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The Evaluation of China's Economic Rise Within the Scope of Trade Expectations Theory

Eylül Beyza Ateş Çiftçi
İstanbul Yeni Yüzyıl University, İstanbul, Turkey
Email: eylulbeyzates@gmail.com
https://orcid.org/0000-0003-0655-6846

Abstract

The research aimed to examine China's economy, which has developed and become stronger throughout history within the framework of the trading state. Forming bilateral trade networks within the country and being a member of several trade networks throughout the globe, China's trade-oriented growth strategy is thought worthwhile to be assessed in this article. This study is based on the trade expectation theory, and its scope is limited to China's economic growth. Random sampling was used to acquire cross-sectional data to determine the study's results. This research suggests that China's bilateral connections and interactions that prioritized economic development will strengthen its competitiveness and continue to improve and maintain the competition. The study has significance for understanding economic growth in countries based on chosen expectations and efforts. The research also presents some policy consequences of China's tendency toward trade-oriented economic growth to achieve its national, regional, and global goals. This growth trend acts as an example for other countries throughout the globe. The finding has significant implications for future investigations that will contribute to the body of knowledge.

Key words:
China, Economy, Mercantile State, Competition, Rise.

Introduction

As a long-established and ancient civilization, China is one of the few nations with a rich history and a distinctive civilization structure. In addition, China's influence on world trade has always been acknowledged due to its location along the Silk and Spice Roads. In 1949, when Mao formed the People's Republic of China, the empire ended, and 56 separate nations were united under a republican government (Zheng et al., 2019). China gravitated toward the USSR during Mao's "Leaning to One Side" policy due to the country's basic lifestyle and lack of trust in other nations (Kong et al., 2021). Therefore, socialist economic policies were implemented following the CCP led by Mao, and the national government was fashioned by this ideology, resulting in China's nearly thirty-year isolation from the global economy. In this process, although socialist centralized economic models of the USSR aimed at development were adopted, and several projects were implemented under the "Sino-Soviet Treaty of Friendship, Alliance, and Mutual Assistance" between the two countries, the alliance began to deteriorate after Stalin's death. Even though China and the USSR went their separate ways, China's view of the West and imperialism has not changed; China has only maintained bilateral economic relations with Middle Eastern and African nations, but these relations have failed to contribute to China's economic development significantly.

China has implemented two distinct economic development strategies since 1949. The "Centralized Economy" was originally adopted during the Mao era and lasted until 1976, while the "Free Market Economy" was implemented during the Deng era. In the 1950s, by instituting a planned economic model that relied heavily on centralization, China attempted to

more rationally reserve the country's financial resources and scientific prowess for vital initiatives (Zheng et al., 2020). During this planned economic period in which the state set output and pricing until 1956, the socialist transformation advanced substantially, and the socialist organization was accomplished between 1957 and 1966. (Lee, 2019). Even when the Soviet Union withdrew its economic backing for China, Mao never abandoned his socialist policies and pursued a financial revolution by preserving the ideological revolution. China did not attain the predicted growth in productivity due to its adoption of an isolated development strategy based on the communist model and reliance on agriculture for its economy. The "Great Leap Forward" policy implemented between 1958 and 1961 failed, and with it, the anticipated economic revolution (Liu et al., 2018). After this failed policy, Mao decided to adopt a new course of action. The Cultural Revolution initiated by Mao lasted ten years, from 1966 to 1976; nevertheless, severe economic and other losses followed (Dhar, 2020). The primary objective of this revolution was to safeguard China from capitalism, and the communist system was imposed upon the population. Consequently, the Chinese economy experienced many ups and downs between 1952 and 1970. After Mao died in 1976, the Cultural Revolution ended, and Deng Xiaoping came to power in 1978 following a brief government crisis (Y. Huang et al., 2020).

Having a relatively weak economy in the 1970s and failing to make headway in economic development for an extended period, China could not participate in international affairs until after the Cold War. However, after the end of the Cold War, China overcame its inertia and demonstrated tremendous technological and military growth, despite the difficulty involved. Although China was already highly technologically sophisticated, it chose to adopt an isolation strategy, which was the biggest impediment to China's economic progress. Since the 1980s, China has chosen to integrate into the capitalist system it had previously rejected. As a result, its economy has risen to the top of the world's fastest-growing economies thanks to the economic policies undertaken during reconstruction (Davis et al., 2019). China endeavored to progressively reduce the gap between itself and the developed world by addressing its flaws during economic stagnation. In the changing economic and political environment brought about by the globalization phenomenon following the end of the Cold War, China began to expand and utilize its potential by leveraging the merchant state. As seen in Figure 1, the Chinese economy stagnated from 1979 until 1991 but achieved remarkable progress. Following the conclusion of the Cold War in 1991, the Chinese economy continued to attract and contribute to economic growth due to foreign investment in subsequent years.

