

Belt and Road Initiative In Chinese Strategic Thoughts' Perspectives

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Letter of Recommendation

I certify that this dissertation entitled "Belt and Road Initiative In Chinese Strategic Thoughts' Perspectives" was prepared by Mr. Manish Jung Pulami under my supervision. I hereby recommend this dissertation for final examination by the Research Committee, Department of International Relations and Diplomacy, Tribhuvan University, in fulfillment of the requirements for the Degree of MASTER'S IN INTERNATIONAL RELATIONS AND DIPLOMACY.

Prof. Khadga K.C., PhD.

Declaration

I hereby declare that this dissertation is my own work and that it contains no materials previously published. I have not used its materials for the award of any kind and any other degree. Where other authors' sources of information have been used, they have been acknowledged.

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Abstract

The origin of modern strategic thoughts can be traced back to classical strategists. There are strategic principles that hold good for all times and all arms, irrespective of changes in situations and circumstances. Similarly, Chinese strategic thoughts have been influenced by its long historical growth from Chinese culture, history, religion and philosophy. Also, after the establishment of the People's Republic of China (PRC), many strong and influential leaders in China's reform and development have applied their strategic thoughts. Hence, this research has revisited the strategic thoughts of the classical Chinese philosophers such as Confucius, Mencius and Sun Tzu along with the Daoist philosophies. The study also has examined the strategic thoughts of the prominent leaders of modern China like Mao Zedong, Deng Xiaoping and Xi Jinping.

Belt and Road Initiative (BRI) since its inception in 2013 has promoted the connectivity embracing the trend towards a multi-polar world, economic globalization, and cultural diversity for promotion of orderly and free flow of economic factors, efficiently allocating the resources, and encouraging the states along Belt and Road to achieve policy coordination and cooperation. Thus, the study illustrates the policy priorities of BRI and strategic implications of Silk Road Economic Belt and 21st Century Maritime Silk Road in Eurasia and the adjacent seas and oceans. The study also has dealt with the philosophical objectives of the BRI, along with the study of the financing of the projects through BRI.

More importantly, the research has deliberated the Chinese strategic thoughts in BRI. The research has elucidated the construction of Confucian values, Mencius's strategic thoughts, Daoist principles, and Sun Tzu's strategies in the BRI. Moreover, the study has connected Mao Zedong Thought, Deng Xiaoping Thought and Xi Jinping Thought with BRI as well. In conclusion, the study has depicted the strategic implication of the Belt and the Road has been influenced by Chinese strategic thoughts.

The Chinese strategic thoughts have given a foundation, base, spirit or state of mind for China's policies, ideas and the leaders, and the study has reflected the connections and creation of foundations by those ideas and values in BRI. The study after analyzing the Chinese strategic thoughts in the BRI also has portrayed the nature and characteristics of the strategic implications of the BRI.

Keywords: Chinese strategic thoughts, Confucius, Mencius, Sun Tzu, Daoism, BRI, Mao Zedong, Deng Xiaoping, Xi Jinping

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List of Abbreviations

ABC	Agricultural Bank of China
ADB	Asian Development Bank
ADBC	Agricultural Development Bank of China
AIIB	Asian Infrastructure Investment Bank
ASEAN	Association of Southeast Asian Nations
BCIMEC	Bangladesh-China-India-Myanmar Economic Corridor
BOC	Bank of China
BRI	Belt and Road Initiative
CADF	China-Africa Development Fund
CAF	China-ASEAM Investment Cooperation
CCB	China Construction Bank
CCWAEC	China-Central Asia-West Asia Economic Corridor
CDB	China Development Bank
CEEC	Committee for European Economic Cooperation
CHEXIM	Export-Import Bank of China
CIC	China Investment Corporation
CICPEC	China-Indochina Peninsula Economic Corridor
CLCF	China-LAC Cooperation Fund
CLFIC	China-LAC Fund for Industrial Cooperation
CMREC	China-Mongolia-Russia Economic Corridor
CNP	Comprehensive National Power
CPC	Communist Party of China

CPEC	China-Pakistan Economic Corridor
CQJIF	China-Qatar Joint Investment Fund
CUJIF	China-United Arab Joint Investment Fund
EEU	Eurasian Economic Union
EEZ	Exclusive Economic Zone
EU	European Union
GDP	Gross Domestic Product
ICBC	Industrial and Commercial Bank of China
IOR	Indian Ocean Region
MCDF	Multilateral Cooperation Center for Development Finance
MOFA	Ministry of Foreign Affairs
MOFCOM	Ministry of Finance
MOU	Memorandum of Understanding
NASC	New Asian Security Concept
NDB	New Development Bank
NDRC	National Development and Reform Commission
NELBEC	New Eurasian Land Bridge Economic Corridor
ODI	Outbound Direct Investment
OFDI	Overseas Foreign Direct Investment
PLAN	People's Liberation Army Navy
PRC	People's Republic of China
RCIF	Russia-China Investment Fund
RMB	Renminbi

ROI	Return-on-Investment
SCO	Shanghai Cooperation Organization
SDG	Sustainable Development Goals
SLOC	Sea Line of Communication
TPP	Trans-Pacific Partnership
TTIP	Transatlantic Trade and Investment Partnership
UNCLOS	United Nations Convention on Law of Sea
UNCTAD	United Nations Conference on Trade and Development
USA	United States of America
USD	United States Dollar
ZTBL	Zaria Taraqiati Bank Limited

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Chapter I

Introduction

Strategic Thought is the core to examine the main aspects of a state's policies. The continuation and change in the policies help to create a framework for the study of strategic thought involved. Strategic Thought is an integrated "system of cultural symbols" significantly influencing policymaking of the state and its components include which ideas, religions, habits of behavior, values, the experience of past (history), beliefs, tradition, attitudes, languages, assumptions, all of which are shared by a state in influencing its reaction and policy options to perceive changes and threats (Li Z. , 2019, p. 4). Change in strategic thought is gradual in nature and is most likely to occur in the forms of adjustments so long as the core values stay intact. Strategic thought is an alternative way of explaining strategic behavior.

Similarly, the Chinese strategic thought has been influenced during its long historical growth by many factors such as culture, history, religion and philosophy. Cultural values of the Chinese society have been shaped by Confucian, Sun Tzu, Mencius, Dao and other philosophies which influences the behavior, thinking and actions (Johnson, 2009, p. 113). The political philosophies of Mao, Deng Xiaoping and Xi Jinping has also contributed to the Chinese strategic thought. The Chinese strategic thought is rooted in the five principles of peaceful coexistence. The Chinese economy, security, socialist values and national development are highly interconnected and mutually complementary to one another (Xinhua Net, 2015). The Chinese strategic thought has never been static both in terms of discourse and behavior, and has been evolving with the changes in the international security and economic environment, and adapting to the tectonic and operational shifts in the international system. Hence, Comprehensive National Power (CNP) (Chinese: 综合国力 pinyin: zōnghé guóli) is a unique aspect of China's strategic assessment which requires the inclusion of a variety of factors, such as territory, natural resources, military force, economic power, social conditions, domestic government, foreign policy, and international influence (Haixia, 2017, p. 45).

Historically, during the periods of Han and Jin Dynasties, the Silk Road promoted the increase in population and development in the economy. During Sui and Tang Dynasties, with the country's unity, the state's developing and the open policy to the world led to comprehensive

East-West intercommunication between material and culture. After the fall of the Han Dynasty in 220 A.D., the seaway from the Indian Ocean to the Red Sea was open, so the silk trade for Roman Empire was paved through the seas. Hence, the construction of the humanistic Silk Road with the sharing of culture and intercommunicating souls based on the Chinese Civilization is the foundation of the "community of shared future for mankind" (Chinese: 人类命运共同体; pinyin: Rénlèi mìngyùn gòngtóngtǐ).

Accordingly, there is a multifaceted strategic goal that China wants to pursue through Belt and Road Initiative (BRI), a response to the challenges at home and abroad. Among them are, improving regional security environment, increasing China's energy security, expanding the strategic clout in Eurasia while avoiding a confrontation with the USA. President Xi Jinping often described BRI as a visionary project which will reinforce economic development and security by creating a "community of shared future for mankind" (Ministry of Foreign Affairs of the People's Republic of China, 2013). China to lead and defend the globalization, BRI is an open proposal to forge diversified cooperation, to integrate China's development strategies with the development strategies of other countries, and to generate synergies between government policies. The BRI is likely to have long-lasting and deep implications for international economic and political relations. The changing network of international trade routes will have profound implications on the geopolitical relations between China and Europe, between China, Central Asia and Russia, and also within the whole Pacific region, to the extent that the major corridors of the current seaborne trade of goods, mineral oils and gas will probably shift westwards away from the South China Sea towards the Middle Eastern lanes.

Hence, Belt and Road Initiative (BRI) is a strategic global move, a Long March to prosperous future, embedded with Chinese philosophical and cultural thoughts on politics, economy, and security to create a moderately prosperous society and a bright future for Socialism with Chinese characteristics to realize the Chinese Dream of rejuvenation in the new era. BRI is guided with new development concepts for new normal towards a community of shared future for mankind.

1.1 Statement of the Problem

Belt and Road Initiative (BRI) not only promotes the connectivity of Asian, European and African continents and their adjacent seas, establishes and strengthens partnership among the countries along the Belt and Road, sets up all-dimensional, multi-tiered and composite connectivity networks, and realizes diversified, independent, balanced and sustainable development in these countries, but also has strategic underpinnings and implications. The role of Chinese perceptions and thinking in designing and executing BRI has been either dismissed or taken as a final course of action. Cultural values, norms, perceptions, philosophies, self-perception and self-conception are essential for understanding a state's strategies and policies. In this context, looking through the lenses of Chinese strategic thoughts, the study focuses on how Chinese strategic thoughts are reflected in BRI. The study interlinks the complementarity of Chinese strategic thoughts and BRI, as a response to the country's internal and external threats, which are linked to China's cultural legacy and national obligations.

Continuing the unknown territories of the previous studies, the paper visits the geopolitical and geo-economic dilemma created by BRI and creates the path to defuse the tensions and promote the harmony through proper understanding of the Chinese strategic thoughts in BRI.

1.2 Research Questions

As the study is on the exploration of Chinese strategic thought in BRI, the research questions included:

- What Chinese strategic thought means?
- What are the strategic policy implications of BRI regarding Silk Road Economic Belt, 21st Century Silk Road and Financial Institutions of BRI?
- How do Chinese strategic thoughts reflect in BRI contemporarily?

1.3 Objectives of the Study

As per guided by the research gap and the questions for the study, the main objectives of the study were:

- To discuss the Chinese strategic thoughts.
- To analyze the strategic policy implications of the Silk Road Economic Belt, 21st Century Maritime Silk Road, and Financial Institutions of BRI
- To explore whether there are any reflections of the Chinese strategic thoughts in the BRI contemporarily.

1.4 Delimitation of the Study

The study's degree of boundaries and limitations were:

- The site of the study has been limited to the researcher's access to works of literature available and interviews of the scholars and experts, in which the variables of the study, the strategic thoughts of China and BRI, is subject to change under the explanation by different scholars and political environment.
- The study has mostly relied on knowledge transferability and combination of pieces of literature through the limited literary works of the scholars and experts.
- The explanation and analysis of the objectives of the study have been limited to the time frame of the completion of the study, and future developments in the study have not to be accommodated by the research.
- The study has been limited to the ability to read and translate the Chinese language in the various research documents.

1.5 Organization of the Study

The organization of the study has been planned as follows:

- Chapter 1: Introduction
- Chapter 2: Literature Review
- Chapter 3: Conceptual Framework and Research Methodology
- Chapter 4: Chinese Strategic Thoughts
 - 4.1 Confucianism
 - 4.2 Mencius' Strategic Thought
 - 4.3 Daoism
 - 4.4 Sun Tzu
 - 4.4 Mao Zedong Thought
 - 4.5 Deng Xiaoping Thoughts
 - 4.6 Xi Jinping Thought
- Chapter 5: Belt and Road Initiative
 - 5.1 Silk Road Economic Belt
 - 5.2 21st Century Maritime Silk Road
 - 2.3 Financing Belt and Road Initiative
- Chapter 6: BRI and Chinese Strategic Thoughts
 - 6.1 Confucianism and BRI
 - 6.2 Mencius' Strategic Thought, Daoism and BRI
 - 6.3 Sun Tzu and BRI
 - 6.4 Mao Zedong Thought and BRI

- 6.5 Deng Xiaoping Thought and BRI
- 6.5 Xi Jinping Thought and BRI
- Chapter 7: Summary and Conclusion

Chapter II

Literature Review

Belt and Road Initiative (BRI) is an economically strategic or strategically economic move by China, which is an unknown territory of previous researches, with the Chinese philosophical and cultural thoughts on politics, economy and strategy in it. Hence, the study of the pieces of literature related to the Chinese philosophies, particularly of the strategic thinkers such as Confucius, Mencius, Laozi, Sun Tzu, Mao Zedong, Deng Xiaoping and Xi Jinping is significant. Also, the study of the works of literature related to the Belt and Road Initiative, mostly the strategic implications of the Belt and Road. The goal of the literature review is to study Chinese strategic thoughts and Belt and Road Initiative and find out the strategic thoughts present in the Belt and the Road projects.

Mencius Analects translated by Muller (2003) and Confucian Analects translated by Chan (2009) gave an overview of the Confucius and Mencius political philosophy. In the chapter "Confucian Political Philosophy" in the "Oxford Handbook of History and Political Philosophy" (2011) analyzed the Confucian political order to be based on benevolence, righteousness, traditional conventions and wisdom. In a journal article "All under Heaven (Tianxia) by Wang Mingming (2012) have highlighted out Confucian political philosophy to be bestowed by *tian* (heaven), and rulers have been considered to be entrusted within *tian ming*, the Mandate of Heaven. The concept of *filial piety* and *filial conduct* in the political philosophy has been illustrated by Thomas Fröhlich (2017) in the book "Confucian Philosophy and the Challenge of Modernity". The books such as *Great Learnings* and *Book of Rites*, books among the Four Books on Confucianism investigated the *Confucian Ideal Society* or *Grand Union*, and the relationship between the nature of human beings and the political outcomes. The article by Kazimierz Z. Poznanski in his article "Confucian Economics: The World at Work" compared the Confucian economy with classical economics. This writing has explained the Confucian notion of economics and gave a clear path ahead for analyzing the BRI's economic facets in counter to the western idea of political economy.

Similarly, regarding the Mencius' Thought, Howard J Curzer in "Benevolent Government Now" elucidated the core thought of Mencius' political thought- win by people by their hearts

and not by force as one of the important values in the Chinese policies. In the book, "Live and Work of Mencius" (1875) mostly highlighted the humanistic approach of his philosophies. His political thoughts have been mentioned which explained the shift of the political philosophies from idealism to practical terms. Douglas Robinson in his book "The Deep Ecology of Rhetoric in Mencius and Aristotle" (2016) illustrated the difference between Confucian and Mencius' understanding of *tian ming*. He concluded the Mencius' idea of *tian ming* to be more anthropocentric world order than cosmological. The book also explained the idea of benevolence, propriety, trustworthiness, righteousness and wisdom- the core values of Mencius' strategic thought which were the values of the Chinese strategic thoughts. In the journal article "Chinese economics as a form of ethics" (2017) by Poznanask interpreted the economic aspects of Mencius' strategic thought and the relevance of the thoughts in the present scenarios as well.

Other prominent strategic thoughts contributing to China's strategic thinking were Daoism. H. Pang in the book entitled "Wu-Wei: Another Way of Leadership" (2017) explained the notion of *Te* or *De* and stated these notions as virtue and the moral dimension of the philosophical Daoism. Among the other literature reviewed, Alex Feld in his journal article "Governing through Dao: A Non-Anarchistic Interpretation of Laozi" (2012) and "Daoist Harmony as a Chinese Philosophy and Psychology" (2009) clearly explained the concept of "*Wu-Wei*" and "*Ziran*" as the core concepts of the political Daoism which have affected the strategic thoughts of China's prominent political leaders. The core philosophy of China's reform during Deng Xiaoping's era- "keeping a low profile" was incorporated from the Daoist principle of *Wu-Wei*, and most of the economic reforms and strategies can be linked to the Daoist political philosophies. This has been explained in the journal article "Daoism as the Philosophical Foundation of Chinese Economic Reform: A Conjecture" (2008) by Edward J. Romar. Moreover, the research also compared the *Wu-Wei* economy with the classical economy.

One of the most prominent Chinese military strategist is Sun Tzu. Sun Tzu's *Art of War* is the prominent literature while studying his strategic thoughts and political philosophies. "Sun Tzu Art of War" (1910) published by Luzac and Co. has mentioned all the translated strategic teachings of Sun Tzu. This has translated the teachings of Sun Tzu from Chinese into the English language. Erik L. Hams in the chapter "Xunzi's Political Philosophy" in "Dao Companions to Chinese Philosophy" (2016) analyzed the Sun Tzu's teachings as the political philosophy for the

contemporary period. He has mentioned the Chinese foreign policy as the reflection of the Sun Tzu's strategic thoughts. Mateusz Hudzikowski in the journal article "The political dimension of the Art of War by Sun Tzu and Its Game- Theoretical Background" compared the notion of strategic situationalism of Sun Tzu with the present policies of China in the South China Sea and the Indian Ocean Region.

Moreover, Antonio S. Cua in the book entitled "Human Nature, Ritual and History" (2005) has mentioned Sun Tzu's explanation of human nature in the political outcomes. The book elucidated the importance of Sun Tzu's teachings as an important Chinese strategic thought and compared the different aspects, mainly the human nature with the Confucian notions on human nature. The book contained a thorough comparison of Confucian Analects and Sun Tzu's Art of War. Antonio Stalkner in a book section entitled "Xunzi on self-cultivation" (2016) elaborated Sun Tzu's concept and understanding of *tian ming* and its implication in the present times according to his strategy. Similarly, Matthew McCaffrey in the journal article "The Economics of Sun Pin's Military Strategy" introduced Sun Tzu's strategic thoughts into the realm of military entrepreneurship. The article has also compared Sun Tzu's military strategies with the Israel Kirzner's theory entrepreneur.

The journal article entitled "The political Leadership of Mao Zedong' (2018) by Donia Zhang explained the notion that Maoism is still practical to explain the present contemporary global order as globalization has enhanced class struggle between the developed, developing and underdeveloped states. Likewise, the book "On Protracted War" (1967) by Mao Zedong himself has clearly expressed his doctrine on mobile and positional warfare which can be realized in the military strategies of China. Liu Kang in the journal article "Maoism: Revolutionary Globalism for the Third World Revisited" explained about the effect of globalization in the third world states. The paper revisited the revolutions based on Maoist thoughts in several parts of the world and elaborated how Maoism and changed the nature of class struggle could lead to revolutions in the world. Ana Sinha in her paper "Mao Zedong's Economic Strategy" revisited the *danwei* system and *hukou* system of China and explained the notion of Maoist economy to be focused on mass/people. She argued that Maoism has checked the extremes of poverty and earnings in various aspects of society, and emphasized that Maoism is still a core doctrine as a spirit and state of mind for the leaders of CPC.

Dongsheng Di in a journal published by Renmin University of China (2007) explained that Deng Xiaoping to be the fountainhead for realizing the socialist modernization, and successor and developer of Mao Zedong Thought. Ian Wilson in an article "Socialism with Chinese Characteristics: China and the theory of the initial stage of socialism" argued that economic development, technological innovation, increased productivity and increased competence could only be achieved by the socialism with Chinese Characteristics. He correlated Deng Xiaoping's strategic thoughts with Marxism as well and elaborated the relationship between productive forces and productive relations. Yang in a journal article "Deng Xiaoping Theory and the Historical Destiny of Socialism" (2001) illustrated how socialism with Chinese characteristics incorporated capitalism into central planning to increase productivity and advanced Chinese culture. M.H. Chang in a section of the book "The Thought of Deng Xiaoping" (1996) has added the Four Cardinal Principles of Deng Xiaoping to accelerate production and economic growth.

K. Moak and M.W.N. Lee in a chapter of the book "China's Economic Rise and Its Global Impact" (2015) have related the foreign policy of Deng Xiaoping and his economic reform policies. He also mentioned Karl Marx as an inspirational figure in Deng Xiaoping's strategic thoughts. "Chinese Strategic Culture and the Use of Force: Moral and Political Perspective" (2014) by Tiewa Liu has explicitly explained about the idea of Four Modernization and explained the impact morally and politically upon the Chinese people. Tom Sun and Alex Payette in their report- "China's Two Ocean Strategy: Controlling Waterway and New Silk Road" (2017) has focused on Deng's principle of economic and foreign policy with a comparison of Xi Jinping's policies regarding BRI. "Reform of China's Banking System" a book section written by Barth, Li, Li and Song in the book entitled "The Evidence and Impact of Financial Globalization" have explained Deng's reform in the banking system of China. They have mentioned the "Big Four" and how Deng's policies can be reflected in the AIIB, a major financial institution financing BRI projects.

Regarding the Xi Jinping Thought as Chinese strategic thought, "Xi Jinping: The Governance of China" Vol. I, II and III have been referred explicitly. The books contained speeches, talks, interviews, instructions, and correspondences. Also, the notes were added to help readers understand China's social system, history, and culture. The Volume I of the book

explained about the Socialism with Chinese characteristics, the Chinese Dream, all-round and deeper level reform, economic development, rule of law, culturally advanced China, social undertakings, ecological progress, national defense, "one country, two systems", peaceful development, a new model of major-country relations, neighborhood diplomacy, cooperation with developing countries, and the CPC leadership. The Volume II on Xi Jinping's strategic ideas has mentioned about socialism with Chinese characteristics and the Chinese Dream, Xi's thoughts of a moderately prosperous society in all respects, facts to govern the party with strict discipline, new development concepts, the new normal of economic development, socialist democracy, cultural confidence, military developments, China's diplomacy as major country, the Belt and Road Initiative, and ethics of community for shared future.

Volume III has explained how China has embodied Marxism in contemporary China and the 21st Century. The book has explicitly mentioned about Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era and enlightened how this thought has steered political and social activities of China and guided the action for the rejuvenation of Chinese nation. The book described thought's contribution to a Chinese perspective and Chinese ideas to build a global community of shared future. This volume of the book was the latest publication and collection of Xi's ideas, speeches, directives and correspondences. The book explained the implementation and achievements of Thought on Socialism with Chinese Characteristics, and commitment to Four Consciousness, the Four-Sphere Confidence, and the Two Upholds. The book emphasized on poverty elimination and creation of a Moderately Prosperous Society. It focused on all-round opening up, high-quality development, the people's well-being, harmony between humanity and nature, the People's Armed Forces, and the notion of a Global Community of Shared Future.

Ferwa (2018) in her article "Belt and Road Initiative and China's Strategic Culture" stated that BRI is the outcome of the Chinese perceptions and behaviors from the perspective of their centuries-old cultural legacy of strategic thinking. Roy and Bhattacharya (2017), elucidated one of the pillars of BRI, people-to-people connectivity, in their journal article, "'A Histo-Geographical Account of 'Silk Route': The Caravan of Trade, Culture and Political Hegemony", that BRI is the legacy continued at the present times to facilitate the bonding among the Asian nations and to check the socio-political unrest among the 'Eurasian heartland'. Similarly, Li in

"Construction of Humanistic Silk Road with Sharing Cultures and Intercommunicating Souls Based on Chinese Civilization Wisdom" (2018), concluded that BRI does not only intend to seek business opportunity and build business connections but also construct the community of destiny based on multicultural, working on getting through cultural traditions and sharing values.

Sun and Payette (2017) introduced new "Two-Ocean Strategy" (双海战略) and its association to BRI and makes it clear that that the end goal is economic; more precisely, economic security and domestic political stability. Another academic reading published by the Italian Institute for International Politics Studies, "China's Belt and Road: A Game Changer?" (2017), explained thoroughly about the relation between Chinese strategic thoughts and BRI. In a chapter, "A Comprehensive Strategy to Strengthen China's Relations with Central Asia" by Indeo, BRI has an economic and a security strategic rationale to achieve energy and geopolitical goals within a security and stability scenario. Another chapter "Towards a new Geography of Trade" by Ameghini, historically compared the ancient Silk Road and BRI as a conjuncture of Chinese strategic thoughts and China's interest. In "China-One Belt and One Road Initiative: Strategic & Economic Implications" (2017) by Sen elucidated that BRI as both Economic and strategic Military agglomeration to carve out a permanent position of a superpower next to the United States.

Wang and Liu in "Is Belt and Road Initiative a Chinese Geopolitical Strategy?" (2019) explored that geopolitical strategy of China has the peculiar characteristics of Chinese strategic thought embedded with the Chinese philosophy and strongly disagreed about BRI as a Chinese Marshall Plan and String of Pearls. "Belt and Road Initiative: Defining China's Grand Strategy and the Future World Order" (2018) by Yu analyzed the analects of Confucius and Mencius, in the Chinese strategy to create a new world order and emphasized Confucius-empowered Chinese destiny of civil order and social stability, between "beacon on the hill" and "all under the heaven". "Origins of Chinese Philosophy" (2018) edited by Kern and Mayer is the collection of the different analects from different historical periods of China and the reflection of these philosophies in the Chinese politics at present, especially in the Communist Party of China (CPC). In a chapter "No Time Like the Present: The Category of Contemporaneity in Chinese Studies" by Saussy explained the temporal setting for the encounter between "Eastern" and

“Western” thinking and explained BRI through the Chinese culture and political philosophy of Sun Tzu, Confucius and Mencius in contrast to the Western thinking and philosophy. Next chapter "These Three Come Forth Together, but are Differently Named": Laozi, Zhuangzi, and Plato" by Shankman minimized the differences between these thinkers, and provided a way to common strategic thinking between the Chinese and Western thinkers about BRI. Another chapter "Thinking through Comparisons: Analytical and Narrative Methods for Cultural Understanding" by Ames gave a closer view of Confucianism and anti-Confucianism in the political conducts of China. And gave an additional view of Daoism in the Chinese political and strategic thoughts. Correspondingly, the writer compared the western thinkers such as Machiavelli, Mahan and others with the Chinese thinkers.

"Governance of China" by Foreign Language Press, a collection of Chinese President Xi Jinping's speeches gives a clear view of reforms in CPC, Socialism with Chinese Characteristics for New Era, and BRI. The thorough study and analysis of all the relevant texts related to Chinese culture, Chinese philosophy and history gave a clear view of the Chinese strategic thoughts, and the readings on Belt and Road Initiative (BRI) illustrating the economic strategies gave a comparative view of BRI with the Chinese strategic thought.

In the chapter, "Modern Chinese Strategic Thought: Classical and Maoist Influence" in the book "Chinese Strategy towards Asia" (2010) by Gilbert Rozman, explained Mao's philosophical influence in the military strategy of China that any initiative must not purely be psychological or superior in numbers. In a study by Peng Guangqian in Institute for National Strategic Studies has mentioned about Deng Xiaoping's strategic thoughts on Socialist Modernization, the theory of defense modernization, perspective on national interest and defense policy in a new era. Furthermore, in a report by RAND Corporation, which highlighted national security strategy and military strategy about the thoughts of Mao and Deng Xiaoping.

In a journal article "Xi Jinping Thought" (2018) by John Gorrick and Yan Chang Bennett, it thoroughly outlined the philosophical background on which Belt and Road Initiative is established and connected Xi's strategic thought on BRI. Also, in a strategic study report by Joel Withow and Phillip C. Saunders (2017), published by National Defense University, USA, described the military strategy of President Xi and elaborated the reform according to the present

global and regional scenario. "How Xi Jinping Sees the World...and Why?" (2016) by Brookings Institute explained and predicted pre-date and post-date Xi's tenure. The working group report explained about Xi's strategy regionally and globally.

Moreover, "Guiding Principles on Financing the Development of the Belt and Road" by Ministry of Finance, People's Republic of China, detailed the financial structuring and implications of BRI through state-owned banks, policy banks, New Development Banks and Asian Infrastructure Investment Bank (AIIB). In an article, "It is not End of History: The Financing Institution of Belt and Road Initiative and Bretton Woods System" (2017) by Maria Adele Carrai explained the strategies of BRI financing challenging the liberal order contributing to the global shift in power. Lastly, in research "Building an Investment and Financing System for the Belt and Road Initiative (2018) by People's Bank of China and City of London Corporation introduced professional advice, and financial principles of BRI, financial support. It reiterated the importance of utilizing international and regional financial centers to establish a regional framework in BRI investment and financing system.

A thorough review of the literature revealed that the Chinese strategic thoughts contained the philosophies of Confucius, Mencius and Daoism, military strategies of Sun Tzu and thoughts of Mao Zedong, Deng Xiaoping and Xi Jinping. Also, the Belt and Road Initiative has strategic implications regarding China's rise and rejuvenation. Thus, concluded that the BRI can be strategically deciphered through the lenses of Chinese strategic thoughts, which had not been researched by the researchers in the past. The unknown paradigm of the previous research is the connection of the Chinese strategic thought and BRI, and also the determination of BRI, whether strategically economic or economically strategic. Hence the review of the literature gives a thorough connection and lively essence to the research related to the involvement of Chinese strategic thoughts in the Belt and Road Initiative (BRI).

Chapter III

Conceptual Framework and Research Methodology

3.1 Conceptual Framework

The BRI comprises a Silk Road Economic Belt and a 21st century Maritime Silk Road, the funding of the BRI can be classified into four distinct channels: policy banks, state-owned banks, sovereign wealth funds and international financing institutions. Hence, Belt and Road Initiative having both the economic and geostrategic importance with other implications is certainly under the realm of the Chinese strategic thoughts. Therefore, the research was based on the conceptual framework of analyzing, evaluating and establishing complementarity between the components of the Chinese strategic thoughts to deal about the geopolitical and geo-economic dilemma created by the Belt and Road Initiative. The conceptual framework also limited the area of study for the research regarding the strategic thoughts involved in the formation of BRI.

