

Assessing China's Economic and Political Power Play

by

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A thesis submitted in partial fulfillment of the
requirements for the degree of Master of Science
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ABSTRACT

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Abstract

How effectively has China utilized its economic power to gain political support worldwide? This paper aims to answer this question, which is vital to understanding the new dynamics of the international order, through a more appropriate quantitative analysis. To this end, it first discusses why the United Nations General Assembly (UNGA) Voting Data, which is commonly used to measure a country's foreign policy alignment, is a relatively ineffective method. Thereafter, it proposes a new set of measurements that better represent China's core political intentions under its overseas economic efforts: other countries' support for China's sovereign standing and China-built new international institutions. I also argue that different types of economic interactions may influence other countries' political support for China in varying patterns. By creating novel datasets to measure other countries' alignment with China on Hong Kong, Xinjiang, and the Belt and Road Initiative (BRI), I find that China has partly translated its economic power into its global political influence with different mechanisms. First, countries that receive more aid from China are more inclined to align with China's sovereign standings. Second, countries that trade more with China are more likely to show explicit political support for China-built new institutions. These findings advance our understanding of China's economic power and the complex interaction between global politics and economy.

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1. Introduction

In the past 20 years, China has been increasingly regarded as a global economic giant. In 2010, China took over Japan as the second-largest economy in terms of nominal GDP. In addition, China has been the world's largest trading nation since 2014.¹ However, understanding how China's political influence has expanded with its increasing global economic power is still difficult. Two recent pieces of international news, for example, have presented varying pictures of China's global political influence. The first piece reports that in April 2021, Hungary, regardless of international pressure and for its economic interest, blocked the European Union's statement criticizing China's behavior on the Hong Kong issue.² The second story, however, is that in November 2021, Lithuania allowed Taiwan to establish a representative office in its country despite the expected threat of harsh economic sanctions from China.³ The two stories, which can lead to completely different interpretations of China's political influence around the world, indicate an important but still largely unanswered question for IR scholars: to what extent can a country's economic power successfully translate into its political influence? In particular, does a superpower like China have the capability to achieve its global political interest using its economic power?

This paper aims to answer this question based on previous work. Until now, many studies have pointed out that China has successfully utilized its economic asymmetries over other countries to increase their foreign policy alignment with China Benner, Gaspers, Ohlberg, Poggetti, and Shi-Kupfer (2018); Lampton (2008); Ross (2006, 2019); Rotberg (2009); D. Shambaugh (2018); D. L. Shambaugh et al. (2013).

¹The ranking is calculated according to the sum of a country's import and export.

²<https://www.reuters.com/world/asia-pacific/hungary-blocks-eu-statement-criticising-china-over-hong-kong-diplomats-say-2021-04-16/>.

³<https://www.bbc.com/news/world-asia-china-59370521>.

However, as Kastner (2016) and Flores-Macías and Kreps (2013) argued, only a few studies have systematically tested the relationship between China’s global economic influence and political influence. Indeed, only perhaps three studies have do so: Flores-Macías and Kreps (2013), Kastner (2016), and Strüver (2016).⁴ They have provided relatively direct evidence to the mystery relationship between China’s economic and political influence; however, as they each use different measurements in terms of quantitative analysis, they are not sufficiently comparable to reach any conclusion on the question. In addition, the common practice in measuring a country’s political influence or, more specifically, foreign policy alignment is to use United Nations General Assembly (UNGA) voting data (Voeten, Strezhnev, & Bailey, 2009). However, a country’s foreign policy stance may not be causally associated with its UNGA voting behavior, contrary to scholars’ expectation (Flores-Macías & Kreps, 2013; Vreeland & Dreher, 2014).

This paper seeks to fill this gap by reconsidering the measurement of the dependent variable (DV)—China’s political influence over other countries—and the key independent variable (IV), that is, China’s economic power. First, it intends to further distinguish and understand the effect of China’s different types of economic power, including trade and foreign aid. Second, it aims to construct a more reasonable measurement of the DV by considering the causal links between China’s economic power and political influence. Through a review of China’s official foreign policy documents, I claim that rather than UNGA voting, a better measure of DV would capture how China has successfully utilized its economic influence to persuade other countries to align with its key interests, which includes endorsing its sovereign standings and participating in China-led international conferences and institutions. Specifically, I code

⁴To find all papers related to this research question, I searched top 25 journals in IR measured by SCImago and the top 5 journals in Chinese Studies. In addition, I further utilized the references in the papers I found to identify other directly relevant papers.

three events/issues as the part of the measurements for DV, which are countries' support for the 2020 Hong Kong National Security Law, countries' support for the recent Xinjiang conflict, and countries' attendance in high-level BRI-related forums. This study considers aid and trade separately to test the effect of China's economic power. Overall, built on previous work on the consequences of China's economic power, this paper's findings provide more detailed insights into how China's economic power played and what political influence China may have gained. In addition, it also contributes to the broader discussion about economic interdependence.

The rest of the paper proceeds as follows. First, the literature on the relationship between a country's economic power and political influence is reviewed, with a focus on the case of China. Next, I propose a new perspective to understand how China's political influence expands and suggest a new set of measurements to test the relationship between China's economic and political influence. Section 4 describes the research design, and Section 5 presents the key empirical results of this paper. The final section concludes with a discussion of further implications and limitations.

2. Literature Review

What is the relationship between a country's economic power and political influence? Generally, most previous studies have argued that a country's economic power could translate into political influence. Hirschman pointed out the association between international economics and politics: in explaining how Nazi Germany expanded its influence through trade, he proposed a famous argument, which was that "foreign trade is an instrument of national power." (Hirschman, 1980) He argued that "a voluntary increase of trade on the part of country A's trading partners is indeed indicative of an increase of their gains from trade and, hence, of their dependence on A (p.19)." After Hirschman, Keohane and Nye (1973), further illustrated this relationship by proposing the concept of "asymmetric interdependence." They argued that the sensitivity and vulnerability of a country's economy to another, which are two aspects of asymmetry, would let the country align more with the other's foreign policy. In sum, "asymmetrical interdependence can be a source of power."

Most later studies on China have further stressed the positive association between a country's economic and political influence. In general, they argued that China has gained more political influence over other countries' foreign policy choices as its economic power increased (Kang, 2007; Lampton, 2008; Ross, 2006, 2019; D. L. Shambaugh et al., 2013). However, some of them also indicated that Chinese economic power alone may be insufficient to persuade other countries to change their foreign policy. First, for example, the evaluation of China's military capabilities also shaped other countries' choices to accommodate China's foreign policy (Ross, 2006, 2019). Second, as China is not a democracy, scholars like D. L. Shambaugh et al. (2013) also argued that the expansion of China's global political power may be perceived in varied ways by countries with different regime types. This has led to the question of to

what extent, or under what conditions, countries that have close economic relations with China are likely to align with it.

Nevertheless, a key problem in the current literature is that much less empirical work than case studies has been done to systematically test the relationship between China's global economic and political influence. Moreover, the existing quantitative studies, which only include three papers, are not comparable in terms of their methodology. Flores-Macías and Kreps (2013) conducted a cross-national study of China's economic and political influence over other countries. To measure other countries' foreign policy convergence with China's, they chose to use UNGA votes on country-specific human rights resolutions, which they claimed can better represent China's key political interest than all UNGA voting data. Among the different faces of China's economic power, they only consider China's trade influence. Specifically, they used dyadic trade data between China and other countries as the key independent variable. Based on the measurements, they found that African and Latin American countries who frequently traded with China are more likely to vote with China on country-specific human rights matters, which indicated their increasing political alignment with China. Furthermore, the authors' robustness test remeasured the DV (foreign policy alignment with China) using all UNGA voting and found a similar positive association between China's trade and its global political influence.

Strüver (2016) also used UNGA voting to measure other countries' foreign policy alignment with China. He chose to consider all types of UNGA voting when measuring the DV (UN voting similarity) and specifically treated it with three levels: low, high, and very high. With considering trade and foreign aid as both possible measurements of China's economic power, he found that while China's foreign aid had a positive effect on other countries' alignment in terms of foreign policy, the effect of its foreign trade was not significant in gaining their political support. However, he did

not further explore the causal links between China's aid/ trade and other countries' foreign policy alignment.