This work is notable since it focuses on China's contemporary developed economy and has substantial growth-related theoretical implications. Therefore, the study is structured as an investigation of China's economic growth phases and links these periods to the characteristics of trade expectations theory. This study aimed to investigate and comprehend the current economic status of China, which has risen significantly since the

end of the Cold War, from theoretical and comparative perspectives. To comprehend China's current financial situation, it is necessary to evaluate the conditions of economic power that contributed to its growth in two distinct eras: the Cold War era and the post-Cold War period. Intriguingly, this study offers sound theoretical and practical consequences, followed by recommendations for the future.

Review of Literature

The political and economic difficulties caused by misguided policies enacted during the Mao era had become challenges that needed to be addressed by the Deng government; consequently, the PRC's foreign policy abandoned socialism, and a dramatic new transformation process was initiated. In the meantime, Socialism, a form of social organization known as the "Soviet Model" that began with the 1917 Russian Revolution and stayed in existence despite numerous ups and downs for more than 70 years, died out with the fall of the Soviet Union (Zheng et al., 2020). Deng Xiaoping's reforms constituted the early steps of the country's opening-up program. Deng rejected the economic policies based on Stalinist ideas, abandoned isolationist policies, and initiated the opening of China to the world and the capitalist economy (Zheng et al., 2019). He embraced a pragmatic approach to foreign policy rather than an unwavering commitment to communism. He stressed China's economic development while attempting not to be isolated from the rest of the world and avoiding confrontations. Trade has gradually become free with a development model based on exports after 1978; thus, China extended its markets to the outside world in a controlled manner. Deng wanted to integrate China into the global system with the free-market economy and the opening-up process by putting an end to isolating policies and statist planning systems, thereby initiating the country's upswing.

Between 1978 and 2020, China exhibited sustained economic growth relative to the global average (Lee, 2019). This acceleration began with the economic modernization movements in 1978. Deng's initiative to modernize the Chinese economy, also known as the four modernizations, spans the domains of industry, military, agriculture, and technology and strives to erase the economic fragility handed down by Mao and accomplish modernization in these four fields (Liu et al., 2018). In the first phase of this process, which marks the beginning of the era of reforms in China, the government focused on agriculture, prioritized economic growth in exports, particularly oil, by increasing agricultural productivity, and achieved a substantial increase in agricultural production and income overall (Dhar, 2020). In the second stage of economic reform, public enterprises were modernized. Economic growth was supported by shifting all production factors from unproductive to productive areas from the public to the private sector.

In contrast, in the third stage, foreign direct investment to China was achieved, which constituted the driving force for economic growth (Davis

et al., 2019). Due to the advantages of foreign capital investments and the inexpensive labor force in the country, China was successful in exports and registered a total of 320 thousand international firms between 1979 and 1998. As demonstrated in Figure 1, China continued receiving foreign investment with enhanced momentum following the conclusion of the Cold War in 1991 and contributing to economic growth.

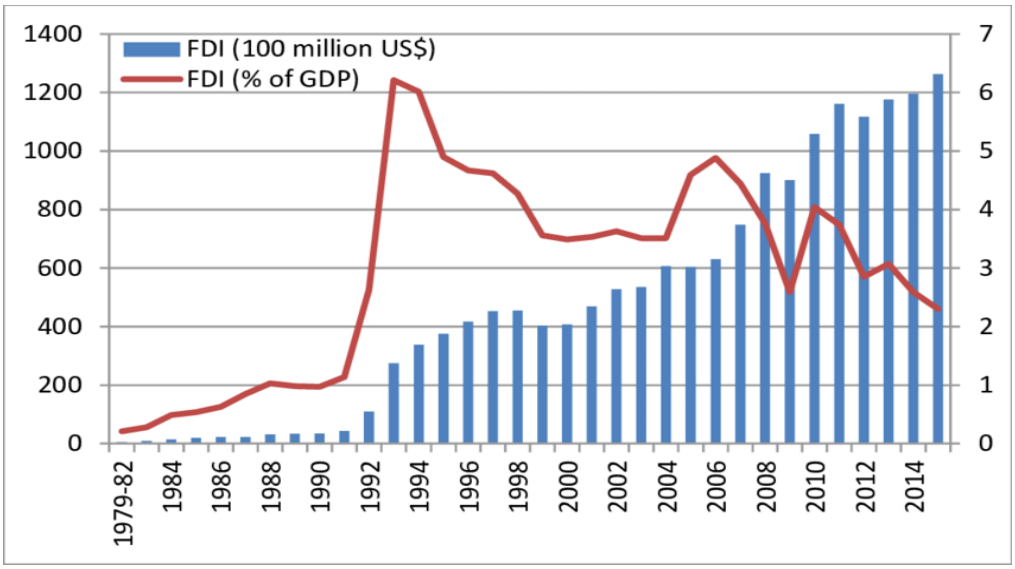

Figure 1. Foreign Direct Investment in China
Source: A Stylized Model of China's Growth Since 1978

Furthermore, China desired a more advantageous position in international trade, so it maintained exports rising by devaluing its Yuan currency (Zhang et al., 2019). China was able to preserve its foreign trade advantage despite global economic stagnation and declining export rates due to the country's lower product pricing relative to exporting nations' currencies (Mirza et al., 2020). This competitive advantage afforded by China's devaluation policy might be considered a strategy in addition to the modernizations mentioned above. China's integration into the global economy through these modernizing steps has enhanced China's competitiveness in several ways, including a cheap labor market, low costs, and an appealing investment climate (Jiang et al., 2019). Several publications refer to the competitiveness that facilitated the economic development as "Chinese State Capitalism." The rising share of the global export market due to reforms conducted by a central public authority in the current financial system has developed a positive image of China as a nation that preserves political stability while managing the economic transition.

