Chinese International Political Economy: Confucianism and the Unfolding of the Chinese Dream

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Abstract

As China's influence in the world economy becomes gradually more evident, scholars have discussed the possible diffusion of a Chinese model of modernization and whether it represents an alternative to the Western model or if it is just a new guise to old ideas. Political discourse in China has reawakened Confucianism, among other Chinese philosophy, and has dialogued with a fundamentally Taoist social mentality to pursue its goals of maintaining harmony within diversity. The present paper looks carefully at the role of Confucianism in shaping China's economic policies to assess its economic development model as either a continuation of or an alternative to western models.

1 Introduction

The western model of development is ostensibly experiencing a generalized crisis manifested by economic, political, ecological and sociological worldwide instabilities (Fraser 2014) and heated popular responses sparking in several points of the globe (Bracarense and Gil-Vasquez 2018; Della Porta and Portos 2020; Khanal and Bracarense 2021; Maris and Flouros 2021). Meanwhile, as if they had farsightedly foreseen the current crises, East Asian countries have successfully pursued their own model of development since the 1980s (Chang 2003). Despite its peculiarities, China is not exception in this regard. According to Giovanni Arrighi (2007), however, differently than the Asian Tigers, the Chinese Communist Party has tried to resist the generalization of capitalist relations of production, while managing to introduce many market-oriented reforms—through the "Beijing Consensus" or "China Model" launched by Deng Xiaoping's administration

after 1978 (Arrighi 2007). Through the creation of a "socialist market economy," the country has experienced rapid transformation and growing importance in the world economy.

The exceptional performance of Eastern Asian countries in the past 40 years has led scholars to long-anticipate (Arrighi 2007) and recently substantiate (Romei and Reed 2019) the beginning of an Asian Century, which would reconfigure the world economy into a politically multipolar global capitalism, partially centered on China. Within this period, China has rapidly moved from the tenth to second largest economy in the world, producing an GDP of $14.72 trillion in 2020. The transformation, nonetheless, goes beyond what Gross Domestic Product (GDP) measurements can capture; China has increasingly gained influence in the world economy and has become an important participant in economic and political negotiations. The process of change has, moreover, resulted in a paradoxical society, full of contradictions. The list of paradoxes is long and ranges from the creation of a consumer society in a politically repressive environment to the simultaneous implementation of global norms and attempts to modify them. It includes, but is not restricted to, an increasingly open economy led strong-handily by a protectionist government and the official rehabilitation of traditional Chinese religions and Confucian philosophy by a laic State. While from a dualistic perspective these elements seem contradictory, Chinese pragmatic philosophy has long viewed the role of institutions as a combination of soft and hard power. Following this tradition, the governmental has, recently, endorsed Confucianism, through Xi Jinping's "Chinese Dream"; a ratification that stems from the belief that the path of modernization for China lies on Chinese traditions rather than on a Westernized ideal of modernity (Ekman 2020).

Given the Chinese government's intention to extend its non-Western modernization project beyond Asia, many scholars have questioned whether China's economic model could become an alternative to the western model of development (Arrighi 2007, Dirlik 2011, Nielsen 2016; McNally 2020) and, if so, what are the characteristics of this model. On the one hand, Joshua Ramo (2004) points out that the Chinese Dream—like its predecessor, the "Beijing Consensus"—contrasts to the Washington Consensus, as the former does not push for universal solutions for different problems, but rather aims to promote harmony within

diversity. The author admits, however, that like the Washington Consensus, the "Beijing Consensus" is not only about economic policy but also incorporates objectives for improving quality of life, promoting global balance of power, and influencing politics. Arif Dirlik (2011, 101), on the other hand, argues that the Chinese Dream is an effort to propagate a "disembodied Confucianism, without historical or social context to a hegemonic global discourse of capitalism that brings Orientalism into the center of global power in glorification of Orientalized subjectivities as a universal model for emulation." In which case, "China's economic development model" would be just another modernization model whose pursuit of an ideal end advances homogenizing policies.

The existing debate revolves around the Confucian influences on China's economic policies and social organization; a relevant topic given the current reconfiguration of the world economy towards a shared global governance. In this context, the present paper relies on feminist institutionalism to analyze different aspects of recent Chinese domestic and international policies and their alignment with Confucianism (Fraser 2014; Khanal and Bracarense 2021). To achieve this goal, the policies studied relate to the process of commodification and/or exploitation of land, labor and money (Selwyn and Miyamura 2014; Polanyi 2001 [1944]) with the purpose to evaluate the philosophy behind the Chinese model of development.

2 Modernization, economic development, and labor relations

In the aftermath of World War II, several countries in the Global South—especially those under the western sphere of influence—have experimented with two different development strategies. The first one is an "outward-oriented" development based on exports of primary commodities, while the second relies on domestic industrialization from within. Despite their differences both models aimed at the modernization of "underdeveloped" countries at the image of western economies. A consensus that both models failed to achieve sustainable development opened space for rethinking development theory and policy in the beginning of the twenty-first century (Kregel 2008). Consequently, in the past two decades, the International Monetary Fund (IMF) and the World Bank—who used to treat institutions as mere "details"—have shifted their focus

towards the role of institutions in promoting development, granting a status of mainstream to new institutional economics (NIE) (Chang 2007; Chang 2011). This perspective prescribes the adaption of western institutions as a path to development, which includes the protection of private property rights and enforcement of contracts, coupled with policies that remove government-imposed restrictions on the free operation of markets, for the promotion of private investment and economic growth.