Lastly, Kastner (2016) considered a different measurement of China's global political influence. He separated other countries' foreign policy alignment with China into support on economic or political issues. Rather than using UNGA voting dataset, he considered whether other countries accommodated with China on the Tibet and Taiwan issue, the two key policy issues important to China, as an indicator of other countries' political support for China. For other countries' support on economic issues, he coded whether they have accepted China's market status. Using China's trade as the single measurement of China's economic power, he found that countries that were more trade dependent on China were more likely to support China on key economic issues. However, "the relationship between (China's) trade and influence is somewhat less clear-cut on political issues."

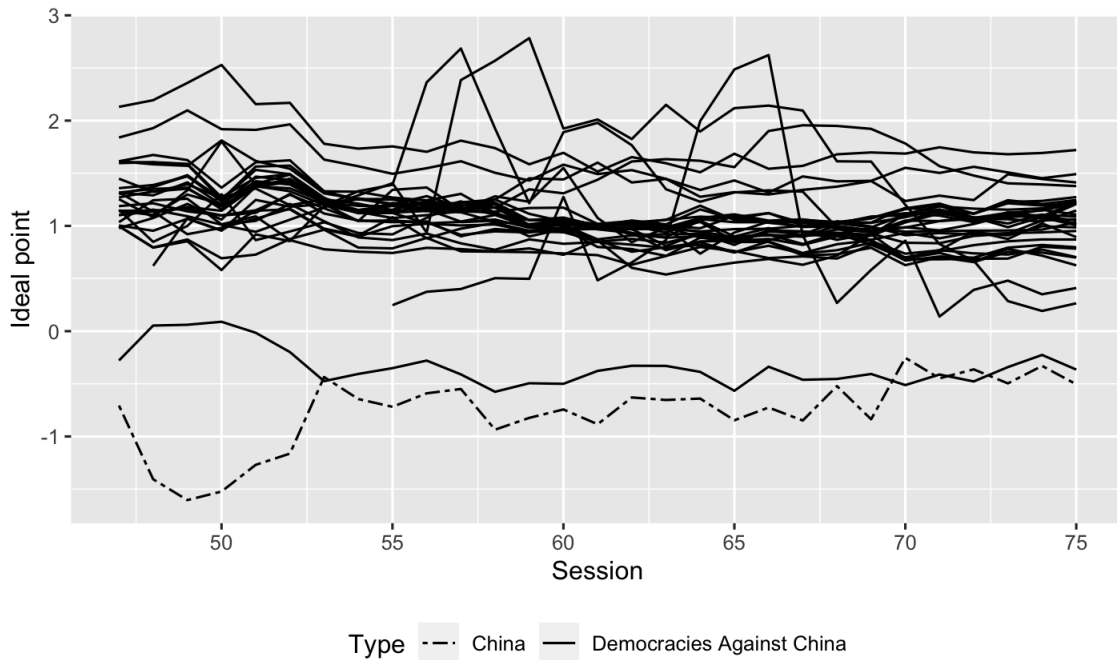
The conclusions of these three studies, to some extent, contradict each other. I argue that the mixed results can be explained by several limitations of the existing work. First, although the current literature has already considered different faces of China's economic power, it did not reveal why they would have a varied influence on other countries' political alignment with China. This may have caused scholars to fail to choose the most direct measurement of China's economic power when testing its relationship with countries' political alignments.

Second, I argue that countries' UNGA voting alignment with China and their support for China's core political issues are not two complementary measurements for China's political influence over other countries. Specifically, the UNGA voting dataset is unreliable in measuring a country's political influence over others, as several scholars have already warned Bailey, Strezhnev, and Voeten (2017); Copelovitch and Powers (2021); Stone (2004); Voeten (2021). First, the UNGA votes only re-

flects what countries believe in terms of grand global issues but not regional and other country-level issues(Bailey et al., 2017). Second, UNGA votes are generally costless in nature, which make them suspect as a representation of “states’ ‘sincere’ preferences on global issues” (Stone, 2004). Third, most UNGA votes are considered symbolic or even merely procedural (Flores-Macías & Kreps, 2013; Strüver, 2016). Although Flores-Macías and Kreps (2013) have tried to fix this problem by narrowing the scope of UNGA votes to only country-specific human right votes, it is still hard to argue that country-specific human rights votes can better represent states’ policy preferences, especially China’s foreign policy interest. Lastly, theoretical links between a country’s economic power and other states’ voting alignment in the UNGA are hard to demonstrate. As all UNGA resolutions have distinct contents and every country has complicated consideration when voting, it is difficult to infer a relative general mechanism that explains how states’ voting behaviors are influenced by economic factors(Copelovitch & Powers, 2021). In the case of China, considering difficulties in finding a causal mechanism between China’s economic power and UNGA voting, it would be inappropriate to arrive at any conclusions about the political outcomes of China’s economic power even if we find associations from empirical analysis.

Figure 2.1 further shows the possible invalidity of using UNGA voting data to represent a country’s political alignment with great powers. It compares the UNGA voting trend of China with a group of democracies who have publicly opposed China’s Hong Kong policy. As Figure 1 shows, as time goes, the voting behaviors of those democracies and China are closer to each other. However, it clearly does not indicate that China shares key common interests with those countries. Such an issue has also been pointed out by (Voeten, 2021, p.30). As he argues, “UN votes reflect whether a state agrees with a resolution that advocates for a particular way to address an issue of global interest” but are not “expressions of how much one state agrees with

another state.”



Source: United Nations General Assembly Voting Data(Voeten et al., 2009)

Figure 2.1: Ideal Points Since Session 47, Selected Democracies and China

In sum, the UNGA voting dataset does not constitute an effective measure for a country’s political alignment with other countries. This explains why some scholars face difficulties in finding evidence that China put its effort into buying UNGA voting for its political purposes. (Dreher, Fuchs, Parks, Strange, & Tierney, 2018) To fill this gap in the literature, this paper proposes a new set of measurements to capture countries’ political alignment with China since 2013. It argues that compared to the UNGA voting data, measuring other countries’ foreign policy alignment by identifying how they support China’s two key, specific interests will be a more direct measurement that faithfully captures the causal/theoretical mechanism between Chinese economic power and political influence. The new set of measurements is similar to Kastner (2016)’s measures, but considers two of China’s key political interests in a more recent period. Moreover, by distinguishing China’s economic power into trade power

and aid power, I further demonstrate how the two types of economic interactions may influence other countries' political alignment with China differently. The next section will further elaborate on the new measurements from a theoretical perspective.

3. Economic Power And Political Support On Key Issues

To evaluate whether China has successfully translated its global economic power into its political influence, this paper argues that it is crucial to explore which political influence China intends to gain around the world with its economic power. As Chinese foreign policy has distinct characteristics over different time periods ¹, my analysis only focuses on the key interest of China's foreign policy since 2013, when it proposed the Belt and Road Initiative (BRI) and has been considered to show more "assertiveness" at the global level. The BRI is regarded as "China's greatest international economic ambition," with an aim to further maintain Chinese economic growth and expand China's global economic influence in a new era (Huang, 2016). Moreover, since the BRI was proposed, it has been widely acknowledged to have had great success in helping China extensively expand its global economic influence. Therefore, if there is any association between China's economic and political influence, we should expect to see it in this period from 2013, making it the ideal period for the current study.