It is safe to conclude that all institutional models that will bring economic power to the country during the development process of the Deng era have been acquired from abroad. China took examples from the New York, London, and Hong Kong securities markets, revised and adapted foreign portfolio investment institutions from Taiwan and foreign currency reserves management institutions from Singapore, and joined earnings

international organizations such as the IMF, World Bank, and the Asian Development Bank to conform to the United States central bank model (Mirza et al., 2020). Implementing an effective modernization and development process by adopting successful institutional models, the Deng administration suffered a setback with the emergence of liberal economic policies in the wake of post-1983 economic growth and increased demands for political and social liberalization. In addition to these largely acceptable requests, the halt of economic growth between 1983 and 1985 posed difficulties for the Deng government.

The death of Communist Party Secretary General Hu Yaobang in 1989, who advocated for liberal practices, led to the mobilization of a group with mass demands for the democratization of liberal policies in China; student protests demanding democracy became widespread; and the demonstrations were suppressed by opening fire on students rallying for liberal democracy in Tiananmen Square in 1989. This tragedy affected China's image in the international arena. It caused several nations, mainly the USA, to diminish their diplomatic relations with China and cease their economic contributions, such as foreign capital investments. As a result of these circumstances regarding its relations with the West, China sought alternate relationships with other nations. China's efforts to eradicate its negative image and reintegrate into the international system commenced at the end of the Cold War. As a result of its links with Asia, Africa, the Middle East, and Latin America, China was able to mitigate the harmful impact of the Tiananmen Incidents on its international reputation. China was compelled to pursue new export markets through economic growth, the resulting need for raw materials and energy, and globalization.

In contrast, the end of the Cold War inaugurates a new era of international relations. China had to conduct several domestic changes following the dissolution of the Soviet Union in 1991 and the rise of the global free market economy. After the end of the Cold War, China adopted a more pragmatic approach to economic development, sustainable economic growth, and regaining its international standing. With rational policies, China actively integrated into the global economy, boosted exports, emphasized investments, and grew its industry by financing its economy with high savings and foreign capital gains. While doing so, China never compromised its communist centralist stance in opposition to political liberalism and remained committed to maximizing economic advantages (Chu et al., 2021).

Since 1995, new economic reforms have sought to turn the economy into a more productive structure. In this context, the new trade bank law to boost foreign investment in China, which intended to administer the Chinese Central Bank, was adopted first (Lavoie et al., 2012). With the declaration of a program in 1996, 1,000 state-owned enterprises were converted into independent corporations, and tax relief was implemented to encourage small-scale businesses to consolidate (Klinghofer et al., 2019). During the 1997-1999 reforms, the import tax was decreased to 17% to recover

(Chorzempa, 2021). Small-scale state-owned firms that were reformed or amalgamated as part of the most recent reform approved in 2000-2001 were backed with low-interest loans, contributing to China's economic development rate (Gao et al., 2021). As a result of the six-year reform process, it appears that the Chinese economy shed the cumbersome and centralized Soviet model and became open, productive, and free while remaining under communist political authority.

China first applied to join the World Trade Organization in 1986, during the opening-up phase of the socialist market economy. However, China's application was deferred until the Cold War's conclusion. As China's primary purpose was to promote economic growth by establishing a safer environment for international investors, foreign investment incentives were the most crucial factor in China's admission (W.-L. Huang et al., 2020). China's exclusion from the global trade network and its isolated development were detrimental to both China and the rest of the world due to its population density and export potential (Ali et al., 2018). China became an official member of the WTO in 2001 after a 15-year negotiation period, which resulted in the expansion of foreign trade volume, a major increase in exports, and a 26% increase in 2004 export data compared to the previous year (Wang et al., 2020). China's participation in official trade laws and protection of its legal rights were facilitated by its entry into global competition on an equal footing with the rest of the world. This membership procedure was crucial to China's incremental growth since it eliminated numerous sectoral and geographical barriers. Figure 2 illustrates the 26 percent rise in exports within four years of joining the WTO.

