

“Belt and Road Initiative” : Leading Inclusive Globalization Postprint

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Abstract

The Belt and Road Initiative constitutes the banner and principal vehicle for China’ s comprehensive opening-up in the new era, as well as an endeavor to advance reform in global economic governance. Its core tenet is to harness the “Silk Road Spirit” –defined as the ethos of “peaceful cooperation, openness and inclusiveness, mutual learning, and mutual benefit” perpetuated along the Silk Road—to foster collaboration among participating nations and realize mutually advantageous outcomes. Against the backdrop of economic globalization standing at a “crossroads” and in a state of uncertainty, the Belt and Road Initiative offers a Chinese paradigm for reforming models of global economic governance, emerging as a standard-bearer for nations worldwide in promoting the profound development of economic globalization and institutional reform. It introduces novel philosophical perspectives on peace and development for the 21st century and will guide inclusive globalization.

Full Text

The Belt and Road Initiative: Leading Inclusive Globalization

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Abstract

The Belt and Road Initiative (BRI) is not only the banner and primary vehicle for China’ s comprehensive opening-up in the new era but also an attempt to reform global economic governance. Its core essence is to utilize the “Silk Road Spirit” to promote cooperation among countries along the route and achieve mutual benefit and win-win outcomes. The “Silk Road Spirit” refers to the ethos of “peaceful cooperation, openness and inclusiveness, mutual learning, and mutual benefit and win-win” that has been passed down through generations

along the Silk Road. Against the backdrop of economic globalization reaching a crossroads and uncertain territory, the BRI provides a Chinese solution for reforming global economic governance. It has become a banner for countries worldwide to promote the deepening development and institutional reform of economic globalization, bringing new philosophical thinking to world peace and development in the 21st century and leading toward inclusive globalization.

Keywords: Belt and Road Initiative, inclusive globalization, economic globalization, global economic governance, China

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Since September and October 2013, when General Secretary Xi Jinping proposed two initiatives during visits to Central and Southeast Asian countries, the BRI has evolved from concept to comprehensive implementation. On September 7, 2013, speaking at Nazarbayev University in Kazakhstan, the General Secretary proposed building the “Silk Road Economic Belt” with Central Asian countries. On October 3, speaking before the Indonesian Parliament, he proposed building the “21st Century Maritime Silk Road” with ASEAN countries. At the Central Economic Work Conference in December 2013, “Belt and Road” became a proper noun specifically referring to both the Silk Road Economic Belt and the 21st Century Maritime Silk Road. On March 28, 2015, at the Boao Forum for Asia, the National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce jointly released *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road* (hereinafter referred to as *Vision and Actions*) [1].

On August 17, 2016, the central government convened a symposium on the Belt and Road Initiative, where General Secretary Xi Jinping delivered an important speech proposing “eight advances” and emphasizing the need to advance BRI construction step by step with the “nail-driving” spirit. Over the past three-plus years, BRI construction has entered full implementation, achieving significant progress and generating increasingly broad international impact. Not only have countries along the route generally supported the initiative, but some developed countries that were previously 观望 or dismissive have begun to re-examine it. Currently, the international situation is undergoing drastic changes, with protectionism and populism on the rise, creating many destabilizing factors for global economic growth. In particular, the Trump administration’s withdrawal from the TPP and plans to scrap multilateral trade agreements have caused economic globalization to show signs of regression. Against this backdrop, the Belt and Road Initiative must shoulder greater historical responsibility, becoming a stabilizer and engine for world economic growth and a banner for promoting

the reform and development of economic globalization. This paper analyzes the macro context of BRI construction, discusses the mechanisms and limitations of economic globalization, and explores the connotation of BRI from the perspective of promoting globalization's reform and development. It argues that the BRI is an initiative for inclusive globalization that will bring new philosophical thinking to world peace and development in the 21st century and serve as a beacon for the currently sluggish world economy.