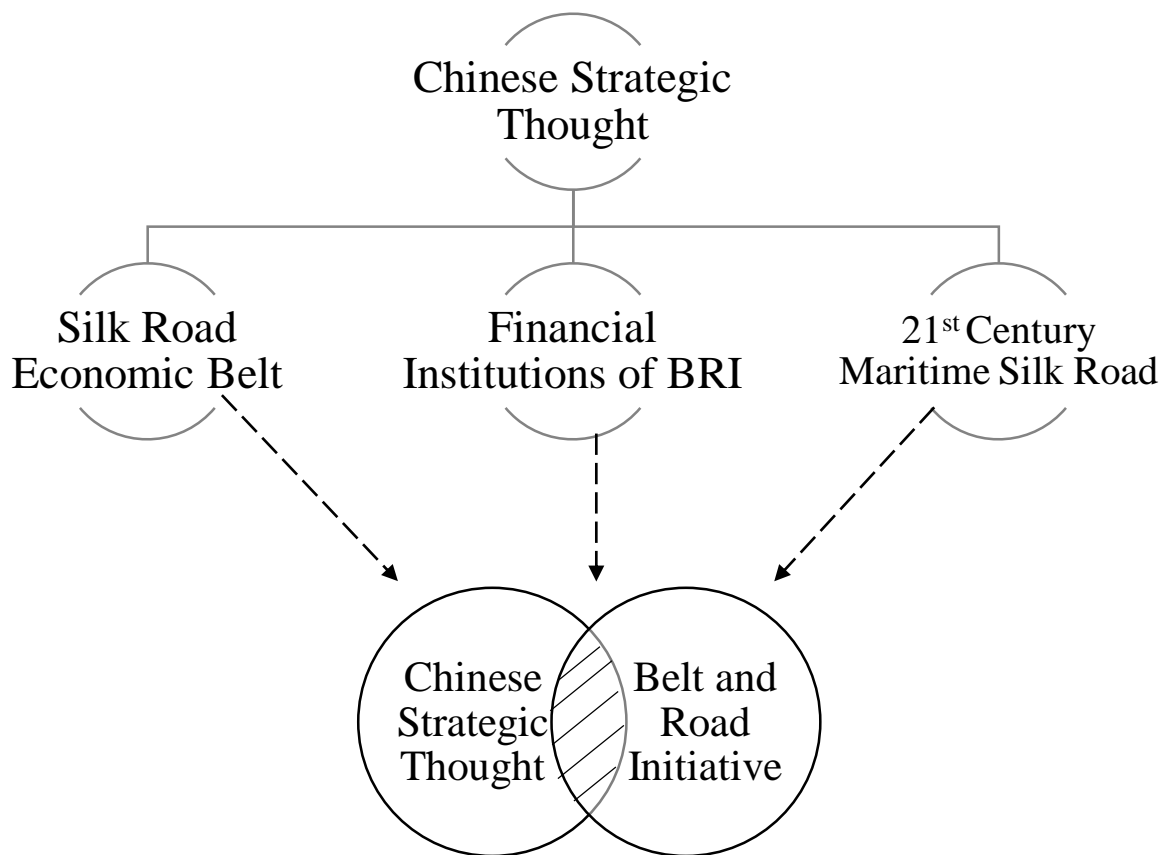


Fig (i): Belt and Road Initiative and Chinese Strategic Thought

3.2 Research Design

The research design of this study is qualitative. A systematic, subjective and holistic approach was taken into consideration, primarily by an inductive process of organizing data into categories and identifying the pattern among the categories to complete the research objectives.

In the research, "Chinese strategic thought" was an independent variable, whereas BRI was a dependent variable to the former. And, BRI was the function of the Chinese strategic thought [BRI= f (Chinese Strategic Thought)]. Therefore, evaluation and analysis of the relationship between Chinese strategic thought and BRI resulted in qualitative research.

3.3 Nature/Sources of Data

Both the primary and secondary data were taken into consideration. The primary data such as government and semi-government publications from Ministry of Foreign Affairs of the People's Republic of China, BRI Secretariat, Asian Infrastructure Investment Bank (AIIB) and other authorized agencies were employed during the research. Similarly, the *unstructured interviews* were taken with the experts of international relations, diplomacy, culture, political science, and military (strategic studies) to conduct the research.

Along with the primary sources of data, the secondary sources such as books, academic journals, magazines, theses, reports on analysis and evaluation of military strategy documents by Sun Tzu, non-military documents reflecting the Chinese decision making culture from Chinese philosophy by Confucius, Mencius, Dao, and the documents from ancient Silk Road and Chinese history and the Communist Party of China's (CPC) documents have been used during the research.

3.4 Method

In the research, descriptive, critical and analytical methods were employed. The methods included the process of tracing, congruence testing and counterfactual to create an empirical and interpretive study of Chinese Strategic Thoughts in Belt and Road Initiative. The aspects of the Case Study Research Methodology has been used in the research where BRI was a case to interpret the Chinese strategic thought. As a historical analysis of the Ancient Silk Road and BRI

were done, a *retrospective and diachronic* case study methods were applied to the research and linked to the theoretical perspective of the Chinese strategic thought for a detailed qualitative account.

The comparative, evaluative and analytical methods for the study has included ideas, assumptions and analysis from different International Relations theories. The theoretical pillars of the methods in the study have included constructivist ideas, realist approach and cultural theory claims.

Chapter IV

Chinese Strategic Thought

China's Strategic Thought developed from China's language, culture, history and philosophy. The traditional Chinese strategic thoughts by Confucius, Mencius and Sun Tzu explained the nature of power and control, the sources of national strength, utility of armed forces, the respective merits of offence and defense, human nature, the role of a leader, importance of strategic planning to military success, and so forth (Scobell, *China and Strategic Culture*, 2002). These Chinese strategic thoughts are based on the *Analects* of Confucius and Mencius, and Sun Tzu's *Art of War* from the Spring, Autumn and Warring States period of ancient China. Laozi and Zhuangzi, the Daoist thinkers, were also considered as the strategic philosophers because of the politico-philosophical combination with religious essence of Daoism, whose ideas and concerns include *wu-wei*, *ziran*, and *Dao* itself.

In today's China, leaders have drawn strategic thoughts from the traditional strategic thinkers for political and military affairs. Communist Party of China (CPC) has conceived its ideology to be comprised of two analytically distinct modules: “theory” (*lilun*) and “thought” (*sixiang*) (Yuen, 2010). The strategic thoughts of prominent leaders of modern China like Mao Zedong, Deng Xiaoping and Xi Jinping has comprised the theory of Marxism-Leninism. Their "strategic theories" have resulted in "strategic thoughts" because of their ability to translate into specific policies (Yuen, 2010). The classification by the Chinese communist political leaders' ideas as “thought” has been a momentous decision. Throughout the history of the People's Republic of China (PRC), Mao Zedong, Deng Xiaoping and Xi Jinping were accorded that status. Hence, along with the traditional strategic thinkers of China, these prominent leaders' ideas have been conferred as the strategic thought of China.

In the present context, Chinese strategic thoughts contain six domains: domestic and international politics, military affairs, economy, science and technology, culture and society (Pan, 2016). These domains have developed continuously from ancient China to modern, and have a tremendous effect of traditional strategic thoughts with the combination of modern Chinese strategic thoughts. The strategic thought of China has developed from cosmic level to anthropological level with time and has been diverse from the individual conduct of a leader to

the governance of the whole state (Scobell, China and Strategic Culture, 2002). Hence, the study of Confucianism, strategic thoughts of Mencius and Sun Tzu, Daoism, Mao Zedong Thought, Deng Xiaoping Thought and Xi Jinping Thought is important to study Chinese Strategic Thoughts.

4.1 Confucianism

Confucius (A Latinized version of Kung Fuzi/ Kung Fu-Tzu) lived from around 551 BCE to 479 BCE, was a philosopher, teacher, and politician in the Spring and Autumn periods of Chinese history, when the emperors of the Zhou dynasty had effectively lost their control over the constituent states of China. He introduced the ideas of benevolence (*ren*), the rule of virtue, and a harmonious commonwealth (A Critique of Jiang Qing's "Political Confucianism", 2017). Confucianism was finally accepted as the official state ideology in the Han Dynasty around 100 BCE.

Confucianism as ethics is tied closely with the political philosophy. The Confucianism has suggested that the way out of the turmoil required a moral transformation led by the topmost ranks of the Chinese society. The Confucian idea of political order is based on benevolence (*ren*), righteousness (*yi*), traditional conventions (*li*), and wisdom (*zhi*) (Wong, 2011). Confucius has firmly believed that this mission is bestowed by *tian* (天), usually translated as "heaven". Under such a notion, rulers have been considered sacred only so long as they were able to continue to be "entrusted" with *tian ming* (天命), the mandate of heaven (Mingming, 2012).

The Analects have explained that leading people through coercive regulations and punishment will only make them deceit, while leading them with "virtue" and keeping them in line with ritual will enable them to have a sense of shame, and they will rectify themselves. The "virtue" has been connoted as "power" and "excellence" (Analects of Confucius, 2007). Moral excellence has the power to attract people towards it and to influence them in morally correct ways. The concept of moral excellence has been Confucius' central creative achievement to make the dominant focus of ethics, a kind of moral nobility. Confucian ethics have de-emphasized legal coercion as a method for guiding people along the way and instead emphasized moral exhortation and inspiration by way of virtuous example.

From a Confucian perspective, power and authority are not forced by violence, rather, Confucian authority is grounded on a moral perception of power. A moral and supreme emperor seizes power without the use of force. So concerning foreign affairs and the question of war, the Confucian emperor is victorious without fighting. It is, therefore, important to recognize the fundamental correlation between internal and external affairs while analyzing with the Confucian notion. Confucius has underlined the moral decline within a political community as a just reason to wage a war. Similarly, the meaning of defense allows further interpretations. On the one hand, defense represents a criterion for Just War, but on the other hand, the criteria for defense itself are not examined (Godehardt, 2008).

Moreover, the distinctive marks of Confucian ethics are the centrality it accords to ritual performance in the ethical cultivation of virtuous character, where the ritual is necessary for cultivating respect or moral attitudes. Another central character of Confucian ethics has been *filial piety*, that one serves and protects parents' interest which even takes precedence over loyalty to the ruler or public justice (Fröhlich, 2017). The filial piety has represented "care with distinctions towards kin and more distant attitudes towards strangers". On top of that, Mencius (fourth century BCE) positioned Confucianism as the correct means between the extremes of having concern only for oneself, on the one hand, and having an equal degree of concern for everyone, on the other. Implying the concept to a bigger level of analysis, an ideal Confucian ruler will take care of the people because s/he is the "father and mother to the people" (A Critique of Jiang Qing's "Political Confucianism", 2017). This modelling of the political society after the family characterizes Confucian political philosophy as relational and communal in character.

Furthermore, Confucianism has subordinated the individual to the group and that it was unsuccessful to recognize the value of individual autonomy. The notion of *filial piety* gives rise to another notion, *Filial Conduct* (loyalty), characterized by reciprocity. Even today, under a changed form of government, the Chinese term for a state is "*guo-jia*" or "nation-family", suggesting the survival of the idea of this paternal and consensual relationship (Wong, 2011). In the *Great Learning* (originally a chapter of the *Book of Rites* that later became one of the Four Books in Confucianism), the connection between a person's self-cultivation of inner virtue and his devotion to the external world is systematically recognized in an eight-step procedure:

investigate everything, extend knowledge, make your motivation sincere, rectify your mind, cultivate your personal life, regulate your family, bring order to the state, and bring peace to the world (Jiang, 2018).

Also, harmony is the value that has promoted reconciliation and congruence between the individual's interests, the interests of others, and the group's common missions. Harmony requires the *mutual* willingness of the parties concerned to regulate their *interests* to those of the others. Confucianism has depicted harmony as a proper balance between separation and connection (Hui, 2019). The West has overdeveloped separation in the form of competition and conflict, whereas China has directed in the direction of too much connection. A Confucian harmony has hinged on promoting a sense of willingness to interpret and adjust one's interests in light of relationships with others in political society. Therefore, the union of internal politics or external (or wars) is the central phenomenon within Confucianism.

Besides, the Chinese world order, therefore, was as much an ethical as a political phenomenon. Harmony internationally as well as domestically was the outcome of the emperor's virtue. Ideally, no other political community could or would escape the harmony of the Chinese emperor. Confucianism stressed that the world (or "all under the heaven," in his words) should be common to everyone. It is not the asset or property of any single monarch or family (Mingming, 2012).

Consequently, in the *Book of Rites (1987), Chapter 9*, the Confucian Ideal Society (Idea of Commonwealth) is:

"When the great Way prevails, a public and common spirit is everywhere under the sky. People of talents and virtue are chosen, trustworthiness advocated and harmony cultivated. People love not merely their parents, nor treat as children only their children. The aged are provided till their death, the able-bodied all have places to utilize their ability, and the young have the means for growing up. Widows, widowers, orphans, childless, disabled, and ill, all sufficiently maintained. Men get their share and women have their homes. People hate to throw goods of value away upon the ground, but see no reason to keep them for their gratification. People dislike not putting their strengths into use, but see no reason to use them only to their advantage. Therefore scheming diminish

and find no development; robberies, thefts, rebellions, and treason do not happen. Hence the outer doors need not be shut. This is called the Grand Union." (Jiang, 2018, p. 151)

So, the "Grand Union" can be achieved basically by benevolence (*ren*), righteousness (*yi*), and traditional conventions (*li*). It is worth our attention that the Confucian Ideal Society (or great harmony) can be realized only in the last stage of human development (Jiang, 2018). In Confucian political philosophy, there are three periods for human advancement: the turbulent age, the prosperous age, and the peaceful age. While creating the Confucian ideal society, the creation was imprinted with a *life code* consisting of two elements, *yin* and *yang*, opposite but interdependent terms, and believed that universe is animated by vital energy- *qi*. Therefore, the energy comes always in two forms, *qi-yin* and *qi-yang*. They have to be two and not one, since there is no life-and no world- without differentiation, with each side of the "equation" having the same principal goal (Xinyan, 2013).

On account of the economic aspects of Confucianism, the family are the work unit of the economy and namely that economic motivation comes from the "*work ethics*" (Back, 2016). The Confucian ideal of the *embedded market* that is constrained by the moral codes is rooted in the Chinese antiquity. Confucian economics presumed that nature equips people with the "*will to live*" and offers them also with adequate, even inexhaustible resources. But as ancient as the Chinese language is, there is no singular ideogram for capturing any notion of scarcity (or shortage) of resources. All they need to survive is to work hard enough. Since work is a moral choice, Confucians consider "*work ethics*" the primary factor in creating national wealth (Back, 2016).

As a result, Confucianism and socialism seem to have shared the same strong ethical outlook and a focus on the necessity of cooperation, which makes Confucianism more socialistic than individualistic (Poznanski, 2015). The basic assumption of Confucian Economies and Western Economies can be shown as:

	Confucian Economics	Classical Economics
1. Principle Objective	Continuity (procreation)	Consumption (existence)

2. Resource Condition	Abundance (excess)	Scarcity (Deficit)
3. Survival Strategy	Earnest Work	Resource Acquisition
4. Motivating Force	Moral Attitude	Property Rights
5. Basic Institution	Family Unit	Free Market
6. Income Distribution	Equality (no poverty)	Inequality (with poverty)

Source: "Confucian Economy: The World at Work (2015) by Kazimierz Z. Poznanski

Table (i): The Basic Assumptions of Confucian Economies and Western Economies

Confucianism has depicted that, first in life is the satisfaction of the basic needs, instant gratification, and an economy is the precondition of life. Confucius claimed that the primary objective of individuals is to guarantee the family's continuity which has some potentially important economic advantages. Regarding the resource condition to the Confucius values, the liberal notion of 'scarcity' is foreign and believe that there is no absolute scarcity for human beings. Confucian economics argued, wealth is a fruit of *work*, or *labor*, as the prime, if not the only factor of production that counts (Huang-Chang, 1911). Confucian economics, wealth is primarily a function of work, with work as a function of ethics, which makes status-condition-of morality the principal engine of the national economy or nation.

The correlation between harmony and stability is a central aspect of political thinking in traditional China. Peace is identical with harmony and described that it was the absence of disturbances. Consequently, the use of violence can be justified because the political order needs to be restored. Thus, the resurgence of Confucianism in the past two decades is a significant development in Chinese political theory and practice and also the Chinese economies can be derived from the ancient Confucian philosophy. As a consequence, the Confucianism as a Chinese strategic thought to explain the Chinese strategic policies is very important. The political and economic ideas of Confucianism is still relevant, as a strategic thought to set a complementarity with the political and economic move by China.

4.2 Mencius' Strategic Thought

Meng Zi (Meng Tzu, Latinized Mencius) was a Chinese Confucian philosopher who lived in the fourth century (372-289) BCE. He systematically developed and deepened Confucius' philosophy, especially ethics and politics concerning an account of human nature. He lived in the Warring States period when the Zhou dynasty came into cessation. In this period the neighboring states' kings were vying each other for the position of overall King.

As a consequence, Mencius accompanied by his great appraisal for virtue and moral rectification sought that the people who governed should become worthy of the title by being moral persons themselves. This further led to the Mencius' political thought: win by people by their hearts and not by force (Curzer, 2012). Mencius was more concerned with governance and social mobilization of the people.

However, Mencius' relationship of human nature with that of his political theory is inseparable. He argued that all humans are intrinsically good by nature and all of humanity has the tendency to do what is good, care for other people, creatures, and objects (Kim, 2015). He gathered that there is satisfaction doing moral goods and guilt by doing what is contradictory. He elucidated that this particular human nature is from the *tian ming* (Mandate of Heaven) (Mencius, Mencius Selection, 2003). He used the metaphor of "sprouts" (as translated from Chinese to English) which if cultivated in the bad environment then a bad fruit and if nurtured in an environment in which all people are tending towards the same virtuous goal, then we create a model in which all other cultures follow is created.

Another observable fact on Mencius' philosophy is the approach towards a humanistic political philosophy. He created the hierarchy of priority placing the people at the top, land and its resources at the second and lastly the governing sovereign state (Mencius, The Life and Teachings of Mencius, 1875). The emphasis of Mencius was not on the authority of the ruler, but rather on the proper role of the ruler towards his subjects. His political thought shifted from idealism to practical when he explained the importance of people as the main beneficiary of the governance and the labor for the cultivation of the land and subsistence of the people. According to Mencius, great leadership potential is in every person, but the person acting as a leader must adhere to the *Dao*. The *Dao* refers to a special skill or ability and working with the natural order

to achieve harmony (Birdwhistell J. D., 2007). Further moving from the spiritual aspects of the Mandate of Heaven as Confucianism depicted, Mencius has illustrated the Mandate of Heaven coming from the "*will of the people*", and consequently, the people are the Mandate of Heaven (Robinson, 2016). Thence, he has given both the conservative and liberal perspectives. In other words, Mencius labeled cosmologically-centric order as an anthropocentric.

In general, Mencius built his political thoughts from that of Confucius', however, his specific thoughts rested in his perception of the intrinsically good human nature. He claimed the social existence of the leader for only two purposes: for the governance and cultivation of the virtues present within the people (Curzer, 2012). This further led to the importance of the human facilities as intellectuals and physical. He believed that the well-being of a nation depends on the cooperation of states, while the cooperation of states depended on the strength of the familial bonds, while the strength of familial bonds depended on the cultivation of the individual, while this last depended on the consistency of the will. Moreover, Mencius' political interest has stressed much weight on the construction of a political order where people are not mainly motivated by material welfare, but by the cultivation of virtues such as *ren*, or benevolence; *li*, or propriety; *xin*, or trustworthiness; *yi*, or righteousness; and *zhi*, or wisdom, but he always has not negated the importance of material wellbeing (Makeham, 2001). Mencius always focused on the importance of benevolence (*ren*) and righteousness (*yi*).

Additionally, Mencius' thought also explained about the economy. His thought has rested on an assumption that universally, in time and space, nature provides people with sufficient resources, and that it supplies an abundance of resources, such as land and water (Poznanski, Chinese economics as a form of ethics, 2017). This is not to say that people never face a lack of resources and related economic hardships. But, as Mencius argued, while this lack can become a reality to suffer from, even with devastating consequences, nature cannot be blamed for it. Only people can cause scarcity or famine by acting not in accordance with but against a generous nature. Consequently, Mencius added an ethical dimension on necessary moral restraint and prioritizing essential spending to avoid the disaster (Sterckx, 2015).

Further, he explained that poverty is the source of social evil and reasons that if the people are not fed, they will act violent, and hence political turmoil arises. Therefore the

government should not overtax the people and ensure that all get their share of wealth. In consideration of the individual's desire for private property and social welfare, Mencius developed an economic system known as *Jing tian* (井田) or well-field system (Sterckx, 2015). It is the ideal of collectively cooperating farming households emphasizing on the equality among the peasants and their inclination towards cooperation and solidarity. In the well-field system, all the fields in the nation would be divided into nine sections. Each farmer cultivated the land attributed to him while in one part, the ninth, all farmers would assume responsibility for it. The section served as the central tax system for the whole society. Therefore, if all parts would be affected by bad weather, and thus produce a bad harvest, the central part would as well be affected (Poznanski, Chinese economics as a form of ethics, 2017).

In contrast, Mencius was the one who justified the right to rebellion. In Mencius' political thought, the leaders must be individuals of virtue with benevolence, propriety, and trustworthiness, only for the service of the people. Hence, such as benevolence, propriety, and trustworthiness, does not equate to regicide (Rarick, 2008). The same can be applied to the area of international relationships. So, by becoming the benevolent leader the masses are socially mobilized through attraction to morality, rather than mandated by fear. Mencius illustrated political power as a necessary tool and if the Mencius' political thoughts to be applied to international power politics, then the path of benevolence would overcome hegemony. He focused on the formation of the "model polity" which exhibits the nation's way of governance through pacific means (Curzer, 2012).

In conclusion, the political leadership of Mencius is close to Confucius' notion of moral righteousness. The goal is to become a benevolent leader with virtuous qualities, in which winning the heart of the public is more important than by force. The leaders should not dominate but the ultimate goal of the leader is to serve the governed, and people have the right to rebel. In the contemporary world where different political ideologies exist, the Mencius' idea of "virtuous leadership" truly exists. The political thoughts of Mencius have validation in today's world because the returns to the model are to the modern and postmodern approach or paradisiacal and humanistic approach to philosophy.

4.3 Daoism

Daoism (or Taoism) stands as one of the prominent religious/philosophical systems of China. Together with the mythical Laozi (Lao Tzu), the philosophical Daoism owes more to "philosopher Zhuang" (Zhuangzi) (4th Century BCE). *Dao De Jing* and *Zhuangzi* are composite texts written and rewritten over centuries with varied inputs from anonymous writers. The philosophical Daoism was mainly related to with these two texts but one among the mainstream schools known as Huang-Lao School after Huangdi (Yellow Emperor) appeared as a crucial school of political thoughts in Spring and Autumn (770- 476 BC), and Warring States Period (475-221BC).

The core of the Daoism philosophies varied from the topics from political advice for rulers to practical wisdom for ordinary people. The concept of *wu-wei* turned up as an ideal to ruler-ship that is also open to the interpretation as a technique by means which the one who practices it may gain enhanced control of human affairs (Pang, 2018). Furthermore, *Te* or *De* is commonly stated as a virtue, the moral dimension of the philosophical Daoism. The other main themes of Daoism, in general, are of spontaneity in action and is believed to inspire advocates of political pluralism as well (Jianliang, 2009).

Wu-Wei (无为) is composed of the two Chinese characters, one wu (无) meaning nothing, not having or without, and "wei" (为) translated as acting, becoming or standing for. Wu-wei means "in the absence of/without doing exertion," and is often translated as "doing nothing" or "non-action" (Pang, 2018). The core philosophy of this non-doing does not mean withdrawing from the action but rather performing a higher kind of action: action in accord with *Dao*, the action that respects the nature of all things. The *Dao* in Daoism is the ultimate creative principle of the universe unifying all things and get them connected within. In the Chapter 42 *Daode Jing*, it has been mentioned that "The Dao produced One, One produced Two, Two produced Three, Three produced All things" (Balfour, 1900), which shows the unifying character of nature.

Similarly, *wu-wei* also can be taken as the principle of governance. At this level, *wu-wei* is "an eloquent testimony of the political ideal: to govern without active interference" (Feldt,

2010). The *wu-wei* does not mean inertia, indifference, laziness, status quo, laissez-faire, pessimism or passivity. Rather *wu-wei* is the essence of harmony in Daoism. Daoist harmony is based on the oneness of Yin-Yang, opposition to violence and coercion, and tolerance and appreciation of differences (Lee, Yang, & Wang, *Daoist Harmony as a Chinese Philosophy and Psychology*, 2009). The Han dynasty (206-220CE), China's Golden Age under the Song dynasty (960-1279 AD) followed the Tang dynasty (618-906 AD) were under the influence of Daoism. Under the influence of Daoism, the dynasties marked the general stability, relaxed laws and political attempt to reconcile the traditional symbolism of imperial rule.

Moreover, Daoism and anarchism can be associated with international relations' theory. The passiveness of Daoism (or *Wu-Wei*) cannot be compared to the choice of powerlessness, passivity or lack of militancy, but the Daoist anarchism does not imply personal salvation. The anarchist theory began with the metaphysical preconceptions concerning human nature such as "freedom". It is the rejection of the coercive authority to create the non-coercive and non-authoritarian society realizable in the future. Although Daoism is not autonomous, discrete and discontinuous atomistic individual political theory but is a matrix of relationships which can only be fully expressed to the organismic whole (Ames, 1983). The notion of the political philosophy of Daoism is the unconditioned freedom won in recognizing the arbitrary and relative nature of all distinctions. The rejection of coercive authority is also satisfied by the Daoist notion of *wu-wei*. The Daoist political theory does not accept the nation of the ruler and some political organization as a natural wholeness (Stamatov, 2017).

Additionally, the term "*ziran*" (自然) is another core concept as much important as *wu-wei*. *Ziran* was more adequately translated as spontaneity, naturalness, or self-so and its relationship to authenticity and authority (Tadd, 2019). *Ziran* as authenticity can be explained on the three levels of cosmos, individual, and society. *Ziran* is the authentic state of spontaneous and self-generating "nature", the state where the individual operates fully as own amid this spontaneous generation, and the ideal state of society where these spontaneous individuals exist in egalitarian harmony unencumbered by the artificial authority of culture or political hierarchy (Jianliang, 2009). If the state of *ziran* is something one must strive toward, then the logical conclusion of a *ziran* ideal, based in its root meaning of being completely oneself without

reliance on anything external, becomes the state of immortality. But the *ziran yin-yang* order remains inevitable and inescapable (Feldt, 2010).

Furthermore, the conceptual root of laissez-faire in *wu-wei*, a characteristic of *Dao De Jing*, are similar to each other, but especially in the idea that noninterference is naturalistic. Daoism has discouraged the interference of governments in economic issues, because market competition drives the operation of the inherent mechanism of production (Barbalet, 2011). The Daoist approach suggested a neutral and spontaneous approach that does not suggest a plan. There is not an invisible hand as described by Adam Smith, which supports market dynamics and accomplishes wealth production. Every commercial entity must follow its Dao (Romar, 2018). Daoist naturalism gave a notion to the economic exchange between buyers and sellers where they need products and services to complete the transactions. Some scholars have even identified a market-oriented economy is a *wu-wei economy*. One usage of *wu-wei* in the context of state-economy relations sees the connections between them not as mechanical but rather as interactive, premised on mutual interdependence and development, as in the relations of Yin and Yang (Barbalet, 2011).

Overall, texts on Daoism has developed a metaphysical ground for political theory. Daoist principles have developed a clear understanding of a human being as a starting point for the elaboration of its political ideas. The Daoist political theory of anarchism has reached beyond the economic considerations which seem to be the form of anarcho-syndicalist position to embrace all aspects human experience-cultural, environmental, social, and religious, etc. (Lee, Han, Byron, & Fan, 2008). Also, the concept of *wu-wei* and the text, *Dao De Jing*, elaborated the essence of the economy in the Chinese society and the concept of philosophical aspects of Daoism which can be related to the economic market and economic activities of the Chinese society.

4.4 Sun Tzu

The most renowned and revered ancient general in the world today- Sun Tzu, in 500 BC wrote a highly influential book "*Art of War*", which offered a framework for waging war and valuable observations on the nature of battle (Torres, 2018). *The Art of War* has been very prominent in Chinese political and military history and there is an indication that it has influenced the thinking

and practice of political and military leaders in modern China. Sun Tzu has put forward a holistic cohesive approach of conducting and winning wars. He was influenced by the chaotic period of Warring States, and shared the Confucian assumptions as "[...] the superior man, extolled in the classics as the highest product of self-cultivation, should be able to attain his ends without violence" (Sun Tzu on the Art of War, 1910, p. 10).

To be victorious Sun Tzu explained that one should imprint in one's mind, the five factors of war: moral influence, weather, terrain, command and doctrine (Harris, 2016). He explained that the moral influence causes the individuals to be in harmony with their leaders so that they will escort them in their life and unto death without the fear of mortal peril. Weather according to Sun Tzu, not only has stood for the "interaction of the natural forces" which should be taken into consideration when designing strategic plans for war or peace, but as a relevant idea in deciding which season could be most favorable for campaigning. Another factor, Terrain, illustrated the physical characteristics of the theatre of operations which may certainly be decisive for victory or defeat in battle. The fourth element, command, meant that a General should be wise, sincere, human, courageous, strict, and should be seen as a "Respected One". And by "doctrine" Sun Tzu meant everything related to the organization of the army, from the hierarchy system to the management of the supply lines or, put differently, the politics and logistics of warfare. Although mastery of these principles is important, Sun Tzu asserted that a General needs to create a situation which will contribute to their accomplishments (Hudzikowski, 2015).

