Hegemonic Challenge: Chinese State Capitalism and its Growing Global Presence

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In views expressed during the lead up to the American presidential election, and since being elected, Donald Trump has made no secret of the fact that he views China as a direct threat to the economy of the United States. Whether other American leaders would so openly accuse China of manipulating its currency, or stealing American jobs, is uncertain. However, it does reveal the increasing concern that Washington has over the continued rise of China and its rapidly developing economy. While America still clearly has a hard power advantage, China's influence on the global economy and creation of new relations with other developing economies presents a growing challenge to U.S. hegemony. Chinese state capitalism integrates aspects of the Washington Consensus, yet it keeps strong political control over the currency exchange value and investment in key economic sectors. This alternative approach to the Washington Consensus has led many scholars and commentators to label the Chinese model the 'Beijing Consensus'. This essay examines the characteristics of state capitalism, how Chinese characteristics have shaped it, and whether it is a model to be replicated by other states and how China is moving to realign the global economy with its interests.

State capitalism, while not a new political model, poses a direct challenge to the Western concept of the free market and neo-liberal capitalism. This renewed challenge to Western hegemony has only strengthened in the aftermath of the Global Financial Crisis (GFC) in 2007 – 2008. It has been driven predominantly by the developing economies of the world for whom state capitalism allows for more direct control of the economy and as a way to put a halt to historical exploitation by Western capitalists (Bremmer, 2009). Supporters of the state-driven economic model argue it provides stability, and helps economic growth particularly in the developing world. Opponents point out the inefficiencies, lack of long-term environmental considerations and uncompetitive practices, which ultimately will stunt future global economic growth (Xing & Shaw, 2013). Characterised primarily by tighter state control over the national economy, state capitalism directly injects political decision making into the economy. This political economic intervention has seen the new rise of state owned enterprises (SOEs), national champions who now dominate key areas in the global economy.

SOEs have become the new economic giants, and are a key tool for state-led economic growth. Whether operating in domestic or global markets, SOEs represent the close relationships that exist between politicians and business leaders within the state capitalist environment. Bremmer (2009) highlights this with the example of former Russian president Dmitry Medvedev, who was previously chair of Gazprom, the national gas monopoly. These advantageous relationships allow SOEs to dominate the market in the form of loans from the government (Chuanhong, Gu, Mukwereza, & Vaz, 2016), but also in the form of market regulation that prevents foreign companies from competing with them.

While most national champions are owned by the state, some are privately owned but still receive generous state backing, blurring the line between direct and indirect state influence. For the state, these private companies are a vehicle to directly challenge foreign privately-owned rivals. In turn, these companies use their state backing to dominate the market, often buying up and consuming smaller domestic businesses and reinforcing their superior position (Bremmer, 2009). Within the Chinese context, companies such as Lenovo and Huawei Technologies, are privately owned yet receive strong backing from the state (Bremmer, 2009). Huawei have become a key player in the high technology sector, having captured 16 per cent of the U.S. market for broadband routers and globally are the second largest exporter of broadband networking equipment (Strange, 2011).

This close relationship allows the state to secure control over key strategic resources, thereby providing national stability and independence. Within the oil and natural gas sectors, state-owned Chinese champions China National Petroleum and Sinopec Group now control over 75 per cent of global oil reserves and production, while private corporation's holdings have diminished to 3 per cent of global reserves and only produce 10 per cent of the world's oil (Bremmer, 2009). As Xing and Shaw claim, it is crucial to understand the importance of SOEs when looking at the Chinese economy. According to their figures from 2010, the total assets of the 120 national SOEs were equal to 62% of China's GDP, while their total revenues were 42 per cent of the national GDP. Their total profit in the same year was $129 billion, more than two times that of the total profits held by the 500 largest privately held enterprises in China (Xing & Shaw, 2013). These figures indicate the dominance SOE's have over key resources in the global economy.

