



# Moral Realism in Sino-US Relations: Navigating China's Pursuit of Political Leadership in the Case of the Belt and Road Initiative and BRICS

Shiqing Xiao

Faculty of Humanities, Leiden University, Leiden, 9500 2300, Netherlands

S3989933@vuw.leidenuniv.nl

**Abstract.** This research paper first examines the evolving dynamics of global politics through the lens of the Thucydides Trap (TT) and Yan Xuetong's moral realism (MR). This paper asserts that the essence of the ongoing geopolitical rivalry between China and the United States transcends mere economic and military dimensions to encompass a profound contest for ethical superiority and moral leadership on the global stage. The paper scrutinizes the tangible manifestations of China's strategic ambitions through the Belt and Road Initiative (BRI) and BRICS, which are portrayed as strategic moves by China to establish a norm-making power and present an alternative development model. These initiatives are analyzed in the context of their implications for global power dynamics, suggesting that China's approach, aligned with Yan's principles of MR, offers insights into the effectiveness of moral leadership in shaping international relations. As the world stands at a crossroads, the choices made by countries within the BRI and BRICS frameworks will significantly influence the direction of global governance, economic development, and international relations, highlighting the critical role of moral leadership and alternative development models in global politics.

**Keywords:** Moral Realism, BRI, BRICS.

## 1 Introduction

The evolving tapestry of global politics, marked by the competition for supremacy between rising powers and established hegemony, presents a complex and multifaceted arena for scholarly exploration. This research paper delves into the intricate weave of the Thucydides Trap (TT), juxtaposing it with the philosophical underpinnings of Yan Xuetong's moral realism (MR) to dissect the essence of political leadership in the context of Sino-US relations and analyze Chinese foreign policies, specifically through the Belt and Road Initiative (BRI) and BRICS.

The discourse surrounding the TT and Yan Xuetong's MR offers a rich tapestry of perspectives on power dynamics, leadership ethics, and international strategy. This paper unravels various scholarly viewpoints through a meticulous literature review,

establishing a theoretical foundation illuminating the nuanced interplay between moral philosophy and real politics. The exploration of these concepts serves as an academic endeavor and a lens through which the current geopolitical contest between China and the United States is examined.

Central to the analysis is the assertion that the Sino-U.S. competition transcends mere economic and military dimensions, embodying a profound political leadership contest. This contention is rooted in the belief, as argued by Yan Xuetong, that a global power's legitimacy and influence are significantly shaped by its moral and ethical posture. In this light, the research paper analyses the political leadership of moral realism, suggesting that the essence of the ongoing geopolitical rivalry is fundamentally a battle for ethical superiority and moral leadership on the global stage.

Further, this paper ventures beyond theoretical discussions to scrutinize tangible manifestations of China's challenge to US political leadership, particularly emphasizing the BRI and the BRICS coalition. The BRI, as the flagship policy of Xi Jinping, and BRICS, as a critical organization for China to establish a different order, exemplify China's efforts to become a norm-making power. This paper dissects these initiatives as strategic moves by China to redefine global political leadership, presenting an alternative model that ostensibly aligns with Yan Xuetong's principles of moral realism. Through this examination, the research aims to provide insights into the effectiveness and implications of China's strategy in reshaping global power dynamics.

## **2 TT and MR**

TT is the standard narrative to predict the future relationship between China, a rising power, and the U.S., a declining power. Zhang and Pu summarise several scholars' diverse perspectives on the TT, contributing to a nuanced understanding of its implications for contemporary geopolitics; Steve Chan challenges traditional structural approaches to international relations associated with the TT, highlighting the complexity of accurately gauging national power and questioning the validity of historical analogies, particularly in Sino-U.S. relations; James Lee's reinterpretation of Thucydides' work emphasises the role of imperial expansion rather than material capabilities in precipitating conflict, suggesting implications for modern territorial disputes such as those between China and the United States; Biao Zhang delves into the psychological dimensions of the TT, introducing the concept of a "status dilemma" to elucidate how misinterpretations of status claims can fuel zero-sum competitions, potentially leading to tragic outcomes in the Sino-U.S. relationship; Oriana Mastro shifts the focus to practical implications, examining peace indicators and emphasising the need for further research to understand the factors influencing peace during power transitions; Han, Cook, and Ohle draw attention to tensions in the Korean Peninsula, underlining the potential for conflict amid North Korea's nuclear ambitions while remaining cautiously optimistic about Sino-U.S. relations; Brandon Yoder challenges the conventional view on preventive war during power transitions, arguing that rising states' cooperative signals can prevent conflict if perceived as credible; At the same time, William Wang introduces the concept of a "status dilemma" to explain the early ori-

