Official finance Dataset (Eurasia and Africa)



Source: Bluhm et al, “Connective Financing”.

Looking at official financing rather than construction removes Central and Western Europe from the picture. Projects there are financed by local governments rather than loans from China. AidData reveals a clustering of projects around the economic corridors in Central Asia (particularly Kyrgyzstan, Tajikistan, Turkmenistan, and Iran), South Asia (Pakistan, Nepal, Bangladesh, and India) and Southeast Asia (Vietnam, Laos, Myanmar, and Cambodia). The difference is especially noteworthy with the China-Pakistan Economic Corridor and the China-India Corridor, which were hardly visible on the MERICS map.

In Pakistan, Chinese banks are financing connectivity from the Chinese border to the port of Gwadar, through the Karakoram highway (in which \$64 million and \$73 million have been invested⁴⁵⁷), the Karachi-Lahore highway (\$ 1.5 billion), and the Gwadar Coastal highway (\$200 million). These investments are invisible on the MERICS because they are not railroads but highways. The port of Gwadar, funded by a Chinese grant of \$50 million, is included on both maps. Pakistan also stands out on the AidData map, due to a number of large energy investments, including hydropower projects worth more than \$4.24 billion and a nuclear plant in Karachi worth \$2.25 billion.

⁴⁵⁷ The following figures are from AidData, “China’s Global Development Footprint.”

Projects such as these place Pakistan as the largest construction site for Chinese companies in the CGIT data as well.

The AidData also reveals the massive clusters of financing in coastal Africa, Ethiopia, Sri Lanka, and on Indonesian Java. More broadly and in line with the CGIT data, AidData provides an impression of Chinese economic activities abroad as being more geographically scattered than is apparent on the stylized MERICS map. China is not just making pinpoint investments in railway infrastructure to create a few lines of connectivity across Eurasia and the African coast. Rather, it is investing massively in upgrading the overall level of infrastructure of countries in these areas.

While the inclusion of AidData makes some of the economic corridors of the BRI stand out more clearly, it also makes the picture murkier in at least two ways. First, as it highlights far more investments into infrastructure, it also includes more projects that do more to connect peripheral countries internally than to China. Second, the broader scope of AidData includes data entries that may distort the picture and give misleading impressions, if one does not consider the nature of the investment (as would have been the case for the CGIT data if investment and construction were conflated). The large circles in northeastern China and Moscow all represent that same project—a \$25 billion China Development Bank loan to Russian Rosneft and Transneft from 2009—which is the reason Russia is the largest recipient of Chinese OOF in the period by a wide margin (\$36.6 billion. Pakistan comes in second at \$16.3 billion.).⁴⁵⁸ While this is a huge loan, it is of less significance to the question of connectivity. Likewise, the large circles in India stem from a \$10 billion order of equipment from Shanghai Equipment for which Indian Reliance Industries has apparently obtained a loan from a number of Chinese banks. This could give the impression that India is more connected to China than is actually the case.

In China's continental periphery, we see official finance concentrated on China's immediate border regions and on economic corridors stretching south and west. This suggests at least three findings. First, financial flows are related to border stability and the ambition to improve levels of development in China's immediate surroundings. Second, it indicates that financing favors the areas covered by the economic corridors, thus materializing the politically envisioned hub-and-spokes structure denoted on the MERICS map. Third, at least until 2014, the period of AidData, trans-Eurasian ties primarily found financing for the stretches east of Iran. Where MERICS raised the prospect of

⁴⁵⁸ Ibid.

a contested order for the continent, this is absent in the early financing. Leading up to 2014, the pattern of Chinese official finance looked more like a Chinese hegemony or empire than a contested order.

Including the AidData contributes two central insights to this study. On the one hand, it provides data that shows the preponderance of official Chinese finances going to the economic corridors of the BRI and to the African coast (and island-nations in the Indian Ocean). At the same time, it leaves a less crisp overall impression than the MERICS map, since it shows how China is economically engaged in a myriad of places. This could suggest that Chinese development initiatives abroad are about connectivity and development everywhere—a more nonhierarchical pattern. In general, Eurasian financing clusters in the economic corridors that resemble spokes and African financing fits the imperial pattern by clearly emphasizing coastal regions and connectivity to ports.

Let us pause and summarize our findings so far. Does China's infrastructure construction projects and their financing resemble a China-centric hub-and-spokes? The economic corridors stretching from China to its immediate periphery provide the strongest match and clearly situate China at the center of a network. MERICS depicted railroads along most of these corridors, and AidData demonstrated the large sums of financing being channeled into various forms of infrastructure along these corridors. It is moreover important to notice that there is no "rim" of projects or financing that connects these corridors. The pattern is not a spider web with interconnected spokes nor a nonhierarchical network with no center. It is a rimless wheel. A second development that fits the ideal type is the coastal investments in Africa and the Arabian Peninsula.

Two factors do not fit the imperial pattern. First is the general dispersion of Chinese projects. Chinese companies are building infrastructure, and Chinese banks are financing projects more or less all over the world. One could make the case that developing countries are becoming increasingly capable of engaging in international transactions on a global scale—not just with China. At a minimum, this reveals that the BRI cannot be reduced to *just* a scheme for building a China-centric connectivity empire. There is much more going on.

Second, the main belt of the BRI supposedly connects peripheries to both China and Europe. This route will make the European market more accessible for Central Asian countries, and this could make for a more contested order. A similar problem presents itself with the maritime roads. A number of periphery economies are becoming more closely integrated in the global trade network, but whether this will make China relatively more important than other economic hubs remains unanswered. Yet, the AidData map does suggest

a higher degree of connectivity to China than to Europe for East and Central Asian countries. These regions look more like a China-centric order than a contested order.

Railroad Construction

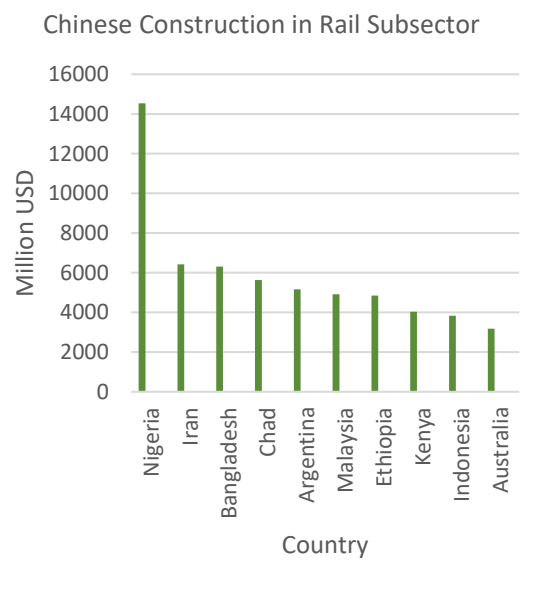
The following section zooms in on railroads specifically and conducts brief studies of one region and three countries where Chinese companies are building rails. Looking at entire countries or even regions lets me repeat my method of “cartographic hermeneutics” from above to some extent and assess the overall structures of connectivity emerging in particular geographic areas. These case studies will give a clearer impression of how China’s infrastructure projects can look and how they may or may not connect periphery to core.

The following focuses on railroads exclusively because, as argued previously, railroads connect two specific points, whereas ports and airports can form ties to any other port or airport in the world. Hence, railroads make it is easier to see who is being connected. Railroads and highways are similar in this regard but differ in two other important aspects. First, railroads are more suited for large volumes of trade across greater distances due to its greater speed and carrying capacity. Second, constructing a railroad is costly and thus a commitment to long-term relations. That is why it is of particular interest to this study. Further and more practically, cutting away all highway projects leaves me with a slightly more manageable size of possible cases to study.

I first study continental Southeast Asia. This region was chosen because it borders and already has strong trade ties to China, as demonstrated in chapter 5. Some of the countries emphasized here—Laos, Thailand, and Malaysia—are also all in the top twenty countries in terms of Chinese railroad construction (see Table 6.6). Moreover, recent empirical research on Southeast Asia provides valuable insights from which I may benefit. I rely substantially on the book *Rivers of Iron* by David Lampton, Selina Ho, and Cheng-Chwee Kuik, who have conducted fieldwork and interviews with stakeholders in the region and in China. By relying on their work, I strengthen the empirical basis of my own argument with insights gained through other methods than my own. I also provide updates on the status of the projects discussed, several of which have progressed since the publication of *Rivers of Iron*. In this way, the following analysis also makes an empirical contribution to the literature by providing a stocktaking of rail developments in the Southeast Asia.

Table 6.6 and Figure 6.4. Countries by Value of Chinese Rail Projects (excerpt from Appendix E)

No.	Country	Quantity in million USD	Number of projects
1	Nigeria	14,540	8
2	Iran	6,420	9
3	Bangladesh	6,310	7
4	Chad	5,630	1
5	Argentina	5,160	3
6	Malaysia	4,910	5
7	Ethiopia	4,850	4
8	Kenya	4,030	3
9	Indonesia	3,830	2
10	Australia	3,180	6
11	Thailand	3,140	3
12	Singapore	3,080	15
13	Libya	2,600	1
14	Algeria	2,570	1
15	Zambia	2,260	1
16	Kazakhstan	1,890	1
17	Egypt	1,840	2
18	Angola	1,830	1
19	Pakistan	1,720	2
20	Laos	1,580	1



Source: Scissors, “CGIT”.

I supplement this study of a neighboring region with three individual case studies of countries further away from China. The cases have been chosen using CGIT data, using all construction projects in the “Transport” sector and “Rail” subsector (see Appendix E for the complete list of all 113 rail projects). I have chosen the two countries where China is constructing rails of the greatest total economic value, Nigeria and Iran, as well as Argentina. The latter is an overseas periphery, outside Eurasia and Africa, which are the focus of the BRI, and on fifth place in terms of railroad construction value. The number of cases is chosen for its manageable size. Finally, the three countries demonstrate interesting differences in how imperial ties may manifest. One of the cases might be expected to connect to China by continental ties through other countries (Iran) and two to connect through maritime ties (Nigeria, Argentina). Some of these studies will therefore also include considerations on how they may connect to China through a neighboring country either via land-based ties or via a port, and whether that port is owned by Chinese companies.

Equally important, I use the case studies to argue that rails and ports built by China do not necessarily mean the emergence of a China-centric empire. Neither Nigeria nor Argentina are being connected exclusively to China, and neither can be reduced to spokes in a China-centric network. I include them

in this study, because they reveal much about Chinese rail investments and about the consequences of improved infrastructure in maritime peripheries more broadly. The point is not to “prove” the existence of a China-centric empire but to use the ideal type to learn something about the world as it is. I believe the cases studied here all reveal different important things about infrastructure connectivity and geoeconomic relations between China and other countries.

Southeast Asia

After East Asia, Southeast Asia is the region most closely tied to China by trade, as demonstrated in chapter 5. The region is also an important site for Chinese construction (see Appendix D). Indonesia and Malaysia are the fourth and fifth largest hosts of construction projects, worth \$30.5 billion and \$26 billion, respectively. Vietnam (\$20.1 billion, 12th place), and Laos (\$18.2 billion, 15th place) are also significant partners in this respect. As Table 6.6 above shows, much of this money goes to rail projects. Economic ties are thus already strong between China and the region.

The original vision for regional infrastructure connectivity was presented by the Association of Southeast Asian Nations (ASEAN) in the 1990s, reformulated in 2010, turned into a partnership with China in 2012, and presented as a part of the BRI in 2013.⁴⁵⁹ But even before World War Two, railroad plans for the region had been formulated by both European and Japanese colonial rulers. This explains why preexisting rail lines in Southeast Asia are predominantly built in the one-meter-gauge dominant in former French colonies (see Map 6.9), as I return to later in this chapter. With the announcement of the BRI, the new plans for a pan-Asia railway network is integrated into a grander Chinese vision of connectivity. At the same time, Southeast Asian countries remain important stakeholders and, often, advocates of improved railroad connectivity to China.

The Three North-South Lines

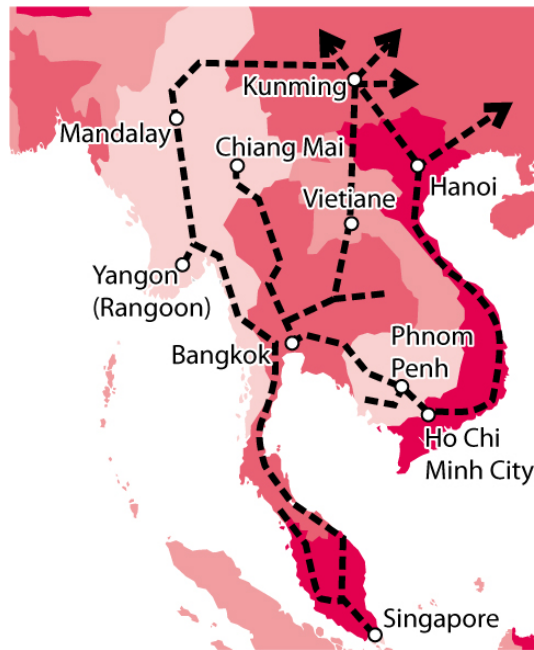
The envisioned regional railway network is structured around three main lines of high-speed rails leading from Kunming in southern China to Bangkok in Thailand via a “Western Line” through Myanmar, a “Central Line” through Laos, and an “Eastern Line” through Vietnam and Cambodia (see Map 6.5⁴⁶⁰).

⁴⁵⁹ Lampton, Ho, and Kuik, *Rivers of Iron*, chap. 2.

⁴⁶⁰ Patricia Leong, “China to Build High Speed Railway to Southeast Asia.” *Asia Briefing*, 23 January, 2014. With only slight differences, the lines depicted on Map 6.5 are also identified in the map provided in Terry Fredrickson, “Bangkok at the

Once the three lines converge in Bangkok, the Central Line continues southwards, where it splits into two lines; one following the western coast of Malaysia through Kuala Lumpur and the other following the eastern coast, before once again converging in Singapore at the southernmost tip of the peninsula.⁴⁶¹ The distance between plan and reality is substantial but slowly shrinking. The following looks at the three main lines in turn.

Map 6.5. The Envisioned Pan-Asia Railway Network



Source: Leong, “China to Build High Speed Railway to Southeast Asia.”

The Central Line

The Central Line has been well underway since 2016, and the part of it that runs through Laos, the Boten-Vientiane railway, is scheduled to be operational by the end of 2021.⁴⁶² According to Xinhua, the project was still on schedule by the end of 2020.⁴⁶³ In itself, this stretch is expected to do much for the economy of landlocked Laos, by making the Chinese markets more available

Centre of Huge Future Rail Network.” *Bangkok Post*, 28 December, 2015; Lampton, Ho, and Kuik, *Rivers of Iron*, p. 5.

⁴⁶¹ *Rivers of Iron*, pp. 3-9.

⁴⁶² *Ibid.* p. 174

⁴⁶³ *Xinhua*, “China-Laos Railway Tracks Laid to Luang Prabang, Achieving Yearly Goals.” 30 December, 2020; see also James Clark, “China-Laos railway – a Guide to the Boten-Vientiane Railway in Laos.” *Living in Asia*, 4 August, 2020.

for Lao exports (primarily agricultural products) and by making Laos more accessible to tourists.⁴⁶⁴ The line is built in the Chinese standard gauge.

The line continuing from Laos to Bangkok has been more problematic but has seen some progress.⁴⁶⁵ The initial MoU between China and Thailand was signed in 2014, and the stretch has been divided into two sections. Construction only began in 2017 on the first section from Bangkok to Nakhon Ratchasima to the northeast, which is scheduled for completion in 2023. The second section has seen even less development. A memorandum of cooperation between Laos, Thailand, and China was signed in 2019,⁴⁶⁶ the expected completion of the project was announced to be in 2029, though construction has yet to commence.⁴⁶⁷ The entire line to Laos will run in parallel with Thailand's existing but slower one-meter-gauge rail line. Its slow development, compared to Laos, can largely be attributed to the presence of several veto actors in Thailand, "namely the State Railway Workers' Union, legal safeguards, and civil society."⁴⁶⁸ This stronger degree of involvement by different societal actors is apparently an important pericentric impediment to the development of stronger infrastructure ties to China.

From Bangkok, the Central Line is supposed to run south to Kuala Lumpur and Singapore. This stretch is the "most uncertain"⁴⁶⁹ part of the Central Line, according to Lampton, Ho, and Kuik. The project to link Kuala Lumpur and Singapore at the southern tip had been tumultuous since it was agreed upon in 2013, and was officially terminated in January 2021 following multiple extensions of renegotiations.⁴⁷⁰ The East Coast Rail Link (ECRL) in Malaysia has also faced setback, especially when it was suspended indefinitely in 2018 following the national elections.⁴⁷¹ The project recommenced in 2019, is scheduled for completion in 2026, and it was supposedly ahead of schedule in 2020.⁴⁷² The final link in the Central Line is the stretch from Bangkok through

⁴⁶⁴ Lampton, Ho, and Kuik, *Rivers of Iron*, pp. 174-175.

⁴⁶⁵ Ibid. p. 168

⁴⁶⁶ Sebastian Strangio, "Sino-Thai Railway Inches Toward Resumption." *The Diplomat*, 30 September, 2020.

⁴⁶⁷ *Bangkok Post*, "Hearing Held on High-Speed Rail Project." 23 December, 2020.

⁴⁶⁸ Lampton, Ho, and Kuik, *Rivers of Iron*, pp. 167-168.

⁴⁶⁹ Ibid. p. 7.

⁴⁷⁰ Yantoultra Ngui and Saket Sundria, "Singapore and Malaysia Terminate High Speed Rail Project." *Bloomberg*, 1 January, 2021.

⁴⁷¹ Lampton, Ho, and Kuik, *Rivers of Iron*, pp. 104-114, 171-173.

⁴⁷² *Free Malaysia Today*, "Overall Work on ECRL Project 'Slightly Ahead of Schedule'." 25 October, 2020.

southern Thailand to the border to Malaysia. This project is still in the planning phase, and little progress has been made. The same goes for the northern line from Bangkok to Chiang Mai.

Overall, the Central Line seems to be making progress and is generally expected to be realized at some point. The Kunming-Bangkok section is furthest ahead and likely to be completed within the next ten years or so. The line from there to Singapore has seen much less progress, except for the middle section in Malaysia.

The Western Line

The Western Line is envisioned to run from Kunming through Mandalay and Yangon in Myanmar to Bangkok. So far, the project is still in an early stage. The line from Kunming to Ruili on the Chinese side of the border to Myanmar is scheduled for completion in 2023.⁴⁷³ An MoU was signed between the Chinese and the Myanmar government in 2018 for the line from Muse (on the Myanmar side of the border) to Mandalay,⁴⁷⁴ and a feasibility study began in 2019.⁴⁷⁵ This stretch is also part of the larger “Bangladesh-China-India-Myanmar Economic Corridor,” which China and Myanmar signed an MoU to develop in 2018.⁴⁷⁶ The feasibility study was presented in 2020, and a new study began in January 2021 for extending the line from Mandalay to Kyaukpyu,⁴⁷⁷ where China holds a 70% stake in the development of a deep-sea port project.⁴⁷⁸ An existing pipeline already runs from China to the Bay of Bengal along this line.⁴⁷⁹

So far, China has played no part in developing the central and southern sections of the Western Line planned to connect Mandalay to Yangon and Bangkok. The Myanmar government has engaged other partners instead. India offered a credit line of \$56 million for upgrading the tracks for the period

⁴⁷³ Nan Lwin, “Myanmar, China to Conduct Feasibility Study on Mandalay-Kyaukphyu Rail Link.” *The Irrawaddy*, 11 January, 2021.

⁴⁷⁴ *Global Construction Review*, “China Railways Set to Conduct Feasibility Study for \$9bn Myanmar Railway.” 24 June, 2020.

⁴⁷⁵ *Railway Gazette*, “Work Starts on Mandalay – Kunming Study.” 15 January, 2019.

⁴⁷⁶ Nan Lwin, “Analysis: Muse-Mandalay Railway Agreement with China Raises Debt, Conflict Fears.” *The Irrawaddy*, 31 October, 2018.

⁴⁷⁷ Chan Mya Htwe, “Myanmar, China to Conduct Feasibility Study on Mandalay-Kyaukphyu Railway.” *Myanmar Times*, 12 January, 2021.

⁴⁷⁸ Nan Lwin, “China’s Strategic Port Project Moves Step Closer to Reality as Myanmar OKs Joint Venture.” *The Irrawaddy*, 10 August, 2020.

⁴⁷⁹ Miller, *China’s Asian Dream*, pp. 126, 148-150.

2004-9,⁴⁸⁰ and a modernization project began in the fiscal year 2018/19 with the Japan International Corporation Agency as the main donor.⁴⁸¹ Construction is expected to begin on this project in 2023.⁴⁸² Here, the Myanmar government has apparently chosen a more limited version of rail modernization than the Chinese vision, which would have entailed an entirely new set of standard-gauge tracks rather than merely improvement of existing infrastructure. Current developments will not make the Kunming-Mandalay and the Mandalay-Yangon rails compatible.

The Western Line is still much less developed than the central line. Two points are particularly interesting to note for this study. One is the role of other international stakeholders than China, namely India and Japan, which I will return to later. The other point is that the lines being developed by China actually bear stronger resemblance to the hub-and-spoke pattern today than they would if new rail links were introduced between Mandalay and Bangkok. The line from Kunming to the port of Kyaukpyu resembles a core-periphery tie, with the added benefit of connecting China to the Bay of Bengal and the Indian Ocean where it is developing port facilities and already operates a pipeline. Improved rails between Mandalay and Bangkok would mean improved interperipheral connectivity. Seen from Kunming, the road to Bangkok is far shorter via the Central Line than via the Western Line. China is not engaged in developing this interperipheral link today, and the ongoing modernization of it will not make it compatible with the line going to China.

The Eastern Line

The Eastern Line of the Pan-Asia Railway Network is planned to run southeast from Kunming to Hanoi, through Vietnam to Ho Chi Minh City, and from there through Phnom Penh in Cambodia to Bangkok. This is the least developed of the three lines. Though the stretch from Kunming to the border of Vietnam is already finished,⁴⁸³ the project has only been revived in Vietnam in 2019, after a joint plan with Japanese companies and financiers was shelved in 2010.⁴⁸⁴ The overall development of the Eastern Line has thus barely

⁴⁸⁰ Prabir De, "India's Emerging Connectivity with Southeast Asia: Progress and Prospects," in *ADB Working Paper no. 507* (Tokyo: Asian Development Bank, 2014).

⁴⁸¹ *Myanmar Project Bank*, "Yangon-Mandalay Railway Line Improvement Project."

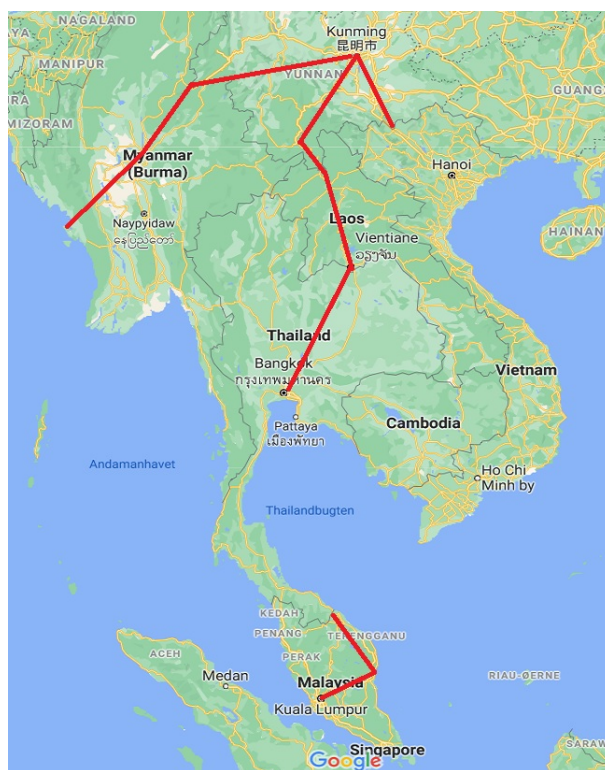
⁴⁸² David Burroughs, "Jica Provides \$US 374.5m Loan for Myanmar Upgrade." *International Railway Journal*, 3 April, 2020.

⁴⁸³ Supalak Ganjanakakhundee, "Completion of High-Speed Southeast Asian Rail Link is Still Far Down the Track." *The Nation Thailand*, 21 January, 2018.

⁴⁸⁴ *The ASEAN Post*, "Vietnam's High-Speed Rail Project Revived." 28 February, 2019.

started, and other external partners than China may end up playing greater roles in financing and construction.

Map 6.6. Current Rail Developments in Continental Southeast Asia



The above provided a stocktaking of the current level of development of new rails in continental Southeast Asia. Map 6.6 depicts the new rail lines that are currently seeing the greatest development in terms of outright construction (the Central Line and the lines in China) or for which feasibility studies have or are being conducted (Myanmar). It thus presents a more accurate picture of connectivity developments in the region. This picture is of course subject to change as new cities and lines are likely to be connected in the future. Nonetheless, it is notable how well the current pattern of rails being developed by Chinese companies resembles the hub-and-spokes pattern with its complete lack of interperipheral links. Map 6.6 does not include the line from Mandalay to Yangon that is being modernized without Chinese involvement, but its inclusion would not compromise the imperial structure. At the time of writing, continental Southeast Asia is truly being connected by a China-centric rail network.

Competing Hubs in Southeast Asia

China is not the only regional great power with connectivity visions for Southeast Asia, though its plans have come the furthest. India has also sought to

strengthen its ties to the region, initially through improved rails to Myanmar but with the ultimate purpose of constructing an east-west path leading through Myanmar, Thailand, and Cambodia to Vietnam.⁴⁸⁵ A pre-study for an India-Myanmar railroad was finished in 2019, but the project does not appear to have progressed since then. India initiated talks with ASEAN about improving connectivity in 2017, which included a Mekong-India Economic Corridor through the countries mentioned above. Yet, as a whole, this vision has not taken off yet.

Japan has also been an important player in the overall development of the region. Unlike China and India, Japan is not a hub of infrastructure connectivity in the sense that railroads would lead to Japanese territory. But Japan is an important hub of financing and construction, as evident from its involvement in Myanmar and its originally planned partnership with Vietnam—as well as projects in the Philippines and Singapore beyond the scope of this study.⁴⁸⁶ A similar albeit much smaller role is played by South Korea, Canada, and some European nations, who occasionally provide financing, technical expertise, or training – or have formed consortia to bid on entire projects. For Japan and India, forming financial and contractual ties to Southeast Asia is a way of reducing its dependence on China, a geopolitical rival. For South Korea and Western parties, interests are presumably commercial in nature.⁴⁸⁷

If an east-west line from Vietnam to India were to materialize this would be an important alteration of the rail network away from a China-centric geoeconomic order towards either a contested order or a nonhierarchical order. It would be contested if India took on a role similar to China, but this seems unlikely given the different sizes of the economies. A nonhierarchical order could materialize, if the subsequent trade ties between Southeast Asian countries were strengthened by new rails heading to Vietnam through Myanmar, Thailand, and Cambodia. In such a scenario, the region would truly be crisscrossed by a rail grid rather than by a China-centric hub-and-spokes.

China-Centric Southeast Asia

In order to move beyond plans, visions, and strategies as the object of analysis, my study has gone to some length to paint an updated empirical picture of rail development in continental Southeast Asia. I argue that the pattern of rail connectivity emerging in the region is centered on China (namely Kunming) with

⁴⁸⁵ Lampton, Ho, and Kuik, *Rivers of Iron*, pp. 200-203.

⁴⁸⁶ Bloomberg, “Japan Still Leads in Southeast Asia Infrastructure Race, even as China Ramps up Belt and Road Investments: Report.” *South China Morning Post*, 23 June, 2019.

⁴⁸⁷ Lampton, Ho, and Kuik, *Rivers of Iron*, chap. 7.

few interperipheral ties. The only real candidate for an alternative hub is India, but India-Myanmar rail ties are still only an idea. The envisioned plan of ASEAN was regional connectivity situating Bangkok as the hub of the system, connecting all main lines. But for the time being, Bangkok is merely the peripheral point of the Central Line. All roads currently lead to Kunming. In our ideal-typical language, the pattern bears strongest resemblance to either an empire or a hegemony, the latter due to the existence of older rail lines connecting peripheries. Either way, the emerging railroad order has China as its center.

This conclusion concerns what is being connected by the rails as such. If we turn to the financial and contractual connectivity resulting from infrastructure investments, Japan remains as central a hub as China, and other extra-regional players play limited roles. Continental Southeast Asia still has important financial ties to other economies than the Chinese. In this regard, the infrastructure financing is more of a contested order than a China-centric order. Even so, as we saw in chapter 5, China is already the core of the regional trade order, and the improved China-centric rail network will only accentuate this aspect of Chinese geoeconomic centrality. The following shifts the geographic focus further away from China's borders to study the emerging railroad connectivity in three central periphery countries.

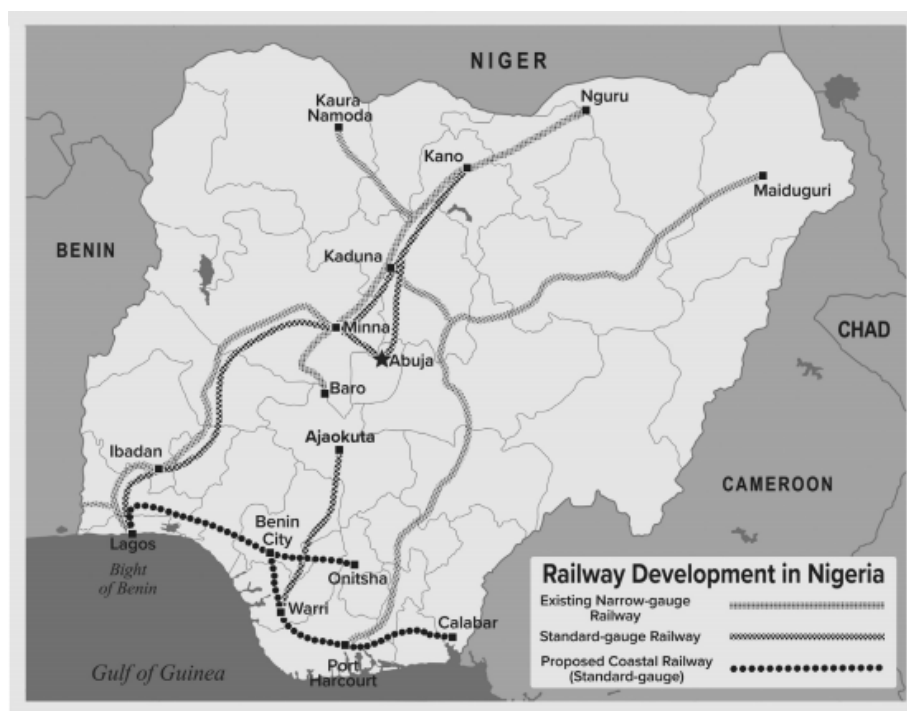
Nigeria

Nigeria is one of the countries that has seen the greatest economic engagement with China since 2005. According to CGIT, Nigeria is the country with the third most Chinese construction activity totaling €30.9 billion across 38 projects in all sectors.⁴⁸⁸ Nigeria outpaces any other country when it comes to the rail sector, where Chinese projects are worth more than twice the amount in the second highest country, Iran. Nigeria has joined the BRI formally, even though it is not situated geographically on neither the belt nor the road of the BRI. Before the turn of the millennium, Nigeria relied on infrastructure inherited from the colonial period and the British Empire.⁴⁸⁹ These railroads served an extractive purpose, running from the hinterlands of Nigeria to the ports of Lagos and Port Harcourt, typically carrying agricultural products or minerals for export.

⁴⁸⁸ Scissors, "CGIT".

⁴⁸⁹ Yunnan Chen, "China's Role in Nigerian Railway Development and Implications for Security and Development," in *Special Report* (Washington, D.C.: United States Institute of Peace, 2018), p. 2.

Map 6.7. Railway Development in Nigeria



Source: Chen, “China’s Role in Nigerian Railway Development and Implications for Security and Development”, p. 3.

The map above illustrates both the existing colonial railway and the two main projects planned for Chinese construction companies.⁴⁹⁰ The first line goes from coastal Lagos through western Nigeria to Kano along the current railway line. Only the Abuja-Kaduna stretch is completed as of December 2019, and the Lagos-Ibadan stretch is scheduled for completion in Spring 2020.⁴⁹¹ The rest of the line remains in the planning phase. The second railway line runs along the industrial cities of the coast from Lagos to Calabar. This line was approved and awarded to the China Civil Engineering Construction Company (CCECC) in 2019.⁴⁹² Recently, this blueprint has been updated with the announcement of a new line running from the Capital of Ajuba south to the port city of Warri.⁴⁹³ Since the map below is from April 2018, this last line is not included.

Do Nigerian railways resemble the maritime periphery of an imperial system? The envisioned Kano-Lagos line and the announced Abuja-Warri line

⁴⁹⁰ Ibid.

⁴⁹¹ *Vanguard*, “Lagos-Ibadan Rail Project Will Give Value for Money — FRC.” 14 April, 2019.

⁴⁹² Teresia Njoroge, “US \$2.3bn Approved for Construction of Coastal Railway Project in Nigeria.” *Construction Review Online*, 3 June, 2019.

⁴⁹³ *P.M. News*, “FG, China Sign \$3.9bn Contract to Link FCT, Itakpe/Warri by Rail.” 10 October, 2019.

definitely connect the mainland to the coast. Further, the ports of Lagos and Warri are both set to be developed by Chinese companies.⁴⁹⁴ This aligns with the ideal-typical pattern. The coastal railway is a less obvious fit. On the one hand, it does not run far into the country and hence does not connect larger parts of Nigeria to the international economy through ports. On the other hand, it does connect the coastal areas that do not have their own ports to the larger port cities of Lagos, Port Harcourt, and, in time, Warri.

When contrasted with the hub-and-spokes, it is interesting to note that CCECC actually proposed three east-west routes of which the coastal railway is one. The other two never gained traction due to lack of political interest and prospect of finance.⁴⁹⁵ The Chinese company was thus pushing for a more grid-like structure of railways in Nigeria that would do more to connect this periphery internally, in effect a less hierarchical connectivity pattern with a less defined core. This elucidates a few points. First, like most businesses, Chinese construction companies have an interest in building as much as possible, irrespective of broader connectivity patterns. Second, the country where the construction takes place may itself prefer the hub-and-spokes structure if it also has an interest in integrating more closely with international trade through maritime ties. The point here is that we should not necessarily expect the interests of the core, China, and the periphery, Nigeria, to be contradictory on the subject of connectivity structure. Economic growth in the periphery may be a shared goal of core and periphery.

Finally, the new coastal railway line will run through the part of Nigeria that hosts the country's oil reserves, in which Chinese companies have already invested substantially.⁴⁹⁶ This could suggest an extractive logic to enhance China's access to Nigerian oil. But while China's main import from Nigeria is petroleum, China is not a large destination for Nigerian exports compared to other trading partners.⁴⁹⁷ China's efforts to develop Nigeria's capacity to export oil from the coastal region thus seem to have more to do with shareholder profits in the oil sector than with China's own energy supply.

⁴⁹⁴ *The Maritime Executive*, "New Port in Lagos Will be Chinese-Financed, Chinese-Built." 24 October, 2019; *Ships & Ports*, "FG, Chinese Firm Sign \$3.9bn Abuja-Itakpe Rail, Warri Port Contracts." 11 October, 2019.

⁴⁹⁵ Chen, "China's Role in Nigerian Railway Development and Implications for Security and Development," p. 3.

⁴⁹⁶ Chika Oduah, "China Invests \$16 Billion in Nigeria's Oil Sector." *Voice of America*, 28 August, 2019; Xin Zheng, "CNOOC to Increase Investment in Nigeria." *China Daily*, 4 September, 2018.

⁴⁹⁷ In 2017, only 3.2% of Nigeria's total exports go to China, compared to 18% to India and 14% to the United States in 2017. Simoes and Hidalgo, "The Economic Complexity Observatory" 'Country: Nigeria'. Data from 2017.

In summary, Chinese companies are strengthening the connection between Nigeria and the global economy. One railway will revitalize the old imperial line and connect much of the Nigerian hinterland with the port of Lagos. The other will connect Nigeria's industrial core, its coastal regions, to the main ports and develop these. The infrastructure does not seem to follow an extractive logic since very little of Nigeria's exports, namely its oil, go to China.

One might speculate that improved infrastructure will increase Nigerian trade dependence on China in a broader sense, thus strengthening the asymmetry of trade interdependence between the two. I find this unlikely when we assess Nigeria's current trade pattern by the same method as used in chapter 5.⁴⁹⁸ It is true that 28% of Nigerian imports, worth \$9.6 billion, come from China, making it by far the largest source of imports. (The Netherlands is the second largest individual country source of imports at 8.3% of Nigeria's total or \$2.83 billion). Yet, imports from China only correspond to 2.6% of Nigeria's GDP. Nigeria's imports from China thus hardly qualify as *sensitivity* as defined by Keohane and Nye. No single country accounts for more than 20% of Nigeria's total exports, and China only accounts for 3.2%. Nigerian exports are thus quite diversified. The country does not rely on export ties to a single hub.

Improved rails will make it cheaper, *ceteris paribus*, for Chinese goods to make their way to Nigerian consumers. It will do far less for Nigerian exports to China. 64% of Nigeria's exports to China consist of crude petroleum, which is hardly affected by improved rail infrastructure. Based on these figures, I do not see Nigerian trade dependence on China looming on the horizon as a consequence of closer railway integration with the world economy and China.

Rail developments in Nigeria primarily connect Nigeria to the international economy and maritime trade flows in general. In this way, it is nonhierarchical, as it does not tie the Nigerian economy to any specific cores directly. Nigeria's trade relations are diversified as it is, and the country enjoys substantial trade ties to several partners. Trade ties to China will likely be strengthened by the improved infrastructure, so the effect might be slightly greater asymmetry of interdependence vis-à-vis China, but this is not a given. Railway construction in Nigeria also seems primarily developmental rather than extractive, as it is not about shipping one or a few goods to an imperial core, but about strengthening local economies and building export markets.

Iran

Unlike Nigeria, Iran is situated in the geographic center of the BRI and is a natural transit country for overland travel between China and Europe. The

⁴⁹⁸ Ibid.

partnership between Iran and China has been strengthened since the imposition of numerous sanctions on Iran by Western powers, which has led Iran to seek alternative trade and investment partners. Iran has been targeted by SWIFT and trade sanctions by Western economic hubs in a clear example of Farrell and Newman's chokepoint effect, and this has left China as the strongest remaining hub by far for economic relations. According to the CGIT data, Iran is now the country with the ninth highest value of Chinese construction projects, amounting to \$22.2 billion across 31 projects in all sectors.⁴⁹⁹ Within the rail sector, Iran is the second most important partner after Nigeria.

Iran has announced plans to modernize and electrify all its railroads by 2025, and China has stepped in as an important partner.⁵⁰⁰ Two projects have taken center stage. The first is the electrification of the railroad from Tehran to Mashhad on the border to Turkmenistan, a project worth \$2.6 billion funded predominantly with Chinese credit, which will be carried out by the SOE China National Machinery Import and Export Corporation (CMC).⁵⁰¹ This stretch is directly part of the Silk Road Economic Belt, running through Turkmenistan, Uzbekistan, Kyrgyzstan, and Kazakhstan to Urumqi in Xinjiang, illustrated on the MERICS map. Once completed, the electrification will increase travel speed from 160 km/h to 200 km/h, and according to one of the project contractors, the line will become one of the "top ten most commuted railway lines in the world."⁵⁰² A double-tracked rail line already exists on this stretch, and the first cargo train from Zhejiang province south of Shanghai made its way to Iran in 2016, cutting travel time from 44 to 14 days compared to the maritime voyage from Shanghai to the port at Bander Abbas.⁵⁰³ Subsequent freight trains have arrived in the following years.⁵⁰⁴ Electrification is expected to increase the speed and freight capacity along the route, thus strengthening a part of the corridor.

⁴⁹⁹ Scissors, "CGIT".

⁵⁰⁰ For a useful overview of current projects in Iran, see *Center for Strategic & International Studies*, "Reconnecting Asia".

⁵⁰¹ *Financial Tribune*, "Tehran-Mashhad Railroad Project Gets Off the Ground." 19 December, 2017; Tianyang Li, "Belt & Road Initiative Expands China-Iran Cooperation." *China Daily*, 25 January, 2019; David Rogers, "Iran's Railway Revolution." *Global Construction Review*, 14 December, 2015.

⁵⁰² *MAPNA Group*, "Tehran-Mashhad Railway Electrification Project."

⁵⁰³ Catherine Putz, "First Direct Train from China Arrives in Iran." *The Diplomat*, 16 February, 2016.

⁵⁰⁴ Zeynab Sohrabi, "Three Freight Trains Due in Tehran From China This Week." *Financial Tribune*, 8 January, 2019.

Map 6.8. Iranian Railway Development



Source: *Global Construction Review*, "Iran to Draw \$2.4bn Chinese Credit Line for Tehran–Isfahan High-speed Railway ...".

The second most notable Chinese railway project in Iran is the Tehran-Isfahan high-speed railway running through Qom. Costing \$2.7 billion, financed by China's EXIM bank and built by China Railway Engineering Corporation (CREC), this project is currently the only planned high-speed line in the country.⁵⁰⁵ Unlike the Tehran-Mashhad project, the high-speed line is intended solely for passengers not freight, which makes it less relevant for trade, in particular international trade since the line is located in the heart of the country and does not connect to any borders. Though the overall volume of Chinese rail construction in Iran is very large, only roughly half of it supports connectivity and trade with China. The other half does more for domestic passenger transport.

If we look at rail developments in Iran more broadly than just the ones being built by China, it becomes evident that Iran may become a crossroads of corridors. Russia and India envision an International North-South Transport Corridor running through Caucasus to Iran's coast, forming a maritime tie

⁵⁰⁵ *Global Construction Review*, "Iran to Draw \$2.4bn Chinese Credit Line for Tehran–Isfahan High-speed Railway." 10 June, 2019.

from there to Mumbai.⁵⁰⁶ To this end, they are engaged in railway projects in northwestern and southeastern Iran, including a port at Chabahar on the border of Pakistan being financed and developed by an Indian private company and the EXIM Bank of India.⁵⁰⁷ Another stakeholder in the corridor is Azerbaijan, which finances the railroad from Astara on the border to Rasht.⁵⁰⁸ Compared to the BRI, the North-South Corridor has more multilateral thrust with more countries involved in both construction and financing.

