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COMMENTARY

China's Belt and Road Initiative and international business: The overlooked centrality of politics

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Abstract
What is the significance of China's Belt and Road Initiative (BRI) for international business research? Most studies in the field have approached this question from the perspective of the individual firm or industry, with an emphasis on its business or economic impact. Yet the BRI is, at its core, a *political* initiative that plays out domestically and internationally. Our objective for this commentary is to complement the existing IB literature on the BRI by outlining the domestic and geopolitical objectives of the BRI and linking them to big, new IB research questions. Domestically, we stress the importance of the BRI for the legitimacy of Communist Party rule in the context of slowing growth and overcapacity. At the international level, we explore the role of the BRI in advancing China's geopolitical position, not least vis-à-vis the United States, as well as its potential to provide a nucleus around which a new, alternative world economic order may form. We conclude with a discussion of implications for policy and business research in IB.
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INTRODUCTION

What is the significance of China's Belt and Road Initiative (BRI) for international business research? Most studies in the field, including those in this special issue of the *Journal of International Business Policy*, have approached this question from the perspective of the individual firm or industry, with an emphasis on its business or economic impact. There are exceptions, notably the *JIBS* perspective by Li, Van Assche, Li, and Qian (2021), but by and large, the field has tended to treat the BRI as if it were purely economic policy.

Yet the BRI is, at its core, a national *political* initiative that plays out in the domestic and global arenas – economics is the means, but politics is the objective. On the surface, it appears like a nostalgic revival of the legendary Silk Road established during the Han Dynasty in the second century BCE – a network of trade routes that connected China to the Mediterranean via Eurasia for centuries. However, the BRI exists, of course, to attain concrete objectives. At the domestic level, it seeks to address critical and existential economic issues to maintain the legitimacy of China's system of governance and authoritarian capitalism. Externally, it pursues a range of geopolitical objectives concerning national security and the institutional infrastructure of the global economy. Coming to terms with these aspects of the BRI not only leads to important policy implications both in China and abroad, but also opens the door to internalizing the global political context in IB theory (Witt, 2019b), especially the duality of de-globalization and decoupling, and tracing its co-evolutionary dynamics over time (Witt, Li, Välikangas, and Lewin, 2021).

Our objective for this commentary is therefore to complement the existing IB literature on the BRI by outlining the domestic and geopolitical objectives of the BRI and linking them to big, new IB research questions. We stress the importance of the BRI for the legitimacy of Communist Party rule in the context of slowing growth by managing domestic overcapacity and generating new sources of growth. At the international level, we explore both the role of the BRI in advancing China's geopolitical position, not least vis-à-vis the United States, as well as its potential to provide a nucleus around which a new, alternative world economic order may form. We conclude with a discussion of implications for policy and business research in IB.

DOMESTIC OBJECTIVES

The BRI has important implications for China's domestic political agenda. In particular, it relates to the need of the Communist Party of China (CPC)[1] to evolve new levers of GDP growth and solve structural problems in China's domestic economy so as to defend the legitimacy of its continued rule. There are of course other social and economic goals of the BRI, and we take no position whether the BRI has been a success or failure. Our point is to underscore the linkages with key objectives for the CPC.

Given China's record as one of the fastest-growing economies for the most part of the past 40 years, the need to find new sources of growth may seem counter-intuitive. The catch-up growth of China, beginning in 1978, transformed a once destitute country into the world's largest economy.[2] However, spurts of rapid economic development eventually slow down to the pace of a mature economy. At some point, an economy will experience diminishing returns to more physical capital investments (buildings, roads, railways, machine tools, etc.) while operational and maintenance costs keep rising. This, of course, is the basis of the Solow–Swan growth model (Prescott, 1988), and the predicted slowdown has repeated itself for previously fast-developing economies such as Japan, South Korea, Taiwan, Hong Kong, and Singapore (e.g., Economist, 2019).

A crucial question in development economics is, when does the Solow–Swan slowdown happen? Eichengreen, Park and Shin (2012, 2013) concluded that fast growth of middle-income countries may decelerate in steps rather than at a single point in time. China experienced its first slowdown in the early 2010s, when GDP growth decelerated from about 10 to about 7%. The second slowdown was predicted to set in around now.