gins of conflict in U.S.-China relations, shedding light on the complex dynamics within the TT framework [1].

Yan Xuotong's MR offers a distinct and more comprehensive understanding of Sino-US relations. In "Ancient Chinese Thought, Modern Chinese Power," Yan discusses his concept of "moral realism," which diverges from the traditional narrative of classical realism. MR represents a shift from the conventional realist focus on power politics and strategic considerations, which often overlook moral or ethical dimensions. Yan contrasts hegemony, or 'ba,' which is based on material power and exemplified by U.S. hegemony, with humane authority, or 'wang,' which relies on moral leadership [2].

Yan argues that moral leadership is more crucial than economic and military strengths. It originates from the individual power of a nation's leader, the cabinet members they select, and the strategies they enact. A leading power can win the global hearts and minds in international relations by its virtuous leadership, fostering a stable interstate system. For instance, Yan notes that U.S. hegemony notably declined during the Bush presidency (2001-2008) and the Trump presidency (2017-2021), suggesting that the Sino-U.S. competition is fundamentally a zero-sum game of political leadership [2]. Since 2013, under Xi Jinping's Administration, China has transformed from "keeping a low profile" to "striving for achievement," following Yan's suggestions. In his 2014 article, Yan argued that this policy shift had improved China's relations with the U.S. and most major powers. However, Yan's early defense of his argument in 2014 might have been premature, as he might have reached a different conclusion had he waited a few years. From the perspective of MR, China's new foreign policy approach has led to the end of U.S. engagement policy and intensified competition between China and the West [3].

### **3 BRI: China's Grand Strategy for Moral Leadership**

The BRI, initially introduced in 2013, is a key element of Xi Jinping's strategy for "the great rejuvenation of Chinese nation." It is frequently regarded as a tangible expression of Xi's idea of "Common Destiny for Mankind," showcasing China's commitment to promoting joint development over solely pursuing its national interests. The BRI includes the Silk Road Economic Belt and the 21st Century Maritime Silk Road, spanning more than 60% of the world's population and contributing to over a third of global GDP. Investments in the BRI are estimated to range from \$1 trillion to \$8 trillion [4]. Most of its members are developing countries that have not modernized through US-led neoliberal globalization [5]. Its objective is to establish a network of regional and international connections, enhancing the flow of merchandise, communication technology, energy networks, and the development of railways across more than 70 nations [6].

The initiative seeks to forge a broader Eurasian arena by enhancing infrastructure links and investment throughout continental Eurasia and expanding sea lanes from the South China Sea through Africa to Western Europe. China's provision of long-term financing and infrastructure investments is expected to significantly enhance the eco-

conomic growth of countries involved in the BRI, subsequently improving the quality of life for their inhabitants. Primarily, infrastructure investments foster trade and economic development. The World Bank notes that a 1% increase in infrastructure stock leads to a 1% increase in GDP [7]. Furthermore, high-quality infrastructure is more attractive to foreign capital investments [8]. Returns on infrastructure investment are particularly notable in the early stages of emerging markets. Additionally, it is becoming increasingly clear that investments in modern communication technologies offer considerably higher returns than traditional infrastructure investments, such as railways and highways. The rapid expansion of telecommunications networks, led by companies like Huawei and ZTE across the BRI region, highlights this trend. Moreover, China's leadership in establishing global telecommunications standards, especially in 5G technology, is poised to play a crucial role in shaping the economic development trajectories of the region more than the expansion of physical infrastructure across vast areas [4].