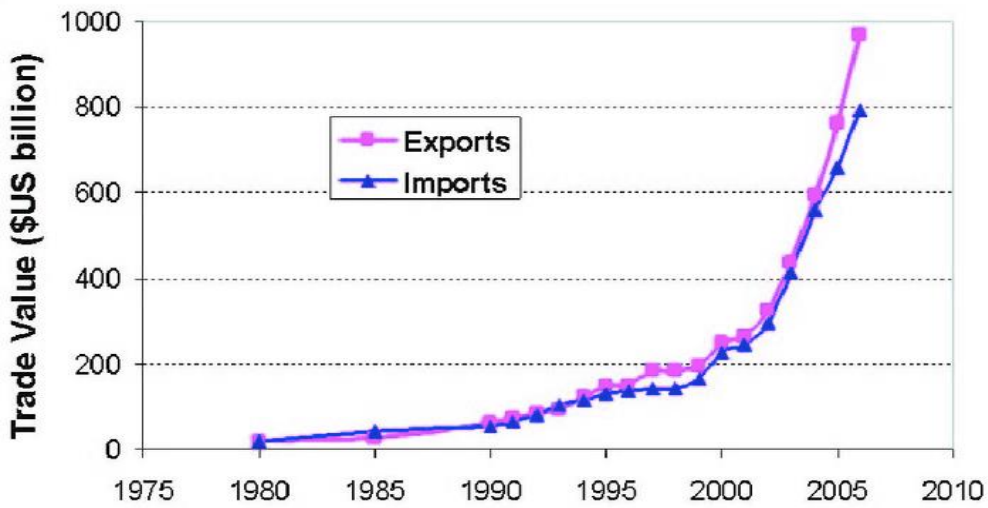

Figure 2. China's Total Imports and Exports

Source: China's environment and globalization: unexpected connections

China ceased to be a country that attracted international capital and investment following the reforms launched in 1995 and the WTO membership process that followed; instead, it began giving capital and investment possibilities to other nations. While technology and market

share targets were the two primary determinants of China's investment strategies, there was a significant association between the nations with the greatest international trade rates with China and the top regions of China's foreign investment (Zhang et al., 2019). China leverages its financial clout with countries with active bilateral relations and enhances its economic and political ties with the region's nations through trade and investment. In other words, the territories impacted by China have been developed concurrently with China's economic expansion since the 1990s. China's economic growth has been maximized while its defense spending has been kept to a minimum. As a result, China has been able to avoid harsh reactions from other nations (Mirza et al., 2020). In addition, the global economic landscape has grown rather optimistic due to the integration of China's business connections with foreign countries in the strategy.

However, China's increasing economic expansion increased the country's demand for energy. China's energy constraint is proportional to its production rates, prompting it to seek energy resources elsewhere. China was a net oil exporter until 1993 (Jiang et al., 2019). However, as the country's oil reserves depleted, China had to acquire additional energy resources to compensate for the production (Dhar, 2020). This circumstance became China an oil importer in the 1990s and necessitated a steady supply of energy and oil to sustain economic growth. Therefore, China forged tight commercial ties with countries in the Middle East and Central Asia that possess most of the world's oil reserves. In the interim, China followed a policy to embrace policies alongside the United States, avoid potential confrontations, prevent issues that could threaten the economic development process, and prioritize economic growth (Y. Huang et al., 2020). China endeavors to develop market prospects for its products and establishes free trade zones through treaties and cooperation agreements with nations with close links to satisfy its growing energy need. These relationships are based on China's easy access to energy resources or its policy for entering energy reserves.

As China is especially interested in the Third World countries in the south that are economically or politically excluded by the West, in addition to the Asia-Pacific region with the strongest commercial ties with China, it also developed these countries as it expanded (Kong et al., 2021). Consider the China-Africa relations as an illustration of this phenomenon: China supplied Africa with the necessary energy, raw materials, and market to sustain economic growth, while Africa is on the path to progress due to China's investments in Africa (Zhang et al., 2019). In truth, China's investments contributed significantly to Africa's 5% economic development in 2014, mainly by eliminating customs tariffs in 2007 and establishing the Development Fund to encourage investment. China's five-billion-dollar investment in constructing a railway line in Chad represents its greatest foreign investment in history (Davis et al., 2019).

Hypothesis 1: There is a positive relationship between trade-oriented growth strategies and China's economic growth.

Methodology

This research is based on the trade theory of expectation. However, empirical evidence is used to test the developed hypothesis. Indeed, this work is unique to the academic literature, and its nature is distinct from previous research. In addition to collecting data from respondents, the research has also designed a Likert-scale questionnaire. The study operationalized the definitions of the employed constructs and conducted an exhaustive literature analysis to provide empirical arguments. The scale development procedure is intricate, but a pool of scales is created based on operational definitions and each dimension of essential phrases. Based on economic-related notions, this scale is created, and research professionals evaluate its face validity. This research also considers the trade expectation theory's comprehension. After collecting data from respondents, exploratory factor analysis is used to assess the scale for this study. In this process, an evaluation is conducted, and items that have not met the important criteria of factor loading > 0.60 are deleted. In addition, confirmatory factor analysis is employed to investigate this scale further. Cronbach's alpha > 0.70 and composite reliability > 0.70 are statistically significant. In this way, the scope of this study informs the final data-gathering strategy.