Consistent with this, there are signs that a perfect storm is brewing that could lead to a significant deceleration of GDP growth, and depending on the extent of that slowdown, it could mean that China's economic miracle could have run its course and very likely affect China's emergence as a global economic power. In particular, however, it could affect China's common prosperity social contract which underlies the political legitimacy of the CPC and thus its long-term political survival. Some recent events with adverse impact on the economy may well be temporary in nature, such as the current real estate debt crisis, an electricity shortage that the CCP itself created by restricting coal supplies (especially from Australia), repeated lockdowns necessitated by the current zero-Covid policy, and crackdowns on firms such as Ant and Tencent as well as on sectors such as tutoring and online gaming. However, three items in particular are likely to have lasting long-term impact:

- a demographic transition, by now probably irreversible, that traces back to the long-standing one-child policy and is reflected in rapid societal ageing with a soon-to-be shrinking population;
- poor and further decreasing returns to capital investments, especially in infrastructure, and attendant overcapacity; and
- disappointing results of technological catch-up efforts.

Each of these factors has the potential to depress Chinese GDP growth, with adverse implications for the legitimacy of the CPC's claim on power.

In terms of demographics, statistics show a steady decline in China's working-age population since 2010 (World Bank, 2022). China's total population is expected to peak between 2022 and 2030 (Powell, 2022; Vollset, Goren, Yuan, Cao, Smith, Hsiao, Bisignano, Azhar, Castro, and Chalek, 2020; World Population Review, 2022), possibly to decline by half by end of this century (Vollset et al., 2020). Rapid societal ageing will accompany these developments, with the old-age dependency ratio reaching at least 25% by 2030, up from 8.6% in 1990 and 17.0% in 2020 (United Nations, 2019). A declining, ageing population will increase the social welfare burden on the working-age population. Labor costs will continue to rise, and the manufacturing workforce is expected to shrink steadily. China's former demographic dividend from having a large and youthful labor force is transforming to a demographic liability. This effect is exacerbated by poor quality of education in rural China, which may leave a substantial part of the population unemployable for the higher value-added activities that are transforming the future of jobs as countries develop (Rozelle & Hell, 2020) and that are likely to become more critical as digitalization proceeds. Not only are these developments likely to affect GDP adversely, they may also increase economic inequality in China further, despite the current CPC emphasis on common prosperity. Neither would be good for the political legitimacy of CPC rule.

Capital and technology could in principle moderate at least the impact on GDP. In practice, this appears unlikely. As for capital investments, much has been unproductive, with the problem worsening over time. While 1 dollar of additional GDP required an investment of about 1.5 dollars in 1993, by 2017, 5.9 dollars were needed, leading the OECD to conclude that "investment is not made where it would be needed" (OECD, 2019: 42). Of US $11.8 trillion of capital invested from 2015 to 2017 in Chinese companies that ranked among the world's 5000 largest, 80% went to sectors that earned below their cost of capital – these investments destroy value (Bradley, Choi, Seong, Stretch, Tonby, Wang, and Woetzel, 2020). Foremost among these, at 46%, was the domestic services sector, which includes utilities, telecommunications, transportation, real estate, and construction (Bradley et al., 2020). Simply put, China has overbuilt an infrastructure of urban housing, office complexes, highways, railroad tracks and trains, power plants, dams, ports and so on, to an extent that forcing further infrastructure capital investments is having a diminishing impact on economic growth. Scaling back these works, however, invites new problems in that it reduces GDP in the short-term and requires economic restructuring to reduce overcapacities.