Although China's general foreign policy making process is not as transparent as that of democracies, I argue that the basic trend or rules of China's foreign policy can be inferred from repeated foreign policy stances in China's official statement. Specifically, to capture China's key foreign policy interest since 2013, I analyze annual

¹There is a basic consensus in the field of Chinese foreign policy research that China's foreign policy can be divided into two stages since the 1990s. (Johnston, 2013; Yan, 2014). The first period is from the 1990s to 2013. In this period, the economic growth was China's priority. Therefore, it adopted a "keep a low profile" foreign policy to prevent grievances against China's rise. However, 2013 witnessed a significant change in Chinese foreign policy: Chinese President Xi Jinping proposed that *fenfeyouwei* (striving for achievement) should be a new guideline for Chinese foreign policy. This change is considered as a start for China to show more "assertiveness" in its foreign policy. In general, during the new period, China has been more ambitious in its role in global affairs and reshaping the international order.

speeches by Wang Yi, Minister of Foreign Affairs of China. It is general practice for China's Minister of Foreign Affairs to rationally review China's past-year diplomacy at the end of a year and present it at a speech at an annual conference called "Symposium on The International Situation and China's Foreign Relations."² The annual speeches are reliable indicators of Chinese foreign policy interest for several reasons. First, the speaker, Wang Yi, represents the official stance of the Chinese government.³ Second, the main audience of the annual speeches is foreign policy researchers but not the public. The content of speeches is not widely spread through Chinese official media. Therefore, the speeches contain relatively comprehensive and objective summaries of Chinese foreign interests. I take the annual speeches by Wang Yi since 2013 as evidence and argue that currently, China intends to utilize its economic power to achieve two major core political interests.

The first is defending China's sovereignty and territorial integrity. In the 2017 annual speech, Wang Yi especially noted that respecting China's sovereignty was important as a prerequisite in maintaining a good economic relationship with China. He pointed out that China appreciated Mongolia's reiteration of its "firm commitment to the one-China policy and respect for China's core interests on Tibet- and Xinjiang-related issues and on the Taiwan question" and its desire to fix China—Mongolia relations⁴. The background of the talk is that in 2017, Mongolia allowed the visit of the Dalai Lama, which led to a cooling in the China—Mongolia relationship. However,

²All speeches can be found in the official website of Ministry of Foreign Affairs of the People's Republic of China: https://www.fmprc.gov.cn/mfa_eng/wjb663304/wjbz663308/2461663310/. Exceptions include 2021 and 2022, when due to concerns about COVID-19, the annual reviews of Chinese diplomacy was instead published in Qiushi, the official journal of the Chinese Communist Party. The reviews are also presented in the official website.

³Normally, such official speeches are drafted by professional teams of the CCP and should have been reviewed several times to make sure they well-represented the interest of the CCP and the Chinese government.

⁴See the speech at: https://www.fmprc.gov.cn/mfa_eng/wjb_663304/wjbz_663308/2461_663310/201712/t20171210_468660.html.

to seek loans from China, Mongolia soon decided to apologize for this behavior and stressed that another visit from the Dalai Lama would be unwelcome (Pang & Chen, 2020). In general, the fact that Wang chose the China–Mongolia relationship as one focus point in his 2017 speech signaled to other countries that China has the power and resolve to use its economic might as a coercive tool to garner more international support for its sovereign standing and territorial integrity. In the 2018 review of Chinese foreign policy, Wang further clearly stated that “The sixth keyword (of Chinese foreign policy) is steadfastness. . . We are resolved to uphold our country’s sovereignty and security which are China’s core interests.”⁵ Similar statements have also appeared in Wang’s review from 2019 to 2021. Hence, this leads to this paper’s first hypothesis:

H1: *Countries that have closer economic relations with China will be more likely to support China’s sovereign standing and territorial integrity.*

Apart from safeguarding China’s sovereignty, I argue that China’s other key political interest is building its own international institution. This political interest has occurred only recently but reflects China’s intention to challenge the current international order. However, it is noteworthy that China does not intend to fight against the existing liberal international order (LIO) as hegemonic war theory predicts ⁶. In the era of globalization, China is not a victim of the LIO. Therefore, it is irrational for China to undertake huge costs to establish an entirely new international order. Rather, by building its own international architectures and persuading other countries to join in, China seeks to lower the pressure on the country to democratize and

⁵See the speech at: https://www.fmprc.gov.cn/mfa_eng/wjb_663304/wjbz_663308/2461_663310/201812/t20181212_468700.html.

⁶According to hegemonic war theory (Gilpin, 1988), the challenger of the existing hegemony will seek to alter the fundamental rules of the existing international economic and political order. In addition, it may very likely achieve its purpose by starting a war.

to lessen dissent on China's economic development(Owen, 2021). In sum, China's motivations in challenging the current international order mainly lie in maintaining its current regime and supporting its economic growth, which are still narrow but can be considered as core Chinese interest.

Thus far, China's most significant effort in building its own international institutions has been running its Belt and Road Initiative (BRI). Under the BRI, China began to hold forums to facilitate international economic cooperation with other countries. Although these forums focused largely on the so-called "win-win" economic development and reflected China's global economic leadership (Broz, Zhang, & Wang, 2020), they inevitably had political purposes too. Specifically, China regards the BRI as a tool to establish a new Chinese-characteristic model for international cooperation, which aims to resolve development conundrums for the world. From Chinese officials' statements, it may be reasonably inferred that by providing economic benefits to other countries, China wants to persuade more countries to actively participate in BRI-related institutions. As Wang stressed in 2017, the year that China held the first Belt and Road Forum for International Cooperation, "more and more countries are looking to China with high expectation for cooperation opportunities under the Belt and Road framework ... (The first BRI forum) produced a broad consensus among the nations from across the world on jointly advancing the Belt and Road Initiative."⁷ In addition, Wang's later annual speeches on foreign policy showed that there has been at least one important China-initiated BRI forum each year after 2017 and his highly-rated comments on these forums have further showed how China values such political gains. Wang said, "with the support of 145 countries and 32 international organizations, the BRI is fast becoming 'a belt of prosperity'

⁷See the speech at: https://www.fmprc.gov.cn/mfa_eng/wjb_663304/wjbz_663308/2461_663310/201712/t20171210_468660.html.

benefiting the world and ‘a road of happiness’ benefiting all peoples.”⁸ Therefore, the second hypothesis of the study is:

H2: *Countries that have closer economic relations with China will be more likely to politically support China-built international institutions, especially the BRI.*

After proposing the first two hypotheses, I further suggest that different types of economic interactions may influence countries’ support for China’s core interests with different mechanisms. First, respecting China’s standings on sovereignty-related issues is a covert prerequisite for other countries to receive aid (Mattlin & Nojonen, 2011; Telias & Urdinez, 2020). Therefore, we should expect that a country that receives more official aid from China will be more likely to obey its implicit promise to China – showing support for China’s sovereignty standings – to secure aid. However, as little evidence has shown that China has applied the same implicit prerequisite in its trade relations, it is less likely that countries who trade more with China will increase their support for China’s sovereign standing.

Second, countries that trade more with China will be more inclined to show explicit support for China-built new international institutions. A high trade dependence on China generates both benefits and risks to a country: on the one hand, the country has more potential to gain additional economic benefits if it is actively involved in China’s newly-built international institutions, which are aimed at achieving mutual economic benefits among members. On the other hand, if the country does not actively support China’s new international institutions, its trade with China may reduce as China may turn to trade with other partners under the new rules preferred by China. Therefore, with the cost–benefit calculation, countries who receive and value the great economic benefits of trading with China will be more likely to show

⁸See Wang’s annual review in 2021: https://www.fmprc.gov.cn/mfa_eng/wjb_663304/wjbz_663308/2461.663310/202201/t20220101_10478338.html.

strong political support for China-built international institutions, regardless of the possible “authoritarian-characteristic” impact that these new institutions may bring to their countries. In sum, the different mechanisms of China’s trade and aid power suggest two sub-hypotheses:

H3: *Countries that have closer economic relations with China, especially ones that receive more aid from China, will be more likely to support China’s sovereign standing and territorial integrity.*

H4: *Countries that have closer economic relations with China, especially the ones that trade more with China, will be more likely to politically support China-built international institutions, especially the BRI.*

4. Data And Method

4.1 The Dependent Variable: Support for Chinese Core Political Interest

As I have argued thus far, whether a country aligns with the two core political interests directly indicates China's political influence on the country. To measure how states support China's current two core interests—protecting its sovereignty and building new institutions—I select three specific events/issues that clearly reflect these two interests of China's and have received wide attention from other countries. I code whether other countries show support for these events/issues as the values of the dependent variables.