Going into detail on the Chinese approach to SOEs requires a closer look at the complex relationships between the state and business world. Xing and Shaw (2013) provide this in their description of the connections that exist between SOEs, the State-Owned Assets Supervision and Administration Commission (SASAC), and national and local government. In what has been identified as a vertically integrated approach, the State Council of the National People's Congress oversees SASACs, which act as a "holding company" and is the majority shareholder in the "core company" (Xing & Shaw, 2013). That core company holds the majority of shares in SOEs that make up the core company, including the companies which finance the other members. These members within the core company are linked via an array of shareholding, alliances and joint ventures (Xing & Shaw, 2013). Managers for these companies are selected by the Organisation Department wing of the Chinese Communist Party (CCP), who often hold roles in both SOEs and the government. This allows for close discussion and alignment on production and policy shaping (Xing & Shaw, 2013). To financially support these giant nationally backed enterprises, states have created national investment portfolios known as sovereign wealth funds (SWFs).

Like SOEs, SWFs have become major forces in the global economy and are now estimated to account for over one-eighth of total global investment (Xing & Shaw, 2013). SWFs have existed for more than half a century, but it was only in 2005 that the term "sovereign wealth fund" was first used, reflecting their increasing importance in the global economy (Bremmer, 2009). In 2015, their investments were expected to be worth $15 trillion. SWFs act as repositories for export surpluses and foreign currency reserves. While they exist around the globe, including funds owned by many developed countries, it is the state capitalist-owned investment portfolios that are of interest. Bremmer (2009) claims they are used to help finance state capitalism, and in particular the nationally backed SOEs, as states cannot finance them by using state budget funds or printing money, which could leave future shortfalls or cause inflation. And just like investment funds, SWFs seek to maximise potential returns, which are then used by the ruling political elite to drive investment into SOEs and national champions.

The use of SWFs to fuel the growth of SOEs has received strong criticism from Western governments because they are seen as a challenge to the neo-liberal model (Xing & Shaw, 2013). Their lack of transparency makes it difficult to understand where they invest and what motivates their investment. Of the four Chinese SWFs that feature in the Sovereign Wealth Fund Institute rankings' list for largest SWFs, three have transparency scores of 5 or lower on a rating out of 10. In contrast, the Norwegian Government Pension Fund has a full 10 (Sovereign Wealth Funds Rankings – Largest Sovereign Wealth Funds by Assets Under Management, 2017). Given the large amount of U.S. debt China holds via its SWFs, the Council on Foreign Relations has previously posed the question about the strategic use of these national investment funds to gain leverage over other states, given how little is known about how and what they invest in (Xing & Shaw, 2013).

With SOEs and SWFs commonplace in the modern Chinese economy, it is clear why many scholars claim China operates within a state capitalist framework. Indeed, it has been China's rise of alternative, state-led development within the neo-liberal hegemonic order while seemingly keeping is economic sovereignty in place, that has drawn attention. Leaders from developing countries across the globe have seen China's growth as a model or approach to follow for their own economies. This China model or 'Beijing Consensus' as coined by Joshua Cooper Ramo in 2004, is viewed as an alternative to the western led ‘Washington Consensus’, which emphasises the free market approach, deregulation, privatisation and the withdrawal of the state from the economy (Dongen, Qasem, & Ridder, 2011). This requires a further examination of the Chinese state, its history and how it has supported its economic growth.

