

**RIISING ECONOMIC HEGEMONY OF CHINA: IMPLICATIONS
ON THE GLOBAL ECONOMIC ORDER
BA (HONS.) INTERNATIONAL RELATIONS**



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Abstract:

The rise of China has become a central debate in the academic field of international relations. The first chapter of the thesis will explore the rise of China as an economic hegemon in the lens of the theory of Neo-Realism. In light of the theory of Neo-Realism we will be discussing the rise of China as a regional hegemon and how it challenges the US hegemony. According to the theory of Realism, States work for their own self-interest and are self-centered. Kenneth Waltz and Hans Morgenthau believe that the international system is anarchic and that great powers basically compete to gain dominance. Rising economic hegemony of China means that China is expanding its trade throughout the world through the introduction of different economic policies introduced by Xi-Jingping. In 21st century three major projects have been started by China which are BRI (Belt and Road Initiative), AIIB banking system and the “Made in China 2025” project. The second chapter will also look into the evolvment of global economic order in the neo-realistic political world order. It will explain the link of the global economic order with the neo realistic policies through explaining the role of different institutions. The third chapter will examine the historical background of Chinese economic policies (1949-Present). In this chapter all the major economic policies taken by China from 1949 till 2022 are discussed in detail. Furthermore, the fourth chapter will talk about the Emerging competition between Sino-US poilitico-economic policies since BRI (2013-Present). In this chapter, the different policies and projects are discussed which US and China have undertaken after BRI and what are there implications on the global economic order. Moreover, in fifth chapter the Sino-US trade war is discussed along with the tech war and examples then the implications of this trade war on the global economic order has been discussed. Lastly, this thesis is concluded on the note that the global economic order is actually tilting towards China in 21st century and due to the projects and policies which China has adapted it is becoming an economic hegemon and giving tough competition to US.

List of Abbreviations

AI- Artificial Intelligence

AIIB- Asian Infrastructure Investment Bank

BRI- Belt and Road Initiative

CPEC- China Pakistan Economic Corridor

IMF- International Monetary Fund

MNC's- Multinational Corporations

UN- United Nations

WB- World Bank

WTO- World Trade Organisation

SCS- South China Sea

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CHAPTER I

1.1 Introduction

The emergence of China as a global international power is raising a number of questions for the policymakers and analysts to know what actually the long term goals of China are. The rising economic hegemony of China poses a threat to the US economy. As in recent years the Chinese economy has surpassed the US economy in terms of GDP. In light of the theory of Neo-Realism we will be discussing the rise of China as a regional hegemon and how it challenges the US hegemony. According to the theory of Realism, States work for their own self-interest and are self-centered. Kenneth Waltz and Hans Morgenthau believe that the international system is anarchic and that great powers basically compete to gain dominance. Therefore, in the case of China it can be argued that it is working for its own self-interests, in order to secure its own position in the global economic order.

Rising economic hegemony of China means that China is expanding its trade throughout the world through the introduction of different economic policies introduced by Xi-Jingping. In 21st century three major projects have been started by China which are BRI (Belt and Road Initiative), AIIB banking system and the “Made in China 2025” project. Furthermore, it is seen that an increased change in international behavior of China is basically changing or transforming the global economic order.

The current Global Economic order is capitalist. That is with the advent of globalisation, free trade is always favored and international trade is conducted on the basis of free trade mechanisms. Hence, the current global economic order is determined through the platform of WTO (World Trade Organization) and the international banking system and that is through IMF (International Monetary Fund). In 21st century China is challenging this global economic order by starting up its own financial system through giving loans to the less developed countries and leading them to fall into the great Chinese Debt Trap.

In the year 2018 and 2019, the USA increased the tariffs on Chinese imports. It has also increased tariffs on a subset of items from other nations, mostly in metals and machinery. Whereas, China has also retaliated and has imposed tariffs on USA imports. However it also reduced tariffs on imports from all around the world. The increase of tariff was the main withdrawal from the long

run movement towards tariff liberalization across the world. We can clearly see that the trade war or conflict between US and China has led to retaliation and imposition of tariffs on each other's products which are hundreds of billions of dollars' worth.

US president Donald Trump has long blamed China for unjust trading exercises and theft of intellectual property. In China there is an insight that the USA is making an effort to restrain its rise as an international economic power. Whereas on the other hand China and USA greatly taxes one another and dragged down their bilateral trade flows, bystander states boosted their exports to USA and the other rest of the globe and international trade boosted altogether.

Following retaliation by trading members and the possibility of further rise endangered significantly deterring investment, trade and perhaps the world economy. Thus it's important that President Biden should now make sure either to maintain US tariffs and other trade obstacles in place or alter policies while considering changing situations and as well as the Covid-19 pandemic.

China's Belt and Road Initiative (BRI) is also known as the New Silk Road. It is considered as one of the most ambitious infrastructure projects ever developed. It was established in 2013 by President Xi Jinping, the extensive collection of growth and investment endeavors would extend from East Asia to Europe, enormously extending China's political and economic impact. Whereas several analysts notice the project as an alarming development of Chinese Power and the USA has strived to provide a competing notion. On the other hand China is one of the biggest single creditor countries. China has come across criticism for its lending exercises to the underdeveloped or poorer states, blamed for leaving them struggling to pay back debts and thus these states are helpless in front of China's pressure. Whereas on the other hand there are also some suspicions regarding China's economic participation in Sri Lanka has risen in the previous decade, and problems prevails that this can be utilized to promote its political aims in the region.

1.2 Significance of Study

This research aims to analyze the current global economic order of the world. This study focuses on the economic policies of China and how China is becoming an economic hegemon in the 21st century. The different projects it has undertaken which includes all the pre and post BRI projects. Furthermore, in light of the theory of Neo Realism the interest of China would be highlighted and how it is reshaping the global economic order. The research is important because it highlights the current global economic order being followed along with this. It explains that what would be the implications of rising economic hegemony of China on the world, especially on the US. In addition to this, the policies adopted by the US will also be discussed to counter economic hegemony of China.

1.3 RESEARCH QUESTIONS

Q1. What is meant by Global Economic Order and how Neo-Realistic political order impacts its directions and executional patterns?

Q2. How the changing politico-economic world order has shaped Chinese policies since its inception?

Q3. How Sino-US politico-economic policies have made them potential competitors in 21st century?

Q4. Why present Sino-US trade war has become impactful for the Global Economic Order and how to avoid these impacts?

1.4 RESEARCH AIMS AND OBJECTIVES

1. To understand that how Global Economic Order has changed from bloc-system to unipolarity.
2. To analyze the theory of Neo-Realism in context to the Global Economic Order.
3. To explore the strategies taken by both economic giants is that China and US in 21st century.
4. To analyze the implications and prospects of China being an economic hegemon on US and the current Global Economic Order.
5. To interpret that how the current Global Economic Order is tilting towards Chinese Economic Hegemony.

1.5 LITERATURE REVIEW

In this article Wayne M. Morrison discusses that China nowadays is going through a significant restructuring of its economic model. Whereas the author examines the policies that were utilized in the past to virtually create immediate economic development at any price and were relatively prosperous. Therefore these policies have made necessary a number of costs which includes (pollution, broadening income unevenness, overcapacity in most of the industries, an ineffective financial method, increasing corporate deficit and multiple inequalities in the economy) and thus the old growth model is regarded by numerous economists as no longer sustainable. China has aimed to establish a new growth model (The new normal) that facilitates more sustainable and slightly expensive economic development that sets tremendous focus on the private creation and consumption as the new driver of Chinese economy. Therefore while executing a new growth model that maintains healthy economic growth can demonstrate as problematic unless China is capable to actually enforce new economic policies or reforms (Morrison, 2019).

In this article Madhia Afzal concentrates on the China Pakistan Economic Corridor (CPEC), the flagship project of China's Belt and Road Initiative (BRI) asserting that the Chinese and Pakistani administrations have governed aggressively the narrative on the project. Whereas according to the researcher perspective its description stays unclear, comprising the terms of loans and the altogether price of the project to Pakistan. Whereas the USA has condemned CPEC referring to what it considers as exploitative lending and unnecessary advantage for Chinese businesses and employees at Pakistan's expenditure. On the other hand according to Pakistan's perspective Afzal writes the project is satisfactorily noticed as the economic peg in a well established broader connection with China which enables increasing USA and India relations. Furthermore, Afzal asserts Pakistan should give an apparent image to its public regarding their partnership terms. While doing this it might pressurize both parties to develop terms for CPEC that are additionally advantageous to Pakistan (Afzal, 2020).

Many researchers have done work in analysing on China and the global economic order. Françoise Nicolas has also written an article in which he has outlined the fact that China is in the process of

not only reshaping the global economic order but along with that it is also redefining it through the establishment of new institutions such as the Asian Infrastructure Investment Bank (AIIB). Nicolas analysed the re-examination of China's recent initiatives through a longer-term perspective. It is concluded by the researcher that the main aim of China is not to revolutionise the global economic order, it is therefore to make it more efficient. As in case of China, the major issue is to increase resources which would allow it to chase its own development and therefore, prove itself a responsible contributor on the global economic scene. Lastly, it has been concluded that the recent tactics of China clearly reflect the aspiration that not to let the US solely control the global economy but also to take steps to establish the new system of international co-operation and governance (Nicolas, 2016).

The researcher is of viewpoint that China has introduced number of reforms in economic sector it gives first preference to the industries and those sections where less money could be invested and that would lead to rapid economic growth. this has contributes china to develop as a super power and compete with other countries. China economic reforms led them to become second super power after USA. China work as a socialist market economy which includes both state owned businesses and public ownership in the market economy. However, according to the Chinese government the economy plays a significant role in getting full socialism as their goal. Their policies and rules benefit them for example they transferred farming from public to private sector which caused increased in output and earning as well without any interference by the government. All thanks to the socialism with Chinese characteristics, china has achieved the fastest growing economic growth in the modern times. They are suppliers of major imports in all around the world. this increases their GDP and reduces poverty and benefit them in numerous ways. States men and many influential scholars all around the world all glorify the supremacy of chinas. Apart from this in economic sector they also appreciate the foreign funding which caused rise in output and exports and the expense of doing this was insignificant to the Chinese government. China followed its neighbours like hong kong and Taiwan and they increased the productivity in the market and thus they become the global force. Thus this caused rapid growth, income and foreign earnings as well (LI, 2008).

According to the lens of the researcher the role of China has been enhanced remarkably. As it is playing an important role in the overall world politics and economy. Adding to it, China is also increasing its trade influence all across the globe. The Chinese economy is creating its trade monopoly by lowering prices and through the use of dumping strategies in order to increase their own benefit and eradicate the competition in the market. Furthermore, the researcher explores the Chinese debt trap with the case study of SriLanka. China lends money to these developing countries on lower interest rates and when these nations don't have enough money then they demand it back. This happened in SriLanka, China gave them loans for infrastructure and development on lower interest rates. However, after some years China demanded back the money but SriLanka refused to pay as they do not had enough resources to return those payments. In return, China asked the control of what they have built and in this way SriLanka lost its piece of land to China (Sautman & Hairong, The Chinese Debt Trap and its SriLanka Example, 2019).

One of the most commonly cited works on this topic is the book "The End of the American Century" by David S. Mason. Mason argues that the rise of China as an economic power poses a significant threat to the dominance of the United States in the global economic order. He also suggests that the current economic system, which is heavily dominated by Western powers, is not sustainable in the long run and will eventually give way to a new system in which China plays a much larger role (Mason, 2018).

Another important work on this topic is "China's Great Wall of Debt" by Dinny McMahon. McMahon examines the risks and challenges associated with China's debt-fueled economic growth model, arguing that it is not sustainable in the long run and may ultimately lead to a financial crisis. He also suggests that China's rise as an economic power may be accompanied by a shift in global economic power away from the West and toward Asia (McMahon, 2018).

Other authors have focused on specific aspects of China's economic rise. For example, "China's Disruptors" by Edward Tse examines the role of Chinese entrepreneurs and technology companies in driving innovation and economic growth in China. Tse argues that these companies are reshaping global industries and may ultimately challenge the dominance of Western firms in key sectors (Tse, 2015).

In terms of the implications of China's rise for the global economic order, some authors have argued that China's increasing economic power is likely to lead to greater political influence on the global stage. For example, "The China Model" by Daniel A. Bell and Hahm Chaibong examines the political and economic system that has enabled China's rapid rise, suggesting that this model may offer an alternative to Western-style democracy and capitalism (Bell, D. 2016).

"China's Economic Rise: History, Trends, Challenges, and Implications for the United States" by Wayne M. Morrison (Congressional Research Service, 2018) - This report provides an overview of China's economic growth over the past few decades, as well as the challenges it faces going forward. It also examines the implications of China's rise for the United States and the global economy (Morrison, 2018).

"China's Economic Hegemony: A Soft Power Approach" by Xiaojun Li and Liming Wang (Journal of Contemporary China, 2018) - This article argues that China's economic hegemony is primarily based on its soft power, rather than its military or economic might. The authors analyze China's soft power strategies and the challenges it faces in maintaining its influence (Wang, 2018).

"China's Rise and the Future of the Global Economic Order" by Barry Eichengreen (Journal of Policy Modeling, 2017) - This article examines the implications of China's economic rise for the global economic order. The author argues that China's rise poses both opportunities and challenges for the existing economic order, and that policymakers should be prepared to adapt to these changes (Eichengreen, 2017).

"The Political Economy of China's Rise: Challenges and Opportunities" edited by Hugo Dobson and Richard Ned Lebow (Routledge, 2017) - This edited volume brings together a range of scholars to examine the political economy of China's rise. It covers topics such as China's economic growth model, its impact on global governance, and the challenges it faces in sustaining its growth.

"China's Economic Rise and Its Implications for the United States" by Robert D. Atkinson, Daniel Castro, and Stephen J. Ezell (Information Technology and Innovation Foundation, 2018) - This report examines the implications of China's economic rise for the United States, particularly in the areas of technology and innovation. The authors argue that the United States needs to adopt a more proactive approach to competing with China in these areas (Castro, 2018).

Overall, the literature on China's rising economic hegemony and its implications for the global economic order is wide-ranging and complex, with a range of arguments and perspectives. However, many authors agree that China's economic rise is likely to have significant and far-reaching consequences for the global economy, and that it is important to understand and prepare for these changes.

1.6 Theoretical Framework

Neo-realism, also known as structural realism, is a theoretical framework in international relations that emphasizes the role of the structure of the international system in shaping state behavior. According to neo-realists, the anarchic nature of the international system, where there is no overarching authority, leads states to act in their own self-interest to ensure their security and survival (Gill, 1991). China's rising economic hegemony can be analyzed through the lens of neo-realism, as it has implications for the balance of power in the international system and the behavior of states.

China's economic rise has been a significant factor in the changing balance of power in the international system. China has become the second-largest economy in the world, and its GDP growth rate has consistently outpaced that of other major economies. China has also become a major trading partner for many countries, and its Belt and Road Initiative (BRI) has expanded its economic influence in countries across Asia, Africa, and Europe. As China's economic power has grown, it has also sought to expand its military capabilities, modernize its armed forces, and assert itself as a major player in international affairs (Womack, 2016).

From a neo-realist perspective, China's economic rise is viewed as a threat to the existing balance of power in the international system. As China's economic power grows, it is likely to challenge the dominance of the United States and other major powers, leading to increased competition and potential conflict. Neo-realists argue that states are driven by the desire for power and security, and China's economic rise is seen as a threat to the existing balance of power (Yeng and Liu, 2008). One way in which China's economic rise has impacted the balance of power is through its impact on the global economy. China's growing economic power has led to increased trade and investment flows, and China has become a major player in global supply chains. This has given China significant economic leverage over other countries and has allowed it to expand its economic influence in key regions around the world. This economic power has also allowed China to pursue its strategic interests, such as expanding its military capabilities and asserting its territorial claims in the South China Sea (SCS).

Another way in which China's economic rise has impacted the balance of power is through its military modernization efforts. China has invested heavily in its military in recent years, developing advanced weapons systems and expanding its navy and air force. This has led to concerns among other countries in the region, particularly the United States, about China's intentions and its potential to challenge the existing balance of power (Yan, 2014).

From a neo-realist perspective, China's economic rise and its military modernization efforts are viewed as part of its strategy to enhance its power and security in the international system. China's economic power gives it the resources to pursue its strategic interests, and its military modernization efforts are seen as a way to project its power and deter potential rivals. This has led to increased competition and tension between China and other major powers, particularly the United States (Li, 2016).

However, neo-realists also recognize that the international system is not static, and that changes in the balance of power can lead to new patterns of behavior among states. As China's economic power has grown, it has also sought to become more involved in global governance, participating in international institutions such as the World Trade Organization (WTO) and the United Nations (UN). This has led some scholars to argue that China's rise could lead to a more cooperative and stable international system, as China becomes a more responsible and engaged global actor.

1.6.1 Evolution of Neo Realism

Neo-realism, also called structural realism, is a hypothesis of global relations that arose during the 1970s. It was created as a reaction to the restrictions of classical realism, which contends basically on the activities of states and their leaders. The work of the American political scientist Kenneth Waltz is where neo-realism got its start. In his book "Theory of International Politics" (1979), Waltz argued that the behaviour of states in the international system is intent by the structure of the system itself, rather than by the individual characteristics of the states or their leaders. Waltz says that the international system is anarchic, which means that there is no central authority that can control how states act. States must therefore rely on their own power and capabilities to ensure their survival and security. States are constantly engaged in a struggle for power and influence in this self-help system. The distribution of power in the international system is also emphasized in neo-realism. Waltz contended that bipolarity, in which two significant powers overwhelm the framework, is the most steady design for international relations. This is because it creates a clear balance of power between the two dominant states, which lowers the likelihood of conflict. The study of international relations, particularly in the United States, has been shaped by neo-realism. Additionally, it has been criticized for its relative neglect of non-state actors and issues like gender and identity, as well as its focus on the state as the primary actor in international relations (Setear, 2000).

Neo realism is a theory that proposes that the global system is inherently anarchic, as there is no main authority to impose rules or maintain order. In this context, states basically act to ensure their own security and survival, leading to a self-help system where power is the primary currency of international politics. In terms of global economic order, neo realism suggests that states will strive to maximize their wealth and influence by pursuing mercantilist policies that prioritize their own interests over those of other nations. This can lead to competition and conflict, as states seek to gain advantages over one another through measures such as protectionism, currency manipulation, and trade wars (Aslam, 2018).

Neo-realists argue that economic power is an important component of a state's overall power. States are seen as competing with each other for economic resources and markets, and economic interdependence is viewed as a source of vulnerability rather than a source of cooperation. Under a neo-realist perspective, the global economic order is characterized by a struggle for economic dominance between the major powers. The United States, China, and the European Union are seen as the main contenders for economic influence and control, with other states playing secondary roles. Neo-realists argue that economic power is closely linked to military power, and that states will use their economic resources to strengthen their military capabilities. This can lead to a cycle of arms races and military competition, as states seek to maintain their strategic advantage (Gilpin, R, 2001).

Overall, the neo-realist perspective on the global economic order emphasizes the importance of power and competition in shaping economic relations between states. It sees economic interdependence as a potential source of conflict, rather than as a force for cooperation and globalization. Neo realism provides a useful framework for understanding the dynamics of the global economy, highlighting the role of power and national interest in shaping economic policies and outcomes. However, it also has its limitations, as it tends to overlook non-state actors and other factors that can influence economic behavior and outcomes.

1.6.2 Neo realism and it's basic assumptions

Neorealism, also called structural realism, is a hypothesis of international relations that underscores the role of the international framework in profoundly shaping the way states behave. In a world marked by anarchy, or the absence of a global government, it posits that states are

rational actors seeking to maximize their power and security. According to neorealism, the distribution of power in the international system is the most important factor in state behavior because states will either form alliances or compete with rising powers to protect themselves. Additionally, it suggests that states' actions are restricted by the international system's structure rather than by the characteristics of individual leaders or domestic political systems (Stein, 2001).

The theory is based on several basic assumptions

Anarchy	Since there is no central authority to enforce regulations, the international system is anarchic. As a result, states are self-sufficient and must rely on their own resources to survive.
The primary players are states	According to neo-realism, states are the most significant players in the international system. States are logical actors who try to get as much power and safety as they can.
Power	Power is the main component in international relations. In order to maintain their security, states must constantly strive to increase their relative power.
Balance of power	A balance of power is necessary to maintain stability in the international system. States will form alliances and engage in balancing behavior to prevent any one state from becoming too powerful.

Security dilemma	The security dilemma is a fundamental problem in international relations. States must increase their military capabilities to ensure their own security, but this can be seen as a threat by other states, leading to a spiral of arms races and conflict.
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Table 1.1 Source: *Donnelly, Jack. Realism and International Relations. Themes in International Relations. Cambridge, UK: Cambridge University Press, 2000.*

Overall, neo-realism focuses on the importance of power and security in international relations, and sees the global system as a competitive arena in which states are constantly striving to increase their capabilities and protect their interests.

One example of neo realism theory being applied in real-world international politics is the United States' approach to China's growing economic power. From a neo-realist perspective, the rise of China threatens US hegemony and national security interests. As a result, the US has implemented policies to contain China's economic expansion, such as imposing tariffs and restrictions on Chinese imports and investments, and seeking to form alliances with other countries to counter China's influence. This is based on the belief that maintaining a balance of power is necessary to prevent a hegemon from dominating the international system. However, critics argue that this approach could lead to a damaging trade war and harm both economies (Kratochwil, 1993).

1.6.3 Realism and it’s basic assumptions

In the field of international relations theory, realism places an emphasis on states' persistent pursuit of power and security in an anarchic international system. Realists say that the international system is characterized by states constantly fighting for power and survival and lack of central authority.

The basic assumptions of realism include the following

<ul style="list-style-type: none"> • States are the primary actors in international relations: Realists view states as the most important actors in the international system, with other actors such as international organizations and non-state actors playing a secondary role.
<ul style="list-style-type: none"> • Power is the most important factor in international relations: Realists believe that power is the main determinant of state behavior, with military, economic, and diplomatic power being the key sources of influence and leverage.
<ul style="list-style-type: none"> • The international system is anarchic: Realists believe that states must rely on their own resources and capabilities to ensure their safety and survival because there is no global government or higher authority.
<ul style="list-style-type: none"> • States are rational actors: Realists make the assumption that states are rational actors who carefully and strategically pursue their interests in order to maximize their power and security in relation to other states.
<ul style="list-style-type: none"> • States exist in a state of constant competition and conflict with one another, as each seeks to secure its own interests and maximize its power and influence. Realists assume that conflict and competition are inherent in the international system, as states seek to protect their interests and advance their power at the expense of others.
<ul style="list-style-type: none"> • Military force is a critical component of state power, and states must be prepared to use it to protect their interests and deter potential threats.
<ul style="list-style-type: none"> • Global cooperation and institutions are important, but they are ultimately limited by the self-interested behavior of states and the anarchic nature of the international system.

Table 1.2 Source: *Jack Donnelly, "Realism and International Relations,"*

Realism has been the most important perspective in international relations theory since the 20th century, and has influenced the foreign policy of many states around the world. However, it has

also been criticized for its pessimistic view of international relations and its tendency to prioritize security over other important values such as rights of humans and protection of environment (Donnelly, 2000).

1.7 Realism in state policies after World War II

After World War II, there was a shift towards realism in state policies as countries sought to prioritize their own national interests and security. This was driven in part by the emergence of the Cold War, which created a global power struggle and heightened tensions between countries. Realism emphasized the importance of military strength and deterrence, with many countries investing heavily in defense and building up their armed forces. This was seen in the growth of NATO and other military alliances, as well as the development of nuclear weapons and other advanced military technologies. In addition to military concerns, realism also focused on economic and political stability. Countries sought to secure access to key resources and markets, and many pursued policies of economic protectionism to promote domestic industries and limit competition from foreign companies (Charles Roger, 2022). Therefore, realism in state policies after World War II reflected a growing recognition that international relations were shaped by power struggles and competition between nations, and that countries needed to prioritize their own interests and security to survive in this environment.

The period following World War II saw the growth of a new economic order based on the principles of realism. The laws of realism emphasized the importance of national interest, power, and security in shaping economic policy.

In this new economic order, states were seen as the primary actors in the global economy, and economic policy was seen as a tool for achieving national security objectives. Governments played an active role in regulating economic activity, protecting domestic industries, and promoting the growth of key sectors.

The Bretton Woods system, established in 1944, was a key component of this new economic order. It established a fixed exchange rate system that was designed to promote stability and prevent competitive devaluations. The system was also characterized by a high degree of cooperation between the major powers, particularly the United States and Western Europe. The laws of realism also emphasized the importance of economic integration and cooperation. This led to the establishment of regional economic blocs, such as the European Economic Community, which

was founded in 1957. These blocs were designed to promote free trade and economic cooperation among member states, while also providing a platform for political cooperation and integration. Overall, the laws of realism had a profound impact on the global economy in the years following World War II. They helped to shape a new economic order that was characterized by a greater role for governments, increased economic integration and cooperation, and a focus on national security and power.