From an emulation/modernization perspective, it is clear that the latest shift of policy concentration is far from being paradigmatic. In effect, sharing their view of western countries as an ideal end, all three models are fundamentally based on teleological principles (Bracarense 2013). In other words, the NIE framework has been unable to escape from diametrically opposed dichotomies present in the two precedent models: that is, private-public, good-bad institutions, developed-underdeveloped, extreme cultural voluntarism-fatalism and, consequently, prescribes homogenizing policies towards the development of market institutions (Acemoglu, Johnson, and Robinson 2001; Acemoglu, Johnson, and Robinson 2003)

The relationship between institutions and economic development, however, has proven to be far more complex than this framework can encompass (Schneider and Nega 2016; Bracarense and Gil-Vasquez 2018). As point out by Old Institutional Economists (OIE), such as Ha-Joon Chang (2011) and William Waller (1988), new institutionalism falls short of offering a framework to understand development, partially because it treats institutions as structures, neglecting the fact that they are also a process. In other words, observing institutional transformation and embeddedness (Polanyi 2001 [1944]) is crucial for understanding and improving human and social wellbeing—especially in countries like China where market institutions are not fully broached.

A socialist market economy, China has, from 1978 onward, gradually introduced market relations in the sphere of exchange, while attempting, for several decades, to maintain the ownership of the means of production away from commodification. The attempt to protect labor, land, and money from being commodified have not, however, meant the absence of its exploitation (Perisse 2017; Chen 2019a; Liu *et al*

2019). Quite the contrary can be found in the study of the mechanisms—such as the hukou system[1] and other forms of differential exploitation of labor resources based on their urban-rural character as well as gender and ethnicity (Maurer-Fazio 2010)—that enable the appropriation of the surplus by the government and its reinvestment to promote the rapid growth and transformation of the Chinese economy.

Another shortcoming of NIE is its clear dualist view of the "pendulum of history" swinging back and forth from a wrong-headed protectionism to a judicious liberalism. A perspective that, first, creates a false dichotomy between state involvement in the economy and the development of market institutions (Waller and Wrenn 2021), second, teleologically views a liberal market economy as the end of history (Fukuyama 1992; Bracarense 2013), and third, neglects other possible directions through which history may unfold (Waller and Jennings 1991). A lacuna that prevents full understanding of the current transformation of China, for example.

In fact, the concentration of the debate on the degree of protectionist or liberal of policies of countries in general, and China in particular, has blinded most economists to the multilayered transformations that are currently taking place in China and elsewhere (McNally 2020; Bracarense and Berthonnet 2021) as well as the potential of the exportation of the Chinese model of development (McNally 2020). In increasing its participation in an instable and unbalanced world economic system (Wray 2009; Kregel 2019), China combines a top-down state-centric governance with bottom-up modes of highly flexible private network entrepreneurship in production, trade, and finance (McNally 2020; Green and Gruin 2020; Parmar and Shuhong 2020; De Graaff 2020). While the Chinese state gradually engages in international governance through a flexible, pragmatic and, experimentally-oriented state guidance, it interacts with vibrant private entrepreneurship to leave ample room for local ingenuity, learning, and *ad hoc* tinkering (McNally

[1] China's hukou system was introduced as a means of population registration. It was set up as a part of the economic and social reforms of the initial years of the communist regime. In its current version, the Hukou fulfills three main functions: the control of internal migration, the management of social protection, and the preservation of social stability.

2020: 288). This neo-statist model follows Chinese traditional philosophy in its gradualism and pragmatism as well as through the combination of soft and hard power in a mixed strategy that does not easily fit binary categories.

Finally, a third shortcoming, that is not specific of NIE, but rather is shared by most economists, is their concentration on the commodification of money, which explore crisis related to the economy only, in isolation and, thus, in neglect to its joint analysis with the commodification of labor and land, preventing economists to see economic collapses and social and environmental crises as part of the same process (Fraser 2014). In the case of China, the interconnection between these three aspects should be clear. For a 3.7 million square mile country, occupied by 1.3 billion people of at least 55 different ethnicities, where only about 15% of the terrain is arable, maintaining social coherence is not a trivial task (Naughton 2007). The objective of achieving coherence and harmony, and its challenges, in China was, indeed, a task undertaken by Confucius (551-479 BC) when aiming at the country's unification. The establishment of the political and societal foundations that encapsulate objectives for both the unification and rejuvenation of China, according to Confucius, relied on the treatment of humans as part of a sacred trinity (nature, humans, and the universe) to engage the population in a collective sense.