As a civilizational state, China is unique in the global community of states. As a national unit, it traces itself back to the first unified Chinese empire in 221 BC, the Qin Dynasty (Xing & Shaw, 2013). It therefore does not fit within the western concept of a Westphalian state for analysis, as Pye points out, “China is a civilisation pretending to be a state. The story of modern China could be described as the effort by both Chinese and foreigners to squeeze a civilisation into the arbitrary, constraining framework of the modern state, an institutional invention that came out of the fragmentation of the West’s own civilisation,” (as cited in Xing & Shaw, 2013, p.100). This historical framework has had a profound impact on Chinese state development, with the role of the state in society unquestioned and absolute, which some have identified as “man-rule” order (Xing & Shaw, 2013). Viewed through the mono-moral and socio-political structure of Confucianism, the state enjoys natural authority as the guardian and custodian of the people. It upholds the unity and integrity of China, ultimately providing stability. Within Chinese literature, it is the concept of stability that takes a key focus, as Breslin (2011) argues a Chinese psychology has been developed around the fear of chaos. During its contemporary history, China has struggled to maintain this stability in the face of external pressures.

Since identifying itself as a nation state in 1911, China has gone through a tumultuous century of transformation: From imperial monarchy to a short-lived republic, from war lord authoritarianism to centralised communist state. Ideologically, China has moved from feudalism to socialism and collectivism to individualism once exposed to the capitalist economy (Xing & Shaw, 2013). Subsequently, China has tried to ‘sinicize’ or apply Chinese characteristics to the process of adaption to capitalism. This can be seen via the Chinese Communist revolution, Maoist socialist experiments and Dengist market capitalism (Xing & Shaw, 2013).

This attempt to sinicize or embed the external forces of market capitalist can be better understood by examining the theory of Antonio Gramsci, specifically the concepts of “hegemony” and “passive revolution”, which Xing and Shaw draw on. Viewed from the Gramscian perspective, the leading class will go through a process of “Transformino”, whereby it will adopt new external practices or ideas while retaining the original features of the organisation. Xing and Shaw argue that in the case of the Chinese Communist Party (CCP) it has sought to neutralize the “disembeddeding” forces of market capitalism by embedding them into the Party. Xing and Shaw (2013) put forward that the CCP underwent a process of “passive revolution” or political transformation to embed these forces into all aspects of the Chinese economy and society to retain their elite role.

To ensure their own survival, the CCP oversaw China’s incorporation into the capitalist world economy. Witnessing the collapse of the socialist bloc in Eastern Europe, Xing and Shaw point out that the CCP recognised market capitalism would eventually challenge their position of political power, and realised it was necessary to manage the process of change from state socialism to state capitalism under their own terms. While the ruling elites were ideologically dedicated to establishing a classless equal society, they were also interested in maintaining their privileged positions (Xing & Shaw, 2013). Given the unquestioned and absolute authority of the state and the strongly held belief in stability, the CCP sought to redefine the values around socialism to incorporate more individualistic mantras. This reformation began via small trials well before the downfall of the Soviet Union. As Xing and Shaw put it, this reform helped legitimise the marketisation of the economy. Seen in the official adoption slogan “to be rich is glorious”, the state began redefining class relations. This period of market reform occurred throughout the 1980’s and 1990’s. The CCP moved to reduce the direct level of government control in the economy, make the economy more competitive by allowing it to set prices and direct resource flows while also granting more freedom to private sectors (Xing & Shaw, 2013). The sudden withdrawal of the state lead to socio-economic problems with regular Chinese citizens struggling to adjust to increased living costs, as well as environmental degradation and increased social discord. The 21st century would later see a shift back to increased state control as the state looked to address these issues. But it was during this reform period that the CCP became the new economic ruling class, turning bureaucratic privileges into economic benefits, becoming managers of the economy while also resisting a shift towards democratization and therefore maintain their political position (Xing & Shaw, 2013). It is this shift to dominance of the economy from solely political dominance that has been identified by David Wank (as cited in Xing &

Shaw, 2013, p. 94) as a shift from "politics in command" to "economics in command" (Xing & Shaw, 2013).