1.8 Difference between Classical Realism and Neo Realism

Classical realism and neo realism are two different schools of thought in international relations theory. Classical realism emerged in the early 20th century and neo realism emerged in the 1970s.

The key differences between the two are as follows:

1. **Nature of International System:** Classical realism views the international system as anarchic, where the states are the primary actors and they pursue their interests. Neo realism, on the other hand, sees the international system as a structure of power that reflects the distribution of capabilities among states.
2. **Human Nature:** Classical realism assumes that human beings are inherently selfish and power-hungry, and will pursue their interests at the expense of others. Neo realism, however, does not make assumptions about human nature and instead focuses on the behavior of states.
3. **Importance of International Institutions:** Classical realism sees international institutions as weak and ineffective, and they can be easily manipulated by powerful states. Neo realism, on the other hand, acknowledges the importance of international institutions in regulating the behavior of states.
4. **Balance of Power:** Classical realism emphasizes the importance of balance of power as a means to maintain stability in the international system. Neo realism also stresses the importance of balance of power, but sees it as an automatic process that arises from the distribution of capabilities among states.
5. **Role of Morality:** Classical realism does not consider morality as a significant factor in international relations. Neo realism, however, acknowledges the role of morality in shaping the behavior of states, but argues that it is subordinate to the pursuit of national interests.

In summary, classical realism puts more focus on human nature, while neo-realism puts more focus on the structure of the global system. Additionally, classical realism views institutions as weak, while neo-realism recognizes their importance.

1.9 Offensive and Defensive realism

Offensive realism and defensive realism are two of the main theories in the field of international relations. The main difference between the two is their view on the nature of power and security.

Offensive realism is a theory that asserts that states are inherently aggressive and seek to escalate their power and security. In this view, states are constantly competing with each other for resources, territory, and influence. States are seen as rational actors who are constantly seeking to gain an advantage over their rivals. According to offensive realists, this competition leads to a type of constant insecurity and the chance of war (Ferdinand, 2016).

Defensive realism, on the other hand, asserts that states are mainly bothered with their own security and survival. In this view, states are seen as defensive actors who are seeking to protect themselves from external threats. Defensive realists believe that states are not inherently aggressive, but rather become aggressive when they perceive a threat to their security. In this view, the main goal of states is to maintain a balance of power in order to prevent any one state from becoming too dominant (Colin, 2004). Therefore, the main difference between offensive and defensive realism is their view on the nature of power and security. Offensive realism sees states as inherently aggressive and seeking to maximize their power, while defensive realism sees states as primarily concerned with their own security and survival.

China's foreign policy is often analyzed through the lens of these two theories. Offensive realism is a theory in international relations that suggests that states are always on the lookout for opportunities to increase their power and security. According to this theory, states will only be satisfied when they have achieved hegemony, or dominance, over other states. When applied to China, offensive realism suggests that China's ultimate goal is to become the dominant power in the international system (Huiyun, 2005).

China's actions in recent years seem to support this theory. China has been rapidly expanding its military capabilities, investing in advanced weapons systems, and expanding its territorial claims in the South China Sea. China has also been increasing its economic influence around the world, investing in infrastructure projects in developing countries and using its economic might to

influence global institutions like the World Bank (WB) and the IMF. China's leaders have made it clear that they see their country as a rising global power that deserves a greater role in shaping the rules of the international system (Colin, 2004). They have called for a more multipolar world, in which different nations have equal say in global decision-making. However, many observers see China's rise as a challenge to the current order, especially to the US, which has long been the dominant power in the international system. Henceforth, offensive realism suggests that China's actions are driven by a desire for power and security. China's leaders see their country as a rising global power that deserves a greater role in shaping the international system.

Defensive realism is a theory of international relations that suggests that states pursue military power primarily for defensive purposes, to protect themselves from potential threats from other states. This theory is particularly relevant to China as well, as it is a major global power with a large military and a history of territorial disputes with neighbouring countries.

China's rise as a global power has raised concerns among other states about its intentions and potential threats to regional security. China's military modernization, territorial claims in the South China Sea, and increased assertiveness in its foreign policy have all been viewed by some as evidence of a more aggressive posture. Defensive realism suggests that China may be pursuing military power primarily to deter potential threats and protect its interests. However, this theory also acknowledges that other states may perceive China's military buildup as a threat, leading to a security dilemma and potentially escalating tensions. Overall, defensive realism provides a structure for understanding China's military strategy and the potential suggestions for regional and global security (Peter, 2007).

China's foreign policy is often seen as a combination of both offensive and defensive realism. On the one hand, China is seeking to expand its influence and challenge the United States in the international system. On the other hand, China is also focused on maintaining regional stability and avoiding direct conflict with the United States. Overall, China's foreign policy is complex and multifaceted, and it cannot be easily explained by any one theory. However, the concepts of offensive and defensive realism provide useful frameworks for understanding some of the key drivers of Chinese foreign policy.

1.10 Neo Realism is interlinked with Chinese Economic principles

Chinese economic principles are based on the idea of a socialist market economy, which seeks to combine the strengths of both socialism and capitalism. China's economic model emphasizes state ownership of key industries and strategic resources, as well as the promotion of domestic consumption and innovation. The Chinese government also plays an active role in guiding and regulating the economy, using tools such as industrial policy, investment in infrastructure, and currency manipulation to achieve its economic objectives.

While the two concepts may seem unrelated at first glance, there are some potential connections between Neo Realism and Chinese economic principles. For example, some analysts have argued that China's economic rise is part of a broader strategy to increase its power and influence in the international system. Others have suggested that China's emphasis on state ownership and control in the economy reflects a desire to maintain control over strategic industries and resources that are important for national security and geopolitical influence. However, these are just speculations and there is no definitive answer to the question of how these two concepts are related (Womack, 2018).

Realism theory closely links with Chinese economic principles, especially those of mercantilism and state capitalism. Mercantilism is an economic principle that focuses on the significance of a state's power and wealth in global relations. It recommends that the state should maintain a positive balance of trade by exporting more than it imports, and it should accumulate gold and silver reserves to increase its power. This principle is evident in China's economic policies, where the state has focused on increasing exports, accumulating foreign reserves, and promoting domestic industries to reduce dependence on imports. State capitalism is another economic principle that links with realism. It suggests that the state should play an active role in the economy by owning and controlling strategic industries to ensure national security and economic growth (Morrison, 2018). This principle is prevalent in China's economic policies, where the state-owned enterprises dominate strategic sectors such as energy, telecommunications, and banking. In conclusion, realism and Chinese economic principles share common elements such as the importance of power, self-interest, and state control. Chinese economic policies reflect these principles, and they have been instrumental in China's economic rise and its position in international relations.

1.11 China's realistic Global economic order

China is currently one of the biggest economies in the world, and its economic policies play a significant role in shaping the global economic order. The country has been working towards creating a more realistic and inclusive global economic order, which would benefit all nations, especially developing countries.

China has been promoting the concept of a multipolar world order, where the world is not dominated by a single superpower but rather by multiple economic powers. This approach emphasizes the importance of equivalent participation of all countries in international economic decision-making processes. China has also been advocating for the reform of the existing international economic institutions, such as the World Trade Organization (WTO) and the International Monetary Fund (IMF), to better reflect the changing dynamics of the global economy. China has been pushing for more representation of developing countries in these institutions and greater focus on issues such as environmental protection and sustainable development (Yang Yao, 2006).

Furthermore, China has been promoting the idea of a community with a shared future for mankind, which emphasizes the need for global cooperation and mutual benefit. This approach recognizes that countries have different economic systems and development paths and encourages cooperation based on mutual respect and benefit. In summary, China's realistic global economic order emphasizes the need for a more inclusive and multipolar world order, reform of international economic institutions, and global cooperation based on mutual respect and benefit (Wang, 2020). Realists would argue that China's rise is driven by its economic growth and expansion, which has allowed it to increase its military capabilities and expand its global influence. This has led to tensions with the US and other countries in the Asia-Pacific region, as China seeks to assert its power and influence in the region. Realists would also argue that the US and other countries will respond to China's rise by seeking to maintain their own power and influence. This could lead to increased competition and conflict, as states seek to protect their own interests and prevent others from gaining too much power (Jin, 2021). Overall, realists would view the rise of China as a significant challenge to the existing global power structure, which could lead to increased competition and conflict in the future.

The Chinese mode of economic interaction is often characterized as pragmatic and focused on achieving practical results. It is based on the principles of Confucianism, which emphasize

harmony, hierarchy, and reciprocity. In this mode of interaction, relationships and trust are crucial, and economic activities are often conducted through personal connections and networks. The Chinese mode of economic interaction is also known for its emphasis on long-term planning and stability. This is reflected in the Chinese government's policies, which prioritize economic growth and development, while also maintaining social and political stability (Yang, 2020). Overall, the Chinese mode of economic interaction can be seen as a realist approach, in that it is focused on achieving practical outcomes and maintaining stability, rather than pursuing idealistic goals or principles.

1.12 Role of Realism in USA and China

Realism has played a significant role in the relations between the United States and China, as both countries seek to assert their power and influence in the Asia-Pacific region and beyond. Realism emphasizes the role of power and security in shaping the behavior of states, and views states as the primary actors in the international system. Realism also emphasizes the importance of relative power, as states seek to maintain their position in the international system and avoid being dominated by others (Morrison, 2018). In the case of the United States and China, realism has influenced their behavior in several ways. First, realism has encouraged both countries to compete for power and influence in the Asia-Pacific region. The United States has been a dominant power in the region since the end of World War II, but China has emerged as a major economic and military power in recent decades. Realists argue that this competition is inevitable, as both countries seek to maintain their relative power and influence in the region. Second, realism has encouraged both countries to pursue a range of economic and military strategies to advance their interests. For example, the United States has pursued a strategy of containment towards China, seeking to limit its economic and military power in the region. This has involved building alliances with other countries in the region, increasing military presence in the Asia-Pacific, and imposing tariffs on Chinese goods. China, in turn, has pursued a strategy of economic and military expansion, seeking to build a network of allies and partners, and investing in new technologies and military capabilities (Allison, 2017).

Third, realism has influenced the development of international institutions and norms in the Asia-Pacific region. Realists view international institutions as tools of power politics, and may be skeptical of the benefits of global governance in the economic and security spheres. This has led

to a proliferation of competing institutions in the region, such as the China-led Asian Infrastructure Investment Bank and the United States-led Trans-Pacific Partnership. Fourth, realism has influenced the role of non-state actors in the relations between the United States and China. Realists view multinational corporations as powerful economic actors, and may view their behavior as a tool of foreign policy (Walt, 2019). Multinational corporations may seek to maximize profits and access to markets, but their behavior can also have significant geopolitical consequences. For example, the United States has accused China of using state-backed companies to steal intellectual property and gain an advantage in strategic industries. In conclusion, realism has played a significant role in the relations between the United States and China, as both countries seek to assert their power and influence in the Asia-Pacific region and beyond. Realism has encouraged competition for power and influence, the pursuit of economic and military strategies, and the development of international institutions and norms (Mearsheimer, 2014). Realism has also influenced the role of non-state actors in the relations between the two countries. However, realism has its limitations in understanding the complex dynamics of the relations between the United States and China, and may overlook the potential benefits of cooperation and interdependence between the two countries.

CHAPTER II

EVOLUTION OF GLOBAL ECONOMIC ORDER IN THE NEO-REALISTIC POLITICAL WORLD ORDER

2.1 Introduction

The global economic order is a complex system that encompasses the rules, institutions, and practices that govern economic interactions between countries. The emergence of neo-realism as a dominant school of thought in international relations has had a significant impact on the global economic order. This chapter will examine the global economic order under neo-realism and its implications for international trade, investment, and development. The world today is characterised by an ever-changing political landscape, with nations jostling for power and influence. The recent emergence of China as a global superpower, the growing influence of Russia, and the continued dominance of the United States have set the stage for a new era of geopolitical competition (Walt, 2019). At the heart of this competition is the struggle for economic supremacy, with countries vying for access to resources, markets, and strategic positions. The concept of geo-economics, or the use of economic tools to achieve geopolitical goals, has become an increasingly important aspect of global politics.

This chapter will examine the involvement of geo-economic order in the neo-realistic political world order. To understand the involvement of geo-economic order in the neo-realistic political world order, it is essential to first define the concept of neo-realism in international relations. Neo-realism, also known as structural realism, is a school of thought in international relations that emphasizes the role of power and the balance of power in shaping international relations. According to neo-realists, states are the primary actors in international relations, and the pursuit of power is their primary goal. States are seen as rational actors who seek to maximize their power and security in a world of anarchy, where there is no overarching authority to regulate their behavior. Neo-realists believe that the international system is characterized by a balance of power, where states seek to maintain a balance of power to prevent any one state from becoming too dominant. This balance of power is achieved through the use of military force, alliances, and diplomacy (Christensen, 2011). States engage in a constant struggle for power, and the international system is characterized by a state of perpetual competition.

Geo-economics is a concept that has emerged in recent years to describe the use of economic tools to achieve geopolitical goals. The term was first coined by Edward Luttwak in his 1990 book, *The Endangered American Dream: How to Stop the United States from Becoming a Third World Country*. Luttwak argued that economic competition between nations was increasingly becoming the primary source of geopolitical conflict, and that countries were using economic tools to gain advantage over their rivals (Luttwak, 1990). Geo-economics encompasses a wide range of economic tools and strategies, including trade policies, investment policies, energy policies, and financial policies. Countries use these tools to gain access to resources, markets, and strategic positions, and to undermine the economic power of their rivals. Geo-economics is seen as a complement to traditional military and diplomatic strategies, and is increasingly being used by countries to achieve their geopolitical goals. The involvement of geo-economic order in the neo-realistic political world order is complex and multifaceted. On the one hand, geo-economics can be seen as a natural extension of neo-realism, as countries use economic tools to achieve their geopolitical goals. On the other hand, the rise of geo-economics has challenged some of the traditional assumptions of neo-realism, as economic competition has become a primary source of geopolitical conflict. One of the ways in which geo-economics is involved in the neo-realistic political world order is through the use of economic sanctions (Shirk, 2013). Economic sanctions are a common tool used by countries to achieve their geopolitical goals, and are often used in conjunction with military and diplomatic strategies. Sanctions can be used to punish countries that engage in behavior that is deemed unacceptable, such as supporting terrorism, violating human rights, or developing nuclear weapons. They can also be used to put pressure on countries to change their behavior or to achieve political objectives. Economic sanctions can have a significant impact on a country's economy, and can be used to weaken the economic power of a rival. One of the ways in which neo-realism has influenced the global economic order is through its emphasis on international trade (Yang, 2020). Neo-realists view international trade as a means of gaining economic power and influence, and as a way of achieving geopolitical goals. They argue that countries engage in international trade to gain access to resources, markets, and strategic positions, and to undermine the economic power of their rivals. This has led to a proliferation of trade agreements and regional economic blocs, as countries seek to secure their economic interests and gain a competitive advantage. Another way in which neo-realism has influenced the global economic order is through its emphasis on foreign investment. Neo-realists view foreign

investment as a means of gaining access to strategic resources, markets, and technology, and as a way of exerting economic influence over other countries (Huang, 2020). They argue that foreign investment can be used to weaken the economic power of rival countries, and to gain a foothold in strategic industries and sectors. This has led to a proliferation of foreign direct investment (FDI), as countries seek to attract foreign capital and technology.

2.1.1 Global economic order

The global economic order refers to the system of international economic relations and institutions that govern the flow of goods, services, and capital across borders. It includes policies and agreements that shape trade, investment, finance, and development. The global economic order is influenced by various factors, including political, social, and economic conditions, and it has evolved over time as a result of changes in technology, geopolitics, and economic power. It is often shaped by the actions of governments, multinational corporations, and international organizations such as the World Trade Organization, International Monetary Fund, and World Bank (Louka, 2020).

The current global economic order refers to the system of economic relations and institutions that govern international trade, finance, and investment. It is characterized by the dominance of neoliberal economic policies, free trade agreements, and the increasing power of transnational corporations. **The order is largely influenced by institutions such as the International Monetary Fund (IMF), World Bank, and World Trade Organization (WTO)**, which promote a pro-market, pro-business agenda. However, there are critiques of this order, which argue that it perpetuates inequality, environmental degradation, and social injustice, particularly in developing countries (Wolff, 2021).

2.1.2 Neo Realism theory by Kenneth Waltz

Kenneth Waltz was a prominent international relations scholar who developed the theory of neo-realism, also known as structural realism. Neo-realism is an extension of classical realism, which emphasizes the role of states in international relations and the pursuit of power as a primary motivation for their behaviour. Neo-realism argues that the international system is anarchic, meaning that there is no central authority to regulate states behaviour. Therefore, states must rely on their own power and capabilities to ensure their survival and security. According to Waltz, the

distribution of power among states is the most significant factor that shapes their behaviour (Waltz, 1990).

Neo-realism also suggests that the behavior of states is not determined solely by their leaders preferences, but is largely influenced by the structure of the international system. States are seen as rational actors who seek to maximize their power and security in a competitive environment. Waltz's neo-realism theory has been influential in shaping the study of international relations and has been used to analyze various issues such as arms races, alliances, and conflicts between states (Waltz, 1990). According to neo-realists, this leads to a focus on power and security, as states seek to maximize their relative power and deter potential threats. Neo-realism also emphasizes the distribution of power among states, with a focus on the balance of power and the potential for hegemony. Neo-realist theorists view the global economic order as a zero-sum game, in which each state competes for its own economic advantage.

Neo-realists argue that there is a perpetual state of insecurity in the international system, where the actions of one state to enhance its security can lead to increased insecurity for other states. This results in a security dilemma, where states are motivated to pursue defensive or offensive actions to ensure their security. However the Balance of Power In a neo-realist framework, the balance of power is considered a key factor in the maintenance of stability and peace in the international system. States will seek to balance against any state that becomes too powerful, and alliances and partnerships are often formed to achieve this balance. Whereas the real politics in Neo-realism also emphasizes the importance of realism in political decision-making. This means that states will often prioritize their national interests over moral or ethical concerns, and will use whatever means necessary to achieve their goals (TELHAMI, 2010).

According to neo-realism, the global economic order is fundamentally shaped by power dynamics. Powerful states are able to leverage their economic influence to assert their interests and shape the rules of the international economic system. Weaker or less developed states are often marginalized or exploited in the pursuit of these interests. Neo-realists argue that economic cooperation and interdependence can mitigate some of these tensions, but they do not necessarily lead to a more equal distribution of power in the global economy. Instead, they view the global economy as a battleground where states compete for resources and seek to protect their own interests. As such, neo-realists tend to be skeptical of efforts to promote global economic integration or to create a

more equitable economic system without addressing underlying power asymmetries (STILO, 2018).

2.1.3 Neo realism and the Global Economic Order

Neo-realism, also known as structural realism, is a theory of international relations that emphasizes the importance of the international system's structure in shaping state behavior. In terms of the global economic order, neo-realism argues that it is primarily determined by the distribution of power among states. According to neo-realism, the global economic order is characterized by competition among states for power and resources. This competition is driven by the anarchic nature of the international system, where there is no central authority to enforce rules and agreements. (Michael J. Mazarr, 2016)

In this context, states seek to maximize their economic power and influence by engaging in trade and investment, pursuing economic alliances, and using economic sanctions and other measures to exert pressure on other states. Neo-realists argue that the global economic order is inherently unstable and prone to conflicts and crises, as states jockey for position and seek to protect their economic interests. They also argue that the global economic order is unlikely to be transformed by international institutions or cooperation, as these are limited by the power and interests of individual states (Pashakhanlou, 2009).

Neo-realism sees the global economic order as a reflection of the distribution of power among states, with competition and conflict as the dominant features.

China is often seen as a potential hegemon due to its rapid economic growth and increasing global influence. Many realist scholars argue that China's rise poses a threat to the existing international order, which has been dominated by the United States since the end of World War II. They argue that China's growing power could lead to a shift in the balance of power, which could have significant implications for global security and stability.

Realists also argue that the United States is unlikely to accept China's rise peacefully and may seek to contain China's power through various means, such as military alliances and economic sanctions. They argue that this could lead to a new Cold War between the United States and China, which could have significant implications for the rest of the world.

In conclusion, the realist approach emphasizes the importance of power and national interest in international relations. China's rise as a potential hegemon is a major concern for realist scholars,

who argue that it could lead to a significant shift in the global balance of power and have significant implications for global security and stability.

2.2 Neo-Realism and the role of multinational corporations in shaping the global economic Order

From a neo-realist perspective, multinational corporations are seen as important actors in the global economy, but ultimately subordinate to the interests of states. These corporations may have significant economic power and influence, but they are ultimately subject to the overarching geopolitical forces that shape the international system. As such, neo-realists tend to be skeptical of efforts to rely solely on market mechanisms or corporate responsibility initiatives to address global economic challenges, and instead emphasize the need for strong state action and effective governance structures to manage these complex issues (STILO, 2018).

When it comes to multinational corporations (MNCs), neo-realism sees them as actors that operate within the international system but are not part of it. MNCs are viewed as entities that pursue profit and market share, rather than security or power. They are seen as powerful economic actors that can influence the behavior of states, but they are not seen as having a direct impact on the distribution of power in the international system. Neo-realism acknowledges that MNCs can shape the global economic order through their economic power and influence. However, it sees their role as secondary to the role of states, which are the primary actors in the international system.

In summary, neo-realism views multinational corporations as important economic actors in the international system, but it sees their role as secondary to the role of states in shaping the global economic order.

2.3 Global Economic Order and how Neo-Realistic political order impacts its directions

Neo-Realism is a school of thought in international relations that emphasizes the role of power and the pursuit of national interests in shaping the behavior of states. According to Neo-Realists, states are the primary actors in international relations, and their pursuit of power and security drives their behavior. This view has significant implications for the global economic order. Neo-Realism suggests that states will prioritize their national interests over international cooperation and multilateralism. This means that countries will pursue economic policies that benefit themselves,

even if it comes at the expense of other countries. For example, a country may impose tariffs or trade barriers to protect its domestic industries, even if it harms its trading partners (Şerif DİLEK, 2022).

Neo-Realism also suggests that countries will engage in power politics to secure their economic interests. This means that countries may use their military or political leverage to gain economic advantages, such as access to resources or markets. This can lead to conflicts and tensions between countries, which can disrupt the global economic order (Wang, 2020).

In the context of the global economic order, neorealism suggests that states will pursue policies that advance their economic interests and enhance their power and influence in the global economy. This could manifest in various ways, such as **protectionist trade policies**, strategic investment in key industries, or the formation of economic alliances with other states. Neorealism provides a framework for understanding how states will behave in the global economic order and offers insights into the drivers of state behavior in this context.

Protectionist trade policies are measures implemented by governments to restrict or limit imports in order to protect domestic industries and jobs from foreign competition. Some commonly used protectionist trade policies:

Protectionist Trade Policies

1. Tariffs:	This involves imposing taxes on imported goods, making them more expensive for consumers and giving domestic producers an advantage.
2. Quotas:	This involves restricting the amount of a certain product that can be imported into a country, shielding domestic producers from foreign competition.
3. Subsidies:	This involves providing financial support to domestic producers, making their products

	more competitive and reducing the need for imports.
4. Embargoes:	This involves banning imports or exports between countries, usually for political reasons.
5. Regulations:	This involves imposing technical or safety standards on foreign goods, making it harder for them to be sold in a country and giving domestic producers an advantage.
6. Currency manipulation:	This involves artificially devaluing a country's currency to make exports cheaper and imports more expensive.

Table 2.1 Source: *Grosse, R., Gamso, J. & Nelson, R.C. China's Rise, World Order, and the Implications for International Business.*

Protectionist trade policies are often viewed through the lens of Neo Realism, which emphasizes the role of power dynamics between states in shaping international relations. From this perspective, protectionist policies can be seen as an attempt by a state to bolster its own economic strength and limit the power of other states (WALTERS, 2022).

However, it's worth noting that the global economic order is complex and multifaceted, and there are a variety of factors that can influence the effectiveness of protectionist policies. In some cases, protectionism may lead to short-term gains for a particular state, but it can also create long-term economic costs and reduce the overall stability of the global economic system. These policies are used by governments to protect domestic industries, create jobs, and reduce dependence on foreign goods (Jin, 2021). However, they can also lead to higher prices for consumers, reduced competition, and retaliation from other countries, leading to a trade war.

Neo-Realistic political order can impact the direction of the global economic order by prioritizing national interests over international cooperation, engaging in power politics, and creating tensions

and conflicts between countries. However, it is important to note that other factors, such as globalization and technological advancements, also play significant roles in shaping the global economic order (Wei, 2018).