1. The Macro Context of Belt and Road Construction

The Belt and Road Initiative is a long-term, major strategy formulated by the Party Central Committee and the State Council based on comprehensive consideration of domestic and international situation changes. It represents the inevitable result of China's development reaching a particular stage and changes in the world economic pattern. Overall, both China's enormous economic size and its need for transformation and upgrading, as well as the current world pattern and situation requiring China to assume greater international responsibility, demand that China promptly change its mindset and think more from a global perspective when planning resource allocation [2]. Only in this way can China promote sustained and healthy socioeconomic development, build itself into a world power, and realize the Chinese Dream. It can also better participate in international economic governance and make greater contributions to global sustainable development.

Over the past four decades, the global socioeconomic landscape has undergone major changes, driven primarily by economic globalization. While seemingly all-encompassing, globalization's core phenomenon is that institutional, economic, and technological forces are shaping the world into a closely integrated socioeconomic space where interconnections and mutual influences among actors are increasingly strong. Its prominent features are investment and trade liberalization, manifested in global trade growing faster than production, foreign direct investment growing faster than trade, rising numbers and influence of multinational corporations, and production pattern transformations (particularly the growing popularity of component "outsourcing") that have created tightly integrated global production networks. In terms of outcomes, economic globalization has played a positive role in promoting global economic growth—between 1970 and 2010, world economic growth averaged 3.16% annually, with total scale increasing 3.47-fold. However, globalization has also intensified development imbalances among countries and regions, with many developing countries gaining limited benefits. Within developed countries, large corporations and their executives have gained the most, while grassroots populations have benefited little. This has led to increasingly prominent global social inequality. According to research by the charity Oxfam, in 2016 the wealth owned by the richest 1% of the global population exceeded the total wealth of the remaining 99% [2]. Therefore, how to avoid further widening of the wealth gap while promoting deeper globalization is a prominent issue facing global sustainable

development.

Meanwhile, leveraging the power of globalization, China has achieved remarkable high-speed economic growth over the past 40 years, changing the world economic pattern [Figure 1: see original paper]. In 1978, China's GDP accounted for only 1.8% of the world total (4.9% by purchasing power parity), and its exports accounted for less than 1.5% of global exports. By 2015, these figures had risen to 15.0% (20% by PPP) and 13.8%, respectively. Consequently, China became the world's second-largest economy in 2010, the largest goods trading nation in 2013, and the second-largest outward investor in 2015. China is also the world's largest manufacturing country, accounting for 24% of global manufacturing output. Since the 2008 global financial crisis, China's contribution to world economic growth has averaged around 30%. Such a huge economy (US\$11 trillion in 2016) is inevitably an important force shaping the world pattern. With the implementation of the Trump administration's "new policies," many domestic and foreign media have hyped topics like "China leading the world" and "China leading globalization." However, under the current world pattern, how China can more deeply participate in world economic governance and properly assume its due responsibilities requires careful research and prudent handling, as well as innovative concepts and implementation platforms.

Although China is now the world's second-largest economy and an upper-middle-income country, it is still on the journey to realizing the Chinese Dream. There is still a long way to go to achieve industrial transformation and upgrading and become a world power. From a century-long perspective, China's economic rise over the past 40 years represents the largest change in the world economic pattern in 100 years and one of the few major events in the 300-year history of world pattern changes. According to estimates by former OECD Chief Economist Angus Maddison, in the early 18th century China accounted for nearly one-third of the global economy. This proportion fell to 4.6% when the People's Republic was founded and remained at only 4.9% at the beginning of reform and opening-up [Figure 2: see original paper]. After nearly 40 years of struggle, according to Maddison's calculation method, China's share of the world economy has risen to about 20%. Using the return to world power status as a reference, China's current position is like being halfway up a mountain. On the one hand, every step upward is difficult and allows no slackening; on the other hand, it requires a broader vision and a global perspective.

Moreover, after nearly 40 years of high-speed growth, China's economic system faces enormous transformation pressure. First, China's economic growth achievements have come at a huge resource and environmental cost. Air pollution (particularly smog), water pollution, soil contamination, wetland disappearance, grassland degradation, and a series of other ecological and environmental problems have seriously threatened China's sustainable development. Therefore, establishing a resource- and environmentally-sustainable economic system is urgent. Second, from an economic system perspective, China has entered a "new normal" requiring a shift from a factor-intensive and export-oriented develop-

ment model to a diversified model relying on innovation activities and greater emphasis on domestic consumption. Whether industrial transformation and upgrading or implementing innovation-driven development, both imply spatial reorganization of economic activities, particularly at the global scale. In other words, transforming China's development model requires planning at the global scale and resource allocation on a global scale. In fact, this spatial reorganization has already begun. From 2006 to 2016, China's outward direct investment rapidly climbed from several billion dollars to over US\$170 billion (excluding financial investments). Safeguarding the interests of China's large-scale overseas investments and enabling China's capital globalization to benefit more developing countries and regions and achieve win-win cooperation requires a new national strategy—a globally-oriented national strategy.