Technological upgrading has also turned out to be harder than anticipated, as illustrated by disappointment with the national initiative "Made in China 2025," which was intended to upgrade and transform Chinese manufacturing industries to world-class levels (tier-1 in global manufacturing) in a bid to avoid the middle-income trap (Lewin, Kenney, and Murmann, 2016). Unveiled by Premier Li Keqiang in 2015, it underestimated the challenge of upgrading the huge and fiercely competitive manufacturing sector, which is mostly dominated by small and medium-sized family enterprises. According to China's Vice-Chairman of the CPPCC National Economic Committee and former Minister of Industry and Information Technology, China remains in the third tier of the four-tier global manufacturing pyramid (China Briefing, 2021). He estimated it would take a further 30 years for China to achieve tier-1 status, given its heavy dependence on imports of basic components and technologies (over 50% imported), integrated circuits (80%), large-scale and high-quality imports of castings and forgings (90%), and high-end hydraulic parts and seals (100%). In his analysis, key areas of weakness include low innovation in manufacturing; a lack of fundamental capabilities such as common key technologies necessary for significant improvements in the manufacturing value chain; and critical equipment that does not match world standards. In short, "Made in China 2025" revealed a low absorptive capacity for investments in, and adoption of, the necessary technological capabilities crucial for achieving status of tier-1 manufacturer in global rankings.

Considering all of the above, China thus seems to be well positioned for its second big growth slowdown, at about the moment that Eichengreen et al. (2012, 2013) predicted. If annual GDP real growth in 2022 comes in at about 5%, as seems plausible at the time of this writing, another slowdown might place future growth at about 3%, which is around the level of an advanced industrialized country, though probably well before similar levels of per-capita GDP have been reached. For a ruling party that has staked its legitimacy in good part on the promise of producing better lives for all, these developments spell danger. Concerns are likely to be greater still if attendant restructuring of industries with overcapacity – domestic services would be a prime candidate – caused markedly higher levels of unemployment.

Viewed from the perspective of the political survival of the CPC, a key function of the BRI is thus to reduce the negative economic impact of the above issues. It is likely to boost Chinese GDP growth, though estimates of the magnitude vary. Zhai (2018) predicted a 1.1% increase in GDP by 2030; a World Bank study found a long-term GDP gain between 9.0 and 11.2% (de Soyres, Mulabdic, and Ruta, 2019); and Cebr, a consultancy, estimated an increase in Chinese GDP of 4.2% by 2040 (Cebr, 2019). The BRI also helps address the problem of overcapacity (Ferdinand, 2016). From its launch in 2013 to 2020, China invested over US $80 billion in 70 partner countries (Dossani, Bouey, and Zhu, 2020). Since some 89% of projects were awarded to Chinese contractors (Lew, Roughhead, Hillman, and Sacks, 2021), the BRI has enabled China to export its excess capacity through the internationalization of the construction sector, with two Chinese construction firms now established among the world's top seven (Lew et al., 2021).

These are not the only avenues by which BRI might produce economic benefits for China to help retain political legitimacy for the CPC. Providing the impetus for modern economic development in BRI partner states could create larger markets for Chinese companies (Layne, 2018). China might be able to use the BRI to set global standards that benefit its industries (de la Bruyère, 2021), and it would stand to gain further if infrastructure improvements attained through BRI projects made partner countries more viable as investment destinations. African economies, for instance, could be of significant interest to Chinese firms with business models requiring a large supply of cheap labor that is no longer available in China (see Ado & Su, 2016). Rather than winding these companies down, China might try to rebuild its factory of the world in Africa. The Chinese economy could gain in several ways. Chinese firms might produce, in China, higher value-added components that are then assembled in Africa – in effect replicating the processing trade model that Western firms implemented in China by offshoring assembly of imported inputs to China (Dai, Maitra, and Yu, 2016). Assuming profitable operations, factor income from these operations would also make a positive contribution to the Chinese economy, not through GDP but through Gross National Income.[3] Promoting labor-intensive operations in Africa could also have the geopolitically desirable (for the CPC) effect of building up competitors to India's labor-intensive industries, thus delaying Indian economic development. It could also tie African nations more closely to China.

Even if all these expected economic benefits failed to materialize, the CPC might still be able to leverage the BRI for domestic legitimacy. As we will discuss below, foreign policy objectives loom large in the BRI. The BRI could therefore be sold to the Chinese people as a large-scale patriotic project for the greater good of the nation – specifically, for China's status and security in the world. If at least part of the people could be convinced that slower growth and continuing or rising inequality are necessary sacrifices in this context, the CPC may be able to buy itself additional breathing room.