In the *Art of War* which stated that a commander could predict victory under five circumstances: (1) one who understands when he can fight, and when he cannot fight, will be victorious; (2) one who knows how to use different-sized forces will have success; (3) one whose ranks are united in purpose will be victorious; (4) one who is prudent and cunning will defeat the unprepared enemy; and (5) one whose general is able and not interfered by the ruler will be victorious (Wilcoxon, 2010). All these circumstances can be materialized by Sun Tzu's "All warfare is based on deception" (Sun Tzu on the Art of War, 1910, p. 23).

Connecting to the latter ideas, a quote by Sun Tzu "Know the enemy and know yourself, in a hundred battles you will never be in peril" (Sun Tzu on the Art of War, 1910, p. 10), where

he clarified that if one knows oneself, but is ignorant to the enemy then one's chances of losing will be equal to those of the enemy. Again, if one is ignorant of oneself and the enemy, then one most undoubtedly will lose every single battle. This implied that the rational victory of oneself rather than the pure defeat of the enemy. Further Sun Tzu mentioned, "For to win one hundred victories in one hundred battles is not the acme of skill. To subdue the enemy without fighting is the acme of skill" (Sun Tzu on the Art of War, 1910, p. 12). Here Sun Tzu calculated the cost-benefit of the war and depicted that a wise general in need of an attack would carefully consider when to launch it, and how to accomplish it, bearing in mind that, the strongest, most successful action is at the same time the most economic one.

For the victory, a General must have regard to the costs of the battle, where the tools which are utmost important in the war are spies and intelligence. Sun Tzu cleared that "information represents a key to success in war" and distinguishes five types of spies, "[...] native, inside, double, expendable and living" (Sun Tzu on the Art of War, 1910, p. 26). In contrast, the most eminent way to resolve a conflict is to use negotiations and diplomacy. It is only if efforts fail and there is no alternative but to fight that one should use power as a last resort, disturbing the enemy's alliances, attacking enemy's army and laying siege to their walls (Dimovski, Marič, Uhan, Đuric, & Ferjan, 2012). Addition to flexibility, Sun Tzu elucidated "Now an army may be likened to water, for just as flowing water avoids the heights and hastens to the lowlands, so an army avoids strength and strikes weakness" (Knoblock, 2003). Thus in *Art of War*, direct attacks are not seen important but the use of indirect strategies or indirect maneuvers ensuring flexibility at all times by decoys, cunning and surprise tactics is emphasized, and this for the flexibility, the Master Sun said "[...] management of many is the same as management of few. It is a matter of organization" (Knoblock, 2003, p. 131).

Sun Tzu in his book *Art of War* comprised many descriptions of the characteristics of an ideal leader and lists out five traits: wisdom, trustworthiness, benevolence, courage, and firmness (Cua, 2005). Among these, for Sun Tzu, wisdom is an important attribute of a strategic leader which makes leader capable of incorporating courage, firmness or even benevolence and trustworthiness. Also, Sun Tzu has pointed out the five fatal flaws of a strategic leader that can bring calamity to the leader and the troops. "Those who are ready to die can be killed; those who are intent on living can be captured; those who are quick to anger can be shamed; those who are

puritanical can be disgraced; those who love people can be troubled" (Sun Tzu on the Art of War, 1910, p. 19). Hence these are the vulnerabilities of the leaders which can be exploited by an enemy in the combat situations. These blemishes also can be attributed to cognitive and emotional errors committed in response to extremely turbulent and volatile situations. Moreover, Sun Tzu argued that human nature has no innate tendencies that can simply be followed as reliable guides toward moral virtue. Instead, humans need to reform the innate inclinations through an initially arduous process of education and practice (Hutton, 2016).

Focusing on the Sun Tzu's situational views (strategic situationalism) of individual psychology and organizational effectiveness, believed strongly in the capability of the leader to understand and appreciate the power of the status quo and to rise above the status quo by creating, leveraging, and adapting to the prevailing and developing environment. Hence, Sun Tzu's key to his theory is the Chinese concept of the situation (*shi*), situation-making (*zhao shi*), and situational adaptation (*yin shi*). The purpose of strategies and tactics regarding *shi* is to create a positive position (*you shi*) relative to that of an opponent (Harris, 2016). In *Art of War* strategic situational advantage has been further divided into subtypes of advantage: positional (terrain), organizational, and moral/spirit (*qi shi*) (Stalnaker, 2016).

Other than Sun Tzu's strategic thoughts, his political thoughts/political philosophy is best thought of as a virtue-based theory. Sun Tzu argued the importance of human beings binding together as a community (*qun*) (Cua, 2005). He emphasized that humans originally have limitless desires, but they desire the same thing, which if unchecked, lead to disorder and impoverishment. Then some sort of allotments (*fen*) is necessary to be made. Rather the allotments of the goods, he preferred the allotment of power, rank, and privilege as well (Stalnaker, 2016). Also has elucidated the human capacity to form a community and he is clear that the concept of community is a conscious, non-instinctual activity that is directed at creating a harmonious society. Sun Tzu mentioned "If allotments (*fen*) are all even, then there will be insufficiency. If people's power is all the same, then they cannot unify. If the people's [status is] equal, then they cannot be employed. Just as there are Heaven and earth, so too are there the differences between superior and subordinate" (Sun Tzu on the Art of War, 1910, p. 27). Hence he believed that the necessity of a ruler with authority over all within the community. Though he placed the authority

of the ruler at priority but negated the concept of the hegemon, a person who lacks virtue (Cua, 2005).

Although *Art of War* was not written as an economic work, it dealt with the economic aspects of military operations and discussed several ideas which can be interpreted from the perspective of modern economics. Sun Tzu highlighted the economic considerations to be vital in formulating strategy and planning military operations, especially extended ones. In the chapter "Waging War", he significantly has not only devoted to battlefields tactics but also has emphasized the problems for both state and market of lengthy campaigns. Sun Tzu mentioned, "No country has ever profited from protracted warfare", and realized that prolonged warfare is one of the most important threats to a state's existence, necessitating as it does the depletion of resources, both human and natural (McCaffrey, *The Economics of Sun Pin's Military Strategy*, 2014). Thus, the guiding principle of Sun Tzu is the economic efficiency, where maximum output is made from minimum input, in both physical and human term.

Furthermore, Sun Tzu emphasized on using economic instead of martial means is a superior method of defeating one's enemies. The council that to be confident of adequate supplies to an army in the field, military equipment should be produced domestically to avoid relying on good fortune in the battle for essential supplies. However, he viewed most military expenditures simply as economic losses, and warns of the danger of expenditures on supplies and armaments, in one translation describing them as "the ruler's irrecoverable expenditures" (McCaffrey, *The Economics of Sun Pin's Military Strategy*, 2014). Sun Tzu further stressed on the idea of transportation costs which can outweigh the benefits gained by provisioning a distant army which highlighted the concept of the higher prices for nearer supplies is a modest observation of the correlation between scarcity, demand, and price in the framework of location advantages.

Similarly, military strategies can be connected to the entrepreneurship as military contractors and other martial decision-makers were among the first individuals to be called entrepreneurs. Sun Tzu's *Art of War* outlined the essence of command behavior in terms very similar to Israel Kirzner's theory of the entrepreneur, which envisioned entrepreneurial alertness and discovery as the vital forces in economic change (McCaffrey, *The Political Economy of the*

Art of War, 2014). One of the translations of the *Art of War* has included the statement "Unhappy is the fate of one who tries to win his battles and succeed in his attacks without cultivating the spirit of enterprise" (Sun Tzu on the Art of War, 1910). Further, the entrepreneurial analogy between military and market can be taken into consideration in the *Art of War*. Sun Tzu clearly explained that strategy is not a matter simply of determining a course of action based on given resource allocations. Instead, it is the theoretical organization or coordination which results when one properly applies oneself to the process of realizing opportunities to exploit events in a previously unforeseen way like in an advanced economy (McCaffrey, *The Economics of Sun Pin's Military Strategy*, 2014).

At present, China's calculative strategic policies have emphasized its economic development over its military modernization. In summary, Sun Tzu's political theory is an expansion of his virtue-based ethical theory. He emphasized the importance of the community and allocations founded on correct moral criteria. He provided approaches to study warfare, enabling strategist to think deeply and toughly. He did not prescribe rigid textbook rules of war. He offered leaders exclusive perspectives on war, strategy, leadership and intelligence. Also, Sun Tzu's style of reasoning for contemporary research on strategic behavior in an economic context can be comparatively analyzed.

4.5 Mao Zedong Thought

"The Mao Zedong Thought" or "Maoism" is essentially all politico-military thought which applied essentially political and military thinking to all sorts of problems, from the industrialization of a large backward country to the conduct of international affairs. In Mao's thought, military and political affairs form a continuum. Mao's unified politico-military thoughts are not only important because of its role as a model for people's wars or Chinese-style insurgencies in individual countries people's wars or Chinese-style insurgencies in individual countries. Mao's thought is more an attitude of mind or a spirit than formal doctrine. *The Chinese People's Liberation Army Officer's Handbook* elucidated Mao's thoughts or strategies as a contest in subjective ability between commanders of opposing armies to gain the initiative and superiority by manipulating material conditions (Thomas, 2007).

Mao's revolutionary strategies have linked up with his political values. Although his expectations of the anarchist-utopian in 1919 of a bloodless transformation of the society were hurled, his conviction that the largest "union of the popular masses" ultimately prevailed, which remained a basic premise of his politics (Adie, 1972). Marxism's major contribution to Mao's political idea of revolution is *class struggle*. The notion of the class structure of political economy provided a universal and presumably scientific order for explaining social grievances and organizing for their elimination (Zhang D. , 2018). Mao's revolutionary strategies were centered on popular mobilization dealing with the superior power of the counterrevolutionaries.

Mao's principal political value was serving the interests of the masses. In several of Mao's writings, this thought merged indistinguishably with his emphasis on effectiveness. The bond between these two resulted in the mobilized masses will be the prevailing political force (Dittmer, 1980). Therefore any policies against the interest of the masses will be ineffective. It was in 1925 that Mao realized that the peasantry must provide the motive force of China's revolution, and in 1927 he wrote his famous *Report on the Peasant Movement* in the province of Hunan, which showed that he had discovered the answer to the feeling of powerlessness which had for so long afflicted the intelligentsia of the country (Walder, 2017). But the disappointments in the May Fourth hopes and defeat of the 1927 Peasant movement led Mao to depend less on the power of the mass and paid more attention to the revolutionary organizations (Zhang D. , 2018).

After the 1927 disaster, Mao realized that "political power grows out of the barrel of a gun", as a result, Mao's strategy integrated Guerilla Warfare and revolutionary base areas (Deshingkar, 1995). Mao's guerilla strategy was based on the mobilization and politicization of the oppressed peasantry. Mao developed his doctrines of mobile and positional warfare and the theory of the three stages, developing on a larger scale the original 16-character formula (Tse-Tung, 1967). Mao's strategic thought had undergone considerable development after the Long March. The important elements of the political paradigm were a policy of egalitarian redistribution of resources, a cadre ethic emphasizing closeness to the masses, and a military-political configuration which integrated mass support.

Mao's conception of political leadership can be explained as the native intelligence and ingenuity of the masses which makes leadership superfluous. The implication for leadership was

that leaders are helpless without mass support (Zhang D. , 2018). In contrast, he had a populist view of the leadership, as the leadership errors are attributable to an elitist propensity to isolate itself from the masses, and may hence be corrected simply by restoring closer contact between leaders and masses. Mao emphasized to live and work among the masses, adopting their lifestyle and thereby becoming immediately familiar with their problems. Analyzing Mao's leadership behavior, he was quite ruthless and cunning in dealing with other leaders, using political guerrilla tactics to capture potential opponents and labelling defeated "anti-Mao" contingents (Kang, 2015).

Analyzing the strategic thought of Mao Zedong in the political structure can be distinguished into two parts: formal and informal organizations. He believed in the democratic centralism and functional specialization, the reduction of superfluous staff personnel, and emphasized the airing of all pertinent problems however controversial before decision-making. In the other hand, principal informal organizational arrangements generally associated with Mao's leadership are the mass movement and elite factionalism (Dittmer, 1980). However, Mao was deeply committed to a transformation of China's political culture.

Mao quoted Lenin's saying as "War is the continuation of politics", and himself added, "war is the politics of bloodshed and politics is war without bloodshed" (Singh, *Changing Contexts of Chinese Military Strategy and Doctrine*, 2016, p. 57). For Mao, life and warfare were same, a series of relations between uneven quantities, and said "peace and war are characterized by identity under certain conditions" (Singh, *Rereading Mao's Military Thinking*, 2013, p. 573). Thus Mao called his doctrine an algebra of revolution which brings unknown quantity into correlation or balance and makes it known. Also, the Chinese game of 'encirclement chess' (*Wei qi*) was an important element of Mao's approach. Some scholars argued that Maoists' mentality was 'the paradoxical combination of a deep sense of insecurity and tremendous confidence in ultimate victory' (Thomas, 2007).

Similarly, Mao's thoughts can be analyzed by his writings, once he wrote, "Although we are determined by nature, we are also a part of nature. Hence, if Nature has the power to determine us, we also have the power to determine Nature" (Ray, 1974, p. 116). The main theme of his thought was the importance of physical and mental remolding through 'struggles', but also

to enhance and harmonize the knowledge and feelings. The famous *Little Red Book* contained about, as much relation to real Maoism in the real battle as a guide to many revolutionary movements and even in World War II to internalize a pattern of behavior (Deshingkar, 1995). In historical context, Mao's politico-military views were integrated understanding about society, politics, the communist party, and military affairs. According to him, just wars were a means of getting rid of unjust wars that perpetuate unjust status quo situations. For him, China's war of resistance against the Japanese invasion and the civil war were examples of just wars.

According to Mao, any analysis of war contained three levels: strategic, campaign, and tactical. For him, the war was the supreme manifestation of class struggle between classes, nations, states, or political groups (Singh, *Changing Contexts of Chinese Military Strategy and Doctrine*, 2016). Based on the following analysis of war, Mao's *On Protracted War*, the two central strategic problems Mao sought to answer were, whether Japan can subjugate China and whether the revolutionary forces can achieve quick victory over both Japan (the external enemy) and the Kuomintang (KMT) (the internal enemy) (Singh, *Rereading Mao's Military Thinking*, 2013). He, thus, rejected any prospect of quick victory against either the Japanese or the KMT and advocated a strategy of protracted war. His idea of political work also involved the exploitation of political divisions in the enemy, as well as building international support. He opposed fighting battles that could prove decisive without a favorable strategic balance of power. His idea of protracted war changed the notions of loss in terms of territory or defeat (Tse-Tung, 1967). It is in the light of this strategy that Mao envisioned his concept of the "Three-Stage War", which then became his military principle. He employed his understanding of the use of both the masses and the geographical vastness of China, designed by his experiences of the Japanese invasion and the civil war. Three-Stage Warfare was strategically defensive. The first two stages generally witnessed a strategic retreat, whereas the third stage consisted of a strategic counter-offensive (Tse-Tung, 1967).

After the late 1950s, Mao's ambition for absolute power and supremacy led the strategic thought of Mao to launch: The Great Leap Forward (1958–1961), right after the Anti- Rightist Struggle (the counterattack in 1957 against the bourgeois Rightists); and the Cultural Revolution (1966–1976) (Zhang D. , 2018). The Great Leap Forward was Mao's effort in creating a model of socialism better than that of his northern neighbor, the Russians. It is also represented as

Mao's discontent with both industrial and agricultural progress that gave rise to a second Maoist economic model for China's socialist development and led the nation to embark on a mad rush of socio-economic transformation and economic activity (Sinha, 2019). The danwei system and the hukou system were installed to tackle the problems of migrations and employment (Butt & Sajid, 2018).

The Cultural Revolution was Mao's attempt to resolve the basic contradictions between the egalitarian view of Marxism and the elitist tendencies of Leninist organization principles (Walder, 2017). The Cultural Revolution was his effort to endure the experiment in the face of its failure. Mao was the architect of the Great Leap Forward and the Cultural Revolution, as well as the innovator who asserted on constant and violent turbulence, which was exhausting and frightening to many people, especially to Chinese artists and intellectuals (Ray, 1974). Mao's dream of speedy social reform had failed, but his power was absolute in the country.

The study of the Mao Zedong Era of China on economic factors followed the development of the Maoist Economic strategy. Firstly the economic objective of the Communist Party of China (CPC) was 'the rapid attainment of modern industrialization within a framework of planning, and the socialization of all enterprise as well as of the people' (Sinha, 2019). Mao's economic policymaking was the result of his dialectical- materialist world outlook. Hence, Maoist policymaking was the action of choosing the accurate form of struggle suitable to resolve a specific contradiction. The economic policies, therefore, do not directly influence only the economic base, but also the social, cultural, political, and even military policies can be termed quasi economic policies that affect the superstructure and ultimately intend to affect the productive forces (Sinha, 2019).

According to Mao, the economic policies were directed by the states to increase the productive force to strengthen the position of the ruling class and resolve the contradictions facing that class. "The mass line principle" was used as a strong political instrument by Mao in the decade of Great Leap and Cultural Revolution (Butt & Sajid, 2018). Mao visualized three sectors in the economic structure of China; the state-owned economy (the leading sector), the agricultural economy (developing from individual to collective), and the economy of the small

independent craftsmen and traders and the economy of small and middle private capital (Ray, 1974).

The economic model presented by Mao Zedong was based more on loyalty to his political ideology, from which the resulting revolutionary commitment was believed to have the potential to lead economic growth in the country. The study of the Maoist economic thought was a conundrum between the aspirations of the revolutionary movement, the thrill of its chaos and success and the mundane of running a state with multiple hurdles and strenuous patient policy-making with gradual results (Li & Yang, 2005).

To many Chinese people, Mao was the person who liberated China from imperialist, federalist, and bureaucrat capitalism, and finally remodeled Chinese society into a socialist system. He adopted and adjusted Marxist-Leninist theory to the Chinese perspective, mixing it with a native Chinese philosophy. But more than this, as a German Philosopher from East Germany mentioned, "Mao is a Thinker" and these thoughts have influenced the strategic thoughts of the Chinese government and the Communist Party of China. Mao's views of political work are not very compatible with the liberal democratic setting of civil-military relations. Finally, an understanding of Mao's politico-military thoughts is still vital to understand the People's Republic of China's continuous rhetoric on peace, just wars and strategic defense.

4.6 Deng Xiaoping's Thought

Mao Zedong's death in 1976 led to the post-Mao succession crisis which lasted over three years. At the end of the 1978 Deng Xiaoping, relying on an extensive network of personal ties to an influential group of senior party and military leaders, gained the superiority (Chang D. W.-W., 1988). Deng's reformist ideas were publicly expressed as "Deng Xiaoping's Thought" by Premier Li Peng in June 1992, and later in October, the 14th Party Congress decided to inscribe "Deng Xiaoping thought" into both its work report as well as the revised CPC Constitution. In effect, Deng's thought had assumed a status equivalent to that of Mao Zedong. Deng Xiaoping Thought was argued to be the 'fountainhead for realizing socialist modernization' and 'successor and developer of Mao Zedong Thought' (Di, 2007).

In contrast to Mao's obsession on class struggle, Deng acknowledged the important task of 20th-century Chinese revolutions, including the communist revolution, as the economic development of China. Deng Xiaoping mentioned, "[...] According to Marxism, a communist society is a society in which there is overwhelming material abundance. Socialism is the first stage of communism; it means expanding the productive forces" (Wilson, 2015, p. 80). The fundamental task for Deng, for the economic development of the nation, required accelerated technological innovation, increased productivity, product quality enhancement, and managerial competence. Also, Deng placed primary emphasis on the development of the "forces of production", an argument that would become his theoretical justification for economic reforms. Deng identified that economic development as the historic mission of the Chinese and the Chinese communist revolution was his understanding of classical Marxism: the relationship between productive forces and productive relations (Wilson, 2015).

After the failure of The Great Leap and growing discontent in Sino-Soviet relations, Mao doubted whether a socialist system had come into existence in China. But Deng Xiaoping was convinced that socialism had taken secure roots in China because of the abolition of private ownership and the socialization of the means of production, resulting to the fundamental change in China's class relations. Also, he believed that China's socialism was still an underdeveloped stage. According to Deng, "[...] China had wasted 20 years, while the world developed rapidly" (Chang M. H., 1996, p. 387), and the party must find a way to develop at the same pace. Hence, China's post-Cultural Revolution economic reforms were grounded on Deng Xiaoping's "Socialism with Chinese characteristics", a theory of incorporating capitalism into central planning to increase productivity, advance Chinese culture, and enhance the interests of the people (Chungui, 2001).

Deng Xiaoping argued that socialism and capitalism were "peas in the same pod" (Bing, 1998). To achieve socialism, Deng added that China must go through capitalism, but its practice must be controlled by the state. Thus, he insisted that incorporating capitalist ideas into reforms was not irreverent to the Four Cardinal Principles, consisting of upholding the following: (1) the socialist path, (2) the people's democratic dictatorship, (3) the leadership of the Communist Party of China (CPC), and (4) Maoist thought and Marxism- Leninism (Chang M. H., 1996). It was allowing market forces to operate freely within the confines of the central plan, which would

accelerate production and therefore economic growth, and had rewards and incentives to work, unlike Mao's commune system. He argued the guidelines for reform as "When crossing the river, feel the stones underneath" (Moak & Lee, 2015). Thence, Deng Xiaoping incorporated pragmatism, experimentalism, gradualism, and authoritarianism into economic reforms.

Deng recognized that the Chinese were motivated by self-interest, taking risks and working hard if money could be earned. So, State Capitalism, a Chinese-styled parallel economy in which both private and state enterprises existed. Strategic goods were subsidized and the non-strategic goods' prices were allowed to be determined by the market. However, free enterprise remained banned and socialism deeply entrenched (Mohanty, 1998). The discovery of the "seven-worker rule" in Karl Marx's *Das Kapital*, which states that an enterprise employing seven workers whose owner also worked in it, was a collective because the owner was considered the eighth worker. That is, private businesses hiring seven workers or less with the owners also working in them were consistent with Marxism. This paved the way for Deng to experiment to limited capitalism and was extremely successful. Deng Xiaoping also had the strategic idea of "one central task and two basic points", which means adhering to the socialist modernization construction as the central task (Chang D. W.-W., 1988).

Behind the ideas of reform by Deng Xiaoping, the idea of Four Modernization was associated which sought to modernize the four areas of China's economy: agriculture, industry, science and technology, and national defense (Liu T., 2014). In 1979, the household responsibility system was introduced in which the commune system and collectivization of agriculture were dismantled, and farmers were allowed to lease small plots of land. This increased the output and increased the standards of living in the Chinese people. Thus, from 1987, the land could be leased for 50 years, which gave the essence of belongingness to the farmers (Guangqian, 1998). Under Four Modernization, in the industrial modernization, individual enterprises expanded, State-Owned Enterprises (SOEs) were changed to collective ownership, some enterprises operated under joint ownership (state and individuals, and state and foreign companies), and some enterprises became privately owned (Bing, 1998). The labor market also became much more flexible. One of the most significant of Deng's economic reforms with the Four Modernization was the creation of Town and Village Enterprise (TVEs) (Chungui, 2001), which allowed ordinary people to start small businesses outside the control of the state

and the party. The establishment of the Special Economic Zones (SEZs) under the economic reform by Deng attracted foreign investment, gained advanced foreign technology and management methods, served as a laboratory to study capitalism and stimulate growth through exports (Sun & Payette, 2017).

Another important factor under the Four Modernization was science and technology. The changes starting in 1980 were consistent with the Open Door Policy regarding economic development, for which China had to ensure access to world-class technology. To that end, economic incentives to develop and share technologies were included. The state began to sponsor research in technological innovation, and a state science and technology commission was established. By the mid-1980s, scientists travelled abroad and communicate freely internationally (Nanqi, 1998). Accordingly, the People's Liberation Army (PLA) needed addressing the weaknesses. China required a modern, capable army with a hierarchy that supported the other forms of reforms taking place. Army Officers were appointed to the Central Committee of CPC. The essence of the change was to make full usage of the period of relative peace without major wars and to pay close attention to making strategies for China's modernization drive (Liu T. , 2014). The economic reforms, a result of the Four Modernizations contributed to the well-being and efficiency of the army and helped to modernize and increase professionalism.

With a focus on the economy, agriculture, scientific and technical development Deng Xiaoping aimed for reform of the banking systems in China. Before 1978 China had a mono-bank model, and after that, the banking sector reform was put on the political agenda. The government loans were substituted by the bank loans, and tasks of the People's Bank of China were allocated to four specialized state-owned banks, also known as the "Big Four" (Doorn, 2011). The Big Four are the Bank of China (BOC), the Industrial and Commercial Bank of China (ICBC), the Construction Bank of China (CBC) and the Agriculture Bank of China (ABC) to allocate credit throughout the economy. In 1984, the China and South Sea Bank Ltd., the first Chinese-foreign-equity bank, was established. In 1986 the Bank of Communications was established. This was the first domestic joint-equity bank. In 1991, the first joint-equity bank was listed on the Shenzhen stock exchange (Barth, Li, Li, & Song, 2013). Shortly after, the first policy banks were established. Since Deng Xiaoping strongly believed that the power of the

market for transfer of economy. But he viewed the market as a 'double-edged sword', which can promote economic instability or even a crisis if it is poorly regulated. Thus, the emphasis of banking reform has been on constantly developing the ability of the state to supervise and regulate banks, as well as fostering good governance practices within banks (Williams, 2018).

Deng Xiaoping strategic thoughts were formed and developed under the new historic conditions after the proletariat had expanded power. Therefore we can say that Deng Xiaoping's strategic thoughts have modern China and the world as the basis, with their foremost objective as the peaceful development of China and the world as the whole (Chang M. H., 1996). He believed that the development of China cannot be separated from the world. Deng Xiaoping's international strategic thoughts contained a thorough analysis of the world and concluded that peace and development are the two main strategic issues. He proposed building a new international and political order based on the five principles of peaceful co-existence. In international relations, he advocated independent foreign policy, opposing hegemonism and power politics. To seize the opportunity, he proposed the idea of "joint development" which was supposed to be necessary to solve disputes peacefully in the world (Bing, 1998).

His thoughts were also about creating a peaceful and strategic environment and a favorable situation and providing strong security protection for the nations' development. Deng Xiaoping emphasized the idea of mutual security as well as security of the whole. He linked the national security with the neighbors, region and even the world at large, to build up a genuine and reliable security environment. He dismissed the old idea of merely seeking military power, and instead suggested to develop the comprehensive power of the country. He also focused on the relationship between national defense development and economic development. Deng illustrated defense development as part of national economic development and planned and coordinated accordingly. On the strategy of the military action, insisted on having a policy of active defense, Deng Xiaoping emphasized learning new characteristics and new patterns of limited warfare (Nanqi, 1998).

Deng Xiaoping mentioned in 1984, "There are two outstanding problems internationally, one is the problem of peace, and the other is the north-south problem" (Chang D. W.-W., 1988, p. 95), and in 1985, he said, "The real major issues of the world today, issues of global strategic

proportions, are the problems of peace and the economic problem or the problem of development. The problem is the east-west peace problem and the problem of development of the north-south problem. In summary, there are issues of east, west, north and south" (Baoxiu, 1998, p. 23). He also stressed, "China is a force for the maintenance of world peace and stability, and is not a force of destruction" (Baoxiu, 1998, p. 22). Deng believed that the world economy had developed in the direction of regionalization, globalization, and groupings, resulting in interdependence and integration, and had become an important factor restraining the outbreak of war, and the force of peace are the third world.

In conclusion, Deng Xiaoping's Thoughts constitutes a scientific system with rich content. Deng Xiaoping Thoughts are not the outcome of the study, but they grew out of a practical requirement in the course of leading and planning the unparalleled socialist modernization of the huge Asian country with a quarter of the world's populace. The reform strategies by Deng were pragmatic, thoroughly studied, experimented, and implemented promptly. The strategies not only were successful in endorsing economic growth but also were consistent with Maoism and Marxism- Leninism. In summary, the central point of Deng Xiaoping's strategic thought is about peace, development, stability, security, and national rejuvenation.

4.7 Xi Jinping Thought

Since the 19th Congress of the Communist Party of China (CPC) in October 2017, which enshrined "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era" (Buckley, 2018). Mao Zedong headed China to rise to its feet, Deng Xiaoping directed the country in creating wealth, and Xi Jinping has led China to become powerful. Xi's Thought is based on communism undertaking the project of the modernization of socialist construction.

For a bright future for Socialism with Chinese Characteristics, Xi Jinping took Deng Xiaoping's revolutionary ideals and charisma as an inspiration for Chinese people for achieving the Two Centenary Goals and Chinese Dream of national rejuvenation (Garrick & Bennett, 2018). He has emphasized that the leadership of CPC is essential to socialism with Chinese characteristics and is committed to the Party' role in exercising overall leadership and coordinating the efforts and ensuring the Party's guidelines, principles, policies, decisions, and

plans comprehensively and effectively under the principle of democratic centralism (Peters, *The Chinese Dream: Xi Jinping thought on Socialism with Chinese Characteristics for new era*, 2017).