When reflected in the empire ideal type, Iran may be forging closer ties to a Chinese hub with the development of the Economic Belt through Central Asia and the electrification of the Tehran-Mashdad line. At the same time, competing regional hubs, namely India and Russia, are strengthening their ties to and through Iran. This suggests that Iran is not simply becoming a spoke in a Chinese network. China strengthens one particular tie of the regional infrastructure network, but other actors are at work strengthening others. The result is thus a more thoroughly integrated region in multiple directions, not just towards China.

Of course, the relative impact of competing corridors of connectivity will be reflected in the trade volumes they carry. China currently outstrips all of Iran's other trade partners in significance, both in imports (36.9% of all Iranian imports equal to 4% of GDP⁵⁰⁹) and exports (31.5% of exports equal to 3.7% of GDP). The main competitor, India, is substantially lower (5.17% of Iranian imports and 18.9% of exports), and Russia even more so (2.63% of imports and 0.7% of exports). A new north-south corridor is unlikely to be able to rearrange this trade pattern fundamentally. Improved railroad ties to China will have a larger impact, because it affects larger volumes of trade.

Iran resembles Nigeria in one regard here. China may be Iran's largest export destination, but the export mainly consists of crude petroleum (\$10.8 billion, 63.8% of exports to China). Petroleum is shipped and thus unaffected by improved rails. The main benefactor of improved rails will probably be Chinese exports to Iran, which consist of goods more likely than oil to be transported by trains. Again, railroads will do more to develop a market for Chinese products than to extract natural resources. In short, improved rails will likely serve

⁵⁰⁶ Rogers, "Iran's Railway Revolution"; Eric Wheeler and Michael Desai, "Iran and Russia: A Partnership in the Making." *Middle East Institute*, 12 September, 2016; Olga Samofalova, "North-South Corridor from Russia to India to Compete with Suez Canal." *Russia Beyond*, 12 April, 2016.

⁵⁰⁷ *Center for Strategic & International Studies*, "Reconnecting Asia", 'Shahid Beheshti Port at Chabahar'.

⁵⁰⁸ Ibid., 'Rasht-Astara Railway (Qazvin-Rasht-Astara)'.

⁵⁰⁹ Simoes and Hidalgo, "The Economic Complexity Observatory", 'Iran'.

similar purposes in Iran and Nigeria (help facilitate Chinese exports), but in Iran, this is in the context of a country already relying substantially on both exports and imports from China.

Returning to the ideal-typical language, geoeconomic ties between Iran and China seem hegemonic at most, due to the asymmetry of interdependence between the two and due to China's greater importance relative to competing hubs, India, Russia, and Europe. A successful international North-South Transport Corridor could alter this configuration by strengthening trade ties to India and Russia. The result would be either a contested order or an outright nonhierarchical order. Iran's geoeconomic ties could also change rapidly with the lifting of the sanctions regime imposed upon it, which would lead to strengthened ties with Europe. Such a scenario would also pull towards a non-hierarchical pattern of connectivity. However, with Iran's current pattern of trade ties and the improving rail connectivity to China, China is still by far the most central hub, and the order is thus more hegemonic than anything—while still far short of being imperial.

Argentina

In order to limit my scope and due to limitations on some of the data used, this study has so far paid little attention to South America. However, the case of Argentina provides an interesting perspective because, though its exports are not dominated by China, they illustrate the extractive dynamic in a maritime periphery well. Moreover, Argentina is the fifth largest destination of Chinese construction projects. Chinese construction companies have been involved in a number of Argentine projects since 2005, and construction contracts have been signed for \$13.3 billion across all sectors, making Argentina the 23rd largest contracting country of Chinese construction. Except for a single large hydropower project,⁵¹⁰ the biggest projects have been within the transportation sector, particularly two massive railway renovation contracts.⁵¹¹ The SOE China Machinery Engineering Corporation (CMEC) was contracted in 2010 to renovate the rails connecting Salta and Barranqueras in Northern Argentina to Timbúes, on the Parana River just north of Rosario.⁵¹² The Parana River empties into the Rio de la Plata just north of Buenos Aires. 85% of this renovation project were financed by the China Development Bank.

⁵¹⁰ Scissors, "CGIT"; *Reuters*, "Argentina Approves Construction of Chinese-Financed Dams in Patagonia." 28 August, 2017.

⁵¹¹ Carol Wise, *Dragonomics: How Latin America Is Maximizing (or Missing Out on) China's International Development Strategy* (New Haven, Conn.: Yale University Press, 2020), p. 164.

⁵¹² *Railway Gazette*, "China Funds Argentina's Rail Revival." 19 July, 2010.

The second rail project, signed in 2018, connects the capital of Buenos Aires to Rosario and on to Mendoza to the west.⁵¹³

Both projects modernize existing roads leading inland from ports that connect to the Atlantic. In this way, they fit the pattern of a maritime periphery being linked to an overseas hub through ports. The projects are designed to boost Argentine exports and cut transportation costs.⁵¹⁴ Running north and west from Buenos Aires, the railroads pass through the provinces that produce most of the country's soybeans⁵¹⁵ on their way to the ports of Timbúes and Rosario, which are some of the main shipping points for agricultural exports.⁵¹⁶

China accounts for 7.4% (\$4.38 billion) of Argentina's exports,⁵¹⁷ making it the third largest export partner behind Brazil (16%) and the United States (7.8%). On the import side, China accounts for 19% of total imports (\$12.6 billion), behind Brazil (27%) but ahead of the United States (11%). Though China evidently does not dominate Argentine trade in general, it does dominate a single market: soybeans.⁵¹⁸ A full 86% of Argentina's exported soybeans went to China in 2017, making up 55% of exports to China.

Chinese-built infrastructure thus directly supports its own import of soybeans from Argentina by tying soybean-producing regions to agriculture trade ports. The structure resembles the extractive logic, since a single good is exported to China in return for a plurality of products, such as electronics and chemicals. China does not dominate Argentine trade as a whole—Argentina's trade portfolio is much too diversified for that—but it is nurturing a single product, soybeans, for its own consumption. Argentina cannot meaningfully be described as but a spoke in a China-centric empire or hegemony. Only

⁵¹³ Eliana Raszewski and Cassandra Garrison, "Argentina, China Sign Billion-dollar Cargo Railway Renovation Deal." *Reuters*, 29 November, 2018; *Railway Technology*, "Argentina Signs \$1bn Railway Modernisation Contract with China." 3 December, 2018.

⁵¹⁴ Raszewski and Garrison, "Argentina, China Sign Billion-dollar Cargo Railway Renovation Deal".

⁵¹⁵ *United States Department of Agriculture*, "Global Crop Production Maps by Region", 'Argentina: Soybean Production'.

⁵¹⁶ *Antares Servicios Marítimos*, "Timbúes."

⁵¹⁷ Simoes and Hidalgo, "The Economic Complexity Observatory", 'Argentina'.

⁵¹⁸ For a broader discussion of China-Argentina trade relations, see Roberto Russell and Juan Gabriel Tokatlán. "Implications of the Global and Regional Changes for Argentina's Foreign Relations." Chap. 7 In *Latin American and the Shifting Sands of Globalization*, edited by Sean W. Burges. (London: Routledge, 2015).

within the very narrow context of a “soybean trade order” can China be considered an imperial core. In aggregate trade, Argentina is tied much closer to Brazil than to China.

Subset: One Region and Three Countries

What do these four case studies suggest about China’s efforts to build infrastructure abroad and the connectivity structures that emerge? How can the above ideal-typical study help shed light on the rise of China? First, Southeast Asia is the only case located next to China, making it the best case for assessing whether a hub-spokes-pattern of rails is emerging. I found that while the envisioned railway network would both connect the entire region to China and include some interperipheral ties, as all three lines would converge in Bangkok, making it a more central hub than Kunming, the actual rail projects underway fit a hub-and-spokes pattern. Current developments see rails stretching out from Kunming to the periphery and no interperipheral ties or ties to the competing hub, India, are in development. This could of course change, as new projects are approved, but the current pattern of rails in Southeast Asia is China-centric. Turning to Iran, my study also found that rails are being built to support overland connectivity to China from peripheries further away. China’s continental periphery seems to be taking on a more China-centric and hub-and-spokes-like pattern, whether imperial or hegemonic.

Second, this study cannot determine whether rails and ports in maritime peripheries connect periphery countries to China specifically or to the international economy in general. Such projects strengthen connectivity between a maritime periphery and a host of other countries, at least potentially. At the same time, I did identify an absence of interperipheral ties in the rails being constructed in Africa and South America, since these did little to improve intracontinental connectivity. They consistently direct connectivity away from the neighboring countries. This was the pattern in Nigeria and Argentina, and on the maps studied. The emergence of hub-and-spokes structures of railways in former colonies may be explained by the fact that new rails are laid in the place of old, imperial ones. The purpose is the same now as then to make the periphery accessible to international trade. This is definitely a way of connecting these peripheries closer to overseas trade hubs, but it is in itself no guarantee that the hub will be China.

Third, Chinese rail projects may foster trade broadly or support the extraction of particular resources. Nigeria and Iran were cases of the former, and Argentina of the latter. All these countries import more from China than they export to China, and the improved rails will likely do more for the spread of Chinese products in the periphery than vice versa. Rail projects will do more

to develop general trade conditions and perhaps create new markets for products from the core, rather than just ease the export of one or a few resources to China. Oil exports to China will be largely unaffected by the new rails, since oil is transported by pipelines.

Fourth, a central element of the hub-and-spokes structure is the prevalence of bilateralism over multilateralism. Most of China's railway projects fit this pattern. They are funded and contracted by Chinese banks and SOEs, and this creates multiple kinds of ties between the periphery country and China. It thus cements China's centrality in terms of physical infrastructure as well as financing (forming debt ties) and contracting (contractual ties to Chinese companies). Bilateralism in all these aspects maximizes China's bargaining power across domains. Moreover, it ensures that Chinese money ends up benefiting Chinese construction companies and their Chinese subcontractors. In general, the Chinese model is bilateral, as befitting a hub-and-spokes.

Fifth, China is not the only foreign actor involved in shaping the lines of connectivity in periphery countries. Multiple financiers and contractors are making bids on projects. India seeks to forge closer ties to Myanmar and ultimately all the way to Vietnam. Russian companies are involved in building railroads in northwestern Iran, and India finances ports to the southeast as part of their own North South Corridor. In terms of financing and contracting, Japan continues to play an important role in Southeast Asia as an alternative business partner to China. The pattern of financial ties are here more contested than hegemonic. Nonetheless, the rails themselves in both Southeast Asia and do more for China-centric connectivity than connectivity to competing hubs.

Sixth and finally, the evidence from Iran shows that the economic corridors of the BRI are actually being built. Much of China's construction activity abroad may seem scattered and lacking a focus if one looks at the CGIT list of projects or the AidData map above. However, in this morass of activity, the concrete economic corridors portrayed on the MERICS map are materializing through construction of new rails and renovation of old ones. The grand vision is coming to life. A hub-and-spokes-like pattern is emerging with these main arteries of investment and construction leading interaction and exchange to and from China, the heart of the system

The case studies conducted here paint an empirical picture of Chinese infrastructure investments at the regional and country level. It shows some of the China-centric aspects that are emerging, namely the development of corridors, the low degree of interperipheral ties, and the prevalence of bilateralism. At the same time, it reminds us that railroad investments do not necessarily mean trade dependence on China, and that competing hubs of connectivity may have their own plans for regional connectivity. The above studies of

maps and cases support the conclusion that, while challenged by other hubs, a China-centric infrastructure order is emerging in China's continental periphery, though it bears stronger resemblance to a hegemony than to an empire today.

Studying Southeast Asia through the empire ideal type and its alternatives reveals the power asymmetries being established through the particular pattern of rails under construction. Lampton, Ho, and Kuik correctly place great emphasis on the obstacles to the realization of a pan-Asia rail vision and argue for the agency of the periphery in rail negotiations and implementations. But their study pays less attention to the structure of power and interdependence being established. My assessment of rail developments since the publication of *Rivers of Iron* demonstrates that the lines currently being laid and planned do not just enhance regional connectivity in general. They form a China-centric hub-and-spokes. I thus goes further than the authors in demonstrating the importance of rail construction for international power relations in Southeast Asia.

In China's maritime peripheries, the degree of China-centrism is probably most accurately reflected in the trade ties of a given state. Neither Nigeria nor Argentina should be considered merely spokes of a China-centric hub-and-spokes. Both enjoy substantial trade ties to China, but these are complemented by ties to other important partners as well. Consequently, maritime connectivity seems more similar to a nonhierarchical pattern, at least in the cases studied here.

The trade of a few maritime peripheries may still be dominated by China. Guinea was in 2017 the strongest example.⁵¹⁹ It imported goods worth 11.7% of its GDP from China; China is the largest source of imports (34% of total), with the Netherlands being second (13%). Guinea exports goods to China worth 12.3% of GDP; and China is the largest destination of exports (44%), well ahead of India (17%). Moreover, the relationship was clearly extractive, as 60% of Guinean exports were comprised of aluminum and 19% of gold. Angola and Gabon might also qualify as spokes of a China-centric maritime trade empire in 2017.⁵²⁰ The point is here that these cases are the exception more than the rule. Nigeria is a more representative case of China-Africa trade relations.

⁵¹⁹ Simoes and Hidalgo, "The Economic Complexity Observatory", 'Guinea'.

⁵²⁰ The analysis of Guinea is also vastly different if one skips but a single year ahead. In 2018, Guinea exported more to the United Arab Emirates than it did to China. 98.8% of this was comprised of gold. That year, 100% of the exports to China were made up of aluminum. Ibid.

The next section maintains the focus on railroads but turns to the systemic issue of standards in gauges to assess whether international standards are accommodating or obstructing a China-centric infrastructure order.

Railway Standards

The railway systems of neighboring countries are often compatible. When a train reaches the border of one country today, it can usually continue its journey on the rails of the next. This of course assumes that the railways share the same gauge. If they do not, a so-called break of gauge occurs, requiring either the transshipping of goods and passengers to another train or a repositioning of the wheels of the trains cars. The latter process requires special machinery and takes time. For this reason, many countries have agreed to common gauges for their railways. The so-called “standard gauge” of 1,435 mm is the most widely used gauge today, but it is far from the only one.

The choice of railway gauge has implications for the connectivity structure established. If a core is to tie a periphery closer to itself through railways, it would do well to ensure that the periphery in question uses the same gauges. As with currencies, a shared railway gauge creates a zone of cooperation within which there are reduced transaction costs. While it is possible to convert one currency to another, it comes at a cost. The same goes for changing from one gauge to another. It is therefore meaningful to speak of different gauge systems or orders. The choice of gauge defines which rail networks can cooperate more easily and thus ties some states closer to each other at the expense of others.

Map 6.9 depicts the different gauges in use today. It reveals a number of things in relation to the prospects of a China-centric railway order. First, with the exception of North Korea, China is surrounded by countries that use different gauges. This seems to create a barrier for railway connectivity to China. Colonial legacies account for most of the differences in gauges use today. But in the case of Mongolia, the use of a different gauge has been a conscious choice to limit economic dependence on China stemming from Chinese mining activities. Mongolia opted for the Russian standard over the Chinese, even for a new freight rail line transporting coal directly to China.⁵²¹

China has handled this incompatibility in different ways. In the city of Khorgas on China’s border with Kazakhstan and in Hekou on the border to Vietnam, local transportation hubs accommodate breaks of gauges.⁵²² The passenger train line from Hanoi to China is dual-gauged and accommodates

⁵²¹ Economy and Levi, *By All Means Necessary*, p. 69.

⁵²² Shang-Su Wu, “China’s One-track Mind in Kazakhstan.” *Asia & The Pacific Policy Society*, 13 February, 2018.

both widths. As is also clear from the MERICS map, Khorgas is particularly important in this regard, and it is planned to be the northwestern entry point into China.

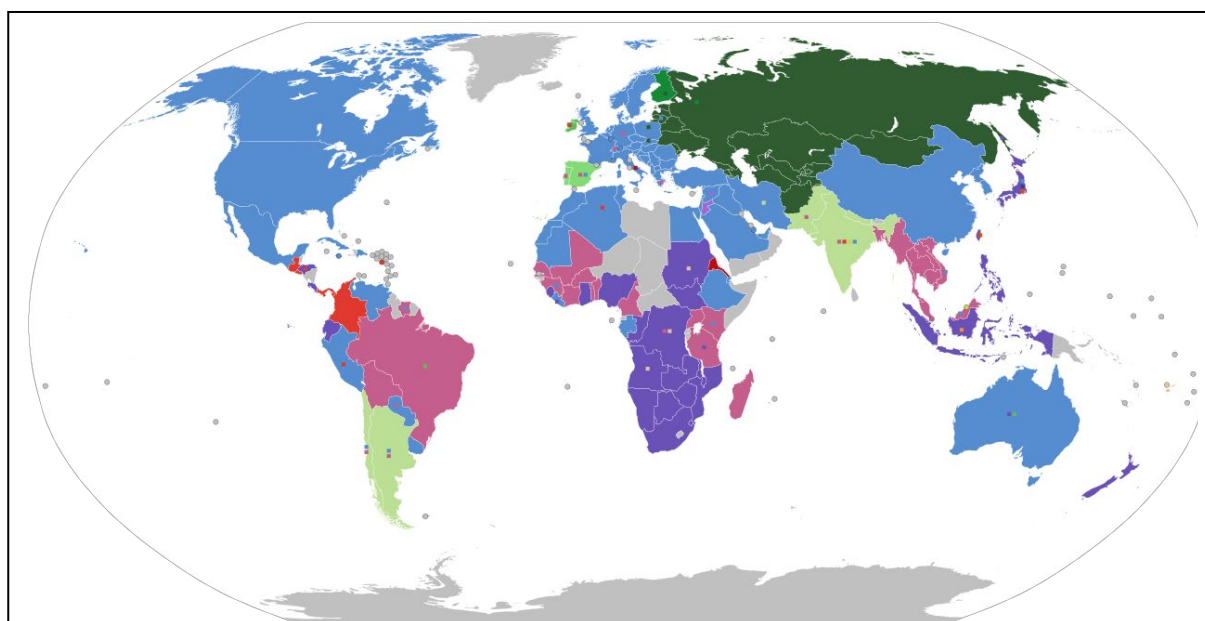
By contrast, the Central Line under construction from the Chinese border to the Lao Capital of Vientiane is being built in the standard gauge of China rather than Laos' existing meter gauge.⁵²³ The same is planned for the extension of the line to Bangkok and for the planned Western Line to connect Kyaukpau on Myanmar's coast to China's border through Mandalay. Building new rails that are compatible with China's gauge rather than the gauges of other neighbors will strengthen rail connectivity to the Chinese hub and shift the hassle associated with breaks of gauges to relations with other neighbors. In this regard, Laos, Thailand, and Myanmar are being integrated into a Chinese rail order at the expense of their previous compatibility.

Second, comparing the map of railway gauges to the MERICS map of China's vision for the BRI reveals the competition in Central Asia between a Chinese and a Russian hub. In this contested order in which Kazakhstan is in the middle, history is on Russia's side. Existing railroads reflect the Soviet imperial legacy in their gauge width, the Russian standard, but also in their position, as parts of a hub-and-spokes with Russia as the hub. This means that Kazakh lines run south to north to carry natural resources to industrial areas within Russia.⁵²⁴










⁵²³ *Center for Strategic & International Studies*, "Reconnecting Asia", 'Vientiane–Boten Railway (Construction)'; Peter Janssen, "Land-locked Laos on Track for Controversial China Rail Link." *Nikkei Asian Review*, 24 June, 2017.

⁵²⁴ David Beritashvili and Volodymyr Manko, "Escape from the Post-Soviet 'Rail Ghetto'." *Tabula*, 12 April, 2012; Catherine Putz, "Can China Fix Central Asia's Soviet Rail Legacy?" *The Diplomat*, 14 January, 2016.

Map 6.9. Gauge use across Countries



The map shows the most used gauge in each country (main color), with other significant gauges used depicted as small squares on top of the main color. Grey indicates no railways. The most widely used are:

Color	Country examples	Name / width
	Columbia, Guatemala, Eritrea	891 mm Swedish, 900 mm, 914 mm (Three foot)
	Brazil, former French colonies in Africa, Tanzania, Kenya, Most of Southeast Asia	1000 mm (Meter)
	Southern and central Africa, Ecuador, Indonesia, Japan, New Zealand	1067 mm (Three foot six inch)
	USA, Peru, Venezuela, Europe, Middle East, China, Australia	1435 mm Standard
	Post-Soviet countries	1520 mm Russian standard
	Finland	1524 mm Old Russian standard (Five foot)
	Ireland	1600 mm (Five foot three inch)
	Spain, Portugal	1668 mm Iberian
	Chile, Argentina, Pakistan, India, Nepal	1676 mm (Five foot six inch)

Source: *Wikipedia*, “Track gauge”, updated March 2020, [Visited 24 March, 2020].

Though Khorgas in China has been developed to handle the break of gauge between China and Kazakhstan, the Russian standard is also being challenged in Kazakhstan. A “Eurasian Railway Corridor” has been established to run through Kazakhstan from China to the Caspian Sea, where cargo can be shipped to Azerbaijan to continue on rail to Europe. It is unclear whether a new railroad has already been constructed across Kazakhstan to service this

route, but the project is planned and, notably, will use the standard gauge of China and Europe rather than the Russian gauge.⁵²⁵ Kazakhstan will have rails of different standards leading to different hubs to the north and east if the railroad is completed.

If Central Asian countries more broadly shift from the Russian gauge to the standard gauge, it would be a sign of a peripheral reorientation from one hub to another. It would mean lowered transaction costs for trade with China, the Middle East and Europe, and increased transaction costs for trade with Russia. A fundamental shift is probably not on the immediate horizon for Kazakhstan, since imports from Russia still outpace imports from China.⁵²⁶ (China and Russia are roughly equal in size as export destinations for Kazakhstan.)

Third, China does not only construct railroads using China's preferred gauge. A rail project in Bangladesh that is part of the economic corridor to India will be using the broader gauge of India (1,676 mm) rather than the standard gauge or even the meter gauge, which is the most widespread in Bangladesh.⁵²⁷ Having Chinese built- and financed rails does not mean that the rail will necessarily be of China's preferred gauge—even where projects are planned to become part of the broader economic corridors of the BRI.

Fourth, if China spreads the use of the standard gauge to its periphery, it would also improve connectivity to a number of other countries besides China, since the standard gauge is the dominant gauge in Europe and the Middle East. Peripheries adopting this gauge will also reduce transaction costs of train travel to these destination. The reduction in transaction costs will often be asymmetrically dispersed between the two competing cores, as breaks of gauges may still occur at other points on the line. For instance, if Belarus were to change to the standard gauge, used by both Western Europe and China, this would do far more to strengthen ties to the west, since a break of gauges would still occur on the border to Russia. Similarly, the degree of connectivity between Laos, Myanmar, and Thailand and Western Europe is unaffected by the construction of standard gauge railroads in Southeast Asia. The change is far more significant for connectivity to China.

⁵²⁵ *Railway Pro*, "Kazakhstan Develops an Eurasian Railway Corridor with Standard Gauge." 4 June, 2015; Zhazira Dyussebekova, "Silk Road Renewed With Launch of New Commercial Transit Route." *The Astana Times*, 21 January, 2016; *Railpage*, "Trans-Kazakhstan Link Will Complete Standard-gauge Transcontinental Artery." 15 November, 2017.

⁵²⁶ Simoes and Hidalgo, "The Economic Complexity Observatory", 'Kazakhstan'.

⁵²⁷ Mohd Aminul Karim and Faria Islam, "Bangladesh–China–India–Myanmar (BCIM) Economic Corridor: Challenges and Prospects," *The Korean Journal of Defense Analysis* 30, no. 2 (2018).

Fifth and closely related, unlike the Soviet Union, China is not creating an exclusive railway system based on its own gauge. It is following the most widely used standard and consequently promoting trans-Eurasian connectivity rather than creating its own exclusive sphere of connectivity. This is particularly interesting when compared to the hub-and-spokes ideal type. The imperial structure is defined by the absence of ties to other hubs. At the same time, in a globalized economy, it may be difficult to get periphery countries to accept a new standard that is only applicable to a single hub. Promoting a widely used standard gauge is a double-edged sword for the establishment of a China-centric order. On the one hand, it makes peripheries more likely to forge ties to China than if it were promoting an exclusive gauge. On the other hand, the gauge also eases interaction between the peripheries and other hubs. Yet, as argued in point four, the improvements to connectivity to China will usually outstrip the improvement in connectivity to Europe.

This brief—and somewhat niche—discussion of railway gauges reveals that China is somewhat geographically isolated in its use of the standard gauge, but that this is changing with the creation of new standard gauge lines in China's immediate periphery. Whether this is a broader trend is too soon to say, but it would be a significant indicator of the emergence of a China-centric railroad order at the expense of some of the established cores in the region, such as Russia and India. It would signal the shifting of transaction costs from ties to China towards other hubs, increasing the structural power of China.

A final note, besides laying new standard gauge lines abroad, Chinese companies have also been developing high-speed-rail trains adaptable to different gauge widths.⁵²⁸ Such trains bypass the issue of different gauges entirely. They remain at an early stage of development, and the feasibility of their use for cross-border travel is thus unclear at this time.

Before I turn to the drivers of and impediments to imperial infrastructure relations in the future, let us review the evidence of a current China-centric infrastructure order. Both the MERICS map and the AidData map supported the argument that a China-centric infrastructure order is developing in Asia, especially as a result of the six economic corridors. My case studies substantiated this argument in Southeast Asia and in Iran by providing empirical evidence of the development of new rails to China. Finally, multiple countries in Southeast Asia and possibly Kazakhstan are seeing new rails being built in the Chinese standard gauge as opposed to their previous gauge. This all points to the establishment of closer ties to China and, importantly, not between peripheries.

⁵²⁸ Shang-Su Wu, "Gauge-Changing Train is No Game Changer for China." *The Interpreter*, 18 November, 2020.

My study of maps also revealed that Europe is intended to be a hub in the grand BRI scheme, which would make the overall pattern more of a contested order. This development has yet to materialize. Moreover, case studies of two maritime peripheries, Nigeria and Argentina, revealed that they are not becoming spokes in a China-centric order but rather being integrated into the global trade network as a whole.

In sum, I argue that a China-centric infrastructure order is emerging, even if its scope is currently limited to China's continental periphery, namely Southeast Asia, Pakistan, and Central Asia. In the latter, China still competes with a Russia-centered infrastructure order. Let us now turn to the prospects of an intensification of this order.

Drivers of and Impediments to an Infrastructure Empire

This final part of the chapter discusses the prospects for the *emergence* of a more imperial structure of connectivity with China at its core in future. I assess the drivers and impediments relating to the imperial core and to the periphery, summarized in Table 6.7. The discussion engages two distinct questions: One is whether China can maintain its construction momentum and continue to improve the infrastructure of periphery countries. The other is what kind of ties between core and periphery will emerge, based on the different possible manifestations. To this end, I draw in part on the large literature on the purposes of the BRI, assessing whether the strength of these driving purposes outweigh the impediments.

The discussion here, as in the previous chapter, relies on an “all else being equal” scenario. It assumes that the world economy will not change fundamentally over the coming years and that neither China, China's periphery, nor competing cores will experience massive shocks that fundamentally alter the trajectory of their behavior. This is not a trivial assumption, and chapter 8 explores the future prospects under different scenarios in light of the COVID-19 crisis of 2020. The choice of keeping everything else “constant” is made here to be able to discuss the theoretically derived drivers and impediments more clearly and in depth. This discussion thus works as a sort of baseline scenario against which future developments can be compared and discussed.

Table 6.7. Drivers and Impediments to Expansion of Infrastructure Empire

	Driver	Impediment
Metro-centric	<ul style="list-style-type: none"> • Support Chinese construction sector • Create market for exports • Resource extraction 	<ul style="list-style-type: none"> • Lacking willingness to invest • Lacking economic ability to invest
Peri-centric	<ul style="list-style-type: none"> • Periphery demand for improved infrastructure for economic growth • Demand for investments without “strings attached” • Economic development to stabilize periphery 	<ul style="list-style-type: none"> • Political instability undermines projects • Popular unhappiness with presence of Chinese companies abroad • Fear of economic dependence on China • Different railway gauges in use by all of China’s neighbors

Metrocentric Drivers and Impediments

At least three economic rationales drive China to invest in infrastructure in the periphery, and two of these specifically toward a hub-and-spokes structure. First and in the short term, the needs of the Chinese construction sector, including contractors and steel, aluminum, concrete, and glass producers, is a metrocentric driver of the BRI.⁵²⁹ Infrastructure projects create work for these companies and keep large Chinese SOEs in business. This sector will require projects for many years to avoid sending millions into unemployment. On the longer run, the “Made in China 2025” plan aims to transition China’s economy into one that relies more on knowledge- and technology-based production,⁵³⁰ but this goal will take many years to achieve. In the meantime, the construction sector comprises 30% of China’s GDP—some 55 million workers—and

⁵²⁹ Simeon Djankov et al., “China’s Belt and Road Initiative: Motives, Scope and Challenges,” in *PIIE Briefing* (Washington, D.C.: Peterson Institute for International Economics, 2016); Rolland, *China’s Eurasian Century?*, pp. 100-101; Wuthnow, “China’s Belt and Road,” pp. 226-227. For a critical evaluation of this so-called “overcapacity argument,” see Duncan Freeman. “The Belt and Road Initiative and the Overcapacity Connection.” In *The Belt and Road Initiative and Global Governance*, edited by Maria Adele Carrai, Jean-Christophe Defraigne, and Jan Wouters. pp. 120-138. (Northampton: Edward Elgar Publishing, 2020).

⁵³⁰ Amanda Lee, “China Will Need More than 35 Years to Upgrade to Hi-tech Manufacturing Industry, Study Finds.” *South China Morning Post*, 19 July, 2019.

will need international projects whenever the Chinese market is unable to provide sufficient work.⁵³¹ This sector grew spectacularly as Chinese urbanization created a massive demand for new housing, but this demand has been met and more, leaving large companies without work.⁵³² At the same time, the need for overseas projects to absorb excess labor might weaken gradually, as the Chinese work force as a whole begins to shrinking.⁵³³

Supporting the construction sector does not necessarily mean building a hub-and-spokes. If the purpose of a rail project is to create work for construction companies and steel producers, it does not matter where the line is located, who it connects, or, indeed, if anyone uses it at all. Indeed, examples of empty trains⁵³⁴ suggest that the sole purpose of some projects was just to be built. Periphery governments may have different reasons to launch and pay for such seemingly futile projects. They may well be the result of corrupt government practices or simply a lacking periphery capacity to evaluate prospective projects leading to unwise decisions. The point is here that while these projects do not contribute to the periphery economies, they still benefit the Chinese companies winning the contracts. In short, more construction work is good for Chinese businesses.

Second and in the longer term, a general metrocentric purpose of improved infrastructure is to strengthen periphery economies. This is the developmental argument. To an export market like the Chinese, strengthening the economies of its periphery means fostering a consumer base for its products.⁵³⁵ The economic benefits of improved railroads and ports are not just the lowered transaction costs related to trade, but also that the consumer market may grow as a whole and increase its consumption of imported goods. It is noteworthy that the main targets of Chinese official outgoing financing were the countries that are also large markets for Chinese goods.⁵³⁶ Improved infrastructure ties can lead to stronger trade ties, strengthening a China-centric trade order.

Economic development is a long-term metrocentric goal, and it will remain a driver for decades to come since most of China's immediate periph-

⁵³¹ Raymond Yamamoto, "China's Development Assistance in Southeast Asia: A Threat to Japanese Interests?," *Asian Survey* 60, no. 2 (2020): p. 334.

⁵³² McMahon, *China's Great Wall of Debt*, chap. 3.

⁵³³ Scissors, "China's Global Business Footprint Shrinks," p. 7.

⁵³⁴ Andreea Brinza, "China's Continent-Spanning Trains Are Running Half-Empty." *Foreign Policy*, 5 June, 2017.

⁵³⁵ William A. Callahan, "China's Belt and Road Initiative and the New Eurasian Order," in *Policy Brief* (Oslo: Norwegian Institute of International Affairs, 2016).

⁵³⁶ Custer and Tierney, "China's Global Development Spending Spree," p. 326.

ery—let alone overseas periphery—requires improved infrastructure to develop its economy. Infrastructure improvements may spur economic growth whether it connects peripheries to China or somewhere else, but since China enjoys greater benefits from fostering consumers for its products, China will likely prioritize projects that underpin the hub-and-spokes structure. To an export market like the Chinese, economic development in the periphery is good in itself but economic development and integration with China is better.

Third, China was the world's largest importer of oil, iron ore, copper ore, and soybeans in 2017.⁵³⁷ As China's economy continues to grow, so will its need for natural resources.⁵³⁸ Resource imports were in fact the original motivation behind the proposal of the BRI in 2012.⁵³⁹ The demand for resource imports drives China to invest in infrastructure to ease extraction and reduce transaction costs of existing trade routes. This metrocentric demand directly drives the development of an imperial structure of connectivity, since China will invest in infrastructure that ties peripheries as directly to itself as possible to minimize costs. This driving force is perhaps the one that most clearly directs Chinese infrastructure investments towards an imperial pattern.

The above drivers are all tempered by the willingness and economic ability of China to invest abroad. Voices in China have advocated less spending on investments abroad at the expense of domestic developments for years.⁵⁴⁰ More fundamentally, a cleavage persists in Chinese domestic discourse about the gravity of the economic challenges faced by the country and whether the economy will be able to undergird China's rise on the international stage.⁵⁴¹ If economic growth slows, so will the need for additional natural resources. If the flow of capital from Chinese banks comes to a halt, it would remove the financial leg of the Chinese model of development, and construction contractors would be forced to bid on competitive projects financed by other countries or multilateral development banks on the same conditions as the non-Chinese contractors. If these tenders require contractors to meet international labor

⁵³⁷ Simoes and Hidalgo, "The Economic Complexity Observatory", 'Crude Petroleum', 'Iron Ore', 'Copper Ore', 'Soybeans'.

⁵³⁸ For studies China's resource needs and strategy, see Tunsjø, *Security and Profit in China's Energy Policy: Hedging Against Risk*; Economy and Levi, *By All Means Necessary*.

⁵³⁹ Brown, *The World According to Xi*, p. 78. See also Jennifer Lind and Daryl G. Press, "Markets or Mercantilism? How China Secures Its Energy Supplies," *International Security* 42, no. 4 (2018).

⁵⁴⁰ Lampton, Ho, and Kuik, *Rivers of Iron*, pp. 64-66.

⁵⁴¹ For an interview-based study of the domestic debate on China's future, see Daniel C. Lynch, *China's Futures: PRC Elites Debate Economics, Politics, and Foreign Policy* (Stanford: Stanford University Press, 2015).

and environment standards, many Chinese SOEs may find themselves hard pressed to win new projects.

The volume of Chinese construction abroad has already been falling since 2016, which suggests that the BRI as a whole may be losing some of its momentum.⁵⁴² This decline runs parallel to a collapse in the international lending by the China Development Bank and EXIM Bank from a total of \$75 billion in 2016 to only \$4 billion in 2019.⁵⁴³ While part of this decline may be due to changing forms of international lending,⁵⁴⁴ the decline also reflects China's slowing economic growth from officially 10.6% GDP growth in 2010 to 6.1% in 2019⁵⁴⁵—though the real number could be significantly lower, and the impact of COVID-19 remains unknown. The decrease in international lending has also gone hand in hand with China's diminishing reserves of foreign exchange, falling from almost \$4 trillion in 2014 to \$3.1 trillion in February 2020.⁵⁴⁶ These figures indicate a waning ability to channel vast funds into construction projects abroad. This weakening economic base will also make the Chinese establishment and people less willing to prioritize projects abroad over domestic initiatives.⁵⁴⁷

Taken together, the metrocentric factors suggest a mixed picture. China enjoys economic benefits in the short and long term from improving the infrastructure of its periphery, and ensuring the supply of vital resources to the Chinese economy. At the same time, the Chinese economic engine is slowing down and this limits the ability and willingness to channel money abroad. If China is forced to slow down infrastructure construction across the board, the projects they chose to pursue will probably be the ones with the clearest benefit to the Chinese economy, e.g. by facilitating resource imports or improving important existing lines of trade. This could mean a reduced Chinese construc-

⁵⁴² Scissors, "China's Global Business Footprint Shrinks," p. 6; Sheridan Prasso, "One of China's Most Ambitious Projects Becomes a Corridor to Nowhere." *Bloomberg*, 2 March, 2020.

⁵⁴³ *Financial Times*, "China Pulls Back From The World: Rethinking Xi's 'Project Of The Century'." 11 December, 2020.

⁵⁴⁴ Tristan Kenderdine and Niva Yau, "China's Policy Banks Are Lending Differently, Not Less." *The Diplomat*, 12 December, 2020.

⁵⁴⁵ *World Bank*, "World Bank Open Data." 'GDP growth (annual %) - China'.

⁵⁴⁶ *Trading Economics*; Hongying Wang, "A Deeper Look at China's "Going Out" Policy." *Centre for International Governance Innovation*, 8 March, 2016; Salvatore Babones, "China Is Sitting On \$3 Trillion In Currency Reserves, But Is That Enough?" *Forbes*, 2018.

⁵⁴⁷ Lucy Hornby and Tom Hancock, "China Pledge of \$60bn Loans to Africa Sparks Anger at Home." *Financial Times*, 4 September, 2018.

tion footprint in general but also an emphasis on the hub-and-spokes structure, since these projects provide China with the greatest direct economic benefits; the most bang for the infrastructure buck.

Pericentric Drivers

The pericentric demand for infrastructure investments from China's developing periphery is great. As cited previously in this chapter, the ADB estimates that infrastructure investments worth \$1.7 trillion per year in infrastructure are required to maintain economic growth.⁵⁴⁸ These infrastructure investments are expected to help tackle two interrelated challenges for China's periphery: poverty and instability. In this context, Chinese policy makers subscribe to a so-called "Root Cause Model," which essentially holds that "all good things go together"—particularly economic development and political stability.⁵⁴⁹ As the prospect of a middle class lifestyle becomes available to people, they will be less susceptible to radicalization and unrest, the argument goes. The logic applies to China's formal periphery, namely Xinjiang, as well as the informal periphery, such as Pakistan and Afghanistan.⁵⁵⁰ Chinese policy makers hope that these areas can be stabilized economically by bettering the living conditions of their inhabitants.

Instability is an important issue on the agenda of China and its western neighbors, particularly. Radical Islamism in Central Asia and Afghanistan threatens to spread to the Muslim population in Xinjiang, which already faces oppression from the Chinese government,⁵⁵¹ and resentment against the Chinese regime could foster violent resistance and strengthen ties to transnational Islamist networks. Abroad, local instability has already manifested in violent attacks on Chinese workers. From 2006 to 2016, 265 cases of violent attacks against Chinese workers were reported. The death toll of these attacks was 619, and 403 were wounded.⁵⁵² The hope of China and local governments

⁵⁴⁸ *Asian Development Bank*, "Meeting Asia's Infrastructure Needs," p. xi.

⁵⁴⁹ Lars Erslev Andersen and Yang Jiang, "China's Engagement in Pakistan, Afghanistan and Xinjiang," in *DIIS Report 2018: 06* (Danish Institute for International Studies, 2018), p. 31.

⁵⁵⁰ Kerry Brown further argues, that security concerns are of special importance to the Chinese government due to the country's history of internal and external instability. "The Belt and Road: Security Dimensions," *Asia Europe Journal* 16, no. 3 (2018).

⁵⁵¹ *Human Rights Watch*, "Eradicating Ideological Viruses; China's Campaign of Repression Against Xinjiang's Muslims."

⁵⁵² Zi Yang, "Securing China's Belt and Road Initiative," in *Special Report* (Washington, D.C.: United States Institute of Peace, 2018).

is that construction efforts will help spur the economic growth that may ultimately reduce this instability.

The issue of stability goes back to Galbraith's notion of a "turbulent frontier." Peripheral instability (both in the formal and informal peripheries) threatens to spread inwards towards the core, and in response, the core expands its influence outwards to stabilize a larger geographic area. The theoretical notion was developed to explain military expansion, but the logic works for infrastructure expansion as well. China is expanding its financial and contractual ties to combat instability on its borders, which threatens its domestic stability and commercial interests.

Studies have already found a correlation between Chinese ODA and a boost to economic growth in recipient countries.⁵⁵³ The pericentric demand for Chinese infrastructure funding has grown stronger as multilateral development banks have been less willing to finance hard infrastructure projects for years.⁵⁵⁴ Moreover, multilateral institutions (including the ADB) require a number of good governance standards to be in place for projects to receive funding. These standards may be difficult for developing countries to meet, particularly in countries with high levels of corruption. China on the other hands attaches far fewer strings to its money, making it a more attractive partner for some regimes—even when Chinese loans come with higher interest rates than those of multilaterally organized donors.⁵⁵⁵

The demand for investments to combat poverty and instability is relevant for infrastructure anywhere, not just in hub-and-spokes. Governments in developing countries seek infrastructure investments for all sorts of connectivity projects—not just ones that connect to China. This drives connectivity in all directions. At the same time, some periphery country may expect the greatest economic benefits to come from closer bonds to China rather than other economic hubs. These peripheries may seek infrastructure projects that directly support an imperial hub-and-spokes, simply because they are expected to be the most profitable for the periphery.

⁵⁵³ A. Dreher et al., "Aid, China, and Growth: Evidence from a New Global Development Finance Dataset," in *AidData Working Paper #46* (Williamsburg, VA: AidData, 2017).

⁵⁵⁴ Custer and Tierney, "China's Global Development Spending Spree," p. 310; Lampton, Ho, and Kuik, *Rivers of Iron*, p. 9.

⁵⁵⁵ Custer and Tierney, "China's Global Development Spending Spree," pp. 312-313, 322.

Pericentric Impediments

Four pericentric factors impede the formation of an infrastructure empire. The first two impede China's efforts to improve infrastructure in general, and the last two relate more closely to the hub-and-spokes structure. First, the same instability that creates a demand for investments raises the costs of infrastructure projects. As argued above, China invests in some of the least stable countries in the world, which are often shunned by Western donors. Libya is probably the best example of the risks associated with these kinds of investments. As the country descended into civil war in 2011, China evacuated more than 30,000 nationals primarily involved in oil production.⁵⁵⁶

At worst, attacks on Chinese workers cost lives and force projects into standstills or cancellations. At minimum, the risk of attack increases project expenses by adding security contractors and other safety measures to the pay list.⁵⁵⁷ Instability thus impedes the development of infrastructure by making some prospective projects unfeasible and by undermining others that were already underway. Even if an infrastructure project is completed, instability in a region may leave it vulnerable to subsequent attacks or deter people from using the infrastructure, undermining its ability to improve connectivity.

