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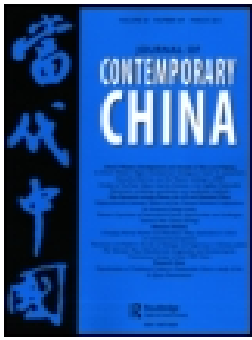
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The Domestic Politics of the Belt and Road Initiative and its Implications

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ABSTRACT

Within the Belt and Road Initiative literature, as well as in the media more broadly, geopolitical and geostrategic analyses have largely undervalued a role for domestic politics analyses. This article seeks to redress this deficiency, and supplements geopolitical analyses with a domestic politics perspective. It brings back the centrality of domestic politics. The domestic politics approach pays attention to the influence of personal leadership on the BRI and focuses on the political mobilisation and control mechanisms of the BRI, their impact and the various entanglements of international relations and domestic politics.

In recent years, China's 'Belt and Road Initiative' (BRI) has become a topical subject within numerous disciplines, perhaps none more so than International Relations. The unprecedented scale and scope of the BRI is indicative of China's growing ambition and budding global pretensions. The nomenclature of belt and road refers to the overland corridors that will connect Western China with Europe via Central and South Asia (the Silk Road Economic Belt), and the maritime routes that are intended to link China's southern provinces to Southeast Asia and beyond (the twenty-first-century Maritime Silk Road).¹ While the Chinese government continues to attempt to frame the BRI purely in economic-opportunity 'win-win' terms, it has nevertheless elicited a wide range of geopolitical and geostrategic analyses. To date, however, geopolitical and geostrategic analyses have largely undervalued a role for domestic politics analyses.

The economic corridors and maritime nodes of BRI² connect China with developing and developed economies in a way that positions China at the world's economic centre-of-gravity.³ The BRI is intended to perform the infrastructure-exporting function as a means to open 'new markets, generate demand for higher value-added Chinese goods and help ... China build globally competitive industries.'⁴ In contrast to Japan in the 1980s, China's economic strength does not derive from technological leadership or regionalised production networks for consumer products⁵—rather, due to almost four decades of rapid domestic industrialisation on a massive scale, China's

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¹Peter Cai, *Understanding China's Belt and Road Initiative* (Sydney: Lowy Institute, 2017), p. 2.

²The six economic corridors of the BRI are the New Eurasian Land Bridge, and the economic corridors of China-Mongolia-Russia; China-Central Asia-West Asia; China-Indochina; China-Pakistan; and Bangladesh-China-India-Myanmar; as well as the maritime pivot points that link them. See Geoff Wade, 'China's "One Belt, One Road" initiative', *Parliament of Australia*, Parliamentary Library Briefing Book.

³Christopher K. Johnson, *President Xi Jinping's 'Belt and Road' Initiative* (Washington, D.C.: Centre for Strategic and International Studies, 2016), p. 2.

⁴Thomas Vien, Kevin Yan and Robin Blackburn, "The Grand Design of China's New Trade Routes," *Stratfor Worldview*, 24 June 2015, available at: <https://worldview.stratfor.com/article/grand-design-chinas-new-trade-routes> (accessed 24 August 2017)

⁵See Baogang He, *Contested Ideas of Regionalism in Asia* (London: Routledge, 2016).

comparative advantage lay in infrastructure development and construction. Dams, highways, electricity generation and high-speed rail are to contemporary China what televisions, computers and automobiles were to 1980s' Japan. By emphasising a complementarity between China's exportable know-how and the infrastructure needs of developing countries, the BRI presents an opportunity for the Chinese to utilise their vast foreign currency reserves (China held \$1.2 trillion in bonds in August 2017) in an ostensibly magnanimous fashion.⁶

Of course, there is more to the BRI than the official economic narrative, and many analysts—especially in the West—remain wary of what they consider as Beijing's ulterior geopolitical and geostrategic motivations. Theresa Fallon deciphers the BRI as a Chinese attempt to consolidate previously distinct interests and initiatives—like the Asian Infrastructure and Investment Bank (AIIB) and 'March West'—together into 'one mega-foreign policy project.'⁷ Indeed, it would be foolish to assume that China would *not* seek to expand its geopolitical influence commensurate to its rising economic clout—they are sides of the same coin.⁸ Two factors in particular speak to the geopolitical and geostrategic logic of the BRI. First, many BRI routes conspicuously bypass the maritime chokepoints that China has hitherto (by necessity) relied upon American naval capability and benevolence to secure, with the China-Pakistan Economic Corridor's circumvention of the Malacca, Sunda and Lombok Straits, being a case in point.⁹ Second, several BRI initiatives traverse regions of political volatility, meaning that security challenges remain significant, and their potential to incur costs high. The dearth of Chinese investment, and the ubiquity of state-owned enterprises (SOEs) involvement in such ventures,¹⁰ again underlines the subordination of economic logic to political rationale with many BRI projects.

Within the BRI literature, as in the media more broadly, the above geo-economic and geopolitical arguments tend to dominate discussion. What has often been omitted from the BRI analyses, especially in the English-speaking world, is a comprehensive appraisal of the role that domestic Chinese politics plays in shaping BRI implementation except Hong Yu, Shichen Wang, Xinyi Yang and David A. Parker, Adrian Raftery, Jessica Batke and Matthias Stepan whose works have been cited throughout in this article. This article seeks to redress this deficiency. It supplements geopolitical analyses with a domestic politics perspective, examining the interaction between domestic politics and the BRI, while also taking into account the various entanglements of international relations and domestic politics.

The role of domestic politics has often been debated in the international relations literature. It is common practice to use domestic structure as a variable in explaining foreign policy. However, domestic structure itself stems from the pressures of international relations. Thus, Peter Gourevitch's thesis, in 'The Second Image Reversed,' focuses on how types of international regimes, institutions, coalitions, and policies, in particular those pertaining to international economics and military rivalry, shape domestic politics.¹¹ However, the debate on whether international relations determine domestic politics or the other way around is unproductive. Robert D. Putnam thus proposes a 'two-level games' method to study the entanglements of domestic and international politics, offering several insights concerning central decision-maker attempts to reconcile domestic and international imperatives, the paradox of strengthening their influence as decision-makers at home but weakening their international

⁶Michael D. Swaine, 'Chinese Views and Commentary on the "One Belt, One Road" Initiative', *China Leadership Monitor* 47, (2015), p. 3.

⁷Theresa Fallon, 'The New Silk Road: Xi Jinping's Grand Strategy for Eurasia', *American Foreign Policy Interests* 37, (2015), p. 140.

⁸Hong Yu, 'Motivation behind China's "One Belt, One Road" Initiatives and Establishment of the Asian Infrastructure Investment Bank', *Journal of Contemporary China* 26(105), (2017), p. 356.

⁹Vien, Yan and Blackburn, 'The Grand Design of China's New Trade Routes'.

¹⁰Kate Hannan and Stewart Firth, "One Belt One Road": China's Trade and Investment in Pacific Island States', ISA Asia-Pacific Conference 2016 Hong Kong, *International Studies Association*, p. 11, available at: <http://web.isanet.org/Web/Conferences/AP%20Hong%20Kong%202016/Archive/72aa134d-b73e-4a8d-9dcf-d9fc8adf9f96.pdf> (accessed 19 July 2017).