In a speech during a fact-finding trip to Jiangsu Province in 2014, he mentioned, "[...] we should familiarize ourselves with and adapt to the *new normal of economic development*, making comprehensive moves to complete a moderately prosperous society in all respects, to further reform, to advance the rule of law, and to strengthen Party discipline." (The Governance of China, 2017, p. 104). Hence, this Four-Pronged Strategy, one goal and three measures: to complete a moderately prosperous society in all respect, to further reform, to advance rule of law, and to strengthen Party discipline was proposed to meet the practical needs of national development, highest expectations of the people and to solve the prominent problems (Amighini, 2015). President Xi has emphasized that this is China's governance strategy in the new era and an important guarantee for realizing the Two Centenary Goals and Chinese Dream of national rejuvenation. This has included, driving the reform to a deeper level by opening wider to the outside world, providing a more open, inclusive, and transparent environment for foreign investment, and provide more space for cooperation with other countries (Lin & Trevaskes, 2019).

Xi Jinping Thought has advocated the essence of Marxism to be developed in the 21st century and China today, for the practical significance in the present world. The Thought has relied on the truth and vigor of Marxism and its irreplaceability in understanding, reshaping, and advancing the world (Rosenzweig, Smith, & Trevaskes, 2018). The thought also has focused on the enhancement of research on modern capitalism, its crisis, evolution, new forms, and its nature in the present situation. Xi Jinping Thought has advocated the application of Marxism as a powerful instrument to gain competitiveness, win the initiative, seize the future and overcome barriers on the path ahead. President Xi elucidated the study of Marxist classics, Mao Zedong Thought, Deng Xiaoping Theory, Theory of Three Represents, Scientific Outlook on Development, and study of the Central Committee concepts, ideas, and strategies for China's governance, and transformation of theory into tangible strength to understand and change the world to sustain China's resolve to uphold and develop socialism with Chinese Characteristics

(Peters, *The Chinese Dream: Xi Jinping thought on Socialism with Chinese Characteristics for new era*, 2017).

Xi Jinping Thought adhered the necessity of keeping to and expanding the path of socialist rule of law with Chinese features and establishing China as a socialist country under the rule of law. This has reflected the CPC's drive to enhance its governance capacity. For the socialist rule of law, Xi Jinping has emphasized the leadership of CPC, principal position of the people, upholding of the principle that all are equal before the law, and integration of the rule of law with the rule of virtue (He, *The Emerging Model of Economic Policy Making under Xi Jinping*, 2018). The comprehensive advancement of the rule of law is a systematic undertaking and a profound and far-reaching revolution in the governance of China.

In the 5th Plenary Session of the 18th CPC Central Committee, Xi Jinping said, "[...] development concepts are meant to be strategic, to outline and guide, and to be about development ideas, direction and focus" (*The Governance of China*, 2017, p. 19.). Xi Jinping Thought has encompassed the concepts of innovative, coordinated, green, inclusive and open development. Xi Jinping has put forward the idea to implement the strategy of innovation-driven development to adapt the changing environment of development, enhanced the impetus of development, seized the initiative in development, and led the new normal. He also focused on the promotion of the harmonious coexistence of humanity and nature. In a speech at a study session on implementing the decision of the 5th Plenary Session of the 18th CPC Central Committee, President Xi Jinping quoted Frederick Engels, "Let us not, however, flatter ourselves overmuch on account of our human victories over nature. For each victory, nature takes its revenge on us..." (*The Governance of China*, 2017, p. 415) and emphasized the significance of green development.

Furthermore, Xi Jinping Thought has established a new system of opening up, giving focus on the trend of economic globalization. It was based on Karl Marx's and Frederick Engels' *Manifesto of the Communist Party*: "The bourgeois has through its exploration of the world market given a cosmopolitan character to production and consumption in every country." (Marx & Engels, 1965, p. 7) Marx and Engels' perception and argument facilitated to reveal the nature, logic, and process of economic globalization, placing a theoretical foundation for China to

understand the concept today. President Xi's Thought has encompassed that power structures among various countries changing positively in an unprecedented way, the world economy gradually emerging from the shadow of the global financial crisis, the rapid increase in China's share of the world economy and global governance, reaching of China's opening up to a better balance between bringing in and going global, and prioritized the practice of the people-centered philosophy of development. The people-centered development has represented a philosophy of shared development, which further emphasized four-point: the beneficiaries are all the people; the development benefits to be shared should cover all fields; development achievements are shared through making concerted efforts for development; and shared development is realized step by step (He, *The Emerging Model of Economic Policy Making under Xi Jinping*, 2018). The Thought also has shared the idea of implementation of the New Development Concepts. So, to implement the concept, Xi Jinping pointed about thoroughly studying the new development concepts and making earnest efforts to apply them, dialectical thinking to appropriately plan for the designing and execution of new development concepts, creation of the innovative approaches, staying true to Chinese principles, and to promptly address the problems and risk that arise during the implementation of new development concepts (Heng, 2018).

In 2014, at the Central Conference on Economic Work, President Xi Jinping delivered a speech, "To improve our economic work, first of all, we should have a rational understanding of the current situation and a sound assessment of future trends. [...] I briefly analyzed the characteristics of the new normal in China's economic development- a slowdown in the rate of growth, optimization of economic structure, and shift of growth engines." (*The Governance of China*, 2017, p. 256). To cope up with the new normal, Xi Jinping prioritized several trends brought by the new normal. First, emphasized on the differentiated, individualized, and diversified consumptions, and secondly, given importance on the investment to boost the economic growth. Other than these, exports and balance of payments, production capacity and industrial structure, the comparative advantage of production factors, market competition, resource and environment constraints, accumulation and defusing of risks, and resource allocation model and means of macro-economic control also are the trends to adapt and overcome the new normal (Rahman, Kumar, Anusara, Chanthamith, & Khatoon, 2018). In 5th Plenary Session of the 18th CPC Central Committee, President Xi quoted an ancient Chinese Official, "A smart man changes his approach as circumstances change; a wise person alters his

means as times evolve." (The Governance of China, 2017, p. 307) Therefore, President Xi has emphasized the advance reforms and innovation, transformation of the growth model, and concrete efforts to adapt growth engines, to open up a new social and economic situation at a new historical threshold. Also, the Thought has urged in seeking innovation in the process of development, progress in the course of innovation, and breakthrough in making progress, to bring the development to a new level. Other than above, Xi Jinping Thought for economic reforms also has construed promotion of supply-side structural reforms, promotion of healthy development of diverse forms of ownership, building China into a world leader in Science and Technology, and sound circular and healthy development of economy and finance (Heng, 2018).

Importantly, Xi Jinping Thought circumscribed the socialist political path of making democratic political progress with Chinese features. In a speech at 60th anniversary of the National People's Congress President Xi Jinping mentioned an old Chinese saying, "To the south of the Huaihe River grow oranges, and while to the north grow bitter oranges." (The Governance of China, 2017, p. 133). The purpose of the saying was to highlight the influence of the environment. He focused on drawing achievements of other political civilization but not letting them to outweigh the foundations of China's political system. The socialist democratic principle of Xi Jinping Thought has believed that it is a system deeply-rooted and fully nourished in China's soil is trustworthy and will serve China's purposes. In the same speech, he continued, "No two political system on earth are exactly alike, and no model can fit the political system of all countries." (The Governance of China, 2017, p. 319). He was also confident that, China's socialist democracy has been successful as its leading body is orderly and in line with the law, and all people can manage state affairs and social, economic and cultural affairs in conformity with legal provisions.

China has employed the state system which is a socialist state under the people's democratic dictatorship headed by the working class and created on the alliance of co-workers and farmers, the system of people's congress as the system of government, the system of multiparty cooperation and political consultation under the leadership of the CPC, the system of regional ethnic autonomy, and the system of community-level self-governance, featuring idiosyncratic Chinese characteristics (Buckley, 2018). Xi Jinping Thought has incorporated the principle of democratic centralism to uphold and improve the system. Additionally, Xi Jinping

Thought included consultative democracy which is a unique form of Chinese socialist democracy. It came from China's age-old comprehensive political culture, including notions that "all under heaven" belonged to the people, mutual learning and inclusiveness, and seeking common ground while putting apart differences (Lin & Trevaskes, 2019).

To gain the cultural confidence, Xi Jinping Thought has included the realization of the Chinese Dream of national rejuvenation in both material and cultural terms, which is consistent and persistent for the pursuit of the socialist cultural and ethical progress providing all people with a strong ideological guarantee, intellectual support and moral assistance (Su & Wu, 2017). Xi Jinping mentioned, "Cultural and ethical progress can only play a bigger role when we stand at the forefront of the times and set the standards of social morality and trends." (The Governance of China, 2017, p. 344). Xi Jinping thought suggested a strategic concept to deal with the relationship between material progress and cultural and ethnical progress in a dialectical, comprehensive and balanced way. On 28 February 2016, he said, "We create an environment where ethics are held in high esteem. We should endeavor to promote Chinese traditions..., social morality, and family traditions; and let the Chinese cultural genes multiply, especially among young people." (The Governance of China, 2017, p. 359). Xi Jinping has considered China's philosophy and social sciences as a symbol of maturity, strength and self-confidence. He mentioned a documentary, *A Bite of China* and informed to introduce to the rest of the world China's academia, theories, and philosophy and social sciences, projecting the image of a China in progress, an open China, and a China making a constant contribution to human civilization (Blackwill & Campbell, 2016). The cultural part of Xi's Thought has mentioned that all resources and legacies to retain their Chinese identity, display originality and zeitgeist, and be systematic and professional.

Xi Jinping has full confidence in China's culture and national spirit with literary and artworks. His thought has the essence of Chinese culture, learning from foreign cultures, and a look to the future. Also has included the completion of a creative transformation in cultural inheritance, and try to surpass from those whom Chinese have learnt. He has believed in presenting Chinese art and culture in the international arena with distinctive Chinese style and Chinese ethos, spreading the values of contemporary China and Chinese people's aesthetic pursuits (Su & Wu, 2017).

Both China and world are experiencing a time of dramatic and complex change with fundamental differences of opinion in the ideological sphere, where President Xi has alerted against any possibility of a "color revolution". Xi's thought has mentioned that the contemporary theme of the military is to focus on realizing the Chinese dream of national rejuvenation and provide a solid political guarantee for achieving the Party's goal of building a strong military. In Xi's thought, the military doctrine followed the guidance of Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory, the Theory of Three Represents, and the Scientific Outlook on Development, and implementation of Party Central Committee's requirements of comprehensively promoting the rule of law and strict Party discipline within the military (Buckley, 2018). In 2014, Xi delivered a speech at a military conference on political work, "Once the key link is grasped, everything else falls into place, once the horse is before the cart, the cart will follow." (The Governance of China, 2017, p. 480). So, Xi Jinping Thought contained four military fundamentals: the military should foster Chinese shared ideals and convictions; should uphold CPC's spirit and principles; should uphold the standard of combat capability; and should hold the authority of political work (Wuthnow & Saunders, 2017). And to continue to strengthen of the Chinese military, President Xi's thought has upheld the CPC's leadership over military, development of Party's military theory, and constantly opening up of new horizons for the military theory of Marxism and military practice in contemporary China. Also, Xi Jinping Thought has focused on combat readiness and building of elite military, and have believed on political work, science and technology, and rule of law to upgrade China's national defense and modernize the military (Wuthnow & Saunders, 2017).

Moreover, Xi Jinping Thought has incorporated China's diplomatic work in the view of the new tasks for the new which involved creative and proactive China's diplomatic theories and practice. The thought has advocated a new model of international relations underpinned by mutually beneficial cooperation, proposed and implemented the policy of upholding a greater good and pursuing a shared interest, and has championed a new vision of common, comprehensive, cooperative and sustainable security (Kallio, 2018). Further, President Xi's thought has endeavored a model to build new major-country relations and proposed and practiced a policy of building relations with neighboring countries based on amity, good faith, mutual benefit, and inclusiveness, and a separate policy of building relations with Africa based on producing real results. The thought has faith in a world trend towards multipolar world aware

of the protracted nature of contest over the international order. Xi Jinping Thought on major-country diplomacy has focused on prosperity and stability in the Asia-Pacific region. Also, the thought has considered both international and domestic market, resources and rules and has recommended to project and adopt plans for reform and development accordingly (Xiaochun, 2018).

Xi Jinping Thought has incorporated distinctive diplomatic approach as a major country promoting democracy in international relations and upholding the Five Principles of Peaceful Coexistence. The thought has encompassed the essence of sovereign equality and international justice to pursue win-win cooperation. It has believed in respect for the choices of development path and social system independently chosen by the people of other countries, promotion of peaceful resolution of differences and disputes through dialogues and consultation. In steering China's diplomacy in both current stage and future, the thought has propounded a holistic approach to national security and helped understand and support other countries about the Chinese Dream for peace, development, cooperation and win-win situation. For a shared future, Xi's thought has promoted neighborhood diplomacy to foster an amicable, secure and prosperous neighborhood environment, and boost win-win cooperation and connectivity. Importantly, President Xi has proposed to improve China's ability to participate in Global Governance (The Governance of China, 2017).

In the face of current challenges, Xi Jinping Thought has incorporated the enhancement of macro-economic policy, policy coordination, promotion of global economic growth and financial stability. Also, the thought has emphasized on the innovation of new development models and tapping of growth impetus, with the improvement of global economic governance. Further, the thought has elucidated an open world economy and continuation of push trade and investment liberalization and facilitation. President Xi Jinping has also focused on the implementation of the 2030 Agenda for Sustainable Development and promotion of inclusiveness. Xi Jinping Thought has strongly believed in the notion of economic globalization. In a speech in 2017 at the World Economic Forum 2017 in Davos, Switzerland, he mentioned, "Simply blaming economic globalization for the world's problem is neither consistent with reality, nor helpful for finding solutions to the problems [...] to grow its economy, China must have the courage to swim in the vast ocean." (The Governance of China, 2017, p. 589).

Moreover, President Xi has emphasized on the critical issues in the economic sphere: lack of robust driving forces for growth, inadequate global economic governance, and uneven global economic development. Hence in the same forum, President Xi has suggested developing a dynamic, innovation-driven growth model, a well-coordinated and interconnected approach to developing a model of open and win-win cooperation, fair and equitable governance, and development of balanced, equitable and inclusive development model (He, *The Emerging Model of Economic Policy Making under Xi Jinping*, 2018).

Xi Jinping Thought has faith on the commitment on the purpose and principles of the Charter of United Nations and has focused on building a new model of international relations featuring reciprocally beneficial cooperation, and create a community of shared future for mankind. In a speech at the Paris Conference on Climate Change in 2015, he said, "Tackling climate change is a shared mission for humanity." (*The Governance of China*, 2017, p. 486). Hence, Xi Jinping thought has incorporated the essence of green development as a shared future for the whole of mankind. Guided by the principles of peace, sovereignty, inclusiveness and shared governance, President Xi's thought has aimed to turn the deep seas, Polar Regions, outer space and the internet into new frontiers for cooperation, rather than a ground for competition. Thus, the thought has aimed to build a world of common security through joint efforts, common prosperity through win-win cooperation, open and inclusive world through exchanges and mutual learnings, and clean and beautiful world by pursuing green and low-carbon development.

In conclusion, Xi Jinping Thought has stood firmly for peace, development cooperation and win-win outcomes considering domestic development and international situation. It has adopted a holistic approach to development and security for peaceful development and national rejuvenation. The thought has devoted itself in safeguarding China's sovereignty, security, and development interests fostered an international environment friendly to China's peaceful development and have taken advantage of this important period of strategic opportunity for China. Xi Jinping Thoughts are the efforts to ensure the realization of the Two Centenary Goals and the Chinese Dream of national rejuvenation.

Therefore, President Xi launched in 2013 "Belt and Road Initiative" as a China's grand strategy, based on cooperation, regional integration, infrastructure development and win-win

situation. The Chinese strategic thoughts are hinged in BRI, as BRI alone is not only economic but also strategic. Hence, the study of the Chinese strategic thought is necessary with a thorough interpretation of the BRI to connect the strategic thoughts of Chinese thinkers, philosophers and political leaders.

Chapter V

Belt and Road Initiative

Zhang Qian made an expedition as royal envoy to the regions west of the Han Dynasty in the 17th Century. Afterwards, Chinese merchants began to trade with people of the western regions by following this route, which was later called the 'Silk Road'. The band of traders from both Europe and Asian continents used to travel caravan routes for exchanging of commodities and ideas. Another oceanic trade route also came into being about a century later. The two roads connected the countries of the Eurasian continent by land and sea, and along these routes, ancient China traded and made cultural exchanges with them (Schortgen, 2018). Empirically, the development of the Silk Road and the Maritime Silk Road has encouraged the friendly interactions amongst individuals and societies along the routes and strengthened the intermixing of Eastern and Western civilizations.

Belt and Road Initiative (BRI) was announced in 2013 by President Xi Jinping and was marked by both optimism and concern. BRI has been welcomed with growth and development and on the other hand have cautioned notifying significant risks, BRI-related debt, stranded infrastructure, and local communities and environment harmed. BRI has been analyzed with the potentiality to substantially improve trade, foreign investment, and living conditions for citizens but only through deeper policy reforms to increase transparency, expand trade, and improve debt sustainability, and decrease environmental, social and corruption risks. The World Bank Group study (2019) estimated that the trade will grow from between 2.8 and 9.7% for BRI participating countries and between 1.7 and 6.2% for the world. Additionally, low-income countries were expected to see a significant 7.6% rise in foreign direct investment (The World Bank Group, 2019).

BRI has acted as a dynamic synergy between the corridor economies. BRI promotes connectivity in Asian, European and African continents, align development strategies, tap market potentials, promote investments, enhance consumption, stimulate demand, induce job creation and encourage cultural exchange. Chinese Development and Reform Commission in 2015, stated in the Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road that:

“The initiative to jointly build the Belt and Road, embracing the trend towards a multi-polar world, economic globalization, cultural diversity and greater IT application, is designed to uphold the global free trade regime and an open world economy in the spirit of open regional cooperation. It is aimed at promoting orderly and free flow of economic factors, highly efficient allocation of resources, and deep integration of markets; encouraging the countries along the Belt and Road to achieve economic policy coordination and carry out broader and more in-depth regional cooperation of higher standards; and jointly creating an open, inclusive and balanced regional economic cooperation architecture that benefits all. Jointly building the Belt and Road is in the interests of the world community”. (Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road, 2015, p. 2)

BRI adheres to the purpose and principle of Charter of the United Nations and upholds the Principles of Peaceful Coexistence. It is aimed at benefitting from wider areas through cooperation and engagement with international and regional organizations. BRI has advocated the notion of tolerance among different civilizations, and respects and paths and modes of development, which makes the initiative an inclusive and harmonious. And also stressed the market operation for a shared benefit for all (Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road, 2015).

BRI is a transcontinental long-term policy and investment program which targets infrastructure development and acceleration of the economic integration of countries along the route of the ancient Silk Road. On March 28, 2015, the official outline for BRI was issued by the National Development and Reform Commission (NDRC), Ministry of Foreign Affairs (MOFA) and the Ministry of Commerce (MOFCOM) of the People's Republic of China. According to the official outline, BRI targeted to "endorse the connectivity of Asian, European and African continents and their adjacent seas, institute and support partnerships among the states along the Belt and Road, set up all-dimensional, multi-tiered and composite connectivity networks, and apprehend diversified, independent, balanced and sustainable development in these countries" (Belt and Road Initiative, 2017).

BRI is a global initiative focusing on the countries in Asia, Eastern Europe, Eastern Africa, and the Middle East due to its nature of building on the historic Silk Road. It promotes the cooperative groundwork of development plans and measures for progressing regional cooperation between states involved in BRI. According to the outline, BRI is based on five cooperation priorities. They are:

1. Policy Coordination

Policy coordination is the foundation for other facility interconnectivity, impeded trade, financial integration and people-to-people connectivity. Adhering to the principles of consultation, contribution, and shared benefit, BRI has allowed all participating states within the international cooperation framework to conjointly deal with challenges faced by the members in the world economy, create new opportunities for trade growth, and seek new drivers of development and explore new spaces for it, with a view of achieving complementary advantages and mutual benefit and marching steadily towards the goal of a communal, shared future for mankind (Jinping, Open up a New Starting Point for Cooperation and Seek New Development Momentum: Opening Speech at the Roundtable of the Belt and Road International Cooperation Summit Forum, 2017). The BRI outline centered on enhancing policy coordination as an important guarantee for implementing BRI. It has emphasized for the promotion of intergovernmental cooperation, construction of multilevel intergovernmental macro policy interchange and communication tool, enlargement of shared interests, improvement of political trust, and accomplishment of the new cooperative consensus. It adheres to peaceful cooperation, openness and tolerance, mutual learning, and mutual benefit while coordinating policy with other countries.

The practice of policy coordination of BRI has demonstrated the following characteristics and innovations. First, the participation in BRI continues to expand moving from regional cooperation to global governance and transforming the international political and economic orders. Second, pivot counties are playing an important role in BRI construction. Third, mutual political trust between China and the BRI counties is deepening with BRI as the largest common denominator for cooperation. Lastly, stronger regional cooperation and globalization are being driven by the thriving sub-regional institutionalized cooperation platform.

2. Facilities Connectivity

At the heart of the BRI is connectivity, by both physical and digital means. BRI is concentrated to construct a versatile, multi-level, and complex infrastructure framework centered on railways, roads, aviation, shipping, pipelines, and integrated space information networks. The infrastructure connectivity framework has been designed to reduce the transaction costs of products, capital, information, and technologies flowing between regions, and promoting the effective and orderly flow and optimal allocation of resources among different regions. Considering insufficient infrastructure investment a bottleneck for economic development in developing countries, it aimed at accelerating infrastructure connectivity which is a key area and core goal of the BRI (Xinhua, 2019).

Facilities connectivity is also key to boosting international trade and economic growth. The facilities connectivity included improvement of connectivity of infrastructure construction plans and technical standards systems. The physical and technical infrastructure connectivity is dependent on speed and cost considerations. It is aimed at the reduction of cost of transport and facilitation of trade, industrialization and support regional and economic integration. Moreover, information technology is intended to facilitate improved supply-chain resilience and introduce more resource efficiency (Lu, Rohr, Hafner, & Knack, 2018).

3. Unimpeded Trade

Unimpeded trade can be identified as one of the major tasks of BRI and focused on China's resolve to eliminate investment and trade barriers, and build a free trade zone with the countries along the road (Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road, 2015). It is an important cooperation priority for promoting BRI. Because of the resource advantage and economic complementarity, BRI has a space and potential for cooperation. The unimpeded trade is the realization to develop together while complementing and exploiting each other's' advantages. It has had liberalized and facilitated trade and investment among the participating states and regions, dropped the costs of trade and business, and released growth potential, allowing the participants to engage in broader and deeper economic globalization.

Trade-in goods between China and other countries have reached USD 1.3 trillion in 2018, increased by 16.4% year on year, while that in services rose 18.4% from 2016 to 97.76 billion dollars in 2017. The BRI increased trade flows among participating countries by up to 4.1%, according to a World Bank study of the impact of the BRI on trade in 71 potentially participating countries. It has emphasized the innovation of faster pace of trade model, with new trade models such as cross-border e-commerce becoming an important driver of trade among participating countries (Office of the Leading Group for Promoting the Belt and Road Initiative, 2019).

4. Financial Integration

The concept of financial integration is rooted to the idea of globalization because it is believed that highly populated regions, unequipped with financial resources could easily bring prosperity and growth if these countries could integrate themselves with financially sound countries. This financial integration can be and has been done through the development of financial institutions (Wahid, Mumtaz, Kabylnskii, & Ashkanani, 2019).

In Asia financial integration through BRI has deepened financial cooperation, and made efforts in building a currency stability, investment and financing system and credit information system. It has explored new models of international investment and financing through the sovereign wealth funds and investment funds of the participating countries (Kulaksız, 2019). It has extended the possibility and scale of bilateral currency swap and settlement with other states along the Belt and Road, which has opened and developed the bond market in Asia, made combined efforts to institute the Asian Infrastructure Investment Bank (AIIB) and BRICS New Development Bank, directed negotiation amid associated parties on establishing Shanghai Cooperation Organization (SCO) financing institution and has set up and put into operation the Silk Road Fund, as a part of growing support from multilateral financial cooperation.

Moreover, through financial integration, BRI has strengthened financial regulation cooperation, encouraged the signing of MOUs on cooperation in bilateral financial regulation, and established an efficient regulation coordination mechanism in the region. Through BRI, it has improved the system of risk response and crisis management, built a regional financial risk early-warning system, and created an exchange and cooperation mechanism of addressing cross-border risks and crisis. Further, it has been aimed to increase cross-border exchange and

cooperation between credit investigation regulators, credit investigation institutions and credit rating institutions (Office of the Leading Group for Promoting the Belt and Road Initiative, 2019).

5. People-to-people bonds

BRI have developed a self-reinforcing cycle where knowledge, innovation, and trade have amplified each other for which interaction between the peoples of all the countries along the Silk Road despite the cultural disparity among them is required. These bonds have supposedly impacted virtually all aspects of human interaction, emphasized harmony, and human capital. It is both national culture and corporate culture that are likely to affect knowledge sharing and transfer between China and its partnering nations, which in turn will affect the success of the global alliance (Rechberg & Guo, 2019). The people-to-people is the convergence of the ideas and knowledge as well.

The people-to-people bonds have diverse forms of cultural exchanges, education and training, has expanded tourism, have led to deeper cooperation in health and medicines, and also have focused on the efforts in biodiversity and ecological protection disaster relief, assistance and poverty alleviation. BRI has also planned to enhance international exchanges and cooperation on culture and media, and leverage the positive role of the internet and new media tools to foster harmonious and friendly cultural environment and public opinion. As an advocate of economic and trade cooperation, the people-to-people bond will enrich strategic mutual trust and open ideas, and help to have a better understanding of the BRI (Chunsheng, 2018). It is a platform for mutual benefit and win-win cooperation.

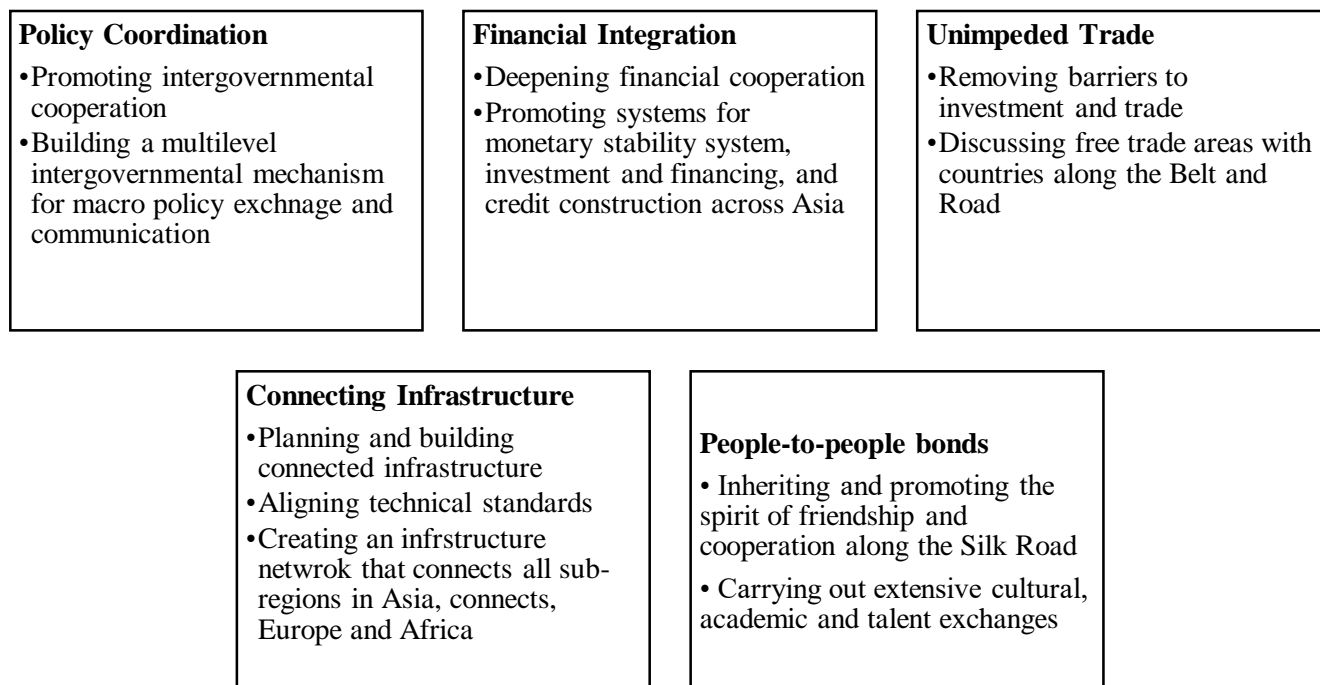


Figure (ii): Five Priorities for Cooperation

Given the top-down nature of policymaking in China, with the economic aspects of the BRI, there has been strategic speculation of it. There is the essence of geostrategic, economic or national development strategy. The geo-economic and geopolitical aspect of BRI has included squeezing of strategic space and a desire to increase China's strategic influence with cooperating states (Grieger, 2016). Though the economic cooperation has been framed in cooperative win-win terms by the government but has been suggested that it has increasingly used asymmetric tool of economic and political leverage (Swaine, 2014).

More specifically, according to the government-affiliated 'Blue Book of Non-Traditional Security (2014-2015)', the BRI is expected to serve the interests such as safeguarding China's national economic security, promoting energy security through alternative shipping routes, facilitating border security through development of China's western regions, combating the 'three evils' (terrorism, separatism and religious extremism) within and abroad through economic development and wealth redistribution, helping to mitigate US-led geopolitical machinations, and '[building] a new international system of discourse' and a 'new international security order'

that enhances China's comprehensive national power and cultural soft power (Institute of Defence and Strategic Studies, 2014).