Second, periphery populations may grow hostile to the presence of Chinese companies and workers if projects fail to produce benefits for the local economy.⁵⁵⁸ Foreign capital can have a number of positive effects on a local economy such as higher wages, worker training, and technology transfer.⁵⁵⁹ Chinese projects tend not to create these positive effects because they primarily rely on Chinese labor and Chinese subcontractors.⁵⁶⁰ Adding to this, Chinese projects tend to be opaque in nature, which raises the specter of corruption, especially when violations of environmental standards and the like are ignored, excused, or permitted by the periphery government.⁵⁶¹ In the face of

⁵⁵⁶ Economy and Levi, *By All Means Necessary*, p. 165; Brown, *China's World*, p. 189.

⁵⁵⁷ Charles Clover, "Chinese Private Security Companies Go Global." *Financial Times*, 26 February, 2017; Alessandro Arduino, *China's Private Army: Protecting the New Silk Road* (Singapore: Palgrave Macmillan, 2018).

⁵⁵⁸ For a recent study of different forms of pushback against China, see Luke Patey, *How China Loses: The Pushback Against Chinese Global Ambitions* (Oxford: Oxford University Press, 2021).

⁵⁵⁹ Economy and Levi, *By All Means Necessary*, p. 70.

⁵⁶⁰ Lumumba-Kasongo, "China-Africa Relations: A Neo-Imperialism or a Neo-Colonialism? A Reflection," pp. 256, 260.

⁵⁶¹ Economy and Levi, *By All Means Necessary*, pp. 76-78 ; Chong, "Shifting Winds in Southeast Asia," pp. 151-155.

these issues, local populations have on several occasions mobilized to disrupt projects directly or to pressure politicians to renegotiate, scale back, or cancel projects.⁵⁶²

One of the most prominent recent examples of public pushback as a pericentric impediment took place in Malaysia. In January 2018, Malay Prime Minister Mahathir Mohamad froze a \$20 billion railway and a gas pipeline project with Chinese companies in order to investigate corruption allegations against his predecessor, Najib Razak, who stood accused of siphoning money from the state investments fund.⁵⁶³ As part of his reelection campaign, Mahathir vowed to review deals made with China.⁵⁶⁴ Similarly, a large hydro-power project in Myanmar, the Myitsone Dam, was suspended indefinitely in 2011 as a reaction to popular protests concerned especially with the negative environmental impact of the dam.⁵⁶⁵ The suspension was also seen as way for Myanmar's government to distance itself from the rule of the military junta, which it had supplanted a few months earlier.⁵⁶⁶ The dam project has not been restarted as of March 2020, despite pressure from the Chinese ambassador.⁵⁶⁷ These and other episodes reveal how Chinese projects can be caught up in domestic democratic politics, especially when corruption allegations are in the picture. Local unhappiness with Chinese projects may especially be given voice by a change of government in a periphery and a subsequent reevaluation of its relationship with China. A newly elected periphery government may find itself caught between Chinese expectations of debt payment and the honoring of previous contracts on the one hand and popular demand for a firmer stance against China on the other hand. This is especially a risk for China in periphery

⁵⁶² Rush Doshi. "China's Role in Reshaping the International Financial Architecture: Blunting U.S. Power and Building Regional Order." In *Strategic Asia 2019: China's Expanding Strategic Ambitions*, edited by Ashley J. Tellis, Alison Szalwinski, and Michael Wills. pp. 278-308. (Seattle/Washington, D.C.: National Bureau of Asian Research, 2019), p. 307; Kuik, "Connectivity and Gaps," p. 93.

⁵⁶³ Adam Schreck, "Malaysia's Prime Minister Wants to Cancel 2 Multibillion-dollar Chinese Contracts as His Country Tries to Dig Itself out of Debt." *Business Insider*, 13 August, 2018.

⁵⁶⁴ *The Straits Times*, "Mahathir Pledges to Review China Investment after Malaysia Vote." 9 April, 2018.

⁵⁶⁵ *Reuters*, "Factbox: Myanmar suspends controversial Myitsone Dam." 30 September, 2011.

⁵⁶⁶ Thomas Fuller, "Myanmar Backs Down, Suspending Dam Project." *The New York Times*, 30 September, 2011.

⁵⁶⁷ Laura Zhou, "China Faces Backlash as it Bids to Rekindle Stalled US\$3.6 Billion Myitsone Dam Project." *South China Morning Post*, 20 January, 2019.

states where the recently dethroned government relied on Chinese support to maintain rule.

Third, periphery governments may fear becoming economically dependent on China and seek closer bonds to other great powers as a form of diversification. In ideal-typical language, spokes may actively try to forge ties to multiple cores to weaken their vulnerability to any single core—effectively shifting the connectivity pattern from an empire towards a hegemony or a contested order, depending on the relative strength of ties. If periphery states begin perceiving China as increasingly aggressive and willing to use economic ties coercively, they are likely to strengthen other economic bonds as a form of hedging.⁵⁶⁸ This pericentric impediment is compounded by the fact that China has already on several occasions punished its trade partners for various political decisions with import or export sanctions.⁵⁶⁹ By seeking other partners for trade, finance, and construction contracting, periphery governments make themselves less vulnerable to economic coercion. If peripheries diversify away from China, it would mean fewer construction contracts abroad for Chinese contractors and less interest in Chinese financing. Moreover, it could make periphery governments reluctant to approve new rail or highway projects that connect them to China. The fear of economic dependence on China coupled with uncertainty about China's intention may thus impede construction projects in general *and* hub-and-spokes infrastructure specifically.

Rival hubs fearing China's growing influence in the periphery may also impede Chinese efforts by actively presenting themselves as alternative business partners to the periphery. Countries like Japan and Singapore are already heavily involved in project financing in Asia,⁵⁷⁰ and particularly Japan has reinvigorated its infrastructure development program in Southeast Asia.⁵⁷¹ The United States passed the BUILD Act in October 2018, which increased the

⁵⁶⁸ Kuik, "How Do Weaker States Hedge?"

⁵⁶⁹ Aaron L. Friedberg, "The Sources of Chinese Conduct: Explaining Beijing's Assertiveness," *The Washington Quarterly* 37, no. 4 (2014); Blackwill and Harris, *War by Other Means*. For a critical assessment of these cases, see Angela Poh, "The Myth of Chinese Sanctions over South China Sea Disputes," *The Washington Quarterly* 40, no. 1 (2017).

⁵⁷⁰ Bloomberg, "Japan Still Leads in Southeast Asia Infrastructure Race, even as China Ramps up Belt and Road Investments: Report".

⁵⁷¹ Japan has also reverted to its 1960s development model of tying aid to its own companies and goods, much like the Chinese model. Japan abandoned this practice in the mid-1990s due to international pressure, but it has reverted to the model as international criticism has shifted to China. Yamamoto, "China's Development Assistance in Southeast Asia," p. 336.

budget of US overseas investments and created a new agency that is authorized to take equity positions in development projects.⁵⁷² A central purpose of the act was explicitly framed as “offering a better alternative to state-directed investments”⁵⁷³—a not so subtle hint to China. The European Union also presented its strategy for connecting Europe and Asia in September 2018, which could well be dubbed a ‘BRI with European characteristics.’ Like the BRI, the European Union’s strategy takes a holistic approach to infrastructure and connectivity and has a broad geographic scope. The central difference from the BRI (besides the far smaller scale) is the explicit inclusion of “a normative framework and rulebook for connectivity projects, with a strong emphasis on sustainability and respect for the rules-based international system.”⁵⁷⁴ Finally, great powers like Russia and India also promote connectivity, albeit on a smaller scale, with projects such as the International North-South Transport Corridor through Iran and Caucasus and the envisioned east-west line from India to Vietnam discussed above. Though at different stages of realization, these initiatives provide periphery governments with alternatives to China and impede the creation of a China-centric hub-and-spokes.

The interplay of different actors in Asian infrastructure development is a good example of what Amitav Acharya calls a “multiplex” order.⁵⁷⁵ In the analysis of Cheng-Chwee Kuik: “Multiple actors at multiple levels (not just major powers, but also players at national and subnational levels); multiple ideas and interests (varying ideas of development, security and resilience); and myriad effects redefining power and reshaping order, all with ramifications beyond the region.”⁵⁷⁶ For China, the presence of so many different agendas and actors limits its ability to settle things bilaterally, as preferred in the imperial structure.

Fourth and more practically, the differences in gauge standards between China and China’s immediate periphery impede railway connectivity by creating costly breaks of gauges. This pericentric impediment is not insurmountable, as evident from the continuously strengthening ties of railroads between

⁵⁷² Custer and Tierney, “China’s Global Development Spending Spree,” pp. 337-338.

⁵⁷³ Secretary of State Mike Pompeo cited in Daniel F. Runde and Romina Bandura, “The BUILD Act Has Passed: What’s Next?,” (Washington, D.C.: Center for Strategic and International Studies, 2018).

⁵⁷⁴ Erik Brattberg and Etienne Soula, “Europe’s Emerging Approach to China’s Belt and Road Initiative.” *Carnegie Endowment for International Peace*, 19 October, 2018.

⁵⁷⁵ Amitav Acharya, “After Liberal Hegemony: The Advent of a Multiplex World Order,” *Ethics & International Affairs* 31, no. 3 (2017); *The End of American World Order*.

⁵⁷⁶ Kuik, “Connectivity and Gaps,” pp. 83-84.

China, Central Asia, and Southeast Asia, but it increases transaction costs in the form of time, efforts, and expensive machinery to handle the breaks. The importance of this impediment should not be overstated, and it is shrinking as some of China's neighbors adopt the standard gauge. It is too soon to say whether this is the beginning of a larger Asian transition from many different gauges to the international standard, but were it the case, it would be a clear signal of a peripheral reorientation from previous hubs—Russia in Central Asia, India in South Asia, and the colonial legacies of Southeast Asia—to China. In other words, a cementing of a single China-centric rail standard order rather than a number of orders operating on different standards. Until such a consolidation takes place, differing railway standards will continue to add to the costs of railway transportation to and from China, impeding the strength of railway ties between a Chinese hub and its spokes.

An Infrastructure Empire with Standards

The future of the BRI and the prospects for a China-centric infrastructure order will be shaped by many metro- and pericentric factors. The following evaluates the drivers and impediments presented above and argues that the establishment of a China-centric infrastructure order is likely to continue but in a limited and more focused form, with Chinese contractors gradually adopting higher standards for their work. This argument still assumes that China's economic growth does not slow down too much to sustain some degree of financing of international projects.

In the absence of fundamental changes in the wake of COVID-19, we would expect the driving forces discussed here to continue to push for new infrastructure projects. China will continue to require natural resources to fuel its economy and will keep financing infrastructure to support this need; China will continue to have a large construction sector that needs projects to maintain employment; and China will continue to do business with many developing countries that demand investments for economic growth and stability. There are thus economically sound reasons for China to continue its program of infrastructure investment, if able.

The risk of a further economic slowdown in China is the greatest obstacle. As demonstrated above, China's GDP growth and its reserves of foreign exchange have declined and with them the volumes being spent on construction projects abroad. The immediate consequence of this slowdown is that China will have to cut down and start prioritizing more when assessing which projects to finance. Loans that are not repaid and unprofitable projects paid in equity stakes will likely be the first to go, as China will need to ensure economic

profitability for its banks. This may harm some Chinese companies in the construction sector, which will have to compete harder for projects. China will likely choose to prioritize projects that connect peripheries directly to China, enforcing the hub-and-spokes structure, since these will have the most direct positive impact on China's trade relations. It is also likely to prioritize investments in countries that export natural resources vital to the Chinese economy.

Instability in periphery countries is a double-edged sword that acts as both a pericentric driver for infrastructure investments (the need for economic growth to stabilize) and an impediment (higher construction costs and risk to Chinese workers). Stability is a long-term goal, and even massive investments are unlikely to create change in the short run. China may well reach the conclusion that the goal of regional stability is too ambitious to outweigh the higher costs of operating in unstable areas for anything but the most lucrative projects or for the extraction of vital resources. Consequently, as China refocuses its infrastructure efforts, it is likely to become more reluctant to invest in the most unstable areas, except where these provide access to cheap natural resources.

What about the public pushback against Chinese projects, as we saw in Malaysia and Myanmar? Publics will continue to look skeptically on Chinese investments as long as the contract terms are opaque and perceived to bring few or no local benefits. Addressing these issues may require a more fundamental re-gearing of the BRI and of the Chinese model of infrastructure financing. At the second high-level Belt and Road Forum in Beijing in April 2019, the term BRI 2.0 was used to describe a shift towards higher financial and environmental quality, and a greater focus on openness and cooperation.⁵⁷⁷ While some of these stated ambitions are probably more about re-branding the BRI to a global audience, it does suggest that Beijing is aware of the need for—or at least the perception of—local benefits for periphery populations to ensure the local support. Part of this may actually resolve itself. With increases to Chinese wages, it has become more expensive to bring in Chinese workers as opposed to local labor.⁵⁷⁸ The composition of labor is therefore already shifting to favor local workers under Chinese management.

⁵⁷⁷ Yves Tiberghien, "Belt and Road Summit in Hong Kong: Toward a BRI 2.0?" *Australian Institute of International Affairs*, 5 September, 2019.

⁵⁷⁸ For a short review of estimates of Chinese companies' use of local labor, see Aaron Halegua. "Where is the Belt and Road Initiative taking international labour rights? An examination of worker abuse by Chinese firms in Saipan." In *The Belt and Road Initiative and Global Governance*, edited by Maria Adele Carrai, Jean-Christophe Defraigne, and Jan Wouters. pp. 225-257. (Cheltenham: Edward Elgar Publishing, 2020), p. 238.

Increasing the transparency of BRI projects would force companies to heighten their standards and it would accommodate some of the criticism of the BRI, hence weakening a strong impediment.⁵⁷⁹ But the price of greater transparency may be the Chinese development model as a whole if SOEs are unable to meet standards in a way that is both satisfactory and price competitive. Transparent processes would weaken China's ability to ensure that Chinese companies win the projects funded by Chinese banks, which would in turn undermine a central driver of the BRI; supporting the Chinese construction sector. Furthermore, if Chinese investments become more akin to the multilateral model of development loans, the interest rate of Chinese loans will likely fall to be competitive with other development banks. Chinese loans can only maintain their higher interest rate as long as they have the comparative advantage of having "no strings attached" compared to multilateral banks, but this advantage would be lost with the imposition of higher standards. The result is reduced profitability for the Chinese banks and companies.

A similar argument can be made for investments in debt-ridden countries.⁵⁸⁰ The fear of accumulating unsustainable debts has been one of the main reasons periphery governments have cancelled infrastructure projects with China. As we saw in Malaysia, and as is the case with the cancellation of large parts of the China-Pakistan Economic Corridor,⁵⁸¹ cancellations due to debt concerns tend to follow corruption scandals or changes in leadership of a periphery country. In other cases, the projects continue, but the debt is not serviced, incurring losses to the Chinese creditor. While some have framed Chinese infrastructure investments as a grand strategy of debt-trap diplomacy,⁵⁸² a more likely explanation is a combination of two factors. One is that Chinese banks are simply inexperienced international creditors, who end up making unsustainable loans to foreign governments, just as they have done to domestic SOEs for years.⁵⁸³ The other is that governments in developing countries may lack the capacity to assess prospective infrastructure projects

⁵⁷⁹ Dingding Chen and Junyang Hu, "3 Ways China Can Make the Belt and Road Initiative More Successful." *The Diplomat*, 21 May, 2019.

⁵⁸⁰ Yufan Huang and Deborah Brautigam, "Putting a Dollar Amount on China's Loans to the Developing World." *The Diplomat*, 24 June, 2020.

⁵⁸¹ Prasso, "One of China's Most Ambitious Projects Becomes a Corridor to Nowhere".

⁵⁸² See e.g. Veasna Var and Sovinda Po, "Cambodia, Sri Lanka and the China Debt Trap." *East Asia Forum*, 18 March, 2017; Amy Cheng, "Will Djibouti Become Latest Country to Fall Into China's Debt Trap?" *Foreign Policy*, 31 July, 2018; Frank Ching, "China's 'Belt and Road' Could be a Debt Trap." *Japan Times*, 28 August, 2018.

⁵⁸³ Stephen Chin, "BRI Debt Trap: An Unintended Consequence?" *The ASEAN Post*, 9 October, 2018; McMahon, *China's Great Wall of Debt*.

properly leading to poor decisions, unsuccessful projects, and unsustainable debt.⁵⁸⁴ No matter what, China will be less and less able to issue unprofitable loans to debt-distressed creditors, except where payment can be made in oil or in equity stakes in potentially profitable projects.

For the reasons given above, I believe a new path more akin to the Western model of infrastructure development is being laid out for China. Following this path would mean increasing the transparency of Chinese projects, and improving labor and environment standards. China might even bet that such a shift would improve its public image and reduce local pushback against Chinese projects. However, the shift would essentially undermine the Chinese development model by making project tenders more competitive and hence less profitable for Chinese companies and the Chinese construction sector. It would force interest rates of Chinese creditors down, as they will have to compete on more even terms with their multilateral counterparts. And it would force Chinese companies to engage in fewer corrupt activities, even in periphery countries where corruption is widespread. The alternative is to stick to the Chinese model expecting the benefits of direct support for the construction sector and the higher interest rates enjoyed by Chinese banks to outweigh the occasional cancellation of projects and the bad press.

Elizabeth Economy and Michael Levi argue for the existence of a close relationship between the practices of Chinese companies abroad and at home: “[Chinese] firms and officials behave abroad in very much the same way they behave at home; changes at home are thus a central driver for changes abroad.”⁵⁸⁵ Based on this observation, they are moderately optimistic about the prospects for good governance among Chinese enterprises, due to the demands for corporate social responsibility (CSR) and the salience of environmental issues among Chinese citizens.⁵⁸⁶ As SOEs become accustomed to higher standards at home, they will bring these standards with them to projects abroad, the argument states. Moreover, Chinese state-owned enterprises have already begun collaborating with international non-governmental organizations (NGO’s) on minor development projects abroad, which is expected to

⁵⁸⁴ This argument is made about the much-discussed case the Chinese leasing of the Hambantota port in Sri Lanka, Umesh Moramudali, “The Hambantota Port Deal: Myths and Realities.” *The Diplomat*, 1 January, 2020.

⁵⁸⁵ Economy and Levi, *By All Means Necessary*, p. 71.

⁵⁸⁶ Ibid. chap. 6

raise project standards and help boost the reputation of the Chinese companies involved.⁵⁸⁷ This could be baby steps towards a more developmental model of infrastructure investments.

Higher standards mean lower immediate profits, and adopting them will force cutbacks on the BRI. China will not be able to fund infrastructure projects on such a massive scale as hitherto but will need to focus on the projects that create the most value. This takes us back to the question of drivers: Which projects provide the greatest value for China? The most profitable are the ones that improve access to natural resources or tie periphery economies directly to China to boost Chinese exports. These two groups of projects have in common that they fit the imperial hub-and-spokes pattern. It supports the interpretation that China has shifted its construction activity to emphasize Asia more than previously, as evident from the CGIT data cited above.

My discussion of the drivers and impediments of Chinese infrastructure investments point to the conclusion that the future BRI will be more limited in scope but fit the hub-and-spokes structure of empires more clearly, since it is the most cost-effective pattern of infrastructure that provides China with the most direct benefits. Chinese banks will be more hesitant to finance projects in debt-ridden countries for fear of subsequent cancellation or absence of payment, and they will evaluate more carefully each project's prospect of creating economic growth for the local periphery and for China. Chinese contractors will have to up their standards to avoid local pushback, even when this comes at higher production costs. Overall, this presents a vision of a BRI that is more targeted, selective, and more clearly structured like a China-centric hub-and-spokes.

Friendly Competition or Infrastructure Arms Race?

The discussion has yet to assess the impact of the infrastructure financing programs of China's rival hubs, the United States and the European Union. Could they undermine the emergence of a China-centric order? This section argues that great power competition will weaken financial China-centrism but not the hub-and-spokes structure of infrastructure connectivity. American and European investment schemes may offer periphery states easier access to alternative sources of credit, weakening the financial tie to China relatively, but it will have little effect on the structure of connectivity emerging at the level of physical infrastructure.

⁵⁸⁷ Wendy Leutert, Elizabeth Plantan, and Austin Strange, "Partnering for Overseas Development: International NGOs' Changing Engagement with China." *Fairbank Center Blog*, 29 June, 2020.

Countries in China's immediate continental periphery—Central Asia and Southeast Asia—will enjoy greater economic benefits by being connected to their large neighboring economy than interperipheral ties. Alternative hubs like the EU or the United States are too distant for direct ties, and regional financial hubs like Japan, South Korea, and Singapore are too geographically remote and not large enough trade partners. (Neither South Korea nor Japan can be accessed by land infrastructure, and Singapore is too small an economy to be a hub for anything but financial transactions. Case in point, Singapore's two only neighbors, Malaysia and Indonesia, trade more with China than with Singapore.⁵⁸⁸) One must keep in mind that infrastructure projects like railway investments are not forced on periphery governments but are usually constructed where the greatest economic benefit is expected. For China's neighbors, the greatest direct benefit would be to reduce transaction costs of dealing with China, the largest trading partner of most of these countries.

In the maritime peripheries such as Africa or Latin America, infrastructure will primarily tie local economies to global trade flows, improving connectivity to all hubs. The hub with the strongest trade relations with a given periphery will enjoy the greatest benefits. As trade with China takes up growing shares of the overall trade of these overseas peripheries, improved trade infrastructure will connect them relatively more to China than other hubs, no matter who finances and builds the railroads or ports.

This is not to say that non-Chinese financing opportunities are irrelevant to the international structure of power and dependence. Having more creditors to choose from drastically reduces periphery financial dependence on China and limits China's ability to dictate the terms of project loans. In the Chinese model of development financing, peripheries are tied to China through infrastructure, trade, and debt. With the introduction of alternative financiers, the third of these connectivity ties is broken.

That being said, I do not expect European or American development financing to amount to anything near the Chinese volume for two central reasons. One is that the Chinese policy banks are larger than their multilateral counterparts. The other is that Chinese loans come from policy banks that may be directed to issue loans to support the Chinese construction sector. In contrast, the European Investment Bank is fundamentally separate from European construction companies. In the Chinese model, money travels from Chinese banks through foreign governments and back to Chinese contractors and their subcontractors. In the multilateral model, the issuing bank cannot pre-

⁵⁸⁸ Simoes and Hidalgo, "The Economic Complexity Observatory", 'Malaysia', 'Indonesia'.

dict where the money ends. This dynamic makes it easier for the Chinese economy to support construction loans, as development loans are essentially converted to construction sector subsidies.

Even if Western, Japanese, and other infrastructure financiers were to begin playing greater roles in Asian infrastructure financing, resulting in a contested order of financing rather than a China-centric order, the actual infrastructure built will still be centered on China, simply because it makes the most economic sense to China's periphery. A China-centric infrastructure order is thus in the interest of both China and China's periphery—at least as long as China does not overplay its geoeconomic hand by weaponizing trade against its periphery through the chokepoint effect. The result will be a China-centric hegemony, where peripheries have strong ties to China, but maintain some degree of connectivity with each other and with other important regional players. In this way, a China-centric infrastructure connectivity order will emerge, while the infrastructure financing order may become contested by multiple hubs of development financing. The consequence will likely be a more China-centric trade order, but a less China-centric investment order.

Conclusion

It has become a common saying that in the twenty-first century, all roads will lead to Beijing. This chapter has investigated this claim through the ideal type of an empire as a hub-and-spokes of connectivity. I have studied China's construction activity in the developing world and discussed the structure of connectivity that is manifesting through railroads, highways, and port projects. Incorporating both quantitative and qualitative data, I have painted a picture of the emerging network of connectivity in China's continental neighborhood and in the maritime periphery by reflecting the empirical evidence in the ideal type. This chapter is concluded with a summary of my findings and by returning to the question of the emergence of a China-centric order. Finally, I present some caveats to my study.

Summary of Findings

The clearest finding of this chapter is this: Chinese infrastructure construction and financing is a murky business that is full of internal contradictions and does not adhere to any single plan, or model. But in this empirical complexity, my ideal-typical analysis has helped me shed light on several important dynamics at play and assess the trajectory of infrastructure connectivity in Asia. Broadly speaking, China is engaged in development financing and construction across most of the developing world, particularly focusing on energy infrastructure and transportation infrastructure. Sub-Saharan Africa is still the

region with the most activity, but East and West Asia have increased their share with the launch of the BRI in 2013. While the scope of Chinese construction is truly global, activity is concentrated around China's economic corridors through Central Asia, Pakistan, South Asia and Southeast Asia, and along most of the coast of Sub-Saharan Africa. The pattern formed by these corridors resembles a hub-and-spokes situating China as the core of an order with maritime ties to peripheries overseas. Another important finding was the large degree of Chinese activity in some of the world's least stable countries.

I then turned to railroad construction specifically due to its fixed nature as connecting two or more points on a line. This stands in contrast to the omnidirectional dynamic of improved energy or telecommunication infrastructure, which improves connectivity in all directions. In the case studies, we saw how China primarily approaches railway construction through the bilateral Chinese model, where China provides the financing and the contractors. In Iran, new rails form parts of the economic corridors of the BRI. In Nigeria, railway projects connect the inland to maritime access points to integrate the countries into the world economy. In Argentina, railroad and port projects lower the transaction costs of shipping soybeans to China. I then turned to rail gauges and discussed how China is surrounded by countries that use different gauges for their railroads and how this hurts connectivity to China, but also how this appears to be changing as periphery countries gradually adopt the international standard used by China.

I argued that China is likely to continue to finance and build infrastructure in developing countries, but that slowing economic growth and demands for higher standards in China and abroad will lead to a slower and more targeted BRI. China cannot continue to afford the scattered pattern of its past construction activities. It will instead focus more on the investments with a higher rate of return and projects that strengthen trade relations between China and its neighbors or the import of natural resources from the periphery. In this way, China combines an extractive with a developmental logic in its investments, since both resources and a strong consumer market in the periphery are vital for China's own economic growth. Periphery governments are likely to enjoy more financing opportunities in the future as other great powers present themselves as alternative creditors to China. This will weaken the financial elements of a China-centric hub-and-spokes, but it will hardly affect the emergence of an infrastructure hub-and-spokes between China and its region. The United States, the European Union, Japan, South Korea, and Singapore are all either too far away or too small economies to challenge China as the regional hub of trade.

Consequences of the Rise of Chinese Infrastructure

The immediate consequence of the emergence of a China-centric infrastructure order is a rearrangement in the respective opportunity costs of doing business with China compared to other markets. Transaction costs of moving goods and people to and from China are lowered making it more profitable for peripheries to tie themselves to China in trade. This economic motivation for associating more closely with China is then reinforced by the presence of Chinese companies in the periphery and of financial ties to China. Periphery states today increasingly owe money to Chinese banks and vie for investments from Chinese companies.

These ties will increase the asymmetry of interdependence between China and periphery states. Periphery states become more sensitive and vulnerable to China's policies, and their economic growth becomes more intimately tied to the prosperity of the Chinese core. This provides China with both instrumental and structural power vis-à-vis its periphery. Being closely connected will give China a number of tools that can be weaponized in economic sanctions, such as trade sanctions of particular goods, withdrawal of investments, and unwillingness to provide credit. More fundamentally, periphery states will more 'naturally' behave in ways that suit China's economic interests simply because the interests of core and periphery are intertwined. China will thus increasingly enjoy the benefits of being the core of its own system, and peripheries will have a harder time refusing (and less incentive to refuse) Chinese demands across economic and political issues.

For some periphery states and regions, the emergence of a China-centric order will occur at the expense of ties to existing hubs. In Central Asia, I expect economic ties to Russia to weaken as infrastructure to the growing Chinese market facilitates a stronger bond east. A broader shift in the preferred railway gauge from the Russian to the international standard would be an important indicator of such a peripheral transition from one hub to another. For maritime peripheries in Africa and Latin America, a shift from previous Western hubs to China has already occurred for a large part and is primarily visible in trade statistics. I see no reason to believe why this process should reverse within the coming years. On the contrary, Chinese investments in rails and ports may well strengthen China's position as the dominant trading partner of many maritime peripheries. The diminishing importance of alternative great power relations to peripheries is perhaps the most important feature and indicator of the emergence of imperial relations.

Whether Chinese development investments will help stabilize its politically unstable periphery, as envisioned in the Root Cause Model, is an open question for the time being. If not, failed projects and growing expenses may

slow down the pace of the BRI further. If, on the other hand, investments actually manage to spur economic growth and political stability, it would result in a less turbulent frontier for China, and it might even help China cross the Augustan threshold to a more stable empire, as its periphery stabilizes and comes to recognize the benefits of integration with China. This benefit will perhaps be most clear in China's formal periphery Xinjiang, where economic growth could reduce anger with the regime and thus weaken the need for the harsh methods of repression currently in use in the province. This is of course the ideal scenario for the Chinese core, and it remains to be seen, first, whether the BRI will spur economic growth in Xinjiang and abroad, and second, whether this growth will have any effect on the unhappiness with Chinese rule in the province.

Contribution of Ideal-typical Research

The findings of this chapter can be formulated as follows: A China-centric infrastructure order is emerging in Asia, connecting China and its continental periphery. The connectivity pattern bears strongest resemblance to a hegemony because peripheries maintain some ties to each other and to regional hubs, although these are generally weaker than their infrastructure ties to China. It is thus a "soft" hub-and-spokes-structure. Turning to the maritime periphery, Chinese investments are connecting countries in Africa and beyond to the international market through rails and ports and this will lead to stronger ties to China, but also to other competing hubs. The cases of Nigeria and Argentina studied here can more adequately be considered parts of a non-hierarchical connectivity pattern, as they both have highly diversified trade portfolios. Finally, the order of financial connectivity emerging from investments in Asia is contested, as multiple hubs play important roles. This order is however still hierarchical, as relatively few states are much more important sources of capital than the rest, entitling them to the position as international hubs.

Ideal-typical research is evaluated by its usefulness, as argued in chapter 3, and I believe the empire ideal type and the concepts adopted from the empire literature can help shed new light on a number of aspects relating to China's infrastructure engagements abroad. First, it underscores the important tie between China's formal and informal periphery. In order to understand much of the motivation behind the BRI and China's economic engagement abroad in general, we need to understand the conditions of the formal periphery in China. Instability is usually not contained by country borders, and Xinjiang voices opposed to the Chinese regime have strong transnational

ties. A hub-and-spokes structure offers a partial solution to this issue by integrating periphery closer to the core and by ensuring that some of the economic benefits of this integration are accrued in the periphery, as Xinjiang itself becomes a mini-hub of connectivity with Central Asia.

Second, the case studies revealed a Chinese preference for bilateralism in its relations with periphery governments. As described in the Chinese model, projects were usually both financed by and contracted to Chinese companies, as is befitting the imperial pattern. In the future, it will be interesting to see whether a Chinese shift towards higher standards is accompanied by a larger degree of multilateralism. A more transparent process would make it harder for China to exclude non-Chinese financiers and contractors from projects. At the same time, a multilateralization would mean reduced benefits for Chinese companies—a central driver of the BRI—and weakened financial ties between China and periphery, as other hubs become relatively more important. On the financial side, introducing more creditors could make the BRI more durable by bringing more financial power to the table. At the same time, the actual infrastructure being built could still maintain a hub-and-spokes structure between China and its neighbors. In this scenario, which is not unlikely, the BRI would continue to foster China-centric trade and connectivity relations, but without imperial financial relations. Such a development might also silence the “debt-trap”-criticism as it would mean diversifying periphery debt to several creditors.

The Asia Infrastructure Investment Bank (AIIB) launched by China has been left aside in the analysis here, but it might actually become an example of multilateral development financing that continues to favor connectivity to China but has higher project standards than in the Chinese model. As I return to in my conclusion, the reason I have not included the AIIB in the analysis here is its very insignificant scale compared to the BRI as a whole. However, the AIIB actually abides by the DAC principles of international governance and standards for environment and social impact⁵⁸⁹ and could thus become a way for China to gain experience with financing projects of higher standards than hitherto.

Third, in a globalized world economy, it is impossible to connect a periphery economy only to a single economic hub. The main belt and road of the BRI connects Europe and China, and everything in between. Chinese investments in overseas peripheries like Africa and Latin America connect these countries to the world economy in general, not just to China. Thinking in terms of hub-

⁵⁸⁹ Shahar Hameiri and Lee Jones, “China Challenges Global Governance? Chinese International Development Finance and the AIIB,” *International Affairs* 94, no. 3 (2018).

and-spokes reveals how difficult it can be in a globalized economy to create economic relations that are truly dependent with anyone but your closest geographic neighbors—at least if other hubs try to oppose it. Nonetheless, we also saw how China clearly dominates some markets—although not to the complete exclusion of other trading and finance partners.

Fourth, peripheral instability can be both the creator and undertaker of core-periphery relations. As described by Galbraith, a turbulent frontier can be a strong cause for imperial expansion.⁵⁹⁰ This expansion does not have to be military, though it may be the historical norm. China's infrastructure activity in Central Asia could well be considered a response to a turbulent frontier. By investing and building, China is strengthening its ties to and—through economic asymmetric interdependence—its influence over its western neighbors. At the same time, this instability has created costly problems for Chinese contractors and creditors, particularly in Pakistan, and it has cost the lives of several Chinese workers abroad. For China to continue to operate in these areas, a stronger military presence abroad may be required to protect China's commercial activities.

Fifth, the terminology of imperial drivers and impediments helps avoid the pitfall of focusing too narrowly on economic calculations of the core or the demands of periphery populations. Both are important and will shape the future of the BRI, though we cannot determine how *ex ante*. China may stick to the Chinese model of development to maximize the benefits to Chinese banks and companies but risk increasing pushback from periphery populations. Alternatively, China could adopt a model with greater transparency and higher project standards, which would do much to gain local support. This chapter has argued that China will make moves towards higher standards, in part due to the expectations of the Chinese consumers in the companies' home market. At the same time, China will try to maintain as many of the benefits of the Chinese model as possible. This could mean presenting projects in supposedly public tenders that are in reality designed for the Chinese contractors. The point is that the terminology presented here helps us evaluate drivers and impediments holistically.

For all the above reasons, I consider the empire ideal type a useful way to study China's engagement in infrastructure financing and construction in the developing world. It directs our attention to important factors, it highlights the relationship of asymmetric interdependence that are emerging from the developing patterns of international connectivity, and it reveals some of the possible consequences of the rivalry between economic hubs in the world economy. In short, it helps us explain why a China-centric connectivity order

⁵⁹⁰ Galbraith, "The "Turbulent Frontier" as a Factor in British Expansion."

is emerging and what its consequences will likely be for power relations between China and its periphery.

In my conclusion in chapter 9, I return to the larger question of what a China-centric infrastructure order and thus the asymmetric interdependence between China and periphery inherent herein mean for China's position in the broader geoeconomic order and the international order as a whole, and what this means for the other great powers of the world.

Chapter 7: A China-Centric Currency Order

A standard feature among museum exhibitions on this or that historical empire is a selection of imperial coins. Indeed, one of the pillars of most of history's large and lasting empires was their coinage, which served as a store of value and enabled them to "reward, motivate and exploit subjects."⁵⁹¹ Examples of such dominant imperial currencies include, "the silver drachma of early Athens, the gold solidus of the Byzantine Empire, [...] the Dutch guilder in the seventeenth century, the Spanish-Mexican silver peso of the eighteenth century, the pound sterling of the nineteenth century, and the US dollar in the twentieth and (so far) twenty-first centuries."⁵⁹²

I study currency ties as a geoeconomic order for several reasons. At the empirical level, the low degree of internationalization of the Chinese renminbi currency is somewhat striking. China has the world's second largest economy but no truly global currency. Why the renminbi has not internationalized parallel to China's economic growth is in itself puzzling, and studying it may inform our understanding of the international political economy today. It directs our attention toward the relationship between the balance of currency power and the balance of overall economic power in the contemporary system. As an important aspect of economic relations, the emergence of a China-centric currency order would have important long-term consequences for the international political economy more broadly.

Further, China is poised to become the first major power to issue its own digital currency, the "Digital Currency Electronic Payment" (DCEP), and it has been argued that this development could cause fundamental changes to the global currency system.⁵⁹³ This makes it crucial to study the link between currency, digitalization, and power in international affairs. As this chapter argues, some of the most important factors to impede internationalization of even a

⁵⁹¹ Keith Hopkins. "The Political Economy of the Roman Empire." Chap. 5 In *The Dynamics of Ancient Empires: State Power from Assyria to Byzantium*, edited by Ian Morris and Walter Scheidel. pp. 178-204. (New York: Oxford University Press, 2009), pp. 178, 197-202.

⁵⁹² Cohen, *Currency Power*, p. 2.

⁵⁹³ E.g. Steven Ehrlich, "Not A Cold War: China Is Using A Digital Currency Insurgency To Unseat The US Dollar." *Forbes*, 15 October, 2020; Roger Huang, "China Will Use Its Digital Currency To Compete With The USD." *Forbes*, 25 May, 2020; Danny Vincent, "'One Day Everyone Will Use China's Digital Currency'." *BBC News*, 24 September, 2020.

digital renminbi relates to the particular characteristics of the Chinese currency and economy in general, whether digital or “fiat”. Thus, one cannot adequately understand and analyze China’s digital currency without first taking the nature and position of the non-digital renminbi and the Chinese financial system into account. Proponents of the argument that DCEP will be a game changer tend to only focus on the new digital possibilities and fail to take into account how the new digital instrument is tied to an existing financial system. In short, in order to understand the impact of currency digitalization in China, one must first understand China’s non-digital currency and its existing system of financial repression. This is also a central reason why this chapter does not just skip ahead to studying DCEP but takes the time to assess the position and characteristics of renminbi today.

At the theoretical level, currencies are good examples of what may constitute a tie in a hub-and-spokes structure, since they ease interaction between societies. Currency issuers may compete with each other, just as cores may compete over influence in the periphery, and currency ties are of an asymmetrical nature since only one part can be the issuer. This asymmetry is even greater when we turn to digital currency, as I argue at the end of this chapter. Adopting the digital currency issued by another state entails a high degree of vulnerability to the actions of the issuing state through its central bank. This is due to the far greater potency of both the chokepoint effect and the panopticon effect in digital currency system compared to fiat currencies.

This chapter demonstrates the relatively low degree of internationalization of the Chinese renminbi today and argues that it is not even the dominant currency in its own region, Asia. A China-centric currency order is thus not in the making anytime soon. While the renminbi may be gaining in importance, it is unlikely to supplant the United States’ dollar (henceforth simply referred to as “the dollar”) at the top of the global currency hierarchy anytime soon, nor establish its own order in Asia. This, I argue, is due to the immense inertia in international currency relations combined with the supreme position of the dollar today and particular aspects of the Chinese financial system, which make the renminbi less attractive. I also argue that the introduction of DCEP will not alter this picture significantly. Other countries will be too wary of China’s intentions to adopt a digital currency that would leave them vulnerable to Chinese policies and the actions of the People’s Bank of China (PBOC).

This chapter contributes to our empirical understanding of contemporary China by presenting a fresh stocktaking of the international position of the renminbi, of the internationalization initiatives launched by the Chinese government, and of the development of DCEP. At the theoretical level, the chapter contributes by synthesizing the existing theoretical literature on currency

statecraft with ideal-typical theory of empires as networks, creating a comprehensive framework of analysis. One of the central benefits of studying currency in this way is that it draws our attention to the *context* of currency internationalization. The theoretical literature I draw on, namely Benjamin Cohen, focuses almost exclusively on the currency *issuer* when studying the role of currency in international relations. My work supplements by studying the role of the periphery (who may or may not be receptive to adopting a new currency), competing cores (who may create more or less competition, shaping demand for a new currency), and the historical and technological context (which shapes the role of geography in currency relations). I argue that these factors provide important insights to our understanding of currency internationalization.

The chapter is structured as follows: I first present Cohen's theoretical work on currency statecraft before synthesizing it with the empire ideal type. Next, I provide some historical context to demonstrate how changes from one currency system to another have looked at different points in history, emphasizing how studies of transition in currency order must always consider the historical context. I then review the current degree of internationalization of the renminbi before accounting for Chinese political initiatives to promote the wider use of the renminbi abroad. In light of these policy initiatives and the status of the renminbi, I discuss the metro- and pericentric drivers and impediments of currency internationalization to assess whether a China-centric currency order will emerge in the years ahead. Finally, I discuss recent developments towards a Chinese digital currency and the impact this may have on renminbi internationalization.

Currency and Empires

States enjoy several benefits of a having widely used currency. These are important to understand because they explain the significance of currency for interstate power relations and the international political economy. The following section presents Benjamin Cohen's account of benefits and risks of having an internationalized currency, noting how they relate to the power relations between the currency's issuer and its users. "Internationalization" is here defined as the process by which a currency acquires cross-border roles.⁵⁹⁴ Afterwards, I synthesize Cohen's work with the ideal type, making for a theory of currency empires.

⁵⁹⁴ Cohen, *Currency Power*, p. 2.

Benefits and Risks to International Currencies

Cohen lists five benefits of being the issuer of a widely used currency.⁵⁹⁵ First, at the microeconomic level, having an international currency reduces transaction costs. It provides profits for the issuer's banking sector, which has privileged access to the currency, to businesses that can conduct business abroad at lower costs in their home currency, and to individuals who do not have to go through the trouble of exchanging currencies when travelling. Businesses in nineteenth-and twentieth-century Europe advocated the spread imperial currencies to the colonies for these exact reasons.⁵⁹⁶

Second, an internationalized currency provides the issuer with seigniorage, which is technically defined as “the excess of the nominal value of a currency over its cost of production.”⁵⁹⁷ The greater the amount of currency that is accumulated outside the issuing country's borders, the greater this economic transfer will be to the issuer's economy. This effectively works as an interest-free loan given to the issuer the size of the total stock of currency outside the issuing country. Furthermore, as foreign holders of the currency will demand assets to invest in, in the particular currency, internationalization effectively generates an interest-rate subsidy.

Third, having a widely used currency provides the issuing state with macroeconomic flexibility. When able to pay for foreign goods and services in the issuer's own currency, the issuing state can more easily maintain higher levels of imports than export, improving its policy autonomy. This dynamic has been referred to as the “exorbitant privilege”⁵⁹⁸ of the United States, and it was the cornerstone of the so-called “grand bargain”⁵⁹⁹ before the financial crisis and following recession. In this period, excessive American imports and borrowing were enabled by China's willingness to hold bonds and denominate exports in dollars. Such a bargain was—and arguably is—only possible due to the dominant international position of the dollar, underscoring the political usefulness of having a widely circulated currency.

⁵⁹⁵ Ibid. pp. 19-23; *Currency Statecraft*, pp. 50-52.

⁵⁹⁶ Eric Helleiner, *The Making of National Money: Territorial Currencies in Historical Perspective* (Ithaca, N.Y.: Cornell University Press, 2003), p. 166.

⁵⁹⁷ Cohen, *Currency Power*, p. 21.