In sum, a framework that aims at analyzing economic institutions separetly from cultural, political, and social institutions is inadequate to evaluate a country like China, whose political philosophy, since its inception, blurs formal and informal power both in domestically and internationally. Chinese philosophy, indeed, sees soft-power, for instance, not only as "popular culture and public diplomacy but also more coercive economic and diplomatic levers like aid and investment and participation in the multilateral organizations" (Kurlantzick 2007: 6).

To fill these theoretical lacunae, proponents of Feminist Institutionalism undertake a reformulation of Karl Polanyi's framework. The grounds for building upon Polanyi, after some considerations, is threefold: his peculiar ability, in comparison to other economists, to deal with a generalized crisis that goes beyond economic factors, bringing to attention its interactions with sociological, cultural, and ecological aspects; the

possibility of constructing a non-teleological analysis to economic transformation; and, consequently, the compatibility of his framework to feminist concerns (Bracarense and Gil-Vasquez 2018; Fraser 2017). His concept of embeddeness, for instance, implies that economic agency cannot be reduced to the rational pursuit of subjective utility, but rather reflects the need and desire for a system of institutions that embodies cultural values. Transformation is, thus, a result of the interaction between agency and structure and is, consequently, a complex and open-ended process. Such a framework may serve as a guide to the promotion of equality in diversity (Shiva 1994) due, for instance, to its inference that institutions embedded in non-Western cultures are capable of providing an equally good—and depending on the situation better—condition of life as those embedded in Western cultures. Such reasoning may empower societies to define their own vision of wellbeing (Escobar 2009; Acosta 2010) that does not necessarily focus on growth, productivity, competitiveness, and markets to measure development (Shiva 1994). However, to fully arrive at this outcomes, Feminist Institutionalists proposed a reformulation of Polanyi's theory based on three main points (Khanal and Bracarense 2021)

First, the rescue of the concept of domination and its disassociation from commodification (Selwyn and Miyamura 2014). The reason being that the latter is specific to the capitalist system, however, exploitation has occurred in all different systems (Fraser 2017). Second, a stronger emphasis on the theoretical consequences of the separation between family and economy (Waller and Jennings 1991). Such modification frees economic theory from the dyad market versus government, resulting in a multidimensional framework able to analyze contact zones (Pratt 1991; Bracarense and Gil-Vasquez 2018)[2] and triple movements that may unfold into new economic systems (Fraser 2014).[3] Third, an explicit recognition that marketization may have

[2] Mary Louise Pratt's contact zones "refer to places where cultures from disparate historical trajectories come into contact with each other. They are often the result of invasion and violence, resulting in social formations based on radical inequalities" (Pratt 1999: 40). Contact zones are "social spaces where cultures meet, clash, and grapple with each other, often in contexts of highly asymmetrical relations of power, such as colonialism, slavery, or their aftermaths as they are lived out in many parts of the world today" (Pratt 1991: 575).

[3] Feminist Institutionalists argue that the dichotomy private-public implies a double-dualism: while the economy is private vis-à-vis the government, it is public in relation to the privacy of the family, which implies that conflict is a multilayered process (Waller and Jennings 1991). Fraser (2014) labels the double-dualism 'private-public' on one hand and 'domination-emancipation' on the other, from which she creates the concept of a triple movement.

emancipatory effects, which frees economic theory from the simplistic conclusions that either liberalism or protectionism is necessarily good or bad (Marx and Engels 1959 [1848]; Fraser 2014; 2017). All these three points support an analysis that encompasses cultural embeddedness to open the framework to non-teleological possibilities that both are key to understanding the Chinese economy and its development model.

3 Confucianism and the Chinese Economy: Confronting a Potential Generalized Crisis

Although with the expansion of capitalism, economic factors capture a variety of institutions—particularly, the system of production and the access to the provisioning process—as long as the economy is embedded, non-market institutions influence the unfolding and functioning of the economy. The manifestation of embeddedness varies across different societies and displays philosophical and cultural factors that may not coincide with a capitalist way of thinking and living. In China, the level of embeddedness of economic institutions is elevated; a millenary civilization, China has recently revived and reaccentuated the philosophical thought that helped consolidate its unification: Confucianism.

Domestically, the Confucian revival dates to the 1980s, raising the question of whether Orientalism and its objectification of the Orient are a thing of the past—as proclaimed by postcolonial critics—or if Orientalism, now re-appropriated by "Orientals" themselves, has emerged victorious in the age of global capitalism. Understanding the intersection of the economy, culture, and power is important to avoid biases and raise new questions about the relation between agents-structures and foreign-domestic encounters; hence the need to re-conceptualize these relationships of power by analyzing the Other's (Said 1979) perceptions of their 'uplifting' processes. While allowing for the importance of economic and structural factors in affecting history, agency needs to be brought to life in order to show that everyday life, inherent habits, culture, and customs prompt agency to transform, accept, and/or react to structural changes. What has been lacking is a framework for understanding the institutions as dynamic processes and their interactions of agents to creat meaning that differ from Western realities.