The respondents of this study are the Chinese populace as a whole. Therefore, the data collection is conducted using a strategy of random sampling that is acceptable when the research population shares similar characteristics and is identical. In addition, the sample size for this study was determined according to Morgan's Table. Indeed, China's population is greater than 10,000,000, and the sample size for this study is 384. After obtaining actual copies of the questionnaires, respondents were addressed this way. 500 questionnaires were issued to collect data, but only 401 questionnaires were returned with responses. Thus, questionnaires with missing or improper replies were deleted, leaving a final sample size of 384 for data analysis. "Smart PLS," a frequently employed statistical tool in research, is employed in this study to examine the data. However, this study's conclusion uses the structural model, measurement model, kurtosis, and skewness results. This study methodology is significant and novel, constituting an addition to the body of knowledge.

Data Analysis and Findings

The normalcy of the research data is examined initially. Determining the results of skewness and kurtosis is the optimal method for testing data normalcy and missing values. The normality of these study data is further evaluated using the kurtosis and skewness values presented in Table 1. For dependability, the skewness and kurtosis of any indicator should not exceed +1 or fall below -1. (Bai et al., 2005; Kim et al., 2004). The significance of the kurtosis results and skewness in this study demonstrates the normalcy of the data.

Table 1. Data Normality

Indicators	No.	Missing	Mean	Median	Min	Max	Standard Deviation	Excess Kurtosis	Skewness
GS1	1	0	3.188	3	1	7	1.455	-0.342	0.073
GS2	2	0	3.188	3	1	7	1.740	-0.452	0.467
GS3	3	0	3.464	3	1	7	1.825	-0.637	0.366
GS4	4	0	3.406	3	1	7	1.823	-0.565	0.448
GS5	5	0	3.455	3	1	7	1.650	-0.236	0.341
GS6	6	0	3.397	3	1	7	1.739	-0.565	0.250
GS7	7	0	3.411	3	1	7	1.753	-0.744	0.147
EG1	8	0	3.621	4	1	7	1.831	-0.665	0.256
EG2	9	0	3.652	3	1	7	1.826	-0.639	0.353
EG3	10	0	3.603	3	1	7	1.918	-0.680	0.421
EG4	11	0	3.496	3	1	7	1.844	-0.583	0.430
EG5	12	0	3.545	3	1	7	1.849	-0.583	0.396
EG6	13	0	3.540	3	1	7	1.870	-0.706	0.345
EG7	14	0	3.464	3	1	7	1.782	-0.40	0.487

Using the measurement model, the convergent validity of the research is examined and provided in Table 2 and Figure 3. This research meets the criteria for factor loadings > 0.60, average variance extracted > 0.50, composite reliability > 0.70, and Cronbach alpha > 0.70 (Alarcón et al., 2015; Peterson, 2000; Taber, 2018). Consequently, the research has enough data reliability and validity.