2. The Mechanisms and Limitations of Economic Globalization

The Belt and Road Initiative emerged against the backdrop of economic globalization. To correctly understand its significance and role requires profound understanding of economic globalization's mechanisms and limitations. As mentioned earlier, economic globalization is a historical phenomenon resulting from the combined effects of institutional, economic, and technological forces, involving both objective dynamics and institutional factors. In terms of objective dynamics, on the one hand, capital accumulation has an inherent need for endless spatial expansion and spatial reorganization; on the other hand, the shift from Fordism to post-Fordism has made component “outsourcing” increasingly popular, tightly linking many regions of the world through supply chains and forming various global production networks. Additionally, transportation and communication technology advances over the past half-century have dramatically reduced the cost of organizing economic activities across space, creating so-called “time-space compression.” However, all these only create possibilities; the decisive factor is that most countries, both developed and developing, “believe” that free trade is beneficial and have embraced investment and trade liberalization policies. Of course, this distinction between objective and subjective drivers of globalization stems from different ontologies and epistemologies—that humans are not purely “economic animals” and have the will and capacity to manage their needs and desires.

Although the term “economic globalization” only became widely used after the 1990s, the process of global economic expansion has existed for centuries [4]. The first wave occurred from the late 18th century to the mid-19th century, primarily manifested as trade expansion under colonialism. At that time, industrial powers such as Britain and France, backed by military force, compelled colonies to reduce or even eliminate tariffs, turning them into raw material suppliers, commodity dumping markets, and capital export destinations, forming a “core-periphery” international division of labor. This so-called “free trade” was unequal trade built on colonialism. The second wave occurred from the late 19th century to the early 20th century, mainly driven by technological progress

enabling global capital expansion. On the one hand, advances in electricity, communications, and transportation dramatically reduced the cost of crossing space; on the other hand, technological innovation gave birth to monopoly capitalism. The result was a substantial increase in global foreign direct investment. For example, between 1900 and 1914, total global foreign investment nearly doubled to US\$43 billion. However, this period's global capital expansion still had obvious colonialist characteristics and was abruptly halted by two world wars.

After World War II, the world welcomed the third wave of global economic expansion, characterized by a series of international economic cooperation mechanisms and institutions led by the United States, such as the Bretton Woods system, International Monetary Fund, World Bank, and General Agreement on Tariffs and Trade, along with their exchange rate and free trade mechanisms. Although the colonial system gradually disintegrated after the war, the historically formed "core-periphery" model continued to function, and the unequal division of labor remained unchanged. During the post-war boom, Western countries adopted Keynesian policies, believing government regulation and interventionist measures were necessary. Meanwhile, as these countries enjoyed economic prosperity with limited capital accumulation pressure and little inherent motivation to flow overseas, combined with the influence of the Cold War pattern, trade components far outweighed capital expansion in this period's global economic expansion, thus not forming true economic globalization.

In the 1970s, major Western developed countries ended their post-war boom and experienced severe "stagflation." To escape the crisis, Western governments represented by Reagan and Thatcher abandoned Keynesian policies, embraced Hayek's neoliberal ideas, drastically reduced government intervention, privatized state-owned enterprises, and promoted investment and trade liberalization [5]. Against this backdrop, capital from developed countries began flowing to developing countries on a large scale, creating what Peter Dicken called "global industrial transfer" [6]. Particularly after the Cold War ended in the early 1990s, outward investment from developed countries showed explosive growth. Meanwhile, economic crises forced Western enterprises to continuously adjust production methods, shifting from vertically integrated, large-scale Fordist production to post-Fordist methods featuring component "outsourcing" and flexible production. This gradually lengthened supply chains and made regional specialization in component production increasingly obvious, bringing substantial growth in supply chain trade. For example, despite the popularity of industrial clusters, over 70% of intra-regional trade in East Asia today involves intermediate products. Therefore, large-scale outward investment from developed countries, production method transformation, information technology progress, and the popularity of neoliberal ideology have jointly shaped the world into an increasingly integrated socioeconomic space. This is the historical phenomenon we call "economic globalization," also the fourth wave of global economic expansion.