Confucianism is based on five main strands: commonwealth, benevolent government, rule of virtue, meritocracy, and non-hereditary transition of power (Jiang 2018). All five strands carry a balance of yin and yang forces and aim at creating harmony between humanity, Nature, and Heaven. In this search for balance, humans are given great agency and self-determination, having a unique role in finding this connection with nature and with others. As an equally important part of the triad, humans should accept the divine within themselves and in Nature and to become the enablers of a ceaseless bio-evolutionary process, through self-conscious acts of mediation and the creation of institutions. Political practice, thus, incorporates the idea of humans as a part of nature, where both should be respected and dealt with as integral parts of Heaven or the divine.

The vision of commonwealth was a political and social ideal according to Confucius, where all actions, collective or individually, have as objective the improvement of human development of people. Differently than what it may sound at first, the vision of commonwealth is not related to equity, but rather with individual's social responsibility and merit. Everyone should know their place, compromise, and work for the benefit of the country. Consequently, the division of labor and distribution of income and wealth should be determined with social stability and harmony, rather than equality, in mind. In this determination, there is a clear decreasing hierarchy between intellectual, manufactural, and agricultural work.

Income distribution is, thus, based on social status, or merit, to guarantee the best social outcome. The practice of meritocracy, moreover, entails that only the most virtuous and competent people should be chosen to serve the public. This system accepts hierarchy and social differences, while valuing each individual and their contributions to society as a whole; the main objective is harmony and acceptance of diversity.

The hierarchy of different types of jobs with only the most virtual people being suited to become political leader illustrates Confucius' rule of virtue: only people who are closer to the divine or their superior selves would become excellent leaders. However, differently than many western scholars claim today, Confucius was not a progressive and exciting voice of his time (Puett and Gross-Loh 2017), seeing education and merit as a tool for social mobility. Through the combination of these three first principles, Confucius

stressed great importance on education for the development of China. His thoughts influenced both the Tang (618-906) and the Qing dynasties (1644-1912) to require scholars to study the Four Books and Five Classics in Imperial Colleges and schools to understand the authentic thought of Confucianism (Elman 1991). Following Confucian values, the institutionalization of Imperial Exams aimed at giving an equal opportunity based on meritocracy to individuals of all different economic and ethnical backgrounds. The emperors would then select well-educated individuals to serve in bureaucratic positions within the government.

This idea related to Confucius's view of superior and inferior people, concerning back to the trinity human, nature universe. According to this idea, the universe is sacred, noble, perfect, selfless, and impartial. Humans, moreover, possess this perfection in themselves, because natural phenomena and all beings do not have an independent value in themselves separated from the universe. The laws of the universe are, consequently, connected with humanity and nature. Confucius states, therefore, that in its essence human nature is celestial, however, in their mundane lives, real humans distance themselves from their essence due to the pursue of satisfaction of their desires. The level of degradation is related, thus, with these selfish pursuits, which implies that the spectrum of their action from self to collective thinking determines if people are closer to their inferior (mundane) or superior (celestial) selves. Although from this perspective human beings are nothing more than extended bodies, deeply connected with things, plants, animals, and the universe, their terrain experience distance themselves from this connection. Human beings, therefore, have a particular mission: to accept their path back to their superior selves. To achieve this goal, they must construction of institutions which amene from consciousness. They should act as catalyzers of an incessant process to improve their social, economic, and environmental context.

For this purpose, only superior individuals may become political leaders to constitute a benevolent government; the latter being Confucius's guiding principle for Chinese leader in their duties to their country. Public policy aims at putting people in harmony with broader, natural and historical changes. Finally, Confucius believed that power and leadership should be transferred through either abdication or through

hereditary ascendence in service of the well-being of society as a whole; the principle of transition of political power (Jiang 2018).

Since individuals, society, nature, and the universe are all part of an integral whole, the same logic that applies to individual improvement, through their transformation from their inferior to a superior self, pertains to China as a country as well. Confucius viewed the development of China as a staged process, though not necessarily linear (Puett and Gross-Loh 2017), which depended on how far society is to its superior, celestial form. According to him, his epoch witnessed China's Age of Turbulence as the country was still not unified and contending kings held constant wars against one another for power and control. Seeing this situation as wasteful and harmful for the development of China, Confucius advocated the unification of the territory.

He believed that after unification, the country would be able to rejuvenate and pass through the Age of Prosperity to finally arrive at the Age of Peace. The Age of Prosperity relates to a period when everyone in the country has access to the social output in a way that allows them to reproduce themselves, also in this age, kings would pass their power to their successor in peace. Confucian scholars, in the 1980s, argued that the creation of the People's Republic of China in 1949 would lead the country through its Age of Prosperity. The declaration by Mao Zedong ended the "Century of Humiliation" (1839–1949) that led the country towards the fall of Qing dynasty (1912), followed by a full-scale civil war. During Mao Zedong period, China pursued a communist regime and the de-commodification of labor, land, and money, while observing the development of the post-World War II international system from afar with caution and disdain.

Three decades later, however, Deng Xiaoping, initiated gradual economic reforms and allowed China to break out of its self-imposed isolation. His 'bottom-up' pragmatic approach utilized the embedded collective philosophies and catch-up mentality to mobilize the Chinese people and enact the reforms. Deng Xiaoping said "Development is the hard truth." Although his decentralization and "open door" policies that introduced China to western influence and investment in 1978 led the country to rapid economic growth, they also

transformed China in an export-dependent economy with diverging levels of development and income within the provinces.