⁵⁹⁸ Ibid. p. 22.

⁵⁹⁹ Michael Mastanduno. “Order and Change in World Politics: The Financial Crisis and the Breakdown of the US-China Grand Bargain.” In *Power, Order, and Change in World Politics*, edited by G. John Ikenberry. pp. 162-191. (Cambridge: Cambridge University Press, 2014).

Fourth, being the gatekeeper of a widely used currency is a source of power for the issuer, which may be leveraged over other states. The issuer may actively seek to shape the behavior of another state by offering currency-related incentives, such as privileged access or cheap loans, or by threatening to limit another state's access to the currency. Jonathan Kirshner refers to such carrots or sticks as "enforcement" and "expulsion,"⁶⁰⁰ and both exemplify the geo-economic use of asymmetric interdependence. I use the term "chokepoint effect" from Farrell and Newman to denote this dynamic.⁶⁰¹ An economy reliant on access to international trade or investment will be vulnerable to actions that impede the availability of the dominant trading currency. Sanctions on finance may even be more effective than sanctions on trade, since they are easier to enforce.⁶⁰² This power has been wielded by the United States on multiple occasions to both reward and punish other states.⁶⁰³ However, such currency sanctions must be used with caution as they may be ultimately self-defeating. Other states will be more likely to seek to diversify the currency portfolios if they fear that overreliance on a single currency could be used against them.⁶⁰⁴ I return to this point as a possible impediment to currency internationalization.

Besides direct ways forms of leverage, Kirshner also notes an indirect form of leverage, which he labels "entrapment." When a currency is widely used, many states will have an interest in its continued success. This turns currency users into currency supporters, since the currency structure of the international system shapes the interests of states to align with the interests of the issuer. In the typology of power presented in chapter 4, the shifting of other states' interests indicates structural power derived from the issuer's position in the international order. Put plainly, if you own a large amount of dollars, you do not want to see that currency devalued.

⁶⁰⁰ Jonathan Kirshner, *Currency and Coercion: The Political Economy of International Monetary Power* (Princeton, N.J.: Princeton University Press, 1995).

⁶⁰¹ Farrell and Newman, "Weaponized Interdependence."

⁶⁰² Drezner, *The Sanctions Paradox*; Kimberly A. Elliot. "Analyzing the Effects of Targeted Sanctions." In *Smart Sanctions: Targeting Economic Statecraft*, edited by David Cortright and George A. Lopez. pp. 171-182. (Lanham, MD: Rowman and Littlefield, 2002); Cohen, *Currency Statecraft*, p. 127.

⁶⁰³ Wright, *All Measures Short of War*, chap. 5; Cohen, *Currency Statecraft*, pp. 109-122.

⁶⁰⁴ Blackwill and Harris, *War by Other Means*, p. 59.

Finally, having an internationalized currency is a status symbol and a source of prestige.⁶⁰⁵ States are reminded of the dominant position of the issuer when large shares of international transactions are conducted in a single currency. While this may not directly translate into economic or political benefits for the issuer, it can nonetheless be an important factor for the issuer.

The first three of these five benefits—lowered transaction costs, seigniorage, and macroeconomic flexibility—are primarily economic in nature. They denote the economic advantages enjoyed by the issuing economy from having an internationalized currency. The fourth and fifth are political. The fourth, leverage, is the most important to my study, since it most clearly captures the dynamics of asymmetric interdependence, vulnerability, and power that may emerge from having an internationalized currency. These relationships may manifest in imperial structures, tying a periphery closer to the core while disconnecting it from other peripheries and cores.

Internationalization also implies at least two risks for the issuer.⁶⁰⁶ First, increased foreign demand for the currency may cause exchange-rate appreciation, hurting the exports of the issuer. Second, having large sums of currency in foreign hands may become an external constraint on the issuing state, i.e. its central bank, as the issuer may find itself pressed to increase interest rates in order to keep foreign currency holders from selling off their assets, which could otherwise hurt the value of the currency. In this regard, insecurity resulting from volatile currency movements abroad may also hamper the issuer's ability to pursue sound monetary policies. These external factors can limit the policy autonomy of the issuer, making it "hostage to external factors."⁶⁰⁷

As a third risk in his summary, Cohen argues that other states may expect the issuer of a broadly used currency to take on leadership in the international economy. This assumes states have a normative expectation that power should go hand in hand with responsibility in international affairs, and that a lack of responsibility may be harmful to a state's international standing.⁶⁰⁸ While states may have such expectations, my theory of empire emphasizes asymmetrical power relations rather than socially constructed expectations and thus

⁶⁰⁵ Mastanduno, "Order and Change in World Politics," p. 168; Cohen, *Currency Power*, p. 23.

⁶⁰⁶ *Currency Power*, pp. 23-25.

⁶⁰⁷ Ibid. p. 24.

⁶⁰⁸ This is one of the central elements in both the concepts of hegemony and great power within the English School of International Relations. See Bull, *The Anarchical Society*, chap. 9; Martin Wight, *International Relations: The Three Traditions* (Leicester: Leicester University Press, 1991), p. 99; Clark, *Hegemony in International Society*, pp. 4, 18-23.

sidesteps this point. In an imperial currency order, the issuer may well intervene abroad to help economies in need for reasons of prestige, to stabilize the international economy, or simply to maintain the international support for its currency. This could thus be an expression of developmental ties between core and periphery, as the core may strengthen periphery economies for the benefits of both. The core may choose to help a periphery, but it does so at its own discretion.

States evaluate prospective benefits and risks differently when deciding whether to push for internationalization of their currency.⁶⁰⁹ States do not always promote the use of their currency abroad. Indeed, states may experience currency internationalization even when pursuing policies that are designed to avoid it. This is of less importance to the study at hand, since I focus on the *actual* configuration or structure of connectivity in place rather than the intentions of China or any other state. Nonetheless, the greatest powers through history have always had widely circulated currencies. This suggests either that the benefits tend to outweigh the risks once the issuing economy reaches a certain advantage in size, or that a currency issuer's ability to avoid currency internationalization tends to erode when the economy reaches a certain size relative to its competitors.

In summary, an internationalized currency can shape power relations between issuer and user in multiple ways. At the level of power capabilities, having a widely used currency can significantly boost the issuer's economy through reduced transaction costs, seigniorage, and the exercising of an exorbitant privilege. More importantly for this study, other states may find themselves increasingly dependent on access to a foreign currency and this may create political vulnerability. Being able to control—or at least significantly influence—access to a central medium of international exchange provides the issuer with the chokepoint effect to shape the behavior of others. This dependence may also affect states indirectly as their investments in a dominant currency shift their interests toward alignment with the currency's issuer. Finally, having an internationalized currency is prestigious. These benefits come with policy risks attached, which may hamper the issuer's policy autonomy, as its currency becomes increasingly influenced by factors outside its own control.

⁶⁰⁹ Cohen distinguishes between three different kinds of policies towards internationalization—favoring, opposing, passive—and situates them in three different stages of the internationalization process of any currency—youth, maturity, decline—producing a 3x3 matrix capturing the different kinds of currency statecraft, *Currency Statecraft*, p. 46.

Nonetheless, great powers through history have usually been issuers of internationalized currencies. The following presents how currency relations may or may not reflect an imperial structure.

Currency as a Hub-and-Spokes

Having accounted for the relationship between currencies and power in interstate relations, I now synthesize this theoretical argument with the empire ideal type, resulting in a theory of “currency empires” or “imperial currency orders.” Currencies are good examples of what may constitute “ties” in a network because an internationalized currency eases economic exchange between societies by providing a shared standard for trade and investment. It is simply much easier to do business when there is an agreed upon and readily available currency medium in which matters can be settled. Hence, the existence of a shared currency ties states together in an international system.

Like an imperial hub-and-spokes, an international currency system will always have a hub: the currency issuer. The issuer decides the policies governing the currency, it wields more influence over its value than any other state, and it is most directly in a position to shape other states’ access to the currency, as argued above. The degree to which one can speak meaningfully of an international currency order is determined by how much the currency is used among other states. In practice, currency orders tend to overlap, since states, companies, and individuals will often own and use multiple currencies for different purposes. However, there is a zero-sum relationship between the different currency systems, since a state will always have to choose one currency over all others when making a specific transaction. While the overall number of economic transactions may increase, a single sum cannot be paid in two different currencies at once. Hence, *ceteris paribus*, the strengthening of one currency order will always mean the relative weakening of another. Put differently, when a currency user chooses to obtain or use one foreign currency rather than another, it strengthens its ties to the issuer of the chosen currency at the relative expense of its ties to the other.

The three elements of a hub-and-spokes system are: (1) the presence of ties between hub and spokes; (2) the absence of ties between spokes; (3) the absence of ties between spokes and units outside the system. If a currency order is to resemble an empire, the imperial currency must be internationalized to such a degree that the periphery is vastly more vulnerable to the currency actions of the core than of any other state. In a China-centric order, this would mean that China’s periphery should be switching to the renminbi away from a reliance on their own currency or other foreign currencies in international

transactions. A currency hegemony would exhibit the same features but to a smaller degree.

The hub-and-spokes structure may seem an odd fit when discussing currency in one important aspect. The internationalization of a currency to multiple periphery states could well strengthen intra-peripheral ties, since two or more periphery states benefit from conducting their transactions in the currency issued by the core. At face value, this contradicts the second characteristic of the hub-and-spokes: the absence of ties between peripheries. However, this issue is not as great as it may seem. First, since the currencies being used in most international exchanges by weaker states are issued by a third party, promoting an alternative currency would not necessarily increase intra-peripheral exchanges, while shifting their medium exchange from one third party currency to another. In other words, if China were to convince Cambodia and Thailand to conduct a larger share of their trade and investments in renminbi rather than US dollar, then that would not necessarily increase their bilateral trade and investment volumes. More importantly, such a shift would increase the dependence of both countries on China. So even if intra-peripheral ties were to be strengthened by the internationalization of a currency, this would also mean a strengthening of ties between both peripheries and the issuer, as well as a weakening of ties between periphery states and the issuer of the previously used medium of exchange. In other words, while such a development may make the system less imperial according to the second characteristic, it would make it more imperial according to the first and third characteristics. If all of Asia were to start using the renminbi alone, it would do more to strengthen the centrality of China in the currency order than to bolster ties between peripheries. In terms of my alternative ideal types, the result might be more hegemonic than imperial, but it would be vastly more hierarchical and China-centric.

Change in Currency Orders

Like any order, currency dynamics are shaped by their historical context. The processes through which states interact in relation to currency are shaped by the material and social technologies available to them. Currency internationalization looks differently in the context of a globalized economy with inter-continental trade and investments than it did in ancient, continental empires.

The American dollar is the only single currency that has achieved global dominance. Previous global empires, such as the British or the French, had different currencies circulating at home and in their colonies. Colonial currencies were linked to the home currency, which was in turn linked either to the gold standard (Britain) or to bimetallic standards (The United States and

France) in 1850. The following briefly assesses currency internationalization between core and periphery in the British Empire and then describes the transition to the current state of affairs, which we may call the ‘Dollar era.’ This excursion into history offers enlightening examples for understanding the contexts and calculations guiding currency policies, and it shows how internationalization has looked differently in different historical contexts. Moreover, history can “denaturalize” certain aspects of the current international currency order by reminding us how unusual it is compared to most economic history.

British Colonial Currency Systems

Great Britain formally adopted the gold standard for the pound sterling in 1816, though it had effectively used it since 1660.⁶¹⁰ By 1880, most European empires (including the United States) had de facto done the same, making for a system of fixed exchange rates between the imperial great powers.⁶¹¹ This system was however not extended to the empires’ colonial peripheries.⁶¹² By the end of the eighteenth century, most British colonies were using either the same currencies as before they were colonized (e.g. the Indian rupees) or the currency of their previous imperial overlords (e.g. the Spanish dollar). During the first half of the nineteenth century, local or foreign currencies were generally replaced by British silver tokens; imperial currencies minted under British authority but not the currency of the core itself. These tokens still did not comprise a shared currency system for the entire periphery, since different groups of colonies still used different currencies.⁶¹³ In the beginning of the twentieth century, a so-called “currency board” system was established, which, although strengthening the ties between colonial currencies and the pound sterling, still kept a system of distinct colonial silver tokens in place.⁶¹⁴

⁶¹⁰ Wadan Narsey, *British Imperialism and the Making of Colonial Currency Systems* (New York: Palgrave Macmillan, 2016), pp. 3-8.

⁶¹¹ Niall Ferguson, *The Ascent of Money: A Financial History of the World* (London: Allen Lane, 2008), p. 296; Michael Bordo and Angela Redish. “Putting the ‘System’ in the International Monetary System.” In *Money in the Western Legal Tradition: Middle Ages to Bretton Woods*, edited by David Fox and Wolfgang Ernst. pp. 595-610. (Oxford: Oxford University Press, 2016), p. 599.

⁶¹² The following paragraphs draw heavily from Helleiner, *The Making of National Money*, chap. 8.

⁶¹³ Narsey, *British Imperialism*, chap. 3.

⁶¹⁴ Ibid. p. 4.

As in most European empires, the establishment of the British currency system across colonies on multiple continents was enabled by the formal nature of colonialism. Direct control over the institutions governing colonies meant that new currency systems could in theory be imposed without local consent. In this light, it might be puzzling that the British did not opt for expanding the pound sterling to the colonies. This would have been the most direct way of securing the benefits of an internationalized currency, and it was advocated by the business community at the time. Yet, in the places where such an expansion of the currency system was attempted, it was quickly abandoned for several reasons. Some were practical, such as the need in colonies for coins of very small value and the hassle of transporting large amounts of coins over great distances.⁶¹⁵ Others reflected the risks of currency internationalization described above; having the home currency circulated widely in the colonies would make it more difficult to manage and could result in value depreciation if the coins were suddenly repatriated to the domestic economy. Finally, colonial rulers expected local populations to try to resist the imposition of a foreign currency.

The compromise between imposing the domestic imperial currency and leaving the colonies to their own system of payment was in the British, French, American, and Japanese empires the introduction of new currency systems for their colonies, some of which were managed regionally rather than individually. A central function of these systems, which goes beyond Cohen's five benefits of currency internationalization, was to redesign the economies of the colonies to make them more export-oriented and strengthen intra-imperial trade ties between core and periphery. The fundamental redesigning of periphery economies was probably only possible due to their formal colonial status. At least two other factors were important in the process.⁶¹⁶ New technological processes for coin and note manufacture enabled the creation of large quantities of standardized currency that was difficult to counterfeit. Moreover, the advent of the nation-state in Europe introduced a host of new administrative tools to colonial governments. As the state became economically present in more aspects of everyday life, it was better able to encourage the use of certain currencies and repress others.

Decolonizing the Currency Order

This system came apart for several reasons throughout the twentieth century. Great Britain left the gold standard in 1931 in the wake of the Great Depression in 1929. The global currency system was reorganized in the Bretton Woods

⁶¹⁵ Ibid. p. 5.

⁶¹⁶ Helleiner, *The Making of National Money*, chap. 2, p. 184.

System in 1944 in which the member currencies were defined in American dollars, which in turn remained linked to gold (\$35 per ounce).⁶¹⁷ The system was stressed during the following decades by some of its own structural issues, as well as multiple sterling crises, resulting in the collapse of the Bretton Woods System in 1971. The ensuing configuration, familiar today, can be described as a “non-system of floating exchange rates.”⁶¹⁸

A “sterling area”—or order—emerged through the 1930s and 1940s,⁶¹⁹ as the currencies of a number of countries and colonies remained fixed to the pound sterling and kept their foreign exchange reserves in the British currency. Colonial currency boards supported this process and ensured Britain many of the benefits of an internationalized currency at the expense of monetary policy autonomy for a number of countries. This changed with the wave of decolonization following the Second World War, which presented an existential crisis for the sterling area. Britain actively discouraged the creation of new national currencies and national central banks in newly independent countries, and encouraged former colonies to maintain their currency boards, on occasion reforming these to accommodate criticism. But these reforms were insufficient for most post-colonial governments who wanted national banks of their own and the ability to conduct their own monetary policy.

Enter the United States. Not only was America the strongest financial power after the Second World War, American economists were committed to the ideology of “embedded liberalism,”⁶²⁰ which emphasized the importance of national monetary policy autonomy in economic development. This could in part be seen as an aspect of the broader opposition to colonialism in the United States, which shaped the post-war relationship between America and the European empires greatly in their dealings with the global south.⁶²¹ The United States actively supported the creation of new central banks and encouraged governments to get rid of foreign currencies in circulation (including dollars).⁶²² Beyond ideology, American policy makers were motivated by geopolitical concerns. They believed colonial experiences could lead newly independent countries to look to the Soviet Union for political support instead of the West. This tendency was even clearer in countries like Ethiopia and Saudi

⁶¹⁷ Bordo and Redish, “Putting the ‘System’ in the International Monetary System,” p. 608.

⁶¹⁸ Ibid. p. 609.

⁶¹⁹ Helleiner, *The Making of National Money*, pp. 198-209.

⁶²⁰ Ruggie, “International Regimes, Transactions, and Change.”; Helleiner, *The Making of National Money*, pp. 187-188.

⁶²¹ Elizabeth Schmidt, *Foreign Intervention in Africa from the Cold War to the War on Terror* (Cambridge: Cambridge University Press, 2013), pp. 6-7.

⁶²² Helleiner, *The Making of National Money*, p. 191.

Arabia. Since they had not been formal colonies, the United States could more easily support the monetary policy autonomy there without offending the British.⁶²³ By the end of decolonization, most countries had established their own national currencies and central banks to manage them.⁶²⁴

From this point in history, we may skip ahead to the current state of global currency affairs. Although having a national currency is today the prerogative of the majority of countries, this does not eliminate competition among currency issuers. In many developing countries, foreign currencies are used alongside the national currency for domestic transactions and are often preferred due to their greater reliability. With the rise of global financial capitalism, it is now easy for enterprises and individuals alike to invest in assets denominated in many different currencies across the globe. Moreover, many national currencies are pegged to the exchange rates of larger currencies to ensure their stability. Within this context, the dollar has taken the place as the globally dominant currency.

A History of Currency Empires

In our ideal-typical terminology, this brief history of international currency orders highlights several things. First, British imperialism went hand in hand with the spread of a British currency order to its periphery, even if this was not based on the pound sterling itself. Having formally colonized much of the world, the British could enforce their favored currency system on the periphery and actively sought to break the links between its peripheries and other currency hubs by eliminating the use of other currencies. Moreover, this process was made possible by concrete developments in coinage technology and the development of the nation-state.

Second, currencies were considered a way of strengthening the ties between core and periphery. At a minimum, a shared currency system eased exchange. More fundamentally, the imperial currency supported the transformation of colonies into export-driven economies designed for the needs of the imperial core. For this reason, currency internationalization was supported with particular vigor by the imperial businesses present in the periphery.

Third, while the British Empire may have been eroding economically during the first half of the twentieth century, it was the external shocks from two world wars and the following wave of decolonization that sealed the fate of the empire and of the sterling area. These events both weakened the material power basis of the British Empire and changed the overall political environment to one that looked disapprovingly on formal colonialism. It is difficult to

⁶²³ Ibid. pp. 194-197.

⁶²⁴ For a discussion of exceptions, see *ibid.* pp. 215-217.

imagine the same process of currency decolonization occurring in the absence of such strong external shocks. The decline of the sterling went hand in hand with the decline of the British Empire.⁶²⁵

Fourth, the existence of a competing American hub was a central factor in the Europeans losing their empires. An imperial power structure collapses when peripheries become connected to two cores. This is where the order shifts from empire or hegemony to a contested or nonhierarchical order. This is all the more noteworthy since the United States did not directly supplant the Europeans in the newly independent countries. As mentioned, the United States even discouraged the use of the dollar in some new countries. The United States merely weakened the tie of asymmetric interdependence between core and periphery enough to unravel the imperial system.

Fifth, the global system, which emerged after decolonization and was strengthened after the Cold War, is one of formally autonomous national currencies but also one in which a few currencies have truly global appeal. In this configuration, the dollar enjoys a position of preeminence, not by being forced upon a periphery like the British silver tokens and monetary boards, but by being a more usable currency and by being the currency that dominates the international banking system, the International Monetary Fund (IMF), and the World Bank.⁶²⁶ This demonstrates the more informal nature of the current currency order compared to the formal European empire and the degree of maneuverability in financial affairs caused by globalization, which makes distance less of an obstacle to currency movements.

With the ideal type of a currency empire in place and the context established, I now move on to assess the dominant currencies today. This empirical analysis is structured in the following way. I first look at different measures of the use of the renminbi today to assess its status; I review some explanations for the relatively low degree of internationalization of the renminbi; I study China's approach to monetary policy internationalization and argue that it is shifting towards internationalization; I assess the prospects of internationalization of the renminbi; and finally, I discuss whether the introduction of digital currency will alter the conclusions made.

⁶²⁵ See also Cohen, *Currency Statecraft*, pp. 138-147.

⁶²⁶ Helleiner, *The Making of National Money*, p. 201.

A Great Power with a Dwarf Currency

China's economy is one of world's largest, but the global use of China's currency remains small.⁶²⁷ Although the renminbi⁶²⁸ was formally recognized as a global reserve currency in 2015 when it was admitted into the IMF's special drawing right reserve (SDR), its use remains far below that of the other SDR currencies. The renminbi only makes up 2.01% of the official global foreign exchange reserves in the first quarter of 2019, in fifth place behind the United States' dollar (61.78%), the euro (20.07%), the yen (5.60%), and the pound (4.43%)—only slightly ahead of the Canadian dollar (1.89%).⁶²⁹ While its share has more than doubled in only two years, this number remains low.

As a medium of exchange, the renminbi was on one side of 4.3% of the foreign exchange turnover in April 2019, ranking it the eighth most used currency for foreign exchange.⁶³⁰ This list is also dominated by the dollar (88.3%), the euro (32.3%), the yen (16.8%) and the pound (12.8%), but the renminbi even falls behind the Australian dollar (6.8%), the Canadian dollar (5.0%), and the Swiss franc (5.0%). (Since every exchange involves two currencies, the sum of all exchanges equals 200%).⁶³¹ The use of the renminbi for foreign exchange increased drastically (in relative terms) from 0.1% or 29th place in 2004 to 4.0% and 8th place in 2016 but has remained stable from 2016 to 2019, its absolute growth only following the aggregate growth of the market.⁶³² More than 20% of China's own international trade is settled in renminbi, but the currency is only used for 2% of global payments, compared

⁶²⁷ This section draws especially on Yang Jiang. "The Limits of China's Monetary Diplomacy." In *The Great Wall of Money: Power and Politics in China's International Monetary Relations*, edited by Eric Helleiner and Jonathan Kirshner. pp. 156-183. (Ithaca, N.Y.: Cornell University Press, 2014); Paola Subacchi, *The People's Money: How China is Building a Global Currency* (New York: Columbia University Press, 2017); Cohen, *Currency Statecraft*, pp. 76-80, 149-170.

⁶²⁸ "Renminbi" (literally: "people's money") is the official name of the currency of the People's Republic of China. "Yuan" is the unit of the renminbi.

⁶²⁹ *International Monetary Fund*, "Currency Composition of Official Foreign Exchange Reserves (COFER)." 2019.

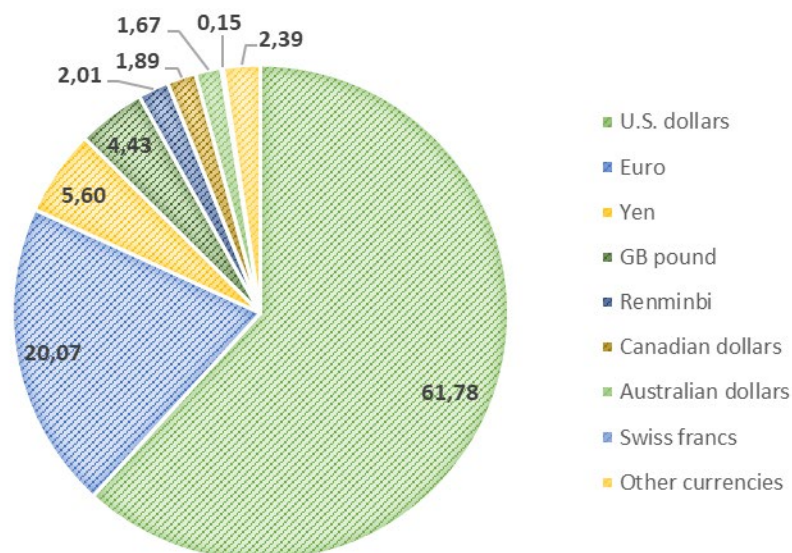
⁶³⁰ *Bank for International Settlements*, "Triennial Central Bank Survey: Foreign Exchange Turnover in April 2019," (Basel: Bank for International Settlements, 2019), p. 10.

⁶³¹ Arthur R. Kroeber, *China's Economy: What Everyone Needs to Know* (New York: Oxford University Press, 2016), p. 145.

⁶³² *Bank for International Settlements*, "Triennial Central Bank Survey, 2019," p. 4. The Bank of International Settlements conducts surveys of foreign exchange in April every third year.

to 45% for the dollar and 27% for the euro.⁶³³ Moreover, the renminbi may be used far less as a pricing instrument even when payments are made in that currency. These figures all point to a limited global role for the renminbi, compared to other currency orders. What about regional?

Figure 7.1. Share of Total Allocated Foreign Exchange Reserves (2019Q3)



Source: *International Monetary Fund*, “Currency Composition of Official Foreign Exchange Reserves.”

The bilateral trade figure of 20% could suggest some regional use. In July 2015, the renminbi was used for 33% of payments between China (including Hong Kong) and the Asia-Pacific region, and it is the most used currency for payments between China and Singapore, Taiwan, and South Korea.⁶³⁴ Of twenty-six countries in the region, only nine use the renminbi for less than 10% of their transactions with China. Furthermore, the currencies several countries in the region track the exchange rate of the renminbi more closely than the dollar, an indicator of the central role taken by the Chinese economy.⁶³⁵ For these reasons, Paola Subacchi and others argue that the renminbi

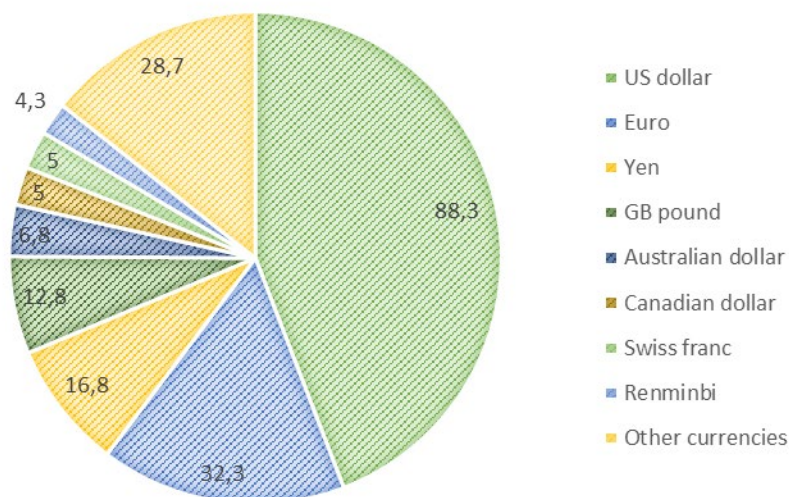
⁶³³ Subacchi, *The People's Money*, p. 175; Doshi, “China's Role in Reshaping the International Financial Architecture,” p. 298.

⁶³⁴ Subacchi, *The People's Money*, p. 176.

⁶³⁵ Ibid. p. 147; Eric Helleiner and Jonathan Kirshner, eds., *The Great Wall of Money: Power and Politics in China's International Monetary Relations* (Ithaca, N.Y.: Cornell University Press, 2014), s. 7.

should be considered a regional rather than an international currency,⁶³⁶ since it is primarily used in bilateral exchanges involving China and other states in the regional. But as a store of value, a key role for an internationalized currency, the renminbi remains marginal.⁶³⁷

Figure 7.2. Share of Total Foreign Exchange (April 2019)



Source: *Bank for International Settlements*, “Triennial Central Bank Survey: Foreign Exchange Turnover in April 2019.”

A Constraining Currency Context

Why has the renminbi not internationalized parallel with the growth of the Chinese economy? After all, even countries that actively opposed the internationalization of their currencies during periods of economic growth (such as post-war, pre-1990s Japan and West Germany) were not always able to avoid it.⁶³⁸ A number of reasons present themselves.

⁶³⁶ Subacchi, *The People's Money*, p. 177; see also Hyung-kyu Chey, “Can the Renminbi Rise as a Global Currency? The Political Economy of Currency Internationalization,” *Asian Survey* 53, no. 2 (2013); Gregory Chin, “True Revisionist: China and the Global Monetary System,” In *China's Global Engagement: Cooperation, Competition, and Influence in the 21st Century*, edited by Jacques DeLisle and Avery Goldstein, pp. 35-66. (Washington, D.C.: Brookings Institution Press, 2017), pp. 50-51; Doshi, “China's Role in Reshaping the International Financial Architecture,” p. 298.

⁶³⁷ Subacchi, *The People's Money*; a conclusion shared by Cohen, *Currency Statecraft*, pp. 156-158; Blackwill and Harris, *War by Other Means*, pp. 141-142.

⁶³⁸ Cohen, *Currency Statecraft*, pp. 46, 91-94.

First, a number of characteristics of the Chinese economic system and the renminbi itself hamper its international appeal.⁶³⁹ The Chinese system of financial repression—including “caps on interest rates, constraints on cross-border capital movements, and high reserve requirements”⁶⁴⁰—has provided excellent conditions for Chinese exports⁶⁴¹ but made the renminbi less attractive for foreigners. The Chinese government has maintained strict control over the exchange rate of the renminbi, and this dissuades foreign investors from holding bonds in the currency. Restriction on the convertibility of the renminbi also limits its attractiveness abroad, as companies and individuals prefer to keep their values in a currency that is more easily used.⁶⁴² Further, uncertainty about the influence of Chinese politics in the financial sector make investors uneasy about storing their wealth in renminbi.⁶⁴³ This fear is only accentuated by the fundamental lack of transparency in the Chinese market and the widespread account fraud among Chinese companies.⁶⁴⁴ As long as doubt remain about the degree of rule of law in China’s authoritarian system, foreign investors will prefer other currencies to store their values.⁶⁴⁵

Second, the dominant global role of the dollar today leaves little space for serious competition. Be it as a medium of exchange, units of account, or store of value, the dollar is unparalleled.⁶⁴⁶ Under such conditions of global ‘currency unipolarity’, switching to a different currency than the dollar will almost

⁶³⁹ A similar argument can be made to explain why the euro has not become a more widely used currency, though the factors that limit the appeal of the euro are much smaller than is the case for the renminbi. Grégory Claeys and Guntram B. Wolff, “Is the COVID-19 Crisis an Opportunity to Boost the Euro as a Global Currency?,” in *Policy Contribution 11/2020* (Bruegel, 2020).

⁶⁴⁰ Subacchi, *The People’s Money*, p. 51.

⁶⁴¹ Di Dongsheng, “The Renminbi’s Rise and Chinese Politics,” *Adelphi Papers* 53, no. 439 (2013): pp. 117-121; Hongying Wang, “Global Imbalances and the Limits of the Exchange Rate Weapon.” In *The Great Wall of Money: Power and Politics in China’s International Monetary Relations*, edited by Eric Helleiner and Jonathan Kirshner. pp. 99-126. (Ithaca, N.Y.: Cornell University Press, 2014).

⁶⁴² Subacchi, *The People’s Money*, pp. 80-83.

⁶⁴³ For an account of some of these issues, see McMahon, *China’s Great Wall of Debt*, chap. 1.

⁶⁴⁴ For recent examples, see Sofia Horta e Costa, “Two Accounting Scandals in China in One Week Burn Investors.” *Bloomberg*, 8 April, 2020; Katanga Johnson, “Luckin Coffee to Pay \$180 Million Penalty to Settle Accounting Fraud Charges -U.S. SEC.” *Reuters*, 16 December, 2020.

⁶⁴⁵ Cohen, *Currency Statecraft*, pp. 156-157.

⁶⁴⁶ *Currency Power*, chap. 1.

always involve greater risks and lower convertibility. This echoes the point about currency entrapment.

While scholars and pundits have argued about the decline and fall of the dollar for years,⁶⁴⁷ there seems to be a persistent tendency to underestimate the inherent inertia of the global currency system. This inertia can be largely explained by two dynamics.⁶⁴⁸ One is the need for a single, shared currency within a globalized economy. Just as most developed economies rely on a single currency for their domestic exchanges, so do frequent transactions across borders create a natural inclination towards a currency monopoly.⁶⁴⁹

The other dynamic is the function of the dollar as a currency anchor for other states' macroeconomic policies and price levels,⁶⁵⁰ which is most obvious when other states fix their exchange rates to the dollar. The global benefits of having a single currency perform these functions are so great that it creates immense inertia in the system. While Kirshner was correct when he asserted in 2009: "Surely there is some threshold, if unknown a priori, at which point the dollar's position becomes unsustainable,"⁶⁵¹ the continuing support for the dollar regime suggests that it has not crossed this threshold yet. External shocks could change this. The First World War marked the end of the global dominance of the British pound, and the Third World War (whatever its scale) could mark the end of the dollar era. Whether COVID-19 could become a sufficiently large external shock to unravel the dominance of the dollar is discussed in chapter 8.

Chinese Internationalization Initiatives

Although the renminbi faces large obstacles on its journey to internationalization—both domestic and due to the dominance of the dollar—The Chinese government has implemented a number of policies to further the process. Below, I first examine official statements by Chinese officials about their ambitions

⁶⁴⁷ For a review, see Eric Helleiner and Jonathan Kirshner, eds., *The Future of the Dollar* (Ithaca, N.Y.: Cornell University Press, 2009).

⁶⁴⁸ Ronald McKinnon. "U.S. Current Account Deficits and the Dollar Standard's Sustainability : A Monetary Approach." In *The Future of the Dollar*, edited by Eric Helleiner and Jonathan Kirshner. pp. 45-68. (Ithaca, N.Y.: Cornell University Press, 2009).

⁶⁴⁹ Ibid. pp. 46-47.

⁶⁵⁰ Ibid. p. 47. Original emphasis.

⁶⁵¹ Jonathan Kirshner. "After the (Relative) Fall: Dollar Diminution and the Consequences for American Power." In *The Future of the Dollar*, edited by Eric Helleiner and Jonathan Kirshner. pp. 191-215. (Ithaca, N.Y.: Cornell University Press, 2009), p. 193.

for the renminbi and then investigate some ongoing internationalization initiatives.

While Chinese dissatisfaction with the current international currency order and strategic thinking on its reform can be traced back to the IMF's handling of the Asian financial crisis in 1997-98,⁶⁵² Chinese authorities have made few official statements about the internationalization of the renminbi and have published no formal documents or internationalization strategy.⁶⁵³ This is peculiar when considering the openness with which Chinese officials express the political and economic ambitions of China.

But closer investigation reveals a few hints at an official stance. Cohen points to a report entitled "The Timing, Path, and Strategies of RMB Internationalization" produced in 2006 by People's Bank of China (PBOC) study group.⁶⁵⁴ The report argued explicitly for active promotion of the renminbi as an international currency, and it is probably the first of its kind. Scholars generally⁶⁵⁵ identify the article "Reflection on Reforming the International Monetary System" by then PBOC Governor Zhou Xiaochuan⁶⁵⁶ in 2009 as the first explicit statement of the ambition of the Chinese leadership to push for change of the international currency system. Although Governor Zhou's argument revolves around the role of the IMF and the SDR—he does not even mention the renminbi—his piece does reflect a new direction in the stated opinion of Chinese officials regarding international currency relations after the financial crisis of 2008.⁶⁵⁷

The lack of an officially formulated internationalization strategy may be attributed to two factors in particular. First, by not presenting a strategy, Chinese officials maintain the possibility of backtracking on initiatives and trying different instruments.⁶⁵⁸ Currency internationalization is a complex process, and Chinese policy makers maximize their political flexibility by not present-

⁶⁵² Gregory Chin, "China's Rising Monetary Power." In *The Great Wall of Money: Power and Politics in China's International Monetary Relations*, edited by Eric Helleiner and Jonathan Kirshner. pp. 184-212. (Ithaca, N.Y.: Cornell University Press, 2014).

⁶⁵³ Subacchi, *The People's Money*, p. 107.

⁶⁵⁴ Cohen, *Currency Statecraft*, p. 76.

⁶⁵⁵ E.g. Ming Zhang, "China's New International Financial Strategy amid the Global Financial Crisis," *China & World Economy* 17, no. 5 (2009): p. 32; Chin, "China's Rising Monetary Power," pp. 187-188.

⁶⁵⁶ Xiaochuan Zhou, "Zhou Xiaochuan: Reform the International Monetary System."

⁶⁵⁷ Zhang, "China's New International Financial Strategy amid the Global Financial Crisis," pp. 32-33; Cohen, *Currency Statecraft*, p. 77.

⁶⁵⁸ Subacchi, *The People's Money*, pp. 107-108.

ing an elaborate and official plan. This explanation also fits the gradualist interpretation of China's approach to international currency reform. China is pushing for a transition towards a more diversified currency system, not an overnight revolution against the dollar.⁶⁵⁹ Second, the absence of a coherent strategy represents the domestically divided nature of Chinese politics, where conservatives and reform-minded liberals disagree on the proper approach to internationalization. In this perspective, Yang Jiang argues that Zhou represented a more liberal side of the Chinese domestic scene, which was not representative of the whole spectrum of Chinese opinion.⁶⁶⁰

Although Chinese officials may be tight-lipped about their plans for the renminbi, scholars agree that China has made a practical turn towards promoting its internationalization since the late 2000s.⁶⁶¹ First, in April 2009, China launched a trade settlement pilot scheme to allow for the use of the renminbi for settling international trade transactions with ASEAN countries. This provided formal channels for acquiring renminbi in countries such as Laos and Vietnam, where the renminbi was already frequently in use but supported only by informal structures.⁶⁶² The scheme was expanded in 2010, 2011, and 2012, increasing its geographic scope (within China and beyond ASEAN) and allowing FDI to be denominated in renminbi. This scheme has primarily affected regional trade partners and eased some of the transactions that were already done in renminbi, by providing formalized and legitimate ways of obtaining the currency, as opposed to the existing informal markets in many of China's neighboring countries.

Second, a currency offshore market has been created, functioning as a parallel system to the restricted mainland economy. In practice, this system relies

⁶⁵⁹ Jiang, "The Limits of China's Monetary Diplomacy," p. 178; Chin, "True Revisionist.,"; Cohen, *Currency Statecraft*, pp. 158-160.

⁶⁶⁰ Jiang, "The Limits of China's Monetary Diplomacy," p. 177; "The Domestic Politics of China's Financial Reform." In *Chinese Politics as Fragmented Authoritarianism: Earthquakes, Energy and Environment*, edited by Kjeld Erik Brødsgaard. pp. 181-203. (Abingdon, Oxon: Routledge, 2017).

⁶⁶¹ "The Limits of China's Monetary Diplomacy," p. 178; Cohen, *Currency Power*, pp. 216-221; Kroeber, *China's Economy*, pp. 144-146; Chin, "True Revisionist," p. 46; Subacchi, *The People's Money*, p. 100; Yulu Chen. "Introduction." In *Internationalization of the RMB: Currency Strategy in the "Belt and Road" Construction*, edited by International Monetary Institute of the RUC. pp. 1-5. (London: Routledge, 2019), p. 1.

⁶⁶² Jiang, "The Limits of China's Monetary Diplomacy," p. 178; Chin, "True Revisionist," pp. 46-47; Subacchi, *The People's Money*, pp. 108-114.

on its own currency, the convertible renminbi (CNH) as opposed to the on-shore nonconvertible renminbi (CNY).⁶⁶³ The CNH moves in and out of China through the Hong Kong foreign-exchange market, which works as a controlled channel that provides the Chinese government with some degree of currency oversight while providing a way for nonresidents to invest renminbi obtained through trade in so-called “dim sum bonds.”⁶⁶⁴ These bonds were initially made available for selected mainland banks in 2007 and later more broadly. Furthermore, since 2014, dim sum bonds have been sold in international finance centers outside Hong Kong.⁶⁶⁵ The creation of the offshore market has been an attempt at internationalizing the renminbi as an instrument of finance and not just of trade. It has also put Hong Kong in the somewhat awkward position of being the gateway to mainland China’s financial markets, handling 60% of China’s inbound FDI, 80% of total renminbi cross-border trade settlement, and 80% of global renminbi payments.⁶⁶⁶ Hong Kong may not retain this special position, as new offshore markets and clearing banks have been opened around the globe, predominantly in the Asia-Pacific and Europe.⁶⁶⁷

Third, in order to ensure the liquidity of the renminbi, China has settled a number of currency swap agreements with other countries. These deals do not internationalize the renminbi directly but work as a failsafe against liquidity shortages by ensuring other countries access to the renminbi (at least up to the committed amount) in the form of temporary loans. As such, they are primarily a way of protecting the progress already made towards internationalization in a way that is relatively low-cost, controllable, and flexible for China.⁶⁶⁸ According to Subacchi, “Since 2009, more than 3 trillion renminbi have been committed through bilateral currency swap agreements that China has signed with thirty-two countries—most are in Asia, including Thailand, Indonesia, and South Korea, but Britain, New Zealand, Switzerland, and Argentina also have entered into agreements.”⁶⁶⁹ Swap agreements have primarily been set up with countries with which China enjoys strong trade relations

⁶⁶³ *The People's Money*, pp. 114-116.

⁶⁶⁴ Kroeber, *China's Economy*, p. 145; Cohen, *Currency Statecraft*, p. 79.

⁶⁶⁵ *Currency Power*, p. 220.

⁶⁶⁶ Subacchi, *The People's Money*, pp. 132-135.

⁶⁶⁷ *Ibid.* p. 139 lists the following cities: Sydney, Kuala Lumpur, Singapore, Seoul, Taipei, Tokyo, London, Frankfurt, Luxemburg, Paris, Zurich, Toronto, Doha, Qatar, Chile.

⁶⁶⁸ Jiang, “The Limits of China's Monetary Diplomacy,” pp. 171-172.

⁶⁶⁹ Subacchi, *The People's Money*, p. 122.

and has current or prospective free trade agreements, and which have economies of substantial sizes in their own right.⁶⁷⁰ This comes as no surprise as a liquidity shortage here would be the most damaging to Chinese exports and the international confidence in the renminbi.

A fourth way China might boost the international liquidity of the renminbi in the future is by issuing international loans in renminbi through development banks. China's newly established multilateral development banks, such as the Asia Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB—also known as the BRICS bank), could very well become catalysts of renminbi internationalization if they start to issue loans in renminbi.⁶⁷¹ When loans are related to infrastructure projects, as is often the case, such a shift might not even be that difficult to sell to creditors. After all, most projects in the Belt and Road Initiative (BRI) have been carried out by Chinese construction companies who would be expected to accept payment in renminbi.