¹¹Peter Gourevitch, 'The Second Image Reversed: The International Sources of Domestic Politics', *International Organization* 32 (4), (1978), pp. 881–912.

bargaining position, and vice versa, and the strategic uses of uncertainty about domestic politics as a means to bargain in international negotiation.¹²

Located in the above intellectual context, this article brings back the centrality of domestic politics. The domestic politics approach pays attention to the influence of personal leadership on the BRI and focuses on the political mobilisation and control mechanisms of the BRI, their impact and the various entanglements of international relations and domestic politics. An understanding of the impact of Chinese personal leadership on the BRI and the BRI's mobilisation and control mechanism can help us to understand the interactive nature of international relations and domestic politics regarding the BRI. It can enrich geopolitics analysis and even highlight some intellectual blind spots of geopolitics analysis. Since the early reform period, the international system has shaped Chinese domestic players. Now, with the rise of China, it has become a turning point, at which Chinese domestic players start to shape the regional and/or international system and influence the domestic politics of the BRI recipient countries. It is therefore urgent that we study the interactive domestic politics of China and the BRI recipient countries, and the entanglements of domestic and international politics. While this article does not examine these interactive politics directly, it provides an opportunity for a more thorough examination of interactive politics, and it is hoped this article will prove a starting point for others to carry out such research.

The article has four sections. The first one provides an examination of the bearing of individual leadership on the BRI hegemonic project. The second investigates the CCP's organisational structure and decision-making processes vis-à-vis BRI, in particular the mobilisation of the BRI at the ministerial, provincial and SOE levels. The third section analyses China's management of dissent, both in its ability to exert control domestically, but also the attempts made to manage opposition extraterritorially. And the fourth discusses the impact that these domestic factors have had, considering a number of effects of the interactions and influences in the process of implementing the BRI. The article is based on a literature survey, interviews, and seven fieldworks in Australia, Malaysia, Bangladesh, Myanmar and China in 2016–2018.

Xi Jinping in command

While it is well known that in all political systems the role of political leaders is paramount, this is especially so in the authoritarian system in China, as embodied in and epitomised by Xi Jinping's command. The BRI is an ambitious project reflecting his ambitious style of leadership, his China Dream and his vision of new Sino-empire building.¹³

Xi launched the Silk Road Economic Belt and the twenty-first-century Maritime Silk Road in 2013. Before 2013, the Ministry of Foreign Affairs involved infrastructure diplomacy. In particular, in ASEAN countries, the central economic agencies proposed a Chinese version of the Marshall Plan to increase investment in overseas infrastructure, and Chinese security specialists proposed the 'China goes west' to rebalance maritime Asia and Eurasia continental diplomacy.¹⁴ In this context, Johnson argues against the BRI as a grand scheme formulated by Xi, insisting it is the result of an evolutionary and ongoing internal Chinese foreign policy. According to this logic, while Xi's strategic vision will likely evolve or be altered once he is gone, elements of it are likely to persist.¹⁵

¹²Robert D. Putnam, 'Diplomacy and Domestic Politics: The Logic of Two-Level Games', *International Organization* 42(3), (1988), pp. 427–460.

¹³Please see Chinese expanded perceptions of region, Baogang He, 'Chinese Expanded Perceptions of the Region and Its Changing Attitudes toward the Indo-Pacific', *East Asia: An International Quarterly* 35, (2018), pp. 117–132.

¹⁴Wang Jisi, 'Toward West: China's Geostrategic Rebalance', *Global Time*, 17 October 2012, available at: http://opinion.huanqiu.com/opinion_world/2012-10/3193760.html (accessed 9 April 2016).

¹⁵Johnson, *President Xi Jinping's 'Belt and Road' Initiative*, p. 3; Matt Ferchen, 'How New and Crafty is China's 'New Economic Statecraft'? *Carnegie-Tsinghua Center for Global Policy*, 22 March 2016, available at: http://carnegieendowment.org/files/How_New_and_How_Crafty_is_Chinas_New_Economic_Statecraft_CTC_Web_Version.rd.pdf (accessed 14 July 2017).

While the BRI is indeed the product of an evolutionary and ongoing Chinese economic foreign policy, it is directly under the leadership of Xi, who has coordinated and centralised all efforts of different governmental agencies. The BRI adopts an ambitiously holistic approach that aggregates industry, investment, aid, trade, security and foreign policy. More a conceptual framework than a rigidly-defined label,¹⁶ the BRI is what Tim Summers calls an 'omnibus programme' that 'support[s] a growing range of [different government level] policy goals, from the economic and commercial to the political and social.'¹⁷ It has been applied to various infrastructure projects and investment initiatives—including those not strictly along the 'belt' or the 'road.'

Like Jiang Zemin's 'Theory of the Three Represents,' or Hu Jintao's 'Scientific Outlook on Development,' Xi has advocated 'BRI as the signature foreign policy theme of his leadership tenure and the practical embodiment of his "China Dream."¹⁸ In contrast to earlier pillars of Chinese strategy that prioritised *regional* Asian engagement and leadership—such as ASEAN Plus Three¹⁹—the BRI represents an expansion of Beijing's strategic imagination that extends *globally*. In this way, Xi Jinping's foreign policy vision can be conceived as the latter bookend to Deng Xiaoping's 'hide and bide' approach. Underpinning this shift is a desire to construct, both figuratively and literally, Beijing's own hybrid global production networks and trade routes. These developments, in aspiration and endeavour, signal a Chinese transformation from 'world factory' to 'world builder' and Chinese 'alternatives within or to international order.'²⁰

The bearing of personal leadership on the BRI must be seen as a power game in Chinese politics. The BRI provided a unique opportunity for Xi to concentrate, extend, and legitimate his power. As a grand project, the BRI requires substantive power to achieve its goal, thus it has helped Xi to pick up the pace with which his concept of the 'China Dream' and the BRI are to be seen to have 'attained the status of party and state dogma.'²¹ Xi Jinping's thoughts on neo-socialism with Chinese characteristics for the new age was written into the 19th Party Constitution in his second term. This is illustrative of his centralisation and consolidation of foreign policy-making power.²²

The BRI enabled Xi to extend his power beyond the normal two terms limit set up by Deng Xiaoping. Early in 2012, Xi insisted on including phrasing that cited China's *long-term* struggle in the 18th Party Congress, implying that long-term leadership would ensure long-term policy stability in order to win the battle in a long-term struggle. The Official report of the 19th National Congress of the Chinese Communist Party mentions the BRI five times and offers further incentive for the General Secretary to spruik his leadership credentials and consolidate power.²³ The successful implementation of the long-term BRI project offers a strong justification to abandon the two-term rule, which was finally achieved in the Constitutional revision in March 2018.

More importantly, the BRI granted Xi greater external legitimacy when he was on the central stage of the BRI Summit in May 2017, attended by 29 heads of state and 60 representatives of international organisations. Following the Chinese traditional concept of legitimacy, such an attendance can be interpreted as a symbol of restoring the centrality of China's power. Arguably, this external perspective of legitimacy plays a more role than that of electoral democracy in the

¹⁶Adrian Raftery, 'Many Belts, Many Roads: How China's Provinces Will Tweak a Global Project,' *The Diplomat*, 4 February 2017, available at: <http://thediplomat.com/2017/02/many-belts-many-roads-how-chinas-provinces-will-tweak-a-global-project/> (accessed 18 July 2017).

¹⁷Tim Summers, 'China's "New Silk Roads": sub-national regions and networks of global political economy', *Third World Quarterly* 37(9), (2016), p. 1639.

¹⁸Johnson, *President Xi Jinping's 'Belt and Road' Initiative*, p. v.

¹⁹Rosemary Foot, 'Chinese strategies in a US-hegemonic global order: accommodating and hedging', *International Affairs* 82(1), (2006), pp. 85–86.

²⁰Summers, 'China's "New Silk Roads"', p. 1638.

²¹Willy Lam, 'Xi Jinping's Ideology and Statecraft', *Chinese Law and Government* 48(6), (2016), p. 409.

²²Shichen Wang, 'Xi Jinping's Centralisation of Chinese Foreign Policy Decision-Making Power', *East Asian Policy* 9(2), (2017), pp. 34–42; Hong Yu, 'Motivation behind China', p. 356.