Throughout this historical process, capital's inherent need for spatial expansion is the fundamental driving force behind global economic expansion, technolog-

ical progress is the “catalyst,” and state regulation and intervention are the “gatekeepers.” Marx brilliantly argued in *Das Kapital* that the capitalist mode of production always generates overaccumulation pressure, leading to periodic economic crises. He also noted that technological progress and spatial transfer could delay economic crises. In the 1970s, renowned American geographer David Harvey developed Marx’s ideas into a complete theory explaining the geographical mechanisms of capital accumulation, with its core concept being capital’s “spatial fix” [7,8]. Harvey argued that capital accumulation cannot be sustained without spatial expansion and reorganization and must constantly seek “spatial fixes,” while transportation and communication technology progress provides necessary conditions for capital spatial expansion by reducing displacement costs. Therefore, endless movement is a prominent feature of capital accumulation. It is the perfect combination of capital accumulation’s “spatial fix” and neoliberal ideology that opened the curtain for large-scale capital expansion on a global scale, giving birth to economic globalization.

Thus, economic globalization over the past 30-plus years is a set of international economic governance mechanisms created by Europe and America to solve their “stagflation” problems, rooted in neoliberal ideology. In promoting economic globalization, these developed countries not only believed that markets could solve all problems but also that there existed one “best” development path—their own—which they continuously exported to developing countries. The “Washington Consensus” of the 1990s was precisely the product of neoliberal policies, plunging former Soviet Union and Eastern European countries into years of economic recession. In this regard, Western mainstream economics and development economics played a facilitating role. Many mainstream economists used mathematical models to demonstrate that free trade could enable balanced development among countries, yet reality has been quite different (at least at many spatial scales) [9]. In fact, as early as the mid-19th century, after Britain abolished its “Corn Laws,” it encouraged Western European countries to implement complete free trade, yet within just over 20 years other countries felt damaged and adopted protectionist measures [9]. Moreover, mainstream economics’ free trade theory is based on an epistemology of average individuals, where social grassroots are easily “averaged out.” This is an important reason why developed countries gained enormous benefits from globalization while their grassroots populations suffered losses.

Therefore, neoliberal economic globalization is a mechanism primarily designed to meet capital’s spatial expansion needs. Under this mechanism, capital and large corporations have obtained huge benefits, while society, particularly grassroots populations, has paid enormous costs, leading to serious social problems. Additionally, due to the inherent contradiction that capital can flow freely while labor cannot, neoliberal globalization is a process that creates “winners and losers.” Allowing this mechanism to dominate world economic governance will increasingly highlight global social contradictions and make global sustainable development goals difficult to achieve. Indeed, “black swan” events such as Trump’s election as U.S. President and Brexit all demonstrate the world’s

enormous demand for reforming economic globalization mechanisms.

3. The Core Concept of Belt and Road Construction: Inclusive Globalization

Economic globalization is a “double-edged sword” that has promoted world economic growth while also bringing severe social problems. Recently, the U.S. withdrawal from the TPP and plans to scrap multilateral trade agreements seem to signal a regressive trend in economic globalization. However, modern production methods, global production networks, and modern communication technologies have already tightly linked many countries in the world, creating a situation of “you in me, me in you.” The world cannot return to complete isolationism and closure. Therefore, at this historical juncture, what the world needs is to reform the mechanisms of economic globalization, not to overthrow them completely.

It is not difficult to observe that the world today echoes with calls for reform, and reform particularly requires new thinking and new models. As the world’s second-largest economy and a major country with successful development experience, China should provide a Chinese solution for reforming and developing economic globalization. From the perspective of addressing globalization’s negative effects, a new model of international economic governance needs to consider the interests of social grassroots, extend modern infrastructure to more regions, and enable economic growth to benefit more people. However, practice over the past 30-plus years has proven that relying entirely on market mechanisms makes such goals difficult to achieve. Therefore, we should both inherit the beneficial aspects of economic globalization and carry out reforms. Fundamentally, we should abandon neoliberal thinking and raise the banner of “inclusive globalization.” This is precisely the core connotation and essence of the Belt and Road Initiative proposed by General Secretary Xi Jinping; the BRI will become a banner leading inclusive globalization [10].