The signs of this instrument being used are mixed. The NDB issued its first loan in renminbi in April 2016⁶⁷² and has announced more loans in renminbi, though mostly to recipients within China.⁶⁷³ The AIIB has also announced its intentions to issue loans in local currencies (as is also done by other multilateral banks, such as the European Banks for Reconstruction and Development) to mitigate the risk of exchange rate volatility, but this would rarely be renminbi,⁶⁷⁴ since all but two AIIB projects are located outside China (as of January 2020).⁶⁷⁵ At minimum, this indicates an intention to operate in multiple currencies, which might include the renminbi at some point.

The vast majority of Chinese loans are channeled through state-owned banks rather than multilateral banks, and these are likely more willing to issue

⁶⁷⁰ Jiang, "The Limits of China's Monetary Diplomacy," p. 168; Steven Liao and Daniel McDowell, "Redback Rising: China's Bilateral Swap Agreements and Renminbi Internationalization," *International Studies Quarterly* 59, no. 3 (2015); Lin Zhitao, Zhan Wenjie, and Yin-Wong Cheung, "China's Bilateral Currency Swap Lines," in *CESifo Working Paper*, no. 5736 (Munich: Center for Economic Studies and Ifo Institute (CESifo), 2016).

⁶⁷¹ Subacchi, *The People's Money*, p. 123.

⁶⁷² Timophei Borisov, "New Development Bank to issue first loan in Chinese currency." *Russia Beyond*, 29 July, 2015.

⁶⁷³ Brenda Goh, "UPDATE 1-BRICS development bank to issue \$780 million in yuan-denominated bonds." *Reuters*, 28 May, 2018.

⁶⁷⁴ Jia Chen, "AIIB to use local currency financing in Asia." *China Daily*, 30 January, 2019; Jun Ishikawa, "China-led AIIB to begin lending in baht, rupiah and rupee." *Nikkei Asian Review*, 12 July, 2019.

⁶⁷⁵ *Asian Infrastructure Investment Bank*, "Approved Projects."

loans in renminbi. The Chinese Development Bank describes one of its purposes as, “It facilitates RMB internationalization and actively contributes to the development of the offshore RMB market.”⁶⁷⁶ While international bank loans may be a means of renminbi internationalization in the future, state-owned banks already have that option today. Yet, the impact of development loans (multilateral or not) on renminbi internationalization may be smaller than suggested. Chinese loans usually end up paying Chinese companies (as further discussed in chapter 6), and the renminbi therefore quickly find their way back to China. Moreover, for the time being, even large projects in the BRI are usually denominated in dollars, even when financed by Chinese policy banks.⁶⁷⁷ In summary, development banks may come to play an important role in renminbi internationalization in the future, but today they predominantly issue loans in dollars, and renminbi loans issued tend to make their way back to China’s economy rather than international circulation.

A Renminbi Empire in the Making?

Cohen argues that the recent rise of the renminbi has “been nothing short of meteoric.”⁶⁷⁸ This is true in a relative sense but misleading in an absolute sense. The renminbi remains insignificant on a global scale, particularly as a reserve currency (as Cohen also concedes). However, this study is not concerned with the *global* financial order but rather with the possible emergence of a China-centric currency order between China and its periphery. The more important question is here whether renminbi internationalization is being used to integrate the economies of Asian countries with China and to reduce their reliance on the American dollar, the rival hub. Is the renminbi challenging the existing dollar hegemony, pulling it towards a more contested order or even a China-centric hegemony or empire?

The evidences that most clearly a China-centric hub-and-spokes are the substantial volumes of Chinese bilateral trade settled in renminbi and the anchoring of local Asian currencies to the renminbi rather than the dollar. These reflect strengthening currency ties. Yet, even if important trade partners like South Korea, Taiwan, and Singapore are settling more of their trade with

⁶⁷⁶ *China Development Bank*, “Products and Services: Loan Financing.”

⁶⁷⁷ Jean-François Di Meglio. “The “Internationalization” of the Renminbi: Toward an “RMBRI”?”. In *The Belt and Road Initiative and Global Governance*, edited by Maria Adele Carrai, Jean-Christophe Defraigne, and Jan Wouters. pp. 139-154. (Northampton: Edward Elgar Publishing, 2020), p. 152.

⁶⁷⁸ Cohen, *Currency Statecraft*, p. 154.

China in renminbi⁶⁷⁹ these countries still use the dollar for most of their exchanges with other partners. In 2018, imports from China made up 21%, 19%, and 15%, respectively, of the total imports of these three countries, which all have China as their largest source of imports.⁶⁸⁰ This still leaves the vast majority of their total imports to be paid for in other currencies, most likely the dollar. The same applies to most of the economically smaller countries surrounding China. Even assuming that the imports from China of Bangladesh (33% of total in imports 2018), Cambodia (25%), Kyrgyzstan (53%), Myanmar (40%), Mongolia (32%), Pakistan (27%), Tajikistan (39%), and Vietnam (33%)⁶⁸¹ were all settled in renminbi, all of these countries except for Kyrgyzstan would probably still be using dollars in most of their international trade. Moreover, it will still be a while before this assumption is accurate. Large shares of trade in Chinese goods continue to be settled in other currencies than the renminbi.

In other words, even though China is gaining prominence as a currency hub for Asian states, the resulting configuration of currency connectivity bears stronger resemblance to a hegemonic order centered on the United States than to a China-centric empire. Ties to the United States are stronger than ties to China, leaving Asian countries more vulnerable to the monetary policies of Washington than to Beijing's. China may enjoy some benefits of renminbi internationalization, but the hierarchy in place is centered on its competitor hub. A few countries such as Kyrgyzstan and Myanmar may be developing significantly stronger currency ties to China, but even they have yet to reach an intensity that would make the currency order seem more contested than US-centric.

Subacchi argues that the renminbi has become "Asia's key regional currency."⁶⁸² If by this she means the most important currency issued in the region, I agree with her assessment. If she means that the renminbi is the most important currency used in Asia, I strongly disagree. Looking at currency use as an indicator of connectivity between a hub and a spoke, all the Asian countries mentioned above maintain stronger ties to the American hub than to the Chinese. For China to take the place as the dominant currency hub in Asia, either renminbi-denominated bilateral trade with China would have to outpace all other trade partners put together, or the renminbi would have to overtake the dollar's role as the dominant mean for intra-peripheral exchange. Though the current trend suggests that renminbi will see increased use in the

⁶⁷⁹ Subacchi, *The People's Money*, p. 176.

⁶⁸⁰ See Appendix A, *World Trade Organization*, "Trade Profiles." 2017.

⁶⁸¹ Ibid.

⁶⁸² Subacchi, *The People's Money*, p. 7.

future, it is difficult to see either scenario materializing any time soon. In this perspective, China is not headed for the position as regional currency hub.

Another aspect of the hub-and-spokes structure is the prevalence of bilateralism over multilateralism. Imperial relations are characterized by bilateralism, since it places the hub in the strongest bargaining position and with the fewest constraints to its autonomy. China has indeed focused on bilateralism in its monetary diplomacy,⁶⁸³ maximizing its own political flexibility, and kept its multilateral engagements in the IMF and the Chiang Mai Initiative Multilateralization (CMIM) largely shallow and symbolic.⁶⁸⁴ The most important monetary initiatives are the trade settlement scheme and the currency swap agreements, both of which are bilateral. Multilateral schemes, i.e. policy surveillance through the IMF, have been resisted by China, reflecting the leadership's unwillingness to compromise its political autonomy.⁶⁸⁵ In this sense, China's approach to monetary diplomacy has been imperial, even if had has yet to succeed in establishing an empire.

Drivers and Impediments to a Currency Empire

There are multiple factors that influence the prospects for a more China-centric currency order in the future. The following reviews metro- and pericentric drivers of and impediments to renminbi internationalization, arguing that the impediments—particularly the pericentric—are stronger than the drivers are. All drivers and impediments are summarized in Table 7.1.

⁶⁸³ Yang defines monetary diplomacy as “the use of monetary measures to pursue foreign policy objectives, or the use of diplomacy—intergovernmental talks and arrangements—to pursue monetary objectives.” Jiang, “The Limits of China's Monetary Diplomacy,” p. 156.

⁶⁸⁴ Ibid. pp. 158, 172-177.

⁶⁸⁵ Andrew Walter. “China's Engagement with International Macroeconomic Policy Surveillance.” In *The Great Wall of Money: Power and Politics in China's International Monetary Relations*, edited by Eric Helleiner and Jonathan Kirshner. pp. 127-155. (Ithaca, N.Y.: Cornell University Press, 2014).

Table 7.1. Drivers and Impediments to Expansion of Currency Empire

	Driver	Impediment
Metro-centric	<ul style="list-style-type: none"> • Micro- and macroeconomic benefits to China • Political leverage • Prestige 	<ul style="list-style-type: none"> • Continuous use of financial repression • Fear of loss of policy autonomy • Fear of capital flight and devaluation
Peri-centric	<ul style="list-style-type: none"> • Large US debt creates investor interest in currency diversification • Fear of US sanctions creates demand for alternative currency 	<ul style="list-style-type: none"> • Inertia of global dollar-based order • Periphery exports to China remain low, limiting flows of renminbi from China • Fear of Chinese geopolitical ambitions (balancing)

Metrocentric Drivers and Impediments

The central metrocentric driver of greater renminbi internationalization is the expected benefits of having a widely used currency. As argued in the beginning of this chapter, an internationalized currency benefits the issuing economy (reduced transaction costs, seigniorage, and macroeconomic flexibility), provides political leverage due to the ability to use monetary policy as a political instrument, and is a source of prestige. The prospect of these benefits encourages Chinese policymakers to pursue the construction of an imperial currency structure based on the renminbi.

But metrocentric factors also impede renminbi internationalization. As noted, characteristics of the renminbi itself and of China's domestic society make renminbi internationalization less likely. While China has launched a number of initiatives to make the renminbi more accessible to foreigners, the overall system of financial repression remains in place. The Chinese economy is still tightly controlled by the government, making it more difficult to obtain renminbi-denominated assets. Moreover, the degree of authoritarianism in Chinese politics has only increased since Xi Jinping's rise to power,⁶⁸⁶ and this development will probably harm foreign investors' confidence in the rule of law in China. These factors make the renminbi less attractive, particularly as a store of value.⁶⁸⁷

⁶⁸⁶ See e.g. Economy, *The Third Revolution*.

⁶⁸⁷ Eswar Prasad, *Gaining Currency: The Rise of the Renminbi* (New York: Oxford University Press, 2016), chap. 10.

Moreover, conservative factions in China's domestic politics remain in opposition to reform and currency liberalization.⁶⁸⁸ They rely on two main arguments. First, a loosening of monetary control would weaken the overall ability of the state to manage China's economy. This would limit the political power of the Chinese state and of the Communist party to an unacceptable degree. Second, currency liberalization could lead to capital flight from China, as Chinese citizens might prefer to invest their wealth in foreign assets. Capital flight could result in a devaluation of the renminbi due to weakened demand, which would in turn lead to more capital flight. Currency liberalization could thus send the Chinese economy and currency into a vicious circle.⁶⁸⁹ Such political and economic fears will continue to obstruct the reformist agenda within China.

A Chinese currency hub would probably have to forego some political and economic policy autonomy in order to forge strong currency ties to periphery states and to convince them to weaken ties to the United States' hub. The successful establishment of a currency hub-and-spokes would provide economic and political benefits to China, but the associated risks may be too high for important factions in China's domestic politics to accept. The risks of currency liberalization and internationalization are closely linked to the perceived stability of the Chinese economy. Confidence in continued economic growth combined with a loosening of control over the renminbi's exchange rate could drive investors towards the renminbi in hope of currency appreciation. On the other hand, economic warning signs, such as the massive indebtedness of many Chinese state-owned enterprises and local governments,⁶⁹⁰ could drive investors away from the renminbi for fear of an impending financial crisis. For the time being, the result of this domestic struggle has been a moderate push for internationalization that has not impeded control over the economy.

Pericentric Drivers

Turning from supply to the demand side, two main factors pave the way for a more influential renminbi. First, the massive debt of the United States, both government (\$23.86 trillion, 107% of GDP) and private (\$47.28 trillion, 212% of GDP),⁶⁹¹ combined with growing American protectionism under President

⁶⁸⁸ Jiang, "The Domestic Politics of China's Financial Reform."

⁶⁸⁹ Subacchi, *The People's Money*, pp. 155-156.

⁶⁹⁰ Kroeber, *China's Economy*, chap. 7; McMahon, *China's Great Wall of Debt*; Orlik, *China*, chap. 2.

⁶⁹¹ *International Monetary Fund*, "IMF Datamapper." 'Country Profile: United States'.

Donald Trump⁶⁹² has created unease about the dollar among investors. This sentiment is only strengthened by the fear—so far still hypothetical—that an escalation of US-China tension might cause China to start dumping its American bonds, leading to a devaluation of the dollar. To manage these risks, governments and private investors may choose to diversify their portfolios to reduce their reliance on the dollar, in essence weakening the ties to the established hub in favor of one or more alternatives. In such a scenario, the renminbi could see increased demand. Chapter 8 evaluates the impact of COVID-19 on this issue. Suffice to say here, the attraction of the dollar is closely tied to the perceived strength and stability of the United States' economy. If governments, businesses, and investors grow uneasy with the way the American economy is run, they will increasingly diversify their economic activities and portfolios.

Second, the United States has used the dollar to impose financial sanctions in numerable ways, including by pressuring SWIFT to exclude countries.⁶⁹³ Countries that are already under such monetary sanctions or who fear becoming future targets, such as Iran or Russia, have a strong incentive to loosen their currency ties to the United States in favor of other currency hubs—even if the alternative currency has more limited international use.⁶⁹⁴ This could create demand for the renminbi among potential adversaries of the United States, who are searching for a less threatening currency hub. As a form of 'soft balancing,' such policies could improve cooperation among other great powers, and it would make it more difficult for the United States to use its dominant currency power to coerce others. It may be a way of weakening the dominance of the United States without challenging its military preponderance directly.⁶⁹⁵

The strength of this second driver is determined by the geopolitical climate, by the assertiveness with which the United States employs its currency weapon, and by the strength of trade and investment relations between the target country and China. Governments and individuals will be far more likely to diversify to currencies issued by hubs with which they already have other economic ties. For instance, while China may be Russia's greatest single trade

⁶⁹² Doshi, "China's Role in Reshaping the International Financial Architecture," p. 307.

⁶⁹³ Cohen, *Currency Statecraft*, pp. 109-122; Farrell and Newman, "Weaponized Interdependence," pp. 65-70.

⁶⁹⁴ Blackwill and Harris, *War by Other Means*, p. 143.

⁶⁹⁵ As is Robert Pape's definition of soft power, "Soft Balancing against the United States," p. 17.

partner, Russia still trades more with Europe as a whole.⁶⁹⁶ It might therefore make more sense for Russian investors and businesses to switch to the euro than to the renminbi (disregarding the risk of European monetary sanctions). In contrast, the renminbi may be a solid choice for Iran, whose trade ties to China greatly outstrips any other country or region.⁶⁹⁷

Pericentric Impediments

Three pericentric forces impede the formation of a currency order around the renminbi. The first is the aforementioned inertia of the global currency order. Just as in a domestic economy, there is a natural drive of convenience towards currency monopoly in a globalized economy, and this remains by far the most important impediment to periphery states shifting to the renminbi.

Second, just as states may fear monetary sanctions from the United States and wish to diversify away from the dollar, China's periphery may equally be nervous of becoming too dependent on a Chinese hub. This dynamic, which we could call balancing, relates to both monetary sanctions in particular and China's geoeconomic and geopolitical rise more broadly. Should China begin to use its asymmetric power position to coerce its periphery, demand for renminbi would probably suffer. Moreover, the renminbi may actually be more easily "weaponized" than the dollar because it is under such strict political control. The stronger political hand in Chinese monetary policy may make it easier to limit (or ease) the access of others to the renminbi. As we shall see below, this last point is even more salient with the introduction of digital currency.

At the time of writing, such a scenario seems distant, but that is due to the weakness of the renminbi. China has already used and threatened to use trade dependence as a geoeconomic instrument against other states,⁶⁹⁸ so one cannot dismiss the risk of monetary sanctions in the future, should the renminbi grow strong enough. The degree to which such prospects will deter China's periphery from using the renminbi depends largely on their perceptions of China and whether the given periphery state believes it has conflicting interests with China. If China's neighbors perceive China to be increasingly assertive—or outright aggressive—they will be hesitant to pursue any path that

⁶⁹⁶ Simoes and Hidalgo, "The Economic Complexity Observatory" 'Russia'.

⁶⁹⁷ Ibid. 'Iran'

⁶⁹⁸ For a review of Chinese trade sanctions, see Blackwill and Harris, *War by Other Means*, chap. 4. For a critical assessment of two often-cited examples, see Poh, "The Myth of Chinese Sanctions over South China Sea Disputes." For a study of China's domestic discourse on unilateral economic sanctions, see James Reilly, "China's Unilateral Sanctions," *The Washington Quarterly* 35, no. 4 (2012).

leads to greater asymmetric interdependence on China. Furthermore, many of these states will probably maintain their tie to the United States to avoid over-reliance on a single hub, in effect seeking to keep some degree of hub contestation within the system.

Third, the supply of renminbi in the periphery may be limited by the trade imbalance between China and its neighbors. In 2017, China exported goods worth \$1.06 trillion to Asian countries while importing goods worth \$823 billion.⁶⁹⁹ This creates a net capital inflow from the rest of Asia to China of some \$200 billion a year. The reverse relationship would do more to internationalize the renminbi, since it would leave foreigners with capital instead of goods. In comparison, the United States ran a trade deficit of more than \$900 billion in 2017.⁷⁰⁰ Assuming that Americans pay for most of their foreign goods in dollars, this is a vast outflow of currency, which ensures liquidity abroad. With the current trade balance, China needs to create “artificial” means of renminbi acquisition, such as swap agreements, because few foreigners obtain renminbi ‘organically’ through trade. If the opposite were the case, foreign accumulation of renminbi would naturally lead to a foreign demand for goods and services denominated in the Chinese currency.

China’s trade surplus will likely shrink as China strengthens its consumer base and weakens its reliance on cheap exports.⁷⁰¹ Yet, this process will take years and may just reduce the trade surplus, not turn it into a deficit. It will probably not be enough to create a flow of renminbi from hub to periphery, and hence periphery demand for renminbi-denominated goods, services, or financial assets will remain limited. In order to create a renminbi order, China will have to reconfigure its economy fundamentally towards imports and consumption rather than exports. Whether China will be able to do so *and* to maintain strong economic growth afterwards is an open question.

It should also be noted that establishing a Chinese trade deficit would impede the development of a China-centric geoeconomic order in other ways. A smaller foreign exchange reserve would limit the ability of Chinese banks to lend money for international projects. Hence, a greater outflow of renminbi could happen at the expense of Chinese investments in infrastructure and the like. As argued in chapter 6, China’s foreign reserves have been in decline since 2013, and this may be one of the reasons for the slowing development financing. This tendency would be accelerated by a Chinese trade deficit.

⁶⁹⁹ Simoes and Hidalgo, “The Economic Complexity Observatory” ‘China’.

⁷⁰⁰ Author’s calculation based on data from *ibid.* ‘United States’.

⁷⁰¹ David L. Shambaugh, *China’s Future* (Cambridge, UK: Polity, 2016), pp. 27-30.

My assessment of the drivers and impediments presented above suggests a somewhat bleak forecast for the emergence of a China-centric currency order. The factors that could strengthen the currency ties between China and its periphery—namely prospective economic and political gains, and the ambition of peripheries to diversify away from the dollar—do not match the constraints today. Fundamental change of the international currency order will probably require either a large external shock that would damage the credibility of the dollar or a massive increase in America’s use of monetary sanctions, which would spark currency diversification from the existing hub. Alternatively, massive internal changes in China’s political economy, loosening political control over monetary policy and increasing the international liquidity of the renminbi could strengthen investor demand. Such domestic reforms would face domestic opposition from conservative groups who fear a loss of political power over the economy and capital flight. In short, neither a China-centric currency empire nor hegemony is in the making today

Digital Currency: A Game Changer?

The following pages discuss the likely impact of a digital renminbi—Digital Currency Electronic Payment system (DCEP)—on renminbi internationalization and the prospects for a China-centric currency order. I first describe what DCEP is and what domestic benefits Chinese policy makers expect to get from it. I then return to the question of internationalization to discuss whether the introduction of DCEP changes the trajectory for an international China-centric currency order. Though I argue that the DCEP is unlikely to have great impact on the prospects for a future China-centric currency order, I still find it relevant to discuss it in this dissertation because DCEP heralds a shift toward digital currencies in other countries as well, making the topic relevant to future developments. Moreover, digital currency exhibits some of the power asymmetries of hub-and-spokes-structures even more clearly than fiat currencies due to stronger panopticon and chokepoint effects. Finally, the DCEP is already being heralded by some as a challenge to the global dominance of the dollar.⁷⁰² This study contributes to the ongoing debate and argues that this is not the case.

Since the development of DCEP is very much a work in progress, little academic research has been done on it, and little information is available. The following pages rely on less-academic sources and analyses, and some of the empirical claims made may well prove incorrect in the months to come. Yet,

⁷⁰² E.g. Robert Farley, “How Will China Counter US Financial Hegemony?” *The Diplomat*, 1 February, 2021.

that is unavoidable for a topic such as this, and I believe the larger analytical points I make should stand despite some changes to the empirical foundations.

How It Works and What It Is Good for

A push for an official digital currency in China supposedly began in 2014.⁷⁰³ Today (January 2021), what is commonly known as DCEP is being rolled out in a pilot version in four cities, and more are expected to be included before the system is launched nationally. DCEP is formally its own currency separate from the renminbi, but it is backed by a renminbi reserve, and it is issued, managed, monitored, and guaranteed by the PBOC. This kind of digital currency is commonly referred to as a Central Bank Digital Currency (CBDC).

Today, four out of five payments in China are made with either of the apps Alipay (owned by Alibaba Group) or WeChat (owned by Tencent), so digital payment is not new to Chinese society.⁷⁰⁴ The central difference between a digital currency like DCEP and the familiar use of digital platforms for transactions lies in what is actually being exchanged. In a normal digital transaction, be it between banks or various apps and platforms, what is passed from one to another is not the money itself but an IOU acknowledging the passing of debt from one party to another. In contrast, DCEP transactions involve the transfer of software comprising the *actual* currency. Transferring money with DCEP is in a way more akin to cash, since the money itself changes hands, not just certificates of debt.⁷⁰⁵ In this regard, DCEP may appear similar to cryptocurrencies such as Bitcoin. Yet, DCEP is no cryptocurrency and, unlike Bitcoin, it is neither decentralized nor anonymous.⁷⁰⁶ Where Bitcoin was in part created to take power from banks and governments and give it to individuals,⁷⁰⁷ DCEP fortifies the position of the central bank in the economy.

To most individual users going about their daily business, this technical difference will not be felt. To business owners, DCEP has the added benefit of removing fees to third-party service providers. Yet, it is the PBOC and the Chinese government that will benefit most clearly from the introduction of DCEP.

⁷⁰³ Laura He, "China Wants to Weaponize its Currency. A Digital Version Could Help." *CNN Business*, 5 December, 2020.

⁷⁰⁴ Vincent, "One Day Everyone Will Use China's Digital Currency".

⁷⁰⁵ The Economist Intelligence Unit, *RMB to CBDC: Implications of China's Digital Currency*, podcast audio, Asia Perspectives, 11 August, 2020,

⁷⁰⁶ Erik Wernberg-Tougaard, "China to Launch World's First Official Digital Currency." *China Experience*, 12 June, 2020.

⁷⁰⁷ For an account of the history of Bitcoin, see Nathaniel Popper, *Digital Gold: The Untold Story of Bitcoin* (London: Penguin, 2015).

The following describes the expected domestic macroeconomic benefits of implementing DCEP before moving on to the question of internationalization.

CBDCs have the same fundamental features as fiat currencies but perform some of them more seamlessly.⁷⁰⁸ CBDCs can help stabilize China's economy by allowing the government to control interest rates more directly, and it will provide an invaluable source of information on the circulation of renminbi. It will help target economic interventions and stimuli to generate intended outcomes, because digital currencies can be programmed, for example to provide financial stimuli to digital wallets that may only be used on a certain kind of product or in a certain geographic area.⁷⁰⁹ CBDCs help provide a more accurate basis for taxation, which is particularly relevant to China where approximately 55% of total taxation is comprised of consumption tax, which is often difficult to collect.⁷¹⁰ CBDCs may even enable direct taxation of digital wallets, making tax avoidance much more difficult.⁷¹¹ Further, CBDCs increase seigniorage, as the cost of producing new currency is effectively reduced to nothing. DCEP could also have particular beneficial effects on China's poor and rural areas, since hundreds of millions of Chinese in rural areas do not have access to banks today.⁷¹² It is in this regard important to note that, unlike Alipay and WeChat, DCEP will supposedly not require an internet connection to function as payments can be done offline.

To what does this all amount? A report from the Bank of England from 2016 concerning CBDCs in general calculated that the issuance of CBDC equal to 30% of GDP against government bonds "could permanently raise GDP by as much as 3%."⁷¹³ Add to this the economic benefits of increased accuracy in economic policies and the greater ability of the central bank to provide financial stability to the market. Equally significant to Chinese policy makers, DCEP will provide data on its citizens' economic activities, which could be used to

⁷⁰⁸ Qian Yao, "A Systematic Framework to Understand Central Bank Digital Currency," *Science China Information Sciences* 61, no. 033101 (2018): p. 2.

⁷⁰⁹ See also "Central Bank Digital Currency: Optimization of the Currency System and Its Issuance Design," *China Economic Journal* 12, no. 1 (2019).

⁷¹⁰ Stewart Paterson, "The Digital Yuan and China's Potential Financial Revolution: A Primer on Central Bank Digital Currencies (CBDCs)," (Hong Kong: Hinrich Foundation, 2020), p. 9.

⁷¹¹ Ibid. p. 5.

⁷¹² Wernberg-Tougaard, "China to Launch World's First Official Digital Currency".

⁷¹³ John Barrdear and Michael Kumhof, "The Macroeconomics of Central Bank Issued Digital Currencies," in *Staff Working Paper no. 605* (London: Bank of England, 2016), "Abstract".

detect crime or monitor particular groups.⁷¹⁴ It is thus also a vehicle for much stronger government surveillance of society as a whole.

The political benefits of CBDCs can usefully be described in the theoretical language of the hub-and-spokes. This is key to the discussion, as these effects would transcend China's borders, if DCEP were to become an internationalized currency. CBDCs exhibit hub-and-spokes-features and can be weaponized against their users through both the panopticon and the chokepoint effect, described by Farrell and Newman. As all transactions are logged by the PBOC, the DCEP lets the controller of the hub, the Chinese government, accumulate information on all transactions conducted by individuals who are part of the currency network. Further, as the PBOC controls the digital system, it would not only be able to bar the access of some "spokes" to the system, as is the traditional operating of the chokepoint effect. The PBOC would also be able to create and destroy digital currency at will,⁷¹⁵ since it will wield absolute power over the system.

This power might be considered an extreme version of the chokepoint effect, wherein any entity in the network can be "choked" by the hub's controller at any time.⁷¹⁶ The United States' government may track electronic transactions done in the country, but it cannot eliminate physical dollars without finding its location first. In comparison, it is impossible to "hide" DCEP anywhere, as it cannot be taken "off the grid." Far more than a normal currency order, digital currency exacerbates the structural power of the hub through asymmetries of interdependence, the panopticon effect, and the chokepoint effect. For this reason, it is particularly interesting to study the prospects for internationalization of the DCEP.

⁷¹⁴ Maximilian Kärnfelt and Kai von Carnap, "China's New Surveillance Currency." *The Diplomat*, 4 December, 2020.

⁷¹⁵ Wernberg-Tougaard, "China to Launch World's First Official Digital Currency"; Andrew Work, "China's DCEP will be the World's Sputnik Money Moment." *Forkast*, 10 August, 2020.

⁷¹⁶ In a way, agents of the PBOC become similar in function and power to the "admins" or "game masters" of online games such as *World of Warcraft*, who can monitor and wield absolute power over the players of the game in order to prevent or punish cheating, e.g. by destroying illegally acquired items or by barring players from the game. Christian Hoffstadt and Michael Nagenborg. "Game Developers, Gods, and Surveillance." In *World of Warcraft and Philosophy*, edited by Luke Cuddy and John Nordlinger. pp. 195-202. (Chicago: Open Court, 2009).

A Digital Renminbi Empire?

Who are the potential users of DCEP outside China's borders? At the individual level, the DCEP might be attractive to Chinese travelling abroad, making them able to conduct cross-border transactions in their home currency and without fees. To this end, DCEP could also be attractive to businesses that deal with Chinese tourists and the like. DCEP could also be attractive in areas of developing countries such as Laos, where the national currency is weak and of limited liquidity—the same areas where the renminbi is already regularly in use. Finally, DCEP may have some appeal to larger businesses who deal with China as an alternative to renminbi. However, in these cases, the practical difference between the two currencies will be minimal, since large transactions are usually not conducted in physical cash anyway. The difference between transferring a large sum of renminbi digitally through a bank and digitally through DCEP appears small.

China would in turn benefit should the DCEP be adopted by overseas consumers and trading partners. As elaborated above, internationalization would provide information on international business partners, or at least on individuals abroad, and internationalize China's ability to exercise the chokepoint effect. According to former PBOC governor Zhou Xiaochuan, whose views on currency internationalization have been discussed earlier in this chapter, Beijing wants “to persuade consumers and overseas merchants to gradually accept digital yuan payments”⁷¹⁷ as a supplement to—though not a replacement of—other existing currencies. The following revisits my discussion of the drivers and impediments of a China-centric currency order with the introduction of the DCEP. Are renminbi more likely to find their way into the hands and wallets of individuals in China's periphery with the launch of the DCEP, strengthening a China-centric currency order?

Metrocentrism: Greater Rewards and Stronger Risk Management

The DCEP strengthens the metrocentric drivers and weakens some of the metrocentric impediments of renminbi internationalization. Metrocentric drivers first. Transaction costs are substantially reduced if Chinese citizens and companies can use the same digital platform to make international and domestic payments. The seigniorage is greater, as the cost of printing digital money is non-existing. And the macroeconomic flexibility would be even greater in a system run on a single digital platform. These are the standard benefits of an

⁷¹⁷ Karen Yeung, “China's Digital Currency No Threat to Global Monetary Systems, Former Central Bank Chief Says.” *South China Morning Post*, 14 December, 2020.

internationalized currency, but they are all the greater for a digitalized version.⁷¹⁸

In terms of political power and leverage, as argued above, China's ability to wield both the panopticon effect and the chokepoint effect of asymmetric interdependence is enhanced the more spokes are incorporated into the system. Thus, the Chinese government will have an even stronger incentive to promote the renminbi abroad if periphery countries might adopt its digital version. This would give the PBOC information on financial activities abroad and even the power to create or destroy the wealth of non-Chinese citizens, companies, or even states.

The role of prestige should not be discounted either. Being the first major power to launch a CBDC is a technological achievement in its own right and one that bolsters China's claim to superpower status. This prestige would be all the greater if other countries were to start using the DCEP. In short, the DCEP compounds all the standard benefits of having an internationalized currency, making it more desirable for the Chinese government to push for the creation of a China-centric currency order.

Turning to metrocentric impediments, while wider use of the renminbi will increase the risks reviewed previously—i.e. weaken China's ability to pursue financial repression, weaken policy autonomy more broadly, and the fear of capital flight—the DCEP also introduces instruments to manage these risks. A digital renminbi is more easily monitored and controlled by the PBOC, as they can implement policies affecting digital renminbi holders well beyond China's borders. For instance, the PBOC can limit capital flight by reviewing suspicious patterns of transactions or apply limits to the amounts exchanged to and from renminbi in order to stabilize the exchange rate.

Overall, I believe the DCEP will, if domestically successful, spur Chinese policy makers to push renminbi internationalization more firmly, as the digital version of the currency holds greater prospective benefits as well as stronger tools to handle risks. It will let Chinese policy makers and financial regulators have their proverbial cake and eat it too. Whether this is enough to convince opponents of renminbi internationalization in the Communist Party is an open question.

Pericentrism: Trust and Digital Competition

Let us then turn to the factors in the periphery. Besides the factors discussed in relation to the renminbi in general, renminbi internationalization could be driven by greater demand from the abroad, if governments of other countries

⁷¹⁸ Kurt Grumelart, "Central Bank Digital Currencies." *Zerocap*, 12 October, 2020.

believe they might enjoy some of the same economic benefits of a digital currency. The DCEP, like CBDCs in general, promises to make economies more effective and to provide greater access to banking. These benefits apply to all users, not just the ones from the issuing country. For some areas along China's borders where the renminbi is already in daily use, adopting the DCEP may seem both natural and appealing. Yet, the majority of governments desiring the benefits of digitalization will probably prefer to create their own CBDC rather than adopt DCEP. I return to this below.

DCEP might also prove less appealing than fiat renminbi for three reasons that we may label pericentric impediments. First, far more than an old-fashioned currency, CBDCs rely on the users' trust in the issuing central bank. If the PBOC is truly able to destroy digital renminbi at will, holding DCEP requires faith in the willingness of China to refrain from using this capability coercively. DCEP will only appeal to individuals and companies who do not fear becoming the targets of Chinese coercion through the chokepoint effect.

The strength of this impediment will depend on the larger perception of Chinese assertiveness and willingness to strong-arm others. As other forms of sanctions, the use of such coercion would ultimately be self-defeating because it would deter others from entering the system in the future. This is why American financial sanctions on Iran through SWIFT have pushed diversification away from the dollar in countries that fear being next on the United States' list of targets.⁷¹⁹ But whether foreigners will trust the Chinese government and PBOC not to weaponize the DCEP when tempted to do so is an open question. What is important here is that China's ability to weaponize its position as a currency hub is far greater in a digital currency empire than before, and this requires greater trust on the part of the DCEP's prospective users.

Second, though it will probably be one of the first CBDCs to launch, the DCEP is not and will not be the only digital currency available on the market, and individuals might prefer its competitors for their daily transactions. Facebook presents an important alternative in this regard, as the social media giant aims to launch its own digital currency in 2021 named Diem (previously, Libra). Facebook's digital currency was originally imagined to be its own centralized system with Facebook as its issuing hub. However, pushback from national regulators, credit card companies and others caused Facebook to change the system, pegging the currency to existing fiat currencies of countries.⁷²⁰ In this way, Diem will be a platform for digitalizing existing national

⁷¹⁹ Farrell and Newman, "Weaponized Interdependence," pp. 65-70.

⁷²⁰ Rakesh Sharma, "Facebook (FB) Hopes to Launch Digital Currency in 2021." *Investopedia*, 9 December, 2020.

currencies, becoming a so-called *stablecoin*, rather than an independent currency,⁷²¹ and it will be backed by the dollar at its launch.⁷²²

For individuals and companies more willing to trust Facebook than Beijing, Diem may provide the benefits of a digital currency with smaller political risks. Diem will also enjoy the benefits of Facebook's existing global reach—with 2.6 billion monthly active users spread across most countries in the world.⁷²³ For individuals and some companies, it may thus be far more useable than the DCEP. Of course, the appeal of Diem will also depend on users' confidence in Facebook.⁷²⁴ Diem is centralized and will bestow its hub, Facebook, with panoptic and, presumably, chokepoint powers. In this light, some users in China's periphery may have greater trust in the PBOC than in an American tech-giant as their currency hub. In summary, China's periphery will have several digital currency orders to choose from in the years to come, and the appeal of the DCEP may be limited by usability—just as is the case for the fiat renminbi today.

Third and closely related, as argued at length in this chapter, the inertia of the current global dollar-based system is a central impediment to renminbi internationalization. This applies to the DCEP as well. It is unclear how easy it is to exchange DCEP for dollars or a dollar-compatible digital currency such as Diem, and this limits DCEP-users to renminbi-denominated assets.

Raising the Stakes and Setting Standards

The analysis of the impact of the DCEP on the drivers and impediments of a China-centric currency order leads to two main conclusions. First, the DCEP enhances the benefits enjoyed by the Chinese government of having an internationalized renminbi, making it more likely that they will push harder for internationalization. At the same time, the periphery is likely to be even more reluctant to adopt digital renminbi than fiat renminbi, since it leaves individuals and companies more vulnerable to the actions of the PBOC and because

⁷²¹ Barry J. Eichengreen, *Globalizing Capital: A History of the International Monetary System*, 3 ed. (Princeton, N.J.: Princeton University Press, 2019), p. 244; *Entrepreneur*, "Facebook Will Launch Its Digital Currency Libra in January." 30 November, 2020.

⁷²² Hannah Murphy, "Facebook's Libra Currency to Launch Next Year in Limited Format." *Financial Times*, 27 November, 2020.

⁷²³ Maryam Mohsin, "10 Facebook Statistics Every Marketer should Know in 2021 [Infographic]." *Oberlo*, 10 May, 2020.

⁷²⁴ Russell Brandom, "Facebook's Cryptocurrency has a Trust Problem." *The Verge*, 18 June, 2019.

competitors such as Facebook's Diem are likely to be more attractive to individuals and businesses. The DCEP inherits all the unattractive features of the renminbi, described throughout this chapter, and does little to improve on these to non-Chinese individuals and companies. The introduction of DCEP is thus unlikely to result in the establishment of a Chinese currency empire, let alone the overhauling of the global order, but more internationalization initiatives may be expected from Beijing.

The discussion so far has revolved around the possibility of the periphery adopting the DCEP out of their own interest. But China might choose to shape this calculation actively.⁷²⁵ Companies relying on trade with China, such as factories in Southeast Asia, might simply be forced to adopt the DCEP for payment whether they like it or not. Such a move might deter some from doing business with China, but it would leave the most vulnerable companies with little choice but to accept China's preferred mode of payment. Companies abroad who allow payment with Alipay or WeChat (not unusual in the tourist industry where Chinese tourists are an important source of business), might also find themselves accepting DCEP, as these platforms are already cooperating with the PBOC on the rollout of the new currency. But while these are ways China could actively push the internationalization of the DCEP, they are hardly game-changing in the broader picture.

On a final note, it may be relevant to consider the possible emergence of a "CBDC interoperability order" as distinct from the currency order itself. China may not be able to convince periphery governments to adopt the DCEP wholesale, but it may be able to shape the process creating new CBDCs in other countries. China is not the only country to consider the implementation of a CBDC. Bahamas officially launched its "Sand Dollar" in October 2020,⁷²⁶ and a number of other countries including Cambodia, Sweden, France, the Philippines, Japan, Turkey, and Switzerland are supposedly exploring the possibilities of CBDC.⁷²⁷ It will be in the shared interest of these countries to ensure some degree of interoperability of these currencies to reduce transaction costs across the board—in some ways similarly to the way SWIFT enables transactions between banks. (In fact, China has been working since 2013 on an alternative to SWIFT, "the China International Payment System" (CIPS), but this

⁷²⁵ The Economist Intelligence Unit, *RMB to CBDC*.

⁷²⁶ Turner Wright, "The Bahamas launches world's first CBDC, the 'Sand Dollar'." *Cointelegraph*, 21 October, 2020.

⁷²⁷ Becky, "The Rise Of Crypto: Countries With Their Own CBDCs." *Coin Insider*, 30 October, 2020; John Detrixhe, "Central Banks are Contemplating a World without Cash." *Quartz*, 1 March, 2020; Marie Huillet, "Cambodians Still Waiting on Central Bank Digital Currency." *Cointelegraph*, 29 July, 2020.

is still far from posing a challenge to SWIFT within international banking.⁷²⁸) Being the first major power to launch its own digital currency, China will be uniquely placed to shape the international standards of and to help other governments develop their own CBDCs. Rather than becoming the center of a currency order, China could thus become the center or standard-setter of a “CBDC interoperability order,” the consequences of which remain somewhat unclear.⁷²⁹ It might help China promote its favored format, but other governments will hardly accept a shared platform where China wields panopticon or chokepoint effects, or where a Chinese entity functions as a hub, in the same way SWIFT can centrally exclude and monitor its users.

Conclusion

Currency orders may overlap in practice, but each order will only have a single hub, and the relationship between multiple hubs is of a zero-sum nature. The rise of a China-centric currency order would occur within the overall context of the US-centric dollar order, which continues to enjoy global currency dominance. This gives the United States great structural power both over the dollar’s users all over the world and against upcoming challengers such as the renminbi.⁷³⁰ Shifting from the dollar to a competing currency order will incur greater costs on the user. In this light, I have argued that the currency order of the world or Asia specifically will not become renminbi-dominated (as argued by Kirshner⁷³¹) or even multipolar (as argued by Subacchi⁷³²) unless domestic economic shocks to the United States undermine the position of the dollar to an unprecedented degree. The inertia of the current currency order as well as the limited use of the renminbi simply places too great constraints on the demand for the renminbi—even if the rollout of the DCEP proves a domestic success in China.

⁷²⁸ Doshi, “China’s Role in Reshaping the International Financial Architecture,” pp. 288-292.

⁷²⁹ Kristie Pladson, “China Leads in Race for Digital Currency.” *DW*, 5 October, 2020; Ruolin Ye, “China’s Government-Backed Digital Currency, Explained.” *Sixth Tone*, 29 May, 2020.

⁷³⁰ Gregory Chin and Eric Helleiner, “China as a Creditor: A Rising Financial Power?,” *Journal of International Affairs* 62, no. 1 (2008): p. 99.

⁷³¹ Jonathan Kirshner. “Regional Hegemony and an Emerging RMB Zone.” In *The Great Wall of Money: Power and Politics in China’s International Monetary Relations*, edited by Eric Helleiner and Jonathan Kirshner. pp. 213-240. (Ithaca, N.Y.: Cornell University Press, 2014), p. 240.

⁷³² Subacchi, *The People’s Money*, p. 189.

At most, the global currency order may have moved from a dollar empire to a dollar hegemony, and this owes more to other global currencies than the renminbi, as these enable some degree of diversification for wealth holders. In Asia specifically, a contested currency order may arise in the future with both the United States and China as cores, but for the time being, Asia bears stronger resemblance to a US-centric hegemony than even a contested order. The introduction of the DCEP is unlikely to change this.

Beyond my empirical assessment of the prospects for the emergence of a China-centric currency order, I believe my study of the renminbi through ideal types of connectivity can contribute to the literature in several ways. The hub-and-spokes provides a comprehensive framework for analysis into which existing knowledge, such as the literature on currency statecraft, can be integrated. Most importantly, this framework expands our focus from looking only at the currency's issuer (as is the tendency in the work of Cohen) to studying the pericentric drivers and impediments, that is, the concrete context. In the case of the renminbi, the most important contextual factors were the existence of another, dominant currency, the lack of demand for renminbi in the periphery, and the possible fear of monetary sanctions from either the United States or China.