GEOPOLITICAL OBJECTIVES

As this last point has illustrated, the BRI is also intricately linked to China's geopolitical strategy. Table 1 provides an overview of key strategic objectives served by the BRI, their underlying motivations, and how the BRI helps address them. This list is illustrative rather than exhaustive, and we take no position on the question whether these objectives make sense; whether the CCP created the BRI specifically with all these elements in mind; or whether it has already successfully attained its objectives. But we do agree with prior analysis that it has the potential to make meaningful strategic contributions.[4]

A key objective of the BRI, as discussed in the preceding part, is to shore up Chinese GDP (Clarke, 2018; Mobley, 2019). Beyond the domestic-level political objectives already noted, this has major implications for China's international political position. Viewed from a realist perspective, GDP is a key indicator of national power. Most importantly, GDP correlates with the resources available to states for conversion into military power by buying equipment and building up standing armies. However, GDP also indicates the potential for economic coercion (see Gelb, 2009). For instance, a very large market, like China, can leverage its size by cutting off imports from a much smaller one, like Australia, in the knowledge that the resulting economic damage weighs much more heavily on the latter. The significance of maintaining GDP growth thus goes well beyond that of the

Table 1 Foreign policy objectives, motivations, and BRI contributions

Objectives	Motivation	Instrumental value of BRI
Grow GDP	GDP is a key source of power in international politics	Shore up domestic firms by creating new overseas infrastructure opportunities, securing supplies, transferring factory of the world to Africa
Increase global presence and prestige	Increase China's soft power that can be used to influence other nations	Offer no strings attached support for economic projects, sharing of Chinese development experience
Weaken US strategic threat	Secure China by stabilizing or controlling continental hinterland and maritime buffer zone	Draw Russia and "Stan" states into Chinese sphere of influence, secure control of first island chain
Develop multiple trade routes	Reduce chokepoints for Chinese trade, especially energy imports ("Malacca Dilemma")	Develop alternative transport routes (Myanmar, Pakistan)
Increase naval reach to protect Chinese shipments	Counter the risk of harassment or blockade by opposing powers	Obtain access to or control of overseas strategic ports (Myanmar, Pakistan, Sri Lanka)
Divide potential opposing blocs, e.g., ASEAN and EU	Maintain China's weight in world politics by preventing balancing coalitions	Extend economic benefits in exchange for bandwagoning (e.g., Cambodia), debt trap diplomacy → dependence
Build an alternative world institutional order	US-led order is perceived as biased against China	Create AIIB, facilitate use of CNY, supplant WTO, build China-friendly coalitions

need of the CPC to maintain legitimacy at home; it is also a key ingredient in giving China as much power, and thus ability to attain its objectives over the resistance of others, as possible in the international arena.

A second key objective is to increase China's global presence and prestige (Clarke, 2018; Mobley, 2019) and attendant soft power (Nye, 1990). In contrast to the West, China under the BRI provides support for economic projects that have no strings attached to them (or at least appear not to). In particular, China generally brackets the political governance of the recipient country from the discussion. Unlike Western countries, China can also legitimately point to a wealth of recent experience with economic development and claim that it is sharing this experience with partner countries through BRI projects. To the extent both are seen as credible in partner countries, China's reputation abroad may benefit, which in turn implies an increase in soft power – the ability to coopt rather than coerce – that could be used to influence partner and non-partner countries alike (Nye, 2020; Turcsanyi & Kachlikova, 2020).

A third point identified in the literature is the potential utility of the BRI to counter the strategic threat the United States poses to China (Cau, 2018; Clarke, 2018; Ferdinand, 2016; Mobley, 2019). Viewed through a realist lens, China's economic and military rise represents a challenge to US hegemony (Witt, 2019a). Historically, similar configurations have generally led to global war. For instance, in the Western context, 12 out of 16 similar challenges to hegemony since the late 15th century resulted in major war, including World Wars I and II (Allison, 2017). Viewed in this context, it is not surprising for China to seek to reinforce its strategic position relative to the United States.