Hence, BRI has been inarguably the most ambitious foreign policy program since the PRC was founded in 1949. Primarily the BRI has targeted the Eurasian landmass, but albeit to a smaller degree, BRI also intends to connect with Africa, mostly North, North East and South Africa, Oceania, and Latin America. The BRI has two major components: the land-based Silk Road Economic Belt (the 'Belt'), and the sea-based 21st Century Maritime Silk Road (the 'Road').

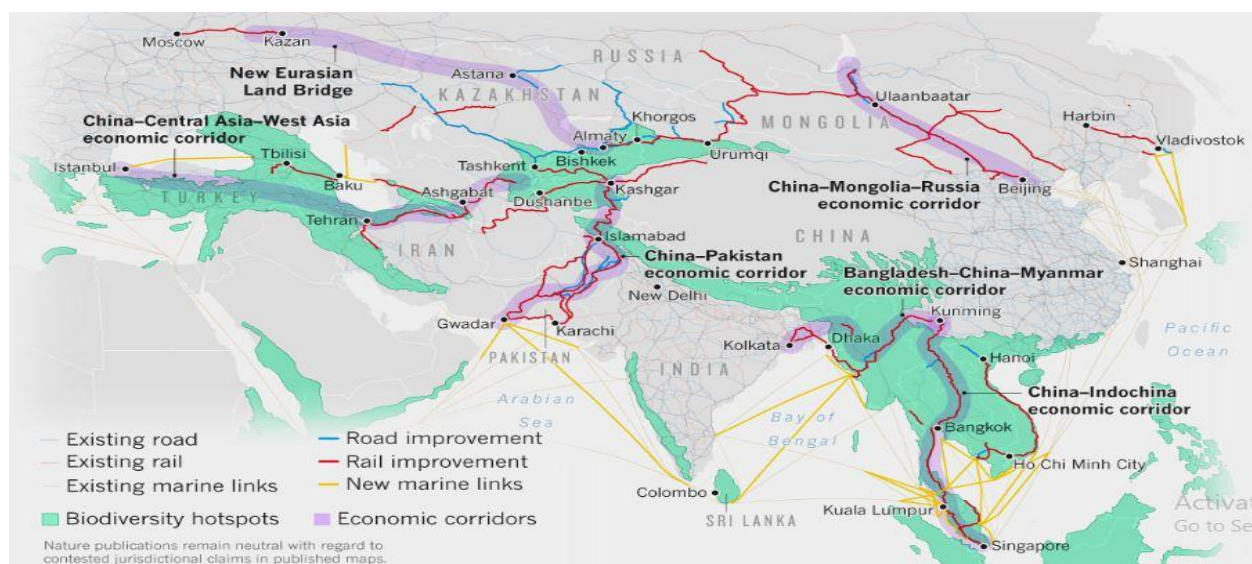
5.1 Silk Road Economic Belt

The Silk Road Economic Belt has interlinked the countries and economies of the Eurasian continent via diverse projects fixated on infrastructural development and connectivity, and coordination of national and regional development plans. The Belt has envisioned to expand and connect transport networks and markets, disperse and improve Eurasian production capacity, and simplify the transit of goods, capital, energy, raw materials, information, people and culture. This has been made possible through investments in roads, rails, ports and aerial infrastructures, along with supplementary facilities such as power grids, energy pipelines and high-speed fiber optic cables, and also has, directly and indirectly, contributed to the United Nations Sustainable Development Goals (SDGs) (Ghiasi & Zhou, *The Silk Road Economic Belt: Considering security implications and EU-China cooperation prospects*, 2018).

The Belt's most important tasks are to promote policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bonds (Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road, 2015). In China's view, connectivity and co-development are common interests and keys to peace and prosperity which is further connected with the future of mankind and Asia's stability and revival (Jinping, *The 4th Conference on Interaction and Confidence Building Measures in Asia (CICA)*, 2014). More concretely, Silk Road Economic Belt are six planned economic corridors stretching outwards from China throughout Eurasia, some of which merge with the 21st Century Maritime Silk Road. They are:

1. New Eurasian Land Bridge Economic Corridor (NELBEC)
2. China-Mongolia-Russia Economic Corridor (CMREC)
3. China-Central Asia-West Asia Economic Corridor (CCWAEC)
4. China-Indochina Peninsula Economic Corridor (CICPEC)
5. Bangladesh-China-India-Myanmar Economic Corridor (BCIMEC)
6. China-Pakistan Economic Corridor (CPEC)

In the European Union (EU), the corridors have ended at Rotterdam, Hamburg, Prague and Madrid, as above are the proposed and semi-official corridors, and are subject to change. Some of the economic corridors, as well as the related projects, has been already proposed, planned or completed before the Belt's announcement, but have been subsequently incorporated into the Belt. However, the Belt has been moving ahead through a series of investment projects unconnected to infrastructural and transport corridors, extending across a variety of economic zones.



Sources: World Bank: go.nature.com/2ddj42p; Road and rail lengths: go.nature.com/2xspngh; Biodiversity: go.nature.com/2vbnbzq

Figure (iii): Silk Road Economic Belt

In contrast to the investment outwards, there is also a strong domestic element of the Silk Road Economic Belt. In the line of which, the Xinjiang Autonomous Region is deemed to be a major area and chief economic hub connecting China to other countries. Xinjiang's borders are connected to eight states, and Belt connects all the bordering states with and the region, and with the Indian Ocean through CPEC. Other twenty-four China's provinces, special autonomous regions and municipalities have been identified in the "Vision and Actions" white paper as relevant areas for BRI cooperation and construction (Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road, 2015).

Nevertheless, the Silk Road Economic Belt does not have a formal institutional structure. A planning and coordination body for BRI under Vice-premier Zhang Gaoli has been established within the National Development and Reform Commission (NDRC), a domestic-oriented 'super ministry' responsible for China's economy and development. While it has aimed to coordinate policies and economic development strategies among states, it does not establish a priori parameters on methods, actors or mechanisms, nor is it treaty-based (Ghiassy & Zhou, The Silk Road Economic Belt: Considering security implications and EU-China cooperation prospects, 2018). The Belt has aided to harmonize and synchronize existing fragmented policies with new policy goals, and current and future projects including several existing oil and gas pipelines.

To some extent, the Belt was a domestic initiative put forward by provincial and municipal bodies in China, but in the context of struggling global economy and a slow domestic transition, the Belt through which China's economic growth has been planned to manage by expanding the market beyond China's borders (Minghao, 2015). Further, the Belt has promoted China's progress and economic 'resilience' by stimulating regional demand for industrial and agricultural goods. The Belt has served to grow China's quality and high-end manufacturing industries. In response to the slow rise of labor costs in China, the Belt has also facilitated the government to shift its labor-intensive and low-value-added manufacturing facilities abroad. As a result, it has trailed to balance China's internal economic development through investments in her economic areas.

Moreover, the Belt has been seen as a new version of China's "Going Out" policy (Going out 2.0), which was started in 1999 and gave Chinese overseas foreign direct investment (OFDI)

a strategic track and incentive. The Belt has contributed to the process of globalization as it has offered a means by which China can foster the status of prime candidate of global development through China's overseas investments. In response to Asia's vast infrastructure deficit, an estimated USD 4 trillion for the period 2017-2020 alone, China has positioned itself as a leader contributing to regional development, connectivity and stability (Price Waterhouse and Coopers & Lybrand, 2013). Economic cooperation has expanded China's circle of friends and increased the potential to amplify her soft power and enhance its neighborhood diplomacy. Additionally, the Belt has been successful in creating alternative energy and raw material channels across land bridges from Central Asia, South East Asia and Pakistan. Also, the construction of pipelines through Central Asia over the past few years, oil and natural gas from Kazakhstan and Turkmenistan respectively have reduced dependency on maritime imports.

Beyond the aim of reshaping the global economic governance, the Belt is aimed at finding new uses for Chinese capital surpluses and internationalizing the underpowered renminbi (RMB) (Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road, 2015) by using RMB as a settlement currency in international trade and business. But has created considerable risk due to long-term nature of infrastructure projects and slow return-on-investment (ROI). The Belt also has accomplished China's regional and neighborhood policies. It has improved China's immediate neighbors' relations and is hoped to mitigate political distrust of its borders with 14 states as they have become a strategic asset instead of a vulnerability. China has considered infrastructure as the bedrock for the development, which in turn has been the greatest form of security according to President Xi Jinping's statements at the Fourth Summit of the Conference on Interaction and Confidence Building Measures in Asia (CICA) (Jinping, 2014). But, China for regional and domestic stability has to reduce the effect of common threats such as poverty, terrorism, transnational organized crime in neighboring regions. According to China's Minister for Foreign Affairs, Wang Yi, the Belt is supposed to address the deep-rooted problem of instability and radicalization in the underdeveloped Asian states (Ministry of Foreign Affairs of PRC, 2015). The Belt has also been aimed to contribute to creating a buffer of more stable states around China and resolving territorial and maritime disputes throughout Asia.

The Belt has linked Xi Jinping's administration's active stand on regional security issues. In 2014, a "New Asian Security Concept" (NASC) was proposed by China to establish a new Asian security order, where China played an important role in agenda-setting (Xinhua Net, 2019). As NASC goes beyond traditional security and military alliance, it is a comprehensive security concept based on development for which connectivity and infrastructure are important. This concept through the Belt is aimed to minimize political distrust with its neighbors. Also, the several developments in the late 2010s in the development of the Belt was probably a part of calculus to loosen the friction with her Asia-Pacific neighbors over territorial disputes. It has also created a strategic space for China to strengthen political and diplomatic ties. The Belt further has laid the foundation for an industrially self-sufficient Eurasian market, which may in future reduce the relevance of non-Eurasian states in the economic terms. The Belt has intended to bound economies with China, and have added leverage over the US-led Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP). Hence, the Belt can be characterized as a means of shaping a Eurasian economic bloc.

Regarding the Silk Road Economic Belt's interactions with regional security dynamics, it has had different security implications in Central and South Asia. Central Asia is the location of major Belt routes. It is taken by the landlocked Central Asian states as a tool for increasing economic growth. Especially in Kazakhstan and Uzbekistan, the Belt and its activities are incorporated in the domestic agendas. Hence, the Belt has played and will play a significant role in creating cooperation among the Central Asian states to resolve the interstate disputes which have been a barrier in the transnational economic projects (Zhang H. , 2019). Russia has recognized the Belt in concern to the geopolitical and geoeconomic parameters and economic intentions. Moreover, the Belt and the Eurasian Economic Union (EEU) has been perceived as complementary as it does not conflicts with Russian security or regional interest of EEU and Central Asia after Russia officially endorsed EEU-Belt cooperation in May 2015 (Duchâtel, et al., 2016). EEU-Belt cooperation has accelerated Russia's "turn to the East" policy by decreasing Russia's economic and institutional dependence on the West. The Belt has destabilized the relevance of US aid and integration efforts in Central Asia that bypass Russia (Stronski & Ng, 2018). The Belt has paved a close China-Russia relationship and has created an investment capital opportunity in Russia and Central Asia. Because of the Belt and EEU's complementarity, it has balanced the essence of globalism and regionalism. Russia has considered the Belt as a

mechanism to increase the EU's dependence on Russian energy as Central Asian energy resources are diverted to China (Rolland, A China–Russia Condominium over Eurasia, 2019).

In South Asia, the Belt has operated through only one state, namely Pakistan, and has raised political temperatures. India has strong reservations on CPEC, as a fact that it traverses disputed territory. It has extended the India-Pakistan rivalry and enhanced the China-Pakistan competition with India over regional influence and security. One of the epicenters for regional and strategic influence has been over Balochistan, the province that is home to Gwadar Port, one of the BRI's key strategic investments. The Belt in the South Asian region, especially CPEC has created three fault lines, first China-India friction, secondly China-Pakistan on one side and India on other, and lastly between China and India and its partners, namely the USA, Japan and, Vietnam to a lesser degree. Moreover, the Belt's compatibility in the region has vied with the interest of India, but other states in the region such as Nepal, Bangladesh, Bhutan, and Afghanistan have wished to tap the advantages from the Belt.

The Belt has cooperated with Central and South Asian security dynamics in a mutually constitutive way. While the security threats from terrorism and extremism could affect Chinese investments, the Belt and BRI as a whole stimulate the greater political will to mitigate the terrorism, extremism, and poor governance. Greater economic growth has been also focused to provide conditions for stability and development. However, Chinese capital investment has raised a suspicion that it will exacerbate the structural governance problem, the corruption and lack of accountability. The Belt has raised the hopes of Central Asia and South Asia for transformative development through inclusive and sustainable growth by eroding the patrimonial practices and corruption.

President Xi Jinping promoted his visions in the European Union (EU) as a "bridge of friendship and cooperation across the Eurasian continent" (The Governance of China, 2017, p. 171). The Silk Road Economic Belt has touched on several EU's foreign and security priorities, including global governance, state-societal resilience and cooperation among regional orders. European Commission and China signed an MOU on EU-China Connectivity Platform in September 2015 to "enhance synergies" between the BRI and the EU's Investment Plan for Europe (the "Juncker Plan") (The European Commission, 2015). The EU's Global Strategy 2016

mentioned, "EU will pursue a coherent approach to China's connectivity drives westwards" (The European Union, 2016). Seventeen out of 27 EU countries, located mostly in Southern and Central Europe, have officially joined the BRI through the signature of a bilateral MOU. Twelve of these are also members of the 17+1 Initiative, a venture initially set up as 16+1 in 2012 to stimulate economic integration through connectivity between China and 16 Central and Eastern European countries, consequently, Greece joined in April 2019 (Sarsenbayev & Véron, 2020). China-Italy MOU was also signed on 23 March 2019 to increase political-economic cooperation in areas such as policy development, transport, logistics and infrastructure, trade, investment and finance, enhancing the regional peace, security, and sustainable development as well as work towards a greener, lower-carbon economy (Hirst & Garcia, 2019).

Recently, the EU has worked on formulating a unified policy in response to the Belt. A joint communication endorsed by the Council of EU in 2018 emphasized connectivity and investments should be economically, fiscally, environmentally and socially sustainable in the long term. In the joint statement of the 21st EU–China Summit on 9 April 2019, the EU and China endorsed that, to continue to cooperate on their respective connectivity initiatives and strengthen mutual communication (Sarsenbayev & Véron, 2020). The China-EU partnership via the Belt has been predicted to escape conventional zero-sum game, and as a geopolitical bonus transforming all the grey areas in-between. Apart from the EU, Central and Eastern European states have played a pivotal role in policies regarding the Belt. China's Outbound Direct Investment (ODI) has increased and bilateral trade has augmented. At the 2019 Dubrovnik Summit, Committee for European Economic Cooperation (CEEC), including the Eastern European countries, proposed building a bridge through stronger partnership, consistent with China-EU relations and reflected the great opportunities presented by China and Central and Eastern European countries as partners with similar levels of development. Further, the Belt has aimed to cooperate for the revitalization of the Balkans, the small states as suitable nodes to connect China with Europe.

Hence, the Belt is a long term Chinese connectivity vision which has allowed a great deal of flexibility and possibly a new model of cooperation and global governance. China's public diplomacy in line with the Belt has conveyed the notions of altruism and win-win cooperation, but the initiative is also planned to serve the country's national interest. The Belt has been

proposed as a response to China's growing economic problems and foreign policy interests. The Belt has also accommodated China's security concepts which focuses on common security through economic cooperation. The Belt has been designed to fill up a large infrastructure vacuum in Eurasia, which has been an untapped development and integration potential. The Belt has potentially addressed some of the socio-economic challenges but there has been a mismatch in the governance expectation in Eurasia. The Belt has certainly expanded the security interests of China taking an active stance on regional security affairs, at least to protect its investments.

5.2 Twenty-First Century Maritime Silk Road

China revived centuries-old "Silk Road of the Sea" and unveiled the concept of "21st Century Maritime Silk Road" in October 2013 as a development strategy to boost infrastructure connectivity throughout Southeast Asia, Oceania, and the Indian Ocean, and East Africa. The politics of the Road in South and Southeast Asia has played an important role in the region's military affairs, political development, economic growth, and cultural change. On January 26 2018, China published a white paper, "China's Arctic Policy" which expanded the Road's reach by incorporating the Arctic Ocean into the Road through "Polar Silk Road" (冰上丝绸之路) (The State Council Information Office of the People's Republic of China, 2018). It has enhanced the understanding of the connection between strategic and development issues. The ancient sea Road was the means for the movement of ideas, the dominant culture and ideology of the political center to the peripheries (Ispahani, 1989, p. 2).

The Road currently has three envisioned major arteries. The first and the main artery goes through China's coast to Europe from the South China Sea, the Indian Ocean Region, the Mediterranean Sea, and into the Atlantic. The second artery extends from China's coast through the South China Sea to the South Pacific and then onto greater Australia. The third artery goes through the Arctic Ocean, passing north-west alongside Russia's northern coast to connect with the Nordic region and other parts of Europe, and north-east past Canada (Ghiasi, Su, & Saalman, The 21st Century Maritime Silk Road: Security implications and ways forward for the European Union, 2018). This has also expanded the scope of China and the states along the Road more strategic maritime space. Alongside the geographic expansion, as an adaptable and evolving initiative, the Road has embraced the strategic opportunity and enhanced China's national

strength and served the national interest. In particular, the Road has enhanced and developed China's blue economy. In contrast, many Chinese Road investment host countries and adjacent waters have fueled criticism regarding ocean-environmental sustainability. Against this backdrop, China has proactively pursued marine sustainability by promoting green investment and development, and through international frameworks such as the 2016 Paris Climate change and synchronized its efforts with UN 2030 Agenda for Sustainable Development. China's BRI White Paper of June 2017, *Vision for Maritime Cooperation under the Belt and Road Initiative* has addressed "green development" by providing concrete policy guidance, setting up monitoring systems and proposing cooperation on environmental improvement. It has also documented mutual "maritime security" as protection from traditional and non-traditional security threats for good order at sea (Xinhua, 2017). The Road has served as the key assurance for developing blue economy and maritime security. China through the Road has incentivized maritime navigation security, search and rescue missions, maritime disaster response and maritime law enforcement (Bal & Rajput, 2019). The Road has developed inter-state cooperation and synchronization encouraging the collective tackling of non-traditional security challenges through "collaborative governance", "innovative growth", and "ocean-based prosperity" (Chaturvedy, 2017).

The People's Liberation Army Navy (PLAN) has moved its focus from offshore water defense to open seas protection and has been capable of operating protected operations in the open oceans and can project power in the distant waters (Office of Secretary of Defense, 2019). This shift was necessary for China because of the expanded aims and objectives through the Road, which requires a stronger PLAN to protect its overseas interests, citizens and resources. If these substantial investments are to be turned down due to security reasons, the increasing economic and political cost could lead to strategic overreach (战略透支) and indirectly even impact the global economy.

The oceans are the focal point in the global discourse and sustainable development. In 2002 to 2017 the blue economy of China raised from RMB 1068 billion to RMB 7761 billion, whereas till mid-2018 the count was RMB 8258 billion, and was expected to be 8894 billion in 2019 (To & Lee, 2018). And nearly 90% of China's total international trade by volume and about 60% of trade by value are transported by sea (Center for Strategic and International

Studies, 2017). Hence, maritime trade has been the primary engine sustaining China's national economy. Through the Road's "Blue Partnership", China has exported its industrial overcapacity to overseas markets and has fostered new sources of the domestic economy. In this line, China has actively secured ownership of the foreign seaports along strategic transit channels through land-use agreements between Chinese state-owned enterprises and local authorities, mainly in the Indian Ocean Region. China has merged terrestrial and maritime infrastructure along the Belt and the Road into a mega production and trade network which has created synergies between the traditional and the blue economy. Chinese seaport ownership in the South China Sea and Indian Ocean region since October 2013 are:

Year	Region	Host State	Port	Lease Period
2015	Indian Ocean	Pakistan	Gwadar	40 years
2015	Indian Ocean	Myanmar	Kyaukpyu	50 years
2015	South China Sea	Malaysia	Kuantan	60 years
2016	Indian Ocean	Djibouti	Obock	10 years
2016	South China Sea	Malaysia	Melaka Gateway	99 years
2017	Indian Ocean	Sri Lanka	Hambantota	99 years
2017	South China Sea	Brunei	Muara	60 years
2017	Indian Ocean	Maldives	Feydhoo Finolhu	50 years

Note: Lack of transparency in the data of the lease period or years of agreement may be inaccurate.

Sources: Stockholm International Peace Research Institute, 2018.

Table (ii): Chinese Seaport ownership in the South China Sea and IOR since 2013

Along with the above-mentioned ports, the Belt also ended up at different ports in Europe and had stakes in a dozen European ports, including in Greece, Italy, Malta, Spain, France, Belgium and the Netherlands (Business Reporting Desk, 2020). China has also proposed

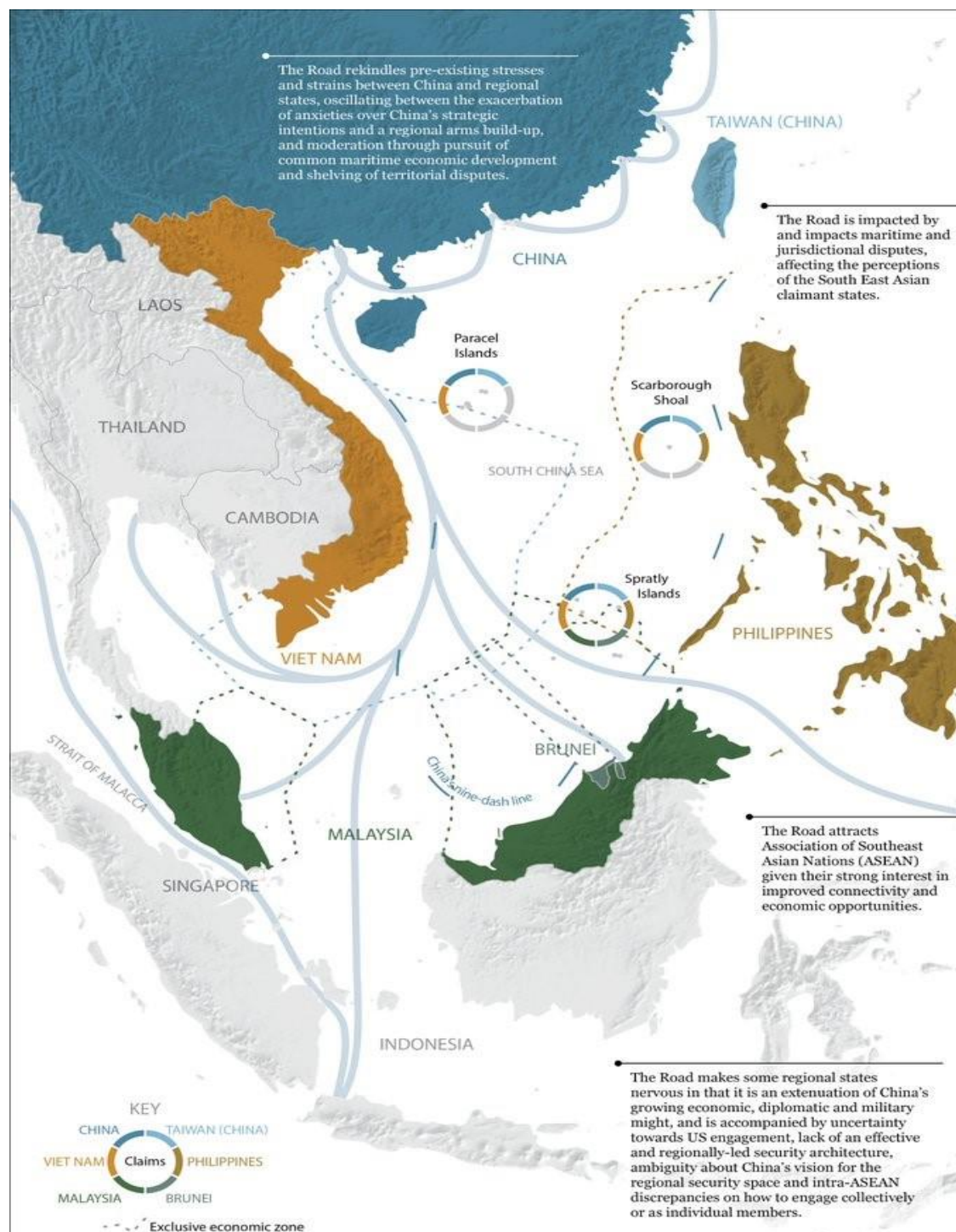
building ports at Chittagong and Sonadia in Bangladesh but these projects have not proceeded in the face of concerns from India and other states. Instead, Payra seaport has been highly invested by Chinese state-owned enterprises.

The Road has also effectively to increased "geo-economic resilience". It has been efficient and essential in securing growing demand in China through improved and diversified terrestrial connectivity through the Belt and maritime connectivity. Improving resilience also means securing the energy supplies to China. In 2017, China exceeded the USA as the world's largest importer of crude oil. China will need to import approximately 80% of its oil to meet demand by 2035 (Office of Secretary of Defense, 2019). As a response, China has been highly concerned about its dependence on South East Asian straits, of which the Malacca Strait is emphasized among all of the straits around the Malay Peninsula. Hence, the Road also has a strategic interest to maintain the unimpeded trade and supply of goods from different parts of the world. The Road is aimed and has been successful to some extent reducing dependence on the US Navy by securing existing routes through the PLAN. Therefore, the Road has focused to pave the way for China to secure its sea lines of communications (SLOC), the primary maritime routes between ports used for trade, logistics and naval forces. The significance of reach to a varied and secure range of SLOCs cannot be exaggerated, as this defined the territorial reach and physical capabilities of China and was integral to the achievement of its political, economic and military potential (Chaturvedy, 2017). Hence, the Road has been expected to show dynamic symbiotic with the PLAN.

The Road has been China's soft power to resolve maritime and jurisdictional disputes in the South China Sea with four South-East Asian states. While China's 2017 BRI White Paper has mentioned of upholding the existing international maritime order but rejected a ruling by the International Court of Arbitration in The Hague in 2016, which has risked international acceptance of the United Nations Convention on the Law of the Sea (UNCLOS), which China ratified in 1996. The rejection showed a part of China that has not necessarily abided by a rules-based order when its core interests are at stake. China has built trust and improved bilateral ties with states through the Road. However, China has prioritized economic development over territorial disputes but could bolster its economic and political leverage, and maritime power projection in the long term. Similarly, it has also increased international discourse power through

road. Discourse power is an important soft power that not only affects prevalent political values, regional norms and narratives, but can also introduce new values, as they relate to diplomacy, and shape agendas, as they relate for example to syncing development priorities (Rolland, China's Vision for A New World Order, 2020). The PLAN has played an active role in anti-piracy operations with the EU and welcomes cooperation with the USA. Such cooperation on non-traditional security issues has bolstered China's favorable maritime image among Road-participating states (Clemens, 2018).

As the Road has mainly focused on the South China Sea and the Indian Ocean, it has a tremendous traditional and non-traditional security and strategic implications. The Road has tried and connected gaps that have hampered the narrowing of economic disparities and integration in the South East Asian region. Indonesia, Malaysia, Thailand and the Philippines have attempted to balance closer economic integration with China with maintaining political and economic sovereignty. Though the Road has impacted by and impacts maritime and jurisdictional disputes, it has affected the perceptions of the four South-East Asian states. However, China has flooded the investment in the region and trade has been booming. The Road has attracted ASEAN states and has given the strong interest in improved connectivity, economic opportunities and good ties with China, but Vietnam has been skeptical. However, landlocked Laos has depended heavily on Chinese investment and trade to boost the struggling economy. Singapore acted as a Road mediator and facilitator between China and participating states by providing banking and legal support for projects. About 33% of all outward investments related to the BRI flowed through Singapore, while 85% of inbound investments for the initiative made their way into China through Singapore. Hence, there has been still an "ASEAN's dilemma" overbalance of relationship with China and the USA and is also a key trading partner to EU. However, the South China Sea has continued the legacy of unsettled disputes, and "if the South China Sea was seen as a litmus test for China as a great power, it has not managed to pass it" (Ghiassy, Su, & Saalman, The 21st Century Maritime Silk Road: Security implications and ways forward for the European Union, 2018).