As previously mentioned, the 'Beijing Consensus' was first coined by American academic Joshua Cooper Ramo. However, the term itself has never been officially recognised or adopted by the Chinese Communist Party (Xing & Shaw, 2013). It has instead been more commonly used outside of China as a model to directly rival the western led 'Washington Consensus'. The Chinese model, if it can be called that, is not something that can be simply replicated, primarily because of the sheer size of its economy and population (Breslin, 2011). Additionally, the variety of economies found internally within China's provinces weaken the idea that China's development has followed one simple approach. Additionally, the existence of private companies, promotion of entrepreneurship and integration with global markets, alongside the state's extensive financial and political control, leads some to claim there are two distinct sides of China's growth (Xing & Shaw, 2013). Breslin claims that the China model would be better identified as a Chinese alternative method of development, which has been pragmatic in its use of difference strategies and tools used to achieve growth. Instead of attempting to follow a dictated model of development prescribed by developed countries, China has developed under its own terms (Breslin, 2011).

While the question remains over whether China's development approach is replicable, Gerard Strange argues that similar states can be observed in historical contexts, albeit with some slight differences. States exerting their control over the economy in the form of protectionism, to ensure autonomy and not become the economic vassal of more powerful nations. These are the ideas that were strongly advocated by German scholar Friedrich List, with both Imperial Japan and Germany once clear examples of these 'Listian' states. Strange claims that China is a Post-Listian State, which is shaped by its existence within the era of globalisation. Strange states that instead of protectionist practices, what distinguishes the Post-Listian state is its ability to exert its influence, actively project its power and shape outcomes within the constrained neo-liberal spheres of global governance (Strange, 2011). China's approach to projecting its power has thus far been relatively peaceful as it seeks to develop asymmetric economic capabilities to the United States militaristic superiority.

The influence China is having on reshaping global power relations can be seen via its approaches to economic diplomacy. The Chinese strategy to counter U.S. global hegemony has been to develop asymmetric power capabilities to that of its American rival (Dongen, Qasem, & Ridder, 2011) (Xing & Shaw, 2013). This can be examined in two distinct primary settings. Firstly, through its interactions with global financial governance institutions, namely the International Monetary Fund (IMF) and World Trade Organisation (WTO). Secondly, through its expanding relationship with other developing countries through what has been labelled 'South – South' cooperation (McKay, Alonso-Fradejas, Brent, Sauer, & Xu, 2017).

Gerard Strange examines what he calls China's "positive engagement with liberal global governance" (Strange, 2011, p. 556), which he argues is part of a wider challenge to the neo-liberal order. Strange claims that developing countries, such as China, have been attracted to rule-making institutions such as the WTO. Once thought of as a pillar of the Washington Consensus, Strange argues that the WTO actually provides a more level playing field for developing countries, and for China a way to challenge and rebuke the U.S. over issues such as its currency valuation (Strange, 2011).

For decades within domestic politics, lobby groups have pressured the U.S. Treasury to formally call China a currency manipulator. Strange points out that the Chinese yuan is undervalued against the U.S. dollar by as much as 20-45 per cent. This undervaluation gives China an economic advantage over the U.S., primarily through helping its export market. Were the U.S. Treasury to formally accuse China of currency manipulation, it would allow them to place counteractive trade restrictions on Chinese imports. However, Strange points out that the United States is 'constrained' by its WTO membership (as is China) in taking any such unilateral action. The yuan peg against the dollar does not automatically equate to currency manipulation (Strange, 2011). While the WTO looks to outlaw any state practices that might give them unfair advantages against other states, it also seeks to establish a more regular playing field for developing states to catch up to ensure more balanced global growth. Developing states also make up a majority of its voting members. Thus, they are given a wide range of exemptions and enjoy trade privileges within the WTO, especially as they now use their majority membership to shape WTO decisions. China is therefore able to maintain an active exchange rate, to support its development goals within the rule making and structural framework of the WTO (Strange, 2011). This is not only evidence of China utilising global institutions to further its strategic objectives, but also indicates that the U.S. is limited by the constrains of the WTO in projecting its financial power.