Moreover, the historical context for currency competition is different today from when the dollar overtook the position of previous imperial currencies. China does not rule formal peripheries on which it can impose the renminbi. This makes it much harder to establish a new currency order, especially one in which it enjoys a central position and structural power, since currency users can purposely maintain ties to multiple issuers, limiting their asymmetric interdependence. Building an imperial currency order is thus more difficult in the twenty-first century than in an age where formal imperial relations were common.

In addition, the globalization of financial ties means that even a geographically isolated periphery state will have access to assets denominated in multiple currencies, fiat and digital. It is therefore more difficult for China to exploit its otherwise privileged position against its continental periphery, since countries like Cambodia, Laos, Mongolia, and Kyrgyzstan may still acquire dollar- and euro-denominated assets. It is in other words much more difficult to isolate a periphery today than earlier. Digital technology and globalization could potentially allow both small and large wealth owners all over the globe to invest in renminbi-denominated assets, providing an additional alternative to the United States' market, but concerns about the domestic financial system still limit investors' willingness to invest in renminbi. The globalization of financial flows thus makes the establishment of a currency empire almost im-

possible. Yet this should not lead us to the conclusion that financial globalization has created a nonhierarchical currency order. Hierarchy persists, and some states remain far more centrally placed in the global patterns of currency connectivity.

A final analytical benefit of the empire ideal type relates to the possibilities of the DCEP. More than any fiat currency, CBDCs let the hub of a currency order benefit from panopticon and chokepoint effects. The PBOC will gain vast information on all DCEP transactions and will be able to bar spokes from access to the digital network. This is an almost perfect example of the power asymmetry inherent in imperial orders, and the theory thus points to some very real political concerns for future users of the DCEP. However, the force of these effects will be greatly curbed by the presence of competing currency orders.

Although a China-centric currency order does not seem to be emerging, this could change with a future shock to the United States' economy or if the United States started using monetary sanctions far more actively. COVID-19 could become such an external shock, sending debt spiraling out of control and halting economic growth among China's competitors. Chapter 8 discusses such prospects and whether it would pave the way for a new currency role for China.

Chapter 8: COVID-19: Changing the Trajectory?

The analyses and discussions of the future *emergence* of a China-centric order in this dissertation have so far assumed that the world will look mostly the same tomorrow as it does today—that we can meaningfully extrapolate current tendencies into the future to make educated guesses about what is to come. Such an assumption is challenged when unforeseen and important events change the world. The COVID-19 pandemic that hit China in December 2019 and spread to the rest of the world in the first half of 2020 is one such event. Country lockdowns and travel bans are expected to have a severe impact on the world economy, which could alter the distribution of economic power in the world and the nature of globalization. Such radical changes may well alter the trajectories of renminbi internationalization and Chinese infrastructure investments discussed in the previous two chapters.

This chapter looks at two ways COVID-19 could change the world economy and evaluates the previously discussed metro- and pericentric drivers and impediments within these two scenarios. If COVID-19 turns out to have limited impact on the world economy except for slowed economic growth in 2020, I would expect the arguments about future imperial relations in chapters 6 and 7 to hold. Yet, as I present in this chapter, the changes could be far greater and have fundamental impact on the context of the emergence of a China-centric geoeconomic order.

The following analysis is written in June 2020, with slight revisions in February 2021, and is built on a constantly developing flow of news and assessments. The purpose of this chapter is not to make forecasts that are likely to be outdated in a month or two but rather to discuss how different possible outcomes of COVID-19 in the medium term (3–5 years) would affect the conclusions of this dissertation's analyses. In other words, I do not argue that the future will look like X or Y. Rather, I argue that *if* the future looks like X, this would mean so and so for the prospects of a China-centric infrastructure order and a China-centric currency order.

The exceptionally contemporary nature of this chapter forces me to rely on different sources and to argue in somewhat speculative terms. The source material is less academic than in preceding chapters, since most economic forecasts on COVID-19 have been published by think tanks, consultancy bureaus and the general media, rather than in peer-reviewed outlets. Moreover, the data used are predictive estimates, since it will probably be years before we

have an accurate picture of the actual impact of COVID-19. As the fundamental thrust of this chapter is the application of the previous theories and analyses to hypothetical scenarios, this is not a problem here. This chapter discusses the likely consequences of different scenarios. The future will reveal which scenario was the most accurate.

Scenarios

I discuss the economic consequences of COVID-19 along two spectrums. The first is the negative impact on the *sizes* of economies. A combination of the successfulness of virus containment, of the policies implemented to shield economies from negative impact, and of vaccine distribution and effectiveness will determine this factor.⁷³³ The economic impact will vary between countries, and it is particularly likely to vary across different levels of development and state capacity.⁷³⁴ Accordingly, I operationalize this factor along three scenarios that focus on the respective consequences of different economies being weakened:

1. Weakened China: China's economy contracts
2. Weakened competition: The economies of other cores than China contract
3. Weakened periphery: The economies of China's periphery contract

These three scenarios will have different impacts on the drivers and impediments of the formation of a China-centric order. The first scenario relates most closely to the metrocentric drivers, whereas the second and third shape conditions outside of China. The three are not mutually exclusive, as “weakened” is defined in relation to the overall size of the economy in question. This is elaborated at the beginning of the section.

The second parameter I theorize is the impact of COVID-19 on *globalization*, i.e. on the strength of global connectivity in the form of global value chains. Already in the first months of the epidemic, headlines were questioning whether the virus heralds the death of globalization as countries and companies sought to shorten global value chains and bring businesses closer to

⁷³³ McKinsey's presents nine scenarios for the economic impact of the COVID-19 based on these two factors. See Sven Smit et al., “Safeguarding Our Lives and Our Livelihoods: The Imperative of Our Time.” *McKinsey & Company*, 23 March, 2020.

⁷³⁴ Francis Fukuyama, “The Pandemic and Political Order: It Takes a State,” *Foreign Affairs* July/August (2020).

home.⁷³⁵ This process was well underway in respect to the bilateral relationship between United States and China before 2020 and is commonly referred to as the US-China “decoupling,”⁷³⁶ reflecting in part political tensions between the two superpowers and in part rising wages in China, making Southeast Asian countries a more attractive choice for US companies seeking to out-source.⁷³⁷ However, a specific US-China China decoupling does not necessarily mean the end of United States’ participation in global value chains. Production may simply be moved to other countries than China. I operationalize the issue of globalization in two scenarios:

1. Decoupling: The United States and Europe reduce their economic ties to China but maintain global production ties to other countries
2. Regionalization: The United States and Europe reduce economic ties to countries outside their home regions

A “status quo” or “no long-term effect” scenario could also have been posited for both parameters, but this is implicitly what I do in chapters 6 and 7 when I discuss the trajectories of currency internationalization and infrastructure investment before COVID-19.

I have framed this chapter in response to the current COVID-19 crisis, but most of the arguments made here are equally relevant should any of the five scenarios materialize for different reasons. For instance, scenario 1 discusses the consequences of a contraction of China’s economy. Of course, such a contraction could happen for a number of other reasons than COVID-19. Indeed analysts inside and outside of China have expected such a contraction for years as a response to weaknesses in China’s economic model.⁷³⁸ The same can be said for a contraction of the United States’ economy and for a curtailing of globalization, whether as a decoupling or a regionalization. No matter what might cause either scenario to play out, the points I make here about their impact on the emergence of China-centric infrastructure or currency orders should be applicable.

⁷³⁵ *The Economist*, “Has Covid-19 Killed Globalisation?” 14 May, 2020; Adam Tooze, “The Death of Globalisation has been Announced Many Times. But this is a Perfect Storm.” *The Guardian*, 2020.

⁷³⁶ Rana Foroohar, “Year in a Word: Decoupling.” *Financial Times*, 20 December, 2019.

⁷³⁷ Lauly Li and Ting-Fang Cheng, “Apple Weighs 15%-30% Capacity Shift out of China amid Trade War.” *Nikkei Asian Review*, 19 June, 2019.

⁷³⁸ E.g. Lynch, *China's Futures: PRC Elites Debate Economics, Politics, and Foreign Policy*; McMahon, *China's Great Wall of Debt*.

Economic Downturn

In June 2020, the World Bank estimated a 5.2% decline in GDP for the global economy as a whole in the wake of the first wave of COVID-19,⁷³⁹ but a central question remains who will be hurt the most. I here discuss the consequences of three scenarios relating to who suffers an economic setback. In all three scenarios, a weakened economy is understood as lower or negative growth rates, high unemployment, and growing debt for both the public and the private sector.

The three scenarios are not mutually exclusive. “Economic contraction” is seen as relative to the economies themselves, not each other. If both China and the United States suffer protracted recessions, the scenarios “Weakened China” and “Weakened competition” would play out simultaneously, though they may be suffering equally relative to their own economies. I choose not to designate a benchmark for what counts as “sufficient”, since any such choice would be arbitrary. The usefulness of these scenarios lies in thinking in terms of degree rather than either-or. The more a scenario seems to be materializing, the more I would expect the theorized consequences to occur.

A Weakened Chinese Economy

In the first scenario, the Chinese economy takes a severe hit and requires years to recover. Such an outcome could be caused by a large slowdown in global trade, hurting Chinese exports, or by an insecurity-driven reduction in Chinese consumption, perhaps strengthened by a new wave of COVID-19 or new mutations and accompanying restrictions in China, leading to bankruptcies and greater unemployment. For the first time in decades, the Chinese economy contracted in the first quarter of 2020 by an astounding 6.8% according to the official figure (which could well be an optimistic assessment).⁷⁴⁰ By January 2021, the Chinese economy had recovered considerably, and 2020 ended with an estimated GDP growth of 2.3% according to the IMF.⁷⁴¹ Yet, a future COVID-19-related economic downturn in China is still a possibility.

Small and medium enterprises (SMEs) are at particular risk in China due to their reliance on the informal shadow banking system, which is less likely

⁷³⁹ Josh Zumbrun, “World Bank Sees 5.2% Decline in Global Economy in 2020 From Coronavirus.” *The Wall Street Journal*, 8 June, 2020.

⁷⁴⁰ *BBC*, “China's Virus-hit Economy Shrinks for First Time in Decades.” 17 April, 2020.

⁷⁴¹ *International Monetary Fund*, “World Economic Outlook Update.” January, 2021.

to be bailed out by the Chinese government in case of a crisis.⁷⁴² SMEs comprise over 60% of China's GDP⁷⁴³ and a series of defaults and bankruptcies here would be a hard blow to the overall economy. (By comparison, SMEs comprise 43% of United States' GDP). No matter the direct cause, I expect a reduction in China's economic capabilities to weaken the forces that drive the expansion of an imperial currency. The picture is less clear concerning infrastructure, as the economic downturn has led to an increase in infrastructure investments and a weakening of the economic incentives to strengthen core-periphery infrastructure connectivity.

Infrastructure

One of the immediate consequences of COVID-19 lockdowns was a host of travel restrictions. These have put breaks on several BRI projects, as Chinese workers were suddenly unable to travel between China and projects abroad.⁷⁴⁴ Subsequent lockdowns have only prolonged these setbacks. The Chinese Foreign Ministry estimated in June 2020 that 30 to 40% of projects had been affected by the pandemic.⁷⁴⁵ Such obstacles are likely to be temporary. The more important question is what a larger economic downturn in China would mean for the BRI and infrastructure connectivity after lockdowns are eased. The following highlights three ways a weakened Chinese economy would impede and two ways it would drive the formation of a China-centric infrastructure order, arguing that the former will be the more impactful.

First and intuitively, a smaller Chinese economy means less ability to finance infrastructure projects. Although financing can come from many different sources, private and public actors will have less money to invest if the total economy contracts. Not only will less money be available, domestic economic hardship could make it more difficult to justify investments abroad to a domestic audience. Popular opinion in China could turn against the BRI, in favor of spending at home. These are likely metrocentric impediments to further infrastructure spending outside China.

Second, the motivations for continuing the BRI could also weaken in the face of a smaller economic base. Among the economic rationales of the initiative is the promotion of trade ties between China and its periphery by way of

⁷⁴² Orlik, *China*, chap. 2.

⁷⁴³ Charlie Campbell, "How Can I Get Through This?' The Impact of Coronavirus on China's Economy Is Only Just Beginning." *Time*, 21 April, 2020.

⁷⁴⁴ *Belt and Road News*, "Can COVID-19 Pandemic puts brakes on Chinese Projects?" April 9, 2020.

⁷⁴⁵ YingHui Lee, "COVID-19: The Nail in the Coffin of China's Belt and Road Initiative?" *The Diplomat*, 28 September, 2020.

improved infrastructure and China's need for natural resources to fuel its economic growth. Both motivations are curbed by a weakened economy. In terms of trade, the benefits of reduced transaction costs are lower when the overall volumes of trade decrease as a result of the shrinking economy. There is simply less to gain by improving infrastructure when the volumes are smaller. Slower economic growth will also reduce the need for new resources. A lighter train requires less coal to run. Neither point eliminates the rationales for the BRI as a whole, but they do reduce their urgency.

Third, as we saw in chapter 6, China is currently surrounded by countries using different railway gauges than itself. We also saw that is changing, as Chinese railroad projects in Laos, Thailand, and Myanmar follow the Chinese rather than previous local standards. A transition to the international standard gauge used by China is in all likelihood motivated by the growing trade volumes between peripheries and China. An economic slowdown in China would also affect these trade relations, and this could take away the incentive for China's periphery to switch to the Chinese standard gauge. This would keep in place one of the practical obstacles to strengthened railroad ties in a Chinese infrastructure system.

On the other hand, an economic slowdown in China could motivate the development of infrastructure abroad in two ways. First, rising unemployment could trigger an even greater need for government-funded projects in the construction sector. Sectoral support is already an important metrocentric driver of the BRI, and Chinese policy banks might be forced to finance even more construction projects to maintain Chinese jobs. This seems to be the case, as the Chinese government has already announced increases to infrastructure investments in April 2020,⁷⁴⁶ expected to amount to a massive \$1.4 trillion in value.⁷⁴⁷ The sectors receiving the most money are high-speed rail and 5G internet base stations and data centers.⁷⁴⁸ It should be noted that large shares of the financing will come from provincial-level governments, meaning that the projects are likely to be domestic rather than international. This means that infrastructure investments may improve internal connectivity and support the construction sector without strengthening ties to periphery states.

Second, as argued with renminbi internationalization, the fear of China and of economic dependence on China might subside in the face of an eco-

⁷⁴⁶ *China Banking News*, "China's Full Year Infrastructure Investment in 2020 Set to Exceed \$3.6 Trillion Following COVID-19." 21 April, 2020.

⁷⁴⁷ Jorrit Gosens and Frank Jotzo, "How Green is China's Post-COVID-19 'New Infrastructure' Stimulus Spending?" *East Asia Forum*, 5 May, 2020.

⁷⁴⁸ *Ibid.*

nomically weakened China. Periphery governments could become less hesitant to improve infrastructure connectivity to China and to borrow money from China, if they perceive China to be less threatening due to an economic slowdown. This logic also applies to other great powers who might otherwise offer themselves as alternative sources of financing to challenge China's position. If the United States and Europe consider China less of a strategic economic threat, they might abandon their own efforts to compete with China in infrastructure investments.

In summary, a scenario of economic slowdown in China is likely to hamper the roll-out of the BRI and the formation of an infrastructure order centered on China. The combination of an economically diminished core and weaker rationales for both core and periphery to strengthen ties are strong impediments to hub-and-spokes dynamics, even if other cores may have less reason to seek to disrupt China's ambitions by offering themselves in partnership to China's periphery. This outcome could, however, be reversed if the renewed focus on infrastructure investments in 2020 and 2021 creates projects beyond China's borders. In that case, COVID-19 may actually lead to a revitalization of the BRI, which has been declining in volume since 2019.⁷⁴⁹ Whether new projects materialize inside or outside China's formal borders is too early to say, but it will be determined to some extent by the investors involved. As long as provincial governments are footing most of the bill, the majority of investments can be expected to remain domestic.

The degree to which the Chinese economy is weakened will be decisive. If the economic blow is great, the ability to support investments abroad and the rationales for doing so will largely collapse. If the economic blow is smaller and temporary, the result could be a boost to infrastructure connectivity around China, as investments to soften the economic blow on Chinese employment levels actually accelerate the process—assuming substantial volumes of investments target China's periphery. In the short term, connectivity might be strengthened, but the development will only be sustainable if China's economy recovers.

Currency

First, a weakened Chinese economy will *ceteris paribus* also cause a reduction in international trade ties with China, and this will in turn make the renminbi a less attractive currency for China's periphery since trade is its primary use. It will also weaken the already limited flow of renminbi from China that result from Chinese exports payed in renminbi. More generally, the usefulness of a

⁷⁴⁹ Scissors, "China's Global Business Footprint Shrinks."

currency outside the borders of its issuing country has much to do with the size of the issuing economy, except in situations where the currency plays a special role as a store of wealth (such as the Swiss franc). Today, international flows of renminbi are primarily related to trade with China, and a weakened Chinese economy will mean weaker trade ties between core and periphery.

Second, political control remains a defining characteristic of the Chinese financial market, namely through financial repression to avoid capital flight and devaluation. This is an important metrocentric impediment to the internationalization of the renminbi, since it makes the capital market less transparent and more open to manipulation. A weakened post-COVID-19 economy in China is likely to cause a strengthening of political control, since economic insecurity raises the specter of capital flight. So far, efforts to liberalize China's financial market have gone hand in hand with the growth and integration of the Chinese economy into the world economy. It is reasonable to expect that an economic slowdown would stop the liberalization process in favor of tighter political control, leaving both peripheries and other foreigners less inclined to obtain renminbi.

Third, in times of crises, investors tend to turn to the dollar as the safest store of value because of its dominant status. A loss of steam of the Chinese economy will only strengthen this tendency. The pericentric impediment to renminbi internationalization, which I called the inertia of the dollar-based order, will thus be strengthened if China's economy is seen as stumbling under COVID-19, effectively removing a possible alternative to the dollar. This perception will of course depend on how well investors globally perceive the relative stabilities of different economies and currencies. I explore this further in the next scenario.

It seems the only way a slowing Chinese economy could lead to *more* renminbi internationalization would be if the fear of China's geopolitical ambitions were relaxed because of its weakened capabilities. China's periphery may feel less threatened by a China with slower economic growth, and a reduced fear of monetary sanctions could make them more willing to denote larger shares of foreign exchange in renminbi. This is in essence the realist argument. If China's capabilities weaken, it will be less threatening to others, and its neighbors will be more likely to cooperate with it.

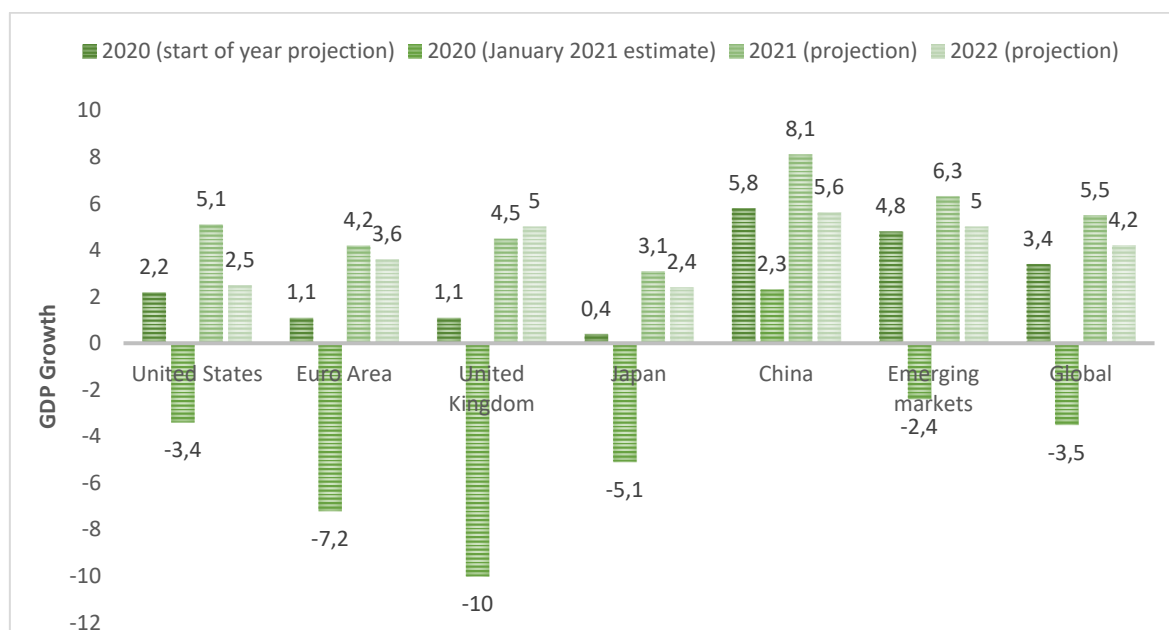
All in all, a weakened economy in the Chinese core would weaken pericentric drivers of renminbi internationalization as the periphery's demand for currency ties falls. At the same time, political control over the currency is likely to increase, strengthening a metrocentric impediment. The dominant position of the dollar is likely to solidify under such circumstances. While China's periphery may relax anxieties about China's assertiveness, this is unlikely to

translate into a strong demand for renminbi. In short, as the Chinese economy goes, so does a renminbi order.

Weakened Competition

The second scenario posits that China's great power competitors—I here focus on the United States, the European Union, and Japan, as the main competing hubs of infrastructure financing and currency— will suffer in the aftermath of COVID-19. The IMF estimated in January 2021 that the economy of the United States contracted by 3.4% in 2020.⁷⁵⁰ (In comparison, the economy was expected to grow 2.3% at the start of the year.⁷⁵¹) The Euro Area had contracted by 7.2%, the United Kingdom by 10%, and Japan by 5.1%. Their growth estimates at the start of the year were 1.1%, 1.1%, and 0.4%, respectively.

Figure 8.1. GDP Estimates and Projections for 2020, 2021, and 2022 (%)



Source: Data from *Goldman Sachs*, “Riding the Storm Out”; *International Monetary Fund*, “World Economic Outlook Update”.

Compared to China's 2020 GDP growth of 2.3%, the economies of these competing economic hubs have all taken a greater hit than the Chinese, as it appears at the time of writing. Although forecasts predict some catch-up effect in 2021 and 2022, it is still uncertain how long the economic slumps will last for China's rivals—especially given the risks of vaccine-resilient virus muta-

⁷⁵⁰ *International Monetary Fund*, “World Economic Outlook Update”.

⁷⁵¹ *Goldman Sachs*, “Riding the Storm Out.” 2020.

tions. The following discussion argues that the economic weakening of competing cores will reduce the strongest impediment to both the BRI and to renminbi internationalization, making the emergence of China-centric orders more likely.

Infrastructure

A weakening of the economies of the United States, Europe, and Japan would give China a freer hand in infrastructure financing along the BRI. China's periphery will continue to require infrastructure investments, and China will continue to enjoy both short- and long-term benefits of providing, as argued in chapter 6. In an economic downturn, the American and European counter-initiatives to the BRI will likely be some of the first things to be put on hold if not outright cancelled because the money is needed elsewhere to shield their economies. This would leave China in the role of the dominant financier of infrastructure in its continental and maritime peripheries.

Unlike for China, large extra-regional infrastructure investment schemes have little short-term benefit for western economies, since projects funded may not be won by European and American contractors. The element of sectoral support for construction companies is thus much smaller than in the Chinese model where project investments can be earmarked Chinese contractors. Western economies are much more likely to provide financial stimuli at home than to channel money across the globe. This leaves periphery economies with few or no alternatives to Chinese money for their infrastructure ambitions. With fewer possible ties to competing cores, the asymmetric interdependence between China and its periphery will increase, placing China in a more favorable bargaining position regarding terms of investment and the nature of projects—a direct strengthening of the hub-and-spokes dynamic.

Some of the pericentric impediments discussed in chapter 6 could become stronger as a result. Both popular unhappiness with the presence of Chinese workers and companies in the periphery territory and periphery governments' fear of economic dependence on China could well become more outspoken. In the absence of alternative infrastructure-financing partners, however, this would leave peripheries in a situation of 'China's way or the highway'—or more accurately: 'China's way or *no* highway.' At the same time, China might choose to continue the process of making the BRI more inclusive and responsive to local demands. This would likely weaken local resistance to Chinese projects, but it would also mean a watering down of the Chinese model in its current form, making the BRI a more costly project for China.

Finally, the trading patterns of some developing countries could shift as a consequence of economic slowdowns among China's competitors. Countries

like Vietnam and the Philippines currently export roughly as much to the United States as they do to China, with a large share going to Japan as well.⁷⁵² Their export pattern could become more clearly dominated by China, just as China already dominates their import because of weakened consumption in other markets. Such a shift would compound the benefits of reduced transaction costs from improved infrastructure, strengthening the economic rationale for boosting infrastructure ties to China.

A change to the international distribution of economic power resulting from COVID-19 could thus cause a shift in trade patterns and infrastructure connectivity between developing countries and the Chinese core. The economic benefits of tying oneself closer to China will accordingly become a stronger pericentric driving force. This change will naturally be most significant in periphery economies that currently trade with China's competitors.

Currency

In a scenario where China's competitors suffer severe economic losses, it is the pericentric drivers and impediments of renminbi internationalization that are most directly affected. First, a battered American economy will be more indebted, and this could make people more nervous about the dollar. The United States' federal budget deficit for FY2020 was \$3.1 trillion and estimated at \$2.3 trillion for FY2021, which is more than 10% of expected GDP and higher than any year since the Second World War.⁷⁵³ (Pre-outbreak estimates had the budget deficit at \$1.1 trillion.⁷⁵⁴)

Such a massive level of debt burdens the economy as a whole, and it could cause investors to shift away from dollar-denominated assets for fear of the stability of the United States' economy,⁷⁵⁵ perhaps in favor of the Chinese renminbi. Large debt does not necessarily mean economic instability—as Japan's record 200% debt to GDP-ratio attests to—and investors could instead flock to the American market in times of global instability as the safest haven for investments. Moreover, greater United States' debt would mean greater availability of American bonds for foreign investors. In this way, a larger debt increases the volume of dollar-denominated assets on offer. This takes us back

⁷⁵² Simoes and Hidalgo, "The Economic Complexity Observatory", 'Philippines', 'Vietnam'.

⁷⁵³ *Committee for a Responsible Federal Budget*, "2021 Deficit On Course to Hit \$2.3 Trillion." 5 January, 2021.

⁷⁵⁴ Neil Irwin, "The U.S. Is About to Vastly Increase Its Debt. That's a Good Thing." *The New York Times*, 27 March, 2020.

⁷⁵⁵ Stephen Roach, "A Crash in the Dollar Is Coming." *Bloomberg*, 8 June, 2020.

to the question of the inertia of the current dollar-based order. Investor insecurity about the dollar could strengthen the renminbi and other competing currencies. Investor insecurity about the global economy could strengthen the dollar at the expense of other currencies.

Briefly reviewing a few indicators provides a mixed picture. If investors were to shift away from the dollar, it should entail a devaluation from falling demand. This seems to be the case. From 1 January to 28 December 2020, the dollar depreciated 6.1% compared to the renminbi, from 6.96 to 6.533 renminbi to the dollar.⁷⁵⁶ The exchange rate of the dollar compared to the euro and the Swiss franc have followed the same pattern roughly.⁷⁵⁷ Demand for the dollar initially increased after lockdowns were imposed in the first quarter of 2020 but has shifted to other currencies and declined since then.

Stock markets are another useful indicator because they reveal where capital holders are placing their money and the currencies in which they prefer to have their investments. In 2020, the leading American indexes grew by 6.2% (Dow Jones Industrial Average), 15.4% (S&P 500), and +37.3% (NASDAQ Composite Index), the latter demonstrating the rapid recovery and growth of the technology industry in the United States.⁷⁵⁸ In comparison, the Shanghai Composite grew by 12.3%, and the Hong Kong Hang Seng Index fell by -4.9% in the same period, indicating a slightly slower recovery as well as the fallout of political turmoil in Hong Kong. One should not attribute too much to these indicators, especially considering the volatility of global stock markets in 2020. They do suggest that the dollar has taken a greater blow than the renminbi, probably as a reaction to the large stimulus packages offered by the United States Federal Reserve, but also that investors have regained their confidence in the dollar-denominated stock market quicker than in Chinese stocks despite the far more gloomy forecasts for the American economy. In short, a mixed picture.

Diversification outside the United States could also occur due to falling American imports, which would shore up the stream of dollars flowing out of the United States' economy. A less liquid dollar would be more easily challenged by the renminbi. In the long term, such a shift could have a strong impact on the availability of dollars for other countries and even make room for

⁷⁵⁶ *Macrotrends*. www.macrotrends.net [Visited 12 February, 2021], 'Dollar Yuan Exchange Rate - 35 Year Historical Chart'.

⁷⁵⁷ *Ibid.*, 'Euro Dollar Exchange Rate (EUR USD) - Historical Chart'; 'US Dollar Swiss Franc Exchange Rate (USD CHF) - Historical Chart'

⁷⁵⁸ *MarketWatch*. Author's calculations.

other currencies in the periphery states that already operate with multiple currencies in everyday exchanges. For China's immediate periphery, this could mean a strengthening of a renminbi order at the expense of the dollar.

Whether the weakened liquidity of the dollar is offset by the greater availability of dollar-bonds and the inertia of the system is an open question. The present analysis suggests that the renminbi could grow in strength as a means of exchange without becoming a more popular store of value. Such a gradual shift would most likely occur in the economies where the renminbi is already used in domestic exchange. These are currently the developing economies in China's geographic proximity, i.e. Southeast Asia. A strengthening of a renminbi empire would therefore likely be continental in its materialization.

A Weakened Periphery

Despite younger populations, developing countries are more vulnerable to pandemics and diseases.⁷⁵⁹ Enforcing lockdowns and other measures to contain COVID-19 is far more difficult in these settings, and since poverty usually translates into lower health and sanitation standards, COVID-19 could have more devastating consequences in the developing world. Large parts of the populations here tend to survive on daily wages, and these are hit far harder by a lockdown as it removes their basis for subsistence.⁷⁶⁰ This problem is aggravated by the inability of governments to issue financial support to their economies in the same manner as governments in developed countries.⁷⁶¹ Moreover, even if they do create economic support packages, large shares of developing economies are often informal and thus much harder to target with political initiatives.⁷⁶²

According to one study simulating the effects of COVID-19 in sub-Saharan Africa, 9.1% of the sub-Saharan population has fallen into extreme poverty as a result of the pandemic, and lockdowns are likely to practically erase the savings of about 30% of the population.⁷⁶³ Similarly, one scholar argues, "The

⁷⁵⁹ Melinda Moore et al., "Identifying Future Disease Hot Spots: Infectious Disease Vulnerability Index," (Santa Monica, CA: RAND Corporation, 2016).

⁷⁶⁰ Saugato Datta, "Responding to COVID-19 in the Developing World." *Behavioral Scientist*, 20 April, 2020.

⁷⁶¹ David Dapice, "How Bad is COVID-19's Impact on Asian Developing Economies?" *East Asia Forum*, 3 May, 2020.

⁷⁶² Ibid.

⁷⁶³ Matthieu Teachout and Celine Zipfel, "The Economic Impact of COVID-19 Lockdowns in Sub-Saharan Africa," (London: International Growth Centre, 2020).

current COVID-19 trajectory points to a scenario of a long outbreak and a prolonged economic impact on developing Asia.”⁷⁶⁴ The following explores the consequences of such a scenario for my analyses.

Infrastructure

An economic slowdown in the periphery would impede the formation of China-centric infrastructure connectivity—at least if China sticks to the Chinese model of financing and contracting. The demand for improved infrastructure in China’s periphery would remain, but countries facing an immediate economic crisis will be reluctant to invest in infrastructure projects, the benefits of which are primarily long-term rather than short-term. Moreover, investments would mean increasing their often already substantial levels of debt. Under such circumstances, infrastructure improvements are simply not a top priority.

Seen from the position of the investor, Chinese banks may be more hesitant to invest in economically weakened peripheries, since the risk of default is higher. Already, China has come under pressure from developing countries to extend or write off existing loans to alleviate the situation.⁷⁶⁵ While such a move could well be beneficial to perceptions of China in the developing world, it does not suggest future investments and loans.

At the same time, there may be one way in which the BRI could come out strengthened from the economic weakening of the periphery. If infrastructure projects begin relying more on local labor, the BRI could actually become part of the solution to growing unemployment in China’s periphery by providing the employment stimuli periphery governments cannot. As argued in chapter 7, such a reform of the BRI would undermine its function as a supporting scheme for China’s own construction sector, and it would therefore make the BRI more costly for China’s economy as a whole. In this regard, China faces a trade-off between the economic benefits of the Chinese model of development, which almost exclusively benefits Chinese companies, and the legitimacy or soft power benefits of hiring local labor. The degree to which China will make this trade-off will probably reflect the extent of economic hardship China suffers due to COVID-19.

In the face of a COVID-19-induced economic downturn in the developing world, strengthened infrastructure ties to China seem unlikely, unless China

⁷⁶⁴ Ganeshan Wignaraja, “Will COVID-19 Bring Recession and Debt Shock to Developing Asia?” *East Asia Forum*, 3 April, 2020.

⁷⁶⁵ Weizhen Tan, “China under Pressure to Write off Loans as Countries Struggle to Repay Debt during Coronavirus Crisis.” *CNBC*, 10 May, 2020; *The Economist*, “The Pandemic is Hurting China’s Belt and Road Initiative.” 4 June, 2020.

fundamentally redesigns the investment model of the BRI to rely more on local labor. Otherwise, it is difficult to see how new railroads and highways will materialize in the periphery in the absence of Chinese capital.

Currency

A weakening of periphery economies affects renminbi internationalization in at least three important ways, one that drives and two that impede the formation of a hub-and-spokes structure. First, economic instability may increase uncertainties about the local currency in a periphery state, heightening demand for foreign alternatives. In economies where the renminbi is already in circulation, namely in Southeast Asia, this could increase its use, strengthening currency ties to China.

Yet, second, in the face of insecurities relating to the local currency, people are probably more likely to turn to the dominant currency, the dollar, as the safest store of value and most useable means of exchange. Demand for the renminbi might increase, but so would demand for the dollar due to its already privileged position in the global economy. The motivation that might drive stronger currency ties to China thus drives a strengthening of ties to the United States to an even greater degree.

Third, currency ties to China might actually weaken due to reduced trade. The renminbi is today primarily used for bilateral trade between China and Asian countries, and should these economies take an economic hit, their import and export volumes are likely to take a dip as well. This would weaken the primary motivation for obtaining renminbi, as fewer Chinese goods can be afforded, and it would reduce the liquidity of the renminbi abroad, as reduced exports to China mean less capital outflow from China.

In summary, the prospects for renminbi internationalization in the face of economically weakened peripheries are bleak. The most likely way in which this could change is if it were combined with a broader dollar crisis, perhaps resulting from an economic collapse in the United States. In such a scenario, the demand for foreign coin in peripheries might be directed at renminbi instead of dollars. However, such a scenario seems unlikely at the time of writing.

From Globalization to What?

The past decade has seen fluctuations in the degree of globalization, which declining after 2012⁷⁶⁶ before picking up speed again in 2017.⁷⁶⁷ This section discusses the impact on infrastructure and currency orders of different scenarios after COVID-19, especially because the crisis has increased the sense of risk associated with having globally dispersed supply chains. Country lockdowns pose serious risks to companies dependent on products from abroad, and the shutdown of a single country can potentially paralyze companies in several other countries in the absence of redundancy in the supply system.

In order to set the stage for the following discussion, it is useful to distinguish between different kinds of global value chains as depicted in Figure 8.2 below. Global value chains differ from traditional cross border trade because it is not final goods being traded, but components for final production elsewhere. Value chains may further differ in complexity. In simple chains, products or components from one country are used for a final product in another country. This chain involves two parties. In complex chains, three or more countries are involved, e.g. when components from three countries are assembled in a fourth country to be sold in a fifth and sixth country. Though somewhat simplistic, keeping these terms separate helps us identify differences between the consequences for trade and for value chains.

I discuss the prospects for regionalization and localization. Regionalization is when a country moves production to its own region, and localization is moving it to your its country.⁷⁶⁸ In the absence of a complete collapse in modern technology, neither will happen completely, as advanced technological products require components from all over the globe. But functions such as assembly could well be moved from one country to another. The scenarios thus describe shifts towards more regionalized or localized production, not absolute transformations. The two scenarios are mutually exclusive for each individual core, since they describe different developments for the same core. The United States cannot both maintain the same level of global production ties AND regionalize or localize its production. However, it is possible that one core chooses to regionalize production, while another choses to localize. In

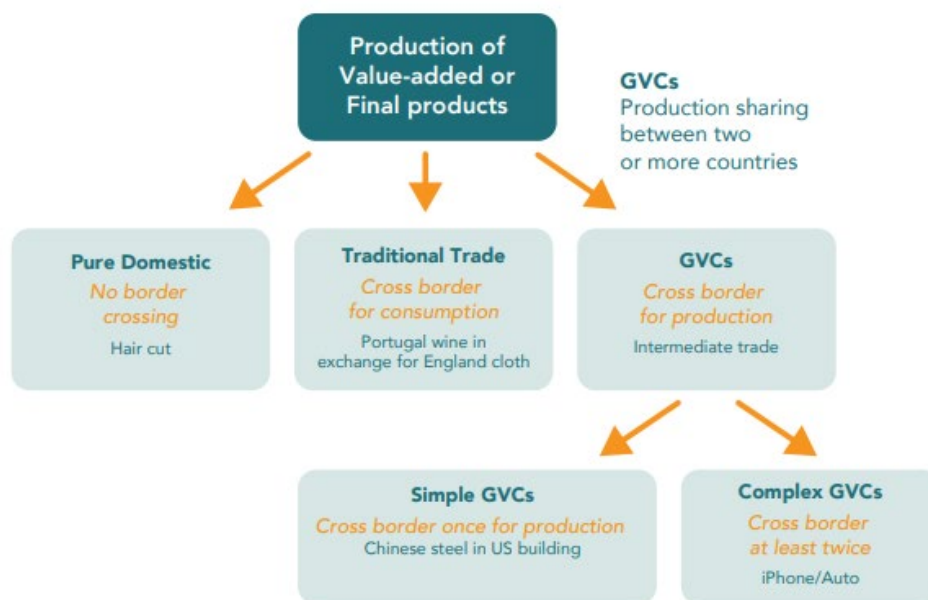
⁷⁶⁶ Susan Lund et al., “Globalization in Transition: The Future of Trade and Value Chains,” (McKinsey Global Institute, 2019).

⁷⁶⁷ Xin Li, Bo Meng, and Zhi Wang. “Recent Patterns of Global Production and GVC Participation.” In *Technical Innovation, Supply Chain Trade, and Workers in a Globalized World*, edited by David Dollar, et al. pp. 19-54. (Geneva: World Trade Organization, 2019).

⁷⁶⁸ Frederik van Til, “Three Scenarios for Globalisation in a Post-COVID-19 World.” *Clingendael*, 1 April, 2020.

such a situation, the consequences for China and the periphery will be some combination of and compromise between the two discussed here.

Figure 8.2. Types of Value Chains



Source: Li, Meng, and Wang. "Recent Patterns of Global Production and GVC Participation", p. 11.

I focus on the United States and Europe (considered together) as the most important cores competing with China. One could also have included a scenario in which China localizes production in order to reduce dependence on foreign imports. Yet, such a scenario seems unlikely because most of the products imported into China are either natural resources, which it cannot produce in sufficient quantities itself; technical components (such as integrated circuits) produced in Taiwan and South Korea; or finished products from Europe or the United States. Chinese companies already assemble their products in China and are thus already localized in that sense. The components for these products are bought abroad because there is no alternative.

The Decoupling

A decoupling of the United States and China could be accelerated by COVID-19. Several voices in Washington, most prominent among them President Donald Trump, have advocated economic detachment of the two economies well before 2020.⁷⁶⁹ Such a shift is a consequence of more conflictual relations

⁷⁶⁹ Chad P. Bown and Irwin Douglas A., "Trump's Assault on the Global Trading System," *Foreign Affairs* September/October (2019); Henry Farrell and Abraham

between the two great powers, of broader protectionist sentiments in the United States, and of the risks of global economic ties illuminated by COVID-19. A similar decoupling between Western Europe and China could also take place, although this debate has so far been less heated. Whether a decoupling would benefit either economy is beyond the scope of this dissertation. What I discuss is how a decoupling would affect the development of China-centric infrastructure and currency orders.

That some degree of decoupling is already underway is evident from the drop in trade between the United States and China since 2018. From 2018 to 2020, the share of total United States' imports of Chinese goods fell from approx. 23% to approx. 19%.⁷⁷⁰ The same period saw a drop of US goods in China's total imports from approx. 8.5% to approx. 6%. While such drops are a natural consequence of the host of new trade restrictions imposed between the two countries and could be subject to reversal if restrictions were lifted, it is notable that China's reliance on exports to the United States was decreasing even before the trade war started.⁷⁷¹

A decoupling scenario would entail the weakening of economic ties between the United States and Europe on the one side and China on the other, namely in global value chains. Western companies would move production out of China to other lower-wage countries, thus keeping the value chains global, but limiting China's role in them. Chinese companies would similarly begin to focus more on other markets than the Western. Such a process would involve increased competition over periphery economies as different cores all seek to diversify their economies to them.

Infrastructure

A Chinese infrastructure empire faces many of the same challenges as a renminbi order in a decoupling scenario. Western outsourcing to periphery countries provides alternative avenues to investments for periphery governments, weakening economic dependence on China. If Chinese projects are to

Newman, "The Folly of Decoupling From China." *Foreign Affairs*, 3 June, 2020; Keith Johnson and Robbie Gramer, "The Great Decoupling." *Foreign Policy*, 2020; John Lee, "Decoupling the US Economy from China after COVID-19," (Washington, D.C.: Hudson Institute, 2020); Anna Fitfield, "China's Next Challenge: Coronavirus Breaks the Links in the World's Supply Chain." *The Washington Post*, 11 March, 2020.

⁷⁷⁰ Bill Diviney et al., "Global Daily – How Big are the Risks from the US-China Escalation?" *ABNAMRO*, 28 May, 2020.

⁷⁷¹ Steven A. Altman and Phillip Bastian, "DHL Global Connectedness Index: Mapping the Current State of Global Flows," (Bonn: DHL, 2019).

remain competitive, they must become either cheaper or more developmental in scope, providing greater local benefits such as jobs. At the same time, particularly autocratic governments may still be unwilling to accept loans on Western terms and would therefore continue to rely on Chinese capital for their infrastructure needs. This suggests that a decoupling could also mean a polarization of peripheries into the ones that prefer China's "no-strings-attached" loans and the ones that rely on Western donors.