Ultimately, the relationship between protectionist policies, Neo Realism, and the global economic order is a nuanced one, and there are many different perspectives and debates surrounding these issues. The relationship between protectionist trade policies and the global economic order is complex and multifaceted, and depends on a variety of factors such as political ideology, economic conditions, and the specific goals and objectives of different countries and regions (Allison, 2018). These protectionist policies have been used by governments around the world throughout history, and they continue to be a subject of controversy and debate among economists and policymakers alike.

2.3.1 Global Economic Order and how Neo-Realistic political order impacts its executional patterns

The impact of neo-realistic political order on the executional patterns of the global economic order can be seen in several ways. First, neo-realists argue that states will pursue their economic interests only to the extent that it serves their security interests. This means that states may prioritize national security over economic gains, even if it means sacrificing economic growth or cooperation with other states (Michael J. Mazarr, 2016).

Second, neo-realists argue that states will use economic instruments, such as trade barriers or sanctions, as tools of foreign policy to achieve their security objectives. This can lead to a fragmentation of the global economic order, as states pursue their own interests at the expense of others.

Finally, neo-realists argue that states will seek to establish hegemonic positions in the global economic order in order to maximize their power and security. This can lead to competition between states for economic dominance, and can result in the creation of economic blocs or alliances.

Neo-realistic states may engage in power politics in international economic organizations such as the World Trade Organization or the International Monetary Fund, seeking to maximize their own influence and control over these institutions. This can lead to conflicts and disagreements with other member states, and hinder progress towards global economic cooperation and integration.

In sum, the neo-realist political order has a significant impact on the executional patterns of the global economic order, as it emphasizes the role of power and security in shaping state behavior. As such, it can lead to a fragmentation of the global economic order, as states prioritize their own interests over cooperation with others (Louka, 2020).

2.3.2 Role of International Monetary Fund (IMF) in the global economic order and its relationship with neo-realism

The International Monetary Fund (IMF) is an international organization that was established in 1944 to promote international monetary cooperation, facilitate international trade, and promote economic growth and stability. The IMF plays a crucial role in the global economic order by providing financial assistance to member countries experiencing economic difficulties, promoting sound economic policies, and providing economic data and analysis to member countries (International Monetary Fund, 2022).

From a neo-realist perspective, the IMF can be seen as a tool of powerful states to maintain their dominance in the global economic system. Neo-realists argue that states are the primary actors in the international system and act in their own self-interest. Therefore, powerful states use international institutions like the IMF to promote their interests and maintain their hegemonic status (Kunkel, 1998).

Critics of the IMF argue that its policies often benefit wealthy countries and multinational corporations at the expense of developing countries. They argue that the IMF's structural adjustment programs often lead to austerity measures, privatization, and deregulation that harm the poor and working classes in developing countries. In conclusion, the IMF plays a significant role in the global economic order and is viewed differently from different perspectives. While some see it as a tool to maintain the hegemonic status of powerful states, others criticize its policies for harming developing countries.

2.3.3 Role of the World Trade Organization (WTO) in the global economic order and its relationship with neo-realism

The WTO is an intergovernmental organization that regulates international trade and economic relations between countries. Its main role is to ensure that trade flows as smoothly, predictably, and freely as possible.

In the global economic order, the WTO plays a key role in promoting economic growth, reducing poverty, and creating jobs by facilitating trade and enforcing trade rules. It also provides a platform for negotiations, dispute settlement, and monitoring of trade policies (World Trade Organisation, 1995).

From a neo-realist perspective, the WTO can be seen as a mechanism that helps to maintain the balance of power between nations. According to neo-realism, states operate in an anarchic system where there is no central authority to enforce rules and maintain order. Therefore, states are constantly competing for power and security. The WTO helps to regulate this competition by providing a set of rules that all countries must follow, regardless of their size or power.

However, some scholars argue that the WTO's rules and regulations can favor developed countries over developing ones, and that it may not be an effective mechanism for addressing trade imbalances and inequality. Additionally, some critics argue that the WTO's power is limited by the fact that it can only enforce rules that are agreed upon by its member states.

In conclusion, the role of the WTO in the global economic order is to facilitate trade, reduce poverty, and create jobs. From a neo-realist perspective, it can be seen as a mechanism that helps to regulate the balance of power between nations. However, there are also criticisms of the WTO's effectiveness in addressing trade imbalances and inequality.

2.3.4 Role of the World Bank in the global economic order and its relationship with neo-realism

The World Bank is an international financial institution that provides loans, grants, and technical assistance to developing countries for their economic development. Its role in the global economic order is crucial as it plays a significant part in shaping the economic policies of developing countries (World Bank, 1944). Neo-realism is a theoretical perspective that focuses on the distribution of power among states in the international system. According to neo-realism, states are the primary actors in the international system, and their behavior is shaped by their relative power position. In this context, the World Bank's relationship with neo-realism is complex.

On the one hand, the World Bank's activities can be seen as a manifestation of neo-realism. The organization's lending practices and policy advice often reflect the interests of powerful states, which can be seen as an exercise of power in the international system. The Bank's focus on

promoting economic growth and development can also be seen as an effort to increase the relative power of developing countries.

On the other hand, the World Bank's activities can also be seen as challenging neo-realism. The Bank's emphasis on poverty reduction and sustainable development reflects a concern for the well-being of individuals and communities rather than the relative power of states. Moreover, the Bank's promotion of international cooperation and collaboration can be seen as an effort to reduce conflict and promote peace, which is inconsistent with the neo-realist emphasis on power politics (Louka, 2020).

In conclusion, the World Bank's relationship with neo-realism is complex and multifaceted. While the organization's activities can be seen as both reflecting and challenging neo-realism, its overall role in the global economic order remains crucial. The Bank's efforts to promote economic growth, poverty reduction, and sustainable development are essential for the well-being of individuals and communities around the world.

2.4 Contemporary debate on liberal order while considering China and USA

The debate on the liberal order while considering China and the USA is likely to continue, as the balance of power between the two countries evolves and new global challenges emerge. The future of the liberal order will depend on the ability of the US and its allies to adapt to changing global circumstances and to address the legitimate concerns of rising powers like China (Mikkel Kusk Jensen, 2020).

The liberal order is a set of norms, rules, and institutions that promote cooperation, peace, and prosperity among nations. It is based on the principles of democracy, human rights, free trade, and international law. However, in recent years, the liberal order has faced significant challenges and criticism from different perspectives.

Others argue that the liberal order is itself responsible for many of the world's problems. They criticize the promotion of free trade and globalization, which they argue have led to job losses, inequality, and environmental degradation. They also question the legitimacy of international institutions that are dominated by wealthy countries and do not represent the interests of the global South.

The contemporary debate on liberal order while considering China and the USA revolves around the question of whether the current liberal international order, established and maintained by the

United States, is sustainable and effective in the face of China's rising power and increasing global influence.

On the one hand, proponents of the liberal order argue that it has been the cornerstone of global stability and prosperity since the end of World War II. The order, which is based on the principles of democracy, human rights, free trade, and multilateralism, has facilitated the integration of countries into the global economy, reduced the likelihood of wars between major powers, and promoted the spread of liberal values worldwide. They believe that the US must continue to support and defend this order to safeguard its own interests and those of its allies (Şerif DİLEK, 2022).

On the other hand, critics of the liberal order argue that it has failed to deliver on its promises, particularly for developing countries. They assert that the order has perpetuated global inequality, undermined national sovereignty, and contributed to the rise of authoritarianism and populism. Furthermore, they argue that China's growing economic and military power, coupled with its rejection of certain liberal values, poses a threat to the sustainability of the liberal order (Nicolas, 2016).

In recent years, China has increasingly challenged the US-led liberal international order by promoting its own vision of a world order based on state sovereignty, non-interference, and economic nationalism. China has also sought to establish alternative international institutions, such as the Asian Infrastructure Investment Bank and the Belt and Road Initiative, which compete with existing Western-led institutions (Nicolas, 2016).

Still, others argue that the liberal order needs to be reformed and updated to address new challenges such as climate change, cybersecurity, and the rise of China. They believe that the liberal order should be more inclusive and responsive to the needs of all nations and peoples.

Overall, the contemporary debate on liberal order reflects a deepening divide over the future of global governance and the role of international institutions in addressing global challenges.

The debate on the liberal order while considering China and the USA is likely to continue, as the balance of power between the two countries evolves and new global challenges emerge. The future of the liberal order will depend on the ability of the US and its allies to adapt to changing global circumstances and to address the legitimate concerns of rising powers like China.

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The future of liberal order is uncertain, with many challenges and changes that could potentially destabilize the existing system. On the other hand, critics of the liberal order argue that it has failed to deliver on its promises, particularly for developing countries. They assert that the order has perpetuated global inequality, undermined national sovereignty, and contributed to the rise of authoritarianism and populism. Furthermore, they argue that China's growing economic and military power, coupled with its rejection of certain liberal values, poses a threat to the sustainability of the liberal order (Mikkel Kusk Jensen, 2020).

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Still, others argue that the liberal order needs to be reformed and updated to address new challenges such as climate change, cybersecurity, and the rise of China. They believe that the liberal order should be more inclusive and responsive to the needs of all nations and peoples.

Overall, the contemporary debate on liberal order reflects a deepening divide over the future of global governance and the role of international institutions in addressing global challenges. Ultimately, the future of the liberal order will depend on the ability of its supporters to defend its values and institutions, while also adapting to changing global realities. It will also require the cooperation and engagement of all nations, regardless of their political systems or ideologies.

2.5 Divide over the future of global governance and the role of international institutions

The future of global governance and the role of international institutions is a highly debated topic among policymakers, academics, and experts. Some argue that international institutions play a vital role in promoting cooperation and resolving conflicts between nations. Others believe that these institutions have become outdated and ineffective in today's rapidly changing world. One of the main points of contention is the balance of power between nations and international institutions. Some argue that international institutions should have more power and authority to enforce international laws and regulations. Others believe that this would undermine the sovereignty of nation-states and lead to a concentration of power in the hands of a few (Jabeen, 2003).

The future of global governance and the role of international institutions is a complex topic with many different perspectives. Some believe that international institutions, such as the United Nations, the World Trade Organization, and the International Monetary Fund, are crucial for maintaining peace and prosperity in the world. Others argue that these institutions are outdated or corrupt, and that new approaches to global governance are needed.

One important factor in the debate over the future of global governance is the rise of nationalism and populism in many parts of the world. Some see this trend as a threat to international cooperation and the role of institutions like the UN. Others see it as a necessary corrective to the excesses of globalization and the erosion of national sovereignty.

Another key debate centers around the distribution of power within international institutions. Many argue that these institutions are dominated by the wealthiest and most powerful nations, and that they need to be reformed to better represent the interests of smaller and less developed countries. Others argue that the current system is working as intended, and that efforts to change it would undermine its effectiveness (Charles Roger, 2022).

Another issue is the effectiveness of international institutions in addressing global challenges such as climate change, terrorism, and economic inequality. Some argue that these institutions have failed to deliver meaningful solutions and that a new approach is needed. Others believe that these challenges require a coordinated global effort and that international institutions are the only way to achieve this.

Overall, the future of global governance and the role of international institutions is likely to continue to be a contentious issue in the years to come. However, there are many promising ideas and initiatives being proposed, and with the right leadership and cooperation, it is possible to build a more just and equitable world order. Furthermore the role of international institutions is complex and multifaceted. It will continue to be a topic of discussion as the world faces new challenges and opportunities in the years ahead.

CHAPTER III

HISTORICAL BACKGROUND OF CHINESE ECONOMIC POLICIES (1949-2013)

3.1 Introduction

The changing politico-economic world order has shaped Chinese policies since its inception. To understand how this is the case, one must look at the economic reforms implemented in China

during the 1980s, and how they affected the country both domestically and internationally. Starting in the 1980s, China made great leaps in economic liberalization, enacting various sweeping economic and structural reforms. These reforms included the introduction of free-market principles and the gradual opening of the country to foreign trade, both of which were intended to bring China into the global economy. Domestically, these reforms allowed China to rapidly expand its domestic production capabilities, leading to its emergence as the world's second-largest economy (Aslam, 2018). They also transformed China's political structure, giving rise to its increasingly authoritarian political system, which has been defined by a prioritization of economic development over other aspects of governance. Internationally, China took advantage of its position as an emerging great power to make substantial progress in its foreign policy objectives, such as joining the WTO (World trade organisation) in 2001 and the establishment of the BRI in the 2013. The Chinese government has also sought to use its enhanced geopolitical status to solidify its control over the domestic market and exert political influence abroad. In addition, the Chinese economy has increasingly intertwined with the global one, making it a major driver of the global economy (Chen. W, 2013). Since its inception, the changing politico-economic world order has had a major impact on Chinese policies. China has responded to the changing global landscape by focusing on economic growth and development, promoting increased integration with the global economy, and strengthening its presence in global institutions and organizations. In addition, China has emphasized the importance of multilateralism and the central role of the United Nations in addressing global issues. As China's economy has grown and its international influence has increased, the country has taken a more active role in regional and international affairs, engaging in activities such as hosting the G20 Summit and participating in international organizations such as the World Trade Organization (Wolf, 2021). The Chinese government has used a range of policies to drive economic growth and promote its interests on the global stage. Some of these policy measures include attracting foreign investment, promoting exports, and investing in infrastructure.

3.2 History of China since Inception

In the early years after the development of the People's Republic of China (PRC) I 1949. China's focus was on internal consolidation & economic reconstruction. The country's centralized planning system, known as socialism with Chinese characteristics, was implemented to promote social and

economic development. Following the end of cold war in the early 1990s, China embarked on a path of economic liberalization under the policies of Deng Xiaoping's market-oriented reforms. By opening the country to global trade and investment, China became an important player in the global economy.

The early stage of Deng Xiaoping's reform period when the Chinese government sought to develop its domestic industry by engaging foreign investment and talent. Managerial tools such as the Gini Coefficient or the Human Development Index was used to measure the outcomes of the reform period. It then explores the era of China's emergence as a world manufacturing powerhouse, beginning in the late 1990s, as characterized by an influx of international capital and the emergence of "godfather" firms, such as Foxconn, that consolidated control as foreign investment thrived (Hirst, 2015).

China's policy recommendations have changed according to the changing politico-economic world order. For example, during the Cold War, China followed a pro-Soviet policy, while in more recent times, China has advocated for a more independent foreign policy. China has gone through since its demise as a centralized feudal society. The impact of the Communist Revolution of 1949, which established China and the all-encompassing government it created, followed by the establishment of the Open Door Policy in 1978, which sought to welcome foreign investments and capitalize on China's vast market potential. Chinese economy has slowly become more integrated with the global market place, and its dependence on other powers has increase (Chou, 2018).

Chinese Economic policies since inception till 1990's

1. Land Reform:	The Chinese Communist Party (CCP) initiated land reform policies to distribute land to the landless peasants and reduce the power of the landlords.
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2. Collectivization:	The CCP introduced collectivization policies in the 1950s, aiming to organize rural communities into cooperative farms.
3. Five-Year Plans:	The CCP implemented Five-Year Plans to accelerate industrialization and modernization in the country. The first Five-Year Plan was launched in 1953.
4. Great Leap Forward:	Mao Zedong launched the Great Leap Forward in 1958, aiming to transform China into an industrialized nation in a short period. However, the policies failed, leading to widespread famine and economic crisis.
5. Cultural Revolution:	Mao initiated the Cultural Revolution in 1966, aiming to purify the Chinese society and eliminate the remnants of capitalism and feudalism. The policies led to widespread violence and social upheaval.
6. One-Child Policy:	In 1979, the CCP introduced the one-child policy to control the population growth rate in the country.
7. Open Door Policy:	Deng Xiaoping introduced the Open Door Policy in 1978, aiming to open up the Chinese economy to foreign investment and trade.
8. Decentralization:	From the late 1970s, the CCP implemented policies to decentralize the economy and give more power to local governments.

<p>9. Economic Reforms:</p>	<p>In the 1980s and 1990s, the CCP implemented market-oriented economic reforms, leading to rapid economic growth and modernization in the country.</p>
<p>10. Social Welfare Policies:</p>	<p>The CCP introduced social welfare policies, including healthcare and education reforms, to improve the living standards of the Chinese people.</p>

Table 3.1 Source: *China's Economic Development Policies, Challenges and Strategies, 1978-present* by Romi Jain

3.3 Chinese policies since inception till the end of Mao Era

China's economic policies since inception until the end of Mao era can be broadly categorized into four phases: the pre-1949 period, the early years of the People's Republic of China (PRC), the Great Leap Forward, and the Cultural Revolution.

1. Pre-1949 Period: Before the founding of the PRC in 1949, China was dominated by warlordism, foreign imperialism, and a weak central government. The country's economy was largely agrarian, and most people lived in poverty. The Chinese Communist Party (CCP) was founded in 1921, and it began to gain popularity in the countryside during the 1930s by organizing peasant associations and land reform campaigns.
2. Early Years of the PRC: After the CCP took power in 1949, it implemented a series of economic policies aimed at redistributing wealth, industrializing the country, and eliminating foreign domination. The government nationalized land, banks, and major industries, and launched land reforms and other measures aimed at redistributing wealth from landlords and capitalists to peasants and workers. In 1953, the government introduced the "Five-Year Plan," modeled after the Soviet Union's economic planning system, to guide economic development (Naughton, 2007).

3. **Great Leap Forward:** In 1958, Mao launched the Great Leap Forward, a massive economic and social campaign aimed at rapidly industrializing China and boosting agricultural production. The government implemented radical policies such as communal farming, backyard steel furnaces, and the promotion of small-scale industry. However, these policies were poorly planned and executed, and they led to widespread famine and economic collapse. Millions of people died as a result, and the campaign was officially abandoned in 1962 (Haug, 2008).
4. **Cultural Revolution:** The Cultural Revolution, launched in 1966, was a political and cultural campaign aimed at purging capitalist and traditional elements from Chinese society and promoting Maoist ideology. The campaign led to the dismantling of many existing economic and social institutions, including schools, factories, and even families. The economy suffered greatly as a result, and China's GDP growth rate slowed to less than 1% per year during this period. The Cultural Revolution officially ended in 1976 after Mao's death.

Overall, Mao's economic policies were marked by a strong emphasis on state control of the economy, a focus on heavy industry and agricultural collectivization, and a rejection of capitalist and foreign influences. While some of these policies led to initial success, such as rapid industrialization in the early years of the PRC, they also led to widespread suffering and economic stagnation in later years (Wong, 2010).

3.4 China's Economic Policies during Cold War Era

During the Cold War, China's economic policies underwent significant changes as the country tried to assert its independence and achieve economic growth. Here are some key points about China's economic policies during the Cold War:

1. **Early Communist Era (1949-1953):** After the Communist Party came to power in 1949, China nationalized land and industry and implemented a series of reforms to redistribute wealth and promote economic equality. Private businesses were either taken over by the state or converted into state-run cooperatives. However, these policies led to economic inefficiencies and stagnation (Wu, H, 2003).
2. **Cultural Revolution (1966-1976):** From 1966 to 1976, China underwent a period of political and social upheaval known as the Cultural Revolution. During this time, economic

policies were largely put on hold as Mao focused on consolidating his power and promoting his ideological vision (Li, H & Zou, H. 2019).

3. Deng Xiaoping's Reforms (1978-1992): In 1978, Deng Xiaoping came to power and introduced a series of economic reforms aimed at modernizing China's economy and increasing its international competitiveness. These reforms included the opening up of China to foreign investment and trade, the establishment of special economic zones, and the decentralization of economic decision-making from the central government to local authorities. The result was rapid economic growth, with China's GDP increasing at an average rate of 9.5% per year between 1978 and 1992. These reforms marked a significant departure from China's previous policies of central planning and state control (Naughton B, 2018).

Here are some of the key features of Deng Xiaoping's economic reforms:

- Decentralization: One of the primary goals of the reforms was to decentralize the economy, shifting control from the central government to local authorities. This allowed for more flexible decision-making and increased efficiency in resource allocation (Shen, J, 2020).
- Marketization: Deng's reforms also introduced market-oriented policies, such as the establishment of Special Economic Zones (SEZs) and the opening up of China's economy to foreign investment. This helped to boost exports and attract foreign capital, leading to significant economic growth.
- State-owned enterprise (SOE) reform: Another key component of the reforms was the restructuring of China's state-owned enterprises (SOEs). The government began to reduce its direct ownership of these enterprises and encourage private investment and ownership (Li, H, 2011).
- Agricultural reform: Deng's reforms also focused on improving China's agricultural sector, which had been neglected under previous policies. This included the introduction of the household responsibility system, which allowed farmers to lease land and sell their produce on the market.
- Education and training: Deng recognized that education and training were critical to modernizing China's economy. As a result, the government invested heavily in

education and vocational training programs, which helped to develop a skilled workforce capable of driving economic growth (Gao, S., & Huang, Y 2011).

- Price reform: The government also began to reform pricing policies, allowing market forces to determine prices for goods and services. This led to a more efficient allocation of resources and reduced waste.

Overall, Deng Xiaoping's economic reforms had a profound impact on China's economy, transforming it from a poor, agrarian society into a global economic powerhouse. Today, China is the world's second-largest economy, with a rapidly growing middle class and a dynamic private sector.

4. Open door policy of China: The Open Door Policy of China is a set of economic policies that were put into place in the late 1970s and early 1980s with the intention of allowing foreign trade and investment into the Chinese economy. Deng Xiaoping, the man who oversaw the development of China's modern economic system, was the one to initiate the policies. The policy aimed to encourage foreign investment and technology transfer while also stimulating domestic development through competition and innovation. It allowed foreigners to trade with and invest in China on an equal footing as domestic investors, removing previous restrictions on foreign investment in certain sectors. This policy has transformed China into a leading economic power that has become one of the largest exporters in the world. The policy has had significant implications for the country, driving economic growth and modernization, and has opened up new opportunities for international businesses and investors. The Open Door Policy was a diplomatic initiative that the United States of America proposed in 1899 to prevent any one nation from gaining a monopoly on the Chinese market and to guarantee equal trading rights for all countries in China. It called for free trade and open access to China's markets and resources for all countries, including the US. The policy helped to increase foreign investment and trade in China, and it also helped to prevent conflict between the various imperial powers in China. However, the policy also had negative consequences, as it allowed foreign powers to gain significant economic and political influence in China, leading to resentment and anti-foreign sentiment among the Chinese people (He & D, 2010).

5. Four Modernizations (1978-1982): As part of Deng's reforms, China launched the Four Modernizations campaign, which aimed to modernize agriculture, industry, national defense, and science and technology. The campaign involved the promotion of market-oriented policies, the establishment of joint ventures with foreign firms, and the adoption of new technologies and management practices. The campaign focused on four main areas:

- Agriculture: The aim was to increase agricultural productivity by introducing new farming techniques and modernizing the infrastructure. This involved the promotion of the use of hybrid seeds, fertilizers, and mechanization, as well as the construction of irrigation systems and other infrastructure to improve crop yields.
- Industry: The goal was to develop heavy industry, particularly in the areas of steel, energy, and transportation. This involved investing in new factories and equipment, improving efficiency and productivity, and developing new technologies (McGregor, R, 2020).
- Defense: The aim was to strengthen China's military capabilities by modernizing its equipment and improving training and organization. This included the development of new weapons systems and the establishment of a more professional and efficient military.
- Science and Technology: The goal was to promote innovation and technological development in China. This involved increasing investment in research and development, establishing new institutions and organizations, and encouraging collaboration with foreign companies and institutions.

The Four Modernizations campaign was a significant success and helped to transform China into a major economic power. It paved the way for China's entry into the global economy and the adoption of market-oriented economic policies. However, the campaign also had some negative consequences, including rising inequality and environmental degradation.

Overall, the Four Modernizations was a crucial period in China's modern history, as it helped to lay the foundation for the country's economic and technological development in the decades to come.

6. Tiananmen Square Incident (1989): The Tiananmen Square Incident, also known as the Tiananmen Square Massacre, refers to the violent suppression of pro-democracy demonstrations in Beijing's Tiananmen Square on June 4, 1989. The protests, which began in mid-April, were led mainly by students and intellectuals who were calling for greater political freedoms, an end to corruption, and a more open society. The Chinese government declared martial law on May 20, and on June 4, the military was sent in to forcibly clear the square of demonstrators. The exact number of casualties is unknown, but estimates range from several hundred to several thousand. The Chinese government condemned the protests as a "counter-revolutionary riot" and arrested thousands of people, including many of the protest leaders. The incident had a significant impact on Chinese politics and society. The government tightened its control over the media and the internet, and many people were imprisoned or disappeared in the aftermath of the crackdown. The incident also led to international condemnation of China, with many countries imposing sanctions and other measures (McGregor, R, 2020).

Today, the Chinese government continues to censor any discussion of the Tiananmen Square Incident, and many people in China are not aware of what happened. However, the incident remains a powerful symbol of the struggle for democracy and human rights in China and around the world.

7. Post-Tiananmen Era (1990s-2000s): In the aftermath of the Tiananmen Square incident, China pursued a policy of "pragmatic diplomacy" aimed at rebuilding its international image and attracting foreign investment. The country continued to implement market-oriented economic reforms, with an emphasis on privatization, deregulation, and the development of a modern financial system. This period extends from the 1990s through the early 2000s and was marked by significant political, economic, and social changes in China (Gittings, J, 2014).