China has shown a more assertive yet mutually supportive relationship with the IMF. However, as Strange points out, historically China had viewed the IMF with a great degree of scepticism due to the structural adjustment programmes it implemented in parts of the global South, as well as the American influence on the Fund as its primary financier and holding excessive veto power. However, the rise of developing economies, such as the BRIC members, has seen a power shift within the IMF, which itself is looking to realign its position in a changing global economy (Strange, 2011).

The IMF has faced recent criticism for its role in the GFC and for its alignment with U.S. interests and advocacy of the neo-liberal approach. This has seen the Fund seek to develop a new policy, which Strange claims is redefining its position as playing a global role instead of being dominated by or too closely attached to one country. Through a series of reforms, the IMF is seeking to bolster its economic capability and global standing. It seeks to do so by addressing its internal governing structures, voting procedures and use of an alternative currency to the U.S. dollar. Strange points out that these reform goals align very closely with those of China.

China's goals for the IMF tie into its wider global development strategy via a 'peaceful rise', which looks to challenge U.S. hegemony whilst avoiding a direct confrontation. China sees itself as a passive power, one that believes other states have the right to act as they wish within their sovereign territory, unlike the U.S, which from the Chinese perspective has destabilised the world in its attempts to democratise it (Breslin, 2011). For China to seek to exert its influence through an instrument of America's creation would be significant. As Strange argues, should China's reform goals be realised within the IMF, it would amount to a "fundamental challenge to U.S. power achieved by peaceful means" (Strange, 2011, p. 552).

Strange outlines the three main demands that China, along with its alliance of emerging economic nations within the G20, has actively campaigned for within the IMF. Firstly, it lobbied for a more balanced voting system, which would give developing countries more representation, while also giving China better representation due to its economic size. It also lobbied for the removal of the U.S. veto, which the U.S. retains on votes requiring an 85 per cent majority (Strange, 2011). Its second demand was for increased use of IMF Special Drawing Rights (SDR), which offer an alternative reserve currency to the dollar. This would require China to commit more financial resources to the IMF and restrict its independent exchange rate policy. if the yuan enters the pool of SDR funds. The final reform act China put forward called for the restructuring of the IMF's regulation of currency exchange rates and its regulations with regards to currency manipulation. The Fund has historically looked to pressure individual countries like China to appreciate their currency, while China has argued that a more balanced global approach needs to be adopted. This call is specifically directed at the United States, who China accuses of running a structural trade deficit which supports their global financial influence. Strange points out that the IMF has generally agreed with the reforms China has asked for to help rebalance the global economy. Importantly, the Fund has pointed out that the growth of the United States' economy is dependent on Chinese trade and investment growth and therefore any immediate adjustment to the yuan would not provide the immediate solutions the US seeks for its own economy (Strange, 2011).

Since the analysis by Strange in 2011, voting reforms have been carried out by the IMF; however, it still leaves the United States as the dominant actor within the Fund. The veto power of the United States remains, while China has seen its voting share rise from 3.81 to 6.16 per cent. Other developing countries have also seen rises in their voting shares, but these are still significantly lower than their actual purchasing power parity (PPP). China have a PPP share of the world economy of 18.59 per cent while their voting share is 6.16 per cent (Johnston & Weisbrot, 2016). This unbalanced representation demonstrates that the IMF is still structured to benefit the United States and more broadly The Organisation for Economic Co-operation and Development (OECD) of developed countries. Developed countries have had far more success in the WTO, where voting is organised by consensus rather than an arbitrary voting share. Many lower and middle-income countries have begun to look elsewhere for alternative sources of international financial assistance, which resulted in a loss of influence for the IMF (Johnston & Weisbrot, 2016).