²³Paul Haenle, 'Xi's Vision for China's Belt and Road Initiative', *Carnegie-Tsinghua Center for Global Policy* 9 May 2017, available at: <http://carnegietsinghua.org/2017/05/09/xi-s-vision-for-china-s-belt-and-road-initiative-pub-69890#5> (accessed 31 August 2017).

Chinese politics of legitimacy²⁴; and this should be taken seriously to understand the politics of BRI in China.

Xi's BRI demonstrates intrinsically top-down, hierarchical processes whereby the leadership provides the strategic impetus, and the Party and State then work hard to implement it.²⁵ There is no equivalent of US congressional hearings or approval within the Chinese political system—such as the soliciting of congressional support required of President Truman to enact the Marshall Plan.²⁶ Compared to those of liberal democracies, China's foreign policy mechanisms can appear intricate and almost obscure, and lack transparency.²⁷ Yet this lack of transparency and public accountability should not be conflated with a lack of consultation, coordination or planning. With respect to the BRI, consultative behind-the-scenes dialogue would have been a primary reason for the interlude between the initial BRI announcements in 2013, and the next substantive statement a year later.²⁸

Often the BRI is said to be a state-led project; more precisely, in the Chinese context, it is the Party that makes a final saying. The preponderance of Party members within the foreign policy-making apparatus demonstrates the Party's paramount role. That the People's Liberation Army (PLA) is an armed wing of the Party is an obvious manifestation of this.²⁹ Specific to the BRI, this preference for Party was observed during a period when Russia was concerned over China's penetration into what it saw as its traditional Central Asian 'sphere of influence.' To allay Russian concerns, Xi sent an emissary to meet Putin personally—his de facto chief of staff and Politburo member Li Zhanshu. This assigning of an apparatchik to what many would conventionally assume to be the role of a senior diplomat speaks volumes to 'Xi's party-centric approach to BRI.'³⁰

The politics of BRI mobilisation

The impetus for the BRI is to mobilise all resources and coordinate activities politically, economically and financially and ideologically. It has developed in such a way that it is the largest-scale economic and strategic development in human history.

BRI leading small group

There is an identifiable body that wields considerable influence in matters of foreign policy decision-making—namely the relevant Leading Small Groups (LSGs). More broadly, LSGs play an advisory role, 'functioning both as coordination mechanisms for different state and Party interests, and as bodies to implement central directives.'³¹ It is ad hoc in origin, and varies in influence according to the ranks of their commissioning body and senior member.³² This is pertinent in the case of foreign policy LSGs, who are all headed, directly or by proxy, by Xi Jinping.³³ The LSG for

²⁴Regarding legitimacy issue, see Baogang He, 'Legitimacy in Deng's Era in China: A Critical Re-appraisal', *Journal of Communist Studies and Transition Politics* 7(1), (1991), pp. 20–45; Baogang He, 'Legitimation and Democratization in a Transitional China', *Journal of Communist Studies and Transition Politics* 12(3), (1996), pp. 315–342.

²⁵David Arase, 'China's Two Silk Roads Initiative: What it Means for Southeast Asia', *Southeast Asian Affairs* (2015), p. 26.

²⁶Diane B. Kunz, 'The Marshall Plan Reconsidered: A Complex of Motives', *Foreign Affairs* 76(3), (1997), pp. 166–167.

²⁷Hong Yu, 'Motivation behind China', p. 355.

²⁸Regarding the long tradition of Confucian consultation and its impact on Chinese politics, see Baogang He, 'Deliberative Culture and Politics: The Persistence of Authoritarian Deliberation in China', *Political Theory* 42(1), (2014), pp. 58–81.

²⁹Linda Jakobson and Ryan Manuel, 'How are Foreign Policy Decisions Made in China?', *Asia and the Pacific Policy Studies* 3(1), (2016), p. 99.

³⁰Johnson, *President Xi Jinping's 'Belt and Road' Initiative*, p. 24.

³¹Jakobson and Manuel, 'How are Foreign Policy Decisions Made in China?', p. 101.

³²For an informative interactive graph of LSGs and their Party and State members, see Jessica Batke and Matthias Stepan, 'Party, State and Individual Leaders: The Who's Who of China's Leading Small Groups', *Mercator Institute for China Studies*, available at: <https://www.merics.org/en/merics-analysis/china-mapping/the-whos-who-of-chinas-leading-small-groups/> (accessed 30 August 2017).

³³Jakobson and Manuel, 'How are Foreign Policy Decisions Made in China?', p. 101.

Advancing the Development of the Belt and Road Initiative (hereafter BRI LSG), created in 2015 to oversee, coordinate and implement BRI, is no exception.³⁴

It is noteworthy that of the five BRI LSG members, only one, State Councillor Yang Jiechi, is directly involved in foreign policy, being tasked with the management of BRI-related foreign suspicions and diplomatic tensions.³⁵ Heading the group, and with a focus on industry and finance, was senior Politburo member and Executive Vice Premier Zhang Gaoli. Vice Premier Wang Yang oversees trade and commercial engagement; politburo member Wang Huning assumes his familiar Public Relations role in crafting and integrating the overall BRI message; and Yang Jing is in charge of party-state BRI coordination.³⁶ Currently this group is under a reshuffle. Yang Jing is no longer a member after he faced a corruption charge in 2018. Vice Premier Han Zheng is now the head of the BRI LGS.

The BRI LSG coordinates the different primary interests of a diversity of state organisations and aims to address the criticism of the lack of an effective leadership structure, or its absence of a unified strategy.³⁷ It can be seen to project an image of global Chinese economic accomplishment and prestige domestically, that in turn delivers satisfaction to the populace, and insures against regime instability. The office of BRI's LSG is located in the National Development and Reform Commission (NDRC).

The Ministerial Mobilisation

At the Ministerial level, the NDRC, the Ministry of Foreign Affairs, and the Ministry of Commerce serve as the core mobilisation bodies for BRI—reflected not only by their co-leading role of the BRI, signifying the importance ascribed to BRI.³⁸ In 2015 three organisations jointly released an authoritative vision and action plan document.³⁹

As is to be expected with an initiative of the magnitude of BRI, its successful realisation will require a comprehensive approach that spans multiple ministries. Due to different ministerial specialisations, interests and functions, BRI mobilisation is not a uniform action. Instead, each ministry has a BRI action plan tailored to meet specific, relevant objectives. For instance, the Ministry of Culture's action plan prioritises the improvement of cultural exchange and co-operation mechanisms, the promotion of BRI as a cultural exchange 'brand,' and the cultivation of cultural industry and trade along the BRI routes.⁴⁰ Likewise, the Ministry of Education's 2016 action plan commissions ten overseas science research institutions, and around five-hundred BRI think-tanks and research centres. It also establishes a Belt and Road Scholarship committed to sponsoring fifty-thousand BRI-partner state students to study in China by 2021, as well as a reciprocal seventy-five hundred Chinese students to study in BRI countries by 2019.⁴¹ Countless protocols, agreements, memoranda of understanding and other documents have also been signed between Chinese

³⁴Xinyi Yang and David A. Parker, 'Buckling Down: How Beijing is Implementing its "One Belt, One Road" Vision,' *Centre for Strategic and International Studies*, CogitAsia Blog, 7 May 2015, available at: <https://www.cogitasia.com/buckling-down-how-beijing-is-implementing-its-one-belt-one-road-vision/> (accessed 29 August 2017).

³⁵Richard Q. Turcsanyi, 'BRI's Older Brother: Lessons Learned from the China-CEE 16 + 1 Platform,' *IAPS Dialogue*, 19 July 2017, available at: <https://iapsdialogue.org/2017/07/19/BRI-s-elder-brother-lessons-learned-from-the-china-cee-161-platform/> (accessed 27 July 2017).

³⁶Johnson, *President Xi Jinping's 'Belt and Road' Initiative*, p. 19.

³⁷Hong Yu, 'Motivation behind China', p. 363.