In 1992, under Jiang Zemin's administration, China's reforms focused on improving its position in the world economy to include 'open door' policies, allowing for foreign investment and creating a very competitive scene in China for profits within the global market. The economic reforms implied a less protectionist policy towards international capital investment and the creation of specific charter cities, also known as Special Economic Zones (SEZs) to attract international investors to China's eastern coast. Additionally, provinces were granted higher levels of autonomy to manage and incentivize international investors in hopes of creating employment opportunities and bringing development to their region (Hung 2008). The inland areas experienced significant economic disadvantages. Because of the widening regional development and income gaps, there was massive population migration from inland provinces to the coastal areas. However, the presence of the *hukou* system meant that rural immigrants were second-class citizens, who received half the salary of their urban counterparts and had no access to social security benefits provided by the government or to social network necessary to find better jobs.

Finally, China, like other East Asian countries, maintained a national gross saving rate as high as 35-55% throughout the entire economic reform period, dramatically increasing the marginal productivity of labor, especially for high-skill labor (Heckman and Yi 2012). Manufacturing and industry provided short-term profit and investment throughout China, however, the process of decentralization of the state and the lack of regulation led to the accelerated overinvestment within the economy. While this model worked for 30 years, in 2009, it showed its first trace of exhaustion, resulting in decreased economic growth, structural imbalance of China's economy, increased dependence on exports, severe polarization of social classes and increased levels of income inequality (Hung 2008).

In fact, the unequal distribution of the benefits China gained along the past half century is a growing issue of concern that has become evident from the recent period of expeditious economic growth. The Gini coefficient is a fundamental economic indicator of the equality of income distribution in a country, one is

the highest and represents perfect inequality and a score of zero is perfect equality. Statistics from the World Bank and IMF have reported an extreme increase in the level of income inequality: while the Gini coefficient was 0.15 in 1990, in 2012 that number had soared to 0.45. Since 2012, the Gini coefficient has been steadily declining, in 2016 the Gini coefficient was 0.38. Overall, China's Gini score is within the top thirty of the world's most unequal countries, most of which are developing nations in Africa. Literature on the topic suggests that income shares within China's provinces are at higher levels of income inequality than the country's overall Gini score due to urbanization and urban-rural migration patterns (Wu and Rao 2016; Piketty *et al* 2019).

In contrast, Confucius ideal of commonwealth may only be achieved in the peaceful age, when access to the social provisional process is generalized. Moreover, at this stage of development, everyone loves everyone else as his own family and political power is always exercised by the virtuous and the competent rather than by hereditary. Xi Jinping's goal is to lead China to this new stage. An objective not without new challenges, namely, while domestically it is necessary to boast the population's purchase power, internationally China needs to reduce the dependence on export-led growth and consolidate a more active role of leadership in the international scene. Based on these premises, the Xi Jinping administration has designed the "Chinese Dream": a project based on Chinese traditions rather than on a Westernized ideal of modernity to promote the collective renewal of the Chinese nation to bring prosperity to the country and happiness to the people (Xi 2014a).

The government, therefore, is commited to innovation and experimentation which involves constant reforms through self-determination; that is, free from the influence of the western model. The president also announced that the objective is to improve sustainability and equity rather than focusing on increasing GDP per capita. Peter Gries (2004) suggested that moving towards greater domestic social justice and democratization would create a kind of 'internal soft power' that would improve international perceptions of China's domestic policy (Pan and Lo 2017).

To design the path towards these goals, Xi Jinping has adopted several ideas and words from Confucius. In his discourses, the Chinese president emphasizes the government focus on helping people increase their confidence in their own ability to lift themselves out of poverty and to see that they can access the education they need to do so. The government has, in fact, invested massively in technology and education. He also highlights the importance of creating mechanisms for preventing and defusing social tensions. Finally, President Xi announces that man and nature form a community of life; we, as human beings, must respect nature, follow its ways and protect it. We must have a strong commitment to a socialist ecological civilization and work to develop a new model of modernization with humans evolving in harmony with nature.