In terms of the actual infrastructure being built, Western companies like their Chinese counterparts would have an interest in developing the infrastructure of peripheries to lower transaction costs. In countries connected to China by maritime ties, such developments could also benefit trade with China running along the same lines. In China's territorial neighbors where more trade is conducted over land, new infrastructure ties financed by Western investors would focus on developing the maritime access of these countries rather than their ties to China. If Western companies were to shift to China's immediate neighbors, such as Vietnam or Myanmar, we could therefore see a direct weakening of the infrastructure hub-and-spokes, as these countries would develop new infrastructure to connect them to the oceans and on to American and European markets.

Currency

A decoupling would mean stronger economic ties between China's periphery and China's competitor cores, as Western factories are moved from China to other countries in the region. The result would likely be a weakening of the China-centric currency order for two reasons. First, increased commercial activities from competing core businesses in the periphery would mean a stronger flow of foreign currencies to these countries, especially dollars. More foreign companies mean more foreign capital, and the result would be greater liquidity of these currencies in the periphery.

Second, even if China succeeds in shifting some of its own exports from Western markets to its own periphery, such a shift would be matched by competing cores. Peripheries would likely find themselves trading more with multiple economic cores rather than just one. Facing more diversified trade relations, peripheries have reason to accumulate the most widely circulated currency—the dollar—rather than renminbi or euro. As argued previously, the main international use of the renminbi today is in bilateral trade with China. If other cores increase their shares of periphery markets, settling trade in renminbi will become more inconvenient for periphery companies.

These two factors describe an overall weakening of the asymmetry of dependence between China and its periphery through the strengthening of capital and trade flows to other cores. Periphery economies will find themselves with more partners to choose from as western companies look for alternatives to China for the assembling of their products. In such a scenario, the global preponderance of the dollar will make it a more practical vehicle of commerce than the renminbi.

The End of Globalization

Rather than a mere decoupling, COVID-19 may cause states and companies to rework their supply chains fundamentally, bringing outsourced elements to their home country or region. This is the scenario we might call the “end” or “reversal” of globalization,⁷⁷² not because it would eliminate all international trade, but because it means a trend towards regional trade blocks with simpler and shorter value chains.⁷⁷³ Companies may still need components from all over the planet (e.g. various minerals for high-tech products), but processes such as assembly would be brought home, removing a substantial element in complex value chains. For China’s periphery in Asia, the exodus of many Western countries would be a hard economic blow,⁷⁷⁴ and it would leave China as the primary economic core that is open for business.

Infrastructure

Infrastructure connectivity would be affected by the exit of China’s main competitors in China’s periphery. Weaker competition in financing would provide China with a freer hand regarding the terms of loans and projects, and it would enable China to continue the more extractive Chinese model of financing, as peripheries would have few alternative creditors. At the same time, China might still make its financing model more developmental to accommodate local resistance, as argued in chapter 7. Whichever path is chosen, weakened competition creates a greater asymmetry of autonomy between China and its periphery. China gets more policy options as its peripheries get fewer options.

⁷⁷² Henry Farrell and Abraham Newman, “Will the Coronavirus End Globalization as We Know It?” *Foreign Affairs*, 16 March, 2020.

⁷⁷³ Chad P. Bown, “COVID-19 Could Bring Down the Trading System.” *Foreign Affairs*, 28 April, 2020.

⁷⁷⁴ Adnan Seric et al., “Managing COVID-19: How the Pandemic Disrupts Global Value Chains,” UNIDO.

Transportation infrastructure is also likely to develop more hub-and-spokes features, as a regionalized economy would cement China's central position. With less exports and imports going to and from America and Europe, Asia—and perhaps even Africa—would become closer tied to China in trade and hence benefit more from improved infrastructure heading to China. This could strengthen the economic corridors of the BRI and railway lines running to ports on Africa's coast. A hub-and-spokes structure of connectivity simply provides greater benefits the greater the relative size of the core in the system.

A central question related to the issue of globalization is whether China also cuts down on its extra-regional trade or whether this is only a path pursued by other cores. If China maintains a global outlook in the face of regionalism in America and Europe, the China-centric hub-and-spokes could well expand beyond the continental periphery of Asia to maritime peripheries in Africa—and maybe even further away. The result would be a configuration of the world economy with two clearly delimited cores in Europe and (North) America and a “globalized third world” dominated by the Chinese economy.

Another scenario could be the effective division of extra-regional peripheries between the world's economic cores. It is hard to imagine the complete isolation of any region, since large economies will still require the import of energy, minerals, and possibly food, but countries exporting these goods could be divided among the great powers, turning them into spokes in different systems. Such a reproduction of the nineteenth-century Scramble for Africa may seem far-fetched but would be a sensible outcome in a regionalized world with minimal core-to-core interaction.

Currency

A regionalized world economy would likely entail regional currency orders. Economies would organize around the largest economy in the region—The United States in the Western hemisphere, Germany in Europe, and China in Asia—and the currencies of these hubs would be the most used within each region. This scenario could thus also be named “currency regionalization.”

For China's periphery, the departure of most Western companies would mean more limited access to and use for dollars and euros. As China takes up even larger shares of periphery trade, the renminbi would become an increasingly useful means of exchange. This scenario would thus play to the established strength of the renminbi; as a means of payment for regional trade.

Moreover, a regionalization of trade in general would undermine the primary benefit of having a globally dominant currency. The entrapment effect described in chapter 7 relies on the shared interest of core and periphery in maintaining the dominance of a single currency, because everyone benefits

from its dominance. In a world economy separated into regions, the global entrapment effect is weaker and could give way to regional entrapment effects; peripheries supporting their regional currency at the expense of a single global currency. The global preponderance of the dollar would suffer consequently.

Conclusion

The five scenarios reviewed in this chapter present different outlooks for the consequences of COVID-19 for infrastructure development and renminbi internationalization, and, more fundamentally, the prospects for imperial dynamics and a China-centric geoeconomic order within these areas. Table 7.1 summarizes my findings and arguments. It should again be stressed that many of these scenarios can take place in parallel. For example, one or more economies could be weakened at the same time as a decoupling or outright regionalization materializes.

The scenarios for globalization have the clearest expected consequences for the formation of China-centric currency or infrastructure order. If American and European companies pull out of China but remain globally engaged, it would weaken China-centric hub-and-spokes. If they pull all the way back to their home regions, this would give China a freer hand in its periphery and likely reinforce geoeconomic hub-and-spokes dynamics.

The picture is murkier when it comes to changes in economic power. A weaker Chinese economy will hurt renminbi internationalization and could hurt infrastructure connectivity, unless investments increase to revitalize the economy. Weaker competition from could strengthen or weaken renminbi internationalization depending on whether capital shifts to the dollar or diversifies to the renminbi and other currencies. The effect of weaker competition on infrastructure connectivity would be a strengthening of China's central position, as peripheries will have fewer alternatives to and benefit more from exchange with China. Finally, both domains could be strengthened or weakened because of an economic weakening in China's periphery. On infrastructure, periphery governments will be less inclined to take on debt, and new loans will be more risky, weakening the financial arm of the BRI. A developmental approach to the BRI, which creates new local jobs, could be more attractive to peripheries in distress. Renminbi internationalization will depend on the continuing trust in the dollar, on the degree to which renminbi liquidity and usefulness are hurt by declines in trade, and on the current circulation of renminbi abroad.

Infrastructure investments may be considered victims of and solutions to economic hardship, depending on the political priorities of governments. The weakening of economic capabilities in China may limit the metrocentric drive

for empire-building, simply because China's ability to forge ties to its periphery will be limited. Whether the dollar maintains its position compared to other currencies will be a central factor shaping the consequences of COVID-19 for a renminbi empire in China's region and beyond. Economic downturns in the United States and elsewhere may indeed result in a strengthening of the dollar order. The trajectory of globalization will be key. If the world is carved up into regions with weak ties between them, even an economically diminished China will be far better situated to become a core in its own imperial system.

Table 8.1. Consequences of Scenarios on Infrastructure and Currency Orders

#	Scenario	Infrastructure Order	Currency Order
1	Weaker Chinese economy	<ul style="list-style-type: none"> • Short term: increased infrastructure investment to support sector = Stronger infrastructure ties to China • Long term: weaker motivation to improve connectivity • Peripheries seek other cores for trade and investment = Weaker infrastructure ties to China 	<ul style="list-style-type: none"> • Weaker pericentric demand for renminbi • Stronger control imposed over Chinese economy makes it less attractive for investors = Weaker currency ties to China
2	Weaker US/European economies	<ul style="list-style-type: none"> • Greater benefits from improved infrastructure to China, as China takes up larger share of periphery trade • Less competition in financing means China can set terms of investments. = Stronger infrastructure ties to China 	<ul style="list-style-type: none"> • Small scale: global economic instability increases demand for dollars = Weaker currency ties to China • Large scale: economic crisis sparks demand for diversification = Stronger currency ties to China
3	Weaker periphery economies	<ul style="list-style-type: none"> • Reduced investments in periphery due to increased risk of default • Reduced willingness in periphery to make long-term investments in infrastructure = Weaker infrastructure ties to China • If BRI is made more developmental, peripheries may seek infrastructure projects to create local jobs = Stronger infrastructure ties to China 	<ul style="list-style-type: none"> • Economic instability creates demand for foreign currency. In the absence of dollar-crisis, dollar will remain more attractive than renminbi • Weaker economies means less trade with China, reducing the usefulness and liquidity of renminbi abroad = Weaker currency ties to China • Use increases in countries where renminbi is already circulated = Stronger currency ties to China

- 4 Decoupling**
- Increased presence of Western companies means more non-Chinese investments, undermining China's ability to dictate terms of loans
 - Increased competition for peripheries creates need for infrastructure connecting to other cores than China
- = Weaker infrastructure ties to China

5	Regionalization	<ul style="list-style-type: none"> • Fewer sources of investments and less trade with other great powers <p>= Stronger infrastructure ties to China</p>
		<ul style="list-style-type: none"> • Fewer Western companies means less liquid dollar and euro • Reduced extra-regional trade means less use for dollars <p>= Stronger currency ties to China</p>

Chapter 9: Conclusion

Is a China-centric geoeconomic order emerging in the twenty-first century? This has been the guiding question of this dissertation. I have taken a pragmatist methodological approach to the topic here and investigated the degree to which the ideal type of an empire might benefit our thinking about China's rise, connect some of the things we already know in new ways, and direct our attention to previously overlooked things. It is therefore fitting to return to the question of usefulness at the end of this dissertation. What use is it to think of China's position in the geoeconomic order in imperial terms, and how may it enrich our current understanding?

This final chapter reviews my findings and pinpoints the key contributions of my PhD project as a whole. I also discuss how my findings relate to the larger literature on the rise of China reviewed in chapter 2. This is done in part by comparing my work with a recent piece by John Mearsheimer, who exemplifies some of the dominant tendencies in the contemporary debate, to illustrate how the empire ideal type can provide valuable perspectives. Afterwards, I return to the central question of the overall usefulness of working ideal-typically. Finally, I discuss how my methodological and theoretical approach could be used to study other phenomena and present some considerations on the road ahead for China.

Findings and Contributions

The empire ideal type is abstract in nature and can be applied to a host of topics to study how one or more competing structures of connectivity—orders—may emerge or wither in international relations. This dissertation has studied infrastructure and currency to assess whether international ties within these areas are being reorganized into a China-centered geoeconomic hub-and-spokes order—both topics chosen for their empirical importance and because they are clear examples of connectivity, as theorized in my ideal type.

Most of the theoretical components of my ideal type are not my own inventions. The hub-and-spokes structure, the ideal-typical concept of empire, the notion of asymmetric interdependence and how it relates to power, the different manifestations of empires, and the distinction between metro- and pericentric drivers of imperial expansion are individually not new ideas in the International Relations literature. What I have done is incorporate them in a

single theoretical framework, combining insights and concepts from the comparative and sociological literature on empires (Doyle, Münkler) with insights on power in International Relations in general (Barnett and Duvall, Keohane and Nye) and related to geoeconomics specifically (Cohen, Hirschman, Luttwak). These were integrated into recent ideal types of international order (Nexon and Wright) based on the hub-and-spokes structure (Galtung, Motyl, Farrell and Newman). While most components of this theoretical synthesis are adapted from previous work, I believe the resulting ideal-typical theory of empire and its geoeconomic application is a new contribution to the literature. The following explores the analytical gains from using it to study Chinese infrastructure and currency ties.

Before embarking on my two main analyses, chapter 5 presented studies of security and trade orders in Asia through the empire ideal type. These brief studies found that states in Asia have stronger security ties to other countries than China, namely the United States and, to a smaller degree, Russia. The US-centric structure of alliances in East and Southeast Asia was clearly structured as a hub-and-spokes and could well be characterized as imperial, due to the vast asymmetry of interdependence present. In Central Asia, Russia also remained the senior partner and hub of security ties, despite the development of stronger military ties between China and the region.

In contrast, China is already centrally placed in the regional trade order. As a whole, the Asian trade order bears strongest resemblance to a China-centric hegemony, as it exhibits hub-and-spokes features like an empire, while peripheries also maintained some ties to other cores. This tendency was strongest in East Asia, but China was also the most important hub for Southeast Asian and Central Asian trade. Only South Asia was more closely tied to a competing hub, India, than it was to China. I expect this pattern to become even more imperial with the implementation of the RCEP among East and Southeast Asian countries. In short, a China-centric trade order—an important element of geoeconomic relations—is already in place.

Imperial Infrastructure

Roads and railroads are fundamental ties that connect people and societies. Therefore, the low degree of theorization on transportation infrastructure in International Relations, except as a proxy indicator for state capacity,⁷⁷⁵ is striking. Infrastructure ties between societies can leave a single state in a privileged position as a core of a hub-and-spokes pattern. The ideal type elucidates

⁷⁷⁵ E.g. Müller-Crepon, Hunziker, and Cederman, “Roads to Rule, Roads to Rebel.”

the power asymmetries and dependencies that can emerge from transportation infrastructure investments, and the factors shape the willingness of core and periphery to forge closer ties to each other.

My study contributes to the theoretical and empirical literature on infrastructure investments and on international order in several ways. First, it presents one way of explicitly theorizing infrastructure connectivity and its impact on asymmetries of dependence and thus the power relations among states, through comparison with the hub-and-spokes structure. Further studies could involve the quantification of infrastructure ties in network analysis to assess the different positions of states within the overall structure of infrastructure connectivity.

Second, although ideal-typical and thus simplifying, the distinction between extractive and developmental ties helps distinguish different effects of infrastructure on relations between states. A developmental relationship enjoys greater legitimacy because it shifts some of the benefits away from the core state. An extractive relationship means the core maximizes its benefits at the expense of the periphery. This trade-off between shared benefits and legitimacy abroad will be a crucial element in the future development of the BRI. As the post-COVID-19 discussion suggested, the balance between these two logics will be strongly shaped by the availability of alternative financing partners to China such as the United States, Europe, and Japan. Yet, even in the absence of alternatives to China, Chinese investments may shift to a more developmental model in order to minimize opposition from the local populations of periphery countries.

Scholars such as Galtung and Wallerstein have argued that the imperial bonds between core and periphery are maintained not by legitimacy in a broad sense, but by a narrow alliance of interests between the elites in the core and the elites in the periphery, as discussed in chapter 2. They imply that “developmental imperial relations” is an oxymoron, and that conflicts of interest within periphery society are a necessary component of an imperialist system. This makes their theory more restrictive and unable to account for situations in which the periphery (both its elite and its broader base) enjoys benefits from being a part of an imperial system.

By contrast, the BRI provides ample examples of peripheries who enjoy the benefits of improved infrastructure while at the same time being integrated more closely into a China-centered order. The growing ties between core and periphery can be considered developmental because China is betting on future benefits from strengthening the markets and economies of its peripheries, in effect creating future consumers for its own goods. Rather than assuming that periphery populations are always worse off from dealing with the core, the typology of extractive and developmental helps describe different

kinds of interstate ties. The respective nature of different ties between China and BRI countries is already the subject of numerous reports and NGO studies, and future research will assess the overall impact of the BRI on economic growth and level of human development in the periphery.

Third, studying both the material infrastructure being built as well as its financing and contracting reveals different ways in which asymmetric interdependence can materialize. New railroads must be financed by someone, built by someone, and run (or at least maintained) by someone. This means that infrastructure projects create a host of different ties between the place being developed and the financiers and contractors, who may be foreign. The Chinese model of development investment has generally entailed that all these elements tie the partner country to China, Chinese banks, and Chinese contractors. My analysis has treated these different ties together as parts of the larger issue of “infrastructure investments” because they are impossible to separate and are usually all parts of infrastructure deals. However, in the future, we might see the weakening of some of these ties, while others are strengthened.

Kyrgyzstan provides an enlightening example. Kyrgyzstan and China have been negotiating the construction of a railroad to complete the economic corridor from Uzbekistan to Lanzhou in China.⁷⁷⁶ Part of the Kyrgyz section of this corridor is currently comprised of roads, meaning that goods need to be unloaded onto trucks and then reloaded to trains. Due to Kyrgyz fears of debt dependence on China, the Bishkek government appears to be looking to Russia and Uzbekistan for loans. If such a deal materializes, this would leave Kyrgyzstan (and Uzbekistan) with stronger infrastructure ties to China, while forging debt ties between Kyrgyzstan and Russia/Uzbekistan. This would in other words be an example of a diversification of ties between infrastructure and financing. Future studies may reveal more example of periphery governments seeking to diversify ties of debt while strengthening infrastructure ties to China. As of February 2021, construction of the Kyrgyz rail to China has yet to commence.⁷⁷⁷

Fourth, thinking in terms of metrocentric *and* pericentric drivers helps prevent overemphasis on the interests and economic power of the core when studying the development of infrastructure connectivity. China’s periphery is

⁷⁷⁶ *Global Railway Review*, “Russia and Kyrgyzstan to Together Develop the Kyrgyz Railway Network.” 28 March, 2019; Umida Hashimova, “The China-Kyrgyzstan-Uzbekistan Transport Corridor Stretches Further Into China.” *The Diplomat*, 22 June, 2020.

⁷⁷⁷ Jalil Saparov and Bakyt Ibraimov, “China-Kyrgyzstan-Uzbekistan Railway Remains Uncertain.” *The Third Pole*, 13 January, 2021.

not a passive recipient (or victims) of Chinese initiatives and policies. Rather, local conditions in the peripheries shape demand for and the feasibility of infrastructure investments, and competition from other cores circumscribes the terms under which Chinese banks and companies operate. Even in the face of power inequalities, the asymmetric relationship between a core and a periphery will never be dictated solely by the will of the core.

A China-Centric Infrastructure Order

A China-centric infrastructure order is emerging in much of the developing world in the twenty-first century. This is most evident in the materializations of most of the economic corridors that run north, west, and south from China. In continental Asia, the arteries of connectivity are becoming increasingly hub-and-spokes-like, and this puts China in a central position of asymmetric power over its periphery. Moreover, in Africa, Latin America, and the Middle East, infrastructure ties are being created to ports that may facilitate trade with China. Notably, Chinese investments have been gradually shifting from Africa towards Asia, indicating an emphasis on the continental periphery rather than the extra-regional or maritime periphery.

The case studies of Nigeria, Iran, and Argentina suggested that Chinese railroad investment are broadly developmental in purpose, since they facilitate the flow of goods to and from peripheries, rather than merely extraction of natural resources. Only Argentina resembled the colonial model of single-good export in its emphasis on soybean export. This point cannot be generalized to infrastructure investments or the BRI as a whole, however, since oil and gas exports usually run in pipelines or by ship rather than rails.

The case study of Southeast Asia revealed that the region was being integrated by new rails to southern China, that the pattern of rails currently materializing was structured as a hub-and-spokes, and that both Laos, Thailand, and Myanmar were accepting new rails in the Chinese standard gauge rather than their previous colonial measures.

Towards Central Asia and Mongolia, China remains surrounded by different railway gauges, which impose increased costs on rail traffic across its borders, weakening the tie between core and periphery. Future change in this area could signal a stronger core-periphery dynamic. If other countries follow the example of Southeast Asia and let new railroads follow the international standard gauge used by China, this would indicate a qualitative shift towards an economic orientation towards China. It would cement the hub-and-spokes pattern by decreasing transaction costs of railroad travel to China, while increasing the cost of travelling to countries using the previous standard.

Finally, I have argued that the current trend suggests that the BRI is likely to shift in the future to become more targeted (fewer, more carefully chosen projects) and to adopt higher project standards, which in effect will make it more developmental in scope. This transition is driven by a host of factors including a shrinking foreign exchange reserve in China, higher domestic standards in China, which Chinese companies are likely to bring with them abroad, popular demands from periphery populations, competition from financiers and contractors from other economic cores, and a history of projects failure due to debt-ridden periphery governments and instability.

COVID-19 could alter this trajectory in several ways. Changes to the global distribution of economic power could affect China's and competing cores' ability and willingness to invest. If peripheries are hit disproportionately hard by the virus (as discussed in scenario 3 of chapter 8), they may also be less willing to take up loans for infrastructure projects, the benefits of which are usually long-term. The opposite might also be the case. The BRI could be framed as a means to alleviate the economic hardship caused by COVID-19 and to create new jobs for both Chinese construction workers and for periphery populations. It falls to future studies to assess how the BRI is reinterpreted in the new circumstances—as concrete infrastructure projects and as a broader narrative of China's regional role.

Investor competition could also increase or decrease as a result of larger changes to global value chains. If Western businesses depart from China but maintain their presence in Asia and beyond, as in the “Decoupling” scenario (scenario 4), periphery governments might find themselves with more investors and contractors from which to choose. On the other hand, if Western companies decide to abandon far-away production, as in the “Regionalization” scenario (scenario 5), China would be in a much more powerful position to set the terms of lending and to shape concrete infrastructure projects. I find the prospects of a decoupling more likely than outright regionalization due to the bipartisan support such policies currently enjoy in the United States and increasingly in Europe. I do not believe that COVID-19 has signed the death sentence of globalization as a whole, and automation in production is not developed sufficiently to justify the localization of outsourced production operations yet.

All in all, the domain of geoeconomic order, which I have referred to as the infrastructure order is increasingly centered on China in Asia, and China's maritime periphery is also improving its connection to global markets in general and to China specifically. While the pattern resembles a hub-and-spokes in many ways, it still bears stronger resemblance to a hegemony than to an empire, since other hubs remain important to China's periphery, even if these

links are weaker than the ones to China. The consequence of this infrastructure pattern is that the movement of goods and people to and from China will be easier than to other cores or peripheries. This will have important implications for regional trade, which is already China-centric, and perhaps for other domains of geoeconomic connectivity, such as investments.

Imperial Money

Studying currency competition and internationalization through the ideal-typical lens of an empire highlighted the relationship between currency ties and political power in international relations, and it demonstrated how currency relations involve asymmetric interdependence. It also showed how metro- and pericentric factors shape the positions of periphery countries in currency questions, underlining the interconnectedness of economic and political considerations. Finally, it revealed how current developments towards digitalized currencies only seem to strengthen these dynamics, as digital currency issuers enjoy even stronger panopticon and chokepoint effects. The following first reviews the theoretical usefulness of the ideal type before moving on to my empirical analysis and argument.

The ideal type contributes to the theoretical literature by organizing several dynamics of monetary policy and currency internationalization into a single framework. In my theorizing, I relied on the work of Benjamin Cohen,⁷⁷⁸ particularly when addressing the relationship between monetary policy and international power. Cohen's work within International Political Economy (IPE) might well be labelled classical realist for its state-centrism and focus on great power competition, and I have especially drawn on the way he incorporates two faces of power, capabilities and the structure of relations, into his analysis of currency power and currency statecraft.⁷⁷⁹ The following reviews ways in which my work adds new important dimensions to Cohen's theoretical framework, allowing for a more complete study of currency affairs in International Relations.

My work places greater emphasis on the context in which a currency may or may not internationalize, as opposed to a narrow focus on the issuer alone. Cohen theorizes the benefits, and risks of internationalization to the issuer, which he frames as "currency statecraft."⁷⁸⁰ He distinguishes three policy options for the currency issuer (proactive in favor of internationalization, proactive in opposition to internationalization, and passive) and shows how these materialize in different stages of a currency's lifetime (youth, maturity, and

⁷⁷⁸ See review in chapter 6.

⁷⁷⁹ Cohen, *Currency Power*, chap. 2.

⁷⁸⁰ *Currency Statecraft*, chap. 3.

decline). Neither in his theory nor in his analyses does he include considerations on the options available to foreign users of an international currency. It seems implied that they merely react to the policies of the issuer, placing most of the agency with the issuing state. This is particularly noteworthy since Cohen himself acknowledges that, “In currency matters, [...] outcomes are determined not on the supply side of the market but on the demand side, where the decisions are made about what money to use.”⁷⁸¹ Does the user have a strong domestic currency, or does it rely on foreign money for domestic exchange? Does the user have strong historical ties to a specific issuer and its currency? Does the user feel geopolitically threatened by a currency issuer, making it less likely to adopt its currency? Cohen acknowledges the importance of questions such as these, stating that “Effectiveness [...] will be most directly determined by the reactions of two sets of actors: currency users and competing governments.”⁷⁸² Yet, the issue appears more as an afterthought in the final pages of his conclusion.

By speaking of metro- *and* pericentric drivers and impediments to imperial expansion, my framework helps provide a terminology to describe the considerations of the foreign users of a currency. This is especially important when considering the influence of competing currencies. The presence of a strong alternative, as is the case with the dollar today, will severely circumscribe the prospects for internationalization of another currency. This is not necessarily because the issuer of the competing currency actively employs monetary policies to contain the rise of a peer. It is more likely the rational calculation of the periphery user, who continues to benefit more from holding the incumbent rather than the new currency. Most actors on the currency market benefit from having a single shared currency to deal in, and this entrapment effect will make periphery governments hesitant to adopt a new foreign currency. It takes two to tango in currency internationalization, and studies hereof cannot be limited to analyses of the issuer, as is too often the tendency.⁷⁸³

Moreover, just as context matters in relation to periphery governments, it also matter in relation to the historical and technological context under investigation. Cohen’s typology of currency statecraft varies only in accordance with the stage of currency internationalization (youth, maturity, and decline). It does not include many considerations on the different historical contexts of currencies, e.g. between the early twentieth century and the globalized and

⁷⁸¹ Ibid. p. 174.

⁷⁸² Ibid.

⁷⁸³ E.g. Helleiner and Kirshner, *The Great Wall of Money: Power and Politics in China's International Monetary Relations*, p. 2; Subacchi, *The People's Money*.

digitized currency markets of the twenty-first century. My study has sought to address this shortcoming in three ways.

First, I present a terminology to discuss manifestations of empire. Particularly relevant here is the difference between a formal and an informal empire. The British pound was internationalized to the colonial periphery through formal rule. In contrast, China will have to rely on informal means to persuade peripheries to adopt the renminbi. Second, I include a review of the changing modes of currency interaction in chapter 7 to underscore how this area of international relations is continually changing. The history of international currency systems is not merely the history of changing leaders in an ongoing game of currency affairs. The rules of the game have changed fundamentally over the years, and we should expect it to continue to do so. For instance, the distinction between maritime and continental empire may grow less important in currency affairs, as globalized, internet-based investment instruments make it easier for capital holders anywhere to choose their favored currency in which to store their wealth. As a means of trade settlement, geography will still play an important role, since the exchange of goods continues to be a process bound by fundamental geographic factors. The point here is again that my ideal-typical theory including its typology of manifestations helps describe different patterns of currency affairs and how they may develop. Third, my study demonstrated how currency internationalization is a much stronger geoeconomic tool in the digital age, as the panopticon and chokepoint effects are much stronger in digital currencies. With the DCEP, China will be able to monitor all digital transactions and control the financial asset of all the users of the currency. These important dynamics of power between issuer and user of digital currency are well captured by the logic of the hub-and-spokes.

A China-Centric Currency Order?

Our empirical understanding of the current and future position of the renminbi is also enhanced by studying it as one among several competing currency orders. By looking at both metro- and pericentric drivers of currency internationalization, we realize that the continued growth of the Chinese economy is not enough to ensure that the renminbi will be the dominant currency in China's region—let alone in the world. Its appeal remains limited by China's own restrictive financial system, lack of financial transparency and rule of law in China, by the fear of China's political intentions, and, most importantly, by the availability of an already globally dominant dollar. Chapter 8 argued further that even if the economy of the United States will be weakened more than the Chinese economy after COVID-19, the current trend suggests that the dollar will maintain its dominant position and that the United States will continue

to enjoy significant structural power from this fact, even in the face of a relative decline in economic size. The ‘power’ of the renminbi clearly cannot be reduced to the economic power of China’s economy.

A China-centric international currency order is not in the making anytime soon. This element of geoeconomic relations remains centered on the United States’ dollar, even if the renminbi is slowly gaining ground for regional trade with China. In its digital form, the Chinese currency does exhibit hub-and-spokes features, as it lets its issuer enjoy both the panopticon and the choke-point effect. Moreover, China’s monetary policies have emphasized bilateralism over multilateralism in dealings with other countries. The renminbi is almost exclusively used in dealings where China sits at one or both sides of the table. Moreover, China has maintained autonomy over its currency as opposed to letting its value be liberalized and shaped by international demand. This emphasis on bilateralism and on maximizing the core’s control over ties to the periphery are familiar aspects of imperial orders. Whether China will be willing to loosen the reigns over the renminbi to promote its internationalization remains an open question.

The argument made in this dissertation contradicts the claims of other prominent scholars that the renminbi will come to dominate Asia⁷⁸⁴ and that the global currency order is shifting towards multipolarity.⁷⁸⁵ Renminbi internationalization is not bound to follow China’s economic rise, even if such a rise strengthens the driving forces of internationalization. Moreover, despite some of the hype around the DCEP, currency digitalization is unlikely to alter the internationalization trajectory of the renminbi substantially. China’s periphery simply does not have sufficient reason to shift from the dollar to the renminbi. A disastrous handling of COVID-19 in the United States leading to an economic crisis (as discussed in scenario 2 of chapter 8) could provide such a reason. Alternatively, a regionalization of the world economy in the wake of COVID-19 (scenario 5) could limit the demand for extra-regional currencies in Asia, creating a platform for a regional renminbi order. But in the absence of such fundamental shocks, China will have a hard time convincing its periphery to adopt the renminbi as the foreign currency of choice.

Why include a chapter on currency connectivity when this does not support the argument that a China-centric geoeconomic order is emerging, one might ask. It is important to recall that the fundamental purpose of this dissertation has not been to *prove* the emergence of a China-centric geoeconomic

⁷⁸⁴ As argued by Kirshner, “Regional Hegemony and an Emerging RMB Zone,” p. 240. Subacchi calls the renminbi “Asia’s key regional currency,” *The People’s Money*, p. 7.

⁷⁸⁵ As also argued by Subacchi, *The People’s Money*, p. 189.

order but to study it in its complexity and contradictions. Hence, I am not only interested in identifying evidence that supports my theory (a theory-centric approach) but rather in understanding China's geoeconomic position as it is (a case-centric approach).⁷⁸⁶ The contemporary global dollar-dominated currency order is an important aspect of international geoeconomics, and we cannot fully understand China's position in a geoeconomic order without also including this in our considerations. Ignoring currency because it does not align with the overall argument of this dissertation would be to obscure an important aspect of the case investigated.

Moreover, I believe the analysis of chapter 7 has demonstrated the usefulness of theorizing currency connectivity in imperial terms, as it helps explain structural power dynamics. This study thus also provides a theoretical contribution to future geoeconomic studies of currency relations—especially concerning digital currency, which will become an important theme in future research.

A China-Centric Geoeconomic Hegemony

In brief, my analyses have found that a China-centric geoeconomic order is emerging as reflected in the domains of trade and infrastructure, though not in currency. Moreover, the trajectory for all three domains of the broader geoeconomic order suggests a more central position for China in the future, if more so for trade and infrastructure than for currency. Combined, this paints a picture of a geoeconomic order with China at its center, which is likely to become stronger as China's economic rise continues and strengthens trade and financial flows to and from China.

Some degree of interperipheral connectivity remains as well as geoeconomic ties to other hubs. The United States and India (and to a smaller extent Japan, Russia, and Thailand) remain hubs of trade; Japan is a hub of infrastructure investments; Russia is a hub of rail connectivity in Central Asia; and the United States dominates the currency order as issuer of the dollar. All these states thus play important roles within different domains of geoeconomics. However, none of these hubs is as central as China across the different domains of geoeconomics. China is by far the most important hub of trade connectivity and arguably of infrastructure connectivity, and it rivals Japan in infrastructure investment. Only in the domain of currency is China far behind the dominant hub, the United States. For these reasons, the geoeconomic order emerging in Asia should be considered China-centric but hegemonic rather than imperial.

⁷⁸⁶ Beach and Pedersen, *Causal Case Study Methods*, p. 19.

Looking ahead, ties to China are growing stronger than ties to China's competitors due to China's economic growth and the implementation of the BRI, exemplified by the changing rail standards in Southeast Asia. This suggests that the current trajectory points towards a more imperial geoeconomic order, as the pattern of connectivity becomes increasingly China-centric and hub-and-spokes-like. Different domains of geoeconomic order tend to reinforce each other, and the strengthening of a China-centric infrastructure order will likely lead to a more China-centric trade order. Whether this will be enough to accelerate the emergence of a China-centric currency order is as an open question. Nonetheless, if China's rise keeps up the momentum of previous decades in the decades to come, the geoeconomic order formed around China could well become more imperial than hegemonic—especially if global value chains retrench and regionalize, as this would leave Japan and India as the only real alternative economic hubs to China in the region.

China's periphery will have to deal with a greater asymmetry of interdependence with China in the future, and China will have more economic instruments to use for geopolitical purposes. Moreover, China's periphery will have a greater interest in the continued economic prosperity of China, as their interests become more entangled with the hub of the broader geoeconomic order. This last element is important, because it provides China with political benefits for which it does not have to use its geoeconomic instruments actively.

The empirical findings of this analysis contribute to our empirical understanding of China's international position today by qualifying claims about China's centrality in international orders and what it means for China's power in international relations, and by identifying the central factors shaping the prospects of a China-centric geoeconomic order in the future. Analytically armed with the empire ideal type and its derived alternatives, we can understand why interstate ties such as currency swap agreements or railroads connect countries closer, and why the larger patterns in connectivity from these kinds of ties can be a source of power. It is a way of speaking of "centrality" not just as a metaphor but as a function of an ideal-typical pattern that has theoretical content and can guide analyses.

Revisiting the Rise of China

My study was situated within the large empirical literature on the rise of China and its implications for international order in chapter 2. Let us now return to that debate armed with an ideal-typical theory of imperial order and with the empirical insights from my analyses. The following compares my theoretical framework and argument to John Mearsheimer's article "Bound to Fail: The

Rise and Fall of the Liberal International Order,” brought in *International Security* in 2019. Though Mearsheimer is often considered a controversial figure within International Relations, his article is quite representative of the mainstream terminology of order and of the consequences of China’s rise today. The point of this discussion is to demonstrate how the empire ideal type actually lets us notice previously obscured things and helps us evaluate empirical developments more accurately.

Mearsheimer presents a theory of international⁷⁸⁷ and bounded orders. He defines order as “an organized group of international institutions that help govern the interactions among the member states,” and he defines institutions as “effectively rules that the great powers devise and agree to follow, because they believe that obeying those rules is in their interest.”⁷⁸⁸ This exemplifies two commonly shared theoretical assumptions—the equating of international order with formal, legal institutions and the idea that orders should be considered tools of great powers—and it marks important and consequential differences to my theory.

Instead of seeing orders as institutions, I theorize them as structures of connectivity. Two states can be closely connected without having their interactions being guided or circumscribed by a legal framework. Formal organizations and legal documents may guide the nature of connectivity, e.g. by outlawing certain practices and reducing the transaction costs of others, but they are not the interactions themselves and must not be confused with them. A trade deal is not the actual trade, but an agreement to regulate it.

These nuances have important implications when applied to the analysis of the rise of China. First, a legalistic perspective leads to an overemphasis on China’s behavior concerning international institutions, while neglecting changes to the asymmetric interdependence between China and its periphery. As an example, this explains the alarmism arising from the establishment of the Asian Infrastructure Bank (AIIB) in 2013.⁷⁸⁹ The AIIB cannot be considered a threat to the established institutional order in any meaningful sense. As

⁷⁸⁷ Mearsheimer defines an “international order” as one that includes “all of the world’s great powers.” I refer to such an order as a “global order” because I consider that term more intuitive and consistent with my use of “international” throughout the dissertation. Mearsheimer, “Bound to Fail,” p. 11.

⁷⁸⁸ Ibid. p. 9.

⁷⁸⁹ Mearsheimer refers to the AIIB as a “prominent example” of China creating “new institutions that reflect its growing power” *ibid.* p. 46. Another example is Ji-Young Lee. “South Korea’s Strategic Nondecision and Sino-U.S. Competition.” In *Strategic Asia 2020: U.S.-China Competition for Global Influence*, edited by Ashley J. Tellis, Alison Szalwinski, and Michael Wills. pp. 75-102. (Seattle/Washington, D.C.: National Bureau of Asian Research, 2020), p. 76.

of 9 July 2020, the AIIB had only approved 83 projects in total.⁷⁹⁰ 28 of these projects were approved in 2019. In comparison, the Asian Development Bank (ADB) approved 332 projects in 2019.⁷⁹¹ In 2020, the AIIB only approved a single project compared to ADB's 415. If the AIIB is a "prominent example" of the consequences of the rise of China, the rise seems quite overblown. One might of course argue that the AIIB is still finding its feet and that the threat it poses is long-term rather than short-term, but such an argument is speculative. For the near future, the AIIB will be dwarfed by the other multilateral development banks on the market.

AIIB alarmists have an important point: Developing countries are increasingly dependent on China for development loans, and this may become a source of power for China. But by insisting on the emphasis on formal institutions, they miss the simple fact that most of China's development financing is done bilaterally and not through a multilateral regime, as discussed at length in chapter 6. The conclusion is correct but for different reasons than can be identified through an institutional ontology. If we instead theorize orders as structures of connectivity, we get a far clearer picture of the consequences of China's rise for international power dynamics and development financing.

The focus on formal agreements in the mainstream approach to international order can also lead to an overestimation of the consequences of China's rise. As mentioned in chapter 7, China has launched thirty-two currency swap agreements with other countries to ensure the international liquidity of the renminbi. This could suggest an impressive renminbi circulation. Yet, the international use of and demand for the renminbi remains miniscule. Even if the formal components of a currency order are coming into place, the substance—international use of and demand for the renminbi—is lacking. Important differences like these are overlooked when order is defined merely in formal terms.

Second, because many studies of international orders consider institutions, and per extension orders, the tools of great powers, small and middle powers are considered more or less irrelevant to analysis. In essence, the study of world order becomes the study of great powers. This has the unfortunate effect of ignoring the massive variation in the behavior of non-great powers and neglecting the importance of the context of the expansion of orders. If we take the BRI as example, some but far from all periphery states have seen large domestic pushback from unhappy populations, leading to the postponement,

⁷⁹⁰ *Asian Infrastructure Investment Bank*, "Project Summary." updated 17 July, 2020.

⁷⁹¹ *Asian Development Bank*, "Projects & Tenders."

renegotiation, or cancellation of infrastructure projects. Moreover, in Southeast Asia, countries like Laos and Cambodia have eagerly sought closer ties to China for economic rewards, while the countries that are embroiled in territorial disputes with China have been reluctant to support a China-centric order and have instead opted for a hedging strategy. These differences should not be neglected since the smaller Southeast Asian countries play a key role in keeping the United States militarily active in the region. It would be difficult to imagine the United States continuing their containment policy of China in the absence of support from countries in the region. The simple but too often neglected point: Small and middle powers matter to international order and to the behavior of great powers. They are analytically relevant.

Policies for the Future

Mearsheimer argues that the future will witness a combination of three orders; “a thin international [global] order and two thick bounded orders—one led by China, the other by the United States.”⁷⁹² The global order will be concerned with arms control, the global economy, and perhaps climate change, while the two bounded orders will be engaging in security competition with each other. Trade will continue to flow between the two orders, and it will be regulated by the institutions that make up the thin global order. China will probably seek to reshape these global institutions to reflect its growing power.⁷⁹³

Based on this expectation, Mearsheimer proposes that the United States strive to “maximize its influence in the economic institutions that will make up the emerging international order”⁷⁹⁴ to help ensure that the global system runs in accordance with the United States’ interests. He further advocates the creation of “a formidable bounded order that can contain Chinese expansion”⁷⁹⁵ through the establishment of new economic and security institutions in Asia and the Pacific. This will leave the United States in the best possible place to shape the global order and lead the competition between the bounded orders. Again, this view aligns with that popular discourse in the United States as well as the Biden Administration.

The following demonstrates two shortcomings of this analysis and why the empire ideal type provides a more useful account. First, China does not inhabit a bounded security order if order is defined in terms of formal institutions and treatise. Unlike in the Cold War, there is no blocks in East and Southeast Asia,

⁷⁹² Mearsheimer, “Bound to Fail,” p. 44.

⁷⁹³ Ibid. p. 46.

⁷⁹⁴ Ibid. p. 50.

⁷⁹⁵ Ibid.

but a host of countries most of which are simultaneously cooperating with and hedging against China.⁷⁹⁶ If the United States approaches China's rise as two competing blocks, it will likely force some of its current Southeast Asian partners into the arms of China by forcing them to swear fealty to either great power. This would run against the interests of many of the United States' small state partners and could damage the relationship with them.

Instead of seeing the strategic landscape as two competing blocks, it is more useful for the United States to consider themselves and China cores of different orders. As a core, Washington may still court China's periphery to strengthen political and economic ties within various domains. The point is not to sever the ties between China's periphery and China but rather to present an alternative in everything from investment to military collaboration. As long as these domains remain contested rather than China-centric in the ideal-typical sense, China will be unable to enjoy the benefits of asymmetric interdependence that stems from being the core of a hub-and-spokes.

Second, one of the main pillars—if not *the* main pillar—of the global economy is the global dominance of the United States' dollar. The dollar is not an institution but is better described as a hub-and-spokes order wherein the United States takes the central position as the issuer and core. Even if China wields greater power capabilities to reshape some international institutions, e.g. by getting the renminbi included in the IMF's as a global currency reserve, the Special Drawing Rights, as achieved in 2015, the dollar is still the dominant medium of international exchange. This again relates to the difference between the formal institutions and arrangements, and the actual interactions in world politics.