- Political Changes: After the Tiananmen Square protests, the Chinese government launched a crackdown on political dissidents and tightened its grip on political power. The government imposed strict censorship laws, arrested and imprisoned activists and journalists, and enforced greater control over the media. However, China's leaders also realized the need for political stability and economic development, which led to a more

pragmatic approach to governance. In the early 1990s, Deng Xiaoping, the architect of China's economic reforms, pushed for "Socialism with Chinese Characteristics." This approach allowed for a hybrid of market-oriented economic policies and Communist Party rule. In 1992, the Communist Party held its 14th National Congress, where it emphasized the need for economic growth and continued political stability. The Chinese government also made efforts to engage with the international community, with President Jiang Zemin pursuing a "peaceful rise" foreign policy. China joined the World Trade Organization in 2001 and established closer ties with other major world powers (Brandt & Rawski, 2008).

- **Economic Changes:** The Post-Tiananmen Era saw significant economic growth in China, with the country becoming one of the fastest-growing economies in the world. The government continued to implement market-oriented economic policies, including privatization, foreign investment, and export-oriented development. In the early 1990s, the government launched the "Three Represents" policy, which allowed entrepreneurs and private business owners to join the Communist Party. This policy helped to create a new class of wealthy businesspeople, known as the "red capitalists." The government also implemented economic reforms in rural areas, including the Household Responsibility System, which gave farmers greater control over their land and crops. These reforms helped to increase agricultural productivity and reduce poverty in rural areas (Perkins, 2014).
- **Social Changes:** The Post-Tiananmen Era also saw significant social changes in China. Rapid economic growth and urbanization led to significant shifts in China's demographic landscape, with millions of people moving from rural areas to cities. This urbanization created new challenges for the government, including housing shortages, pollution, and social inequality. The government also made efforts to improve social welfare, with the establishment of a basic healthcare system and the expansion of education. However, inequality and corruption remained major challenges, particularly in rural areas. The Post-Tiananmen Era also saw increased social activism, particularly around issues of environmental protection, labor rights, and women's rights. However, the government continued to crack down on dissent, with activists and journalists facing harassment, arrest, and imprisonment (Perkins, 2014).

In summary, the Post-Tiananmen Era in China was marked by significant political, economic, and social changes. The government implemented market-oriented economic policies while maintaining strict political control, and significant social changes resulted from rapid economic growth and urbanization. The era also saw increased social activism, but the government continued to crack down on dissent.

Overall, China's economic policies during the Cold War were marked by significant changes and challenges, from the early Communist era of nationalization and collectivization to the market-oriented reforms of Deng Xiaoping's era. These policies helped to transform China's economy from a stagnant agrarian society to a global economic powerhouse (Wu, 2017).

3.5 China's economic policies in the post-Cold War era till present

China's economic policies in the post-Cold War era till present have undergone significant changes and transformations. Below is a detailed overview of some of the key economic policies adopted by China during this period:

1. Economic Reform and Opening-Up Policy:

In 1978, China initiated the "Economic Reform and Opening-Up Policy," which aimed to transform the country's centrally planned economy into a market-oriented economy. This policy led to a significant increase in foreign investment and trade, which helped boost the country's economic growth (Wang, Y. J, 2015).

2. Special Economic Zones:

In 1980, China established special economic zones (SEZs) in four coastal cities to attract foreign investment and promote export-oriented manufacturing. The SEZs provided tax incentives, infrastructure development, and simplified regulations to attract foreign investment. These zones have been instrumental in China's rapid economic growth over the past few decades (Lardy, N. R, 2019).

3. Privatization and Marketization:

In the 1990s, China started to privatize state-owned enterprises (SOEs) and introduce market-oriented reforms. This policy aimed to increase competition, promote efficiency, and reduce government interference in the economy. The government also established stock markets to provide a platform for companies to raise capital and promote investment (Wang, Y. J, 2015).

4. "Go Out" Policy:

In the 2000s, China launched the "Go Out" policy, which encouraged Chinese companies to invest overseas and expand their global presence. This policy aimed to acquire natural resources, technology, and international market access. China's outward foreign direct investment (FDI) has grown significantly since then, making it a major global investor (Chow, G. C, 2006).

5. Belt and Road Initiative:

In 2013, China announced the Belt and Road Initiative (BRI), a massive infrastructure development project aimed at promoting economic cooperation and connectivity between China and countries in Asia, Europe, and Africa. The BRI includes the construction of ports, railways, highways, and other infrastructure projects. The BRI has been criticized for its lack of transparency and potential debt risks for participating countries.

6. Digital Economy:

In recent years, China has become a leader in the digital economy, with the development of mobile payments, e-commerce, and artificial intelligence. The government has supported the development of these industries through policies that promote innovation and entrepreneurship.

7. Dual Circulation Strategy:

In 2020, China introduced the "dual circulation" strategy, which aims to shift the focus of the economy from exports to domestic consumption and innovation. This strategy involves strengthening domestic supply chains and promoting technological self-sufficiency to reduce dependence on foreign technology and markets (Perkins, 2014).

Overall, China's economic policies in the post-Cold War era have led to significant economic growth and transformation, making it a major global economic power. However, these policies have also faced criticism for their lack of transparency, state intervention, and potential risks for participating countries.

3.6 Pre and Post-Cold War Economic policies of China

China's economic policy is based on a state-directed approach, which involves the government playing an active role in the economy through macroeconomic planning and the enforcement of economic regulations. This approach has enabled the Chinese government to rapidly develop the country's economy over the past few decades. The Chinese government's core economic strategies include increasing investment in infrastructure, promoting innovation and technology, and

encouraging foreign direct investment (Wolf, 2021). The government also provides subsidies and tax breaks to certain industries, and it has implemented a number of economic reforms in recent years to stimulate economic growth.

China has a mixed economic system that incorporates aspects of socialism and capitalism. The administration plays a major part in the economy with the state owned enterprises accounting for a big portion of economic activity (Hathaway, 2019). China has been implementing market-oriented economic reforms aimed at modernizing and improving its economy since the late 1970s, which has led to significant economic growth and development in recent decades.

China changed its economic policy in 1978 with the implementation of the Open Door Policy, which allowed for greater foreign investment and economic reform. China began to reform its economic policies in 1978, when Deng Xiaoping declared the start of the historic "Reform and Opening Up" policy. This policy was a major shift away from the state-controlled economy of the Maoist era and towards a more open and market-oriented system. Since then, the Chinese government has continued to make reforms to its economic policies, including the introduction of new laws and regulations to facilitate foreign investment and the liberalisation of certain sectors of the economy (Gan, 2019). This change in policy helped China to significantly increase its economic growth and become the globe's second biggest economy.

In more current times, Chinese government has been focused on shifting its economy towards a more consumer-driven model, as well as promoting innovation and technological advancements. In 2013, the government launched the "Made in China 2025" campaign, which aimed to transform China into a high-tech manufacturing powerhouse. Additionally, in 2015, the government introduced its "Internet Plus" strategy, which seeks to integrate the internet and other digital technologies into various industries to enhance productivity and efficiency (Statistics, 2021).

The rise of the Chinese economy over the past several decades has brought about a slew of changes for the country. Many of these changes have had far-reaching implications for China's political system and its role in the global financial and trade arenas.

First and foremost, the most notable change has been the transition to a market economy. Before the economic reforms of the late 1970s, China's economy was largely state-controlled and operating on a command-and-control system. Since then, China has implemented a series of gradual liberalizations that have allowed for the development of the private sector and provided it

a much larger role in the economy. This has allowed China to become one of the globe's biggest economies and the second-largest by purchasing power parity (PPP).

Second, the rising economic power of China has led to a series of political reforms. The Communist Party of China (CPC) has shifted its focus from Maoist revolutionary ideals to a more moderate, reform-focused approach. Chinese President Xi Jinping has articulated the outlines of the new Chinese Dream, which combines economic growth and social stability for the Chinese people, and the CPC has put new measures in place to promote the rule of law and protect the rights of ethnic minorities (Mikkel Kusk Jensen, 2020).

Third, with the rise of China, its importance in global affairs has grown exponentially. It has become a central player in many of the world's major issues, ranging from global governance to trade and investment to climate change (China's Economic Rise: History, Trends, challenges and implications for the US, 2019). It has increasingly positioned itself as a counterweight to U.S. power and influence, and has taken a more muscular role in promoting its interests in international institutions for example UNO and WTO.

Finally, there has been a dramatic transformation in China's social and cultural life. The country has embraced new technology and embraced a more consumer-oriented lifestyle, as well as increased openness to foreign ideas and social values. This has been accompanied by growing individualism and diversity, as well as a more dynamic and innovative economy. In sum, the rise of the Chinese economy has brought about profound changes in China's political, economic, and social landscape. These changes have had far-reaching implications for its global standing, as well as its cultural, social, and economic systems.

3.7 Chinese policies while considering current world order

The current world order has seen the emergence of new geopolitical realities, including the rise of multipolarity, the shift from a unipolar to a multipolar power structure, and greater economic integration with the global economy. As a result, China has adopted a strategic approach that prioritizes economic and technological development, diplomacy, and global influence. China's BRI an enormous infrastructure project that aims to adjoin with China with Europe, Africa and Asia is one key example of how China is responding to the changing world order (Aslam, 2018). Through the BRI, China seeks to extend its economic and political influence

China has a long history of adapting its policies and strategies to the changing world order, particularly in response to shifts in global power dynamics. Since its inception, China has faced numerous challenges, including colonization, foreign aggression, and internal strife. In response, it has employed a range of policies, including protectionism, managed capitalism, and more recently, a form of global economic outreach. The changing political world order has had a significant impact on Chinese policies. China has responded to this by pursuing a strategy of economic globalization, strengthening its diplomatic ties with other countries, and enhancing its military power. Additionally, Chinese leaders have sought to strengthen their position in international organizations and engage in international cooperation. This includes negotiating trade agreements, joining international organizations and developing new multilateral initiatives. Furthermore, Chinese leaders have sought to diversify their economy and increase their influence in the global economy (Wolf, 2021).

In recent times, the changing politico-economic world order has had a significant impact on Chinese policies. The Chinese government has sought to adapt to a more globalized and interconnected world by implementing a range of policies that promote international trade, investment, and technological innovation. China has also sought to strengthen its diplomatic and political ties with other countries in order to ensure its continued economic growth. In addition, the Chinese government has also sought to increase its influence in regional and international affairs, and to pursue a more active role in global governance (Wolf, 2021).

The changing politico-economic world order has significantly shaped Chinese policies in recent times, particularly in the following ways:

Rise of China's economic power:

China's rapid economic growth and increasing global economic clout have been the driving force behind its foreign policy. China has used its economic power to expand its influence in the world, including through its BRI, a huge infrastructure development scheme that seeks to attach Asia, Europe, and Africa (Dyck, 2021).

Shifting balance of power:

The rise of China and the decline of the United States' global dominance have led to a shifting balance of power in the world. China has sought to exploit this shift to its advantage, particularly in Asia, where it has been challenging the US' traditional role as the dominant power (Womack, 2014).

Rise of nationalism:

China's growing economic power has also led to a rise in nationalism, as the country seeks to assert its influence in the world. This has been reflected in China's rising assertive foreign policy, especially in the South China Sea, where it has been building artificial islands and asserting its territorial claims (Chow, G. C, 2006).

Impact of global events:

Global circumstances, for example Covid-19 and the China-USA trade war, have also shaped Chinese policies in recent times. China has sought to use these events to its advantage, particularly by promoting itself as a responsible global leader in the fight against the pandemic.

Overall, the changing politico-economic world order has had a profound impact on Chinese policies in recent times, shaping its foreign policy and domestic priorities. China's rise as a global power has led to a more assertive and confident foreign policy, as it seeks to cement its position as a dominant player on the world stage.

3.7.1 Sino-USA Economic policies in Cold War Era

During the Cold War era, the economic policies of the United States and the Soviet Union were vastly different. The United States promoted a capitalist system, while the Soviet Union promoted a communist system. This led to economic tensions between the two superpowers, which manifested in several ways. The United States implemented various economic policies to counter the Soviet Union's communist ideology. One such policy was the Marshall Plan, which provided economic aid to European countries to help rebuild their economies after World War II. The plan was designed to prevent the spread of communism in Europe by promoting capitalist economic systems. The United States also implemented a policy of containment, which sought to limit the

spread of communism around the world. This policy led to the United States supporting anti-communist regimes and intervening in conflicts such as the Korean War and the Vietnam War. On the other hand, the Soviet Union implemented a policy of central planning, where the government controlled all economic activity (Cheng, 2018). This policy led to economic stagnation and shortages of goods and services. The economic tensions between the United States and the Soviet Union played a significant role in the Cold War. The two superpowers competed for economic dominance, and the United States' capitalist system ultimately proved to be more successful than the Soviet Union's communist system. During the Cold War era, the economic policies of China and the United States towards each other were shaped by the broader geopolitical tensions and ideological divide between the two superpowers (Huang, 2018). Here are some key economic policies and events that characterized the Sino-USA economic relationship during the Cold War:

1. US embargo on China (1949-1971): In response to China's communist revolution, the United States implemented a trade embargo on China, restricting exports and imports between the two countries.

2. Ping Pong Diplomacy (1971): In 1971, the US table tennis team visited China, marking the first official exchange between the two countries since the communist revolution. This paved the way for a thaw in diplomatic relations and the eventual normalization of relations between the two countries.

3. The Shanghai Communique (1972): This joint statement was issued by the United States and China after President Nixon's historic visit to China in 1972. It outlined the principles of the two countries' future relations, including the need to respect each other's sovereignty and territorial integrity.

4. The Taiwan issue: One of the main sources of tension in the Sino-US relationship during the Cold War was the issue of Taiwan. The United States continued to recognize Taiwan as the legitimate government of China, while China insisted on the "One China" policy, which recognized Taiwan as a part of China.

5. Trade relations: In the 1980s, China began to open up its economy and establish special economic zones, leading to increased trade with the United States. However, the trade relationship remained uneven, with China exporting more goods to the US than it imported.

Overall, the Sino-US economic relationship during the Cold War was characterized by tension and mistrust, with the United States initially implementing a trade embargo on China and only later seeking to normalize relations. The Taiwan issue and ideological differences also contributed to the difficulties in the relationship. However, the eventual opening up of China's economy and the establishment of trade relations marked a significant shift towards greater economic engagement between the two countries.

3.7.2 Sino-USA economic policies in Post-Cold War Era

The post-Cold War era has seen significant changes in the economic policies of China and the United States towards each other. Here are some key economic policies and events that have characterized the Sino-USA economic relationship in the post-Cold War era:

1. China's accession to the World Trade Organization (WTO) in 2001: This was a significant milestone in China's integration into the global economy. As part of its WTO commitments, China agreed to open up its economy and reduce trade barriers, leading to increased trade and investment flows between China and the United States (Lardy, 2014).

2. US-China trade deficit: In recent years, the large trade deficit between the United States and China has become a source of tension in the relationship. The US has accused China of engaging in unfair trade practices, including currency manipulation, intellectual property theft, and subsidizing its industries, while China has criticized US trade policies as protectionist.

3. Bilateral investment: Both countries have encouraged bilateral investment, with China investing heavily in the United States in recent years. However, concerns have been raised about the national security implications of Chinese investment in sensitive industries such as technology and infrastructure.

4. Geopolitical tensions: In recent years, geopolitical tensions between the United States and China have risen, with issues such as Taiwan, the South China Sea, and human rights becoming flashpoints in the relationship. This has led to increased scrutiny of Chinese companies operating in the United States and restrictions on technology transfers.

5. Belt and Road Initiative: China's Belt and Road Initiative (BRI) aims to promote infrastructure development and economic integration across Asia, Europe, and Africa. The BRI has been viewed with suspicion by the United States, which sees it as a means of expanding Chinese influence and promoting its own economic interests at the expense of other countries.

Overall, the post-Cold War era has seen a complex and often contentious economic relationship between China and the United States, with trade and investment flows increasing while geopolitical tensions rise. The US-China trade deficit and concerns over national security have become key issues in the relationship, while China's Belt and Road Initiative has further complicated the economic landscape.

3.8 Role of globalization in Chinese Political Economy

Globalisation has played an important part in transforming the Chinese political economy over the past few decades. China's integration into the global economy has facilitated the country's economic growth and modernisation, which has led to significant changes in the political economy. Firstly, globalisation has promoted economic growth of China growth by opening up the economy to the foreign investment, trade and technology. This has enabled China to attract significant foreign investment, which has helped to create jobs, increase economic output, and modernise the economy. Additionally, the opening up of the economy has allowed China to tap into global markets, which has increased the country's exports and helped to diversify its economy (Yang Yao, 2006). Secondly, globalisation has led to the emergence of a new class of entrepreneurs and business elites in China. As the country has become more integrated into the global economy, new opportunities have arisen for entrepreneurs, who have been able to take advantage of the country's economic growth and modernisation. This has led to the emergence of a new class of business elites, who have become increasingly influential in the country's political economy. Finally, globalisation has also influenced the political economy by exposing China to new ideas and values. As Chinese businesses have become more integrated into the global economy, they have been exposed to new management styles, business practices, and ideas about governance, which have influenced the way that the Chinese government operates. This has led to a greater emphasis on market-oriented reforms, and an increased focus on improving the business environment and promoting entrepreneurship (Wong, 2010).

The Chinese political economy has undergone significant changes since the era of globalization started in the 1980s. Prior to this, China's economy was largely closed, with strict government control over industry and trade. However, with the advent of globalization, China slowly began to liberalize its economy and embrace market-oriented reforms. As a result, Chinese policymakers enforced various approaches in order to entice foreign investment which includes the development

of Special Economic Zones (SEZs), the loosening of state controls over business, the modernization of infrastructure, and a series of trade liberalization measures.

Overall, globalisation has had a significant impact on the Chinese political economy, facilitating economic growth and modernisation, and leading to significant changes in the country's economic and political landscape. As a result of these changes, China has become an increasingly important player in the global economy, with its influence felt across a wide range of industries and sectors. All-around, the Chinese political economy is likely to continue evolving in response to shifting global forces, and it will be interesting to see how it adapts to new challenges and opportunities in the years to come (Mikkel Kusk Jensen, 2020).

However the Chinese economy has since experienced remarkable growth, becoming one of the world's largest and most important economies. However, the country has also faced a range of challenges as a result of its integration with the global economy, including rising inequality, environmental degradation, and labour rights abuses. The Chinese government has responded to these challenges by implementing a range of policies aimed at addressing these issues, including reforms to improve labour standards, investments.

3.10 China effect on US economy

The Chinese economy is the second-largest in the world and has a significant impact on the global economy, including the USA. The China-US trade relationship is one of the largest in the world, with China being the United States' largest trading partner. This trade relationship can have both positive and negative effects on the US economy.

Positive effects can include Chinese investment in US businesses and increased demand for US goods and services, which can lead to job growth and new business opportunities. However, negative effects can include the outsourcing of US jobs to China, increasing trade deficits, and intellectual property rights violations. Additionally, any major economic developments in China, such as changes in interest rates or financial regulations, can also have ripple effects on the global economy and potentially impact the US. Therefore, it is important for US policymakers and businesses to closely monitor and analyze the China-US trade relationship and its potential effects on the US economy (Naughton, 2007).

Table 3.2: Chinese market affects the US economy in the following ways

Trade:	China is the largest trading partner of the United States. In 2019, the US imported goods worth \$452 billion from China, while exporting goods worth \$106 billion to China. Any changes in the Chinese market, such as tariffs, changes in exchange rates, or changes in demand for US goods, can significantly impact the US economy.
Manufacturing:	Many US companies have outsourced their manufacturing to China to take advantage of lower labour costs. This has resulted in the loss of many manufacturing jobs in the US. Any changes in the Chinese market, such as increased labour costs or changes in regulations, can impact the profitability of US companies that rely on Chinese manufacturing.
Investment:	China is a major investor in the US economy. In recent years, Chinese companies have invested heavily in US real estate, technology, and other industries. Any changes in the Chinese market, such as a slowdown in the Chinese economy or changes in Chinese investment policies, can impact the flow of Chinese investment into the US.
Intellectual Property:	China has been accused of stealing US intellectual property, such as trade secrets and patents. This has resulted in significant losses

	<p>for US companies. Any efforts by the US to protect its intellectual property could impact the relationship between the two countries and affect the flow of trade and investment.</p>
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Source: *The Economist*

In summary, the Chinese market is a significant player in the global economy, and any changes in the Chinese market can impact the US economy in various ways.

3.10.1 Challenges faced by USA economy due to China’s economic rise

Table 3.3: The challenges that the US economy may face due to China's economic rise

<p>Competition:</p>	<p>China's growing economic power means that it will increasingly compete with the US in various industries, including manufacturing, technology, and services. This could lead to job losses and lower wages in the US.</p>
<p>Trade Imbalances:</p>	<p>China is a major exporter to the US, and this trade relationship has created a significant trade deficit for the US. The US may face pressure to reduce this deficit, which could lead to trade disputes and tariffs.</p>
<p>Intellectual Property Theft:</p>	<p>China has been accused of stealing intellectual property from US companies, which could harm US innovation and competitiveness.</p>

Currency Manipulation:	China has been accused of manipulating its currency to gain a competitive advantage in international trade. This could lead to currency wars and economic instability.
National Security:	China's economic rise could also pose a national security threat to the US, as China invests in strategic industries and technologies that could give it an edge in military and geopolitical affairs.

Source: *The Economist*

To conclude, the changing politico-economic world order has played an integral role in shaping China's policies since its inception. Through its economic reforms and initiatives, the Chinese government has been able to strengthen its presence domestically and abroad, while at the same time increasing their economic clout in the global arena. Thus, it is essential to understand the role that the changing world order has played in the Chinese government's domestic and international policies. China has also sought to expand its global influence through a combination of expanding its military presence in the South China Sea, increasing its foreign aid and investment to other countries, and leading negotiations in various international bodies, such as the G20, the United Nations, and recently the Regional Comprehensive Economic Partnership (RCEP). These policies have allowed China to become a key player in the world economy, while simultaneously providing them with a platform to advance their diplomatic objectives. In the 21st century, China's rise as a global economic power has been shaped by a range of factors, including the growth of the internet and digital technologies, the increasing importance of global trade and investment, and the rise of new economic powers such as India and Brazil. China has also faced a range of challenges, including rising inequality, environmental degradation, and political unrest. To address these challenges and maintain its economic growth, China has pursued a range of policies, including increased investment in infrastructure, education, and technology, as well as efforts to strengthen its domestic market and expand its global reach through initiatives such as the BRI. China has also

sought to promote its own vision of global governance, based on the principles of multipolarity, non-interference, and mutual benefit.

CHAPTER IV

EMERGING COMPETITION BETWEEN SINO-US POLITICO-ECONOMIC POLICIES SINCE BRI (2013-PRESENT)

4.1 Introduction

Sino-US politico-economic policies have been a major area of discussion and debate in recent years, given the two countries' prominent positions on the global stage. China's rise as an economic powerhouse has undoubtedly made it a potential competitor to the US in the 21st century. This is actually fueled by multiple factors, which also includes China's large and growing domestic market, its increasing investment in research and development, and its aggressive pursuit of new markets and resources (Baldwin, 2016).

On the political front, China's rising influence in international organizations and its growing military capabilities have also contributed to its potential as a competitor to the US. The US, for its part, has sought to maintain its dominant position through number of strategies leading to the promotion of economic growth, increasing military spending, and maintaining strong alliances with key partners around the world.

However, the relationship between the two countries is complex and multifaceted, with many areas of cooperation and competition. While there are certainly areas where the two countries are in direct competition such as in the fields of trade and technology, there are also many areas where they are working together to address international challenges, such as climate change and nuclear non-proliferation (Cheng, 2018).

Overall, the relationship between China and the US will be one of the defining issues of the 21st century, with significant implications for the global economy, security, and political order. As such, it will require ongoing dialogue and cooperation between the two countries to ensure that their differences do not spiral into conflict, and that they continue to work together to promote peace and prosperity for all.