The first event is the *2020 Hong Kong National Security Law* ("the Hong Kong issue", henceforth). In 2020, the Chinese government passed the Hong Kong National Security Law, which was regarded as a further action to limit the autonomy of Hong Kong and therefore cause much international criticism. Many countries, including the United States, Canada, and the United Kingdom, publicly criticized the passing of the law. Moreover, as the issue was discussed in the United Nations Human Rights Council with either side (support/opposition) submitting separate statements, it provides scholars an opportunity to understand more countries' explicit attitudes toward the issue. I identify countries' attitudes toward the Hong Kong issue through the following steps: First, I utilize two statements on the 46th United Nations (UN) Human Rights Council, one proposed by the United Kingdom criticizing China Hong Kong's policy and the other proposed by Cuba supporting China's standing.¹ I code countries' attitudes toward the Hong Kong issue regarding which statements they

¹See the summary from the Diplomat: <https://thediplomat.com/2020/07/which-countries-support-the-new-hong-kong-national-security-law/>.

co-signed. Second, for the countries that were not signatories in either statement, I use Google Search to find whether they had officially expressed their opinions.² I assign three values, 0, 1, and 2, to separately indicate countries' attitudes toward the Hong Kong National Security Law: opposition (0), neutrality/silence (1), and support (2).

The second issue in recent years is *the Xinjiang Conflict*. Since 2017, reports outside China have emerged that the Uyghurs in Xinjiang have been sent to reeducation camps, which suggests the Chinese central government's repression of the ethnic minority group. However, the Chinese government insisted that the "reeducation camps" in Xinjiang did not have the political purpose as many Western countries claimed. Moreover, it argued that China's policy in Xinjiang was a matter of China's internal affairs and therefore should not be a subject of interference from other countries. Similar to the Hong Kong issue, the international society was divided into two blocs over the Xinjiang conflict by signing different statements. Moreover, as debates about Xinjiang are increasingly intensifying from 2019 to the present, information on countries' attitudes toward the issue over the years is publicly available. With a similar approach to coding the 2020 Hong Kong National Security Law event, I identify states' stances on the Xinjiang Conflict by reviewing the related joint statements submitted to the UN Human Rights Council in 2019 and 2020,³ complemented by Google Search. I also code countries' attitudes into 3 levels: opposition (0), neutrality/silence (1), and support (2).

The last issue I select is *BRI Forums*. As I argued previously, China greatly values whether other countries support the BRI. Therefore, to measure other countries'

²The technique I use is to search key words. For example, to find Angola's attitude toward 2020 Hong Kong National Security Law, I search with "Angola' Hong Kong Law."

³See the summary from the Diplomat: <https://thediplomat.com/2019/07/which-countries-are-for-or-against-chinas-xinjiang-policies/>; and <https://thediplomat.com/2020/10/2020-edition-which-countries-are-for-or-against-chinas-xinjiang-policies/>.

attitude toward the BRI, I argue that a direct and reliable method is to see whether they attended high-level symbolic BRI conferences held by China. I propose that although countries may sign statements on BRI just for its economic benefits but not for any political purposes, attending high-level BRI forums indicates a country's strong political support for BRI. Because these conferences have come to be viewed by both China and the rest of the world as a platform to demonstrate the success of China's new development model. Thus far, China has held two Belt and Road Forums for International Cooperation in 2017 and 2019. In addition, in 2020, a high-level video conference on Belt and Road cooperation was held to further implement the consensus of the Second Belt and Road Forum for International Cooperation. I collect lists of countries that have attended the three conferences separately from Chinese official statements⁴ and code 1 if a country participated in BRI forums, and 0 if it did not.

In summary, I construct three measures to capture other countries' support for China's two core political interests. While countries' attitudes toward the 2020 Hong Kong National Security Law and Xinjiang Conflict measure how they align with China's standings on sovereignty, BRI attendances reflect other countries' support for the China-built new international institutions.

4.2 The Key Independent Variable: China's Economic Power

To understand the different faces of China's economic power, I include two key independent variables to measure China's trade and aid to other countries separately: *Trade Dependence* and *Financial Aid*. I measure a country's trade dependence on

⁴See links for three official statements respectively: <http://www.xinhuanet.com//english/2017-05/15/c136286378.htm>; <http://www.beltandroadforum.org/english/n100/2019/0427/c36-1311.html>; and <http://subsites.chinadaily.com.cn/cidca/2020-06/19/c501708.htm>.

China in a given year t as country i 's total trade with China relative to i 's GDP.⁵ The formula is given as:

$$\text{Trade Dependence}_{i,t} = \text{Total Trade with China}_{i,t} / \text{GDP}_{i,t} \quad (4.1)$$

Second, I utilize AidData's Global Chinese Development Finance Dataset (abbreviated as "AidData" in the following) to measure China's official financial aid to other countries (Custer et al., 2021). This is currently the most up-to-date and complete dataset that records China's aid around the world. However, it only has updates till 2017. As this paper's dependent variables all capture countries' behavior in and after 2017, the limitation of AidData causes difficulties for this paper in analyzing the effect of China's aid with annual data. To capture the effect of China's aid with the current data as much as possible, this paper instead considers aggregating the amount of aid that a country received from China from 2013 to 2017 as *China's Aid*. I argue that although not perfect, the aggregated aid can, to a certain extent, reflect China's economic influence on other countries in recent years. First, with the same leadership since 2013, China's foreign policy has been relatively consistent in the study period. Therefore, the pattern of China's foreign aid policy can reasonably be assumed to also be relatively stable. Second, as most aid is distributed by running projects that usually last for years,⁶ it is reasonable to assume that the effect of aid will remain for at least several years.

As proposed in previous sections, different faces of China's economic power may translate into China's global political influence in distinct ways. Applying this to spe-

⁵I extract countries' trade data with China from the OECD database (OECD, 2022) and the gross domestic product (GDP) data from the World Bank. The measures I use is consistent with Flores-Macías and Kreps (2013), although they name the variable "trade salience."

⁶Although AidData covers China's official aid committed from 2000 to 2017, it has implementation details of aid over a 22-year period (2000–2021).

cific issues, I first hypothesize that China’s aid will be more likely to help China win support for Hong Kong- and Xinjiang-related issues. Second, this paper argues that a higher trade dependence on China is highly associated with a country’s attitudes toward from BRI-related forums.

4.3 Controls

This paper estimates models with a set of controls that may affect the dependent variables as well as the key independent variables. First, it includes *Regime Type*. Usually, POLITY IV is used to capture a country’s regime score. However, as POLITY IV contains many missing points for small countries (e.g., Belarus), I employ Freedom House’s Country Democracy Score instead (*Freedom in the World*, 2022). I categorize the original Democracy Score (ranging from 0 to 100) into 10 levels, from 1 to 10. Second, I assume that the competition among great powers may also constrain the relationship between China’s economic power and political influence. Specifically, it includes four controls dependent on different models to measure the influence of the United States which are *US Alliance*, *US Trade Dependence*, and *US Aid*. First, I collect the United States alliance information from The Alliance Treaty Obligations and Provisions (ATOP) dataset (Chiba, Johnson, & Leeds, 2015). I assign 1 to a country if it is allied with the United States and 0 otherwise.

Next, to compare this with China’s economic power, I utilize the same formula used to measure a country’s trade dependence on China to calculate other countries’ trade salience with the United States (See Equation (1))⁷. In addition, I aggregate the aid that a country received from 2013–2017 as a numerical measure for US Aid ⁸. This

⁷The countries’ trade data with the United States is also collected from the OECD database(OECD, 2022)

⁸The US Aid Data is accessible at <https://foreignassistance.gov/data>.

paper also takes *National Capability (CINC)* into account. The score is collected from Correlates of War National Material Capabilities (v6.0) (Singer, Bremer, Stuckey, et al., 1972).