³⁸Johnson, *President Xi Jinping's 'Belt and Road' Initiative*, p. 19.

³⁹'Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road,' *Ministry of Foreign Affairs of the People's Republic of China*, 28 March 2015, available at: http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1249618.shtml (accessed 31 August 2017).

⁴⁰'Ministry of Culture's Action Plan for Belt and Road Cultural Development (2016–2020),'

HKDTC Research, 28 December 2016, available at: <http://china-trade-research.hktdc.com/business-news/article/The-Belt-and-Road-Initiative/Ministry-of-Culture-s-Action-Plan-for-Belt-and-Road-Cultural-Development-2016-2020/obor/en/1/1X000000/1X0A9K2A.htm> (accessed 31 August 2017).

⁴¹'China's new scholarship to sponsor students from Belt and Road Initiative nations,' *Xinhua News*, 11 August 2017, available at: http://news.xinhuanet.com/english/2016-08/11/c_135587410.htm (accessed 31 August 2017).

Ministries and official foreign entities.⁴² A very important institute in this regard has been the International Liaison Department of Chinese Communist Party of China that has coordinated international think tanks, and organised the CCP-World Political Parties Dialogue Summit in Beijing in 2017 (30 November–3 December), which was attended by approximately 300 parties from 120 countries.

Provincial Mobilisation

Perhaps the most interesting dynamics of BRI mobilisation occurs at a provincial level, especially given the perceptible disparity between the extant, and initially enunciated roles of particular provinces. One of the founding motivations for the BRI was the need to consolidate China's west and south-western provinces; the idea being to make them new engines of economic growth that could stimulate the next phase of Chinese development.⁴³ The BRI is hoped to finally deliver on Beijing's 'western development strategy'—an initiative commenced in 1999 that has generated few tangible results, despite significant fiscal injections, state-directed investment and preferential policies. Other factors considered by Beijing as consequences of poverty and underdevelopment, like the enduring Uighur separatist movement in Xinjiang, also provide impetus for the BRI.⁴⁴ Hence, the official designation of target provinces: Xinjiang as 'a core area on the Silk Road Economic Belt,' Fujian as 'a core area of the twenty-first-century Maritime Silk Road,' Guanxi as 'an important gateway connecting' the Belt and Road, and Yunnan as 'a pivot of China's opening-up to South and Southeast Asia.'⁴⁵

As it has materialised, however, it has become clear that BRI has deviated in practice from the original plan. First, of the abovementioned provinces, only Fujian rated among the top five in a study that indexed BRI provincial participation rates. Xinjiang, conversely, has hitherto played a minor role and is yet to live up to expectations. Second, after being initially overlooked, China's wealthier eastern coastal provinces lobbied for, and were successful in securing inclusion within the larger BRI framework.⁴⁶ This point relates to the third, namely, the deliberate and sufficiently ambiguous official language of the BRI that affords provincial-level officials 'interpretative leniency' in implementing policy. As with departmental priorities, each province has different needs and objectives, and longstanding moribund or underfunded local projects with dubious connections to improving trade connectivity are often 'lumped under the BRI banner.'⁴⁷ While this utilisation of local policy frameworks and practices may well increase the chances of successful BRI implementation,⁴⁸ it will nevertheless produce a BRI *distinct* to that originally envisaged by the central leadership.

The case of Guangdong Province is illustrative in this respect. Between 2003 and 2007, the Province contributed more than fourteen per cent to China's total GDP; its crucial role as a maritime node likewise reflected in 2012 through its generation of over a fifth of China's total maritime production.⁴⁹ Having attained this success as a designated 'special economic zone' during

⁴²For a comprehensive list, see 'List of Deliverables of the Belt and Road Forum for International Cooperation,' *China Daily Europe*, 16 May 2017, available at: http://europe.chinadaily.com.cn/china/2017-05/16/content_29359530.htm (accessed 31 August 2017).

⁴³Shashi Tharoor, 'China's Silk Road Revival—and the Fears It Stirs—Are Deeply Rooted in the Country's History,' *New Perspectives Quarterly* 32(1), (2015), p. 19.

⁴⁴Cai, *Understanding China's Belt and Road Initiative*, pp. 6–7.

⁴⁵'Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road,' *National Development Reform Commission, People's Republic of China*, 28 March 2015, available at: http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html (accessed 20 April 2018).

⁴⁶François Godement *et al.*, "'One Belt, One Road': China's Great Leap Outward', *European Council on Foreign Relations China Analysis*, (2015), p. 10.

⁴⁷Raftery, 'Many Belts, Many Roads'; Johnson, *President Xi Jinping's 'Belt and Road' Initiative*, p. 23.

⁴⁸Summers, 'China's "New Silk Roads"', p. 1634.

⁴⁹Sumie Yoshikawa, 'China's Maritime Silk Road Initiative and Local Government', *Journal of Contemporary East Asia Studies* 5(2), (2016), p. 85.

China's reform and opening-up, the provincial government was understandably keen to replicate it under the auspices of the BRI. Accordingly, the Guangdong party standing committee formulated a BRI implementation and participation plan that was endorsed by the BRI's LSG in June 2015.⁵⁰ Guangdong has since been at the vanguard of BRI promotion,⁵¹ ranking first in the provincial BRI participation index. It has demonstrated innovation in organising international fora, and establishing city-to-country links with Pacific Island states, as well as replicating a Singaporean scheme of hosting and training officials and professionals from BRI participant countries.⁵² Guangdong's existing infrastructure, and its prior experience as an engine of Chinese growth, has enabled it to adeptly exploit the opportunities afforded by the BRI. For local actors, geopolitical objectives might not be their primary consideration; however, the way in which each city in Guangdong province is designated to link to one individual country in the Pacific, does have geo-political consequences.

The rivalry between provinces is a driving force for China's evolving BRI project, making it much bigger in scope. The grandiosity of the BRI—more specifically, the large sums of funding it makes accessible—has incited competition between 'provinces aiming to justify Silk Road-related projects, or to attract more investment to their areas.'⁵³ This intensifying provincial competition for preferential BRI policies—such as Yunnan and Guangxi's competing claims to be China's gateway to Southeast Asia⁵⁴—again emphasises the sub-national dimension of BRI.⁵⁵ A caveat is appropriate here, in that it is still relatively early days for an initiative projected to continue for decades—there is, of course, plenty of time to pass before BRI could be genuinely judged a success or failure. Nevertheless, the above clearly demonstrates how provincial level Chinese politics can impact upon centrally-led government programs and policy, underscoring the deficiencies of analyses that depict China as a unitary actor.

The SOE Mobilisation

Another type of BRI mobilisation occurs at the SOE level, and is characterised by a twin dynamic of rationale and utility. On the one hand, China's 'new normal' of single-digit economic growth presents an overcapacity challenge to several 'smokestack industries' configured to the old growth model—industries typically associated with Chinese SOEs.⁵⁶ This conundrum forms part of the *economic rationale* for the BRI, which is intended to unlock other, non-domestic avenues of consumption by way of addressing regional infrastructural deficits. In emanating from China, this supply-based, 'build it and they will come'⁵⁷ approach differs to the original Silk Route, which instead arose organically from regional demand.⁵⁸

On the other hand, given the instability and risk synonymous with many BRI-participant countries and regions, private Chinese companies are unwilling to assume what they deem an unacceptable burden. Answerable to the State (and in many cases the Party), SOEs thus have a *political utility*—and can be leveraged by government as the proverbial tip of the BRI spear, often in pursuit of non- or semi-economic objectives. The problem with this variety of 'going global' is that in subordinating fiscal logic to geopolitical calculation, China could end up negating the very

⁵⁰'Guangdong's Implementation Plan for Participating in the Belt and Road Initiative,' *Guandong News*, 24 June 2015, available at: http://www.newsgd.com/gdnews/content/2015-06/04/content_125729632.htm (accessed 1 September 2017).