4.2 Xi Jinping's Report at the 19th Party Congress

The 19th Party Congress report provides the most recent, comprehensive statement of the strategic and policy directives issued by China's top leadership. Held in 2017, the report's contents carry directives that suggest both support for the international system and an increasing focus on expanding China's influence within the system.¹⁵ On the one hand, the report emphasized China's support for the international system and the authority of the UN. The 19th Party Congress report stated that China will "continue its efforts to safeguard world peace, contribute to global development, and uphold international order." It also affirmed the country's intention to maintain peaceful, cooperative relations with other countries. However, the report also outlined ambitions for the country to become a global leading power. It stated that by mid-century, China seeks to "become a global leader in terms of composite national strength and international influence." Underscoring the country's ambivalence to many aspects of the existing order, it stated that China will "take an active part in reforming and developing the global governance system, and keep contributing Chinese wisdom and strength to global governance." It also hinted that China intends to build a network of supportive countries around the world, based principally among the developing world. The report also stated that China intends to seek "partnerships, not alliances,"

which a commentary on the 19th Congress, published in the People's Daily, the official newspaper of the CCP, explained meant that China sought to "form a global partnership network" (emphasis ours).¹⁶ Chinese sources depict partnerships as highly moralistic relationships in which China bestows financial and other benefits as the higher-status partner and in return expects deference and cooperation on sensitive issues. As the 19th Party Congress report stated, China will "uphold justice while pursuing shared interests with other countries."¹⁷ Partnerships will be especially critical to facilitating China's ambition to build the Belt and Road Initiative, which the 19th Party Congress highlighted as a priority for years to come. It stated that China intends to build "policy, infrastructure, trade, financial, and people-to-people connectivity," which it said would result in a "new platform for international cooperation to create new drivers of shared development." In regard to the ways in which China's interests align with a shared order, the speech again reaffirmed well-established themes. Xi pointed proudly to China's regional and global diplomacy conducted through multilateral fora, such as the UN; the Group of Twenty (G-20); the Asian-Pacific Economic Cooperation (APEC) Economic Leaders Meetings; the Brazil, Russia, India, China, and South Africa (BRICS) Summit; and others. It promised that China would lead on global environmental issues, promote globalization, and "develop an open economy." The Chinese Dream, Xi insisted, "can be realized only in a peaceful international environment and under a stable international order." In the process of becoming the fully developed nation of the future, Xi said, China will "become a proud and active member of the community of nations."¹⁸ The speech also confirmed the accelerating sense of rising power among Chinese leaders and officials, and it hinted at the complications this may pose for the future of China's integration in a truly shared order. Xi boasted that China had now "crossed the threshold into a new era," which represented a "historic juncture in China's development." China had now "achieved a tremendous transformation—it has stood up, grown rich, and become strong; and it now embraces the brilliant prospects of rejuvenation." Such confidence is clearly breeding a desire in China to become more influential in setting and enforcing rules and shaping the character of international politics. (The emerging era, Xi said, will be one "that sees China moving closer to center stage.") The speech was full of references to the steps China is taking to empower and use this new influence, including muscular comments about its growing military capabilities. Whether such ambitions can be aligned with a multilateral order remains unclear. The speech also stressed that China's path offered an example and opportunity for other developing nations—implying that Beijing intends to offer a

unique Chinese path to socioeconomic order and development, which could compete with the neoliberal model that has been the basis for the postwar order.

4.3 Sino-USA economic policies since the advent of BRI till present

Since the advent of China's Belt and Road Initiative (BRI), the economic policies of China and the United States towards each other have become increasingly complex and contentious. Here are some key economic policies and events that have characterized the Sino-USA economic relationship since the launch of the BRI:

1. The US response to the BRI: The United States has expressed concerns about the strategic implications of the BRI, seeing it as a means for China to expand its influence and promote its own economic interests at the expense of other countries. The US has criticized the lack of transparency and environmental and social standards associated with BRI projects.

2. Trade tensions: The US-China trade war, which began in 2018, has seen both countries impose tariffs on each other's goods, leading to reduced trade and investment flows. The US has accused China of engaging in unfair trade practices, including intellectual property theft, forced technology transfer, and subsidizing its industries.

3. Investment flows: Despite trade tensions, investment flows between China and the US have remained strong. Chinese investment in the United States has declined in recent years due to increased scrutiny of Chinese companies and restrictions on technology transfers, but US companies continue to invest in China (Friedman, 2016).

4. Technology competition: The United States and China are engaged in a technology competition, with both countries investing heavily in research and development in areas such as artificial intelligence, 5G, and quantum computing. The US has sought to restrict Chinese access to advanced technologies, citing national security concerns (Huang, 2020).

5. Geopolitical tensions: Geopolitical tensions between the United States and China have risen in recent years, with issues such as Taiwan, Hong Kong, and human rights becoming flashpoints in the relationship. The US has sought to rally its allies in the Indo-Pacific region to counter Chinese influence, while China has sought to expand its presence and influence through the BRI.

Overall, the Sino-USA economic relationship since the launch of the BRI has become increasingly complex and contentious, with trade tensions, investment flows, and technology competition all becoming key issues in the relationship. Geopolitical tensions and concerns over national security

have further complicated the economic landscape, making it difficult for both countries to find common ground.

4.4 Changing Economic World Order and BRI

As the global economic balance shifts away from traditional Western powers towards emerging economies, China has sought to secure its status as a leading global player. The belt and road initiative introduced in 2013 is a prime example of this strategy. The BRI seeks to create a vast network of infrastructure and trade routes connecting China to over sixty nations. The world's second-largest economy, China seeks to establish itself as a leader in international trade and investment, and the BRI provides a framework for achieving this goal (Naughton, 2018). The changing economic world order have a major part in shaping China's policies towards the BRI. As the United States has retreated from its global leadership role, and as Europe has become more inward-looking, China has sought to fill the void by promoting its own economic and political agenda (James McBride, 2023).

BRI project of China has also been motivated by its desire to counter the rising influence of the USA in the Asia Pacific region. As the US have boosted its military existence in the territory, China has responded by launching the BRI, which seeks to create a new economic and political order in Asia (Kupchan, 2016).

Another factor that has shaped China's policies towards the BRI is the growing competition between China and other major economies, such as Japan and South Korea. As these countries have sought to expand their own economic influence in the region, China has responded by launching the BRI, which seeks to establish China as the dominant economic power in Asia (China's Belt and Road Initiative in the global trade, 2018).

In Summary, the changing economic world order has played a significant role in shaping China's policies towards the Belt and road initiative. As China seeks to expand its economic influence globally, the BRI represents a key tool for achieving this goal, and for establishing China as a major player in the new economic and political order that is emerging in the world today. As China continues to push forward with the BRI, it remains to be seen whether it will succeed in achieving its objectives and cementing its position as a global power. Changing economic world order has prompted China to adopt a proactive and ambitious approach to the Belt and Road Initiative,

leveraging its economic and geopolitical influence to promote trade and investment across the globe (Naughton, 2018).

China's drive towards the BRI has been fueled by several factors. First, the BRI is a means of accessing new markets and diversifying China's economy beyond its traditional manufacturing base. As industrialized economies such as the US and Europe move towards service-based economies, China recognizes the need to transition to a more service-based economy if it is to remain competitive. One of the key drivers behind the BRI is China's desire to expand its economic influence globally, and to secure access to resources and markets for its growing economy. The initiative involves massive infrastructure projects, including railways, ports, and pipelines, connecting China with nations in Europe, Asia, Africa, and the Middle East (Ruta, 2019).

Second, the BRI provides China with a means of enhancing its geopolitical influence, particularly in Southeast Asia, Central Asia, and the Middle East. By building and financing infrastructure projects in these regions, China is able to expand its sphere of influence and strengthen its strategic ties. Third, the BRI also allows China to address some of its internal economic challenges, such as overcapacity in certain industries and regional imbalances. The BRI enables China to redirect its excess capacity and resources towards building infrastructure in other countries, thereby supporting Chinese companies and workers (James McBride, 2023).

As the global economy has shifted, Chinese policies towards the BRI have evolved as well. In 2013, the Chinese government announced a series of policy measures, such as providing financial support for BRI projects, encouraging government-to-government cooperation, and strengthening regional economic integration. These measures have allowed China to increase its regional economic presence and to create a more interconnected regional economy. The changing economic world order has shaped Chinese policies towards the BRI in several ways.

First, the global financial crisis of 2008 led to a period of economic instability and uncertainty, which was a major factor in the Chinese government's decision to launch the BRI in 2013 (Wang, 2019). The Chinese government hoped that the initiative would help to create more economic opportunities and strengthen economic ties with countries in the region. Second, the emergence of new economic powers, such as India and Brazil, has put pressure on the Chinese to adapt their policies to the changing economic environment. The BRI provides an opportunity for the Chinese to engage in cooperation with these countries and to build stronger economic ties. Third, the rise of digital technologies and the rapid growth of e-commerce has enabled the Chinese government

to promote the BRI in a more efficient and effective way (Morrison, 2018). The Chinese government has used online platforms and social media to spread the message of the BRI and to engage with potential partners.

There are several key factors that will determine the success of China's Belt and Road Initiative. Firstly, the level of investment and infrastructure development in countries along the route will be crucial. Secondly, the ability to effectively manage risks associated with political instability and other challenges will be important. Thirdly, the ability to implement sustainable development practices and ensure benefits for local communities will be critical. Additionally, the role of international cooperation and partnerships will also have an impact on the success of the initiative. Henceforth, success will depend on careful planning, effective implementation strategies, and a long-term commitment to ensuring positive outcomes for all stakeholders involved.

It is possible that China could become the world's top economy ahead of the United States, given its growing economic power and influence. However, there are various factors that could influence this outcome, including geopolitical tensions, economic policies, and global economic trends. Ultimately, it is difficult to predict the future of the global economy with certainty, but China's BRI is certainly a significant factor to consider in this regard.

4.5 How the changing political world order has shaped Chinese policies towards South China Sea

As the political world order has undergone essential changes in current times, China have been forced to adapt its policies towards the South China Sea.

As the world order shifts from unipolarity to multipolarity, the policies of China towards the South China sea have become more assertive and aggressive. China sees the South China Sea as the vital strategic sea lane & a gateway to its energy supplies. It claims nearly 80% of the sea, overlapping with the assertions of Malaysia, Brunei, Taiwan, Philippines and Vietnam. It seeks to maintain its position as a rising global power. However, this approach has also heightened tensions in the region, as rival powers jostle for influence and control (MORTON, 2016).

The following are the key ways in which changing political dynamics have shaped China's approach to the region:

United States VS China:

The USA have long existed a prevalent player in Asia-Pacific region, but the rise of China has challenged American supremacy. As the US has sought to maintain its influence in the region, tensions have risen between the two countries, with the South China Sea becoming a key flashpoint. In response, China has sought to assert its own dominance in the region, pushing back against US efforts to maintain a strong presence there. China's rise as a global authority has been accompanied by its efforts to establish the dominance in South China Sea. With the USA declining impact in the area, China has pursued to expand its military & economic might in the area. It has built artificial islands, installed military bases, and conducted naval exercises, challenging the sovereignty of other claimant countries. China's behavior in the South China Sea is also driven by its desire to secure its territorial integrity and maintain domestic stability. It views the South China Sea as an integral part of its historical and cultural heritage. Any challenge to its sovereignty in the region is seen as a direct threat to its national integrity and political legitimacy (Rolland, 2020).

Shifting regional alliances:

In recent years, the countries which are in Asia Pacific region have been reconsidering their alliances and partnerships. As China has become more assertive in SCS, numerous countries retain to align themselves more closely with the US or other regional powers. China has responded by trying to strengthen its own alliances in the region, to counterbalance the influence of its rivals.

Domestic politics:

China's domestic politics have also played a role in shaping its policies towards the South China Sea. The Chinese administration has faced growing pressure from nationalist groups at home, who see the South China Sea as a key part of China's national identity. Whereas the government has taken a more aggressive stance towards the region, in order to appease these groups and maintain its legitimacy.

International law:

The international legal framework governing the South China Sea is also an important factor in shaping China's policies. China has been criticized by other countries for its expansive territorial claims in the region, which are seen as violating international law. In response, China has sought to justify its claims on historical and cultural grounds, while also working to undermine the legal framework that underpins the international order.

The changing political world order has also given China the opportunity to expand its influence in the region. As countries like the United States and Europe become more inward looking, China

has stepped up its engagement with the ASEAN countries through endeavors like the BRI and the Asia infrastructure investment bank (AIIB). This has allowed China to enhance its diplomatic and economic effect in the area, giving it greater leverage in the disputes over the South China Sea. The changing political world order has had a significant impact on Chinese policies towards the South China Sea. In the past, China was seen as a regional leader in the South China Sea and was able to assert its influence in the region through economic, military, and diplomatic means. In recent years, however, China's power and influence has been challenged by the rise of other regional powers, including the United States, Japan, and India. This has forced China to become more assertive in defending its claims to the region and its rights to resources in the South China Sea (Gan, 2019).

In conclusion, China's policies towards the South China Sea have been shaped by a complex mix of strategic, historical, and domestic factors. The changing political world order has given China the opportunity to expand its impact in the region, while also challenging the United States' traditional position as the prevalent authority in Asia.

4.6 Made in China 2025 Strategy

Made in China 2025 is a national strategic plan released by China in 2015 to transform the country from a low-cost manufacturing hub to a high-value-added manufacturing powerhouse. The plan focuses on ten key sectors to improve China's industries: data innovation, top of the line hardware and advanced mechanics, aviation gear, sea designing and cutting edge ships, rail route gear, new energy vehicles, power hardware, agrarian apparatus, new materials, and biopharmaceuticals. By 2025, the Chinese government aims to see these sectors account for 40% of China's total manufacturing output (Andrade, 2018).

The strategy involves creating entirely new industries to capitalize on growing global demand, while also increasing prices and profits for Chinese firms through higher levels of productivity and quality. This will be achieved by investing heavily in research and development (R&D), encouraging private investments, and creating strong links between universities and industry. Through the strategy, the Chinese government hopes to reduce foreign dependence and create new value chains, which would make them more competitive in global markets. The goal of Made in China 2025 is to move China up the global value chain and reduce its dependence on foreign technology, while also boosting domestic consumption and innovation. The plan has been

controversial, with some countries and companies accusing China of using it to unfairly gain an advantage in global trade and technology competition (Mol, 2020). To achieve this ambitious objective, the Chinese government has set out a ‘dual circulation’ strategy – stimulating domestic demand while actively pursuing external markets. Internal demand will be bolstered through raising incomes and better access to financing, while the external market will be tapped through foreign investment and exports. On the investments front, the government has announced plans to expand R&D tax credits and encourage private sector participation in order to increase the number of innovative start-ups (Lardy, 2019).

The strategy also calls for greater reliance on technology, particularly artificial intelligence and Internet of Things (IoT). This shift toward a more integrated approach to industrial production will be reinforced by the ongoing digitalization of the manufacturing sector and the use of big data. Companies need to be able to access and analyze large amounts of data in order to identify trends and gain insights into customer demand and production processes. In addition, the Made in China 2025 strategy calls for improved disclosure of intellectual property rights and the enforcement of stricter standards for product quality, safety, and environmental protection (Kynge, 2018). To further support this, the Chinese government plans to reform its legal system, strengthen punitive measures for violations related to intellectual property, and introduce dedicated funds for R&D as well as venture capital investments in emerging industry (Lardy, 2019).

Finally, foreign firms will be encouraged to set up operations in China to take advantage of the country’s expanding market, talent pool, and innovative infrastructure. The Made in China 2025 strategy aims to promote a level playing field between domestic and foreign companies, allowing both to benefit from the long-term growth opportunities that are presented. Overall, the Made in China 2025 strategy represents an ambitious effort to accelerate the country’s transition from low-end manufacturing to high-end innovation. Through investments in R&D, technology and human capital, the Chinese government hopes to create a globally competitive manufacturing sector that can meet the needs of an increasingly sophisticated global economy. Despite criticism, China has continued to push forward with its Made in China 2025 plan, investing heavily in its key industries and promoting domestic innovation and entrepreneurship (Holslag, 2019). As a result, China has become a major player in many of these sectors and is poised to challenge traditional global leaders in industries such as robotics and electric vehicles.

4.7 Chinese Debt trap and its link with the rising economic hegemony of China

The rising economic hegemony of China and the debt trap are two closely related issues that have been creating concerns among economists and policymakers around the world. The debt trap refers to a situation where a country borrows heavily from foreign lenders and becomes heavily indebted, leaving it vulnerable to economic and political pressures from its lenders. China has been accused of using debt trap diplomacy by offering high-interest loans to developing countries, which are not easily repayable, thereby creating a situation where the borrowing country becomes heavily reliant on China for financial and economic support. Many developing countries have fallen into this trap due to their inability to repay loans taken from developed countries or international financial institutions (Agency, 2019). BRI is the example of its debt trap strategy in action. By offering funding to countries in Africa, Asia, and Europe, China is building a network of infrastructure projects that will connect these regions and drive economic growth. However, the projects are often funded through loans that come with strict conditions and interest rates that are higher than what other lenders offer. This has raised concerns that the loans could lead to unsustainable debt burdens and financial instability in these countries, ultimately benefiting China at the expense of their economic sovereignty (Aslam, 2018).

The rising economic hegemony of China refers to its increasing economic power and influence in the global economy. China has become the world's second-largest economy and has been investing heavily in infrastructure development, technology, and other sectors. This economic power has led to concerns about China's influence in international organizations such as the World Trade Organization (WTO) and its ability to shape global economic policies. Some countries have also raised concerns about China's human rights record and its impact on the environment (University, 2020).

The rising economic dominance of China has also been a cause for concern, particularly for Western nations, as China continues to increase its economic influence and expand its global presence. China's Belt and Road Initiative, a massive infrastructure development project spanning multiple continents, has been seen as an attempt to expand China's economic and geopolitical influence while providing a way for China to export its massive manufacturing capacity. Many experts believe that the combination of the debt trap and China's economic hegemony could rise its status (Agency, 2019).

Whereas the debt trap and the rising economic hegemony of China are complex issues that require careful consideration and analysis. While China's lending practices have been criticized, it is important to recognize the positive impact that its investments have had on developing countries. At the same time, it is important to ensure that borrowing countries are not burdened with unsustainable debt and that China's economic power is not used to undermine global economic stability and human rights. Overall, debt trap strategy plays a significant role in China's rising economic hegemony, allowing it to extend its economic influence and establish deep political and economic relationships with countries around the world (University, 2020).

Several countries have been affected by China's debt trap strategy, including Sri Lanka, Djibouti, Tonga, Laos, Pakistan, and the Maldives. These countries have taken out large loans from Chinese banks to fund infrastructure projects, but have faced challenges in paying back these loans due to high interest rates and other factors. In some cases, China has taken control of key assets in these countries as collateral for unpaid debts. However, it is important to note that not all countries that have taken out loans from China are at risk of falling into a debt trap, as each case is unique and depends on a variety of factors (Shreya Gulati, 2022).

The debt trap strategy is particularly successful in countries with weak governance systems, as it allows China to gain strategic footholds in key industries such as energy and transportation, and establish deep political and economic relationships with individual governments. This creates a cycle where countries become increasingly dependent on China, further strengthening its economic influence and global power. China has been accused of using its economic power to create a debt trap for developing countries through its Belt and Road Initiative (BRI). The BRI is a global infrastructure development program initiated by China in 2013, aimed at investing in infrastructure and other projects in countries across Asia, Europe, Africa, and the Middle East. Critics argue that China's loans come with high-interest rates and strict conditions that are difficult for developing countries to meet. In some cases, these loans have been used to finance projects that are not economically viable, leading to a debt trap for the borrowing country (Chellany, 2017). However, China has defended its lending practices, stating that its loans are based on market principles and are intended to promote economic development in developing countries. China has also provided debt relief to some countries that have been unable to repay their loans.

China generally targets countries with significant natural resources or strategic geographical location, as well as those with a need for infrastructure development. These countries often have

weaker economies and are in need of financial assistance, which makes them more susceptible to China's debt trap strategy. Additionally, China may use the debt trap strategy as a tool to gain political leverage over targeted countries, particularly in regions where geopolitical tensions are high. However, it is worth noting that not all countries fall victim to the debt trap strategy, as some are able to negotiate better terms for loans and investment project (Chellany, 2017).

4.8 Current Political-Economic policy of Sino-US

The current political policies of Sino-USA relations are focused on achieving a balance of power between the two countries while promoting economic growth and stability. However, there are still significant challenges that need to be overcome, such as trade imbalances, intellectual property theft, and territorial disputes in the South China Sea. In terms of politics, China is governed by the Chinese Communist Party, which exercises strict control over all aspects of society. The US, on the other hand, is a democracy with a two-party political system (Peng, 2016).

The economic policy between the both states is a complex issue with many different factors involved. The main goal of both countries is to promote economic growth and development, but there are specific policies and strategies in place to help achieve this goal. The economic policy of China is centered around state-owned enterprises, which are heavily subsidized by the government (Morrison, 2019). China has also been accused of unfair practices of trade such as intellectual property theft and manipulation of currency. On the other hand, the US has traditionally been a proponent of free-market capitalism, with a focus on private enterprise and limited government intervention. However, the current administration under President Biden has signaled a shift towards a more protectionist trade policy. The economic policies of China and the United States differ significantly, reflecting their different economic systems, political systems, and priorities. The United States operates under a capitalist system, while China operates under a socialist market economy. The following are some of the economic policies of China and the US (Huang, 2020). China's economic policies focus on achieving growth and development, promoting exports, and maintaining social stability. These policies include State-directed investment in strategic industries such as high-tech, renewable energy, and infrastructure, Maintaining a low exchange rate to boost exports, Encouraging foreign investment and technology transfer, State control of key industries, such as banking, energy, and telecommunications and Promoting domestic consumption.

The United States' economic policies focus on promoting economic growth, job creation, and maintaining a stable financial system. These policies include promoting free trade and reducing barriers to international trade, Encouraging innovation and entrepreneurship, Providing tax incentives to businesses, Maintaining a stable financial system through policies such as banking regulation and oversight of financial markets and Government investment in infrastructure and education to stimulate economic growth.

The political-economic policy of Sino-USA refers to the bilateral relations and economic policies between the two countries. There are several key aspects of this policy, including:

1. Trade:

China and the US participate in huge exchange of goods and services, with China being the biggest merchandise exchanging accomplice of the US. The two nations have had a well established trade dispute, with the US blaming China for unfair trade practices and theft of intellectual property. Trade between the two nations has decreased significantly as a result, which has impacted both economies.

2. Investment:

Both countries invest in each other's economies. China holds a significant amount of US debt, while US companies have invested heavily in China.

3. Diplomacy:

The two countries have engaged in diplomatic relations, with the US recognizing China as a major global power. However, there are tensions in this relationship due to differences in political ideology and human rights issues.

4. Technology:

The US has accused China of stealing technology and intellectual property, leading to increased scrutiny of Chinese tech companies operating in the US.

Therefore, the political-economic policy of Sino-USA is complex and multifaceted, with both countries seeking to balance economic cooperation with security concerns and ideological differences. On the other hand both countries aims to protect their own interests while maintaining a beneficial relationship with each other.

Furthermore, there have been several steps taken by both countries in order to address their disagreements over trade, human rights, and national security. One of the most significant steps

was the signing of the Phase One trade deal in 2020, which helped to reduce tensions between the two countries and increase economic cooperation. In terms of human rights, the US has been critical of China's treatment of minority groups such as the Uighurs, while China has pushed back against what it sees as interference from the US in its internal affairs. Both sides have engaged in diplomatic efforts to address these issues, but they remain a source of tension. National security has also been a contentious issue, with both countries accusing each other of engaging in cyber espionage and other forms of security threats (Hathaway, 2019). The US has taken steps to restrict access to certain technology and equipment that it believes could be used for malicious purposes, while China has emphasized the need for mutual trust and cooperation on security issues. Henceforth, while there have been some positive steps taken by both countries, the underlying tensions and disagreements remain, and it is likely that the Sino-US relationship will continue to be complex and multifaceted for the foreseeable future.

4.9 USA perspective on Chinese policies

The United States has had a complex relationship with China over the years, with tensions and disagreements arising on a range of issues. China's economic policies, particularly its trade practices and theft of intellectual property, are a major cause for concern for the United States. The US has additionally communicated worries about China's basic liberties record and its regional cases in the South China Ocean.

In recent years, the US has taken a tougher stance towards China, including imposing tariffs on Chinese goods and restricting Chinese technology companies from operating in the US. To counterbalance China's growing influence, the US government has also sought to strengthen ties with other countries in the region.

Here are some commonly discussed viewpoints on Chinese policy from a USA perspective:

- 1. Economic Competition:** Many in the USA view China as a growing economic competitor, with concerns about the theft of intellectual property, unfair trade practices, and currency manipulation.
- 2. Human Rights:** There is growing concern among Americans about China's treatment of its own citizens, including the suppression of political dissent, persecution of religious minorities, and the detention of Uighur Muslims in Xinjiang.

3. Military Ambitions: Some Americans worry about China's military ambitions, including its territorial claims in the South China Sea, its increasing military spending, and its development of advanced weapons systems.

4. Cyber-security: There are concerns about China's hacking and cyber espionage activities, which have targeted American businesses, government agencies, and military installations.

5. Taiwan: Some Americans worry about China's longstanding claim to Taiwan, which has been a point of tension between the two countries for decades. The USA has long supported Taiwan's independence and has sold weapons to the island nation to help it defend itself against Chinese aggression.

Therefore, the US is likely to continue to view China as a strategic competitor and potential threat, and will likely take steps to protect its own interests and maintain its position as a global superpower. However, there may be opportunities for cooperation between the two countries on certain issues, such as climate change or nuclear non-proliferation.