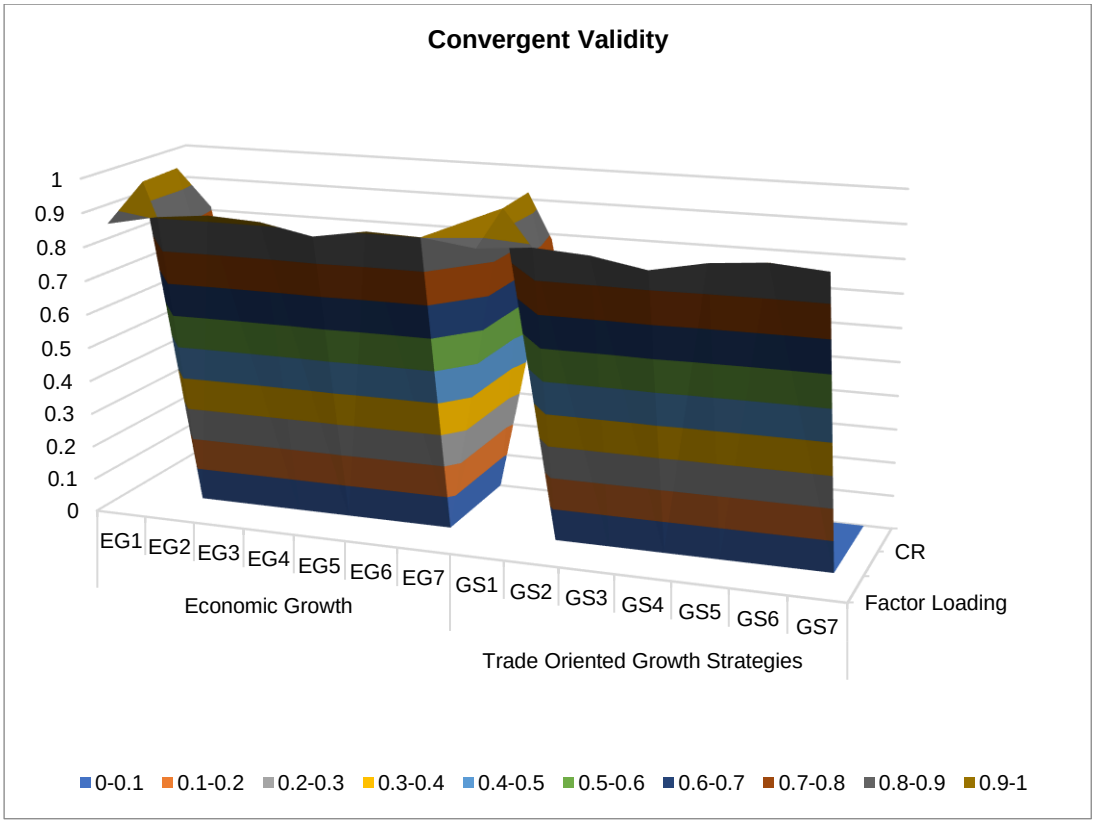

Figure 3. Convergent Validity

Table 2. Convergent Validity

Construct	Indicators	Factor Loading	α	CR	AVE
Economic Growth	EG1	0.874	0.961	0.967	0.81
	EG2	0.904			
	EG3	0.919			
	EG4	0.911			
	EG5	0.881			
	EG6	0.906			
	EG7	0.901			
Trade-Oriented Growth Strategies	GS1	0.881	0.954	0.962	0.784
	GS2	0.895			
	GS3	0.885			
	GS4	0.857			
	GS5	0.888			
	GS6	0.901			
	GS7	0.889			

In social science research, the discriminant validity is evaluated using cross-loadings because this method is dependable. Any indicator's values must be greater than the values of any associated indicator (Li et al., 2020). The available statistics in Table 3 demonstrate that the discriminant validity of this study is reliable. Furthermore, Figure 4 illustrates the significance of discrimination validity with cross-loadings.

Table 3. Discriminant Validity

Constructs	Economic Growth	Trade-Oriented Growth Strategies
EG1	**0.874**	0.854
EG2	**0.904**	0.848
EG3	**0.919**	0.886
EG4	**0.911**	0.840
EG5	**0.881**	0.814
EG6	**0.906**	0.826
EG7	**0.901**	0.832
GS1	0.830	**0.881**
GS2	0.832	**0.895**
GS3	0.837	**0.885**
GS4	0.840	**0.857**
GS5	0.827	**0.888**
GS6	0.834	**0.901**
GS7	0.808	**0.889**

In addition, the results of the structural equation model are used to test the path's conclusions, as shown in Table 4 and Figure 5. The outcomes are evaluated using the specified threshold $t > 1.96$ (Hair et al., 2012). The statistical results proved the strong correlation between trade-oriented growth methods and China's economic expansion. Therefore, the findings support this research's hypotheses to a significant degree.

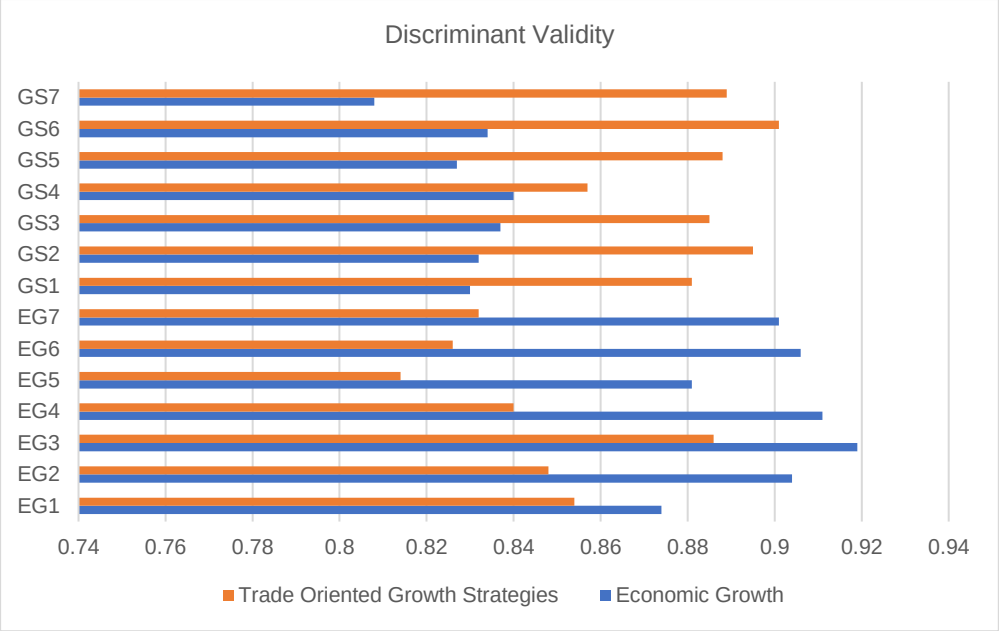

Figure 4. Discriminant Validity

Table 4. Path Findings

Path	Original Sample	Standard Deviation	T Statistics	P Values
Trade Oriented Growth Strategies -> Economic Growth	0.937	0.246	3.808	0