⁵¹'Belt and Road Initiative injects new impetus into Guangdong,' *Xinhua News*, 26 May 2017, available at: http://www.chinadaily.com.cn/business/2017-05/26/content_29510763.htm. (accessed 1 September 2017).

⁵²The interview with Guangdong's think tank in August 2017.

⁵³Summers, 'China's "New Silk Roads"', p. 1634.

⁵⁴Hong Yu, 'Motivation behind China', p. 363.

⁵⁵Summers, 'China's "New Silk Roads"', p. 1631.

⁵⁶Alvin Cheng-Hin Lim, 'Africa and China's 21st Century Maritime Silk Road', *The Asia-Pacific Journal* 13(10:1), (2015), p. 3; Gabriel Wildau, 'China's state-owned zombie economy,' *Financial Times*, 1 March 2016, available at: <https://www.ft.com/content/253d7eb0-ca6c-11e5-84df-70594b99fc47> (accessed 1 September 2017).

⁵⁷Joshua Eisenman and Devin T. Stewart, 'China's New Silk Road is Getting Muddy,' *Foreign Policy*, 9 January 2017, available at: <http://foreignpolicy.com/2017/01/09/chinas-new-silk-road-is-getting-muddy/> (accessed 1 September 2017).

⁵⁸Godement *et al.*, 'One Belt, One Road', p. 13.

economic benefits the BRI was ostensibly intended to confer. The China Export-Import Bank, established with a mandate and model that 'cover[ed] costs, without necessarily making a profit'⁵⁹ is a noteworthy manifestation of this. It also ties into the long-running debate as to the profitability and efficiency of China's SOEs,⁶⁰ more specifically, whether or not it is wise to continue investing in low-return and high risk projects.⁶¹ This is especially pertinent given that private companies had a return on assets over double that of SOEs in 2014.⁶² Commercial Chinese banks, concerned by the financial viability of BRI projects, have tended to be much more stringent in their lending—making only perfunctory contributions aimed at appeasing the Government.⁶³

China does derive benefits from using SOEs in this way. Following the devaluation of the renminbi in 2015, brought on by the Shanghai and Shenzhen stock market fiasco, there were large outward flows of capital from China. Beijing responded by imposing stricter capital regulations, and scrutinising large private foreign transactions. The logic behind this move has been surmised as follows: 'State-owned assets, whether in China or abroad, are still state assets. But when private entrepreneurs take their money out, it's gone. It's no longer something that China can benefit from or the Chinese government can get a handle on.'⁶⁴ Put another way, the intrinsic value of SOEs is that they are controllable entities that can be relied upon to toe the State and Party line—they can be deployed with effect overseas to implement China's 'global pork-barrelling'.⁶⁵ This is not to say economic logic is completely disregarded—SOEs could not all operate indefinitely at-a-loss—but to highlight the role political considerations play in their deployment and utilisation.

Take for example the China COSCO Shipping Group. With the world's fourth largest container fleet, and projected 2020 status as the foremost global terminal operator, COSCO has been a major BRI player. Its 2009 concession agreement to control port Piraeus in Greece has been held up as an example of how BRI should be implemented.⁶⁶ For the Greeks, the deal has contributed over half-a-billion US dollars in tax and income, creating 2000 local jobs. Similarly, the port has climbed from the ninety-third to the thirty-ninth port in the world in terms of container capacity.⁶⁷ For Beijing, such success is advantageous in that it burnishes the credentials of the BRI, and by extension, China itself. But for the SOE involved, this political success has not materialised economically. During 2011 and 2012, COSCO lost 10 billion and 9 billion yuan, respectively; between 2013 and 2015 it remained profitable only through government subsidies and the sale of shares and assets, and in 2016 it again posted a 10 billion yuan loss.⁶⁸ Yet despite this, as of mid-2017 COSCO had either secured, or was poised to commit to new BRI-related investments in Kazakhstan, Spain, the Netherlands, Hong Kong, Greece and the United Arab Emirates—many of them 'large-scale investments [that] could further hurt ... [COSCOs] financial health.'⁶⁹

⁵⁹Vivien Foster *et al*, *Building Bridges: China's Growing Role as Infrastructure Financier for Sub-Saharan Africa* (Washington DC: The International Bank for Reconstruction and Development, 2009), p. 55.

⁶⁰Gao Xu, 'State-owned enterprises in China: How profitable are they?' *The World Bank: East Asia and Pacific on the Rise*, 3 February 2010, available at: <http://blogs.worldbank.org/eastasiapacific/state-owned-enterprises-in-china-how-profitable-are-they> (accessed 1 September 2017).

⁶¹Godement *et al.*, 'One Belt, One Road', p. 2.

⁶²Wildau, 'China's state-owned zombie economy'.

⁶³Peter Cai, *Understanding China's Belt and Road Initiative* (Sydney: Lowy Institute, 2017), p. 14.

⁶⁴Wade Shepard, 'Xi Jinping To China's Private Sector: Go Home, The New Silk Road Is Not For You,' *Forbes*, 25 July 2017, available at: <https://www.forbes.com/sites/wadeshepard/2017/07/25/xi-jinping-to-chinas-private-sector-go-home-the-belt-and-road-is-not-for-you/#794829ee17fb> (accessed 1 September 2017).

⁶⁵Scott Cendrowski, 'Inside China's Global Spending Spree,' *Fortune*, 12 December 2016, available at: <http://fortune.com/china-belt-road-investment/> (accessed 23 July 2018).

⁶⁶Wade Shepard, 'These 8 Companies Are Bringing The "New Silk Road" To Life,' *Forbes*, 12 March 2017, available at: <https://www.forbes.com/sites/wadeshepard/2017/03/12/8-new-silk-road-companies-that-you-can-invest-in/#36a8711f4db9> (accessed 2 September 2017).

⁶⁷Susanna Su, 'Risky Business: Financing "One Belt, One Road",' *Foreign Brief*, 23 August 2016, available at: <https://www.foreignbrief.com/asia-pacific/china/risky-business-china-standard-obor-financing-model-unpacked/> (accessed 23 July 2018).

⁶⁸Sun Lizhao and Song Shiqing, 'COSCO Returns to Profit as Shippers Survive Year Adrift,' *Caixin Global*, 8 July 2017, available at: <http://www.caixinglobal.com/2017-07-08/101112091.html> (accessed 2 September 2017).

⁶⁹Daisuke Harashima, 'Cosco leading China's "Belt and Road" drive,' *Nikkei Asian Review*, July 15, 23 July 2017, 2018, available at: <https://asia.nikkei.com/Business/AC/Cosco-leading-China-s-Belt-and-Road-drive> (accessed 23 June 2018).

This trade-off between politics and profitability has long been a defining characteristic of China's brand of state capitalism. By default, China's SOE investment decisions are subject to political considerations, given that the Party derives its legitimacy from the delivery of sustained economic prosperity.⁷⁰ Indeed, despite the supposed failure of state-led economies at 'the end of history',⁷¹ state management of the Chinese economy remains endemic, with it playing various initiating, leading, dictating, coordinating and negotiating roles. According to Bremmer, the costs of state capitalism include increased production expenditures and added market inefficiencies, as well as high-level corruption.⁷² The benefits, at least from the perspective of the State, stem from the transferral of 'increasingly large levers of economic power and influence to [a] central authority'.⁷³ This allows the State to steer the country's economic course via mechanisms that either direct SOEs, or coerce or persuade private enterprises to acquiesce to government directives.⁷⁴ The growing popularity of the 'Beijing Consensus,' stemming from the contrasting trajectories of stuttering liberal market economies and China's tenacious state-economic model post-2008, suggest that other states see merit in this approach.⁷⁵

The politics of managing dissent

Managing domestic control

The above mobilisation strategies and channels generate serious problems which are liable to domestic criticism. To ensure the success of the BRI and that the leader's vision be implemented, the Party/State has established control mechanisms to deal with the domestic criticism of the state-led project. Control mechanisms deal with ideas and dissidents, while mobilisation is about resources. Both are the two sides of one 'BRI coin.'