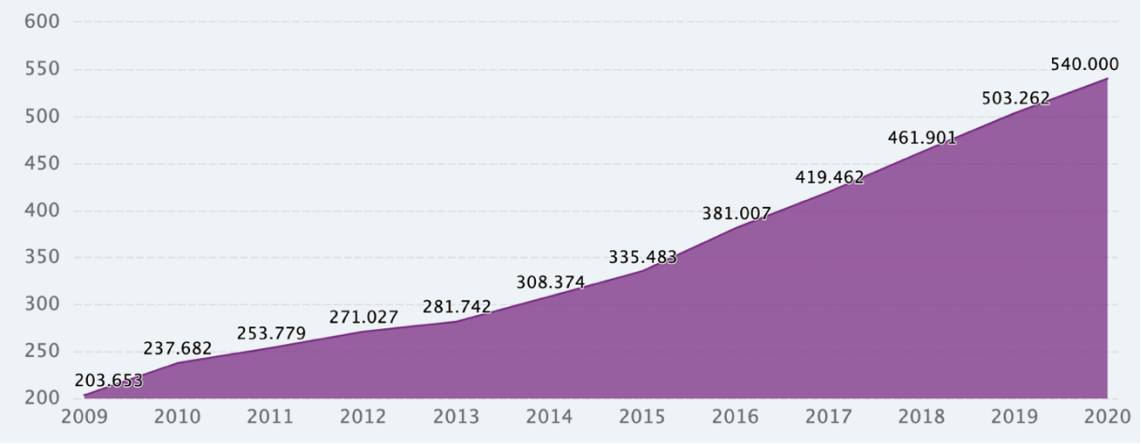
Confucian ecological thought may provide an alternative environmentalist view of human–nature relationships away from Western anthropocentrism. So far, however, these social and ecological aspects of Confucianism are yet to become observed in Sino economic policy. In terms of social relations, the level of inequality between rural and urban populations and discrimination against women, and ethnic groups other than Hans still threatens the country's social stability. Even though the government has pursued policies, at times to liberalize and other times to regulate labor relations; the persistence of the *hukou* system (Perisse 2017) as well as of an economic system where the law is an instrument of state-building (i.e. creating a capitalist system "with Chinese characteristics") meant that reforms did little to improve workers' conditions (Perisse 2017; Chen 2019a). In this configuration, state intervention protect access to the market and resources in benefit domestic capital (Jayasuriua 1999). As a result, officially the reforms had little positive impact—and have rather often produced negative ones through the precarization of labor relations (Chan and Nadvi 2014)—on the rights of workers even though psychologically they had rendered workers more conscious of their rights. Regardless of these changes, nonetheless, workers filling for compensations seldom yield positive outcomes (Perisse 2017; Chan and Seldom 2019).

Unbalances between urban and rural populations are a historical trait of China's economic transformation. Pursuing an export-oriented model of economic growth, through consistent balance of

payment surpluses made possible by forced savings policies imposed on the rural areas. Currently, the accumulated results of years of this practice means also that there is financial disequilibrium in the national accounts, as China has accumulated high levels of reserves in United States dollar, yielding the country highly dependent on both US imports and the Federal Reserve's monetary policies.

Environmental issues, on its turn, continue to hunt the country. Despite of becoming the largest exporter of renewable energy infrastructure, China is the biggest importer, surpassing the US in 2017, and second greatest consumer of petroleum in the world (Chen 2019b). In 2019, the petroleum trade amounted to almost $1 trillion of which China imported 20.7% of this total or 503.2 thousand tons (OEC 2021). Not surprisingly, the country is the largest producer of greenhouse gasses. the global governance of energy imposes hindrances on latecomers like China (Kamel and Wang 2019: 1133-1134)—whose 50 per cent of oil demand is met through Middle Eastern imports (Chen 2019b). In fact, although OPEC countries have sold oil in other currencies, more often than not crude oil is priced in dollars, which locks China into the accumulation of dollar reserves cycle, which aggravates the domestic rural-urban inequalities. As a result, reducing this dependence on imported energy and on the dollar to be able to guarantee domestic employment and social stability is of high priority for China.

Figure 1 China's Crude Oil Imports in Tons



Source: National Bureau of Statistics (2021)

In sum, China's domestic challenges, in the near future, relate back to the three aspects highlighted by Karl Polanyi and Feminist Institutionalists to avoid a generalized crisis, the reduction of untamed exploitation of land, labor, and money and subsequent unbalances that it may create, prompting to a generalized crisis. The interconnection of these issues has historically been clear to China due to its ethic diversity and shortage of natural resources in relation to the size of its population. It comes to no surprise, thus, that the Xi Jinping administration seeks to adopt a sustainable path that balances economic prosperity, social justice and environmental protection (Guo, Krempl and Marinova 2017).

4 Confucianism and Tributary Traditions in China's International Relations

The "Century of Humiliation" (1839–1949) has a great influence of current formulations of China's role in the international political economy. Arguments about the nature of international competition, about the reasons that nations succeed or fail in the international arena, and about the prospects for long-term global peace and cooperation draw not just on China's experiences during that period, but on the vocabulary and debates that Chinese intellectuals have developed to understand the modern international system. According to Alison Kaufmann (2010), today there are three main views of China's role in the international system. All three start from the implicit premise today's international system, like in the 19th century, still revolves around Western interests that aim to subjugate and humiliate weaker nations.

The first, group of leaders believe that China's bitter experiences should provide a cautionary tale about the dangers of this system. A second viewpoint suggests that China's period of humiliation has ended, and that China should now seek to ensure the stability of the system by adapting existing institutions and practices. A third line of reasoning suggests that China is in a unique position to fundamentally remake the international system because its exceptionalism due to its inherent preference to peaceful development, which gives the Chinese people an alternative vision of how international relations can and should be conducted.