In practical terms, this means securing China's continental hinterland – the source of most historical invasions of China – as well as creating a maritime buffer zone against US encroachment from the sea. The BRI may support these efforts by bringing Russia and Central Asia into China's sphere of influence and helping stabilize their governments by fostering economic development. To the extent these measures succeed, friendly relations with Central Asia may also help China retain firm control of Xinjiang, which not only connects China with Central Asia but is also critical to other strategic objectives discussed below. On the maritime side, China's strategic aim is to be able to deny access to the United States Navy at least within the so-called first island chain (roughly formed by Japan, Taiwan, the Philippines, and Borneo's East Malaysia) (see Nye, 2020), both to reduce military risk for the mainland and to curb the ability of the United States to offer naval support to Taiwan should China decide to attack the island. Control of the South China Sea is central to this effort, and BRI measures, especially the economic dependencies it has fostered with some states (Cambodia, Laos, and Myanmar in particular, see Shambaugh, 2018), have been helpful for preventing unified push-back from Southeast Asian states against China achieving its objective.

Related to the strategic threat by the United States is a further objective, namely, the development of multiple trade routes (Cau, 2018; Clarke, 2018; He, 2019; Mobley, 2019). A heavy focus of Chinese outward foreign direct investments, especially in its initial stages, was to increase control of critical natural resources (Buckley, Clegg, Cross, Liu, Voss, and Zheng, 2007). However, these resources still need to reach China, and Chinese trade, and especially its energy and resource imports, are vulnerable at critical chokepoints. Of particular concern for China is the "Malacca Dilemma." Over 70% of Chinese oil and gas imports and around 60% of Chinese trade pass through the Strait of Malacca (Paszak, 2021), which is narrow enough for a rival nation such as the United States to block in case of a conflict. China has sought to counter this geopolitical vulnerability by initiating multiple alternative transportation routes. In particular, the China-Pakistan Economic Corridor (CPEC) is intended to build new transportation and power infrastructure from Xinjiang across Pakistan to the Arabian Sea, thus bypassing the Malacca Strait and avoiding passage around a potentially antagonistic India. Further BRI initiatives include oil and gas pipelines leading from the Kyauk Pyu port in Myanmar to China.

In parallel to this, China has been building out maritime trade routes, and protecting them represents a further BRI strategic objective (Mobley, 2019). To this end, China has worked to gain access to, or control of, ports in overseas strategic locations. Prominent among these are Gwadar and Kyauk Pyu, which are, respectively, the Pakistan and Myanmar termini for the pipelines and transportation routes mentioned earlier. They further include Hambantota port, which Sri Lanka signed over to China for 99 years in December 2015 when it became clear that it could not repay Chinese loans (creating accusations that China was extending unsustainable BRI lending to secure strategic assets, a practice dubbed "debt traps," see Lew et al., 2021). China has thus succeeded in surrounding India with BRI ports under its control, raising Indian concerns that China was pursuing a "string of pearls" strategy designed to encircle and contain it. These projects combine with multiple additional port projects heavily concentrated in areas providing strategic resources – of the at least 35 ports China has helped finance over the past 15 years, about half are in Africa and the Middle East (Adi-Habib, 2018). At least some of these ports may also, over time, evolve into Chinese naval bases (Huang, 2021).

The BRI has further served the strategic objective of dividing potentially opposing blocs, especially ASEAN, but also the EU (Mobley, 2019). A core prescription of realism is for states wanting to retain their independence to balance against powerful states to prevent them from controlling or absorbing them. Apart from building up their own power, smaller states in particular need to rely on alliances with other states in the hopes of jointly cancelling out power advantages of larger states. The incentive for powerful states, on the one hand, is to prevent the emergence of such alliances through a "divide and conquer" approach. Economic leverage from the BRI has helped China keep ASEAN divided against itself, with Cambodia, Laos and Myanmar effectively doing China's bidding, as noted earlier (Shambaugh, 2018). A united front of ASEAN against China, such as joint resistance against China's taking control of the South China Sea, is consequently impossible – and since ASEAN requires decisions by consensus (ASEAN, 2007), the overall effect is to neuter the bloc.