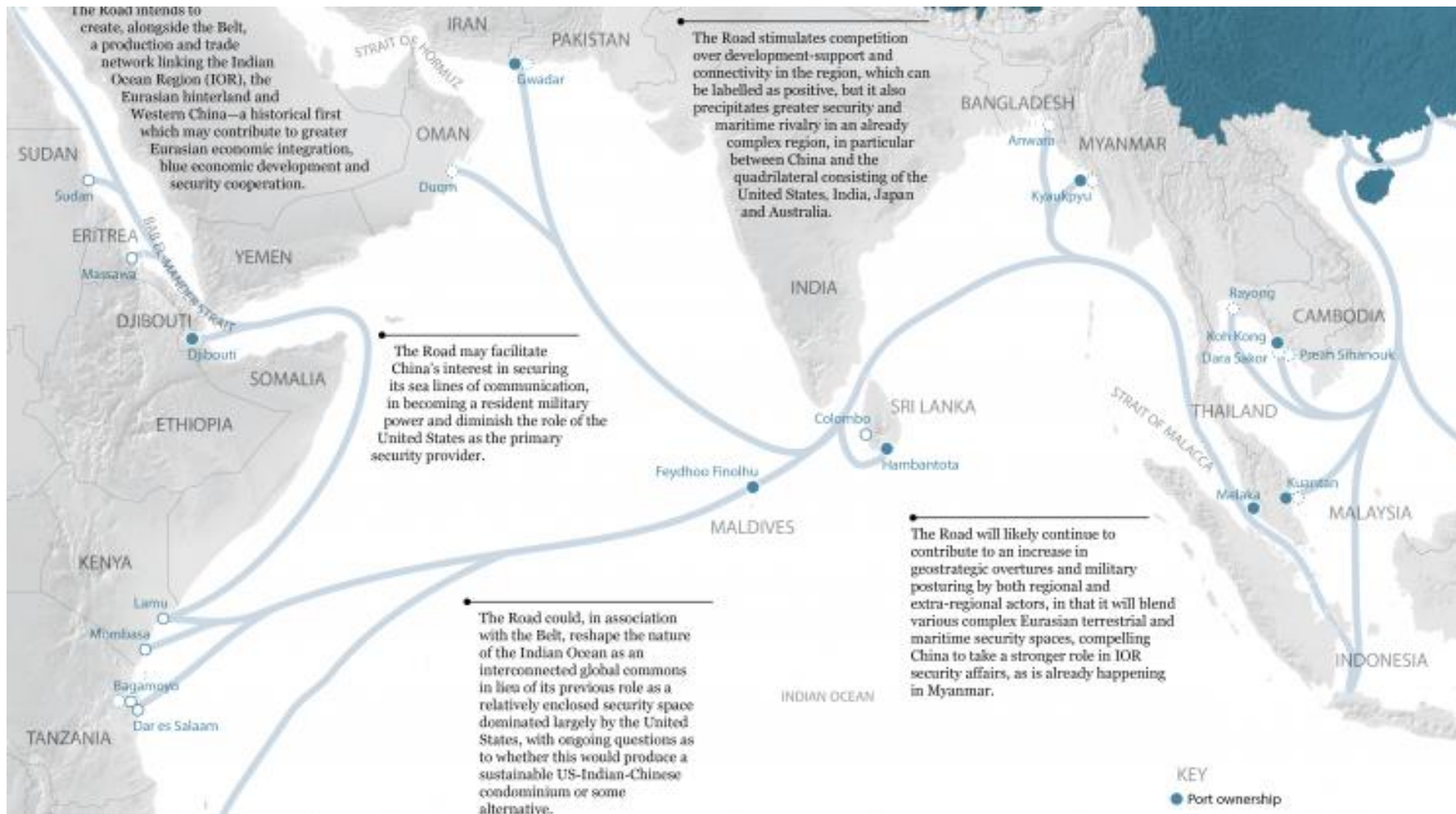
Note: Dotted lines indicate an exclusive economic zone (EEZ), the blue line represents the Road.

Source: Stockholm International Peace Research Institute, 2018

Figure (iv): Map of the South China Sea illustrating Maritime Silk Road security implications

Similarly, Chinese interests in the Indian Ocean region are motivated by geopolitical, economic and security interests because of the multipolar nature different from the bipolar nature of Pacific Ocean (Wignaraja, Collins, & Kannangara, 2019). Hence, China has leased ports in Kyaukpyu in Myanmar, Hambantota in Sri Lanka, Feydhoo Finolhu in the Maldives, Gwadar in Pakistan and Obock in Djibouti. In the Indian Ocean, the Road has intended to create alongside the Belt a greater economic integration and security cooperation. The Road has stimulated competition over development-support and connectivity but also has precipitated a greater militarization and maritime rivalry in an already complex region, in particular between China and the resurgent 'Quad' (the USA, India, Japan and Australia). The Road in the association of the Belt has reshaped the Indian Ocean region as interconnected global commons instead of its previous role as a relatively enclosed security space dominated largely by the USA. The Road has blended various complex Eurasian terrestrial and maritime security spaces, compelling China to take a stronger role in the region's security affairs.

India has been reluctant to the Road and whole BRI, but especially in the Indian Ocean region, India is unenthusiastic because of geopolitical strategic concerns, power rivalry, and dependency trap (Ghiasy, Su, & Saalman, *The 21st Century Maritime Silk Road: Security implications and ways forward for the European Union*, 2018). But the violent conflicts between Indian and China, or the USA and its allies with China over the SLOCs and security projection, remains low. Nevertheless, the Road has added geopolitical rivalries and the risk of military miscalculation. The danger remains of a military incident in the Indian Ocean region's security space, due to closer proximity as major and mid-level powers jostle for influence and position. Whether the projected shift away from US unipolarity will be towards a sustainable US-Indian-China condominium of some form or an alternative construct remains to be seen.



Note: The blue line represents the Road.

Source: Stockholm International Peace Research Institute, 2018.

Figure (v): Map of the IOR illustrating Maritime Silk Road security implications and investments

While the Road's objectives have served China's core interests, some has even overlapped with the European Maritime Security Strategy and the EU Global Strategy's objectives for sustainable blue growth and promoting maritime security. It has laid a strong groundwork for greater EU-China cooperation on maritime security. China has invested in 13 EU ports along the Mediterranean Sea, as well as in the northern parts of Europe. China has invested in Spain (Bilbao and Valencia), the Netherlands (Rotterdam), Belgium (Bruges, Antwerp), Italy (Genoa), France (Marseille, Le Havre, Dunkirk, and Nantes), Malta (Masaxlokk), Lithuania (Klaipeda), and Greece (Piraeus). These ports hold about 10% of Europe's shipping container capacity (Oziewicz & Bednarz, 2019). The Chinese presence in these countries is focused at the building of a cross-border transport corridor from the Mediterranean to Central Europe, which has allowed China to realize two strategically important goals: the reduction of transportation costs and improved access to and an increased presence in the European market (Lam, Cullinane, & Lee, 2018).

United Nations Conference on Trade and Development (UNCTAD) Liner Shipping Connectivity Index which assessed a state's connectivity to global shipping networks, China's index increased by 52% from 2006 to 2019, and the states following China are Singapore, the Republic of Korea, Malaysia, USA, Hong Kong, Belgium, the Netherlands, the United Kingdom and Spain (Oziewicz & Bednarz, 2019). The Road, as a part of BRI, has presented various challenges opportunities and risks. Security cooperation within the Road is limited at present because of the pre-existing maritime issues and tensions, and the security implications of the Road, some of which are the product of Chinese approaches and the product of stakeholder receptiveness, rather than the stated objectives of the Road. But, the infrastructural development, facilities connectivity, policy coordination, unimpeded trade and people-to-people bonds have been important to the Road's purpose. Hence, there needs to greater integration of development as a core tenet of security, inclusion and stability within the EU's regional engagement of South-East Asian and Indian Ocean region states. The Road's objectives should not prevent EU's pursuit of democratic and human rights ideals, a failure to take better account of local demands and need for growth can leave the EU marginalized as well (Nouwens, 2019).

5.3 Financing Belt and Road Initiative

The BRI is a long term and global project that requires comprehensive global cooperation at a deep level. The BRI projects' financings have been questioned either being economic or geopolitical or related to domestic economics dynamics. The BRI has aspired to improve the economic prospects of more than two-thirds of the world's population. Most of the states under BRI are developing states and require massive construction capability support and access to funds to implement the projects. Also, most of the countries have restricted to offer concessional financing to external parties on a large scale over an extensive period, but concessional financing also has triggered moral hazards in a state losing motivation to fully discover their resources and capacity for economic development. Since the BRI was proposed, a large range of projects have been put forward in different Eurasian regions, and critical parts of its financial investment for these projects include from the public sector, development finance institutions, policy-oriented financial institutions and the private sector.

In 2019, China's outbound direct investment (ODI) across all sectors amounted to the USD 117.12 billion, of which China's non-financial direct investment in 6,535 overseas enterprises of 167 countries and regions reached the USD 110.6 billion. Chinese enterprises made non-financial direct investments of USD 15.04 billion in 56 states along Belt and Road in 2019, going down 3.8% year on year, and taking up 13.6% of the total over the same period. The investments mainly went to Singapore, Vietnam, Laos, Indonesia, Pakistan, Thailand, Malaysia, UAE, Cambodia and Kazakhstan. In context to overseas contracted projects, the number of newly-signed contracts by Chinese enterprise to the states along Belt and Road amounted to 6,944 with the total value of USD 154.9 billion (The Ministry of Commerce People's Republic of China, 2020). Financial cooperation between states along BRI and China has deepened. Banks of China have been actively expanding overseas, and by 18 May 2018, 86 states along BRI became members of Asian Infrastructure Investment Bank (AIIB).

The guiding principles for financing the development of BRI has included the essentiality of building financial system and environment. The states involved should strengthen policy communication, consolidate cooperation intention, and jointly send a positive signal of supporting and financing the development of the Belt and Road. For a financial system and

environment, BRI has been principled to establish common platforms for forging synergies of states' development strategies and investment plans, formulate principles for identifying and prioritizing major projects, and share experiences on implementation. The guiding principles have included channeling of financial resources, priorities to infrastructure connectivity, trade and investment, industrial capacity cooperation, energy and energy efficiency, and natural resources. BRI has supported orderly opening-up of local and regional financial markets while respecting the international obligations of the participating state (Building an Investment and Financing System for the Belt and Road Initiative, 2018, pp. 38-40).

China's state-owned policy banks and state-owned commercial banks are the key sources of BRI financing. Chinese government-sponsored bilateral funds and major issues of BRI bonds are also financed by these banks. The Silk Road Fund was also established by the Chinese government in 2014 as the state-owned fund exclusively focusing on investment for BRI. China's sovereign wealth fund, China Investment Corporation (CIC) have owned some portion of the Silk Road Fund through a subsidiary. There are also some bilateral and multilateral funds conjointly supported by the Chinese government and other governments on the BRI. Some of the funds were also established before BRI's inception and later turned to invest in BRI projects. Major funds of this type comprised the China-ASEAN Investment Cooperation (CAF), the China-Central and Eastern Europe Investment Cooperation Fund (China-CEE Fund), the China-Central and Eastern Europe Fund (Sino-CEEF), the China-Eurasian Economic Cooperation Fund (CEF), the Russia-China Investment Fund (RCIF), the China-Africa Development Fund (CADF), the China-LAC Cooperation Fund (CLCF), the China-LAC Fund for Industrial Cooperation (CLFIC), the China-United Arab Emirates Joint Investment Fund (CUJIF) and China-Qatar Joint Investment Fund (CQJIF). Moreover, Chinese provincial governments have also sponsored local Silk Road Funds.

Many of China's financial enterprises and institutions have issued a few bonds for BRI projects since 2015. Though the amount of capital via bond financing is still less compared to the loans provided by the financial institutions. Panda bonds issued by states and companies along the BRI in Chinese capital markets amounted to RMB 65 billion (approximately US \$9.3 billion) by April 2019 (Yi, 2019). The funding of the Belt and Road Initiative will be secured by a various institutional mechanism such as:

1. Policy Banks

The pre-existing Chinese international development financing institutions comprises of three policy banks have been the main sponsors to BRI, they are China Development Bank (CDB), the Agricultural Development Bank of China (ADBC), and the Export-Import Bank of China (CHEXIM). These financial institutions have been responsible for financing state-invested projects and functions as the "engines" of the economy and trade development policies. They have also collaborated with states' commercial banks to implement project financing. Although the banks' goals have tended to intersect, each bank concentrates on specific areas.

The ADBC has offered funds for agricultural development initiatives in rural areas. ADBC has engaged in the CPEC projects related to agriculture and cooperated with specialized Pakistani banks such as the Zaria Taraqiati Bank Limited (ZTBL), one of Pakistan's leading agriculture business bank. The CHEXIM has emphasized economic growth and structural adjustment supporting foreign trade, while has implemented the "going global" strategy especially regarding the financing of development projects abroad. The CDB has focused on infrastructure projects, performing crucially for BRI. It was founded in 1994 as a policy financial institutions, which is completely owned by the state. Together with ADBC and CHEXIM, it is under the direct guidance of the State Council. CDB functioned as a development finance institution from March 2015 and is the world largest financial institution surpassing the World Bank, and the largest Chinese bank for foreign investments and financing and cooperation including long-term loaning and bond issuance.

2. State-Owned Banks

The domestic commercial banks, in particular the big-four state-owned commercial banks, (Big Four Banks: Agricultural Bank of China (ABC), Bank of China (BOC), China Construction Bank (CCB), and Industrial and Commercial Bank of China(ICBC)), with their branches along the Belt and Road, have offered multiple ways of financing. The ABC has flowed the funds to BRI projects and enhanced the "Going Global" of agriculture through it. In 2018, ABC completed USD 84.87 billion of international business in 62 countries along the BRI. ABC has promoted strategic communication through expanded business-coverage, deepened the service

for the connectivity of facilities, and promoted agricultural projects through advantageous resources (Agricultural Bank of China, 2019).

Bank of China has established overseas institutions in 24 countries and regions associated with the BRI. It has trailed up more than 600 major BRI projects and approved credit totaling more than USD 130 billion to states taking part in the initiative. The current projects have involved total investments exceeding USD 455 billion (Xueqing, 2019). The CCB is the world's second-largest bank by market capitalization with more than USD 3.4 billion and the sixth-largest company in the world. The CCB has also has led roadshows to a fundraiser with at least USD 15 billion from investors onshore and offshore (Belt and Road News, 2019). Similarly, ICBC has been expected to shoulder up to USD 1.3 trillion in investment and has evaluated around 130 BRI projects worth USD 159 billion (Heydarian, 2019, p. 122). All the state-owned banks have upheld the principle and guidelines of BRI.

3. State-Owned Funds

The China Investment Corporation (CIC), is China's 940 billion sovereign wealth investment fund and the world's second-largest sovereign wealth fund, and also known as Belt and Road Cooperation Fund. It has managed an important part of China's foreign exchange reserves, and around one-third of its funds have been allocated to private markets, with a priority given to developing countries, and increasingly the ones who require funds for BRI projects. In 2018 CIC finalized 24 overseas projects with a total cost of USD 4.9 billion. The CIC is also a shareholder of Silk Road Fund, holding about 15% of share (The Economic Times, 2019).

Likewise, the Silk Road Fund has been a medium to long-term development and investment fund established to ease BRI investments. Under the principle of connectivity, economic reform, cooperation and openness, Silk Road Fund has financed resources for overseas projects, promoted financial integrating and synergized effects in Russia, South Asia, Central Asia, Southeast Asia and Europe. Like medium to long-term private equity funds, the Fund has made outbound investments in multiple forms, predominantly through equity investments in the parts of infrastructure, resources and energy development, industrial capacity cooperation and financial cooperation. Approximately, 70% of the committed capital has been invested in major international cooperation projects such as power station development, infrastructure

construction, ports and shipping, as well as high-end manufacturing. This Fund has demonstrated the realization of BRI's philosophy of cooperation for mutual benefit (Silk Road Fund).

4. International Financing Institutions

A Memorandum of Understanding (MOU) was signed on May 14, 2017, between Ministry of Finance of People's Republic of China and multilateral development banks- the Asian Development Bank (ADB), the Asian Infrastructure Investment Bank (AIIB), the European Bank for Reconstruction and Development, the European Investment Bank, the New Development Bank, and the Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation and the Multilateral Investment Guarantee Agency (collectively referred as "World Bank Group"). Through this, China and multilateral development banks have recognized that BRI as an opportunity to support sustainable development in the states involved. Through BRI, they have worked together in the areas of enhancing support to infrastructure and connectivity projects, constructing stable, expanded, and sustainable development financing mechanisms, improving the business climate, strengthening coordination and capacity building and supporting the implementation of the United Nations 2030 Agenda for Sustainable Development and the Paris Agreement on Climate Change (Memorandum of Understanding on Collaboration on matters of Common Interest Under the Belt and Road Initiative, 2017).

One of the international financing institutions for BRI has been the Asian Development Bank (ADB) which have been providing technical assistance for BRI projects overseas. As regional cooperation and integration have been one of the key aspects of BRI, which further anchored by the ADB Charter and has defined its role in regional cooperation and integration as financier, knowledge provider, capacity builder and an honest broker. To which, ADB and China formed a partnership strategy for 2016-2020. Not only as a financier for BRI projects, but ADB has also been evaluating the implementation of the products and sharing knowledge with the host countries on identifying BRI projects with strong economic grounds with good returns. Overall, BRI has been in total line to ADB's objectives and strategies in Asia-Pacific like regional connectivity and meeting infrastructural needs, which have made ADB as an important contributor to the BRI projects.

Similarly, after AIIB's establishment in 2015, has exceeded opportunities in growth and has several achievements. AIIB and BRI have appeared to be two hands connected to the same body. However, these two were started up by the same leadership of the same government for a similar purpose of improving infrastructure and, by extending economic connectivity throughout Asia. The AIIB Articles of Agreement states that:

The purpose of the Bank shall be to (i) foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors; and (ii) promote regional cooperation and partnership in addressing development challenges by working in close collaboration with other multilateral and bilateral development institutions (Asian Infrastructure Investment Bank, p. ii).

Hence, AIIB's investment in BRI projects has been parallel to the bank's objectives of financing. Geographically, AIIB operations have been limited to Asia and the BRI has stretched its reach into Europe, Africa and even Latin America. Most of the bank's investment has been in South Asia, and thereafter Southeast Asia, Central Asia, West Asia, East Asia, and North Africa respectively. Through BRI, AIIB has invested in sustainable infrastructure promoting green development, cross country connectivity, prioritizing cross border infrastructures such as rails and roads, and private capital mobilization in partnership with other multilateral development banks and governments, private financiers and other partners. AIIB has approved 75 projects till the beginning of 2020 worth USD 16.12 billion (either co-financed or stand-alone) of which many projects are along the BRI and also in the non-BRI participating states (Asian Infrastructure Investment Bank, 2020).

Notably, the AIIB has not provided any concessional loans, which advocated that the institution has adopted a dissimilar approach to investment financing compared to the BRI's mixed financing configurations. Despite the criticisms that AIIB has been predominantly directed by top-down directives from China and has developed into a globally accepted, trusted and independent multilateral development bank. AIIB projects have been funded from two key sources, capital subscriptions and borrowings, the former comprises of shares that are allocated by relative economic weight measured by GDP of which China accounts for 30% of the

subscription allocation, and 26.5% of the voting weight in the AIIB. Thus, China has been a leading voice in the AIIB decision-making process. For investment approvals and strategy decisions, such as the decision to invest in BRI projects, have to be attained by a 50% majority, which China does not have it alone.

	The Asian Infrastructure Bank	The Belt and Road Initiative
Founder	China	China
Founding Year	2013 (Starting of formal operation: 2016)	2013
Participating states	102	138
Primary Source of project financing	Capital subscriptions of members and borrowings from international capital markets	Chinese state-owned banks, policy banks, state-owned funds, international financial institutions
Geographic scope	Asia, based on UN qualification, including West Asia, Central Asia, East Asia, South Asia, Southeast Asia and Oceania	Broad focus, with a preference on Eurasia
Approver of investments and strategic decisions	A simple majority (over 50%) of member votes	The top Chinese leadership, with exact decision-makers varying depending on the project of strategy
Structure	Strictly and legally defined, and modelled after other major MDBs such as the	A loose conglomeration of countries with a multifaceted

	World Bank, the Asian Development Bank and the European Bank for Reconstruction and Development	set of projects, programs and initiatives
Project-procurement process	Handled via a competitive, open and well-defined procurement policy for goods, civil works and services	Handled via a closed, hidden process that heavily favors Chinese entities as project implementers

Source: International Institute for Strategic Studies, March 2020

Table (iii): Comparison Chart of AIIB and BRI

The AIIB has represented a critical bridge for nurturing and simplifying the BRI's most anticipated partnerships. China's considerable influence within the AIIB has provided confidence with the Chinese authorities. In AIIB, China's voting share has allowed a comfortable, though not dominating amount of sway over the project-selection process, which might be the perfect balance for China's leaders in terms of not threatening much of a loss of authority over the BRI's direction or facilitation.

Similarly, the New Development Bank (NDB) is a financial institution established through the intergovernmental agreements reached by the BRICS during their sixth Summit held in Fortaleza on 15th July 2014. It has been tasked with supplying finance for infrastructure overseas focusing on sustainable and green finance. Including its first green bond, the NDB has already issued local-currency bonds in China and South Africa. But due to considerable share and votes of the member states in the NDB, the China-India equation has affected the funding of the projects. China through the Silk Road Funds have contributed to AIIB and NDB, and NDB has mostly focused on strengthening cooperation and has envisioned to promote sustainable development broadly in Asia. Nevertheless, the bank has supported BRI and its official declarations and have pledged a huge amount of money to the BRI related projects (He, The Belt

and Road Initiative: Motivations, Financing, Expansion and Challenges of Xi's Ever-expanding Strategy, 2019).

Development financing has referred to the financial model of national strategies at several times in history. Two challenging myths have enclosed the perception of the BRI. The BRI has marked both the culmination of China's reform era accomplishments and the commencement of a more pre-emptive approach to global affairs. The BRI financing has been envisioned as purely economic with emphasis on the 'win-win' philosophy, which has presented China's stance as non-threatening and an opportunity for the developing world. In contrast to the above narrative, China's overseas development finance has portrayed a manifestation of Beijing's ever-expanding global ambitions under President Xi Jinping. Many have sounded the alarm as BRI development financing as "debt-trap diplomacy" (Chellaney, 2018).

Regarding the dimensions of the development finance in BRI, China has primarily focused on economic benefits in the form of loan-induced interest payments, the extraction of natural resources and commercial exchanges. For which, China has pursued public investments in states with 'high-value market opportunities', especially in the rapidly developing Southeast Asia region (Szechenyi, 2018). Another has been the strategic interest of China through development finance to achieve its security and foreign-policy goals. In this regard, China has a track record of exchanging financial generosity for votes in the United Nations, endorsement of "One-China policy" acceptance of China's policies on Tibet and Xinjiang. China has used financial assistance to give incentive to its overseas public diplomacy or "soft power" campaigns, to nurture an international profile (Custer & Tierney, 2019).

In line to the rationale of the financing the BRI projects, first, the development financing through BRI has created a more energetic growth environment in South and Central Asia that would synergize with economic development and stability in western China. For which, Pakistan has become the most important partner state in the BRI, by providing an alternative northern trail connecting China's western part and its western neighbors to key global sea lanes, particularly through the port facilities at Gwadar. Second, the BRI has followed the principle of "Going Out policy" The third was to rebalance China's regional footprint, which had been focused eastward and southward to include a substantial western dimension. The BRI's development finance has

also envisioned helping China to avoid the "middle-income trap" without having to abandon its control over state capitalism (Bandiera & Tsiropoulos, 2019).

In filling the infrastructure gap, China has arisen as the largest official creditor to the developing world, holding more debt than all other leading government creditors collectively. By 2018, the amount of debt owed by the entire world to China had amounted to more than USD 5 trillion, a number that was about 6% of the world's combined GDP. The financing of BRI projects has virtually and slowly destined to become a source of debt distress. China has opted a model of commercial or semi-commercial public loaning, in which the terms are not made public and are suggestively less concessional (Ministry of Foreign Affairs of the People's Republic of China, 2019). In the BRI and in general, the vast majority of outgoing Chinese capital has been issued in the form of loans by State-Owned banks or Policy banks in China.

Numerous factors in China's domestic backgrounds have been persistent risks in the financial system, and an economic slowdown and the potential dollar deficit could severely constrain China's ability to engage in extensive renegotiations with a growing number of BRI states. In this milieu, there would be a direct trade-off between debt sustainability for recipients and financial sustainability for China's approach to the BRI, which has planned multiple decades of a continuing supply of capital under a mutually practical outline. Also, the resiliency in China's financial system has been critical for, and in turn subject to, successful outcomes for the BRI. The Chinese banking system's total asset value increased from a meagre USD 1.7 trillion to USD 38.4 trillion, surpassing the USD 17.4 trillion asset value of US commercial banks, in less than 20 years. In contrast to growing asset value, the latter half of 2019, China's official year-on-year GDP growth slumped to 6.2%, a record low since the data was first released in 1992. The US-China trade war has taken a hefty toll on a Chinese economy struggling with inadequate consumer-driven growth. The Chinese exports declined by 1.3% in June 2019 while imports experienced a more significant drop of 7.3% (Office of the Leading Group for Promoting the Belt and Road Initiative, 2019, p. 3).

As a result, by mid-2018 the Chinese state media urged for a more careful, risk-cognizant approach to BRI project financing and security implementation. President Xi in 2018 advised for a directional shift in the policy's execution, away from the "high-level", broad-sweeping,

inaccurate directives of the past but towards "meticulous implementation, to realize high-quality development, bring benefits to local people, and build a global community of shared future". The official 2019 report on "The Belt and Road Initiative Progress, Contributions and Prospects", documented that "the Belt and Road Initiative is in urgent need of finance" from new models of international investment and funding due to its massive scale. Thus, China cannot maintain to be the only creditor of the BRI projects (Ministry of Foreign Affairs of the People's Republic of China, 2019).

As a response, China has taken some practical steps and established new means of partnership, both multilateral and bilateral. In March 2019, the Ministry of Finance of PRC signed an MOU with eight major multilateral development banks, including the Asian Infrastructure Investment Bank, the Asian Development Bank, the Development Bank of Latin America (Corporación Andina de Fomento), the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the International Fund for Agricultural Development and the World Bank Group. The MOU established the Multilateral Cooperation Center for Development Finance (MCDF) and has adopted association and communication on investment and infrastructure initiatives throughout BRI recipient states. The Chinese government signed third-party market cooperation agreements with France, Italy, Spain, Japan, and Portugal, reflecting China's ongoing desire to add potential financiers and implementers for BRI projects (Asian Infrastructure Investment Bank, 2019).

Because of the enormous financing of the BRI, China's leaders have been caught between the alike pressures of delivering concrete benefits of the BRI to domestic stakeholders and satisfying intensified international demands that China offers more financial flexibility for receiver states. To ease debt risks and avoid criticisms emerging from recipient states, China has engaged in renegotiations that eventually has led to favorable results for the borrowers, including more concessional loans and debt forgiveness.

Chapter VI

Chinese Strategic Thoughts and BRI

6.1 Confucianism and BRI

When seeking ethical and strategic guidance in deciphering BRI thinking, Confucianism has been one of the major Chinese strategic thoughts. First 30 years of communist rule in China, Mao Zedong tried to displace Confucian influence from society, observing the enduring legacy of Confucius as a barrier to socialism and modernization. However, since the early days of the reform in the 1980s the party's leaders have resurrected the idea of "socialism with Chinese characteristics", which has directed the CPC to return to Confucianism (Solé-Farràs, 2008).

Likewise, President Xi Jinping has seemed to take the Confucianism to the whole new level through the Belt and Road Initiative (BRI), a renaissance of Confucianism. Even in the internal reforms of the CPC regarding the ethical codes, President Xi has quoted the sage several times. The ultimate BRI's goal for the realization of the Chinese Dream has not been a hegemonic dream but is Confucian, which have highlighted a peaceful, consultative and commonly beneficial approach toward building a harmonious world. BRI's objective to create a "win-win" situation through Western strategic thoughts has been a part of the language of game theory, which in real life situation and relationships to get positive outcomes negatively. The West has focused on individual "one", whereas Chinese strategic thought has moved to the relationship of two (Èr, 二). Confucian value of benevolence (rén, 仁) is a dual concept of collaboration and collective experience with one other leading towards a "win-win" situation (Asif & Ling, 2018).

President Xi explaining the objectives of BRI to the party cadres in 2013 has cited Confucius, "When one rules by means of virtue it is like the Pole star- it dwells in its place and the other stars pay reverence to it. [...] Guide them with virtue and align them with li (礼): ceremonies and etiquette and the people will have a sense of shame and fulfil their roles" (Han, 2013, p. 12). This can be explained in two ways, one is challenging the current unipolar world order, and the second is the non-coercive nature of the BRI where the excellence or virtue of BRI and through it- China will itself be an example for the states to participate in the initiative for the common and mutual benefit. He has emphasized on "cultural confidence" of Confucius to

rejuvenate the Chinese nation and its cultural heritage in "socialism with Chinese characteristics for a New Era" (Chinese: 中国特色社会主义, pinyin: zhongguo tese shehui zhuyi) (Ambrogio, 2017).

President Xi has mentioned through his speeches about varying the rules of the current Westphalian system. Experts have identified BRI as an avenue to a "post-Westphalian world", because of a true 21st century geoeconomic integration of Eurasia (Belt and Road News, 2019). Interpreting Confucian notion of *tian ming* (天命), a metaphysical principle has existed that there was nothing beyond *Tianxia* (天下) and Confucius has mentioned: "*Tianxia* must be the same, to be in accordance with heaven". Therefore the *Tianxia* structure is inclusive rather than exclusive; it subdues the notion of enemy and foreigner where no country or culture would be designated as an enemy, and be non-incorporable to the system. This can be depicted through the Belt and Road Initiative which has been open for all the states and stresses for integration and cooperation. BRI has possessed this value and has propagated a "monotheist narrative on everything, societies, history, life, values" (Yuan, 2017).

Also, BRI has been connected with the Chinese authority, and while deciphering BRI through Confucian value, China's lead in the initiative can be linked to the Confucian authority which is grounded on a moral perception. BRI has strictly followed up the act of righteousness and virtue, and China has been serious about the excellence, ethics and moral nobility in the projects involved as well. This further has given China, a stand on Confucian emperor who is victorious without fighting. From starting of BRI till now, China has followed Confucian eight-step procedure, a connection between a person's self-cultivation of inner virtue and devotion to the external world, which can also be noticed in other Chinese leaders such as Deng Xiaoping (Hu, 2007).