Finally, this paper also includes an indicator, *Distance from Beijing*, which records the distance between a country’s capital and Beijing from CEPII GeoDist Dataset (Mayer & Zignago, 2011). This is an indirect measurement of whether a country has territorial disputes with China. In addition, it also controls for other possible geographical factors that affect the DVs and IVs.

4.4 Model Specification

This paper considers both cross-sectional and panel data analysis in models. As it uses an aggregated measure of China’s aid from 2013 to 2017, it first specifies a set of models with cross-sectional data in 2020 to compare different faces of China’s economic power. Then, it further testifies the effect of China’s trade by using panel datasets for Xinjiang Conflict and BRI attendance separately. The two available panel datasets allow this paper to control for unobserved factors over time and across countries. While the value of China’s aid is aggregated, I lag Trade salience by one year in every model to alleviate any possible endogeneity, especially false causality between the dependent and independent variables. As data for the controls, National Capability and the US alliance, only updates to 2016 and 2018 respectively, I impute the value of the two controls with the most recent year data when necessary⁹. First, I utilize OLS regression to initially test all hypotheses. Then, I employ an ordered logistic regression to estimate models using support for the Hong Kong issue or Xinjiang as dependent variables. The assumption under the models employing ordered

⁹The assumption under the imputation is that the amount of US alliance and every country’s national capability does not vary significantly across recent years.

logistic regression is that countries' support for China's core political interest can be ordered into three levels from low to high: opposition, neutrality, and support. Formally, in this study's ordered logistic model, the latent variable $Y_{k,i}^*$ is a function of determinants of countries' attitudes toward China's sovereignty issues. Specifically, the latent variable has two thresholds, κ_1 and κ_2 ($\kappa_1 < \kappa_2$) as follows:

$$Y_{k,i} = \begin{cases} 0, & \text{if } Y_{k,i}^* \leq \kappa_1 \\ 1, & \text{if } \kappa_1 < Y_{k,i}^* \leq \kappa_2 \\ 2, & \text{if } Y_{k,i}^* > \kappa_2 \end{cases} \quad (4.2)$$

where i is the cross-section country id; $k \in (1, 2)$; $k = 1$ refers to the Hong Kong issue while $k = 2$ refers to the Xinjiang Conflict; $Y_{k,i}$ is the outcome variable measuring countries attitudes towards China's sovereignty issues.

Lastly, I utilize logistic regression to estimate models using BRI attendance as the dependent variable. Formally, BRI attendance, which has two values, 0 and 1, is labeled as $Y_{3,i}$. In addition, $Y_{3,i}^*$ represents the function of determinants of countries' BRI forums attendance. In general, I further test the proposed hypotheses through estimating $Y_{k,i}^*$ by:

$$Y_{k,i}^* = \beta_0 + \beta_1 \text{China'sEconomicPower}_i + \beta_2 \text{USfactor}_i + \beta_3 \text{Othercontrols}_i + \epsilon_i \quad (4.3)$$

where $k \in (1, 2, 3)$; β_0 is the constant; β_1 is a vector of parameters to be estimated for China's economic power, which refers to countries' trade dependence on China or aid received from China in different models; β_2 is a vector of parameters to be estimated for controls that indicating the United States' competing influence over countries; β_3 is a vector of parameters to be estimated for other controls; and ϵ_i is the error term.

5. Empirical Results

Table 5.1 presents the OLS regression results for the effect of China’s economic power. Column (1), (3), and (5) show the effect of trade dependence on other countries’ support for China. Column (2), (4), and (5) present the effect of aid on other countries’ alignment with China.¹ Comparison among models indicate that although China did benefit from its increasing economic influence (as proposed in H1 and H2), its trade and aid have played a different role in changing other countries’ behavior. On the one hand, Model (5) shows that countries with a higher trade dependence on China of about 8.9 units will be more inclined to attend BRI forums, while Models (1) and (3) show that a higher trade dependence on China is inefficient in persuading other countries to participate in BRI forums. On the other hand, Models (2) and (4) show that countries receiving more of China’s aid are more likely to align with China’s sovereign standing in the Hong Kong issue and Xinjiang conflict (when China’s aid to the recipients increase by around 38.5 and 55 unit respectively), while the effect of China’s aid on other countries’ BRI attendance is just weakly significant in Model (6).

Table 5.2 further confirms the different patterns of China’s trade and aid power. Models (1)–(5) in Table 5.2 display the ordered logistic regression results for the effect of China’s economic power on other countries’ alignment with China’s sovereignty standings. First, Models (2) and (5) indicate that China’s aid plays a constructive role in buying other countries’ support for the Hong Kong and Xinjiang-related issue. According to Model (2), all else being equal, when China’s aid to a country increases by one unit, the recipient will be 1.107 times more likely to show stronger support

¹I do not present models including both trade dependence and aid in the following analysis for two reasons. Firstly, after tests, the correlation between trade dependence and aid is less than 0.3 in all datasets. Therefore, the regression results including the two key independent variables should be similar. Secondly, theoretically, trade dependence and aid are not correlated.

Table 5.1: OLS Estimation of the Effect of Trade and Aid on China's Political Influence, cross-sectional analysis (Cross-sectional)

	<i>Dependent variable:</i>					
	Support for 2020 Hong Kong National Security Law (1) <i>Trade Salience</i>	(2) <i>Aid</i>	Support for Xinjiang Conflict (3) <i>Trade Salience</i>	(4) <i>Aid</i>	BRI Attendance (5) <i>Trade Salience</i>	(6) <i>Aid</i>
Trade Dependence, t-1	0.008 (0.062)		0.056 (0.076)		0.112* (0.049)	
US Trade Dependence, t-1	-0.002 (0.033)		0.012 (0.050)		-0.028 (0.029)	
China's Aid, 2013-2017 (ln)		0.026*** (0.005)		0.018*** (0.005)		0.006 (0.003)
US Aid, 2013-2017 (ln)		-0.021 (0.012)		-0.014 (0.009)		-0.004 (0.007)
US Alliance	-0.287** (0.111)	-0.249* (0.098)	-0.217* (0.099)	-0.134 (0.086)	0.081 (0.068)	0.063 (0.056)
Regime Type	-0.161*** (0.019)	-0.119*** (0.016)	-0.135*** (0.020)	-0.105*** (0.015)	-0.034** (0.012)	-0.016 (0.010)
National Capabilities	0.026 (0.025)	0.006 (0.025)	0.037 (0.024)	0.022 (0.026)	-0.0004 (0.031)	-0.006 (0.019)
Distance From Beijing	0.266** (0.100)	0.159* (0.075)	0.240* (0.096)	0.204* (0.080)	-0.207** (0.063)	-0.251*** (0.047)
Constant	0.913 (0.886)	1.595* (0.687)	0.993 (0.845)	0.904 (0.700)	2.462*** (0.543)	2.449*** (0.436)
Observations	146	184	135	184	135	185
R ²	0.516	0.543	0.447	0.450	0.305	0.190
Adjusted R ²	0.495	0.528	0.421	0.432	0.272	0.163

Note: Robust Standard Errors are reported. * p<0.05; ** p<0.01; *** p<0.001

Table 5.2: Logistic Estimation of the Effect of Trade and Aid on China's Political Influence