China has executed a similar strategy in the EU. Two-thirds of EU members have signed on to the BRI, effectively dividing the EU against itself. For example, in April 2020, 52% of Italians polled identified China as the most friendly foreign country, while 45% pointed to Germany as number one among Italy's enemies ("paesi nemici"), followed by France (38%) (Bechis, 2020; Münchau, 2020). Noteworthy is especially China's ability to split off Eastern European countries by providing economic benefits through the BRI (Brattberg & Feigenbaum, 2021). As a result, China has been able to influence or fend off at least some EU measures, such as moves towards stronger protection of strategic sectors in Europe against foreign (more specifically, Chinese) takeovers (Münchau, 2020). The overall effect is, from China's perspective, a greatly reduced risk of a united EU front against Chinese interests.

Reducing agency of ASEAN and the EU also link to the last item on our list of BRI objectives: the creation of an alternative world institutional order reflecting Chinese interests and preferences (Cau, 2018; Clarke, 2018; Johnston, 2019; Layne, 2018; Mobley, 2019; Teece, forthcoming). International relations theories largely concur that the current institutional world order is a product of US preferences, disagreeing only on the question whether the United States alone (realism) or a coalition of powerful advanced industrialized countries (liberalism) put it in place (see Witt, 2019b). It is also clear that this institutional infrastructure has failed to adapt to the rise of new powers (Witt, 2019b). These institutions continue to serve the interests of their original creators, giving China an incentive to create their own (Layne, 2018; Zhou & Esteban, 2018).

The BRI may help China counteract this situation both directly and indirectly. In direct terms, China has drawn on the BRI to create an emergent parallel institutional infrastructure. The best-known example is the Asian Infrastructure Investment Bank (AIIB), a multilateral development bank under Chinese leadership that provides funding for infrastructure projects. It is seen as China's (initial) answer to Western and Japanese domination especially of the Asian Development Bank, but also the World Bank and the International Monetary Fund (Liao, 2015). Another example is the objective of using the BRI for the internationalization of China's currency, the Chinese Yuan (CNY) (Ferdinand, 2016; Liang, 2020). The United States has been deriving considerable benefits from controlling the world's reserve currency, including the ability to finance its public debt at low interest rates and the ability to weaponize the US dollar against foes (Carbaugh & Hedrick, 2009; Rotblat, 2017). It would take exceptional restraint for China, whose economy became the world's largest[5] half a decade ago (at purchasing power parity), to continue to forgo these benefits to the advantage of the United States. In indirect terms, to the extent the BRI succeeds in drawing the recipient countries closer to China – through economic benefits for the former or economic dependency on the latter – China may be able to leverage the BRI to build a growing coalition willing to support Chinese foreign policy objectives.

IMPLICATIONS

At the start of this paper, we argued that counter to its treatment in most of the IB literature, the BRI is foremost a *political* rather than an economic project: the means are economic, but the ends are political. In support of this contention, we have reviewed a large range of domestic and international political objectives that China may pursue in the context of the BRI. While the BRI has important implications at the organizational level that continue to be worth studying, for a holistic understanding of the BRI and its implications, the IB literature needs to extend greater efforts to conceptualize and explore the underlying political objectives.

With this in mind and with a view to policy, it seems to us that among the kinds of research we need more of are contributions that evaluate whether BRI measures are working and why (not). In this context, it would be crucial go to beyond evaluating the BRI in terms of financial or economic returns, such as the contention that China is not getting much of a return on investment from the BRI (Cau, 2018; Mobley, 2019). Perhaps some BRI measures may not make sense economically, but how do they measure up with respect to their political objectives? It seems likely that if both dimensions, economics and politics, are considered, the scorecard may well look more favorable.