China and the major developing economies have become a new source of economic development, which has accelerated after the GFC and the loss of confidence in the Bretton Woods institutions such as the IMF. These new sources of funding have become institutionalised with the creation of the BRICS Contingent Reserve Arrangement, New Development Bank and the Asian Infrastructure Investment Bank (AIIB), which leading industrialised economies such as the U.K., Germany, Italy and France joined in its launch in 2015 (Johnston & Weisbrot, 2016). The AIIB, a Chinese initiative and headquartered in Beijing, is part of China's wider strategy of strengthening its economic diplomacy to rival the influence held by the United States.

China's investment and economic presence in developing regions, such as Africa and Latin America, plays a crucial role in sustaining the growth of its domestic economy. This Chinese foreign investment is a hybrid combination of state supported and private business under what is known as the "Going Out" or "Going Global" policy designed to encourage Chinese businesses to invest abroad (Chuanhong, Gu, Mukwereza, & Vaz, 2016). The state provides a range of support and incentives for these businesses in the form of information dissemination and financial support in the form of credit, tax incentives and low-interest loans. Part of the "Going Out" policy is the "One Province, One Country" which links Chinese provinces to particular regions in foreign countries. (Chuanhong, Gu, Mukwereza, & Vaz, 2016). The local government within the province oversees development within that country and creates connections between their local enterprises and relevant projects, allowing them to bid for contracts. Chinese regions have developed into diverse economies and at times compete against each other to secure overseas projects for their local businesses (Chuanhong, Gu, Mukwereza, & Vaz, 2016). Within China's African investment strategy, Mozambique and Zimbabwe have both received large amounts of financial investment.

Since 2008, China has been the second largest investor in Mozambique and its third largest trading partner. China imports over $2 USD billion in goods from Mozambique, primarily in the form of minerals, timber, oil and agricultural products, while its exports to Mozambique are worth $1.6 billion (Chuanhong, Gu, Mukwereza, & Vaz, 2016). The Chinese government has been active in strengthening diplomatic ties and growing investment in the Southeast African nation. A bilateral trade agreement was signed in 2001, as well as an MoU on cooperation between the respective countries' agriculture ministries. Chinese firms have funded over 26 construction projects and provided 17 loans, while China has trained over 1,100 Mozambicans at Chinese educational institutions. Several Friendship Provinces have been created to economically link countries in each region, such as the Hubei-Gaza Friendship Farm which the Chinese state invested into. Private firms, such as Wanbao Grain and Oil, have invested over $200 million into Gaza province and run the largest rice farm in Africa (Chuanhong, Gu, Mukwereza, & Vaz, 2016).

Zimbabwe has received over $1 billion in preferential and concessionary loans from Chinese private and state investors at a time when the country was facing sanctions from Western nations due to the violent outcomes of attempted land reforms in 2000 (Chuanhong, Gu, Mukwereza, & Vaz, 2016). It was also one of the first states to set up an embassy after Zimbabwe had established independence. From 2003 to 2013, bilateral trade between Zimbabwe and China grew from $310 million to $1.1 billion USD, with Chinese mining of diamonds and platinum making up a substantial portion (Chuanhong, Gu, Mukwereza, & Vaz, 2016). Around 80 Chinese companies operate in Zimbabwe, a majority of which are privately owned and backed by state and provincial business associations, creating a network for communication and alignment on official Chinese government policies (Chuanhong, Gu, Mukwereza, & Vaz, 2016). The "Going Out" policy is effective in Argentina too, where the 'neo-extractivist' model supports China's meat-growing industry.