Beijing's management of domestic BRI dissent is not dissimilar from its approach to intramural opposition more generally. For one, the Chinese State has focused on controlling and shaping the BRI discourse. Kejin Zhao argues that China's leaders place a lot of emphasis on their discursive power, predominantly as a means to 'cast as illegitimate the "China Threat Theory,"'⁷⁶ and project a more amenable image of China internationally. Given that China is a one-party state that lacks electoral accountability, it has a vested interest in shaping and controlling the BRI discourse, especially considering the centrality of the BRI to President Xi's overarching strategy.

One particularly blunt example of this tactic was the moratorium on academic conferences pertaining to the BRI in China prior to the official May 2017 summit—a development experienced firsthand by this author. This is characteristic of the Chinese government's attempts to delineate the parameters of acceptable BRI academic enquiry. For instance, the Government's standardisation of terminology—essentially proscribing the usage of 'strategy' and replacing it with 'initiative'—is intended to downplay the geopolitical implications of, and accentuate the investment opportunities afforded by the BRI.⁷⁷ Advance screenings of international conference papers to ensure they toe the Party line; mandatory approval procedures required for international academic activities; the 'Great Firewall's' blocking of Google Scholar⁷⁸; the restrictive access to official Chinese investment, loan and aid data; and the propensity for delegated, rather than independently formulated BRI-related studies—generally in the

⁷⁰Ian Bremmer, 'State Capitalism Comes of Age', *Foreign Affairs* (2009), p. 44.

⁷¹Francis Fukuyama in Li Xing and Timothy M. Shaw, 'The Political Economy of Chinese State Capitalism', *Journal of China and International Relations* 1(1), (2013), pp. 89–90.

⁷²Bremmer, 'State Capitalism Comes of Age', p. 45.

⁷³Bremmer, 'State Capitalism Comes of Age', p. 40.

⁷⁴Li and Shaw, 'The Political Economy of Chinese State Capitalism', p. 103.

⁷⁵Li and Shaw, 'The Political Economy of Chinese State Capitalism', p. 89.

⁷⁶Kejin Zhao, 'China's Rise and Its Discursive Power Strategy', *Chinese Political Science Review* (2016), p. 7.

⁷⁷*Xinhua News*, 'A List of words to be banned or carefully used in News Report (July 2017)', available at: <http://bianji.org/news/2017/04/5682.html> (accessed 18 April 2018)

⁷⁸Hannah Beech, 'China's Great Firewall is Harming Innovation, Scholars Say,' *Time*, 2 June 2016, available at: <http://time.com/4354665/china-great-firewall-innovation-online-censorship/> (accessed 12 September 2017).

form of policy papers instead of critical enquiry—are all examples of the constraints imposed on Chinese scholars by central and local authorities.

Aside from frustrating academics, these measures coalesce to essentially stifle or pre-empt domestic critique of the BRI. For the Party-State, this façade creates the outward perception of a unified Chinese voice in support of the BRI—one which proffers political utility. But an approach that punishes or precludes constructive criticism inevitably runs the risk of institutionalising a ‘yes-men’ culture of groupthink. Xi’s crackdown on corruption, and the pervading sense that it is simultaneously a political purge, no doubt amplifies this dynamic.⁷⁹ As a result, significant issues with, or challenges to the BRI that provoke vigorous debates externally—such as the question of how developing countries will pay back their accrued BRI debts, or criticisms of CPECs transparency and economic feasibility—are either rarely heard within the Chinese echo-chamber, or dismissed outright as disinformation.⁸⁰ Yet, despite it being anathema to critical scholarship—with its dearth of accessible, accurate information and data, its scarcity of veritable social science-based research, and its near absence of criticism and ideational innovation—China’s state monopolisation of the BRI narrative nevertheless succeeds as an effective domestic dissent management strategy. Managing extraterritorial opposition, however, is a different problem that requires different solutions.

Managing external dissent

Just as Japan confronted the anti-Japan protests in the 1980s in Southeast Asia, China has encountered hostility toward Chinese-funded and operated projects. In Kyrgyzstan, in 2012, over two-hundred Chinese workers were forced to flee after a local protest over workplace mistreatment and environmental degradation at the Taldy-Bulak Levoberezhnyi gold field turned violent.⁸¹ A concession from the Papua New Guinea government, allowing China’s Metallurgical Corporation to develop a marine industrial zone on public land near its majority-owned Ramu nickel mine, similarly sparked local riots.⁸² The relative impotency of China’s dissent management outside of a domestic milieu can be confirmed by the following two events. First, the Myitsone hydropower project in Myanmar in 2011 was suspended due to the projects unpopularity during the country’s nascent democratisation, and Thein Sein’s subsequent acquiescence to public opinion.⁸³ Second, the Rajapakse government lost 2015 election in Sri Lanka, and the ensuing diplomatic uncertainty in Beijing over the successor administration’s intentions to preserve close ties with China, or initiate more congenial relations with India, Japan and the West.⁸⁴ Compounding this, from Beijing’s viewpoint, is the invocation of ‘China’ by local opposition parties as a proxy criticism levelled at incumbent authorities—especially when such grievances are not directly attributable to Chinese malfeasance.⁸⁵

This constitutes a challenge to the successful implementation of the BRI, and poses a profound dilemma. As a grand, signature scheme, China has an obvious interest in securing the longevity and success of BRI-related achievements as a matter of national prestige. At the same time, there is an obligation on the part of Beijing to safeguard Chinese companies and

⁷⁹Chris Zhang, ‘Where Is China’s Corruption Crackdown?’ *The Diplomat*, 21 July 2017, available at: <http://thediplomat.com/2017/07/where-is-chinas-corruption-crackdown/> (accessed 12 September 2017).

⁸⁰Abdur Rehman Shah, ‘China’s Trouble with Pakistan’s Turbulent Democracy,’ *The Diplomat*, 7 January 2017, available at: <http://thediplomat.com/2017/01/chinas-trouble-with-pakistans-turbulent-democracy/> (accessed 13 September 2017).

⁸¹Friedrich Wu, Vidhya Logendran and Wan Tin Wai, ‘A Double-Edged Sword: The risks to China’s Silk Road Economic Belt,’ *The International Economy*, (2015), pp. 69–91.

⁸²Hannan and Firth, ‘One Belt One Road’, p. 12.

⁸³Hong Yu, ‘Motivation behind China’, p. 367; Rachel Harvey, ‘Burma dam: Work halted on divisive Myitsone project,’ *BBC News*, 30 September 2011, available at: <http://www.bbc.com/news/world-asia-pacific-15121801> (accessed 12 September 2017).

⁸⁴Kadira Pethiyagoda, ‘What’s driving China’s New Silk Road, and how should the West respond?’ *Brookings: Order From Chaos Blog*, 17 May 2017, available at: <https://www.brookings.edu/blog/order-from-chaos/2017/05/17/whats-driving-chinas-new-silk-road-and-how-should-the-west-respond/> (accessed 18 July 2017).

⁸⁵Godement *et al.*, ‘One Belt, One Road’, p. 12.

their interests. But the mechanisms to achieving these ends remain elusive.⁸⁶ That is not to say that China has been sedentary in the face of such problems, as its attempts to influence Pakistani public opinion through training its journalists in the People's University of China and the purchase of dubious local media 'reports.' Recently, the Party-state has offered research grants for Chinese scholars to carry out studies on how to improve China's soft power in the BRI recipient countries.