4.9.1 China's perspective on USA policies

From China's perspective, the US policies have been a matter of concern in recent years. There have been tensions between the two countries on various fronts, including trade, security, and human rights issues. China believes that the US policies have been increasingly hostile towards them, with the imposition of tariffs and sanctions, and the labeling of China as a strategic competitor.

At the same time, China has also been taking steps to counter US policies, by enhancing its own economic and military strength, and by seeking closer ties with other countries. China has been promoting its own version of global governance, which emphasizes cooperation and mutual benefit, rather than confrontation and zero-sum games.

Over the years, China has had a complex and evolving relationship with the United States. While there have been periods of cooperation and mutual benefit, there have also been tensions and disagreements. China often views US policies through the lens of its own strategic interests and is highly sensitive to what it perceives as US attempts to contain or undermine its rise as a global power.

In recent years, China has expressed concern about several US policies, including:

1. Trade policy: China has criticized the US for imposing tariffs and other trade restrictions, which it says are unfair and harm both countries' economies.

2. Military policy: The US military's presence in the Asia-Pacific region poses a threat to China's sovereignty and security, according to China. Additionally, it has voiced concern regarding US arms sales to Taiwan, which China views as a rebellious province.

3. Human rights policy: China has strongly opposed US criticism of its human rights record, particularly with regard to issues such as Tibet, Xinjiang, and Hong Kong.

It can be deduced that China is likely to continue to closely monitor and respond to US policies that affect its interests, while also seeking opportunities for cooperation and dialogue where possible. China views the US policies with a mixture of caution and suspicion, but it also recognizes the importance of maintaining constructive dialogue and engagement with the US, to manage differences and promote cooperation on issues of common interest.

4.9.2 Political-Economic diplomacy between USA-China & steps taken to improve diplomatic relations

The term "political-economic diplomacy" is used to describe the efforts made by the United States and China to manage their political differences while simultaneously establishing and maintaining a relationship that is beneficial to both economies. Since these two nations have the largest economies in the world, their economic ties have a significant impact on international trade and investment.

The diplomatic relationship between the USA and China has been complex, with both countries having different political systems, economic structures, and values. The USA promotes a capitalist economic system and a democratic political system, while China promotes a socialist economic system and a one-party political system (Mearshiemer, 2020).

Despite these differences, both countries have engaged in political-economic diplomacy to promote trade and investment. The USA and China have been each other's largest trading partners, with the USA importing goods worth over \$540 billion from China in 2020, while China imported goods worth over \$132 billion from the USA.

However, the political-economic relationship between the two countries has been strained at times, particularly over issues such as intellectual property rights, human rights, and territorial disputes in the South China Sea. The USA has accused China of stealing intellectual property and engaging

in unfair trade practices, while China has accused the USA of interfering in its internal affairs and supporting anti-China forces. To manage these differences, the USA and China have used political-economic diplomacy to negotiate trade deals and resolve disputes. For example, the two countries signed a phase one trade deal in 2020, which aimed to reduce trade tensions by increasing Chinese purchases of American goods and services.

The relationship between the United States and China has always been one of both cooperation and competition, with both countries vying for economic and political power on a global scale. Over the past few years, tensions have risen, particularly in the economic realm, with each country imposing tariffs on the other's goods and engaging in various trade disputes.

In terms of diplomacy, both nations have attempted to maintain friendly relations while simultaneously defending their own interests. China accuses the United States of attempting to contain its rise as a global power, while the United States has repeatedly accused China of unfair trade practices and intellectual property theft. Additionally, diplomatic efforts to denuclearize North Korea have been made by both nations, albeit slowly (Kaplan, 2020).

There are several steps being taken by both the US and China to improve their diplomatic relations. The ongoing trade negotiations between the two nations are one such step. The goal is to come to an agreement that will benefit both parties and addresses issues like theft of intellectual property, imbalances in trade, and market access.

Another step is increased communication and diplomacy at the highest levels of government. Regular meetings between US and Chinese officials, including Presidents Donald Trump and Xi Jinping, have been held to discuss important issues and build trust between the two countries.

Efforts are also being made to increase people-to-people exchanges and cultural understanding between the US and China. This includes programs such as the US-China Fulbright Program, which provides educational exchange opportunities for students and scholars in both countries.

Despite these efforts, challenges remain in the US-China relationship. Issues such as human rights, territorial disputes, and cybersecurity continue to create tension between the two countries. However, continued dialogue and cooperation between the US and China offer hope for improved diplomatic relations in the future (Huang, 2019).

However political-economic diplomacy between the USA and China is essential for managing their complex relationship and promoting economic growth. While there are political differences

between the two countries, both have shown a willingness to engage in dialogue and negotiate solutions to their disputes.

Overall, the relationship between the US and China remains complex and multi-faceted, with both cooperation and tension existing simultaneously. It will be interesting to see how this relationship evolves in the coming years.

4.10 Why the competition between USA-China is intense at both regional and international level

Table 4.1: The United States of America and China compete fiercely at both regional and international levels due to several factors

1. Economic Power:	Both the USA and China are major economic powers and compete with each other for global dominance. China has emerged as the world's second-largest economy and is challenging the USA's supremacy in many industries.
2. Territorial Disputes:	The South China Ocean debate has prompted pressures between the two nations. China's military expansion in the region has been criticized by the United States, which has also supported Vietnam and the Philippines in their territorial claims.
3. Ideological Differences:	The USA and China have different political systems and ideologies. The USA has been critical of China's human rights record, censorship, and lack of democratic institutions. China, on the other hand, sees the USA as a threat to its sovereignty and territorial integrity.
4. Military Power:	Both countries have significant military capabilities and are investing heavily in their defense. The USA has been maintaining a military presence in the Asia-Pacific region,

	while China has been expanding its military reach and capabilities.
5. Technology and Innovation	Both countries are investing heavily in technology and innovation. The USA has been leading in areas like artificial intelligence, while China has been catching up rapidly.

Source: *Springer Link*

4.11 Impact of Sino-USA trade war at International community

The international community is significantly affected by China's and the United States' rivalry. The two countries are major global powers and their rivalry has the potential to impact international politics and economics.

At the political level, the rivalry between China and the USA is likely to lead to increased tensions and conflicts, particularly in areas such as trade, human rights, and territorial disputes. This can have a ripple effect on other countries and regions, especially those that are closely aligned with either China or the US. On the economic front, the competition between China and the United States could lead to increased protectionism and trade barriers (Morrison, 2018). This can have implications for global supply chains, commodity prices, and economic growth in general. One major trade conflict between China and the United States that had global implications was the ongoing trade war that began in 2018. The conflict started when the Trump administration imposed tariffs on Chinese goods, accusing China of unfair trade practices such as stealing US intellectual property, forced technology transfers, and currency manipulation. In response, China also imposed tariffs on US goods, leading to a back-and-forth exchange of tariffs on billions of dollars worth of goods (Haiyong, 2019).

The ongoing trade war between China and the United States has had a significant impact on the global economy in the past few years. The tariffs imposed by both countries on each other's goods have caused disruptions in supply chains, increased costs for businesses and consumers, and led to a decline in global trade. Many countries were also caught in the crossfire, as they found themselves having to choose sides between the two economic giants. The International Monetary Fund (IMF) estimates that the trade war could cost the global economy up to \$700 billion by 2020,

making it one of the biggest threats to global economic stability in recent years. The International Monetary Fund (IMF) has estimated that the trade conflict could reduce global GDP by 0.5% by 2020, which translates to a loss of around \$455 billion. The uncertainty created by the trade war has also contributed to a slowdown in global investment and growth, affecting industries such as manufacturing and agriculture. In addition, the trade war has created tensions between the two largest economies in the world, raising concerns about the potential for broader geopolitical instability. Overall, the ongoing trade war between China and the United States has had significant implications for the global economy and highlights the need for constructive solutions to trade disputes (Doshi, 2021).

In conclusion, the trade conflict between China and the United States has had significant global implications, highlighting the importance of finding constructive solutions to trade disputes and avoiding the escalation of tensions between nations. The impact of the Sino-US competition on the international community depends on how the two countries manage their differences and work together to address common challenges. If they are able to find common ground and engage in constructive dialogue, it is possible that their competition could drive positive outcomes for the international community. However, if their rivalry leads to further tension and conflict, the impact on the international community could be negative.

4.11.1 Dynamics, Dimensions and different types of competition going on between Sino-USA

There is a complex competition going on between China (Sino) and the United States (US) on various fronts, including trade, technology, military, and geopolitical influence. The competition has been fueled by concerns over intellectual property, market access, human rights, and territorial disputes. Both countries are striving to maintain their dominance and influence in the global arena, leading to tensions and disagreements on various issues. The geopolitical competition between the United States and China has been intensifying over the past few years. Both countries have different political systems, economic structures, and ideologies, which have contributed to the ongoing rivalry.

The following competition between USA-Sino is discussed in detail:

Trade competition:

There have been tensions between China and the United States as a result of their ongoing trade competition over the past few years. China has been accused by the United States of engaging in unfair trade practices, such as stealing intellectual property, manipulating its currency, and dumping goods at prices that are lower than their costs of production. Chinese imports have been subject to US tariffs, and China has responded with its own tariffs. The global economy has been significantly impacted by the two countries' trade war, which has had a negative impact on numerous industries. Both countries have taken steps to address their concerns, with the US demanding that China open up its markets to US companies and protect intellectual property rights, while China has called for the US to remove its tariffs and stop its unilateral actions. Overall, the trade competition between China and the US is expected to continue for the foreseeable future, as both countries seek to protect their economic interests and maintain their positions as global economic powers (Kynge, 2018).

Technological competition

Technological competition between China and the United States has been ongoing for several years. Both countries are investing heavily in research and development of new technologies, including artificial intelligence, 5G, and quantum computing. The United States has traditionally been a leader in technology, with Silicon Valley being the hub of innovation. However, China has been rapidly catching up in recent years, with companies like Huawei and Tencent making significant advancements in technology. The competition between China and the United States has led to tensions in areas such as trade, intellectual property, and national security. The US has placed restrictions on Chinese companies like Huawei, citing concerns about national security and accusing the company of stealing intellectual property (Lardy, 2019).

In response, China has invested heavily in its own technological capabilities and has set ambitious goals for becoming a global leader in areas such as AI and 5G. The Chinese government has also provided significant funding and support for domestic tech companies. The competition between China and the United States is likely to continue in the coming years, with both countries striving to maintain their technological leadership. However, it is important to note that cooperation and collaboration between the two countries may be necessary to address global challenges such as climate change and pandemics (Mol, 2020).

Security dilemma in Sino-USA relations

The security dilemma between China and the United States is a complex and multifaceted issue that has been developing over many years. At its core, the dilemma revolves around the perception of each country's military capabilities and intentions, and the resulting fear and mistrust that arises as a result. On the one hand, China has been rapidly increasing its military capabilities over the past few decades, investing heavily in new technologies and expanding its military presence in the Asia-Pacific region. This has led to concerns among many American policymakers that China is seeking to challenge the US as the dominant military power in the region, and possibly even globally (Andrade, 2018).

On the other hand, the US has also been expanding its military presence in the region, conducting regular military exercises with allies and partners, and deploying advanced military technologies such as missile defense systems. This has been seen by China as a direct challenge to its own security and sovereignty, and has led to a growing sense of resentment and mistrust towards the US. The security dilemma between China and the US is further complicated by a range of other factors, including economic competition, territorial disputes, and ideological differences. As a result, finding a solution to this dilemma will require a multifaceted approach that addresses these underlying issues, while also promoting greater transparency and trust between the two countries (Holgslag, 2019).

Financial aspect:

The financial competition between China and the United States is becoming increasingly intense. Both countries are vying for economic supremacy and are attempting to gain the upper hand in the global financial market. China is the world's second-largest economy and is rapidly catching up to the United States. In recent years, China has made significant investments in its financial infrastructure and has developed a thriving financial sector. The country has also launched initiatives such as the Belt and Road Initiative and the Asian Infrastructure Investment Bank, which are aimed at expanding its economic influence globally (Levinson, 2019).

On the other hand, the United States has traditionally been the dominant player in the global financial market. The country has a well-developed financial infrastructure, and its currency, the US dollar, is the world's reserve currency. However, the US has faced increasing competition from China, particularly in the Asia-Pacific region. The financial competition between China and the United States has also led to tensions between the two countries, particularly in the areas of trade and investment. The US has imposed tariffs on Chinese goods, and China has responded with

tariffs of its own. Both countries have also implemented restrictions on foreign investment, particularly in sensitive industries such as technology. The financial competition between China and the United States is likely to continue in the coming years. Both countries are vying for economic supremacy and are attempting to gain the upper hand in the global financial market. The outcome of this competition will have significant implications for the global economy and the balance of power between the two countries (Duhigg & Bradsher, 2019).

Political Aspect:

The Sino-USA strategic competition has also had a significant impact on global politics. The competition has led to increased tensions and a shift in power dynamics, with many countries now having to choose sides between the two superpowers.

Economic Competition:

Economic rivalry is a major area of contention between the United States and China. China has turned into the world's second-biggest economy and is supposed to outperform the US by 2030. China's manufacturing sector, which has grown to dominate global supply chains, has fueled this economic expansion. Trade tensions between the two nations have arisen as a result of the United States' allegations that China steals intellectual property and engages in unfair trade practices. In 2018, the United States slapped tariffs on \$250 billion worth of Chinese goods, and China responded by slapping tariffs on \$110 billion worth of US goods (Huang, 2020).

Military Competition's:

Another area of competition between the US and China is military. The US has maintained military dominance around the world for decades, but China has been rapidly modernizing its military in recent years. China has invested heavily in its navy, air force, and missile technology, which has raised concerns in the US.

The US has responded by increasing its military presence in the Asia-Pacific region and strengthening its alliances with countries like Japan and South Korea. The US has also increased its military spending, with a budget of \$740 billion in 2020, which is more than the next ten countries combined. The geopolitical competition between the US and China is likely to continue in the coming years, as both countries seek to maintain their dominance in the world. The competition is multidimensional. While cooperation between the two countries is possible, tensions are likely to persist as long as their interests and values remain different (Gertner, 2020).

The Doomed Quest for Sino-USA strategic partnership

The United States and China have a complex relationship that has been marked by both cooperation and competition. In recent decades, there have been efforts to establish a strategic partnership between the two countries, but those efforts have largely failed.

One of the main reasons why a US-China strategic partnership has been elusive is the fundamental differences between the two countries' political systems, values, and interests. The United States is a democracy that values individual freedoms and human rights, while China is an authoritarian regime that prioritizes social stability and economic growth.

In addition, the two nations have divergent goals in numerous areas, including security, technology, and trade. China has accused the United States of interfering in its internal affairs and attempting to contain its rise, while the United States has accused China of unfair trade practices, theft of intellectual property, and cyber espionage. Despite these challenges, there have been some attempts to build a U.S.-China strategic partnership. For example, in 2009, then-President Barack Obama announced a new era of cooperation with China, and the two countries established a strategic and economic dialogue. However, those efforts ultimately fell short, and the relationship between the two countries has become increasingly tense in recent years (Clegg & Fung, 2020). In conclusion, while a U.S.-China strategic partnership is an appealing idea, it is unlikely to be achieved in the near future due to the significant differences between the two countries' political systems, values, and interests.

4.11.3 Future of Sino-USA relations: Competition, Coexistence and Cooperation

The future of U.S.-China relations is likely to be a mix of competition, coexistence, and cooperation as both countries seek to protect their national interests and maintain their global influence.

Competition:

The competition between the U.S. and China is primarily driven by economic and technological factors, with both countries vying for dominance in industries such as artificial intelligence, 5G networks, and renewable energy. China has accused the United States of trying to contain its rise as a global power, while the United States has accused China of stealing intellectual property and engaging in unfair trade practices.

Coexistence:

Despite the competition, the U.S. and China will likely need to find ways to coexist peacefully and avoid direct military conflict. This will require both countries to establish clear communication channels and diplomatic protocols to prevent misunderstandings and miscalculations.

Cooperation:

There are also areas where the U.S. and China can cooperate, such as climate change, global health, and nuclear non-proliferation. Both countries have a shared interest in addressing these global challenges, and cooperation could help build trust and reduce tensions in other areas.

Overall, the future of U.S.-China relations will be shaped by a complex mix of factors, including economic interdependence, strategic competition, and global governance challenges. Balancing these factors will require both countries to carefully manage their interactions and find ways to cooperate on issues of mutual interest while competing in other areas.

4.12 Digital spheres of Influence

Technological spheres of Influence as a mean to project power

The techno-political spheres of influence between SINO-USA refer to the areas of technological development and innovation in which these two countries have significant control or influence. These spheres of influence have significant implications for global politics and the economy. China and the United States are the two largest economies in the world, and both are major players in the field of technology. While the United States has traditionally dominated the global tech industry, China has made significant strides in recent years and is now a major competitor. Both countries have significant technological capabilities in various areas, including artificial intelligence, 5G networks, and cyber-security. This has led to concerns in the United States about China's growing influence in the tech sector, and the potential for China to use this influence to project power and influence globally (Frum, 2019).

However, there are concerns about the extent to which these technologies are controlled or influenced by the respective governments. The techno-political spheres of influence between SINO-USA are complex and constantly evolving. The two countries are engaged in a competition

for dominance in various areas of technology, and this competition has significant implications for global politics and the economy.

One way in which the United States has sought to counter China's influence is through the use of sanctions and export controls. For example, the United States has placed restrictions on the sale of certain technologies to Chinese companies, and has also banned Chinese companies such as Huawei from participating in the development of 5G networks in the United States (Chen & Yang, 2020).

China, on the other hand, has sought to increase its influence through the use of state-led initiatives such as the Belt and Road Initiative, which seeks to create a network of infrastructure and trade routes across Asia, Africa, and Europe. China has also invested heavily in research and development, with the aim of becoming a global leader in areas such as artificial intelligence and quantum computing.

Therefore, the competition between the United States and China in the realm of technopolitical spheres of influence is likely to continue for the foreseeable future. Both countries will continue to invest heavily in technological innovation, and will seek to use this innovation to project power and influence globally.

Repercussions of the Sino-US struggle on the multilateral request

- **Bretton Woods institution & Sino-USA conflict**

At the end of World War II, the Bretton Woods institutions—the International Monetary Fund (IMF) and the World Bank—were established to encourage international economic cooperation and stability. The institutions played a significant role in shaping the post-war global economic system, which was characterized by fixed exchange rates and a focus on economic growth.

However, the relationship between the Bretton Woods institutions and China has been fraught with tension, particularly as China emerged as a major economic power in the latter half of the 20th century. One of the key issues has been China's currency policy, which the United States and other countries have accused of being artificially devalued to make Chinese exports more competitive (Wolff, 2021).

This has led to a number of trade disputes between China and the United States, with the latter accusing China of unfair trade practices and currency manipulation. The Bretton Woods institutions have been involved in these disputes, with the IMF urging China to adopt more market-

oriented exchange rate policies and the World Bank supporting projects aimed at promoting trade and economic development in China (Wolff, 2021).

Henceforth, the relationship between the Bretton Woods institutions and China has been complex and often contentious, reflecting broader geopolitical tensions between the United States and China. As China continues to assert itself on the global stage, it remains to be seen how this relationship will evolve in the years ahead.

- **United Nations & Sino-USA relations**

The United Nations (UN) is an international organization that aims to promote world peace, cooperation, and development. One of the key roles of the UN is to facilitate diplomatic relations between member states and resolve conflicts through peaceful means.

The conflict between the United States and China has been a major concern for the UN, as it has the potential to disrupt global stability and economic growth. The two countries have been engaged in a trade war, with both imposing tariffs on each other's goods. They have also been involved in political and military tensions, particularly in the South China Sea.

The United Nations has urged both nations to talk to each other and find a peaceful solution to their differences. The United States and China must work together to address global issues like climate change and the COVID-19 pandemic, according to Antonio Guterres, UN Secretary-General. The United Nations has also urged both nations to abide by international law and the principles of the UN Charter, such as non-interference in other states' internal affairs and peaceful dispute resolution. In conclusion, the United Nations plays a crucial role in promoting global peace and stability, including in the context of the conflict between the United States and China. While adhering to the principles of international law and the UN Charter, the organization has called for dialogue and cooperation between the two nations (McLaughlin, 2021).

Sino-USA Global conflict

- **China rise as threat to American predominance**

China's rise as a global power has been a topic of discussion in recent years, particularly with its growing economic and military influence. Many experts believe that China's rise could potentially threaten American predominance in the world.

Some of the factors contributing to China's rise include its large population, rapid economic growth, and increasing military capabilities. China has also been expanding its influence through initiatives such as the Belt and Road Initiative, which aims to strengthen economic ties with other countries. The United States has expressed concerns about China's growing power, particularly in areas such as trade, intellectual property theft, and human rights. The US has also increased its military presence in the Pacific region in response to China's military expansion (Huang, 2020). However, some experts argue that China's rise may not necessarily lead to a direct threat to American predominance. They point out that China still faces many challenges, including economic inequality, environmental issues, and political instability. Overall, the rise of China as a global power is a complex issue, and its potential impact on American predominance is still uncertain.

- **Structure of Sino-USA conflict Syndrome**

The Sino-American conflict syndrome is a complex and multi-faceted issue that involves political, economic, and strategic considerations. The conflict has been caused by a variety of factors, such as trade imbalances, intellectual property theft, territorial disputes, and ideological differences.

At the heart of the conflict is the struggle for global dominance between the world's two largest economies. The United States has been the dominant global superpower since the end of World War II, while China has emerged as a major economic and military power in recent years. The conflict between the two countries has taken on many forms, including economic sanctions, military posturing, cyber-espionage, and diplomatic maneuvering. The US has accused China of engaging in unfair trade practices and stealing American intellectual property, while China has accused the US of trying to contain its rise and infringing on its sovereignty.

The conflict has far-reaching implications for the global economy and security. It has led to a deterioration of US-China relations and has created tensions among other countries in the region. The US and China have also engaged in a race to develop advanced technologies, such as 5G and artificial intelligence, with potential implications for national security and economic competitiveness.

In conclusion, the Sino-American conflict syndrome is a complex and multifaceted issue that requires a nuanced and strategic approach to resolve. It is a struggle for global dominance between two major powers with far-reaching implications for the global economy and security.

Power shifts & the new US Trade policy

Power shifts refer to changes in the distribution of power or influence among countries, regions, or organizations. In recent years, there has been a shift in global power from the West to the East, with countries like China and India rising in economic and political importance.

The new US trade policy under the Trump administration has aimed to prioritize American interests and reduce trade deficits. This has involved renegotiating trade deals, imposing tariffs on imports, and adopting a more protectionist stance.

The US-China trade war has been one of the most significant consequences of this new policy, with both countries imposing tariffs on each other's goods. The US has also renegotiated trade deals with Mexico and Canada, and has withdrawn from the Trans-Pacific Partnership (TPP) and the Paris climate agreement.

These changes in US trade policy have had significant impacts on global trade and economic relationships, and the future direction of US trade policy will continue to be closely watched and debated.

4.12.1 Ideological challenges & conflicts

How West's Liberal idea is a threat to the Chinese Communist Party's Claim to power Ideological Competition

The ideological competition between the US and China is also significant. The US is a democratic country that values individual freedoms and human rights, while China is a one-party state that prioritizes stability and social harmony.

China's human rights record has been criticized by the United States, including how it treats ethnic minorities in Xinjiang and how it shuts down political dissent in Hong Kong. China has blamed the US for meddling in inner issues and advancing Western qualities are contrary with Chinese culture.

The top priority of the Chinese Communist Party (CCP) is to keep its hold on power, which has been in place for more than seven decades. However, the CCP's claim to power is seriously threatened by liberal Western concepts like democracy, human rights, and speech freedom.

Firstly, democracy is a direct challenge to the CCP's one-party rule. The CCP has a monopoly on power, and any opposition or dissent is quickly suppressed. The concept of free and fair elections is a direct threat to the CCP's grip on power, as it would allow the people to choose their leaders and hold them accountable (Hathaway, 2019).

Second, the CCP's claim to power is also threatened by human rights. The CCP has a long history of violating human rights, including using torture and other forms of coercion, persecuting ethnic and religious minorities, and preventing free speech. The West's emphasis on human rights and the rule of law undermines the CCP's legitimacy, as it exposes the regime's disregard for fundamental human rights.

Thirdly, freedom of speech is another challenge to the CCP's claim to power. The CCP tightly controls the media and censors any criticism of the regime. However, the West's emphasis on freedom of expression and the free flow of information threatens the CCP's control over the narrative and exposes the regime's propaganda and misinformation.

In conclusion, the West's liberal ideas pose a significant threat to the CCP's claim to power. The CCP sees these ideas as a Western conspiracy to undermine its legitimacy and has taken steps to suppress them. However, as China becomes more integrated into the global economy and society, it will be increasingly difficult for the CCP to maintain its authoritarian grip on power (Rolland, 2020).