	<i>Dependent variable:</i>												
	Support for the 2020 Hong Kong National Security Law				Support for Xinjiang Conflict				BRI Attendance				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)					
	<i>ordered logistic</i>				<i>ordered logistic</i>				<i>logistic</i>				
Trade Dependence, t-1	1.031 (1.333)		1.378 (1.416)	1.873 (1.168)		3.066* (1.708)	4.882* (3.322)						
US Trade Dependence, t-1	0.965 (1.161)		1.033 (1.230)	0.928 (0.314)		0.608 (1.410)	0.726 (0.269)						
China's Aid, 2013-2017 (ln)		1.107*** (1.024)			1.087*** (1.024)							1.046 (1.039)	
US Aid, 2013-2017 (ln)		0.914 (1.052)			0.952 (1.052)							0.990 (1.093)	
US Alliance	0.333* (1.551)	0.387* (1.477)	0.357* (1.637)	0.194 (0.199)	0.523 (1.514)	1.834 (2.200)	2.436 (2.428)	1.214 (1.852)					
Regime Type	0.522*** (1.105)	0.603*** (1.085)	0.509*** (1.125)	0.234*** (0.072)	0.603*** (1.088)	0.739* (1.141)	0.829 (0.130)	0.864 (1.105)					
National Capabilities	1.122 (1.229)	1.014 (1.230)	1.197 (1.279)	1.298 (0.632)	1.123 (1.259)	1.174 (1.307)	0.892 (0.399)	0.914 (1.290)					
Distance From Beijing (ln)	2.908* (1.543)	1.998 (1.433)	3.205* (1.595)	8.662* (8.365)	2.716** (1.436)	0.286* (1.839)	0.032*** (0.033)	0.175*** (1.553)					
0 1	14.496 (39.455)	0.943 (23.963)	9.501 (52.113)	5.735 (44.800)	27.042 (24.016)								
1 2	486.274 (40.884)	34.906 (24.622)	1,307.572 (52.927)	61361.800 (4947598.200)	2,970.677* (25.515)								
Constant						187,481.800* (155.147)	4.602×10 ¹⁵ *** (4.025×10 ¹⁴)	1,022,694,000*** (62.736)					
Fixed effects	No	No	No	Yes	No	No	Yes	No					
Observations	146	184	135	281	184	135	431	185					
Log Likelihood	-104.234	-126.100	-86.414	-148.600	-120.460	-39.639	-130.300	-58.096					
Akaike Inf. Crit.	244.469	268.199	188.828	315.200	256.921	93.279	276.600	130.193					

Note: All coefficients and standard errors are reported in odds ratios. *p<0.05; **p<0.01; ***p<0.001

for China in the Hong Kong issue. Similarly, Model (5) in Table 5.2 demonstrates that *ceteris paribus*, when a country receives one unit more aid from China, it will be 1.087 times more likely to politically align with China, by either staying silent instead of joining the opposing club in Xinjiang conflict or publicly supporting China.

However, Models (1) and (3) in Table 5.2 then indicates that the relationship between trade dependence on China and countries' alignment with China's sovereign standing are extremely weak, which is partly consistent with Kastner (2016). Model (4), which includes country-fixed effects for the panel data of the Xinjiang conflict, also reflects a similar relationship. However, it is noteworthy that in these three models, regime type as a control is negatively related to other countries' attitudes toward Hong Kong and Xinjiang at a statistically very significant level. This suggests that countries, especially democracies, appear to continue prioritizing liberal democratic values instead of their trade benefits from China when they decide their attitudes toward these issues.² In other words, it is reasonable to argue that China still faces difficulties in persuading other countries to support its political values, especially its human rights and non-interference stance. Further, whether a country is allied with the United States is also associated with its attitudes toward China's sovereignty standings. According to Models (1) and (3), being in a US alliance largely decreases the possibility for a country to support China on the Hong Kong and Xinjiang issue.

Models (6)–(8) in Table 5.2 then shows the logistic regression for the effect of China's trade and aid on countries' attendance of BRI forums. Consistent with the initial OLS estimation, Model (8) shows that compared to China's trade, China's aid provided mere assistance in attracting other countries to join BRI forums. Model (6) and Model (7), which employ cross-sectional and panel analysis respectively, then

²Appendix A6, which presents regression results without controls further illustrates that regime type is the crucial explanatory factor. When regime type is added, the effect of trade dependence becomes insignificant.

both suggest that trade dependence on China has a huge positive effect on persuading the country to attend BRI forums. According to Model (7), all else being equal, when a country's trade dependence on China increases by one unit, the odds of it attending BRI forums will increase by 388%. In addition, it is noteworthy that regime type becomes insignificant in impacting other countries' attendance, which suggests that China's trade power will balance off other countries' ideological consideration in deciding whether to support China-built new institutions. Moreover, US alliance as a control is also not statistically significant in the two models, indicating that being allied with the United States may not constrain a country to participate in BRI forums.

Lastly, the results in all models also provide insights to reconsider the great power competition between China and the United States. In all models, the economic influence from the United States is not significantly associated with other countries' political attitudes toward China. It is reasonable to interpret from this result that most countries are taking a balanced foreign policy to counter the United States–China great power competition. Although further exploration of this is needed, it is likely that countries who receive economic benefits from both China and the United States will choose to align with China on issues they believe is more important to China. However, aligning with China on some issues does not preclude them from supporting the United States on the issues more relevant to the United States.

Taken together, the models presented in the two tables largely support this paper's hypotheses. China's global economic expansion does provide benefits for China to win more political support on its core political interest. However, the different faces of China's economic power have influenced other countries' political attitudes in varied ways. The results suggest that China's aid, which contains an implicit condition (respecting China's sovereignty) is a more effective tool for China to gain support

for the Hong Kong and Xinjiang issue, which are key sovereignty interests for China. However, China's trade has helped countries embrace new China-built international institutions.

6. Robustness Tests And Further Discussion

This paper estimates the above models using several alternative operationalization of key independent variables to respond to possible concerns.

Table 6.1: Robustness Check for the Effect of Aid on China’s Political Influence on Other Countries

	<i>Dependent variable:</i>		
	Support for 2020 Hong Kong National Security Law	Support for Xinjiang Conflict	BRI Attendance
	<i>ordered logistic</i> (1)	<i>ordered logistic</i> (2)	<i>logistic</i> (3)
Per Capita China’s Aid, 2013-2017 (ln)	1.283*** (1.078)	1.239** (1.076)	1.209 (1.116)
Per Capita US Aid, 2013-2017 (ln)	1.020 (1.105)	1.008 (1.107)	0.854 (1.184)
US Alliance	0.376* (1.475)	0.511 (1.511)	1.409 (1.951)
Regime Type	0.591*** (1.080)	0.589*** (1.084)	0.808* (1.106)
National Capabilities	1.191 (1.232)	1.275 (1.263)	0.925 (1.325)
Distance From Beijing	2.503* (1.440)	2.888** (1.453)	0.129*** (1.623)
0 1	18.988 (23.760)	68.560 (25.907)	
1 2	633.028* (24.910)	6,390.126** (27.582)	
Constant			26,921,471.000*** (72.503)
Observations	181	181	182
Log Likelihood	-128.106	-121.615	-51.310
Akaike Inf. Crit.	272.211	259.230	116.620

Note: All coefficients and standard errors are reported in odds ratios. *p<0.05; **p<0.01; ***p<0.001

One concern is that the amount of aid that a country can receive from China or the United States may largely depend on its population. To assuage this concern, I

consider calculating aid with a different measurement, *per capita aid*, which divides aid to one recipient by the recipient's population. The results, which are displayed in Table 6.1, demonstrate that the findings of the paper is robust when using the alternative measurement. In fact, the effect of aid is even larger. All else being equal, when a country receives one more unit per capita aid, it will be 1.283 and 1.239 times more likely to have a more supportive attitude toward China in the Hong Kong crisis and the Xinjiang Conflict, respectively. However, the effect of aid still remains insignificant in persuading other countries to attend BRI forums.

The second concern is that the effect of trade may be partly explained by foreign direct investment (FDI). Although less intuitive, Kastner (2016) pointed out that China's outbound FDI may also possibly shape other countries' foreign policy alignment with China. In addition, several studies (Kim, Liao, & Miyano, 2020, for example) have suggested that FDI and trade should be considered simultaneously as they are positively correlated. To demonstrate that the effect of trade is robust, therefore, I reconsider trade models by including China's and the United State's FDI as controls. I calculate them with a similar formula for trade salience, which is dividing the amount of inbound FDI from China/US by the country's GDP. To avoid endogeneity, I lag both FDIs with one year. The results, which are presented in Table 6.2, are consistent with the substantive findings of this paper. While trading more with China will not change other countries' attitudes toward China's sovereignty issues, according to Model (5), countries whose trade salience with China increase by one unit will be 2.689 times more likely to attend BRI-related conferences. In addition, it is noteworthy that China's FDI indeed can influence other countries' support for BRI-related forums. According to Model (5), all else constant, when countries whose trade salience with China increase by one unit will be 1.077 times more likely to attend BRI-related conferences. The effect is much smaller but still worth being

further studied.