The global dominance of the dollar is not just a thin global order and the momentary outcome of the struggle of great powers. It is a central element of the global economy with important consequences for every national economy in the world. In this respect, the United States is the core of a global order with all the benefits that entails. They could use this to ensure that China's periphery continues to find the dollar more attractive than the renminbi. Part of this may mean avoiding using monetary sanctions, as has been done against Iran and Russia, since this raises fear among other states of becoming future targets, which in turn may spark diversification. Part of this may mean ensuring digital platforms for transactions. In short, thinking in bounded orders may

⁷⁹⁶ Goh, "Understanding "Hedging" in Asia-Pacific Security "; G. John Ikenberry, "Between the Eagle and the Dragon: America, China, and Middle State Strategies in East Asia," *Political Science Quarterly* 131, no. 1 (2016); Kuik, "How Do Weaker States Hedge?"

actually cause the United States to overlook one of its greatest assets, a globally dominant currency.

A World of Orders

The discussion so far also makes it abundantly clear that treating “order” as a single thing, as done by Ikenberry and much of the liberal literature,⁷⁹⁷ is misleading and analytically unproductive. Different domains of connectivity operate at different levels, many of which are regional in nature. China is both partaking in global institutions built by Western states and gradually becoming the core of geoeconomic orders, namely in trade, financing, and infrastructure connectivity. As also argued by Iain Johnston, orders form around different issue areas and they should be treated separately.⁷⁹⁸ Moreover, not only do orders differ by domain, they also differ by geographic scope, as multiple orders may coexist within a single area, such as trade.

China’s rise in economic power is undeniable, and China has already become the largest trading partner for a host of countries in Asia and beyond as a result. As asymmetries of dependence grow between China and weaker economies, two kinds of Chinese power emerges. One is the possibility of weaponizing asymmetric interdependence through sanctions that hurt China’s periphery re/latively more than China, i.e. the chokepoint effect. Note that the power here lies more in the latent threat of sanctions than in the actual use of them. The other and more important kind of power China enjoys is structural. As interdependence links the interests of core and periphery, the latter will usually find itself behaving in ways that suit the interests of the core, simply because it is the path of least resistance. Economic interdependence means the prospect of co-prosperity. A country trading with China will benefit from China’s economic growth, since that will mean greater exports, and China’s benefits from the growth of its peripheries for the same reason. If another state pursues policies that are harmful to China, it may have indirect negative consequences for itself if the two are bound by interdependence.

This structural power is self-perpetuating and a key element in explaining the willingness of peripheries to connect themselves closer to China. Moreover, it explains why ties of one kind will often lead to the strengthening of ties in other areas, making China the center of more and more domains of geoeconomic order. If China is the main trade partner of another state, that state will enjoy greater benefits from connecting itself closer to China (e.g. through using the Chinese currency or through improved infrastructure) than it would from tying itself to less important trade partners. As such new ties reduce

⁷⁹⁷ See review in chapter 2.

⁷⁹⁸ Johnston, “China in a World of Orders.”

transaction costs for trade between the other state and China, trade relations are likely to prosper as a consequence—providing even stronger motivation to strengthen other economic ties.

This is particularly evident in the, albeit still weak, currency order around China. The periphery states that use renminbi do so to trade with China. It also translates into infrastructure connectivity. Better infrastructure means more profitable trade, which in turn provides more avenues for using the renminbi. Though the different kinds of orders are intimately connected, they must nonetheless be kept analytically distinct because they are shaped by different metro- and pericentric factors. The emergence of a China-centric currency order happens in the shadow of a global dollar-based order, which places limitations on the demand for renminbi in the periphery. In contrast, the emergence of a China-centric infrastructure order has no global rival to contend with, only a few smaller regional hubs of connectivity (primarily Russia) and a handful of competing international financiers (multilateral development banks and policy banks of other economic powers).

China's rise will thus have the most immediate effect on areas where there is a periphery demand and where international competition is weak. Developing countries have a strong demand for foreign currency, but the dollar is far more attractive than the renminbi. Hence, China's rise has not had great impact on the global currency order so far, and changes will be slow and might require a fundamental shock to the credibility of the dollar, such as a downgrade in its creditor rating by one or more major credit rating agencies. At the same time, China's rise has sparked a reorganization of infrastructure connectivity in Asia, paving the way for a future of increased structural power over China's neighbors. If globalization begins winding down as a consequence of COVID-19 (as well as higher wages in Asia and advancements in automation, which make domestic production more price competitive), the economic exchange may become fragmented into multiple regional orders with their own ties of trade, infrastructure, and currency. In such a scenario, China is poised to become the undisputed core of an international economic order in Asia, possibly stretching further to include countries in Africa and Latin America as maritime peripheries.

Rather than asking if China is becoming the regional hegemon in a realist sense, we learn more from asking: "Within which domains is China becoming the center of international connectivity in the region?" Today, China resembles a regional hub in trade, in infrastructure connectivity, and in part in development financing. It does not resemble a core in currency affairs and wealth storage, in military alliances, or in institutionalized diplomacy. Future research can take on these and innumerable other topics to make a more exact assessment of China's regional role today and in the future.

Asking Different Questions

I believe an important contribution of my research is the different set of questions raised by using the empire ideal type. The rise of China has been the subject of innumerable articles, books, reports, and debates already, and in such a crowded field, certain lines of inquiry and discourses tend to achieve dominance. Since the turn of the millennium, the mainstream approach to China's rise (explicit or implicit) within both academia and Western policy circles has been guided by power transition theory (the incumbent versus the rising great power and the idea of great power competition).⁷⁹⁹ This is also the position represented by the Mearsheimer article, discussed above. The dominance of these lines of inquiry have resulted in the overemphasis on some factors and the negligence of others. In contrast, the ideal type of an empire shifts our analytical attention to factors that are sometimes overlooked.

First, thinking in terms of orders broadens our perspective from focusing on the rival great powers to including weaker states in the periphery as well. This is important because the periphery forms the immediate context for imperial expansion, be it economic, military, or in other forms, as argued above. Second, theorizing orders as patterns of connectivity moves us beyond a focus on capabilities (GDP, military spending etc.) to the ways in which capabilities translate into concrete power through interactions with other states. In this light, the establishment of new and strong ties between China and periphery countries may say more about China's rise than whether its GDP increases by 5 or 7% a year. The two are of course related, but the ideal type contributes by emphasizing what China is doing with its economic and military power rather than merely assessing its quantitative growth.

Third, the ideal type helps us assess many different drivers and impediments to the expansion of Chinese power within different domains. This helps us understand why different periphery states will react differently to China's rise, and why an increase in Chinese capabilities may not translate into a more China-centric order. In a nod to the realist line of argumentation, the terminology here also helps us understand how power balancing can look in practice today, as periphery governments or other great powers may seek to create stronger ties between each other to weaken a hub-and-spokes structure centered on China. In this way, the empire ideal type can help elaborate realist arguments by demonstrating power balancing in infrastructure connectivity, currency affairs, and a host of other domains. This is also one of the contributions of my work in comparison to that of Jeffrey Reeves, discussed in chapter

⁷⁹⁹ For a criticism hereof, see Nexon, "Against Great Power Competition: The U.S. Should Not Confuse Means for Ends".

2, whose theorization of empires and imperial structures say little about the significance of competition among cores.

Fourth and more broadly, adopting terminology and ideas from the literature on empires can provide new perspectives for future studies by emphasizing different elements of China and its context. For instance, drawing on Galbraith, I have argued that one driving force of imperial expansion throughout history has been unstable frontiers harming the security and commerce of the empire. In this light, we can conceive of China as surrounded by relatively unstable countries posing threats to most of its borders. This perspective sees the BRI and development investing more broadly as steps to stabilize much of an entire region, manifesting developmental ties between core and periphery. I leave it to future studies to assess whether the BRI will also pave the way for greater security in China's periphery.

Overall, the ideal type gives a broader view of the dynamics of China's rise than is offered by the dominant perspectives in the contemporary debate. The ideal type can also be used for studies of specific bilateral relationships between China and its periphery states, or of the consequences of particular changes to the expansion of imperial relations. For example, if the BRI were to be redesigned in the future to be more transparent and ensure greater local benefits, this would likely weaken pericentric impediments to the development of an empire (weaker local resistance), hence making infrastructure ties to China more likely in the future, albeit at an increased cost to China. The theory presented here provides a toolbox of concepts and dynamics that can be mobilized to study particular developments. It is my hope and belief that the work presented in this dissertation will help students of China's rise pose slightly new questions and create new insights.

One Size Fits All?

One might criticize my theoretical approach for being overly broad and vague. What does the ideal type not cover? Is it not so general as to be applicable to everything and hence of little analytical value? If everything is empire, do we not need narrower categories to say anything useful? There are several counterpoints to this criticism.

First, everything is clearly not empire. I have argued for the emergence of a China-centric hegemony rather than an empire, and I have presented two other alternative configurations of international connectivity, the contested order and the nonhierarchical order. Nor is China bound to end up as the core of an empire in the future.

Second, the point of framing my study in "imperial" terms has not been to prove the existence of empires, but to use its theoretical logic and dynamics to

study China and to derive alternative orders. Clearly, some empirical domains are more hub-and-spokes-like than others, and the concept of empire helps us understand these. While I concluded that the China-centric geoeconomic order is more hegemonic than imperial today, I reached this conclusion by studying the theoretical pattern of imperial hub-and-spokes.

Third, I actually do believe that many great powers tend to form hegemonic or imperial orders around themselves as they interact with weaker states in asymmetric ways. But rather than discrediting the ideal type, this suggests a great potential to provide new insights. Much of the thinking on great powers in International Relations has been dominated by a neorealist preoccupation with power capabilities. Ideal-typical research on different kinds of international orders could move the research agenda in ways that let us distinguish great powers and international orders more clearly from each other.

Empire beyond China

The ideal type presented in chapter 4 is inspired by and constructed to help understand history's great powers. This dissertation has focused on some elements of contemporary China, but I believe the theoretical framework can contribute to studies of other domains, as well as other geographic and historical contexts. The hub-and-spokes structure is itself the result of different historical studies of empires and of imperialism, as demonstrated in the works of Galtung, Motyl, Nexon and Wright cited throughout this dissertation. I have gone a step further than these authors have by explicitly theorizing the different manifestations of the imperial dynamics across three spectrums: formality, geography, and the logic of exchange. I believe these distinctions can help qualify comparative research of historical empires, both the empires about which countless volumes have already been written (e.g. the Roman and British Empire) and the ones that have so far been neglected in the International Relations literature (e.g. Southeast Asian, Pre-Columbian American, and African empires). The inclusion of more non-European empires in the literature would also indubitably lead to new usefulness distinctions in theorizations of the manifestations of empires.

The lens can be applied to other contemporary studies of the United States or of regional powers such as the European Union, Russia, India, Brazil, and South Africa. The future of the international position of the United States is one of the most discussed topics in contemporary International Relations, and the question has already been addressed in terms of the hub-and-spokes ideal type, as reviewed in chapter 2. However, theorizing the future of the United

States' international role in terms of metro- and pericentric drivers and impediments could restructure some familiar arguments and provide new insights. Is there a demand for American leadership in the developing countries? Is the United States increasingly relying on bilateral ties rather than on multilateralism? Will the presidential shift from Trump to Biden result in a more multilateral and less bilateral approach to economic cooperation? Will the US-dominated security architecture in the Asia-Pacific be transformed from a hub-and-spokes to a multilateral enterprise led by the Quad countries together?

Another avenue for future research is to abandon the state-centric ontology of this dissertation and study non-state hub-and-spokes. States are not the only entities that are connected in various patterns resulting in asymmetric power relations. Companies can equally create hub-and-spokes patterns of connectivity. A contemporary example could be American technology giants like Google or Facebook who dominate different aspects of the online world. While these companies connect their users, they do so through their own platforms leading to an asymmetry of information about their users (the panopticon effect), and a context of structural power in which it may be costly for an individual to exit the network even though it does not face outright coercion. These companies do not have to apply force to their users to gain information about them, they simply ensure that users have an interest in providing information to the digital platforms in return for tailor-made content.⁸⁰⁰

A different avenue of future research would be to focus more exclusively on the different periphery states and how they handle themselves as part of an imperial system. Do periphery governments threaten their core with the prospect of establishing new ties to other cores? In what ways are their interests redefined as a result of the structural power of the core? Are there differences in the formal or informal manifestations of empires today, and is China taking steps to formalize aspects of its imperial ties? Questions such as these could make for both single and comparative case studies of the country-specific consequences of China's rise in Asia and beyond.

The Road Ahead ... to Empire?

The concept of an "empire" is contested, to say the least. History books about the rise and fall of empires attest to the vast differences between the historical

⁸⁰⁰ For a recent discussion, and critique of the business model of Facebook, Google, Amazon, and Apple, see Shoshana Zuboff, *The Age of Surveillance Capitalism: The Fight for the Human Future at the New Frontier of Power* (New York: Public Affairs, 2019).

societies we today refer to as empires. It may be difficult to find common denominators between all the so-called empires, except, perhaps, that they were all *powerful*. The history of empires is usually a history of military conquest and the subjugation of other societies, which we may depict on maps in bold colors. Because of this, the term “empire” may seem an odd fit with the contemporary international system. After all, grand schemes of territorial expansion seem like a thing of the past. But even if territorial conquest has grown rarer and more subtle—think of little green men in Ukraine and island building in the South China Sea—power remains a persistent theme of international politics. To many, the term “empire” still has an intuitive appeal when describing the greatest of powers on the world stage. One of the central purposes of this PhD dissertation has been to theorize this intuition and turn it into an analytical tool, which I then used to study the perhaps most important development in international relations today: the rise of China.

In the ideal-typical sense, China will never be an empire—just as a Weberian state with a complete monopoly on the legitimate use of physical force⁸⁰¹ has never existed. But the international orders in which China is a part may increasingly resemble empires, that is, be structured as hub-and-spokes. Within trade, as well as roads, railways, and ports, an international network is increasingly materializing with China at its core, allowing China to enjoy the benefits of centrality. Regarding currency, the renminbi may be gradually internationalizing, but it remains at a level far below the dollar and several other foreign currencies. It is therefore not meaningful to speak of a renminbi empire anytime soon.

The BRI may well become China’s (belt and) road to empire. Though infrastructure investments abroad have been a theme of China’s foreign relations at least since the ‘Going out’ policy of the late 90s, the BRI has accelerated the process and given it a stronger conceptual—if not outright philosophical—foundation. Today, new lines of connectivity are being built to tie much of the developing world to China, through railroads and economic corridors in Asia and through railroads to ports in Africa, the Middle East, and Latin America. This new infrastructure will enhance China’s already dominant position in trade with many of these nations, providing economic growth for both while increasing the asymmetric interdependence in China’s favor.

In the absence of active competition from other great powers, I expect more and more domains to take on a hub-and-spokes structure in Asia with China at the core, since resisting the pull of a neighboring core is immensely

⁸⁰¹ Max Weber. “Politics as a Vocation.” Translated by H. H. Gerth and C. Wright Mills. In *From Max Weber: Essays in Sociology*, pp. 77-128. (New York: Oxford University Press, 1946).

difficult for a smaller power without external support. New ties will include military cooperation, financial ties, policy coordination in diplomatic fora, and perhaps in time, currency exchange. Alternatively, the United States, Europe, and Japan may step up their engagement with the developing world, particularly in Asia, and provide these countries with alternative partnerships. This would not cause a breakdown in the relations between China and its neighbors but rather give those neighbors a stronger bargaining position against China, leading to more developmental rather than exploitative ties. It would also ensure the persistence of a more contested international order in Asia at the highest level of aggregation—to the benefit of periphery countries in the region.

It has been my ambition with this dissertation to avoid falling into the familiar normative notion (familiar in the Western world, that is) that the rise of China is inherently a bad thing and that the relative decline of the dominance of the United States will result in a more unpleasant and insecure world for its inhabitants.⁸⁰² China's rise and the formation of imperial structures around China will make China more powerful. Whether this power is used for good or evil is beyond the scope of my argument.

It is my sincere hope that Chinese political slogans of 'tianxia' and 'harmonious future' will prove to be more than just sugarcoated real politics but actual guiding principles for win-win international relations between China and the countries that make up its periphery. Adopting such a mindset would enable China to cross the Augustan threshold to a more durable international order, I believe, by sharing benefits and stakeholdership with the periphery. At the same time, the United States and Europe should present themselves as alternative partners to the developing world, encouraging sustainable development globally. Moreover, Western companies and donors should find ways to collaborate with their Chinese counterparts on development projects. This could heighten the standards of projects while diversifying ties of dependence to stakeholders from multiple countries rather than just China. Moreover, identifying avenues for cooperation would help both the United States' and the Chinese government move beyond purely zero-sum relations,⁸⁰³ ideally towards more developmental projects, rather than a reproduction of the extractive practices of empires past.

In the contemporary climate of escalating tensions between the world's leading powers, multilateralism should be encouraged where possible. A decoupling of China and the United States does not have to mean a Cold War of

⁸⁰² For a version of this critique, see Acharya, *The End of American World Order*.

⁸⁰³ Nexon, "Against Great Power Competition: The U.S. Should Not Confuse Means for Ends".

rival bounded orders. Smaller powers will still seek to establish ties to both great powers, and this should be considered an opportunity for collaboration rather than competition between great powers and the developing world—serving the interest of both.

Appendix A

Asian Countries by Region and by Value of Imports from China as Share of GDP, 2018

Country	GDP (Bil. USD)	Import total (Bil. USD)	Import as a share of GDP (%)	Share of import from China (%)	Import from China as share of GDP (%)	Value of import from China (Bil. USD)	Largest import source	Share of total imports (%)	Second-largest import source	Share of total imports (%)	Third-largest import source	Share of total imports (%)
Central and North Asia												
Kyrgyzstan	8.3	8.66	104.7	52.5	54.97	4.55	China	52.5	Russia	19.4	Kazakhstan	7.85
Tajikistan	7.5	3.63	48.25	39.2	18.91	1.42	China	39.2	Russia	23.4	Kazakhstan	14.4
Mongolia	13.1	5.76	43.94	32.3	14.19	1.86	China	32.3	Russia	28.2	Japan	9.37
Uzbekistan	50.4	18.1	35.92	20.9	7.51	3.78	China	20.9	Russia	18.3	South Korea	11.5
Kazakhstan	179.3	37.6	20.97	23.1	4.84	8.69	Russia	34.6	China	23.1	Germany	4.55
Iran	445.4	50.4	11.32	27.8	3.15	14.01	China	27.8	United Arab Emirates	18.1	Germany	5.94
Russia	1,669.60	231	13.84	19.6	2.71	45.28	China	19.6	Germany	13.3	Belarus	5.45
Turkmenistan	40.8	2.38	5.84	13.3	0.78	0.32	Turkey	19.7	China	13.3	Russia	12.1
East Asia												
Hong Kong	361.7	634	175.29	44.4	77.83	281.5	China	44.4	South Korea	7.02	Taiwan	6.61
North Korea	17.4	2.32	13.36	95.7	12.79	2.22	China	95.7	Russia	1.38	India	1.35
Taiwan	589.9	263	44.58	18.8	8.38	49.44	China	18.8	Japan	15.6	United States	11.9
South Korea	1,720.60	509	29.58	21.1	6.24	107.4	China	21.1	United States	11	Japan	10.1
Japan	4,954.80	653	13.18	23.8	3.14	155.41	China	23.8	United States	11.2	Saudi Arabia	4.49
South Asia												
Maldives	5.3	3.07	57.63	16.5	9.51	0.51	United Arab Emirates	17.7	China	16.5	Singapore	12.4
Bangladesh	274	54	19.71	32.7	6.44	17.66	China	32.7	India	15.8	Singapore	6.19

Pakistan	314.6	61.5	19.55	26.6	5.2	16.36	China	26.6	United Arab Emirates	12.4	Saudi Arabia	4.88
Afghanistan	19.5	10	51.32	9.75	5	0.98	United Arab Emirates	18.7	Pakistan	16.7	China	9.75
Sri Lanka	88.4	18.7	21.15	22.6	4.78	4.23	India	22.7	China	22.6	Singapore	9.26
Nepal	29.2	10.1	34.62	10.6	3.67	1.07	India	71.7	China	10.6	United Arab Emirates	3.91
India	2,713.20	492	18.13	15.4	2.79	75.77	China	15.4	United States	6.42	Saudi Arabia	5.35
Bhutan	2.4	0.755	30.86	1.69	0.52	0.01	India	86.3	Thailand	5.17	China	1.69
Southeast Asia												
Vietnam	245.2	253	103.18	32.9	33.94	83.24	China	32.9	South Korea	19.2	Japan	6.15
Cambodia	24.6	24	97.67	25.1	24.52	6.02	Thailand	31.8	China	25.1	Singapore	19.9
Myanmar	76.2	27.2	35.71	39.6	14.14	10.77	China	39.6	Thailand	17.2	Singapore	10.3
Singapore	373.2	323	86.54	14.6	12.64	47.16	China	14.6	Malaysia	11.4	United States	8.93
Malaysia	358.6	212	59.12	21.2	12.53	44.94	China	21.2	Singapore	15.2	Japan	6.39
Brunei	13.6	4.69	34.57	33.9	11.72	1.59	China	33.9	Singapore	15.7	Malaysia	12.3
Philippines	346.8	135	38.92	24	9.34	32.4	China	24	South Korea	9.34	Japan	8.61
Timor-Leste	1.6	0.47	29.96	28.2	8.45	0.13	Indonesia	40.3	China	28.2	Singapore	7.81
Lao PDR	18	6.17	34.37	22.6	7.77	1.39	Thailand	66.9	China	22.6	Japan	2.07
Indonesia	1,042.20	180	17.27	24.3	4.2	43.74	China	24.3	Singapore	13.8	Japan	8.76
Thailand	506.5	128	25.27	13.5	3.41	17.28	Japan	18.7	China	13.5	Malaysia	6.77

Source: Simoes and Hidalgo, "The Economic Complexity Observatory". Author's calculations.

Appendix B

Asian Countries by Region and by Value of Export to China as Share of GDP, 2018

Country	GDP (Bil. USD)	Export total (Bil. USD)	Export as a share of GDP (%)	Share of export to China (%)	Export to China as GDP (%)	Value of export to China (Bil. USD)	Largest export destination	Share of total export (%)	Second- largest export destination	Share of total export (%)	Third- largest export destination	Share of total export (%)
Central and North Asia												
Mongolia	13.11	7.71	58.82	82.5	48.52	6.36	China	82.5	Switzerland	9.43	United Kingdom	2.24
Turkmenistan	40.76	9.11	22.35	80.2	17.92	7.31	China	80.2	Afghanistan	3.54	Turkey	2.81
Uzbekistan	50.39	10.5	20.84	21.3	4.44	2.24	Switzerland	23.6	China	21.3	Russia	15.6
Iran	445.35	62.6	14.06	30.2	4.25	18.91	China	30.2	India	21.4	United Arab Emirates	7.56
Kazakhstan	179.34	64.1	35.74	10	3.57	6.41	Italy	16	China	10	Netherlands	9.42
Russia	1669.58	427	25.58	12.9	3.30	55.08	China	12.9	Netherlands	9.59	Germany	5.45
Tajikistan	7.52	1.16	15.42	6.57	1.01	0.08	Kazakhstan	26.5	Switzerland	18.3	Turkey	16.9
Kyrgyzstan	8.27	2.69	32.52	2.45	0.80	0.07	United Kingdom	49.2	Russia	14.4	Kazakhstan	13.2
East Asia												
Taiwan	589.91	357	60.52	27.3	16.52	97.46	China	27.3	Hong Kong	11.8	United States	11.7
South Korea	1720.58	617	35.86	25.9	9.29	159.80	China	25.9	United States	11.9	Hong Kong	7.22
Hong Kong	361.69	127	35.11	20	7.02	25.40	China	20	India	12.6	Vietnam	8.3
Japan	4954.81	713	14.39	19.4	2.79	138.32	China	19.4	United States	18.9	South Korea	7.23
North Korea	17.36	0.291	1.68	62.5	1.05	0.18	China	62.5	Zambia	6.88	Saudi Arabia	2.47
South Asia												
Pakistan	314.57	26.7	8.49	7.32	0.62	1.95	United States	13.2	China	7.32	Germany	6.68
India	2713.17	326	12.02	5.1	0.61	16.63	United States	16	United Arab Emirates	8.3	China	5.1

Sri Lanka	88.43	11.1	12.55	2.99	0.38	0.33	United States	24.2	India	7.76	Germany	7.38
Bangladesh	274.04	44.9	16.38	2.17	0.36	0.97	Germany	15.3	United States	13.9	United Kingdom	8.24
Afghanistan	19.48	1.27	6.52	1.92	0.13	0.02	Pakistan	40.8	India	35.1	United Arab Emirates	9.45
Maldives	5.33	0.254	4.77	2.12	0.10	0.01	Thailand	25.7	Oman	12.7	Germany	9.34
Nepal	29.17	0.723	2.48	2.71	0.07	0.02	India	54.5	United States	13.7	Turkey	5.53
Bhutan	2.45	0.262	10.71	0.00	0.00	0.00	India	83.1	Italy	3.79	Germany	3.17
Southeast Asia												
Vietnam	245.21	274	111.74	19.6	21.90	53.70	China	19.6	United States	18.1	Japan	7.43
Singapore	373.22	323	86.54	13.7	11.86	44.25	China	13.7	Hong Kong	12.9	Malaysia	10
Malaysia	358.58	270	75.30	13.4	10.09	36.18	Singapore	13.6	China	13.4	United States	10.5
Lao PDR	17.95	5.09	28.35	31.7	8.99	1.61	Thailand	51.2	China	31.7	Japan	3
Myanmar	76.17	20	26.26	24.7	6.49	4.94	Thailand	26.4	China	24.7	Japan	7.32
Thailand	506.51	262	51.73	11.8	6.10	30.92	China	11.8	United States	11.2	Japan	9.52
Cambodia	24.57	19.6	79.77	6.92	5.52	1.36	United States	19.3	Germany	10.3	Japan	8.14
Philippines	346.84	97.8	28.20	13.6	3.83	13.30	Hong Kong	14.2	United States	14.1	China	13.6
Indonesia	1042.24	197	18.90	14.3	2.70	28.17	China	14.3	Japan	10.3	United States	10
Brunei	13.57	6.39	47.10	3.76	1.77	0.24	Japan	33.2	Thailand	12.5	Singapore	9.06
Timor-Leste	1.57	0.0673	4.29	4.21	0.18	0.00	Singapore	60.6	United States	10.5	Indonesia	5.45

Source: Simoes and Hidalgo, "The Economic Complexity Observatory". Author's calculations.

Appendix C

Countries by Value of Construction Projects in Transport Sector

No.	Country	Value (mil. USD)	Number of projects	No.	Country	Value (mil. USD)	Number of projects
1	Nigeria	20,500	16	53	Russia	1,230	3
2	Algeria	14,560	9	54	Ecuador	1,130	4
3	Malaysia	10,770	12	55	Gabon	1,120	4
4	Pakistan	10,670	18	56	Montenegro	1,120	1
5	Bangladesh	9,750	14	57	Hungary	1,040	1
6	Argentina	7,290	4	58	Morocco	930	4
7	Kenya	7,220	13	59	Brazil	930	3
8	Iran	6,920	10	60	Venezuela	800	2
9	Ethiopia	6,710	12	61	Slovenia	790	1
10	Chad	6,690	2	62	Bosnia	740	2
11	Sudan	6,670	5	63	India	720	3
12	Zambia	6,330	14	64	Nepal	720	3
13	Australia	6,330	12	65	Papua New Guinea	700	4
14	Congo	6,070	7	66	Mauritania	690	4
15	Saudi Arabia	5,940	9	67	Maldives	690	3
16	Indonesia	5,730	9	68	Equatorial Guinea	670	3
17	Angola	5,150	8	69	Brunei	670	3
18	Cameroon	5,070	6	70	Benin	640	1
19	Sri Lanka	4,610	14	71	Myanmar	580	4
20	Senegal	3,860	5	72	Georgia	570	3
21	Serbia	3,850	8	73	Philippines	570	3
22	Singapore	3,730	17	74	Tajikistan	560	2
23	South Sudan	3,520	5	75	Yemen	510	1
24	Mozambique	3,480	6	76	Costa Rica	470	1
25	Cambodia	3,360	7	77	Uzbekistan	460	1
26	Thailand	3,310	4	78	Eritrea	400	1

27	Kazakhstan	2,970	3	79	Macedonia	370	1
28	Guinea	2,870	3	80	Peru	370	1
29	Laos	2,810	2	81	Namibia	360	1
30	Tanzania	2,670	8	82	Rwanda	350	3
31	Libya	2,600	1	83	Croatia	340	1
32	Egypt	2,510	6	84	Britain	310	2
33	Ukraine	2,470	2	85	Mauritius	300	1
34	Vietnam	2,420	8	86	Zimbabwe	300	2
35	Ghana	2,400	8	87	Mongolia	300	2
36	Israel	2,370	5	88	Timor-Leste	290	1
37	Bolivia	2,310	9	89	Antigua and Barbuda	260	1
38	UAE	2,030	12	90	Colombia	260	1
39	USA	1,830	8	91	Afghanistan	210	1
40	Uganda	1,800	5	92	Democratic Republic of the Congo	170	1
41	Qatar	1,750	4	93	Liberia	170	1
42	Kuwait	1,750	6	94	Togo	150	1
43	Kyrgyzstan	1,690	3	95	Guyana	140	1
44	Mali	1,620	2	96	Norway	130	1
45	Panama	1,620	2	97	Bulgaria	130	1
46	Djibouti	1,530	3	98	Fiji	120	1
47	Jamaica	1,480	3	99	Barbados	120	1
48	Sierra Leone	1,470	4	100	Latvia	110	1
49	Ivory Coast	1,370	4	101	Jordan	100	1
50	Madagascar	1,320	3	102	Cuba	100	1
51	Belarus	1,300	3	103	Botswana	100	1
52	Turkey	1,270	1	104	Lesotho	100	1

Source: Scissors, “CGIT”.

Appendix D

Countries by Value of All Chinese Construction Projects

No.	Country	Value (mil. USD)	Number of projects	No.	Country	Value (mil. USD)	Number of projects
1	Pakistan	43,050	64	69	Jamaica	2,240	4
2	Saudi Arabia	31,680	59	70	Bosnia	2,190	5
3	Nigeria	30,900	38	71	Romania	2,110	3
4	Indonesia	30,480	67	72	Azerbaijan	1,920	4
5	Malaysia	26,030	53	73	Morocco	1,910	7
6	UAE	25,210	49	74	Tajikistan	1,850	5
7	Algeria	23,610	37	75	Peru	1,830	4
8	Ethiopia	22,390	46	76	Finland	1,830	2
9	Iran	22,200	31	77	Gabon	1,820	7
10	Bangladesh	21,200	43	78	Sierra Leone	1,770	5
11	Russia	20,630	30	79	Madagascar	1,730	5
12	Vietnam	20,150	35	80	South Africa	1,610	2
13	Angola	19,920	32	81	Botswana	1,540	5
14	Egypt	19,490	22	82	Djibouti	1,530	3
15	Laos	18,180	34	83	Hungary	1,320	3
16	Australia	17,130	35	84	Maldives	1,310	6
17	Kazakhstan	15,860	24	85	Yemen	1,240	4
18	Kenya	15,590	33	86	Georgia	1,180	6
19	Venezuela	15,300	22	87	Montenegro	1,120	1
20	India	15,140	19	88	South Korea	1,110	2
21	Zambia	14,190	37	89	Timor-Leste	1,050	3
22	Congo	13,570	19	90	Benin	1,040	3

23	Argentina	13,320	14	91	Mauritania	1,010	6
24	Sudan	13,210	19	92	Poland	900	3
25	Guinea	12,220	9	93	Niger	870	5
26	Iraq	11,900	28	94	Rwanda	840	5
27	Cameroon	11,560	22	95	Guyana	820	3
28	Turkey	10,700	16	96	Costa Rica	810	3
29	Philippines	10,650	23	97	Mexico	790	3
30	Kuwait	10,000	24	98	Slovenia	790	1
31	Sri Lanka	9,810	31	99	Mauritius	730	3
32	Ghana	8,780	25	100	Malawi	710	2
33	Ukraine	8,690	14	101	Greece	700	3
34	Brazil	8,290	15	102	Guatemala	700	1
35	Tanzania	7,960	20	103	Denmark	700	1
36	Zimbabwe	7,870	18	104	Sao Tome	680	1
37	Ecuador	7,410	20	105	Brunei	670	3
38	Qatar	7,170	17	106	Namibia	660	2
39	Chad	7,130	4	107	Trinidad-Tobago	540	4
40	Singapore	7,000	31	108	Togo	540	2
41	Cambodia	6,830	22	109	Macedonia	530	2
42	Oman	6,390	7	110	Colombia	500	2
43	Turkmenistan	6,200	3	111	Eritrea	500	2
44	Serbia	6,170	16	112	Barbados	490	3
45	Thailand	6,010	16	113	Croatia	470	2
46	South Sudan	5,950	11	114	Germany	440	1
47	Mozambique	5,590	13	115	Fiji	400	3
48	Belarus	5,380	11	116	Honduras	350	1
49	Bolivia	5,010	18	117	Moldova	350	1
50	Uganda	4,970	11	118	Bulgaria	340	2
51	Britain	4,660	13	119	Norway	310	2
52	Uzbekistan	4,650	9	120	Syria	300	1

53	Senegal	4,570	7	121	Cuba	300	2
54	Jordan	4,540	7	122	Guinea-Bissau	280	1
55	Nepal	4,390	11	123	Antigua and Barbuda	260	1
56	Equatorial Guinea	3,880	13	124	Canada	250	2
57	Kyrgyzstan	3,870	6	125	Haiti	240	1
58	Ivory Coast	3,750	9	126	Nicaragua	230	1
59	USA	3,420	14	127	Afghanistan	210	1
60	Papua New Guinea	3,390	13	128	Liberia	170	1
61	Italy	3,280	3	129	New Zealand	150	1
62	Democratic Republic of the Congo	3,220	11	130	Cyprus	130	1
63	Mongolia	2,760	10	131	Cape Verde	130	1
64	Myanmar	2,700	13	132	Tunisia	110	1
65	Israel	2,630	6	133	Latvia	110	1
66	Libya	2,600	1	134	Czech Republic	100	1
67	Mali	2,540	7	135	Lesotho	100	1
68	Panama	2,260	6				

Source. Scissors, "CGIT".

Appendix E

Construction Projects in Rail Subsector by Value

No.	Year	Value (mil. USD)	Country	No.	Year	Value (mil. USD)	Country	No.	Country	Value (mil. USD)	Number of projects
1	2016	6,680	Nigeria	57	2014	480	Ethiopia	1	Nigeria	14,540	8
2	2011	5,630	Chad	58	2013	460	Uzbekistan	2	Iran	6,420	9
3	2017	3,190	Indonesia	59	2016	440	Australia	3	Bangladesh	6,310	7
4	2018	2,760	Bangladesh	60	2011	400	Singapore	4	Chad	5,630	1
5	2018	2,690	Thailand	61	2015	400	Israel	5	Argentina	5,160	3
6	2012	2,660	Kenya	62	2009	390	Saudi Arabia	6	Malaysia	4,910	5
7	2008	2,600	Libya	63	2017	390	Russia	7	Ethiopia	4,850	4
8	2009	2,570	Algeria	64	2015	380	Russia	8	Kenya	4,030	3
9	2010	2,470	Argentina	65	2016	370	Malaysia	9	Indonesia	3,830	2
10	2013	2,460	Ethiopia	66	2009	350	Vietnam	10	Australia	3,180	6
11	2018	2,260	Zambia	67	2017	350	Serbia	11	Thailand	3,140	3
12	2016	2,120	Malaysia	68	2011	340	Georgia	12	Singapore	3,080	15
13	2017	2,060	Malaysia	69	2011	330	Ethiopia	13	Libya	2,600	1
14	2017	1,890	Kazakhstan	70	2016	330	Iran	14	Algeria	2,570	1
15	2016	1,850	Nigeria	71	2014	320	Iran	15	Zambia	2,260	1
16	2007	1,830	Angola	72	2016	320	Australia	16	Kazakhstan	1,890	1
17	2017	1,600	Argentina	73	2019	320	Guinea	17	Egypt	1,840	2
18	2012	1,580	Ethiopia	74	2006	310	Iran	18	Angola	1,830	1
19	2016	1,580	Laos	75	2008	310	Singapore	19	Pakistan	1,720	2
20	2018	1,550	Bangladesh	76	2014	290	Singapore	20	Laos	1,580	1
21	2016	1,540	Iran	77	2010	280	Sri Lanka	21	Tanzania	1,550	2
22	2014	1,490	Nigeria	78	2016	280	Thailand	22	Saudi Arabia	1,550	2
23	2017	1,470	Nigeria	79	2014	270	Singapore	23	Mali	1,460	1
24	2015	1,460	Mali	80	2018	270	Philippines	24	Sudan	1,450	1
25	2015	1,620	Pakistan	81	2008	260	Morocco	25	Serbia	1,440	2
26	2014	1,450	Sudan	82	2015	260	Vietnam	26	Israel	1,280	3

27	2015	1,400	Tanzania	83	2017	250	Malaysia	27	Turkey	1,270	1
28	2018	1,290	Bangladesh	84	2017	230	Singapore	28	Senegal	1,260	1
29	2005	1,270	Turkey	85	2010	220	Kenya	29	Hungary	1,040	1
30	2015	1,260	Senegal	86	2016	220	Singapore	30	Sri Lanka	880	2
31	2012	1,250	Iran	87	2017	210	Bangladesh	31	Uganda	850	1
32	2017	1,240	Egypt	88	2019	210	UAE	32	Russia	770	2
33	2016	1,220	Nigeria	89	2011	200	Bangladesh	33	USA	700	2
34	2009	1,160	Saudi Arabia	90	2014	200	Singapore	34	Brazil	680	1
35	2012	1,150	Kenya	91	2017	200	Australia	35	Vietnam	610	2
6	2018	1,090	Serbia	92	2016	190	Australia	36	Djibouti	510	1
37	2018	1,090	Argentina	93	2017	190	Bangladesh	37	Ghana	500	1
38	2017	1,070	Australia	94	2011	180	Singapore	38	Sierra Leone	490	1
39	2019	1,040	Hungary	95	2016	180	Singapore	39	Uzbekistan	460	1
40	2017	960	Australia	96	2010	170	Thailand	40	Georgia	340	1
41	2009	850	Nigeria	97	2017	170	Israel	41	Guinea	320	1
42	2017	850	Uganda	98	2012	160	Nigeria	42	Philippines	270	1
43	2018	840	Iran	99	2013	150	Singapore	43	Morocco	260	1
44	2007	820	Nigeria	100	2017	150	Singapore	44	UAE	210	1
45	2018	710	Israel	101	2018	150	Myanmar	45	Myanmar	150	1
46	2018	700	Iran	102	2018	150	Tanzania	46	Jordan	100	1
47	2019	680	Brazil	103	2016	140	Singapore	47	Bolivia	100	1
48	2017	640	Indonesia	104	2016	130	Singapore	TOTAL			101,870
49	2014	600	Sri Lanka	105	2017	120	Singapore				
50	2015	600	Egypt	106	2016	110	Singapore				
51	2018	600	USA	107	2017	110	Bangladesh				
52	2011	590	Iran	108	2017	110	Malaysia				
53	2018	540	Iran	109	2007	100	Jordan				
54	2012	510	Djibouti	110	2009	100	USA				
55	2019	500	Ghana	111	2013	100	Bolivia				
56	2011	490	Sierra Leone	112	2017	100	Pakistan				

Source: Scissors, "CGIT".

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English summary

China's economic rise has sparked a debate about whether a China-centric geoeconomic order is emerging today. The dissertation explores this question by comparing contemporary empirical developments in infrastructure connectivity, international currency use, and trade with the ideal type of an *empire*, a particular configuration of international connectivity in a hub-and-spokes structure. I combine the ideal type with a theorization of different manifestations of imperial relations—formal or informal, continental or maritime, and extractive or developmental—and of the different metro- and pericentric factors that may drive or impede the formation of imperial orders. Three alternative patterns of order are also presented—hegemony, contested order, and nonhierarchical order—all of which are logically derived from the imperial hub-and-spokes. This theoretical framework is used to study Chinese infrastructure investments abroad, captured in the Belt and Road Initiative, the internationalization of the Chinese renminbi, and the regional trade order in Asia. I argue that a China-centric geoeconomic order has developed within trade and infrastructure, as states here are being connected more closely to China in these areas. This fosters asymmetry of interdependence between China and its periphery, placing China in a privileged position as the core of its own international order. Meanwhile, a China-centric currency order is not in the making today, due to the limited international appeal of the renminbi and the continuing global dominance of the dollar. My findings are also discussed in relation to the possible economic consequences of the global COVID-19 pandemic. Finally, I discuss the contribution of my findings to the broader debate of the rise of China and great power rivalry in the twenty-first century.

Dansk resumé

Kinas økonomiske opstigning har skabt debat om, hvorvidt en kinacentreret geoøkonomisk orden er ved at opstå i dag. Afhandlingen undersøger spørgsmålet ved at sammenligne empiriske udviklinger inden for internationale infrastrukturforhold, valutapolitik og handel med *imperium*-idealtypen; en særlig form for international orden, hvor en række stater er forbundet til en enkelt kernestat, der derved fungerer som knudepunkt for hele systemet. Jeg kombinerer denne idealtipe med en teoretisering af forskellige manifestationer af imperiale forhold, der kan være formelle eller uformelle, kontinentale eller maritime, og udvindende eller udviklende. Hertil kommer en teoretisering af de metro- og pericentriske faktorer, der kan drive og forhindre udviklingen af imperiale ordener. Endelig præsenterer jeg tre alternative idealtyper, hegemoni, den omstridte orden, og den ikke-hierarkiske orden. Dette teoretiske rammeværk bruger jeg til at studere udbredelsen af kinesiske infrastrukturinvesteringer i udlandet, indfanget i The Belt and Road Initiative, internationaliseringen af den kinesiske valuta, renminbien, og den regionale handelsorden i Asien. Jeg argumenterer for, at en kinacentreret geoøkonomisk orden har udviklet sig inden for handel og infrastruktur, da lande forbindes stadig tættere til Kina inden for disse områder. Dette gør andre lande mere afhængige af Kina i forhold til handel og finansielle forbindelser, hvilket placerer Kina i en privilegeret position som kernen i sin egen internationale orden. Jeg argumenterer dog også for, at en kinacentreret valutaorden ikke er ved at opstå i dag. Dette skyldes renminbiens begrænsede appel uden for Kina og dollarens fortsatte globale dominans. Disse konklusioner drøftes også i lyset af de mulige økonomiske konsekvenser af den globale COVID-19 pandemi. Endelig diskuteres bidragene fra mine analyser i forhold til den aktuelle debat om Kinas opstigning på den internationale scene og i forhold til stormagtsrivalisering i det enogtyvende århundrede.