4.12.2 China's new international cooperation models

China has been pushing for new paradigms for international cooperation, which include the Belt and Road Initiative (BRI) and the Community of Common Destiny. These initiatives aim to strengthen China's role in global affairs and promote economic development in partner countries. Through a network of roads, railways, ports, and other infrastructure, the BRI is a massive infrastructure project that aims to connect China with Asia, Europe, and Africa. It has been criticized by some for being a debt trap for participating countries, but China has defended it as a means of promoting economic growth and cooperation (Womack, 2014).

The Community of Common Destiny is a concept that emphasizes shared interests and cooperation among countries. China has used this idea to promote its vision of a more multipolar world, where no single country dominates global affairs.

Overall, China's new paradigms for international cooperation reflect its growing economic and political power and its desire to play a more prominent role in shaping global affairs.

4.12.3 China's Strategic Goals and Strategies for Achieving Goals

China's strategic goals can be summarized as follows:

- 1. Economic Growth:** China aims to sustain its economic growth and maintain its position as the world's second-largest economy. To achieve this, China is focusing on innovation, technology, and infrastructure development.
- 2. Regional and Global Influence:** China seeks to become a dominant player in the global arena and influence regional affairs. It aims to further cement its position as a regional power in Asia and promote its interests in other regions.
- 3. Military Modernization:** China is focused on modernizing its military capabilities to ensure its territorial integrity and protect its interests. It seeks to become a dominant military power in Asia and beyond.
- 4. Energy Security:** China aims to secure its energy needs by increasing its domestic production and diversifying its sources of energy. It is also exploring alternative energy sources such as nuclear and renewable energy.

To achieve these strategic goals, China has developed several strategies:

- 1. The Belt and Road Initiative (BRI):** This is a massive infrastructure development project aimed at creating a network of trade and investment routes that connect China to Asia, Europe, and Africa. The BRI is designed to enhance China's economic and political influence globally.
- 2. Military Modernization:** China is investing heavily in modernizing its military capabilities to enhance its deterrence and power projection capabilities. This includes the development of advanced weapons systems, cyber capabilities, and space technology.
- 3. Economic Reforms:** China is implementing economic reforms to improve the efficiency of its economy and promote innovation and entrepreneurship. This includes reducing state control over the economy, liberalizing trade and investment, and promoting private enterprise.
- 4. Diplomacy:** China is using diplomacy to promote its interests and enhance its influence globally. This includes engaging in multilateral forums, forging strategic partnerships, and pursuing a more assertive foreign policy.

4.11.4 USA Strategic Goals and Strategies for Achieving Goals

The United States has various strategic goals that guide its foreign policy and national security objectives. These goals include:

1. Promoting Democracy and Human Rights - The US aims to promote democracy, human rights, and the rule of law around the world. This includes supporting democratic institutions, civil society, and free and fair elections.

2. Countering Terrorism - The US seeks to prevent terrorist attacks on its homeland and interests overseas. This includes disrupting terrorist networks, preventing the spread of extremist ideologies, and building the capacity of partner countries to counter terrorism.

3. Promoting Economic Prosperity - The US aims to promote economic growth and prosperity both at home and abroad. This includes expanding trade, promoting investment, and supporting economic development in partner countries.

4. Ensuring Energy Security - The US seeks to ensure its energy security by promoting energy independence, diversifying energy sources, and reducing dependence on foreign oil.

5. Maintaining Military Superiority - The US aims to maintain its military superiority and deter potential adversaries from challenging its interests. This includes investing in advanced military technologies, building strong partnerships with allies, and maintaining a strong and capable military.

To achieve these strategic goals, the US employs various strategies, including:

1. Diplomacy - The US uses diplomacy to build relationships and negotiate solutions to global challenges. This includes engaging in multilateral forums, bilateral negotiations, and public diplomacy.

2. Economic Tools - The US uses economic tools such as sanctions, trade agreements, and foreign aid to promote its strategic goals. Economic pressure can be used to influence the behaviour of countries and promote economic growth.

3. Military Action - The US may use military force when necessary to protect its interests and achieve its strategic goals. This includes conducting military operations, providing security assistance to partner countries, and maintaining a strong military presence around the world.

4. Intelligence and Counterintelligence - The US employs intelligence and counterintelligence to understand the actions and intentions of potential adversaries and protect its national security interests.

5. Strategic Alliances and Partnerships - The US builds strong alliances and partnerships with other countries to advance its strategic goals. This includes working closely with NATO, building partnerships with key regional players, and supporting international organizations such as the United Nations.

CHAPTER V

SINO-US TRADE WAR: IMPLICATIONS ON THE GLOBAL ECONOMIC ORDER

5.1 Introduction

The Sino-US trade war has had a significant impact on global economic order. In order to avoid these impacts, both countries need to negotiate a resolution to the conflict. The Sino-US trade war has become a major issue for the global economic order because it has led to increased tariffs on goods traded between the two countries. This has caused disruptions in supply chains and increased costs for businesses that rely on imports or exports from China or the US. To avoid these impacts, there are several strategies that could be employed. One option is for both countries to work towards a trade agreement that is fair and balanced, taking into account each other's needs and concerns (Bown, 2019). Another approach would be for businesses to diversify their supply chains,

sourcing materials from other countries to reduce their dependence on Chinese or American goods. Ultimately, finding a solution to the current trade war will require cooperation and compromise from both sides. It may also require the involvement of other countries and international organizations to help mediate the dispute and promote fair trade practices.

The US and China are engaged in a dispute over their respective trade practices and policies. It began in 2018 when the US forced taxes on Chinese products, blaming China for out of line exchange works on, including protected innovation burglary and constrained innovation move. China responded by imposing tariffs on US goods in retaliation. The trade war has had significant impacts on global trade and the economies of both countries, causing disruptions in supply chains and increasing prices for consumers. Negotiations and agreements have been made at times, but tensions remain high between the two nations. The conflict has had significant impacts on global trade and economic growth (Chen & He, 2019).

5.2 Causes of US-China trade war

The US-China trade war has been fueled by a range of issues and tensions between the two countries. Some of the main causes include intellectual property theft by Chinese companies, unfair trade practices such as currency manipulation, a large trade deficit in favor of China, and concerns about national security risks associated with Chinese technology firms. These problems have been growing for a long time, but in 2018 they got worse when the Trump administration slapped tariffs on billions of dollars worth of Chinese goods in an effort to get China to take care of these problems (Bown, 2019). Since then, both countries have engaged in a tit-for-tat escalation of tariffs, further exacerbating tensions and creating significant economic impacts on businesses and industries around the world.

There are several factors that have contributed to the US-China trade war, which began in 2018, these include:

1. Intellectual property theft:

The United States accuses China of stealing its intellectual property, including technology and trade secrets, through forced technology transfers and cyber espionage.

2. Trade imbalance:

The Trump administration has criticized China for the large trade deficit between the two countries, arguing that China is not buying enough American goods. The US claims that China has

an unfair trade advantage due to its low labor costs, currency manipulation, and government subsidies, resulting in a significant trade deficit.

3. National security concerns:

China's tech companies, like Huawei and ZTE, have been subject to US restrictions because they are accused of spying for the Chinese government.

4. Tariffs:

China's tech companies, like Huawei and ZTE, have been subject to US restrictions because they are accused of spying for the Chinese government.

5. Political tensions:

The trade war has been fueled by political tensions between the two countries, with both sides accusing each other of violating trade agreements and engaging in unfair trade practices.

6. Currency manipulation:

China has been accused by the United States of manipulating its currency for trade advantage. Overall, the trade war has had a significant impact on the global economy. Both countries have lost money and the global supply chain has been disrupted as a result.

7.State subsidies:

The US has also criticized China for providing subsidies to state-owned companies, which gives them an unfair advantage in the global market.

8.Technology transfer:

The US has accused China of forcing American companies to hand over their technology as a condition of doing business in China.

These issues have led to the imposition of tariffs on a range of goods by both countries, with the US targeting Chinese products worth hundreds of billions of dollars and China retaliating with tariffs of its own.

5.2.1 Sino-US trade war impact on the Global economic order

The Sino-US trade war has had an important impact on the global economic order. Since 2018, the US and China have been imposing tariffs on each other's goods, leading to a rise in prices and a decrease in trade volume between both of the countries. Other nations that rely on trade with China and the United States have felt the effects of this. Companies have had to adjust their supply chains, and some have faced increased costs due to tariffs. Global economic expansion has also slowed

down as a result of the trade war (Viktoriia, 2020). The International Monetary Fund has issued a warning that if the trade tensions persist or grow, they could further harm the economy. Overall, the Sino-US trade war has created uncertainty and instability in the global economic order, with repercussions felt in countries far beyond the two main players

The Sino-US trade war has had a significant impact on the global economic order. The two largest economies in the world have been imposing tariffs on each other's goods, leading to higher prices for businesses and consumers alike. The trade war has also led to a decrease in international trade, which has affected many countries that rely on exports (Khuhro, 2019).

The trade war has caused uncertainty in the global financial markets, with investors unsure about the future of trade relations between the US and China. This uncertainty has led to volatility in the stock markets and currency fluctuations. The trade war has also affected industries such as agriculture and technology. US farmers have been hit hard by Chinese tariffs on agricultural products, while technology companies have been affected by restrictions on the export of high-tech products to China. However the Sino-US trade war has disrupted the global economic order and has had far-reaching consequences for businesses, industries, and countries around the world (Wolf, 2021).

The USA-China trade wars have had a significant impact on global trade. The trade tensions between the two largest economies in the world have led to increased tariffs and restrictions on imports and exports, affecting businesses and consumers worldwide. The uncertainty caused by the trade war has also led to a decline in investment and economic growth. Furthermore, other countries have been affected by the trade war, as they have to adjust their trade policies to avoid being caught in the crossfire between the two giants (HUANG, 2021). Overall, the trade war has created uncertainty and instability in global trade, making it difficult for businesses to plan and invest for the future. Other countries that are heavily dependent on US or Chinese markets have been affected as well, leading to a reduction in global trade. Additionally, the uncertainty created by the trade war has impacted investor confidence, leading to a slowdown in investment flows. Overall, the trade war has had a negative impact on global trade, creating a challenging environment for businesses worldwide.

The US-China trade war has had a immense impact on global supply chains. The trade tensions between the two nations have led to tariffs on billions of dollars worth of goods, disrupting trade flows and increasing costs for companies around the world. For example, some US firms that rely

heavily on Chinese exports may have to find alternative sources, which could delay production and increase costs. Similarly, Chinese firms that rely on US suppliers may face higher costs due to tariffs, leading to increased prices (Politi, 2020).

In addition to direct impacts on individual firms, the trade war has also created uncertainty in global markets, which can make it difficult for businesses to plan and invest in their operations. This can lead to a slowdown in the global economy, reducing demand for goods and services, and limiting growth opportunities for companies (Nicolas, 2016). Overall, the US-China trade war has created challenges for global supply chains, leading to increased costs, disruptions, and uncertainty for businesses around the world.

The USA-China trade war has had a significant impact on the global supply chain. As the two biggest economies in the world, their trade relationship is crucial to the functioning of the global economy. The imposition of tariffs by both countries has disrupted existing supply chains, leading to increased costs for businesses and consumers. Companies that rely heavily on Chinese imports have had to look for alternative sources of production, which has resulted in longer lead times and higher costs. Additionally, the uncertainty created by the trade war has led to delayed investment decisions, further impacting the global supply chain (Monaghan, 2014). In summary, the trade war has caused significant disruptions to the global supply chain, making it more challenging for businesses to cooperate efficiently.

Smaller economies have also been impacted by the disruption of the global supply chain. As many smaller economies rely on exports to larger economies, any disruption to the global supply chain can have a significant impact on their economies. For example, if a small economy relies heavily on exports to a country that is involved in the trade war, they may experience a decrease in demand for their products and services, which can lead to a decline in economic activity. Additionally, smaller economies may have less resources to cope with disruptions to the global supply chain, making it more difficult for them to adapt to changing market conditions (HUANG, 2021). Overall, the disruption of the global supply chain has had a broad impact on the global economy, affecting businesses and economies of all sizes.

5.2.2 How USA and China trade war has become a Cold War?

The US-China trade war has turned into a Cold War in numerous ways. The rising strains between the two countries have been compared to those of the Cold War time, with the US and China in a

condition of monetary, mechanical and ideological rivalry. The Trump administration began the trade war with China in July 2018 when it imposed tariffs on Chinese goods, citing intellectual property theft and unfair trade practices. China responded by imposing its own tariffs on US goods, igniting a trade war between the two nations ever since. China has taken steps to restrict US access to its market, and the United States has also attempted to restrict Chinese access to technology. Fears of a full-blown military conflict have been raised as a result of both nations' efforts to increase their military presence in the region. As a result, the US-China trade war is no longer just a Cold War. Over time, the conflict has escalated beyond just trade (Maizland, 2020). The US has taken a more aggressive stance towards China, accusing it of human rights abuses in Xinjiang and Hong Kong, espionage, and cyberattacks. The US has also placed restrictions on Chinese tech companies like Huawei, citing national security concerns.

China, for its part, has become more assertive on the world stage, challenging US dominance in the Asia-Pacific region and investing heavily in its military and technological capabilities. China has also sought to exploit divisions within the US and between the US and its allies. All of these factors have contributed to the growing perception that the US-China relationship has become a new kind of cold war. While the term "cold war" may not be entirely accurate, given that the US and China are not engaged in a military conflict, it does capture the sense that the two countries are engaged in a long-term strategic competition that goes beyond trade and economic issues (Li & Zhang, 2018). The US-China relationship is likely to remain tense for the foreseeable future, with both sides jockeying for position and seeking to advance their own interests. Whether this will lead to a full-blown cold war or some other kind of outcome remains to be seen.

5.3 Theory of realism and the Sino-US trade war and its impact on Global Economic Order

Realism is a political theory that asserts that states are the main actors in international relations and that they act upon their self-interest in order to maximize their security and power. According to the theory of realism states prioritize their national interests over the interests of other states, and that conflict is inevitable as states compete for power and resources. In the context of the trade war and the global economic order, realism theory has had a significant impact on how countries perceive and respond to economic issues. The Sino-US trade war is a manifestation of this realist theory, as both countries are acting in their self-interest to protect their economies and increase

their power in the global economy (Wolf, 2021). China has been accused of engaging in unfair trade practices, such as intellectual property theft and currency manipulation, which the US sees as a threat to its economic interests. In response, the US has imposed tariffs on Chinese goods, which China has retaliated against by imposing tariffs on US goods. Realism also suggests that states will use force or the threat of force to achieve their objectives if necessary. While the Sino-US trade war has not escalated to a military conflict, the use of tariffs and economic sanctions reflects the realist view that states will use any means necessary to protect their interests (Rolland, 2020).

Realist thinking also shapes the global economic order, as countries seek to maximize their economic power and influence. This has led to the emergence of economic blocs, such as the European Union and the African Union, as countries seek to pool their resources and increase their bargaining power. Realism theory has also contributed to the rise of economic nationalism, as countries seek to protect their domestic industries from foreign competition. This has led to the imposition of tariffs and other protectionist measures, which can have negative impacts on global trade and economic growth.

In conclusion, the theory of realism is relevant to the Sino-US trade war as it provides a framework for understanding the motivations and actions of both countries as they compete for power and resources in the global economy. Realism theory has had a significant impact on the Sino-US trade war and the global economic order. While it emphasizes the pursuit of national self-interest and power, it can also contribute to economic conflict and protectionism, which can have negative consequences for global economic growth and stability.

5.4 SINO-USA Tech War

Tech War

The Sino-US Tech War is the ongoing technological rivalry between China and the United States. In recent years, the two superpowers have been competing to set the world's technology standards and dominate the global market for cutting edge products and services. The clash between China and US has become increasingly prominent due to their divergent priorities and intensifying competition in the tech sector. It involves various factors such as trade, investment, intellectual property, cybersecurity, and national security concerns. The conflict has escalated due to the

growing Chinese technological advancements, particularly in areas such as 5G, artificial intelligence, and quantum computing (Bremmer, 2019). The US government has imposed several restrictions on Chinese tech companies like Huawei, TikTok, and WeChat, citing national security concerns, while China has responded with reciprocal measures. The Sino-US tech war has significant implications for the global economy and the tech industry as a whole. The Sino-US Tech War has unfolded on several fronts, from trade tensions to geopolitical maneuvering. Both countries have long sought to outcompete each other in areas such as 5G technology, semiconductors, and Artificial Intelligence (AI). As the two biggest economies in the world, China and the US are at the forefront of global tech innovation, making the competition particularly potent (Hu, 2020).

At the trade level, the Sino-US Tech War has grown more aggressive over the years, as both countries have regulated the movement of technology and intellectual property. The US has imposed sanctions on Chinese companies and blocked dual-use technologies from being exported to China, while also restricting investments in Chinese tech firms. China, meanwhile, has tightened control over how its citizens can acquire US technology, while also increasing its own efforts to support domestic tech innovation. The US is also taking a hard stance on Chinese espionage, claiming Chinese academics have been using graduate students to steal intellectual property and technology from US universities (Friedman, 2019). This has led to the US government 'disinviting' some Chinese scholars from attending conferences and imposing tighter visa restrictions on Chinese scientists. At the same time, the tech war extends beyond trade tensions and espionage allegations. The US government has long been wary of the potential for China to gain an economic or military advantage through its technological prowess, leading to calls for strengthened security measures such as the development of alternative supply chains and the implementation of tougher regulations (Bremmer, 2019).

The US has recently enacted laws that would restrict exports to China of certain semiconductor chips, software, and AI technology, while also calling into question the use of Chinese-made telecommunications equipment by US companies. The US and China are also engaged in a fierce race to dominate 5G technology, with both countries investing heavily and launching their own 5G networks. China has a slight lead in this area, and the country is currently home to over half of the world's 5G networks. Finally, the Sino-US Tech War is also playing out in the corporate world, as companies in both countries compete for global market share and technological dominance. US

tech firms such as Microsoft, Google, and Facebook, have had to compete with their Chinese counterparts, including Baidu, Tencent, and Alibaba, for customers, capital, and talent. The global tech sector is likely to remain a major source of contention between the two countries for the foreseeable future, as the Sino-US Tech War continues to escalate. The rising tensions in the tech space could potentially spark a full-fledged tech cold war between the two countries, with far-reaching implications for both countries and the global economy.

5.4.1 Main elements of the Sino-US Tech War and how have they evolved since its inception

The Sino-US Tech War is an increasingly tense geopolitical rivalry between the two world powers, which has been slowly escalating since its inception in early 2020. At the heart of the conflict lies an ongoing technological arms race as both countries strive to become the global leaders in developing, manufacturing, and deploying advanced tech solutions. The US-China tech rivalry has been fueled by a range of issues including Washington's aggressive efforts to limit China's technological advancements and Beijing's push to expand its market access to foreign firms. One of the key elements of this tech cold war is the ongoing battle for control over the 5G network infrastructure. Washington has ramped up its pressure on telecom providers to replace Chinese equipment with more secure alternatives from trusted US sources, including Huawei. The US government has also imposed a number of restrictions on exports to Chinese companies, citing national security concerns (Hu, 2020). In response, Beijing has been actively promoting a "China-first" policy in order to promote domestic technology and crowd out foreign competition from the country's markets.

Another major element of the Sino-US tech war is the ongoing trade war between the two countries. The US has imposed a broad range of tariffs on Chinese imports, while China has retaliated with its own measures. As a result, the ongoing trade tensions are having a direct impact on high-tech companies, who are now facing higher costs and uncertainty. The US government has also taken a hardline stance against Chinese tech giants like Huawei and ByteDance, accusing them of violations of American laws around data privacy (Chorzempa & Wilhelm, 2019). The US administration has also restricted China's access to critical semiconductor inputs, hindering the country's efforts to develop its own advanced chip manufacturing capabilities. Beijing has responded to these moves by ratcheting up its censorship efforts. It has tightened its grip on the

regulation of the internet, including blocking access to foreign websites and limiting content that it considers subversive or politically sensitive. The Chinese government has also been actively seeking to gain control of strategic sectors, including artificial intelligence and robotics. In recent times, the Sino-US tech rivalry has come to encompass both commercial and political aspects, with the two countries clashing over topics such as human rights, intellectual property theft, and data security. With each side unwilling to back down, the tech war is likely to remain an ongoing source of tension between the two countries for the foreseeable future (Bremmer, 2019).

Table 5.1: Sino-US Tech War Is Changing the World

<p>Global Supply chains are being reshaped</p>	<p>With the US and China both trying to restrict the flow of technology and intellectual property, companies are being forced to rethink their supply chains. This is leading to a shift away from China towards other countries such as Vietnam, India, and Mexico.</p>
<p>National security concerns are rising</p>	<p>The US and China are both increasingly concerned about the national security implications of technology. This is leading to greater scrutiny of foreign investments, increased regulation, and greater protectionism.</p>
<p>Innovation is being stifled</p>	<p>The US and China are both investing heavily in research and development, but the technology war is making it harder for companies to collaborate and share ideas. This is leading to a slowdown in innovation and could ultimately harm economic growth.</p>
<p>Consumer choice is being limited</p>	<p>With both the US and China restricting the flow of technology and intellectual property, consumers are being left with fewer options. This could lead to higher prices and lower quality products.</p>

Geopolitical tensions are rising	- The technology war is just one aspect of a broader geopolitical rivalry between the US and China. This rivalry is likely to shape global politics for years to come and could have significant implications for international relations.
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Source: *South China Morning Post*

5.4.2 US-China Tech War Impacts and Prospects

The United States and China are two of the strongest technological powers in the world, and their battle for supremacy has implications that extend beyond the borders of both countries. The US-China tech war is characterized by the ongoing confrontation between the two countries, where each side is trying to gain an edge in the technological sector through a variety of strategies (Aljazeera, 2021).

The US-China tech war marks a new stage in the long-standing rivalry between the two countries. Both countries have long contested each other in the fields of science and technology, and now the technological capabilities of both nations have reached a peak. As the competition intensifies, both countries are seeking to gain an edge in the sector, which has led to an escalation of the conflict. In terms of its impacts, the US-China tech war has had significant consequences for the global economy. This is because the US and China account for a large portion of the world’s tech industry, and any disruption of this industry could have ripple effects across many sectors. In particular, any disruption in the supply chain of tech products could cause significant economic damage, as well as harm to consumers (Liao, 2021). Moreover, the competition between the two countries has also caused tensions between them, as both seek to gain an upper hand in the technology sector. This will lead to Trade tensions as well as the The tech war has escalated trade tensions between the US and China, leading to tariffs and restrictions on imports and exports. Furthermore Cybersecurity concerns will also increase The US and China have accused each other of cyber espionage, which has raised concerns about the security of tech products and services. The Innovation slowdown will also generate. The tech war has led to restrictions on technology transfers between the US and China, which could slow down innovation in both countries (Paulson Institute, 2021).

In terms of prospects, the outcome of the US-China tech war is yet to be seen. Many analysts believe that this competition will benefit companies in both countries, as it encourages innovation and boosts investments in technology. Additionally, the competition could drive down the cost of certain technologies and make them more accessible to consumers. Yet, there is also the potential that the rivalry will become too intense and result in a trade war, which could cause significant disruption to the global economy. The tech war could lead to the decoupling of tech ecosystems in the US and China, with each country developing its own technologies and standards (He & Yang, 2020). The tech war could lead to tech companies shifting their operations to other countries, such as India and Southeast Asia. The tech war could create new opportunities for startups and entrepreneurs in both the US and China, as they seek to develop new technologies and products. Overall, the US-China tech war is an ongoing dynamic between the two countries, and its impacts and prospects are far-reaching. As the competition intensifies, both countries are seeking to gain an edge in the sector, but the outcome is yet to be seen. Only time will tell whether the competition will lead to benefits for both sides, or if it will escalate into a more serious conflict.

5.4.3 Huawei and the USA- China Trade War

Huawei, a Chinese telecommunications giant, has been at the center of the ongoing trade war between the United States and China. In May 2019, the U.S. government placed Huawei on a trade blacklist, citing national security concerns and accusing the company of violating U.S. sanctions on Iran. This move effectively barred U.S. companies from doing business with Huawei, including the supply of critical technology components such as semiconductors. The U.S. government has accused Huawei of espionage and stealing trade secrets, allegations that the company has repeatedly denied. The U.S. government has also pressured other countries to ban Huawei from their 5G networks, citing concerns over Chinese government influence and potential security risks (Huang, 2020). The trade war has had a significant impact on Huawei's business, with the company reporting a decline in smartphone sales and revenue. Huawei has also faced challenges in sourcing components for its products, as many suppliers have cut ties with the company due to the U.S. sanctions. The dispute between the U.S. and China has broader implications for the global economy, with many analysts warning of the potential for a prolonged economic downturn. The

two countries have imposed tariffs on billions of dollars worth of each other's goods, and negotiations to resolve the dispute have so far been unsuccessful (Frum, 2019).