Table 6.2: Robustness Check for the Effect of Trade on China’s Political Influence (FDI as a control included)

	<i>Dependent variable:</i>				
	Support for 2020 Hong Kong National Security Law	Support for Xinjiang Conflict		BRI Attendance	
	<i>ordered logistic</i>	<i>ordered logistic</i>	<i>ordered logistic</i>	<i>logistic</i>	
	(1)	(2)	(3)	(4)	(5)
Trade Dependence, t-1	1.047 (1.397)	1.042 (1.487)	1.095 (0.790)	5.253* (2.055)	6.869* (5.387)
US Trade Dependence, t-1	0.859 (1.181)	0.980 (1.262)	0.880 (0.330)	0.442 (1.644)	0.690 (0.280)
China’s FDI/GDP (ln), t-1	0.978 (1.024)	0.993 (1.026)	1.002 (0.016)	1.203** (1.072)	1.041*** (0.017)
US FDI/GDP (ln), t-1	1.319* (1.136)	1.011 (1.149)	1.131 (0.332)	1.423 (1.295)	0.733 (0.224)
US Alliance	0.454 (1.611)	0.463 (1.711)	0.333 (0.366)	4.841 (2.681)	2.462 (2.441)
Regime Type	0.439*** (1.135)	0.427*** (1.165)	0.162*** (0.070)	0.689* (1.201)	0.975 (0.178)
National Capabilities	1.315 (1.259)	1.257 (1.342)	1.291 (0.678)	1.235 (1.388)	0.710 (0.363)
Distance From Beijing	3.544* (1.650)	3.476* (1.695)	9.398* (10.460)	0.427 (2.247)	0.077* (0.078)
0 1	6.474 (72.397)	14.611 (105.451)	1.716 (15.710)		
1 2	276.641 (75.595)	4,121.239 (107.678)	545719.200 (5192326.200)		
Constant				689,000.700 (1,105.960)	1.347×10 ⁹ * (1.176×10 ¹⁰)
Fixed effects	No	No	Yes	No	Yes
Observations	124	117	245	117	380
Log Likelihood	-84.709	-68.668	-122.900	-25.219	-108.300
Akaike Inf. Crit.	189.418	157.335	267.900	68.438	236.600

Note: All coefficients and standard errors are reported in odds ratios. *p<0.05; **p<0.01; ***p<0.001

Lastly, I divide the effect of trade into the effect of export and import to further

explore how trading with China has shaped other countries political attitudes. Some scholars have pointed out that the effect of export and import on how other countries align with China may have reversed directions (Kastner, 2016; Lampton, 2008). Specifically, countries who have imported great amount of products from China may exhibit more political hostility toward China, while countries who have exported enormous products to China are more likely to maintain a stable partnership with China. To alleviate the concern that the effect of trade may be offset by the different effects of export and import, I consider them separately with a new sets of models. Technically, I measure a country's export dependence on China/ the United States as a country's export to China/ the United States divided by its GDP. Similarly, a country's import dependence on China/ the United States is measured by a country's import from China/ the United States divided by its GDP. Table 6.3 presents the results. Model (3) and Model (6) together shows that both a higher export dependence and a higher import dependence on China will increase countries' support for BRI-related forums (by 48% and 592% in the odds respectively, all else constant), although the effect of export dependence is smaller and less significant. The results are consistent with the findings of this paper and indicate that export and import may not necessarily have contradictory effects.

Table 6.3: The Varied Effect of Export and Import on China's Political Influence on Other Countries

	<i>Dependent variable:</i>					
	Support for 2020 Hong Kong National Security Law	Support for Xinjiang Conflict	BRI Attendance	Support for 2020 Hong Kong National Security Law	Support for Xinjiang Conflict	BRI Attendance
	<i>ordered logistic</i> (1)	<i>ordered logistic</i> (2)	<i>logistic</i> (3)	<i>ordered logistic</i> (4)	<i>ordered logistic</i> (5)	<i>logistic</i> (6)
Export Dependence on China, t-1	0.847 (1.094)	0.943 (0.146)	1.480 ⁺ (0.317)			
Export Dependence on the United States, t-1	0.798* (1.119)	0.917 (0.200)	1.267 (0.287)	1.627 (1.408)	2.790 (2.042)	6.916* (5.391)
Import Dependence on China, t-1						
Import Dependence on the United States, t-1						
US Alliance	0.369* (1.543)	0.189 ⁺ (0.189)	1.778 (1.703)	0.318** (1.556)	0.206 (0.208)	2.555 (2.561)
Regime Type	0.523*** (1.102)	0.224*** (0.070)	0.711* (0.116)	0.537*** (1.103)	0.241*** (0.074)	0.837 (0.141)
National Capabilities	1.209 (1.231)	1.302 (0.660)	0.695 (0.329)	1.168 (1.233)	1.390 (0.692)	0.970 (0.430)
Distance From Beijing	2.471* (1.501)	5.580 ⁺ (5.005)	0.020*** (0.020)	3.657** (1.560)	10.390* (10.180)	0.035*** (0.036)
0 1	20.795 (33.405)	0.817 (6.133)		32.386 (42.061)	15.830 (123.40)	
1 2	838.038 ⁺ (34.976)	96071.200 (742476.800)		1,172.878 ⁺ (44.301)	1677469.400 ⁺ (13678679.100)	
Constant			7.508×10 ¹⁵ *** (6.673×10 ¹⁶)			2.698×10 ¹³ *** (2.342×10 ¹⁴)
Fixed effects	No	Yes	Yes	No	Yes	Yes
Observations	146	281	431	146	281	431
Log Likelihood	-100.832	-148.900	-130.800	-103.228	-148.100	-120.600
Akaike Inf. Crt.	217.665	315.900	277.600	222.455	314.100	275.100
Pseudo R ²	0.348	0.330	0.227	0.333	0.338	0.234

Note: All coefficients and standard errors are reported in odds ratios. ⁺p<0.1; *p<0.05; **p<0.01; ***p<0.001

7. Conclusion

This paper explores the relationship between China’s economic power and its political influence. It contributes to current research from several perspectives. First, it points out that studying the key political issues that matter to a great power, instead of using the UNGA voting data, is a better measure of other countries’ foreign policy alignment with the great power. Second, it clarifies how different types of economic power will influence other countries’ political alignment differently. The findings demonstrate why there are different stories about China’s economic power. Overall, I find that aid is a more effective tool for persuading other countries to side with China’s sovereign standing, whereas trade dependence is associated more with other countries’ support for China-built institutions. To sum, trade and aid are “buying” different political influences.

This paper has at least two limitations. The first is that it has limited data on China’s aid. Although I argue that using aggregated China’s aid data from 2013 to 2017 is an acceptable compromise, this paper’s findings would be more convincing if a panel data analysis can be further conducted with China’s aid data after 2017. The second limitation is also due to the quality of China’s aid data. As China has never published its official aid data, it is unclear whether the current data predicted by AidData has overestimated or underestimated the actual amount of China’s aid. Further research should test the association between China’s economic power and political influence to address these two limitations to the extent possible.

Further research should also pay attention to the possible expansion of China-built international institutions. I argue that China’s aim in building its international institutions is to export its economic development model and gain more economic benefit from the world market. Although China-built international institutions are

criticized by western countries as being political tools, they still lie in the field of global economic governance. However, if Chinese foreign policy, especially its attitudes toward the current international order, shifts significantly, the conclusion of this paper should be reevaluated within a new context.

Lastly, while this paper considers how effective trade and aid have helped China gain political support on its key political interests, further research should also consider inverse mechanisms. For example, it is possible that China will increase its aid to a country if it has publicly supported China in the former year. Therefore, countries that want to receive more aid from China may strategically align with China in advance. Such mechanisms, if proved, will well complement this paper to show the effectiveness of China's economic power as a tool for it to gain global political support.