Contrary to the official narrative of Beijing, Yu argues that the BRI also has profound political implications because it is an opportunity to advertise China's political model. Most BRI countries are not perfect liberal democracies. Instead, most are labeled as flawed democracies or authoritarian regimes. The China model is fundamentally based on limited political liberalization combined with a degree of economic openness, selective privatization, and some deregulation of industries; a system often referred to as state or authoritarian capitalism. Given the BRI region's political landscape, this model facilitates economic growth in these countries while enabling those in authority to maintain stringent political control. Confronted with the changing international situation, these countries choose between adopting the China model or the Washington Consensus approach. Given their demand for regime stability and economic advancement, many of these nations are inclined to view China as an attractive and sometimes preferred partner in their developmental journey. Some Western scholars believe that the prevalence of authoritarian regimes and the absence of thoroughly liberal democracies in the BRI region effectively create a conducive environment for China to propagate its model as an alternative to Western liberal democracy, and thus, the effectiveness and viability of the BRI's economic strategy hinge on a contest of economic efficiency and effectiveness between market authoritarianism and market liberalism, or between the China model and the Washington Consensus. The future success and sustainability of this strategy will ultimately depend on the choices made by the countries within the region, reflecting their specific politico-economic preferences [4].

Within Western academic circles, it is thought that Beijing's primary objective is to extend its wide-ranging geo-economic, geopolitical, and strategic sway throughout Eurasia, a region deemed crucial in the arena of global politics. China seeks to create a "China-centered" hierarchy in this region, an area where the U.S. does not have a geographical presence [4].

The Belt and Road Initiative (BRI) faces criticism in the West, particularly concerning debt sustainability. This issue poses a significant challenge for many BRI loan recipients, as Chinese lending practices may burden some member countries with heavy debt and financial risks [7; 9]. For example, as of 2016, the Export-Import

Bank of China accounted for 49% and 36% of the Kyrgyz and Tajik government debt, respectively [9]. The Centre for Global Development identified 23 countries at risk of debt distress due to BRI lending in March 2018, with Djibouti, Tajikistan, Kyrgyzstan, Laos, the Maldives, Mongolia, Pakistan, and Montenegro being particularly vulnerable to debt distress from future BRI-related financing. The issue is exacerbated by the high-interest rates on Chinese loans and "white elephant" projects, which fail to generate sufficient income for debt repayment, such as the Sri Lankan Hambantota Port [9]. Thus, these mismanagements are criticized as stemming from a lack of competency among Chinese lending institutions, which prioritize broader political goals over potential returns and demonstrate weak project planning capacity [10].

#### **4 Brics: A New Economic and Financial Order for the Global South**

China arguably views BRICS as a platform for establishing a post-U.S. multipolar world. Initially formed in the early 2000s, BRICS has become increasingly vocal since the 2008 financial crisis, often perceived as a non-Western bloc. Originally, BRICS included Brazil, Russia, India, China, and South Africa—five newly industrialized countries representing over 40% of the world's population and nearly 25% of global GDP [11]. In 2023, during the 15th BRICS summit, the coalition declared a decision to welcome six additional countries: Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates. This enlargement will boost BRICS's share to 36% of the world's GDP [12], with expectations for more developing countries to join shortly. The BRICS nations share long-term objectives and interests, particularly in reforming global financial institutions traditionally dominated by the U.S., reinforcing the principles of the international legal system, and promoting economic cooperation across various sectors. The BRICS agenda has broadened to include issues such as sustainable development in food, energy, and security. Additionally, BRICS aims to transform the international trade landscape, achieve the Millennium Development Goals (MDGs), and make progress in regional and global political arenas. The New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA) are two pivotal institutions established by BRICS as steps toward an alternative financial system [11].

The New Development Bank (NDB) is an international finance institution that started with \$50 billion of initially subscribed capital and has the capacity to reach up to \$100 billion in authorized capital. Its importance stems from its aims and benefits. The NDB offers its clients flexible loan conditions, presenting itself as an alternative to the conventional World Bank. It also tackles market inefficiencies by funding infrastructure and sustainable development initiatives. Thanks to its high credit rating, the NDB can acquire capital at more advantageous rates on the global capital markets. Furthermore, the NDB is dedicated to promoting the expansion and progress of a wide array of sectors, such as services, manufacturing, agriculture, energy, infrastructure, mining, healthcare, construction, water management, tourism, and the green economy [11; 13].