Soybeans are a key agricultural commodity for China, which is used as fodder for its domestic pork production. As living conditions in China have increased, so too has the consumption of meat, with China now the world's leading consumer and producer of pork (McKay, Alonso-Fradejas, Brent, Sauer, & Xu, 2017). It now accounts for over 60% of the world's soybean imports with 60% of its imports coming from Latin America. Along with Brazil, Argentina is one of the key suppliers for China. This has seen substantial investment in infrastructure projects, such as the $2.6 billion USD loan provided by the China Development Bank to revitalise a rail network connecting Argentina's major soybean producing regions and the port in Buenos Aires. Such foreign investments often have clauses associated with them ensuring project contracts go to Chinese firms who can be subject to financing from China (McKay, Alonso-Fradejas, Brent, Sauer, & Xu, 2017). These types of agreements do away with any competitive bidding process and do not always offer economic advantages to the country receiving the investment. Additionally, China has kept processing facilities within the country where Chinese companies can add value to the commodity by crushing it and refining it into oil. As only 6% of soybeans are consumed unprocessed, Argentinean exporters lose out on potential earnings in product value chain (McKay, Alonso-Fradejas, Brent, Sauer, & Xu, 2017). China's economic expansion has developed new 'South – South' connections, but its future foreign policy ambitions cast an eye towards the Old World.

A major signal of intent for China's re-shaping of the world economy is the One Belt One Road (OBOR) policy, which has been called the new Silk Road by some scholars (Ferdinand, 2016). It would link 60 countries, which account for one third of the world's GDP and over four billion of the global population. Via an overland route through Eurasia and a maritime passage through South East Asia and the Middle East, OBOR would link China to Western Europe. The grand scale of the project would take over 35 years to complete and presents China with a number of opportunities, both economically and strategically in expanding its global influence.

Economically, OBOR would allow China to develop its western regions which have largely missed out on the export driven growth seen in the east of the country. These regions are estimated to be 35-50 years behind the rest of the country economically (Ferdinand, 2016). The SOEs would have extensive infrastructure projects in and outside of China and further demonstrate Chinese expertise in transport sectors such as high-speed rail. The yuan could also be used as an international currency in some instances, a step in the direction of turning it into a reserve currency internationally (Ferdinand, 2016).

As a tool for China's global strategic goals, OBOR presents a direct challenge to the influence held by the United States. While OBOR is an economic project, it would allow China to deepen ties with the nations it passes through. Europe in particular is seen as the key region for China, not only to strengthen its own bonds, but to make Europe less dependent on the United States (Ferdinand, 2016). Another viewpoint suggests that OBOR could even improve ties with the United States, as it would seek expansion in Eurasia rather than East Asia which has been an area of contention over claims to islands in the South China Sea and the constant tension over North Korea (Ferdinand, 2016). Ultimately, OBOR plays into the narrative laid out by China that its rise will be peaceful and marked by economic relationships rather than military coercion.

The rapid rise of China since it began to shift away from state socialism under Mao Zedong to state capitalism has been remarkable. As other developing states have floundered under the diktat of the Washington Consensus, many have asked whether China offers a model to be replicated in other countries. Given the unique factors at play, it is difficult to say that China provides a recipe for others to follow. Its ancient and distinct strong state history, coupled with the size of its population and need for growth are not present anywhere else. However, if policymakers and politicians believe a model exists and attempt to recreate it, that in itself leads to the legitimacy of the existence of such a model, even if China does not recognise it publicly (Breslin, 2011). It is clear why leaders of more authoritarian states seek to emulate China's growth, given that the CCP has managed to retain its grip on political power but also extend that to economic power as well. For some, what the real China model stands for is economic freedom with political oppression. And it is these values, which confront the Western democratic principles of individual freedoms, liberalisation and freedom of the market from state control that China's rise presents a real challenge to. In a wider scope, seen through its economic relationships with the developing nations and its ambitious plans for the future, what China really presents is an alternative. An alternative for development, for growth, for trade and quite possibly an alternative to what some consider universally held values and beliefs. But even for those ideologically opposed to the political approach utilised in China, the prospect of benefiting from China's economic prosperity may be enough to put those concerns to the side. As the former Chairman of the CCP, Deng Xiaoping, once said, "it doesn't matter whether the cat is black or white, as long as it catches mice,"(McKay, Alonso-Fradejas, Brent, Sauer, & Xu, 2017).

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