An incremental shift in Chinese strategy is already underway. China has stressed the non-interference principle for decades. However, on 9 December 2017, Wang Yi, the Minister of Foreign Affairs, suggested that China should explore a sort of 'constructive intervention with Chinese characteristics.' On 5 March 2018, Wang Yi specified three normative conditions for constructive intervention: peaceful dialogue and consultation against the use of force; legitimate intervention without internal interference; and constructive intervention based on an objective and fair position.⁸⁷ While it remains to be seen whether this new policy constitutes a substantial dilution of the non-interference,⁸⁸ the challenge[s] of political engineering may [prove] far greater than mechanical engineering.⁸⁸ Chinese planners have hitherto failed to fully comprehend and consider local dynamics and regional politics, let alone decisively influence them.⁸⁹

The impact of the Chinese politics

Politics of Name

It would have been much better for China to adopt a more common term of connectivity, which would cover road, air, maritime, internet and many other channels or nodes at both regional and global levels. This would increase common understanding, reduce ideational resistance to China's BRI, facilitate the China-ASEAN connectivity, and avoid subject interpretations of the Belt and Road such as where historically the Silk Road has implied an unstable and insecure road with high risks.' One Belt One Road' arose from a need in the Chinese authoritarian system's official discourse to brand itself. Later in 2017, the government standardised the term as the 'Belt and Road Initiative,' forbidding the use of the term 'Belt and Road Strategy' to reduce suspicion and resistance. The proposal for the replacement of 'Belt and Road Strategy' with 'Belt and Road Initiative' came from the Center for China and Globalization (CCG) think tank whose members are largely returned scholars and professional experts from the USA and Europe. They submitted a policy brief to Zhao Gaolin who approved the proposal in 2017. It should be noted that CCG had its own agenda to promote closer integration with the West and avoid confrontation.

Politics of Pleasing

One noteworthy corollary in the domestic sphere has been the emergence of a 'politics of pleasing' among Party and State officials. Amid the crowded and hierarchic Chinese bureaucracy, myriad 'commissions, ministries and state administrative and regulatory bodies' compete for the patronage of higher-ranked entities or individuals.⁹⁰ Seeking to curry favour or expedite career advancement, subordinates have engaged in dubious practices such as inflating provincial economic statistics,⁹¹ retroactively rebranding successful projects as BRI, and aggrandising BRI accomplishments. In this sense, the 'politics of pleasing' is somewhat analogous to moral

⁸⁶Ge in Godement *et al.*, 'One Belt, One Road', p. 12.

⁸⁷Pang Zhongyin, 'New Age, New diplomacy and New Principle,' *Huaxia Daily*, 13 March 2018.

⁸⁸Hongying Wang, 'A Deeper look at China's "Going Out" Policy', *Centre for International Governance Innovation*, Commentary, March 2016, p. 3.

⁸⁹Godement *et al.*, 'One Belt, One Road', p. 4.

⁹⁰Jakobson and Manuel, 'How are Foreign Policy Decisions Made in China?' p. 103.

⁹¹Massoud Hayoun, 'Once again, China has been cooking the books,' *Pacific Standard*, 14 June 2017, available at: <https://psmag.com/economics/china-has-been-cooking-the-books> (accessed 13 September 2017).

hazard. The Chinese State's 'pathological obsession with quantitative targets and indicators as make-or-break criteria for judging officials,' is not novel, with overstated crop figures having exacerbated a crippling famine during the 'Great Leap Forward.'⁹² Given the sheer scale of BRI, however, the 'politics of pleasing' poses a correspondingly higher risk, at least fiscally.

Acknowledging this problem, the Chinese government has recently sought to stamp out such conduct, purportedly amending the review mechanisms for official performance by reducing 'excessive emphasis on economic indicators.'⁹³ The fact this issue was addressed suggests that there is a genuine appetite in Beijing for more transparent and accurate reportage, at least in the economic space—though its efficacy remains to be seen.

Politics of Centralisation

The BRI involves different players from different ministerial institutions with different focuses and demands. Often there is contestation within state institutions in China. To overcome this kind of problem grand coordination is often required, which, in turn, draws on its centralised power. Moreover, infrastructure projects need the government's guarantee and stability. In short, management of gigantic BRI projects further strengthen the Chinese authoritarian system. If China were to democratise overnight, it is likely that its citizens would have ended all BRI commitments, especially projects with dubious fiscal benefits.

In some ways, China's rapid economic rise is reminiscent of Japanese and South Korean development experiences, insofar as it has 'buil[t] on a strong authoritarian leadership and an elite bureaucracy [to] pursu[e] developmentally oriented policies, including the direct role of the state in governing the market.'⁹⁴ Indeed, China has long demonstrated an ability to adapt and adopt 'worldwide development experiences without abandoning its own policy-making sovereignty as to when, where and how to adopt foreign ideas.'⁹⁵ However, the emergence of market-economy dynamics in China has brought with it neither political pluralism, nor a diminishing of state embeddedness within economic decision-making.⁹⁶ In this regard, China may prove the exception to Bernard and Ravenhill's observation that state-capitalism tends to lose its prefix over time. Japan, Taiwan and Korea have engendered a diffusion that 'undermine[d] the state-centric notions of the product cycle approach, which link[ed] the production of specific products with "national" stages of development.'⁹⁷ Being underwritten by infrastructure construction rather than exportable consumer goods—Chinese state-centric development policies and strategy appear less susceptible to this 'diffusion.' It seems that the role of the state has become well entrenched: 'Chinese capitalism is on a strong but flexible leash. The leash can be tightened by the top leadership any time as political and economic needs arise.'⁹⁸

Politics of Regime Affinity

During the late 1940s and early 1950s, America predominantly targeted their investments at diplomatically friendly countries, such as Britain, France, and the Netherlands, as well as neutral,

⁹² Hayoun, 'Once again, China has been cooking the books.'

⁹³ 'China will not tolerate fake economic data,' *China Daily*, 25 April 2017, available at: http://www.chinadaily.com.cn/business/2017-04/25/content_29073511.htm (accessed 13 September 2017).

⁹⁴ Li and Shaw, 'The Political Economy of Chinese State Capitalism', p. 103.

⁹⁵ *IBID*, p. 103.

⁹⁶ *IBID*, p. 106.

⁹⁷ Mitchell Bernard and John Ravenhill, 'Beyond Product Cycles and Flying Geese: Regionalization, Hierarchy, and the Industrialization of East Asia', *World Politics* 47(2), (1995), p. 187.

⁹⁸ Jamie Peck and Jun Zhang, 'A variety of capitalism ... with Chinese characteristics?', *Journal of Economic Geography* 13(3), (2013), p. 371.

geostrategic countries like West Germany and Turkey.⁹⁹ China has executed the BRI in much the same way, with long-time friend Pakistan hosting the initiative's flagship corridor in CPEC, and nonaligned, but geostrategic states such as Russia and Indonesia also receiving a considerable proportion of BRI investment.¹⁰⁰ This trend is confirmed by Chinese evaluations of the top five BRI participant countries—Russia, Kazakhstan, Thailand, Pakistan and Indonesia.¹⁰¹ In contrast, American alliance countries like Australia and Japan have resisted the BRI just as the East European countries resisted the Marshall plan in the past. One possible reason, among many, is the effect of regime affinity. Obviously, mobilisation strategies and channels have had the effect of creating fear and resistance in western democratic countries, but in contrast, state-led mobilisation has offered favourable terms and conditions for the ruling elites who have welcomed China's BRI project. Furthermore, it is likely that democratic societies will oppose the control mechanisms of the BRI, compared to authoritarian regimes who are less concerned about these control mechanisms since they organise their societies in a similar way.