We also need more research that explores policy responses by other countries, whether BRI antagonists or partners. With respect to the former, it is clear that at least some BRI aspects threaten the interests of the United States and the EU. How should they best counter these efforts? For example, how does the recently announced Global Gateway program by the EU stack up against the BRI? How likely is it to attain its objectives, and where could it be fine-tuned? With respect to the latter (BRI partner countries), might they stand to gain from competing programs pushed by different powers and blocs? If so, what might they do to foster such competition? Could they gain an advantage for themselves by playing off these actors against one another, and if so, how should they proceed?

In this context, it seems to us that there is also ample scope for research that evaluates the role of international business not only in promoting BRI objectives, a tool China clearly has been leveraging, but also for thwarting them. Early IB works, for instance, saw multinational enterprises (MNEs) as tools of asserting hegemony (Gilpin, 1975; Hymer, 1976). To the extent modern Western MNEs focusing on maximizing shareholder value can be leveraged for any state political goals – a research topic worth exploring in its own right – what policies might their home countries adopt to weaken the impact of the BRI? Indeed, what policies might

Western home countries adopt to reassert control over their MNEs?

China's institution building in the context of the BRI may also afford important insights into the future of (de-)globalization and decoupling. International relations theory is clear that the current global political configuration is conducive to deglobalization and, facilitated by divergent institutional structures, its replacement by regionalization with attendant (partial) decoupling (Witt, 2019b). Theory also predicts that as China's power increases, any global institutions that could underpin a future wave of globalization would strongly reflect Chinese preferences (Witt, 2019b). What is not known, however, is what this order could look like. Developments in the context of the BRI could help fill this gap, with attendant implications for MNEs' global strategies. For instance, extrapolating from China's documented tendency to punish less powerful countries economically for disagreeing with China (Witt, 2019a), it is imaginable (though far from certain) that in such an order, outcomes may be more strongly determined by power differentials between home and host countries than at present. IB theory would almost certainly need amending or extending as a result, e.g., in the context of location decisions.

The present coexistence of old and nascent orders could further open up theoretically interesting opportunities of agency for both, states and advanced economy MNEs (see also Teece, forthcoming). For example, BRI partner countries have an incentive to maximize economic gains and retain as much independence as possible by playing China off against its key political competitors. One avenue might be to take BRI money while offering informal encouragement and support to non-Chinese MNEs, which would at least partially negate the expected benefits of the BRI for Chinese MNEs. The incentive to do so may well increase with the size of BRI projects already committed, as the prospect of future BRI projects may be inversely related to the magnitude of projects already received. Spending more money on a given BRI partner country could thus have the ironic effect of enticing the partner to work against Chinese interests by promoting advanced economy MNEs, which may be happy to capture these opportunities. How do these and other dynamics play out to affect the receptivity of BRI partner countries to non-Chinese MNEs, and how do non-Chinese MNEs respond? And what are the implications for our understanding of how powerful states shape and possibly impose regional or world orders in the face of countervailing agency by other countries and third country MNEs?

It seems to us that a stronger recognition of the political foundations of the BRI would open up a vast and likely highly rewarding range of research opportunities. It is our hope that IB scholars will capture them.

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NOTES

[1]We focus here on the role of the CPC rather than the Chinese government because in contrast with much of the rest of the world, in the Chinese political system, party supersedes government. This is evident, for instance, in the continual CPC leadership of the country provided for in the Chinese constitution.

[2]In terms of GDP at purchasing power parity, which is the appropriate measure for comparing economic size internationally.

[3]GNI is defined as GDP + (factor income from abroad – factor income to abroad).

[4]Where appropriate, we will draw on relevant theories of international relations, especially realism (Waltz, 1979) and liberalism (Moravcsik, 1997). A detailed review of these theories and their implications for the geostrategic challenges China faces and poses is beyond the scope of this work. We refer the reader to our prior work on this specific topic (Witt, 2019a).

[5]A common source of confusion is the use in international relations analyses of national level GDP rather than of per-capita GDP. Total size of GDP is an indicator of the power of a nation. Per-capita GDP denotes standards of living within that nation. The key variable in international relations is power, not standards of living.

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