The CRA is another multilateral financial institution featuring a swap arrangement of \$100 billion contributed by the five members in agreed proportions. The CRA has been instrumental in maintaining the financial stability of BRICS countries by providing them with short-term liquidity support during the balance of payments crises, especially amid sudden large-scale capital inflows and outflows. This mechanism is a crucial buffer for its member states, offering a collective defense against global financial vulnerabilities. Establishing the CRA represents a significant step toward enhancing financial security for emerging markets and strengthening South-South cooperation. Additionally, the CRA aims to increase the influence of BRICS nations in international forums and move the global financial system towards more equitable governance, thereby reducing dependence on the International Monetary Fund (IMF). While the IMF aids countries with insufficient foreign reserves, the CRA provides an alternative by focusing on short-term balance of payment challenges. This inter-country network offers an appealing choice for nations seeking IMF support under favorable conditions, lower costs, and better access to sustainable capital markets. As a preventive measure, the CRA bolsters the global financial safety net for BRICS countries [11;13].

The NDB seeks to challenge the World Bank by gathering funds to finance infrastructure and sustainable growth endeavors in emerging and developing countries. At the same time, the CRA aims to serve as a substitute for the IMF, providing a financial buffer in response to fluctuations in the global market. These institutions aim to more accurately reflect the interests of the developing world by promoting a more equitable voting system, in stark contrast to the IMF and World Bank's weighted voting approach. Within this context, China's substantial economic power makes it a leading player in the BRICS group [11;13].

Moreover, BRICS nations are moving towards reducing their reliance on the US dollar by adopting local currency financing. For example, the proportion of US dollar usage in trade settlements between China and Russia decreased from approximately 90% in 2015 to 46% by 2020 [11;13]. Alongside the Silk Road Fund and the Asian Infrastructure Investment Bank, these financial bodies are forming an economic framework that diverges from the Bretton Woods system [14].

However, the development of BRICS faces clear challenges. Due to territorial disputes, the division between China and India introduces uncertainties regarding the unity of BRICS, with the U.S. potentially benefiting from this division. While BRICS aims to offer an alternative financial system to the Global South, it is still in the early stages of development, and the U.S. dollar remains the dominant currency globally.

## 5 Conclusion

It is widely believed in the Western academy that China's strategic initiatives, notably the BRI and the BRICS, underscore China's ambition to redefine global political leadership. These endeavors testify to China's commitment to fostering alternative models of development and cooperation, challenging the established Western-centric order. The BRI and BRICS, with their focus on infrastructure development, financial stabil-

ity, and South-South cooperation, are seen by Western scholars as critical elements in China's strategy to project its model of authoritarian capitalism and reshape the international system in its favor.

Beyond Western perspectives, this research paper has explored the BRI and BRICS within the complex landscape of Sino-U.S. competition from another angle. The study has attempted to analyze these cases through the lens of MR, emphasizing the importance of ethical superiority and moral leadership in shaping global power dynamics, especially in the evolving narrative of Sino-U.S. relations.

Furthermore, establishing the NDB and the CRA by BRICS countries represents a significant step toward creating an alternative financial architecture. This new framework aims to overcome the limitations of the existing global economic order. These institutions embody the collective aspirations of emerging economies for more equitable and inclusive global governance, providing a counter-narrative to dominant Western financial institutions.

This paper has shown that the Sino-U.S. competition is not merely a contest of material capabilities but also a profound struggle for the hearts and minds of the global community. Here, the power of moral leadership and the appeal of alternative development models play a crucial role. As the world stands at a crossroads, the decisions made by countries, especially those within the BRI and BRICS frameworks, will significantly influence the future of global governance, economic development, and international relations. The extent to which China will emerge as a qualified moral leader, offering a more democratic and just world order for most of the world, particularly the Global South, remains to be seen.

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