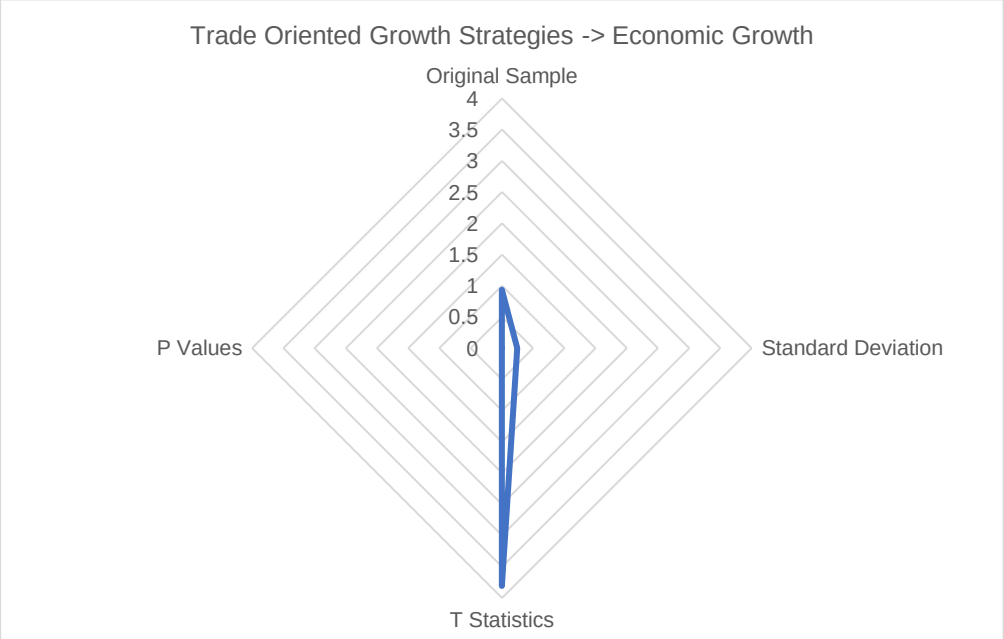

Figure 5. Path Findings

Discussion

Based on facts, the relationship between trade-oriented growth methods and China's economic growth has been strongly verified by the research. However, this part reports these findings in light of the trade expectation.

theory. While China's economic rise and trade-focused growth strategy were described with pertinent historical details in the preceding paragraphs, it would be beneficial to explain them here in the context of Richard Rosecrance's trade expectations theory. Richard Rosecrance's 1980s concept of a trading state (mercantile state) envisions a new world of commerce in the international arena and the new structure by which this new world assumes the position originally held by old militaristic and political systems (Rosecrance, 1986). Trading states handle foreign policy and trade jointly, are interdependent, and participate in a system that determines foreign policy based on economic considerations (Rosecrance, 1986). Accordingly, it is anticipated that governments will develop a fair and balanced system by establishing economic interactions based on foreign policy rather than military methods likely to produce negative results for the nation (Rosecrance, 1986).

Moreover, with the term trading state, Rosecrance implies that developed economic relations will bring peace as the absolute return and emphasizes that commercial accomplishments are more effective than military competition or land acquisition. Stresses that developed free trade networks and the emergence of interdependent relationships guarantee a peaceful environment (Zheng et al., 2019). He asserts that it is conceivable for this system to evolve into a new world order with no interstate wars or disputes. On the other hand, neo-liberal thinkers who accept this assertion assert that a state cannot provide all the services it requires on its own and that a division of labor is needed. Therefore, the trading states concur that acquiring land is not advantageous under the current circumstances but that delivering their goods and services to global markets can increase the states' trading capacity, which depends on trade and division of labor. They prefer to establish trade networks (Kong et al., 2021).

Trading states recognize the existence of multiple channels of contact between states to enhance their current positions and the allocation of resources, as well as the complicated conditions resulting from their interdependence. Even though the degree of interdependence between the parties varies, parties seek to maintain their relationships if they share common interests. Regarding this cycle that generates interdependence, Rosecrance says that economic linkages condense into a complex whole. A state cannot achieve financial independence by abandoning this whole, regardless of its size or strength (Zheng & Chen, 2020). For example, even if the countries that need to trade raw materials or technology with other countries can manufacture the necessary materials and technology on their own, they will still require a bilateral partnership across borders to distribute their goods and services to larger markets. If we assume that a closed growth strategy is not possible, expanding trade channels between nations will further enhance economic links and increase interdependence. Interdependent business relations render conflicts and wars senseless, and states that engage in trade will grow more dominant.

Considering these conceptual criteria and the fact that economic expansion through trade is a more lucrative strategy, the current order of affairs compels governments to become trading states. Instead of war profits, economic progress is driven by profits from trade. Today, China has become a trade powerhouse, which corresponds nicely with the concept of a trading state proposed by Rosecrance in "Rise of the Trading State." In his book, Rosecrance distinguishes two categories of states. They are the military states, which tend to boost national welfare by military force, and the trading states, which attempt to increase national prosperity through economic cooperation and pro-peace trade policies (Lee, 2019). According to this description, states prioritize an economy-focused, commercially-oriented foreign policy over centralized, security-focused foreign policies (Liu et al., 2018). According to Rosecrance, the trade will precede politics, consistent with China's example. China embraced the trading state model through economic diplomacy, based on its economic history and the quick development detailed in earlier sections. China can be described as a prosperous trading nation with economic clout that alters the conventional economic strategy and influences foreign governments. In the post-Cold War era, the foreign policy triangle of security, politics, and economy has shifted significantly toward the economy. The trade-oriented economic policy approach used by nations in the emerging global order superseded the prior economic statist ideology. This transition process has been initiated and exemplified by China.