According to General Secretary Xi Jinping’s important speeches, building the Belt and Road means using the “Silk Road Spirit” to promote cooperation among countries along the route and achieve mutual benefit and win-win outcomes. The “Silk Road Spirit” refers to the ethos of “peaceful cooperation, openness and inclusiveness, mutual learning, and mutual benefit and win-win” that has been passed down through generations along the Silk Road. *Vision and Actions* clearly states that the BRI will “uphold the spirit of open regional cooperation, commit to maintaining the global free trade system and an open world economy,” and “aim to promote the orderly free flow of economic factors, efficient allocation of resources, and deep integration of markets, push for coordinated economic policies among countries along the route, carry out broader and deeper regional cooperation, and jointly create an open, inclusive, balanced, and beneficial regional economic cooperation framework” [1]. This is actually the organic combination of the Silk Road Spirit with the concept of economic globalization and an important attempt to pioneer a path of inclusive

globalization.

The Belt and Road Initiative is a call for inclusive globalization, which can be understood from at least the following points. First, it emphasizes the role of government, particularly in maintaining social equity and reducing poverty, rather than relying on market mechanisms to solve all problems. Second, it advocates diversity in development path choices (neoliberal globalization promotes only one path—that which developed countries have already taken), with each country exploring a suitable development path according to its own characteristics. Third, it emphasizes the alignment of development strategies between countries to find converging interests, which will benefit more regions rather than merely satisfying capital's unrestrained spatial expansion. Fourth, it adheres to the principles of “openness and inclusiveness” and “equality and mutual benefit,” highlights the principles of “extensive consultation, joint contribution, and shared benefits,” prioritizes finding the greatest common divisor for development, and seeks common development and prosperity. Fifth, it follows the concept of “harmony without uniformity,” seeking common development, prosperity, and peace while maintaining cultural diversity.

Therefore, the Belt and Road Initiative provides new thinking for promoting the deepening development of economic globalization—inclusive globalization. From a historical perspective, inclusive globalization can be regarded as version 2.0 of economic globalization, bringing Chinese wisdom and solutions to world peace and development. Perhaps this represents a new governance model after Keynesianism and neoliberalism.

4. Conclusion

After more than 200 years of global economic expansion, the world has entered the era of economic globalization under the combined effects of institutional, economic, and technological factors. After more than 30 years, economic globalization has reached a crossroads, and its future direction is crucial for global sustainable development. Currently, there is much debate about economic globalization, with both staunch supporters and sharp critics. Since China's economic growth has benefited from economic globalization, many scholars and media at home and abroad have called on China to lead globalization. This call is correct in its general direction, but China cannot push the old path of globalization unchanged. First, we cannot ignore the negative problems brought by economic globalization; we should face these problems squarely and find solutions. Second, China has benefited from economic globalization because it has a strong government that organically combines market forces with government power, rather than copying Western development models. Continuing to promote neoliberal globalization that primarily meets capital's spatial expansion needs is not only detrimental to global sustainable development but also incompatible with China's social system. Therefore, China should use its own development experience to lead the reform of economic globalization mechanisms and provide a Chinese solution for international economic governance.

General Secretary Xi Jinping' s Belt and Road Initiative, based on the historical and cultural connotations of the Silk Road, demonstrates a new cooperation philosophy and model to the world. Its essence is the organic combination of the Silk Road Spirit with globalization, and its connotation is inclusive globalization. When China proposed and began BRI construction three-plus years ago, no one could have foreseen that the globalization situation would take such a sharp turn. At that time, China simply wanted to “add bricks and tiles” to global economic governance through BRI construction. Now that economic globalization has entered a crossroads and uncertain territory, this has objectively made the Belt and Road Initiative a banner for countries worldwide to promote the deepening development and institutional reform of economic globalization, leading inclusive globalization.

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