Xi Jinping, seems to subscript to this latter perception as made evident by several of his speeches and interviews, where the Chinese President has made a concerted effort in debunking what he sees as the myth

of the "China threat" (Woon 2018). According to him, China upholds the idea of "peaceful development", arguing that it is the "ignorance of China's historythat has resulted in the gross inflation of the dangers associated with the country's "rise" (Xi 2015). In a separate interview Xi has again appealed to culturally determinism to characterise China's domestic and foreign policies, as he asserted that "China has long been one of the most powerful countries in the world; yet it never engaged in colonialism or aggression [and] the pursuit of peaceful development represents the peace-loving cultural tradition of the Chinese nation over the past several thousand years" (Xi 2014b)

China's blurred conceptualization of formal and informal power results in a strong presence of informal institutions in Chinese diplomatic relations. Recently, the presence of this combination of soft and hard power is more often observed; a "gradual change in the historical consciousness of Chinese leaders as they have become more willing to celebrate the glories of imperial China to boost national pride and redefine China's [(re)emerging] position in the world." (Zhao 2015). The reemergence of Chinese tributary traditions reinforces Zhao's (2015) point. Namely, according to this perspective, international engagement is not only based on rules and institutions, and economic interdependence, but also on intertwined economic, diplomatic and cultural linkages (Pan and Lo 2017: 18). The outcomes of this strategy is evidenced, on one hand, through the win-win, harmonic development, and positive-sum narratives (Helleiner and Wang 2019; Pan and Lo 2017) and, on the other hand, international organizations' adaptability, willingness and open-mindness to engage with Sino-capitalism (McNally 2015; McNally and Gruin 2017; McNally 2020). In other words, an open-ended and non-dichotomous framework that avoids imposing western-values on Chinese cultural and philosophical specificities may more easily grasp Beijing's political decisions.

Sino-capitalism carries a long history of a tributary approach to diplomatic relations, which is founded on Confucianism and other traditional Chinese philosophies. In practice, these values translate into four main factors that clearly blurry the line between formal and informal institutions: (i) Chinese self-identification as a great power; (ii) cultural assimilation; (iii) image building; and (iv) economics as diplomacy. These four factors are key for understanding China's approach to international politics.

First, Beijing's strategy is part of its statecraft that envisions reducing its vulnerability to Washington's economic decisions—a defensive economic strategy—while simultaneously searching for legitimation of its economic superiority and excellence—an offensive political strategy (McDowell 2019). China's pursuit of increased international participation "can be tied not just to the pursuit of autonomy, but also to a growing desire to increase China's international influence and to realize the dream of national revival" (Helleiner and Wang 2019: 223). For example, while acquiring membership in international organizations—and a seat at international tables commensurate with its importance—and including the RMB in the special drawing rights (SDR) basket are clear ways of gaining some economic bargaining power, they also grant recognition of China's exceptionalism. As Breslin (2010, 52) explained, "engaging the global economy has been a key source of economic growth (thus helping to maintain regime stability) [...] establishing China's credentials as a responsible global actor [and] ensuring continued access to what China needs." As a result, China "increasingly takes advantage of international norms and institutions underlying the current international economic paradigms and practices (e.g. International Monetary Fund, World Trade Organization, Comprehensive Nuclear Test Ban Treaty) in pursuit of historical 'greatness'" (Pan and Lo 2017, 9-10), and reinforces the possibility it will change these institutions.

Secondly, an essential part of the tributary approach is cultural appreciation, which is deeply connected with hierarchy and respect that is achieved through merit rather than by force—a clear Confucianist perspective. The Chinese government is aware that image building is determinant for the expansion of its influence. It has, consequently, put a lot of effort in building a benevolent government image and refuting 'China-threat' theories and secure a peaceful international environment (Pan and Lo 2017 9). Consequently, the government does not explicitly display any interest in replacing the United States as the hegemonic global power. Chinese leaders try to show their willingness to meet international standards and display their ability to adapt to certain demands, without forgoing political sovereignty or compromising their belief that the path of modernization for China lies on Chinese traditions rather than on westernized ideals.

In forming its political vision, one of the hardest challenges for Xi Jinping's directive is to communicate a sense of purpose and direction to Western countries and its former areas of influence. To do so without voicing competitiveness—that is through a peaceful transmission of power—China has tapped in the fact that international negotiations have moved towards a South-South nexus extricated from the old North-South web. In fact, in the past ten years, trade between developing countries represents around 25 per cent of the world's exports (United Nations Conference on Trade and Development 2013), and their combined wealth accounts for 56 per cent of the world's GDP (IMF 2016). Enthusiasm about the developmental implications of this transformation has increased accordingly (Gonzalez-Vicente 2017). The Organization for Economic Cooperation and Development (OECD) sees in 'South–South' relations the basis for a new development paradigm that will generate a "more inclusive, effective and horizontal global development agenda," if operating alongside North-South linkages (OECD 2011).