According to this changing international politics, as outlined by Rosecrance, states such as China are at a crossroads between military power and the increasingly effective trade economy, but ultimately choose the trade economy, allowing them to take a strong stance on ensuring welfare by preventing nuclear wars. Based on Rosecrance's theory, which focuses on the changing international trade system of the 20th century and the new opportunities presented by this new system, it is evident that China's export-oriented policies were founded on technological and industrial advancement. The active role of commerce, which is central to China's foreign policy, has attained preeminence and attracts the attention of all nations.

According to Rosecrance's optimistic view of trade, peaceful development through international trade leads to nations' prosperity and even their global leadership. China's membership in the World Trade Organization is an excellent illustration of this. China has been a market leader after its admittance to the WTO, partly owing to its economic growth. Joining these and other such commercial networks not only cuts the expense of conflicts but also creates a genuine interdependence that increases the value of peace. The states that adapt to the new system act as merchants, and their commercial interests and accomplishments are merged with their present political goals. China has become a serious opponent of other countries on a regional and global scale, including Russia, with which it has formed cooperation in many fields due to the economic power derived from meeting these criteria and being a successful example of a trading state. It

is considered that China's foreign policy will be shaped by its ability to compete economically with nations that possess more advanced military capabilities.

Conclusion

China could not attain economic progress due to isolation, one-sided leaning, and communist policies before the Cold War era. Despite the great leap forward and the cultural revolution, China could not achieve its intended economic success. With the shift to a free market economy during the Deng administration, China began prioritizing its interests in its foreign policy by opening up to global markets, encouraging foreign investments, and aiming for integration into the international system, thereby launching China's economic ascent. In this period, China attempted to erase the terrible economic trajectory of the Mao administration by implementing several effective modernizations and economic reforms. Foreign investment, cheap labor, low costs, and revisions to the Yuan, the national currency, mostly propelled China's exports and advantageous position in international trade. As a result of the Tiananmen Square Protests, China's diplomatic relations with several nations deteriorated, necessitating China to seek other trade relations to compensate for the withdrawal of economic contributions from these countries.

Prioritizing trade partners from Asia, Africa, the Middle East, and Latin America, China prioritized its trade goals. Even though China could not attain an effective position of power in the international arena during the Cold War, it changed its policies and achieved economic growth after the Cold War. To integrate with the global economy, China was accepted by the World Trade Organization in 2001 due to its successful economic reforms, thereby becoming a worldwide competitor. The membership allowed China to increase exports considerably, and China demonstrated its commitment to economic growth by deferring defense expenditures. Prioritizing the expansion of its market potential and establishing free trade zones, China sought active participation in all trade channels.

China's economic rise due to its trade interactions is regarded as a successful application of the trade expectations theory's fundamental factors in this article. China began its emergence as a trading state by focusing on a new commercial world while keeping its military and political structure in the background, all within the framework of the trading state strategy. Following the trade expectations theory, which posits that economic interactions would result in more balanced foreign policy accomplishments, China chose both existing and alternative trade networks to boost its economic potential. China has successfully played the role of a merchant state to promote economic growth through trade. It is predicted that China will continue to shape its foreign policy following its trade anticipations due to the international competitiveness and territory acquired from these advances.

Implications and Future Directions

The novelty of this study is its contribution to knowledge, as previous studies did not employ a theoretical model to investigate the causes of economic success in China. This contribution to knowledge and theory will assist future studies in comprehending the relationship between China's economic growth and its success within the context of trade expectations theory. Although many studies have been undertaken on China's economic growth, most researchers have focused on accumulating data over the years. Very few works have investigated the theoretical foundations of rising. Therefore, the present study addressed this lacuna in the literature. This paper demonstrates that China has accepted the merchant state model based on the trade expectations theory, transformed its conventional security-oriented politics, and become an example of trade-oriented development in the global order by adopting the merchant state model. Significantly, this study's findings indicate that, with the aid of a shifting international order, the trend of developing economies will be more important than military competition and will arise in various countries. As seen in Table 1, China has turned to investments in other regions because it does not want to lose its economic growth momentum and since these countries are also developing. According to the study's conclusions, economic development via trade is an alternate and peaceful option for all nations.

This study offers dependable and significant practical consequences for enhancing the process and practice of global cooperation and commerce. By adopting this theory, the findings of this study have major practical implications for China's ability to function effectively during the rising phase. The conclusions of this study can likewise be extrapolated globally to achieve economic growth through international trade. This study's future direction is essential for future research to consider and contribute to the body of literature and knowledge. This study presents crucial potential directions for other comparative researchers to work on theory and practice. Consequently, it is recognized that future studies must emphasize the significance of theoretical foundations when constructing a framework for economic growth research.

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