Appendix

Table A1: Descriptive Statistics for 2020 Hong Kong National Security Law Event Data

Statistic	N	Mean	St. Dev.	Min	Max
Support for the Hong Kong Issue	191	1.2	0.7	0	2
Trade Dependence	149	-3.0	0.8	-5.5	-0.4
Import Dependence on China	149	-5.0	2.2	-14.1	0.0
Export Dependence on China	149	-3.3	0.6	-5.5	-1.3
China's Aid, 2013-2017 (ln)	191	13.8	9.5	0.0	24.9
Per Capita China's Aid, 2013-2017 (ln)	188	3.0	2.6	0.0	10.5
China's FDI/GDP	149	-14.4	9.4	-28.2	-1.7
US Trade Dependence	149	-3.6	1.3	-11.4	-0.8
Import Dependence on the US	149	-4.8	1.9	-9.7	0.0
Export Dependence on the US	149	-4.2	1.3	-11.4	-1.5
US Aid, 2013-2017 (ln)	191	17.4	4.3	0.0	24.3
Per Capita US Aid, 2013-2017 (ln)	188	2.8	1.8	0.0	8.7
US FDI/GDP	127	-7.7	1.7	-16.1	-2.2
US Alliance	191	0.4	0.5	0	1
Regime Type	191	6.4	3.0	1	10
National Capabilities	191	0.3	0.8	0.000	8.7
Distance from Beijing (ln)	184	9.0	0.5	6.7	9.9

Table A2: Descriptive Statistics for the Xinjiang Conflict Data, 2020

Statistic	N	Mean	St. Dev.	Min	Max
Support for the Xinjiang Conflict	191	1.0	0.6	0	2
Trade Dependence	138	-3.0	0.7	-4.9	-0.5
Import Dependence on China	138	-5.3	2.4	-14.2	0.0
Export Dependence on China	138	-3.3	0.6	-4.9	-1.2
China's Aid, 2013-2017 (ln)	191	13.8	9.5	0.0	24.9
Per Capita China's Aid, 2013-2017 (ln)	188	3.0	2.6	0.0	10.5
China's FDI/GDP	138	-14.2	9.5	-28.1	-1.8
US Trade Dependence	138	-3.5	1.1	-7.7	-0.8
Import Dependence on the United States	138	-4.8	1.8	-9.5	-1.3
Export Dependence on the United States	138	-4.1	1.2	-9.7	-1.5
US Aid, 2013-2017 (ln)	191	17.4	4.3	0.0	24.3
Per Capita US Aid, 2013-2017 (ln)	188	2.8	1.8	0.0	8.7
US FDI/GDP	120	-7.7	1.7	-16.0	-2.2
US Alliance	191	0.4	0.5	0	1
Regime Type	191	6.4	3.0	1	10
National Capabilities	191	0.3	0.8	0.000	8.7
Distance from Beijing (ln)	184	9.0	0.5	6.7	9.9

Table A3: Descriptive Statistics for the Xinjiang Conflict Data, 2019 & 2020

Statistic	N	Mean	St. Dev.	Min	Max
Support for the Xinjiang Conflict	382	1.1	0.6	0	2
Trade Dependence	287	-3.0	0.7	-5.5	-0.4
Import Dependence on China	287	-5.2	2.3	-14.2	0.0
Export Dependence on China	287	-3.3	0.6	-5.5	-1.2
China's FDI/GDP	287	-13.9	9.4	-28.1	-0.9
US Trade Dependence	287	-3.6	1.2	-11.4	-0.8
Import Dependence on the United States	287	-4.8	1.8	-9.7	0.0
Export Dependence on the United States	287	-4.2	1.3	-11.4	-1.5
US FDI/GDP	251	-7.7	1.6	-16.0	-2.2
US Alliance	382	0.4	0.5	0	1
Regime Type	382	6.4	3.0	1	10
National Capabilities	382	0.3	0.8	0.000	8.7
Distance from Beijing (ln)	368	9.0	0.5	6.7	9.9

Table A4: Descriptive Statistics for BRI Attendance Data, 2020

Statistic	N	Mean	St. Dev.	Min	Max
BRI Attendance	192	-0.9	0.3	-1	0
Trade Dependence	139	-3.0	0.7	-4.9	-0.5
Import Dependence on China	139	-5.3	2.4	-14.2	0.0
Export Dependence on China	139	-3.3	0.6	-4.9	-1.2
China's Aid, 2013-2017 (ln)	192	13.7	9.6	0.0	24.9
Per Capita China's Aid, 2013-2017 (ln)	189	3.0	2.6	0.0	10.5
China's FDI/GDP	139	-14.1	9.5	-28.1	-1.8
US Trade Dependence	138	-3.5	1.1	-7.7	-0.8
Import Dependence on the United States	138	-4.8	1.8	-9.5	-1.3
Export Dependence on the United States	138	-4.1	1.2	-9.7	-1.5
US Aid, 2013-2017 (ln)	192	17.3	4.4	0.0	24.3
Per Capita US Aid, 2013-2017 (ln)	189	2.8	1.8	0.0	8.7
US FDI/GDP	120	-7.7	1.7	-16.0	-2.2
US Alliance	192	0.4	0.5	0	1
Regime Type	192	6.4	3.0	1	10
National Capabilities	192	0.4	1.2	0.000	13.3
Distance from Beijing (ln)	185	9.0	0.5	6.7	9.9

Table A5: Descriptive Statistics for BRI Attendance Data, 2017, 2019 & 2020

Statistic	N	Mean	St. Dev.	Min	Max
BRI Attendance	576	-0.8	0.4	-1	0
Trade Dependence	443	-3.0	0.8	-6.2	-0.4
Import Dependence on China	443	-5.2	2.2	-14.2	0.0
Export Dependence on China	443	-3.3	0.7	-6.2	-1.2
China's FDI/GDP	443	-13.9	9.4	-28.1	-0.9
US Trade Dependence	440	-3.6	1.3	-11.4	-0.8
Import Dependence on the United States	440	-4.8	1.9	-10.7	0.0
Export Dependence on the United States	440	-4.2	1.3	-11.4	-1.5
US FDI/GDP	389	-7.7	1.6	-16.0	-2.2
US Alliance	576	0.4	0.5	0	1
Regime Type	576	6.4	3.0	1	10
National Capabilities	576	0.4	1.2	0.000	13.3
Distance from Beijing (ln)	555	9.0	0.5	6.7	9.9

Table A6: Basic Logistic Estimation of the Effect of Trade and Aid on China's Political Influence without Controls

	<i>Dependent variable:</i>							
	Support for 2020 Hong Kong National Security Law		Support for Xinjiang Conflict		BRI Attendance			
	<i>ordered logistic</i>	<i>ordered logistic</i>	<i>ordered logistic</i>	<i>ordered logistic</i>	<i>normal</i>	<i>normal</i>	<i>normal</i>	<i>normal</i>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Trade Dependence	1.477* (1.220)		2.026** (1.278)		7.993* (6.923)	1.231*** (1.041)		15.08*** (9.370)
China's Aid (ln)		1.148*** (1.019)		1.146*** (1.021)			1.006* (1.003)	
0 1	0.083*** (1.902)	1.079 (1.290)	0.032*** (2.195)	0.943 (1.294)	0.000*** (0.000)			
1 2	0.648 (1.835)	16.340*** (1.442)	0.682 (2.038)	35.941*** (1.520)	0.636 (1.516)			
Constant						2.171*** (1.129)	1.053 (1.043)	47.500* (83.180)
Fixed effects	No	No	No	No	Yes	No	No	Yes
Observations	149	191	138	191	287	139	192	443
Log Likelihood	-155.089	-166.955	-123.905	-153.769	-196.200	-45.500	-61.792	-141.200
Akaike Inf. Crit.	316.177	339.909	253.809	313.538	400.400	95.000	127.584	288.400

Note: *p<0.05; **p<0.01; ***p<0.001

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