China proposes to create a more just, reasonable, and equitable international order, one that is guided by new actors in the world economy and to maintain a non-interventionist character, respecting diversity of civilizations and self-determination (OECD 2011). Through a win-win (or positive-sum) narrative, China aims at reassuring the world about the reliable foundations of its economy, culture, and society, while promising to respect differences and coexist in harmony. It is interesting to evaluate this political goal through Confucius's lens, where each country would be respected and valued for the role that they fill without having to emulate China's behavior. This does not mean, nonetheless, that hierarchy is eliminated, on the contrary, China's contribution in its shared leadership is to display how human development can take place in a peaceful, pragmatic, and harmonious fashion. China's age of peace would drag other countries along in the same direction. In a way, even if emulation is not prescribed a sense of end of history is present in these social dynamics to which a sense of exceptionalism may be added.

Thirdly, reinforcing this point is the positive-sum narrative—that is, as providing a net positive benefit, and connecting it with its own image building—, which has allowed, for instance, China to secure positions in the Bretton Woods system and, simultaneously, create alternative financial institutions, such as the New

Development Bank (NDB) and the Asian Infrastructure Investment Bank (AIIB). The main justification for the establishing of these institutions is to assist developing nations that either do not meet the criteria for an International Monetary Fund or World Bank loan or to fund some projects more rapidly without depending on Washington's aval (Chin and Gallagher 2019). Moreover, as evidence of its non-interventionist character, an important device to construct goodwill, Chinese-led institutions provide loans targeting energy and infrastructure and avoid micro-interventions focused on human capital and policy reforms, which are favored by western-led institutions (Chin and Gallagher 2019: 249). Commercial and technological considerations mainly motivate China's private companies, which provide most of the Chinese overseas direct investment (Pan and Lo 2017: 10).

Fourthly, the behavior towards multilateral banks is a clear example of Chinese political combination of soft and hard power, which renders binary categories incapable of treating its strategies. Another example is China's strategy for the internationalization of its currency, the renminbi (RMB), which is viewed as unorthodox and unprecedented. According to Frankel (2012: 353-354), China is encouraging the use of the RMB outside its borders, not having yet begun to remove its controls on capital inflows or outflows and barely having begun to liberalize domestic financial markets. This an unusual pattern that illustrates McNally's Sino-capitalism: a state-centered policy combined with private independent agents in an apparently incoherent fashion (McCauley 2011). Such ostensible incongruence is part of Sino-capitalism's gradualism: while maintaining control, the government experiments liberalizing specific institutional branches of a sector and evaluates the results before committing to bolder steps. Meanwhile, by pursuing a gradualist approach, China evaluates the flexibility of existing international institutions. Institutionalist theory sheds light on the fact that the Bretton Woods system is much more flexible than techno-economic or domestic constraint scholars make it sound. According to Helleiner (2019: 1116) the Bretton Woods system model of multilateral liberalism does not require market liberalization and is rather compatible with various kinds of active public management of the economy, including centrally planned economies.

In sum, internationally it is possible to observe the increased participation of China in the international system, with a sense of purpose founded on Confucian thought. The ideas of benevolent government, meritocracy, peaceful transmission of power, to construct commonwealth beyond its national boarders is present in the Chinese president discourse. To analyze how close or far the country is to spilling the positive impact of its potential rejuvenation is necessary to further look at the impact of its policies abroad. In Africa, for example, the Sino-development model shows diverging levels of wealth and income between Chinese and local nationals, increased consumption of coal and petroleum even if the country is the largest exporter of renewable energy technology (Svartzman and Althouse 2020), and debt-related risks in the context of mass lending to risky countries that are part of the 'Belt and Road Initiative' despite its massive reserves in dollars (Financial Times 2020). These outcomes are yet to reflect the harmonic and coherent national goals advocated by Confucius and revisited since the beginning of the reforms.

5 Concluding Remarks

Relying on feminist institutionalist theory, the present paper studied different aspects of recent Chinese domestic and international policies under the gaze of Confucian philosophy. In this analysis it is possible to see that in terms of domestic policy, Chinese policies related to the exploitation of land, labor and money, despite intentions declared by President Xi are still far from characterizing the Chinese development model as a profound pragmatic change when compared to the Western model. In fact, although the Chinese model is not based on a cartesian view of reality, but rather on a pragmatic non-dichotomous perspective, so far, the domestic exploitation of these three fictitious commodities have intended the development of the country's capital; an objective that aligns with its Western counterpart. Internationally, Chinese philosophy differentiates itself by its lack of promotion of emulation. In fact, the Chinese development model, differently of the Anglo-Saxon one, does not pretend to lead the world to convergence of levels of economic advancement. Countries' conditions remain diverse, while, peace and harmony may be achieved if countries

accept their roles in the creation of the commonwealth. If domestic China is far from achieving the age of peace, internationally evidence of movement is this direction is even less evident.

In. conclusion, an open-ended framework constructed through feminist institutionalism escapes viewing the western world as an ideal—that is, the end of history—and allows understanding institutions embedded in Chinese culture, for instance, as equally capable of sustaining a reproducible economic systems. Nonetheless, the Chinese model of development has, as of now, replicated the western celebration of the positive outcomes of industrialization, while downplaying its historical failures and side effects. As a result, China is yet to create an alternative to the current model of economic development that superimposes productivity over sustainability, competitiveness over cooperation, and production over reproduction.

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