BRI's strategic objectives of connectivity, partnerships, and all-dimensional development have been put forward by the concept of *filial piety* and *filial conduct* of Confucianism which further have put BRI into exact means between the concept of individualism and equal degree of concern for everyone. The two Confucian concepts have modelled BRI as relational and communal. As Confucianism is more socialistic than individualistic, the focus of BRI on the necessity of cooperation and strong ethical outlook has made it more Confucian. As BRI has

been destined to realize "win-win' cooperation and build a community with a shared future, potentially focusing on the transcontinental level, Confucius' ideas have highly impeded for the realization of the BRI's aim. China has focused on a new world through BRI where connectivity and shared prosperity having a huge financial scope. Moreover, the BRI is aimed to form a "community of common destiny". This idea is congruent to the Confucian Ideal Society (Idea of Commonwealth) or the Grand Union.

Likewise, Confucius has emphasized this "Ideal Society" can be achieved only through benevolence, righteousness and traditional conventions. Thus, BRI is itself a reincarnation of the traditional Silk Road, comprises of the dual concept of cooperation and collective expertise (benevolence), and the aims and objectives of BRI coincide with the moral perception of power (righteousness). BRI has possessed rich Chinese cultural implications and aspirations and has activated the essence of a harmonious Chinese culture in the new historical circumstance. It has aimed to create a "harmonious society" for all states for common benefit and prosperity and is corresponding to the Confucian harmony, where China has shown her sense of willingness to interpret and adjust one's interest in light of relationship with other states in the international political realm, harmony in diversity.

President Xi Jinping in context to BRI has mentioned a Confucian belief, "Only by persistently exploring and utilizing all excellent cultural assets humanity has created can we know the world, society, and ourselves better, and open up a better future for the human being" (The Governance of China, 2017, p. 548). He has elaborated on the relationship between Confucianism and the world which has been based on his deep and thorough understanding of the spirit of Confucianism and Chinese culture. In China, Confucianism has delved deep into harmony between "human body" and "human heart" which has then extended to harmony between different people and society, and between different states for the wellbeing of the world (Belt and Road News, 2019). Hence, it is clear to mention the aims and objectives of BRI is a continuum of the domestic policies and needs. Moreover, President Xi has deliberately mentioned about creating a "moderately prosperous society" through BRI (Chinese: 小康社会, pinyin: xiǎokāng shèhuì) which has its origin in the Confucian classics and has presented a vision in which the average person is comfortable without needing immoral amounts of

consumption (Richter, 2019). This idea is relevant to the Confucian economy where continuity or procreation is important rather than consumption as the Western liberal economy.

The BRI and its strategies can also be explained through the Confucian economy. The Confucian ideal of *the embedded market* is precisely parallel to policy coordination, and financial integration. Likewise, the basic institution of the Confucian economy is *family*, BRI has directed itself towards cooperation and a win-win situation for all, which has depicted the states under the BRI umbrella as a family. The survival strategy of the Confucian economy- *will to live* has driven China to achieve the Chinese dream of national rejuvenation. Hence, BRI's aim to fulfil this dream is a Confucian drive (*a will to live*), either be it in the international system or sustaining the domestic economy through regional connectivity (Poznanski, Confucian economics: how is Chinese thinking different?, 2017). As Confucianism has taught about leaving "legacy", which simultaneously applies to the Confucian economy and further to the state. The leaving of the legacy of a state has been directly related to the natural and indispensable elements, *yin* and *yang*. Thus BRI as a long-term development policy has been certain about creating a legacy. And, like the *yin-yang* notion of Confucianism, BRI also has both elements of both *yin-qi* and *yang-qi*, which implies the positive aspects as well as the negative aspects of the initiative, but for a common purpose.

President Xi has quoted Confucius several times regarding BRI in 2013, "Do not impose on others what you yourself do not desire." This has depicted China has no intention of any kind of hegemonic behavior to the BRI participating states as China itself is the advocate of anti-hegemonism and coercion (Zoglmann, 2019). Also, one of the priorities of BRI is people-to-people connectivity, and through BRI, China has also been successful in spreading the Confucianism to the rest of the world via Confucius Institutes as the soft power of China. The Confucian ideal of the soft power can also be portrayed through BRI, "ethical cultivation of virtuous character", where the BRI projects and priority areas are also focused on creating an image of "preferred", "respected", "believed", or "admired", by other states. Thus, the knot that China needs to take off on the journey of BRI is making Confucianism become a "soft power" proportionate with its position as a global power (Hanh, 2018).

However, Confucianism has had long facilitated formal education and knowledge-based learning, two essential foundations of China's economic achievement (Kwan, 2011). President Xi's thought and also BRI has a rooted Confucian value in international situation particularly well-suited for China's rise. So, while studying the strategically economic and economically strategic notions of BRI, it is important to incorporate the Confucian ideals and beliefs.

6.2 Mencius' Thought, Daoism and BRI

As Confucianism, Mencius as a Confucian philosopher has a significant influence in the Chinese strategic thoughts. Mencius gave a humanistic approach and turned cosmologically-centred to anthropocentric order of political philosophy. As a part of the Chinese strategic thought, Mencius' thought which has been itself an extension of the Confucianism has some effects on the strategic implications of BRI.

The main aspect of the Mencius' political thought has been to "win people by their hearts and not by force" (Birdwhistell J. D., 2007, p. 47). Hence, the essence of this concept or thought has incorporated the principle of BRI. The collaboration and connectivity through the moral virtues in the participating states are what BRI has aimed for. The people-to-people connectivity, policy coordination, financial integration, facilities connectivity, and unimpeded trade, and the projects related to these priority sectors in different participating states have been non-confrontational. The Mencius' chief political thought has led the strategic thoughts of China to a non-coercive form and cultivation of a virtuous path.

In contrast to the Confucianism, Mencius' *tian ming* (Mandate of Heaven) has resided in the *will of the people* (Birdwhistell J. D., 2007). Thus, this idea can be deciphered in BRI in two parts, first, it depicts the will of the Chinese people, which is related to the enhancement and enlargement of the domestic economy of China. Second, it again has exhibited the non-coercive nature of the strategic implications of the BRI and explained the principles of extensive consultation, joint contribution, and shared benefits.

The people-centered development approach of Belt and Road has been parallel to the people-centered political approach of Mencius' strategic thoughts. Mencius hierarchy also has put people at the top and as the main beneficiary. BRI's high-level plans to intensive and

meticulous implementation, to realize high-quality development, bring benefits to local people, and build a global community of shared future is a people-centric global approach. Peaceful development and economic cooperation were also aimed and focused by Mencius during the period of Warring States which has ultimately been also the aims of the Belt and Road.

As a part of the strategic thought of Mencius, he focused on the environment-people relation, and the BRI is also concentrated on green development. So, the environmentally sustainable development goals of the contemporary projects of the BRI is not a new concept but has been part of old-Chinese strategic thought. BRI's projects on poverty relief and eradication, and Mencius' explanation of poverty as the social evil is a coherence in the contemporary BRI and the Mencius's thought as Chinese strategic thoughts. Additionally, Mencius' economic system known as *Jing tian* or well-field system practically does not reflect the implication of BRI but is parallel to the ideal of cooperation, and solidarity (Rarick, 2008).

Moreover, Mencius' thought has congruency with the Confucian values of benevolence and righteousness, morality and virtuous leadership. Mencius also has negated the ideas of hegemonism, and has validated the BRI in the today's world because the returns to the model are to the modern and post-modern approach or paradisiacal and humanistic approach to philosophy.

Similarly, as Mencius' strategic thought, Daoism has been one of the other Chinese philosophies that has a significant impact on Chinese strategic thoughts. The main concept of *wu-wei*, translated as "non-action" or "doing nothing" symbolizes the action that is effortless and non-coercive and refers to how it operates without imposing the actor's will on its object in cognizance of the interdependence of things and the likelihood of mutual responsiveness between them (Romar, 2018). Thence, the strategic implication of Daoist *wu-wei* can be implied to the non-coercive nature of the BRI as well. *Wu-wei* also as a principle of governance, can be related to the governance without the active interference, but rather has been the notion of harmony. These aspects of Daoism is in line with the practices of the Belt and Road and helps to predict the nature of the BRI in the future.

Likewise, Daoism has advocated the political pluralism and *Dao* referred to the respect of nature of all things. This philosophies of the ancient China of unifying nature and opposition to the violence and coercion and tolerance and appreciation of differences have based ground for

the connectivity, partnership, all-dimensional, multi-tiered, diversified, independent, balanced and sustainable development through the BRI. The rejection of the coercive authority as a Daoist political thought has implied and has been reflected in the Belt and Road creating a matrix of the relationship among the states.

Similarly, the notion of *wu-wei* and *ziran* (spontaneity, naturalness, or self-so) has given the essence of the market economy as well. The less interference of the government in the economy can be illustrated through the Daoist principles. The *wu-wei economy* described the naturalistic behavior of the elements in the market to complete the transactions (Poznanski, 2015). This naturalistic notion of actors in the market can be illustrated through the BRI. As BRI has been operating and creating market-oriented economy among the participating states. As membership and participation in the initiative is voluntary, and the practices of the BRI policies and projects have enhanced the trade and facilities among the Belt and Road for a self-run market economy as explained by the Daoist notion. There has been an interactive, mutual interdependence and development among the states through the principle of the market economy.

Hence, these two important Chinese strategic thoughts may not have significant implications on BRI, but has a certain application on deciphering the nature and future trends of the Belt and Road. The thoughts and philosophies have guided the leader's practices and thinking of the strategic, economic and military affairs. Though not closely related to the initiative they give a comprehensive and thorough look at the strategic behavior of China.

6.3 Sun Tzu and BRI

As Sun Tzu has influenced the thinking and practice of political and military leaders in China, the Belt and Road Initiative (BRI) has certainly been influenced by his strategic practice and thinking. Sun Tzu's teachings on diplomacy and statecraft have been exactly what BRI has reflected. His essence of "winning without fighting" has been related to the principles of establishment of the initiative. As BRI's path to economic development and global peace and harmony to achieve the Chinese dream of national rejuvenation has been the reflection of the excellence of China which comprehends in breaking the adversary's resistance without a duel.

In Sun Tzu's five factors of war, of which the moral influence can relate to creating harmony in the world which is one of the factors driving the BRI as well. Until now, the Silk Road Economic Belt and 21st Century Maritime Silk Road has represented a non-confrontational (stratagem) approach. The second factor is the weather and has been pointed out as the international system and order where BRI has been instigated. Many experts have mentioned BRI to be a platform in creating the "post-Westphalian" order (Hudzikowski, 2015). Hence, the weather for BRI while analyzing according to Sun Tzu's lenses is the dilemma of unipolarity in the world and move towards the multipolar system, where the "weather" has been considered suitable for China's dream of revival and rejuvenation. Another factor, Terrain, in the *Art of War* as another factor described the theatre of operations. Hence the BRI's aim of financial integration and connectivity in Eurasia can be portrayed through the Silk Road Economic Belts and 21st Century Maritime Silk Road, which ultimately have made it clear about the theatre of the operation of China's strategic thoughts to be in Eurasia.

Likewise, the fourth element, command, which can be directly implied to the "Respected One", is President Xi Jinping, and portraying him as Sun Tzu's General for the war has been determined by the National People's Congress and enshrined his name and political ideology in the party's constitution, elevating his status to the level of its founder, Chairman Mao (Bader, 2016). The fifth and the last factor of the war is the doctrine that is related to the organization and management. The main doctrine for the BRI has been the "Xi Jinping Thought" which has incorporated the previous thoughts for China's development and revival such as "socialism with Chinese characteristics for a new era", following the new ideas of "shared future" and "common destiny".

As Sun Tzu in *Art of War* has focused on the commander of the army in the battle who will be solely responsible for the winning and losing the battle. Sun Tzu's deception warfare and the art of knowing the enemy and yourself, have been incorporated in the BRI. The strategically economic and economically strategic aspect of the BRI has put forward the deceptive nature of the warfare. As BRI's factor of initiation has been China's domestic economy to meet the internal necessities of China's economic development, has contributed to the expansion and deepening of Chinese economic reform, and the furthered integration of its domestic economy into the world economy, in an attempt to achieve sustainable development. Also, BRI has acknowledged Asian

states' urgent need for infrastructure investment. This aim of the BRI has given total justice to Sun Tzu's "Know the enemy and know yourself, in a hundred battles you will never peril", and also identified BRI as an acme of skill to subdue the enemy- either be in a global competition or against the underdevelopment. The initiation of BRI has been the perfect calculation in the present situations and circumstances both of China and other Eurasian states, in Sun Tzu's word, "avoiding the strengths and striking the weakness".

Similarly, BRI has been attributed as "President Xi Jinping's Belt and Road Initiative", and has pursued between geostrategic ambitions and practical economic aims, and explored the mechanisms the Xi administration in establishing to manage its implementation (Esteban, 2017). President Xi's style and leadership, and through Belt and Road Initiative, he has been efficacious in mobilizing his wisdom in incorporating courage, firmness or even benevolence and trustworthiness through the arduous process of education and practice in this political life. These are the characteristics of an ideal leader for Sun Tzu.

Analyzing BRI in terms of organizational effectiveness and President Xi as an individual leader, he has thoroughly studied the situations and circumstances before the initiation of BRI and becoming the President, which has helped in understanding the status quo and lifted China above the status quo by creating leverage and adapting to the prevailing and developing environment. Sun Tzu mentioned in his theories about the concept of the situation (shì), situation-making (zhào shì), and situational adaptation (yīn shì), the initiation of BRI is in line to these concepts of the situations and has created a positive situation (yōu shì) relative to the other states in the global competition for China.

Another main aspect of the BRI has been creating a "community of common destiny" or "community for a shared future for mankind". Sun Tzu has emphasized in binding human beings together as a community (qún) and described human's tendency of infinite desires which will lead towards disorder and impoverishment (Esteban, 2017). He believed in the human capacity to build a community and harmonious society. This concept of Sun Tzu has been parallel to the aims and objectives of BRI either be strategic or economic. But in contrast, Sun Tzu's theories are no socialist as the Confucianism, as Sun Tzu believed in allotments (fēn) of resources and power, and hierarchy in the society (Ambrogio, 2017). But he has negated the concept of a

hegemon as a person who lacks virtue. Hence, BRI' strategic implications can be analyzed through the authority over the community but not as a hegemon.

Moreover, Sun Tzu's *Art of War* as a military doctrine can also be implied in the areas of modern economics. His guiding principles of the economic efficiency has been "the maximum output through minimum input", in both physical and human terms. Although BRI is a long-term development and a huge financial investment project, the collective outcome for China, either it is in tangible or non-tangible terms, is greater than the input contemporarily. As Sun Tzu always focused on using economic means over the martial means, the deciphering of the strategic implications of BRI points out to be economic means rather than a military one. Additionally, BRI's motivation to uplift the domestic economy is congruent to Sun Tzu's emphasis on the sustainable domestic economy. Also, Sun Tzu's concept of "the ruler's irrecoverable expenditures" can be correlated to the financing of the BRI. China's financing in the BRI projects are mostly loans and have been channeled through the policy banks and state-owned banks. If the trend of the financing is analyzed, then the financing channels to the projects are directed in such a way that, there seems no actual burden over the expenditure of the financial investments for China.

While the military strategies can be connected to the entrepreneurship, Sun Tzu's command behavior has been similar to Israel Kirzner's theory of entrepreneurship. Sun Tzu has emphasized on the cultivation of the spirit of entrepreneurs, and also BRI has been similar to the theory of Kirzner regarding the entrepreneurship. By defying the status quo, and as a means of achieving the aim, BRI is also directed towards more diverse projects regarding environment, energy and others. The means and ends are not fixed of that of BRI, so the alertness or entrepreneurial element as Kirzner has mentioned can be traced in BRI. BRI as an entrepreneur has tried to explore the resources of the participating states while relieving them of the cost and risk. As Kirzner mentioned about entrepreneurial nature finding misallocation of resources and finding a better use of the resources. Hence, in line to Sun Tzu's emphasis on entrepreneur and Kirzner's entrepreneurship, BRI is itself an analogy of strategy and economy determining the course of action based on given allocations.

Hence, the correlation of Sun Tzu's strategic thoughts have been incorporated in BRI as a part knowingly or unknowingly but has significantly affected the strategic thinking of the strategic and economic implications of the initiative. Thus, *the Art of War* is an essential tool while deciphering the strategic repercussions of BRI.

6.4 Mao Zedong Thought and BRI

Mao Zedong Thought has been one of the established principles in the Chinese strategies, either by a military or political. Mao described military and political affairs, form a continuum (Deshingkar, 1995). More than a formal doctrine for the recent times, Mao Zedong Thought has been more an attitude of mind or a spirit, also regarding contemporary China's BRI. The BRI has not followed directly the doctrine of Mao, a politico-military thought, but it has carried the Maoist spirit and attitude. Mao's memory, positive and negative, still raises among the Chinese public today, four decades after his death. China seemed to be experiencing a resurgence of Maoism in recent years, manifesting a popular nostalgia for Mao and in Xi's style of governance (Sinha, 2019).

Likewise, the global economy has been distinct in the past decades. Global production and global finance now constitute distinct spheres of power relations which constrain the state system. They have brought out a new social structure of political relations. The process of formulation of a class is transnational and present-day capitalism succeeded in establishing mutual interest and common ideological perspectives between social classes in different countries. In other words, this globalization process has created a hierarchically stratified global society in which global (or globalizing) elites set the pace in shaping the social order (Milios & Sotiropoulos, 2009). Hence Mao's chief political idea of *class struggle* has been still a revolutionary idea or spirit that can reshape the world and key to understanding one of the most surprisingly enduring organizations of the 20th and 21st centuries so far- CPC.

"Mao's invisible hand" remains omnipresent in China's polity as mentioned in the book "Mao's Invisible Hand" (2011) by S. Heilmann and E.J. Perry. In 2012, CPC under President Xi Jinping began for the first time since Mao's death in 1976 to publicly renormalize aspects of Maoist political culture- the personality cult, catchwords such as the "mass line" (supposedly encouraging criticism of officials from the grassroots) and "rectification" (disciplining of

wayward party members). Later in 2018, Central Committee of CPC abolished the 1982 constitutional restrictions that limited the presidents to only two consecutive terms, and President Xi became the ruler for life as Mao Zedong (Lovell, 2019).

Similarly in the past, the revolutions based on class struggle and guerrilla warfare, the growing allure of Maoism in different states all over the world can act as a pivotal influence on global insubordination and intolerance across the last several decades. As Mao Zedong Thought incorporated as one of the main Chinese strategic thoughts in the contemporary period, makes BRI as a vehicle to counter the unipolar international system and transform to multipolar world order, a dream of Chinese National Rejuvenation. Since the collapse of the Soviet Union and communism in several parts of the world, many strategists have imagined that the Maoism has been a historical and political phenomenon of a long past. A fresh look at the cold war and global politics today tells a very different story of Maoism as one of the most significant and complicated forces of contemporary history.

Mao's principal political value was serving the interest of people. This interest of the people lies in the interest of the Chinese people and the interest of all the citizens of participating states in BRI, as a part of shared benefit and common destiny for all. Thus, deciphering BRI through the Mao Zedong Thought- politico-military thinking, China's initiation of BRI can be viewed as the strategically economic tool to strengthen China's economic and security interests while bolstering overseas development. The BRI has been an umbrella initiative spanning a multitude of projects designed to promote the flow of goods, investment, and people through regional cooperation and connectivity.

Also, the Chinese game of "encirclement chess" (*Wei qi*) has been an important element of Mao's approach (Dittmer, 1980). Many scholars and strategists have described BRI as "*string of pearls*", but the encirclement by the BRI is large at a bigger picture. The 21st Century Maritime Silk Road and Arctic Silk Road under Arctic policy have had encircled the whole Eurasia. The Silk Road Economic Belt running in Asia and Europe have also encircled different adversary powers in both the continents. India has also viewed BRI as strategic encirclement through Hambantota port in Sri Lanka, CPEC traversing west China via Gilgit-Baltistan to Gwadar port in Balochistan, a road from Yunan province cutting through Myanmar to end at a

deep-sea port in Kyaukpyu (Baruah, 2018). Hence, the approach of encirclement is one of the key strategic element of Chinese strategic thoughts reflected in the BRI as well.

President Xi called for a "new Long March" in the wake on an intensifying trade war with the USA (Kapustina, Lipková, Silin, & Drevalev, 2019). This historical metaphor evoked a parallel between Xi and Mao Zedong. Mao Zedong Thought's and idealized memories of the PRC's early decades predated the Xi Jinping era, but President Xi seemed to have been selectively harnessing Maoism, as mentioned earlier that, not as a doctrine but as a spirit and idea. Hence, as one of the important strategic thought, Mao Zedong Thought has helped to realize the socialist revolution in agriculture, pre-industrial society to form PRC. Contemporarily while realizing the Xi Jinping Thought, Mao Zedong's thought does not directly come influence as a formal doctrine but as a state of mind or spirit.

Thus, Belt and Road Initiative has a spirit of anti-neocolonialism, global class struggle and have put people at the center for a common destiny and shared future, which have depicted the ideas of Maoism in the contemporarily times. Although Maoism has come into play selectively in the present policies of BRI but has a significant influence in China's strategic thoughts.

6.5 Deng Xiaoping Thought and BRI

Four decades ago, China's supreme leader Deng Xiaoping advised the leadership not to seek global leadership, and to bide their time and hide their capabilities. With the beginning of the reforms era in 1978, even though China opened up its economy to an extent and began to engage with other states, it consequently kept a low profile for at least two decades. China's President Xi Jinping, appeared to have used Deng's dictum as a foundation and cast off China into more opening up and going global through the Silk Road Economic Belt and 21st Century Maritime Silk Road.

"Bide your time, hide your strengths", of the main underlying principle of China's economic reform by Deng Xiaoping. This has been the bedrock for China's today reform and going out policy (Chang D. W.-W., 1988). The BRI has signaled China's move from this substratum to an ambitious foreign policy involving trillion dollars infrastructure investment (Lin

J. , 2020, p. 45). But the experts have advised China's policymakers to follow the supreme leader's maxim, especially when it comes down promoting BRI's acceptance (On the Leadership Challenges for China in Belt and Road Initiative, 2020). Hence, Deng's aphorism has been today's BRI's foundation and a key to attracting the other states' participation.

After the Cultural Revolution, China's economic reforms were grounded on Deng Xiaoping's "Socialism with Chinese Characteristics", which incorporated capitalism into central planning to increase productivity, advance Chinese culture, and enhance the interest of the people (Chungui, 2001). Following Deng's dictum, President Xi in the last session of the annual meetings of National People's Congress in 2018 mentioned that the only by adhering to and developing "socialism with Chinese characteristics" can the Chinese realize the dream of national rejuvenation (Xinhua News, 2018). But it is a remarkable fact that President Xi Jinping's "Socialism with Chinese Characteristics *for a new era*" has been added to the Constitution of CPC.

In this "*new era*", in contrast to Deng's idea of "early and common prosperity", meaning-prosperity for some (in the short term) to achieve prosperity for all (in the long term), President Xi has reiterated the significance of balanced economic growth to achieve the goal of "moderately prosperous society" (Peters, *The Chinese Dream: Xi Jinping thought on Socialism with Chinese characteristics for a new era*, 2017). Hence, Deng Xiaoping's theory has been a foundational brick regarding the "Socialism with Chinese Characteristics for a new era". Along the making of the blueprint for socialism with Chinese characteristics has progressed with several major milestones, BRI has been one of the new developments carrying the task of creating a socialist economy for Chinese national rejuvenation. It is Deng's "Socialism with Chinese Characteristics" whose systems and capacities have been modernized to turn China into a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious and beautiful by the time of the centenary of the People's Republic of China in 2049. BRI framework with an increasing number of partner states is re-calibrating socialism with Chinese characteristics and invoking interest beyond China's borders amongst the states that see their development getting intertwined with China's development.

Although President Xi Jinping has advanced from the Deng's principles it is no doubt that his principles have created a base for President Xi, and BRI has abetted him to do so. The Four Cardinal Principles of Deng, have had strategic implications in BRI. The BRI has cemented the way to a globalized world in a socialist path, and have had helped China and President Xi to maintain the people's support in a democratic dictatorship under CPC's leadership (Petranek, 2019). Also, the BRI has been under the management of the CPC, and in line, to Xi Jinping Thought and CPC's constitution it has the notion of Mao Zedong thought with Marxism and Leninism. Hence, Four Cardinal principles of Deng have allowed the market forces to operate freely within the confines of the central planning in the contemporary period as well.

The initiation of the idea of Four Modernization can be explained at the geopolitical level of the BRI. Deng enabled the modernizations in the area of agriculture, industry, science and technology, and national defense. In the Fourth Plenary session of the 19th CPC Central Committee detailed about the CCP's strategic goals and specific steps to realize them, as well as metrics for measuring progress (Xinhua News, 2019). This communique laid the ideas on promoting the Modernization of the National Governance System and Governance Capability and enhanced China's fifth modernization- modernization of National Governance. As protectionism and isolationism increase against globalization, BRI has provided strong momentum for advancing the transformation of global governance.

First, the BRI has strengthened the cognizance of building a community of common destiny for mankind and promoted the development of epistemology in global governance. Second, it has offered more sustainable global public goods, while improving ethical standards for global governance. Also, the BRI has combined the top-down and bottom-up approaches to inspire voluntary actions in global governance. Further, the BRI has drawn on China's own experience in integrating reform, development and stability, which helped balance the economic, social, ecological, and security scopes of global governance, to foster common development among states and regions along the routes and ultimately create a new equilibrium between South-South and North-South cooperation. Indorsed through consultation to meet the benefits of all, the BRI will make both palpable and impalpable assistances to the transition of global governance by providing public goods and augmenting the notion of compatible justice in a de-globalized world (Chun, 2017).

On the other hand, China's Open Door Policy began in the Deng's period in the 1980s to attract foreign direct investment. Establishing relational networks are important for China's quest to expand outwards, and BRI has been instrumental for it. Open Door Policy has been successful in integrating China into the global economy. The BRI could thus be regarded as a second stage development strategy in contemporary China to intensify its engagement with the global world *on its terms* through reinventing, utilizing and expanding the old Silk Road (Kuah, 2019, p. 129). Deng Xiaoping in the bigger picture also modernized banking sector, where the government loans were changed to bank loans, and the four specialized state-owned banks, known as "Big Four". These Big Four banks are the banks that have been increasingly involved in financing the BRI as they are tied to China's major state-owned enterprises, and provide much of the funding to them. The state has a majority holding in the state-owned commercial banks, and China Banking Regulatory Commission (CBRC) released a Guidance to the Banking Sector on Supporting Major Projects (CBRC no. 43, 2015) in August 2015, and enlisted BRI as one of the major important projects that the banking sector shall provide to (Brombal, 2018, p. 116)

One of the major investing financial institution to BRI related projects is the Asian Infrastructure Investment Bank (AIIB). The AIIB's mode of operation is embedded in the theories of Deng Xiaoping and other economists who enabled China to experience an extraordinary amount of speedy growth from 1978 to the present day. Rather than instructing that developing states to cut their public budgets to create more of a "business-friendly atmosphere", the AIIB tends to do the contrary by permitting loans to build roads, railways, airports, hospitals, power plants, and other infrastructure to promote economic growth. The AIIB has worked to put China's global vision for the BRI into practice (The Asian Infrastructure Investment Bank, 2018, p. 52). AIIB has been defined as "open and inclusive multilateral development agency" and stressed on a commitment to "open regionalism" but have abandoned Deng Xiaoping's "keep a low profile".

Moreover, Deng has concluded that peace and development are the two main strategic issues, which are being addressed by the BRI through its development plans and aim to create a community for shared benefits. His thoughts even include creating a peaceful and strategic environment, and a favorable situation and providing strong security protection for the nation's development. Hence, his thoughts of world harmony and national rejuvenation can be reflected

through China's grand initiative. Deng's foreign policy of relating the national security with neighbors and region is replicated in the BRI's integration and connectivity in Asia, Europe and Africa.

As Deng Xiaoping Thoughts are the outcome of a practical, gradual, experimented implementation and scientific outlook of China's development. Hence, as a strategic thought which has been successful in China's development, its role in BRI is at large. Deng's theories are the foundations of today's Chinese outlook towards peace, development, stability, security, and national rejuvenation.

6.6 Xi Jinping Thought and BRI

BRI is a signature foreign policy initiative of President Xi Jinping, a web of infrastructure development projects designed to increase Eurasian economic integration. As President Xi's strategic thoughts have illuminated the study of Marxist classics, Mao Zedong Thought, Deng Xiaoping Theory, Theory of Three Represents, Scientific outlook on Development, and the study of Central Committee concepts, ideas and strategies for China's governance, and transformation of the theory into tangible strength to understand and change the world to sustain China's resolve to uphold and develop socialism with Chinese characteristics for a new era, it is the conclusive thought or strategy for China regarding the contemporary developments.

The world is entering a "new era" of global relations characterized by China's peaceful ascendancy. According to the CPC, China is in the primary stage of socialist construction, and it is a developing country. Although President Xi's "socialism with Chinese characteristics for a new era" has affixed the just an additional characteristic, "new era", to Deng Xiaoping's "socialism with Chinese characteristics", but the change in philosophy is more thoughtful than that. The "new era" element represents a critical step forward in assuming China's global ambitions. While Deng Xiaoping's was an inward-looking, focused on domestic development, but President Xi does not want China to set back in the international order. The proposal of the BRI is one of the main pillars contributing to the formulation of the thought. In the 19th National Congress of the CPC, not only added Xi Jinping Thought into the Constitution but it also made an additional amendment, "following the principle of achieving shared growth through

discussion and collaboration, and pursuing the Belt and Road Initiative" (Martinez-Galan, 2020, p. 118).