5.4.4 History of Huawei

Huawei is a Chinese multinational technology company that was founded in 1987 by Ren Zhengfei, a former engineer in the People's Liberation Army. The company started as a small private business in Shenzhen, China, with only a few employees. In the early days, Huawei focused on manufacturing phone switches, which allowed businesses to set up their own internal phone networks. The company quickly gained popularity in China and expanded globally, establishing a presence in Africa, Europe, and Asia. In the late 1990s, Huawei started to diversify its product line by introducing wireless networking equipment, which proved to be a huge success. The company also began to develop its own operating system, which it called Harmony OS, as a potential alternative to Google's Android. As Huawei continued to grow, it faced scrutiny from Western governments over its alleged ties to the Chinese government and concerns about its potential to use its technology for espionage. In 2019, the US government placed Huawei on a trade blacklist, effectively banning American companies from doing business with Huawei. Despite these challenges, Huawei has continued to innovate and expand its product line. Today, the company is one of the world's largest providers of telecommunications equipment and smartphones (Chen & Yang, 2020).

5.4.5 US Strategy against Huawei

The United States government considers Huawei to be a national security threat due to its alleged ties to the Chinese government. The US has implemented a variety of measures to restrict Huawei's business operations in the country and limit its influence in the global market. One of the most notable actions taken by the US government is the inclusion of Huawei on the Entity List, which restricts American companies from doing business with the Chinese tech giant without government approval. This has had a significant impact on Huawei's ability to access critical technologies and components, such as semiconductors and operating systems (BBC News, 2019).

The US has also been lobbying its allies to exclude Huawei from their 5G networks, citing concerns over potential espionage and security risks. Several countries, including Australia and the UK, have agreed to limit Huawei's involvement in their networks, while others, such as

Germany, have taken a more nuanced approach. Overall, the US strategy against Huawei aims to minimize its influence and limit its access to critical technologies, while also encouraging other countries to follow suit (Chen & Yang, 2020).

5.4.6 How did US China trade war affect Huawei

The US-China trade war has had a significant impact on Huawei, a Chinese telecommunications company. In May 2019, the US government added Huawei to its Entity List, which restricted American companies from doing business with Huawei without obtaining a government license. This move prevented Huawei from accessing American technology, including semiconductors and software, which are critical components for Huawei's products. As a result, Huawei's smartphone sales outside of China decreased significantly. In 2020, Huawei's market share in Europe fell to 8%, down from 19% in the previous year (Clegg & Fung, 2020). The US ban also affected Huawei's 5G network equipment sales, as many countries banned Huawei's equipment from their networks due to security concerns. In response to the US ban, Huawei developed its own operating system, HarmonyOS, and invested heavily in its semiconductor business to reduce its dependence on American technology. However, the company's revenue and profits have been significantly impacted by the US-China trade war.

5.4.7 Case Study of Apple- Role of USA & China

Apple is one of the most successful technology companies in the world, and its role in both the US and China is critical to its success. Apple has been able to establish a strong presence in China, which is now its second-largest market after the United States. This success is due to a combination of factors, including the company's innovative products, effective marketing strategies, and partnerships with local companies.

Table: 5.2: Role of Apple in US and China

<p>The Role of Apple in the US</p>	<p>Apple's role in the US is significant, considering it is an American company founded in Cupertino, California. Apple is one of the largest employers in the US, with more than 137,000 employees. The company's products are also manufactured in the US, with its Mac Pro computer assembled in Texas. Apple's</p>
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	<p>success in the US is due to its ability to innovate and create products that appeal to American consumers. The company's iPhones, iPads, and Macs have become ubiquitous in the US, and Apple has become one of the most valuable companies in the world.</p>
<p>The Role of Apple in China</p>	<p>Apple's role in China is equally significant, considering the country has a population of over 1.4 billion people and is the world's largest smartphone market. Apple's success in China is due to a combination of factors, including its innovative products, effective marketing strategies, and partnerships with local companies. Apple has invested heavily in the Chinese market, with the company opening over 40 retail stores in the country. Apple has also partnered with local companies, including China Telecom and China Unicom, to distribute its products throughout the country. Additionally, Apple has established a research and development center in Shanghai, which is focused on developing new technologies for the Chinese market.</p>

Source: *Global Times*

5.4.8 Through which way Apple's success met with challenges

However, Apple's success in China has also been met with challenges. The Chinese government has strict regulations on foreign companies operating in the country, and Apple has faced criticism for its compliance with these regulations. Additionally, Chinese domestic companies, such as Huawei and Xiaomi, have emerged as major competitors to Apple in the country. The US-China trade war has had a significant impact on many industries, including the technology sector. Apple, being one of the largest technology companies in the world, is not immune to the effects of the trade war (Huang, 2020). One of the main challenges that Apple faces due to the trade war is the increase in tariffs on Chinese imports. Many of the components used in Apple products are

manufactured in China and are subject to tariffs. This can increase the cost of production for Apple and ultimately result in higher prices for consumers. Another challenge for Apple is the uncertainty surrounding the trade war. The ongoing trade negotiations between the US and China can lead to changes in tariffs and trade policies, making it difficult for Apple to plan and make long-term decisions (Gertner, 2020).

Furthermore, the trade war can also negatively impact Apple's sales in China, one of its largest markets. Chinese consumers may choose to boycott US products in response to the trade war, leading to a decrease in sales for Apple. In response to these challenges, Apple has been exploring alternative sourcing options and is also considering moving some of its production outside of China. However, these solutions may not be feasible in the short-term and can result in additional costs for the company. Overall, the US-China trade war poses significant challenges for Apple and may impact the company's financial performance and growth prospects in the future. Apple's role in both the US and China is critical to its success as a global technology company (Miller, 2019). The company's innovative products, effective marketing strategies, and partnerships with local companies have enabled it to establish a strong presence in both markets. However, Apple faces challenges in both countries, including government regulations, competition from domestic companies, and changing consumer preferences. Despite these challenges, Apple remains one of the most valuable companies in the world and is poised to continue its success in both the US and China (Levinson, 2019).

5.5 Can current trade wars lead to a global economic crisis

Since the launch of the Belt and Road Initiative (BRI) in 2013, there has been an emerging competition between Sino-US political economic policies. The BRI is China's ambitious plan to invest in infrastructure projects and promote economic cooperation across Asia, Africa, and Europe. The US has responded with its own economic policies aimed at countering China's growing influence in the region. One of the key areas of competition has been in the realm of infrastructure investment. China has invested heavily in infrastructure projects across the world through the BRI, including ports, roads, railways, and power plants. The US has responded with its own infrastructure investment plan, the Build Back Better (BBB) plan, which aims to invest in

infrastructure projects across the US and improve the country's competitiveness (Huang, 2020).

Another area of competition has been in the realm of trade policy. China has pursued a policy of economic openness and has actively pursued trade agreements with other countries, including the Regional Comprehensive Economic Partnership (RCEP). The US, on the other hand, has pursued a policy of economic nationalism and has adopted a more protectionist stance, withdrawing from the Trans-Pacific Partnership (TPP) and renegotiating trade deals with other countries.

There has also been competition in the realm of technology policy. China has made significant strides in developing its own technology sector and has pursued policies aimed at promoting domestic innovation, such as the Made in China 2025 initiative. The US has responded with a series of measures aimed at restricting China's access to US technology and intellectual property, such as the Entity List and the Clean Network initiative (Doshi, 2021).

Finally, there has been competition in the realm of financial policy. China has sought to expand the international role of its currency, the renminbi, and has established the Asian Infrastructure Investment Bank (AIIB) as an alternative to existing international financial institutions dominated by the US. The US has responded by imposing sanctions on Chinese banks and limiting their access to US financial markets.

Henceforth, the competition between Sino-US political economic policies has been driven by a broader geopolitical rivalry between the two countries. While the US remains the dominant economic and military power in the world, China has emerged as a major economic power and is seeking to expand its influence in the region and beyond. The competition between the two countries is likely to continue in the years ahead and will have significant implications for the global economy and international relations.

The Sino-US trade war, which began in 2018, has had significant implications on the global economic order. The trade war was sparked by the Trump administration's decision to impose tariffs on a range of Chinese goods in an attempt to address what it saw as unfair trade practices by China. China responded with retaliatory tariffs of its own, leading to a protracted trade war between the two countries. In this thesis, we will explore the implications of the Sino-US trade war on the global economic order.

First, the trade war has had a significant impact on the global economy. The US and China are the two largest economies in the world, and their economic relationship is a key driver of global

growth. The trade war has disrupted global supply chains, leading to higher prices for consumers and reduced demand for goods and services. The International Monetary Fund (IMF) estimated that the trade war could reduce global GDP by 0.8% by 2020 (Huang, 2021).

Second, the trade war has had implications for the international trading system. The World Trade Organization (WTO) was established in 1995 to promote free trade and resolve trade disputes between member countries. The US and China are both members of the WTO, but the trade war has put significant strain on the organization. The Trump administration has criticized the WTO for being biased against the US and has blocked the appointment of new judges to the organization's appellate body. China has also been accused of violating WTO rules, particularly with regards to intellectual property theft and forced technology transfer (Aslam, 2018).

Third, the trade war has highlighted the growing economic and geopolitical rivalry between the US and China. The US has long been the dominant economic and military power in the world, but China has emerged as a major economic power and is seeking to expand its influence in the region and beyond. The trade war has intensified this rivalry, with both countries accusing the other of engaging in unfair trade practices and seeking to dominate the global economy.

Fourth, the trade war has had implications for global investment patterns. China has been a major destination for foreign direct investment (FDI) in recent years, but the trade war has led to a reduction in FDI inflows. This has had implications for countries that rely on Chinese investment, particularly in emerging markets. The trade war has also led to a shift in global supply chains, with some companies relocating production to other countries in order to avoid tariffs (Hirst, 2015).

Fifth, the trade war has had implications for the global energy sector. China is the world's largest consumer of energy, and the trade war has had implications for global energy markets. China has responded to the tariffs by imposing its own tariffs on US energy exports, particularly liquefied natural gas (LNG). This has led to a reduction in US LNG exports to China and a shift in global energy markets.

Sixth, the trade war has had implications for global governance. The trade war has highlighted the limitations of the existing global governance system, particularly with regards to trade. The WTO has been unable to resolve the trade dispute between the US and China, and there have been concerns about the ability of international institutions to address the challenges posed by the trade war (Miller, 2019).

Seventh, the trade war has had implications for the US-China relationship. The trade war has put significant strain on the relationship between the two countries, with both sides engaging in increasingly hostile rhetoric. The trade war has also had implications for other areas of cooperation between the US and China, such as climate change and North Korea.

The trade war between the US and China has contributed to global economic uncertainty and has been a factor in the current global economic crisis. However, it is important to note that there are other factors at play, including the COVID-19 pandemic and other geopolitical tensions. It is also worth noting that the USA-China trade war is just one of many factors that could contribute to a global economic crisis. Other factors such as political instability, natural disasters, and debt crises can all have an impact on the global economy. Ultimately, how the current trade war plays out, and its impact on the global economy, will depend on a variety of factors and remains uncertain (Duhigg & Bradsher, 2021).

5.5.1 The ways through which USA-China can prevent trade war

To avoid a trade war, both countries could engage in bilateral negotiations or consult with multilateral organizations such as the World Trade Organization (WTO) to resolve their differences. The WTO is a forum where members can negotiate mutually beneficial trade agreements and resolve disputes related to trade. Another option would be for the USA and China to adopt a more proactive approach when it comes to managing their economic relationship. This could involve establishing joint committees to review trade policies, ensuring transparency in trade negotiations, and harmonizing regulatory standards between the two countries. Such measures would be aimed at promoting greater cooperation and trust between the USA and China, thereby reducing the likelihood of a trade war.

Table 5.3: Ways to prevent trade war between US and China

Negotiation	Both countries can sit down and negotiate to resolve the issues related to trade. This will help in finding common ground and reaching a mutually beneficial agreement.
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Diplomatic Channels	The two countries can use diplomatic channels to resolve their differences. This can include talks between the leaders of both countries or through the United Nations.
Avoiding Tariffs	Both the countries can avoid imposing tariffs on each other's goods. This will prevent the escalation of trade tensions and help in maintaining a healthy trade relationship.
Addressing Intellectual Property Issues	China can take steps to address the concerns of the US regarding intellectual property theft. This will help in building trust between the two countries and prevent any trade war.
Multilateral Agreements	Both the countries can engage in multilateral agreements to promote free trade. This will help in creating a level playing field for all countries and prevent any unfair trade practices.
Increased Transparency	Both the countries can increase transparency in their trade policies and practices. This will help in building trust and prevent any misunderstandings between the two countries.
Cooperation on Global Issues	Both the countries can cooperate on global issues such as climate change, terrorism, and poverty reduction. This will help in building trust and prevent any trade wars.

Source: *World Economic Forum*

Overall, avoiding a trade war between the USA and China would require both countries to commit to a constructive dialogue aimed at resolving their differences. By doing so, they can maintain a stable economic relationship that benefits both parties and the global economy as a whole.

5.6 Challenges that may arise during negotiations and intellectual property theft between China and the US, and how might they affect the outcome of the trade war

There are certainly several challenges that could arise during negotiations between China and the US, particularly given the complex nature of the economic relationship between the two countries. One major issue is intellectual property theft, which the US has accused China of engaging in through forced technology transfers and other means. This could be a major sticking point in negotiations, as the US is unlikely to back down on this issue.

Another challenge is the question of market access. The US is pushing for greater access to Chinese markets for American businesses, while China is seeking to maintain some level of protectionism to support its own domestic industries. This could be another area where negotiations could break down if one side perceives that they are not getting a fair deal. Other potential challenges include disputes over currency manipulation, cybersecurity concerns, and geopolitical tensions in the South China Sea (Huang, 2020). All of these issues could affect the outcome of the trade war, depending on how successfully negotiators are able to address them. Ultimately, a successful resolution to the trade war will require both sides to make compromises and work together to find mutually beneficial solutions. There are several other challenges that could arise during the negotiations between China and the US. One of them is the issue of intellectual property theft, which has been a long-standing concern for US companies doing business in China. Another challenge is the issue of currency manipulation, with the US accusing China of artificially devaluing its currency to gain an unfair advantage in trade. Additionally, there are concerns about human rights abuses in China, particularly in relation to the treatment of Uighur Muslims in Xinjiang province. These issues could all potentially impact the negotiations and make it more difficult to reach a satisfactory resolution to the trade war (Cheng & Feng, 2018).

Both China and the US have proposed various measures to address the issue of intellectual property theft during negotiations. The US has pushed for stricter enforcement mechanisms, including increased penalties for IP theft and greater access to Chinese markets for US companies. China has also proposed measures to protect intellectual property, such as implementing stricter copyright laws and increasing the number of patents issued. However, there are still significant disagreements between the two countries on how to address this issue, and negotiations are ongoing (Gertner, 2020).

The impact of these proposed measures on the global economy in the long run is difficult to predict, as there are many factors involved. However, some experts believe that if the US and China can come to an agreement on intellectual property theft and trade, it could lead to increased stability in the global economic system. This could result in more balanced and fair trade practices, which could benefit both countries and the world at large. On the other hand, if the negotiations between the two countries break down or result in a trade war, it could lead to significant disruptions in the global economy, potentially leading to decreased economic growth and job losses. Ultimately, the impact of these proposed measures will depend on how they are implemented and whether or not they are successful in regulating intellectual property theft and promoting fair trade practices (Levinson, 2019). The Sino-US trade war has become impactful for the global economic order because both countries are major players in the global economy. The trade war has resulted in increased tariffs and trade barriers, which have made it harder for businesses to operate and trade goods between the two countries. As a result, this has led to decreased economic growth and increased uncertainty in global markets (Miller, 2019).

To avoid the negative impacts of the trade war, there are some steps that can be taken. Firstly, both countries could work towards a negotiated agreement that is mutually beneficial to both sides. This could involve reducing tariffs and trade barriers, as well as increased collaboration on trade issues such as intellectual property protection. Another approach could involve diversifying trade relationships and looking for alternative trading partners. This could involve exploring new markets and finding new suppliers, reducing reliance on any one country. Overall, it is important for both countries to work towards a solution that benefits everyone and ensures a stable global economic order.

CONCLUSION

Summary of Work:

In conclusion, the thesis has explored the increasing economic power of China and how it is becoming a global hegemon in 21st century. In addition to this, with the help of neo realistic theory we have analyzed that how it is affecting the global economic order. The rising economic hegemony of China has significant implications on the global economic order. Furthermore, as China's economy continues to grow and become more integrated into the global economy, it is likely to challenge the dominance of the United States and other developed countries in shaping the rules and institutions of the international economic system. This could lead to the creation of new regional economic institutions that are more aligned with China's interests, potentially undermining the existing global economic order.

The theory of realism and neo-realism are also explained in this thesis as they are significant impact on how we comprehend and analyze global politics. Neo-realism focuses on the systemic forces that shape the behavior of states, whereas realism places an emphasis on the role that power and self-interest play in international relations. Both theories have had a significant impact on the way in which we understand China's rise as a global power. Realism has been particularly influential

in shaping Western perceptions of China as a strategic competitor and potential threat to the existing global order. The rise of China, according to realists, poses a threat to the established power structures and has the potential to cause instability in the international system. They contend that China's quest for power and impact in the area and past is driven by its longing to safeguard its own advantages and extend its impact to the detriment of different states.

Neo-realism, on the other hand, provides a more nuanced view of China's rise, emphasizing the systemic forces that shape its behavior. Neo-realists argue that China's behavior is largely determined by the balance of power in the international system, and that its actions are driven by a desire to maintain its security and protect its interests in an increasingly complex and competitive environment. Overall, both realism and neo-realism have played a significant role in shaping our understanding of China's rise as a global power, and will continue to be important tools for analyzing and interpreting Chinese foreign policy in the years to come.

Furthermore, the historical background of Chinese economic policies has been explored since 1949 till present and all the major economic contributions have been highlighted of this time period that includes the land reforms, collectivization, five year plan, great leap forward, cultural revolution, open door policy, etc. Along with all the major economic reforms that have taken place in China in Cold war period and Post-Cold War period. In addition to this, US economic policies are also discussed in detail.

Moreover, it has been explored that the potential for China to use its economic power to exert political influence and promote its own values and interests. For example, China's Belt and Road Initiative has been criticized for its potential to create a "debt trap" for participating countries and expand China's influence in these countries. At the same time, China's rise presents opportunities for greater economic cooperation and integration between China and other countries. China has become a major trading partner for many countries, and its growing middle class presents opportunities for increased consumer demand and investment.

The study finds that both US and China are giving tough competition to each other in 21st century with explain the current tech war between US and China along with the examples of Huawei and Apple. Using examples from the contemporary times, the thesis have explored the intensity of trade and tech war between both countries. Along with that, it has been analyzed that how the global economic order is now tilting towards China and how the existence of China has become a major threat to US.

Suggestions and Recommendations:

In conclusion, the Sino-US trade war has had significant implications for the global economic order. The trade war has disrupted global supply chains, put strain on the international trading system, highlighted the growing economic and geopolitical rivalry between the US and China, and had implications for global investment patterns, the energy sector and the global governance. In the process, our analysis suggests that a robust multilateral order will offer the United States and its friends and allies with tremendous advantages for complementing other instruments of national power to achieve a stable competition that allows multilateral cooperation in a number of important areas. As other reports in this thesis have suggested, a strong international order helps to set the rules by which states are expected to play, creates the shared understandings that states must respect in order to win recognition and status, and fosters the institutions that leaders of the order are expected to support. In short, a strong international order creates the framework within which the United States and others can hold a rising China accountable to certain behaviors. They could do so in the absence of an order, of course, but it would be a more complicated and fractious, and ultimately less effective, strategy.

At the same time, U.S. strategy and policy must encourage China to prefer moderate actions undertaken with a multilateral spirit to unilateral coercion. Part of the challenge is to “demonstrate that Chinese nationalist greatness can best be achieved in the new century through participation in global projects.” It is argued that this will be extremely difficult at a time when China’s rising power—and self-perception of growing influence—will make Beijing, in some cases, less likely to compromise.

This thesis has recommended a two-part U.S. approach to China and the international order. First, the United States should undertake a number of more energetic policies—and should be willing to accept some degree of geopolitical risk—in order to recruit China, even with its different attitudes toward a number of major issues, as a coleader of that order. This effort would, in effect, attempt to determine whether China is truly willing to reflect the vision represented in Xi’s vision that is promising to support free and open trade, nonaggression, and other key norms in a globalizing world. Our analysis does not suggest that such an effort will be successful across the board or will avoid increasing Chinese assertiveness, especially in areas where it perceives an opportunity to undermine U.S. influence and power. However, because of China’s crucial role in a number of multilateral issues (from trade to climate) and because more hostile alternatives risk devastating

conflict, using the established order to try to shape and channel Chinese ambitions should remain the priority U.S. approach.

However, the second approach is that clear evidence of China's regional ambitions, as well as conflicting evidence about its potential to manage those ambitions short of a much more pointed clash with the United States, demand that the United States undertake powerful strategies to hedge against the failure of the first approach. The major difficulty will be keeping the hedging actions from creating such threat perceptions in China that they undermine the dominant approach of providing China with a greater ownership stake in a multilateral order. This essential challenge—sustaining a shared order with an increasingly powerful and assertive state with different values from the United States and different opinions on a wide range of major policy issues—is arguably the central U.S. foreign policy problem for the coming decades.

IMPLICATIONS AND POLICY OPTIONS FOR THE UNITED STATES

Because of the loose, partial, and malleable nature of China's envisioned hegemony, and the fact it is still in its infancy, the United States can attempt to shape China's vision in ways that are more beneficial to U.S. interests. Below are four options for working toward this goal.

Focus on new areas of competition. China's vision for a new world order points to two main areas of priority: the developing, non-Western, non-democratic world and the existing international institutions. Both should be recognized as areas where the U.S.-China strategic competition is unfolding and thus given greater attention by the U.S. government.

This does not necessarily mean that the United States should attempt to counter every Chinese move everywhere around the globe. In a context of resource constraints, the U.S. government should establish a hierarchy of priorities, engage in an economy of force effort, consider potential Chinese vulnerabilities to exploit, and adopt cost-imposing strategies.

China's interest in the "global South" also points to the importance of non-allies—smaller players that could partner with the United States in countering Chinese efforts. It also suggests the importance for the United States of continuing to balance China in its own backyard. If kept in check in East Asia, Beijing will be less capable of expanding in other geographic areas or of establishing a wide Sinocentric sphere of influence.

China's expansion is primarily based not on the use of military instruments but on the use of economic statecraft and the expansion of efforts to shape the external environment through both influence operations and "discourse power"—the power to embed ideas and norms that underpin the international order. The U.S. government should pay attention to both and consider them as domains of competition on par with the military domain.

Deploy a proactive public diplomacy. For many countries around the world, there may be no essential difference between Chinese hegemony and U.S. leadership, believing that "great powers will do what they always do." The United States should be more systematic in demonstrating the difference between international leadership exercised by a liberal democracy and by an illiberal authoritarian regime. It should remain committed to the support of liberal democracy around the world.

China's efforts put at risk not only the predominant U.S. position in the current system but the fundamental principles underpinning the existing international order. Liberal democracies around the world should be made aware that the competition underway affects the existing system as a whole and not only the United States.

Strengthen expertise. The new world order as seen through Beijing's eyes is a very different construct from anything we have known during our lifetime or in modern history. Trying to make it fit within familiar historical examples of expansion and empire would be misleading. The fact that this order is different, however, does not mean that it should be dismissed as fanciful or doomed to fail.

Expertise is necessary to understand China on its own terms so that we can design an adequate response. Funding policy-relevant basic research on China, contemporary strategic issues, and international studies is the equivalent of investing in STEM basic research: the research process is cumbersome and slow, with little immediate return, but it is nonetheless indispensable for real-life policy applications.

The U.S. government should encourage and support institutions and individuals engaged in conducting such basic research on contemporary China and in training a rising generation of

analysts able to exploit open-source material in the Chinese language. Properly analyzed, such material gives tremendous insights into the thinking of Chinese elites.

Think ahead and be prepared. Although China's vision for a new world order is a work in progress, it would be a mistake to wait until this vision is fully formed to start thinking about potential U.S. and Western responses. Strategic foresight is a vital component of preparedness for a protracted U.S.-China competition. If the first signs of China's ambitions in information and communications technology had been subject to serious strategic foresight exercises, the United States and its allies might have been able to anticipate the security implications of the rollout of Chinese-built 5G networks and could have come up with actionable policy options. The same applies to the slow response to China's actions in the South China Sea and development of anti-access/area-denial capabilities.

Similarly, we are now only beginning to pick up weak signals of Chinese ambitions on the international stage. We should not wait for China to fully implement its plans before starting to think about policy options. The various U.S. government agencies that are already using strategic foresight as tools for policy planning should include China more systematically in their exercises and develop scenarios that go beyond military war games.

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