Enabling and Inhibiting Functions

China's top-down mobilisations and control mechanisms have both enabling and inhibiting functions. Where they 'enable' many great projects, China's investment model does confer certain benefits. Low levels of executive constraints mean that investments and interests can be pursued through privileged access to leadership—with economic objectives being susceptible to political and diplomatic leverage. Indeed, Chinese aid can seem indistinguishable from investment, due to the often unclear divisions between state and non-state entities.¹⁰² In Kazakhstan in 2013, for example, Beijing successfully lobbied Astana to purchase and then on-sell a stake in the Kashagan oil project to the China National Petroleum Corporation—blocking India's Oil and Natural Gas Corp's bid in the process.¹⁰³ Regarding high-risk and high-return projects, SOEs are at the vanguard of economic statecraft. Statistics reveal that since 2012 SOEs have increased investment from two to ten times in high-risk areas.¹⁰⁴ The hierarchic channelling of national resources, and the state monopolisation of the BRI discourse, are similarly effective in this regard.

China's top-down mobilisations and control mechanisms have inhibiting effects, politically motivated lending in high-risk locales runs the risk of creating 'roads to nowhere'.¹⁰⁵ The vast sums being funnelled into the BRI, in addition to its persistently lax accountability mechanisms, make for a configuration that is particularly susceptible to corruption, ineptitude and political instability. Between 2005 and 2014, twenty-five per cent of all Chinese projects abroad failed. Cumulatively, these thirty-two ventures cost over fifty-six billion US dollars—nearly a quarter of China's foreign investment total over that period.¹⁰⁶

⁹⁹Roy Gardner, 'The Marshall Plan Fifty Years Later: Three What-Ifs and a When', in *The Marshall Plan: Fifty Years After* ed. Martin Schain (New York: Palgrave Macmillan, 2001), p. 120.

¹⁰⁰Hong Kong Trade Development Council, 'China Takes Global Number Two Outward FDI Slot: Hong Kong Remains the Preferred Service Platform,' *HKTD Research*, 11 November 2016, available at: <http://hkmb.hktdc.com/en/1X0A804W/hktdc-research/China-Takes-Global-Number-Two-Outward-FDI-Slot-Hong-Kong-Remains-the-Preferred-Service-Platform> (accessed 13 September 2017).

¹⁰¹National Information Centre, 'An Evaluation Report of the Cooperation with the BRI Recipient Countries (2016)', available at: <http://www.sic.gov.cn/archiver/SIC/UpFile/Files/Default/20170531100246569274.pdf> (accessed 18 April 2018).

¹⁰²Denise E. Zheng, 'China's Use of Soft Power in the Developing World: Strategic intentions and implications for the United States', in Carola McGiffert, ed., *Chinese Soft Power and its Implications for the United States*, (Washington D.C.: Centre for Strategic and International Studies, 2009), p. 3.

¹⁰³Wu, Logendran and Wai, 'A Double-Edged Sword', p. 69.

¹⁰⁴Li Jiang, 'China's BRI Should Avoid to be Big Gamble,' *Financial Times (Chinese Online version)*, 23 June 2017, available at: <https://www.boxun.com/news/gb/china/2017/06/201706231744.shtml> (accessed 8 August 2018).

¹⁰⁵Nadège Rolland, 'All aboard the Belt and Road Initiative? Not so fast...', *Lowy Interpreter*, 7 June 2017, available at: <https://www.lowyinstitute.org/the-interpreter/all-aboard-belt-and-road-initiative-not-so-fast> (accessed 14 September 2017).

¹⁰⁶Wang Yongzhong and Li Xicheng, 'Characteristics and Risks of Chinese Investment among the BRI Recipient Countries', *Chinese Social Science Research Network*, p. 8, available at: <http://www.cssn.cn/jjx/gzf/201511/W020151130796447771290.pdf> (accessed 14 April 2018).

Distinct disadvantages thus emanate from the centralisation dynamics of China's authoritarian investment model. They reveal how the economic and political stimuli of the BRI are not always complementary, and can in fact be mutually exclusive. Put another way, if adjudged on short- to medium-term political benefit, the contemporary authoritarian investment model may appear to trump its democratic counterpart. But given this political utility often comes at the cost of fiscal robustness and worthwhile return-on-investment—the BRI's economic feasibility, and, by extension, its longer-term political practicality, appear suspect. In contrast, the Marshall Plan, modelled on democratic investment, achieved parallel geostrategic and economic objectives within a remarkably short period.¹⁰⁷

Politics of Assessment

It is difficult to provide an objective and comprehensive assessment of the outcome of the BRI. A starting problem is the lack of true information; a follow-up problem is the politics involved. Even if projects are economic failures, they can be said to be a 'success' since it is easy to claim that they have achieved their strategic or political task. Assessments of BRI are contingent upon the criteria of conflictive economics and geopolitical goals. Although the two are *both* necessary to understanding BRI, they can nevertheless be difficult to reconcile with one another, given their oft-contradictory underlying priorities. What works to enhance China's regional diplomatic influence may not be conducive to sustainable economic development—despite official statements to the contrary.

Conclusion

This article has focused on three aspects of Chinese domestic politics—individual leadership, a variety of political mobilisation strategies and channels, and control mechanisms. All point out a set of the serious problems associated with the BRI including its 'politics of pleasing,' its lack of transparency and information, its tendency to strengthen authoritarianism, its self-reinforcing assessment, and many more, casting doubt over the claims to date of its great success.

The BRI is permeated by underlying and interrelated tensions that derive from China's domestic political dynamics. One such dilemma is that between the size of the BRI and the limited ability of governance through control and mobilisation—the latter inevitably puts a huge burden on the Chinese bureaucracy. This dilemma is indicative of a duality in the BRI's operationalisation which is *simultaneously hierarchical and plural with local flexibility*. Such an approach is considered necessary to a functional Chinese bureaucracy, but that makes it no less paradoxical. Consequently, in a phenomenon somewhat akin to 'mission creep,' BRI designs have proven susceptible to implementative alteration at the provincial level. Cumulatively, these tensions comprise a dilemma that stems from managing an endeavour so vast, and pose challenges to President Xi's signature initiative.

The domestic politics analysis developed by this article constitutes a starting point to explore the convergent or divergent interests of ruling elites in China and the BRI recipient countries. The BRI mobilisation and control mechanisms can also help us to understand how it engenders regional and global trepidation and deference. Thus, this intellectual approach offers a basis to study the interaction of the domestic politics of two or more countries regarding the BRI. Essentially, given its transnational character, the successful implementation of the BRI program 'depends upon active cooperation from others. China cannot realise it on its own.'¹⁰⁸ This is only achievable 'if China focus[es] on consultation to avoid perceptions of unilateralism, and give states with a stake in BRI a

¹⁰⁷Kunz, 'The Marshall Plan Reconsidered', pp. 162–163.

¹⁰⁸Peter Ferdinand, 'Westward ho—the China dream and "one belt, one road": Chinese foreign policy under Xi Jinping', *International Affairs* 92(4), (2016), p. 956.

sense of ownership.¹⁰⁹ However, as the analysis of the politics of naming demonstrates, China needs ownership of its initiative for its domestic consumption.

The implementation of the BRI falls under personalised politics and is likely to strengthen authoritarian rule through state capitalism. Irrespective of the initiative's future achievements (or lack thereof), its already felt influence will have substantial implications. There are myriad prognostications vis-à-vis China's prospective global power and its potential implications. Yet without the benefit of hindsight, we cannot know what impact the BRI will have—especially given it is still in a preliminary phase. What does seem inevitable, however, is that the BRI will have lasting geo-economic, geopolitical and even geo-cultural ramifications. Nevertheless, Chinese political institutions currently lack any mechanism to correct potential mistakes committed by its top leaders. One may wonder whether the BRI poses a nightmare for China if it opens a great strategic hole which sucks away China's money or falls into a sort of Chinese geopolitical overstretching as empires did in history.

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¹⁰⁹Hong Yu, 'Motivation behind China', pp. 367–368.