President Xi's one of the philosophical and nationalistic campaign is "Chinese Dream of National Rejuvenation", that is, establishing moderately prosperous society till 2021, and a rich and strong state by 2049. Accordingly, China's dream of national rejuvenation can only be achieved through the path of "socialism with Chinese characteristics". Contemporarily, BRI and its vision of connectivity and development have been a demonstration of China's self-confidence, and BRI represents the alignment to the Chinese Dream. While Chinese people are chasing after the dream of a better life, China is on its way to realizing its dream of prosperity and the great rejuvenation of the nation. However, China's dream of peace and prosperity can only be achieved when no one is left behind and efforts are being made on all fronts to facilitate this change (Lau, 2020, p. 166).

Also, President Xi has stressed on realizing the Chinese dream in both material and cultural terms. This has been consistent and persistent to the pursuit of the socialist cultural and ethical progress providing all people with a strong ideological guarantee, intellectual support and moral assistance. BRI, in this case, has a bigger role in contributing to the ethical and cultural progress. BRI through one of the five-priority sector, people-to-people connectivity, have pursued this dream for retaining the legacies of their Chinese identity, and originality systematically and professionally.

The community of common destiny has risen to be President Xi's main diplomatic concept of his thought. This theory has agreed with the probable success of China's BRI participating states, but challenges on the formation by developing a political philosophical argument in understanding China's view of common destiny and world community. At China's popular Seminar of Diplomatic Work on Peripheral Regions, held in Beijing in October 2013, President Xi Jinping focused that "the idea of the Community of Common Destiny should take steady root in the neighboring states". That is widely observed as the guiding diplomatic policy of China towards its neighboring states. But, Chinese leaders have frequently used this concept since the 18th CPC National Congress. The idea has become a new banner of China's innovation

in its diplomatic theory and practice in the new era, as well as the main starting point to build the peripheral strategy (Zhang D. , 2018).

Hence, BRI as a long-term project with the view of connectivity and "win-win" cooperation, and emphasis of the BRI by the CPC and President Xi, has been an instrument in building this idea into reality. This connotation has had attracted the states in Eurasia to participate in the initiative for a common destiny and future (Xiaochun, 2018). As a guiding principle of the peripheral diplomacy of China and its foreign policy, and BRI as a practical implementation of this notion, BRI is congruent to the Xi Jinping Thought' "Community for Common Destiny".

BRI as a massive infrastructure project has aimed at building the community for shared future for mankind. Additionally, BRI has a momentum for development that have enhanced trade and investment with the partner sates, created more job opportunities for local citizens, and improved stability and quality of life, which ultimately has led towards the shared future for the humanity (Xinhua News, 2019). A large number of signatory in the BRI and the adequate planning for the massive investment of the projects have had put BRI in the place to create a shared future, win-win cooperation and common destiny for mankind.

President Xi's political goal towards China, the Four-pronged strategy, one goal and three measures- to complete a moderately prosperous society in all respect, to deepen the reform, to advance the rule of law, and to strengthen Party's discipline. This goal and the measures have been reflected by the initiative. To achieve the dream of a moderately prosperous society, BRI has been deepening the reforms within China for the revival of the Chinese people's dream and externally for the rejuvenation or revival. Moreover, BRI has put President Xi in a strong position in CPC through the amendment of the Constitution and placing him with Chairman Mao. This has ultimately resulted in the rule of law in the state and strict discipline in the party or as a party reform.

President Xi's thought or as scholars have said China's fifth modernization, he has proposed to improve China's ability to participate in global governance. Inline to this, BRI has contributed new ideas and plans for reform of the global governance system. The increasing geopolitical clout and international influence with development projects and the notion of peace,

and through the financial institutions as an alternative to the Bretton Woods system of economic governance, China through this initiative have revived the global governance and order (Carrai, Defraigne, & Wouters, 2020). Also, BRI's enhancement of the macro-economic policy, policy coordination, promotion of global economic growth and financial stability have taken a different route than the contemporary global governance.

As Xi Jinping Thought has incorporated and studied the power structures changing positively, and BRI as a tool have placed itself in the world economy gradually which was emerging the shadow of the economic crisis and failure of the western financial institution and created a space for China to rapidly increase her share in the world economy and governance. BRI has had help reaching China's opening up to a better balance between bringing in and going global and prioritized the practice of the people-centered philosophy of development. Xi Jing Ping's idea of shared development is incorporated in BRI to share the development benefits.

As President Xi Jinping has mentioned about adapting China to a *new normal of economic development*, to achieve the Two Centenary Goals, the BRI and BRI related financial institutions have made comprehensive moves to complete the moderately prosperous society in all respects. As moving towards a *new normal*, BRI has provided China with new drivers of growth internally and externally. BRI has addressed the productivity challenges by enhancing market competition and competition in the service sector. It has promoted entrepreneurship, business climate, increased innovation capacity, innovation and the digital economy. Moreover, it has managed the human capital, efficiently allocate resources, facilitated the free flow of labors, leveraged regional development and integration, and promoting international competitiveness and economic globalization (World Bank Group; Development Research Center of the State Council, 2019). Hence, BRI has addressed China's opportunities and challenges to adapt to the situation of a *new normal*.

Similarly, both Xi Jinping Thought and BRI's aim and vision have strong faith on the purpose and principles of the UN Charter and has focused on building the new model of international relations featuring reciprocally beneficial cooperation, and creation of a shared community for mankind. Through the guidance of the Xi Jinping Thought, BRI has included the concepts of innovation, coordinated, green, inclusive and open development. BRI has

implemented the innovation-driven development to adapt to the changing environment of development and promoting the harmonious coexistence of humanity and nature. Thus, BRI and Xi Jinping Thought as its doctrine has stood firmly for peace, development cooperation and win-win outcomes considering the domestic development and international situation. Thought as the BRI's doctrine has safeguarded China's national or domestic interests but also has fostered an international environment to ensure the realization of the Two Centenary Goals and the Chinese Dream of national rejuvenation.

Chapter 7

Summary and Conclusion

7.1 Summary

Chinese strategic thoughts have evolved from the Chinese philosophies, religious values, long historical growth, languages and traditions, but have stayed intact to the core values. These values have been shaped by some of the Chinese strategic thinkers like Confucius, Mencius, Sun Tzu, Daoist beliefs, and likewise the Chinese political thoughts of Mao Zedong, Deng Xiaoping and Xi Jinping. The Chinese strategic thought has never been static both in terms of discourse and behavior, and has been evolving with the changes in the international security and economic environment, and adapting to the tectonic and operational shifts in the international system (Liu H. , 2015).

The research aimed to answer the three specific questions. First, the study aimed to answer what Chinese Strategic Thoughts meant. Second, the research focused on what were the strategic policy implementations of BRI regarding the Silk Economic Belt, the 21st Century Maritime Silk Road, and Financial Institutions of BRI. Lastly, the study has emphasized answering the strategic thoughts reflecting in the BRI contemporarily. Similarly, the ultimate objectives of the research were to discuss the Chinese Strategic Thoughts, analyze policy implementations of the Silk Road Economic Belt, the 21st Century Maritime Silk Road and financial institutions financing BRI projects, and to explore whether there were any reflections of the Chinese strategic thoughts in the BRI.

To complete the objectives and answer the research questions for the study, a qualitative research methodology was used. Likewise, an inductive process of organizing data into categories, and identification of the patterns were used to complete the objectives. Both primary and secondary data were taken into considerations. The books, academic journals and magazines, reports, and analysis documents were used as secondary data, whereas, the government and semi-government publications were considered for the data purpose. In the research, descriptive, critical and analytical methods were employed. The methods included process tracing, congruency testing and counterfactual to create an empirical and imperative study. The elements

of retrospective and diachronic case study were also employed for the comprehensiveness of the study.

The Chinese strategic thoughts of Confucius, Mencius and Sun Tzu were thoroughly studied, along with the philosophical aspects of Daoism. A comprehensive study was done to study the Mao Zedong Thought, Deng Xiaoping Thought and Xi Jinping Thought. Similarly, a detailed analysis of the strategic policy implications was done. After having implemented the above research methods to answer the research questions and to meet the objectives of the research, a descriptive, critical, empirical and interpretive findings were found regarding the Chinese Strategic Thoughts, strategic policy implementations of BRI and reflection of Chinese strategic thoughts in the BRI.

Confucian values have been one of the most important Chinese strategic thought and in the present scenario, President Xi has created a renaissance of these values. Confucius has value for today, even though he first uttered these ideas thousands of years ago. Confucius's *Analects* provide the notion of benevolence, righteousness and moral virtue in the strategic thoughts. Confucius' strategic thoughts have been grounded on a moral perception of power and are non-confrontational. His thoughts have focused on the ethical cultivation of virtuous character, and mentioned *family* as the core actor urging for the familial duty and loyalties. Confucianism has depicted harmony as a proper balance between separation and connection. As a consequence, Confucianism has a great impact on the strategic policies and thinking.

Similarly, another Confucian thinker is Mencius, who labelled cosmologically-centric order as an anthropocentric. His ideas have also been non-coercive but rather is focused on the humanistic political philosophy. As his strategic thoughts have focused on the cooperation between the states, trustworthiness, righteousness, benevolence, propriety and wisdom. His strategic thoughts revolve around a virtuous leadership and focus on the people as the main beneficiary of the benevolent governance.

Another belief that has have significantly affected the Chinese economic strategies is Daoism. Daoist philosophy and ideas of *wu-wei* and *ziran* have tremendous influence in the reform era during Deng Xiaoping. The Daoist beliefs have provided the essence of harmony and opposed violence and coercion. The political philosophy of the Daoism is highly centered in the

moral dimension and rejected the coercive authority. The Daoist approach has suggested a neutral and spontaneous approach. The concept of *wu-wei economy* has reflected the market-driven economy and related to the economic market and economic activities of the Chinese society.

Moreover, the most renowned and revered ancient general in China- Sun Tzu is another prominent military general who has offered a framework for waging war and valuable observations. Like Confucius and Mencius, Sun Tzu has focused on the moral and virtuous leadership but differed regarding the nature of human being. His strategic thinking revolved around the concept that victory without direct fighting is the most advantageous way to win. Sun Tzu gave an insight into the strategic use of the resources, strategic maneuvering of troops, gaining advantages, and successful military action. Sun Tzu's strategic situationalism of individual psychology and organizational effectiveness has an important place in the Chinese strategic thought. Sun Tzu's strategy has also been directed to the creation of the harmonious society. Sun Tzu's strategic thoughts on the economy of a country were based on the entrepreneurship which gives a useful insight into the states' political economy. Hence, Sun Tzu's *Art of War* is an important documented philosophy that has a huge impact on Chinese strategic thought.

Addition to the traditional Chinese strategic thoughts, after the establishment of the People's Republic of China (PRC) in 1949, some leaders have had put forward their strategic political and military philosophies according to the situation. The designation by the Chinese communists of a political leader's ideas as thought has been thus a momentous decision (Scobell, *The Chinese Way of War*, 2011). Throughout the history of the People's Republic of China, only the ideas of Mao Zedong, Deng Xiaoping and Xi Jinping have been accorded that status. Chairman Mao as one of the important and prominent leader of the CPC and PRC, his politico-military thoughts- Maoism, has been one of the important strategic thought that has engineered the contemporary strategies and policies.

His core ideas can be studied under the *class struggle*. His core ideas may not be regarded as the only doctrine for the present situations but have been more an attitude and spirit of mind. His strategic thoughts encompass the essence of Marxism-Leninism, gave importance to

the physical and mental remolding through "struggles", but also to enhanced and harmonized the knowledge and feelings. He adopted and adjusted Marxist-Leninist theory to the Chinese perspectives, mixing it to the native Chinese philosophy (Liu H. , 2015).

Deng Xiaoping's Thought has been argued to be the "fountainhead for realizing socialist modernization" and "successor and developer of Mao Zedong Thought". His thought strategized the economy and planning of China which made it possible for the Chinese people to realize a tremendous reform in a short period. China's post-Cultural Revolution economic reforms have been grounded on Deng's "Socialism with Chinese Characteristics", a theory of incorporating capitalism into central planning. Four Cardinal Principles, State Capitalism, Four Modernization and Open Door policy were some of the strategic principles which have guided China's policies and planning. Moreover, Deng Xiaoping has had a huge contribution for the reform of the banking sectors in China, and his strategic thoughts on international affairs contained the thorough analysis of the world and concluded that peace and development are the two main strategic issues.

Following Deng's path, President Xi Jinping is one of the prominent leaders after Mao and Deng in contemporary China. In 2017, 19th Congress of the CPC enshrined "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era". His thought is based on communism undertaking the project of the modernization of socialist construction. Xi's thought has advocated the essence of Marxism to be developed in the 21st century and modern China. Xi Jinping Thought has encompassed the concepts of innovative, coordinated, green, inclusive, and open development. Xi Jinping thought has encompassed that power structures among various countries changing positively in an unprecedented way, thus has been directed towards achieving the Two Centenary goals: realizing the Chinese Dream of National Rejuvenation, and for creating the community for a common destiny. In a larger picture, Xi Jinping Thought has incorporated the enhancement of macro-economic policy, policy coordination, promotion of global economic growth and financial stability.

By the Xi Jinping Thought, Belt and Road Initiative (BRI) is one of the bedrock of Xi's foreign policy. BRI has promoted connectivity in Asian, European and African continents, aligned development strategies, tapped market potentials, promoted investments, enhanced

consumption, stimulated demand, induced job creation and encouraged cultural exchanges. BRI has abided by the UN Charter, upheld the Principles of Peaceful Coexistence and stressed the market operation for the shared benefit for all. It is a long-term, transcontinental, investment program, and global initiative. BRI has five strategic priorities- policy coordination, facilities connectivity, financial integration, unimpeded trade and people-to-people connectivity. BRI has two components: the land-based Silk Road Economic Belt (the 'Belt') and the sea-based 21st Century Maritime Silk Road (the 'Road').

Silk Road Economic Belt has expanded and connected transport networks and markets in Eurasia and simplified the transit of goods, capital, energy, raw materials, information, people and culture. The Belt is six planned economic corridors stretching outwards from China through Eurasia. The Belt has also carried a strong domestic element as it has envisioned the provinces, special autonomous regions, and municipalities as relevant areas of cooperation and construction. The Belt has promoted economic resilience and enhanced new version of China's "Going Out" policy. The Belt has laid forward the strategic track and initiative for the core values for creating the community for shared benefits. Moreover, the Belt has also aimed at reshaping global governance and addressing the deep-rooted problem of instability and radicalization.

The Belt has been directed to the regional security issues as well and aimed to reduce the political distrust as it has added the leverage over US-led Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP). The Belt has enormous strategic implications in the Central Asian states and European states. But it is more aimed at cooperation and shared benefits. The Belt is the Chinese connectivity vision and a new model of cooperation and global governance for win-win cooperation for all. There is no doubt that Belt is a response to China's growing economic problems and foreign policy interests. It has accommodated China's security interest.

Similarly, China has revived historical "Silk Road of the Sea" and unveiled the concept of 21st Century Maritime Silk Road for the connectivity throughout Southeast Asia, Oceania, and the Indian Ocean, and East Africa. And at the start of 2018, China published a white paper "China's Arctic Policy" which expanded the Road's reach by incorporating the Arctic Ocean into

the Road through "Polar Silk Road". The Road has expanded the scope of China and created a more strategic maritime space. The Road has embraced the strategic opportunity and enhanced China's national strength and served the national interest. In particular, the Road has enhanced and developed China's blue economy. The Road has been in line with the concept of "green development", blue economy and maritime security. China has merged terrestrial and maritime infrastructure along the Belt and the Road into a mega production and trade network which has created synergies between the traditional and the blue economy.

The Road has effectively increased the "geo-economic resilience", and secured growing demand in China through improved and diversified maritime connectivity. Hence, the Road also has a strategic interest to maintain the unimpeded trade and supply of goods from different parts of the world. Further, the Road has been expected to show dynamic symbiotic with the PLAN. The Road has been China's soft power to resolve maritime and jurisdictional disputes in the South China Sea with four South-East Asian states. Focusing especially on the South China Sea and Indian Ocean Region, which have attracted the states for a shared future through improved connectivity, and economic opportunities. Similarly, Chinese interests in the Indian Ocean region have been motivated by geopolitical, economic and security interests because of the multipolar nature different from the bipolar nature of the Pacific Ocean.

As a long-term and global project, BRI's financing has been skeptical about either it will be economic or geopolitical or related to domestic economic dynamics. The guiding principles for financing the development of BRI has included the essentiality of building financial system and environment. BRI has been principled to establish common platforms forging synergies of states' development strategies and investment plans, formulate principles for identifying and prioritizing major projects, and share experiences on implementation. For this purpose, China's state-owned policy banks and state-owned commercial banks are the main sources. BRI's funding has been secured by an institutional mechanism such as policy banks, state-owned banks, state-owned funds, and international financing institutions like AIIB, ADB, the New Development Bank and others. BRI has been manifested with both the combination of China's reform era accomplishments and the start of a more pre-emptive approach to global affairs. The BRI financing has also worked as the "soft power" campaigns. Moreover, the financial institutions have been created for the facilitation of the BRI to lower the development and

investment gaps. The major aim of financing the BRI is aimed at creating cooperation among the states for a shared future and benefits.

Similarly the Chinese strategic thoughts and BRI, there is a connection between the two. As the strategic thoughts of a state give a foundation, base, spirit or state of mind for the states' policies, ideas and the leaders. Thus there are connections and creation of foundation by the Chinese strategic ideas and values in China's grand strategy- BRI. Though the Chinese strategic thoughts have been changing per time the core values remain intact. Inline to this, Confucianism is one of the important Chinese strategic thoughts as President Xi has envisioned Confucian value in this new era. BRI's Confucian notion to build a harmonious world and a win-win situation lays a thorough ground for analyzing BRI through Confucian strategic thoughts.

President Xi has cited Confucius many times regarding the BRI. The Confucian notion of *tian ming* (All under Heaven) can be depicted through BRI's openness, cooperation and integration. The idea of Confucian authority, the concept of *filial piety* and *filial conduct* have put BRI between the concept of individualism and equal degree of concern for everyone. The socialistic nature of Confucianism as a strategic thought has defined BRI to realize "win-win" cooperation and build a community with a shared future and prosperity. The BRI is destined to create a "community of common destiny" which is congruent to the idea of Confucian Ideal Society or Grand Union through benevolence, righteousness, and traditional conventions. The Confucian notion of a benevolent leader and strategies of the Confucian economy have given strategic oversight for the BRI to function as a long-term development plan of integrated market and facilities connectivity.

Likewise, Mencius as a Confucian philosopher, he has provided Chinese strategic thoughts with a humanistic approach and turned cosmologically centered to anthropocentric order. Mencius' political thought to "win people by hearts, not by force" is the core principle of the BRI. Mencius strategic thoughts give an insight into a non-confrontational and non-coercive nature of BRI. The people-centered approach of BRI is parallel to the people-centered political approach of Mencius. BRI's green development is strategically equivalent to the Mencius' approach to the environment-people idea. Peaceful development and economic cooperation was the strategy of the Mencius during the period of Warring states which is ultimately also the aim

of BRI. Mencius also has negated the ideas of hegemonism and has validated the BRI in today's world because the returns to the model are to the modern and post-modern approach or paradisiacal and humanistic approach to philosophy.

Daoist concept of "*wu-wei*" is another economic concept which has had a significant role in the Deng Xiaoping's era and the reform era of China. "Keeping a low profile", Deng's dictum has been changed by the Xi Jinping but this concept symbolizes the non-coercive nature of BRI economically. The *wu-wei* concept has strategized the principle of global governance through BRI, a pure notion of harmony- without any disturbances. The notion of the *wu-wei economy* is relevant in deciphering the BRI's economic drive and depicts BRI as operating and creating market-oriented economy among the participating states.

Equally Sun Tzu, his thinking and practice have a huge impact on the Chinese strategic thoughts. His main idea of "winning without fighting" is related to the principles of establishment of the BRI. His five factors of war, weather, moral influence, terrain, command and doctrine, mentioned in the *Art of war*, have huge implications while deciphering the strategic implications of BRI. President Xi as a leader can be analyzed and the strategic thoughts in the present times can be related to the Sun Tzu's strategic teachings. The philosophical strategic implications of the BRI, like "community for a shared future for mankind" and others are parallel to the Sun Tzu's strategic thoughts for statecraft and diplomacy. His essence of military entrepreneurship is a foundation for analyzing the analogy of strategy and economy determining the course of action of BRI.

In contrast to the traditional Chinese strategic thoughts, Chinese leaders such as Mao Zedong and Deng Xiaoping have a huge significance on the Chinese policies and strategic thinking. Mao's politico-military doctrine has provided a spirit and attitude in the BRI. Not as a formal doctrine but, Mao's emphasis on the *class struggle* as revolutionary ideas can be depicted as a struggle for the post-Westphalian order which President Xi has mentioned in several instances. As Mao Zedong Thought incorporated as one of the main Chinese strategic thoughts in the contemporary period, makes BRI as a vehicle to counter the unipolar international system and transform to multipolar world order, a dream of Chinese National Rejuvenation. Moreover, "Xi Jinping Thought on Socialism with Chinese characteristics for *a new era*" has been

influenced by the Mao Zedong thought. Mao's principle of "*encirclement chess*" has been depicted by the Silk Road Economic Belt and 21st Century Maritime Silk Road together.

Deng's dictum is today's BRI's foundation and is a key to attract states' participation. His concept of "Socialism with Chinese Characteristics" is the foundation for President Xi's same version for *a new era*, and an essential for realizing the dream of national rejuvenation. On the foundation of Deng's economy and reform, China has aimed to reach the Two Centenary Goals. BRI framework with an increasing number of partner states is re-calibrating socialism with Chinese characteristics and invoking interest beyond China's borders amongst the states that see their development getting intertwined with China's development. President Xi has advanced from Deng's principles, and Deng's Four Modernization has been extended to the fifth-modernization of national governance. Deng Xiaoping's Open Door policy has been expanded by BRI as a quest to expand outwards, and his banking reforms are now the major financial institutions financing the projects of BRI. One of the main financial institution, AIIB, operates on the theories of Deng Xiaoping and other economists who enabled China to experience extraordinary growth. Moreover, Deng has concluded that peace and development are the two main strategic issues, which are being addressed by the BRI through its development plans and aim to create a community for shared benefits.

Thus, BRI is an important foreign policy cum economic policy of President Xi Jinping. As President Xi's strategic thoughts illustrate the Marxist classics, Mao Zedong Thought, Deng Xiaoping Theory, Theory of Three Represents, Scientific outlook on Development, and the study of Central Committee concepts, ideas and strategies for China's governance, and transformation of the theory into tangible strength to understand and change the world to sustain China's resolve to uphold and develop socialism with Chinese characteristics for a new era, it is the conclusive thought or strategy for China regarding the contemporary developments. Xi Jinping thought as a strategic thought has guided BRI's policies, aims, objectives and projects. BRI has acted as an instrument to realize the philosophical and nationalistic campaign of realizing the "Chinese Dream of National Rejuvenation" and "Community for Common Destiny".

Xi Jinping Thought and BRI's aim and vision have strong faith on the purpose and principles of the UN Charter and has focused on building the new model of international

relations featuring reciprocally beneficial cooperation, and creation of a shared community for mankind. Through the guidance of the Xi Jinping Thought, BRI has included the concepts of innovation, coordinated, green, inclusive and open development. BRI has implemented the innovation-driven development to adapt to the changing environment of development and promoting the harmonious coexistence of humanity and nature.

7.2 Conclusion

In conclusion, Chinese strategic thoughts play an important role in shaping China's plans and policies. The strategic thoughts have evolved according to the time and situation but the core values of the thoughts remain the same. The traditional Chinese strategic thoughts by Confucius, Mencius and Sun Tzu, and Daoist philosophy have focused on the communal and relational thinking on the strategies. They have mostly focused on the moral and virtuous character cultivation and have centered the people as the main beneficiary. Many Western strategists have had interpreted the Chinese strategies accordingly, but the roots of the strategies give a different outlook to the strategies.

In this regard, BRI is non-coercive and non-confrontational, because the strategic roots of BRI do not interpret either the means or the ends of the BRI to be aggressive and hegemonic. BRI is economically strategic long-term development and connectivity policy. The core philosophical aim of the BRI is for the win-win cooperation and a shared benefit and future for the whole of mankind. This core doctrine of BRI is strategically the aims of the Chinese strategic thoughts. Moreover, the BRI is also the extension of the domestic policies and is aimed at achieving the national interest. BRI has expanded the economic drive of the Chinese people and accommodated with the people in other states, but it has benefitted both the states. There has been no single doctrine guiding the BRI. Thus, the strategic initiative of BRI underlines China's pursuit of taking a bigger role in global affairs and has extended the development and cooperation in the various areas. Though Xi Jinping Thought is a driver of the BRI in the international political realm, President Xi's thought is itself an extension and combination of the traditional strategic thinkers and the leaders of the CPC. The BRI is equipped with modern strategies for development and peace but contains the traditional strategic thoughts as a core

value. More than a core value, in BRI the Chinese strategic thoughts are as a spirit, attitude, inspiration and state of mind for China and Chinese leaders.

Though traditional strategic thoughts, especially by Confucius, Mencius, Daoism and Sun Tzu, gave an idealist perspective on the Belt and Road Initiative, the politico-military and practical strategic thoughts of Mao Zedong, Deng Xiaoping and Xi Jinping reflect both idealistic stances, due to attachment of the core thinking of the traditional strategic thoughts; and the realistic overview on the international world order. To this, there has been a critical perspective on the strategic implications of the BRI (Chance, 2016).

BRI has been critically and largely regarded to be a seriously pursued initiative with the potential to considerably affect the economic and political future of Eurasia. Though, the overall response to BRI has been uncertain, with western scholars and analysts have expressed repeated worries about standards, the adequacy of Chinese development practices, and the erosion of Western development norms. Geopolitical concerns significantly have structured critical views towards BRI. The BRI has been viewed as a deliberate attempt to economically marginalize the USA, and have created a Eurasian sphere of influence, or as a pretext for expanding China's overseas military presence (Karlis & Polemis, 2019).

Moreover, BRI has been analyzed to have articulated "Capitalism with Chinese Characteristics" where the principles of free trade, free flow of capital and labor are driven by interstate loans and state-controlled outward FDI. The BRI has also been condemned critically to be of dual use: economic and military to ascertain the geostrategic and economic dominance. Likewise, Sri Lanka has been an example and other economically fragile nations could face a debt trap that could raise issues of sovereignty relating to projects executed under BRI (Stanzel, 2018). Many scholars have explained BRI projects to have the potentiality to usher in an era of insecurity and instability in the region leading to a social confrontation between locals and Chinese companies. The BRI has been analyzed to focus on China will be on the development abroad and economic stabilization at home.

BRI has also been taken as an initiative of China to take over further spheres of influence of the USA where the USA has limited or minimized its engagement in certain regions of the world. The western perspective has been focused on China's attempt to question USA's position

in East Asia and expanded its sphere of influence to the West through Central Asia and South Asia, and also African countries (Grzywacz, 2020). China has been perceived as a threat to the USA and China itself has perceived the US as a threat to its development and political influence. The PRC has been often represented in realistic categories yet it does not want war but has been implementing a policy through BRI which aims to strengthen its image as a power that does not threaten anyone and has a peaceful orientation.

The PRC has been perceived to be striving to rebuild its power and "to take its rightful place" in international relations. Much less often, researchers have analyzed China's activity in the categories of liberalism or constructivism and they also have portrayed China's BRI both as a threat and an opportunity. Critically analyzed by the western thoughts, China is a country that has been trying to dominate the region of East Asia and has been competing in this area with the USA though it shows greater willingness to cooperate in other areas for economic reasons and to counterbalance or limit the USA's sway (Grzywacz, 2020).

Equally, the sovereignty-related issues regarding the CPEC and wider geopolitical implications within the Indian Ocean Region have overshadowed other aspects of the initiative. This has depicted among the western critical thinkers that BRI remains unclear whether China's BRI is still a purely development-focused operation, or whether there is a planned and profound long-term shift in Chinese security priorities (Kumar, 2018). Although China occasionally has elaborated about expanding its security ties with other countries, the trends have indicated that it could be developing a capacity to promote stability in the region.

Therefore, though China's traditional strategic thoughts have reflected the idealistic missions of the BRI, the economic drive and the dream of national rejuvenation have portrayed a realist version of the BRI's policies. Thus, there has been a vast contrast in the strategic thoughts indicted in the BRI and the practical policy implications through its several projects. The amount of soft power that BRI was supposed to express to the world has not been successful in doing it accordingly.

But the strategic thoughts of China and West are different, BRI's explanation through the Western perspectives may not appropriately give the correct result to the means and ends of the BRI. Hence, Chinese strategic thoughts have their idiosyncrasies that differ considerably from that of the Western strategic thinking. The BRI depicts the close connection between the economy and strategy of China, the economic drive leads towards the strategic aims of China. The Chinese philosophies and doctrine have affected the cognitive process of decision-making and planning of BRI, and the only way to understand the strategic meanings of BRI is by running through the thinking of many prominent Chinese philosophers and leaders.

Lastly, the Chinese strategic thoughts are the unique operational art different than that of the Western ideologies on strategies evolving from different Chinese philosophies of traditional Chinese philosophers such as Confucius, Mencius, Sun Tzu, and particularly evolves from the practical usage of the doctrines by different leaders such as Mao Zedong and Deng Xiaoping. Regarding the evolution of Chinese strategic thoughts, President Xi Jinping's thought is the combination and evolution of the traditional strategic thoughts and the doctrines of the CPC's leaders. One of the major policy of President Xi is BRI which has immense strategic implications. It is economically strategic and aims towards peace and development through connectivity and integration between the states. It is a foreign policy in combination with economic policy, and an extension of China's domestic economic drive. And this grand strategy of China is influenced by the Chinese strategic thoughts and carries the traditional ideas and values of the philosophers, thinkers and practitioners of China as a spirit, attitude and state of mind for China and the Chinese leaders.

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