

# The Belt and Road Initiative: Opening up a New Era of Inclusive Globalization



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2016 may be destined to be a turning point in history. The Brexit of the UK, the election victory of Donald Trump of the US, the failure of the referendum in Italy and a series of other populist and protectionist events all indicate that neoliberal globalization is coming to an end. These “black swan” events seem accidental and beyond people’s imagination, but they are actually the result of long-term changes and have their inevitability. We need to recognize that the severe social contradictions caused by neoliberal globalization over the past three decades, especially the damage to the interests of grass-roots people in developed countries, the widening gap between the rich and the poor and the rising unemployment rate of young people, are the fundamental driving force of the above changes. To some extent, this change also reflects the long-term change of market government relationship. From Keynesianism to neoliberalism, the world has gone through more than two “40 years”. Is this the beginning of a new 40 years? A sudden turn for the worse is the Belt and Road Initiative proposed by China three years ago. At that time, the Chinese government designed the Belt and Road Initiative to build up global economic governance. Now, the Initiative will be pushed to a new height if some countries are really going to reverse the trend of globalization. The Belt and Road Initiative will become a platform for the world to promote economic globalization and mechanism reform, and will open a new era of “inclusive” globalization.

The Belt and Road Initiative originated from the two initiatives proposed by General Secretary Xi Jinping on his visits to Central Asian and Southeast Asian countries in September and October 2013. In his speech at Nazarbayev University in Kazakhstan on September 7, 2013, General Secretary Xi proposed to jointly build

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the “Silk Road Economic Belt” with Central Asian countries; In his speech at the Indonesian parliament on October 3 of the same year, he also proposed to jointly build the “21st Century Maritime Silk Road” with ASEAN countries. In November 2013, *The Decision of the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Deepening Reform* adopted at the Third Plenary Session of the 18th CPC Central Committee put forward: “Promote the construction of the Silk Road Economic Belt and the maritime Silk Road, and form a new pattern of all-round opening up.” The Belt and Road Initiative became a proper noun at the Central Economic Work Conference held in December that year, especially the Silk Road Economic Belt and the maritime Silk Road in the 21st Century. Since then, the Belt and Road Initiative has become a long-term and important national strategy for China’s overall opening up to the outside world, and is the banner and main carrier of China’s opening up and development. In March 2015, authorized by the State Council, the National Development and Reform Commission, the Ministry of Foreign Affairs and the Ministry of Commerce jointly issued *The Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road*. This is the only official document that elaborates the concept, principles, vision and priorities of the Belt and Road Initiative. On August 17, 2016, the CPC Central Committee held the workshop on the work concerning the Belt and Road Initiative, at which General Secretary Xi Jinping delivered an important speech and put forward “eight advances”.<sup>1</sup> He also stressed that the Belt and Road Initiative related construction work should be pushed forward step by step resolutely.

Up to now, more than 100 countries and international organizations have expressed their support to the Belt and Road Initiative, and more than 40 of them have signed the memorandum of cooperation on the Belt and Road Initiative with China. Meanwhile, China has established 46 overseas industrial parks in 17 countries along the Belt and Road, with a cumulative investment of more than USD14 billion. In addition, the construction of key economic corridors is gradually advancing. In April 2015, China and Pakistan signed a project cooperation agreement or memorandum with a total price of more than USD45 billion, marking the start of full implementation for the China-Pakistan Economic Corridor. In June 2016, state heads of China, Mongolia and Russia signed *The Outline of the China-Mongolia-Russia Economic Corridor*, which was the first multilateral cooperation framework under the Belt and Road Initiative. The construction of China-Laos railway in mid-December 2016 was fully started, and the construction of China-Thailand railway is about to start, marking the start of the construction of China-Indochina Peninsula Economic Corridor. In addition, it has also implemented a number of major overseas cooperative construction projects, including Jakarta-Bandung High-speed Railway in Indonesia, Moscow-Kazan High-speed Railway in Russia, Hungary-Serbia Railway in Central and Eastern Europe, etc. China specially set up the Silk Road Fund to support the construction of the Belt and Road, and also initiated the establishment of the AIIB to collaborate with the Belt and Road Initiative. It is safe to say that the Belt and Road Initiative has achieved a good start.

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<sup>1</sup> For details, see People’s Daily, August 18, 2016.

However, we must see that the Belt and Road Initiative is a long-term and systematic project. It is a long-term plan and cannot be accomplished overnight. At present, although outstanding achievements have been made, there are also many problems: First, theoretical research lags behind, the formal academic discourse system has not been established, and various interpretations emerge one after another, including misunderstandings. Second, it shows the phenomenon of generalization and a lot of insignificant work is labeled with the Belt and Road Initiative, while there is not enough attention to be paid to some cross-sectoral cooperation. Third, they do not know enough about the countries along the Belt and Road and lack in relevant talents. Fourth, the governments show great enthusiasm but civilians don't, and people in many countries along the Belt and Road have little knowledge of the Belt and Road Initiative. Many of them believe that it is a governmental project from China, but actually it is a public service platform provided by China for worldwide capital flow. Fifth, there is a lack of the points of interest. Individual projects are eager for quick success and instant benefit. Sixth, there is a lack of awareness of risk prevention. Seventh, there is insufficient experience in "going global". Chinese enterprises began "going global" around 2000, and have not accumulated sufficient experience yet, such as the lack of experience in dealing with local society and non-governmental organizations. These are all problems that need to solve while promoting the Belt and Road Initiative. It is gratifying that the central government has recognized these problems. If we can really implement the "eight promotions" put forward by General Secretary Xi Jinping in his speech on August 17, these problems will be solved step by step.

The proposal of the Belt and Road Initiative has a profound and complicated macro background. First, the global economic structure has undergone major changes in the past three decades. Its fundamental driving force has been the mechanism of economic globalization, and the social contradictions caused by economic globalization have led to the world's reflection on this mechanism. Second, it meets the needs of China's economic transformation and development. After entering the new normal, China's further economic development needs transformation and upgrading. In order to complete the transformation and upgrading, it is necessary to carry out the cooperation and allocate resources in a broader space. Third, the realization of the "Chinese Dream" requires a peaceful international environment and a good handling of "neighborhood relations" with the concept of "harmony without sameness". Fourth, it meets the need to deepen reform and fully open to the outside world.

The concept of "Silk Road" was first put forward by German geographer Richthofen. He studied in China for four years and envisaged a railway from Xi'an, China to Germany. In order to select the route of this railway, he studied the trade route between ancient China and the West, and put forward the concept of "Silk Road". In fact, in ancient times, Chinese goods came to ancient Rome, and Emperor Caesar once showed his subjects clothes made of Chinese silk. But the Romans only knew that there was a "Serica state" in the East, and they didn't know where it was. At that time, the trade was not directly sold to Rome from Chang'an, China, as we imagine today, but traded section by section. For example, starting from Xi'an, they

might sell their goods in Dunhuang, and the merchants in Dunhuang sold them to the next stop, and finally to ancient Rome. Therefore, at that time, the Romans did not know where the “Serica state” was. When Matteo Ricci came to China in the Ming Dynasty, he said, “I have no doubt that this is the country known as the silk country.”

Although Richthofen first put forward the concept of “Silk Road” in the first volume of *China: The Results of My Travels and the Studies Based Thereon*, it was until the book *The Silk Road* published by his student Sven Hedin that made this term popular with the translation of his documents into English, French, Japanese and other languages. Although Richthofen fully recognized the importance of maritime trade, in order to put forward the idea of the railway, his “Silk Road” specifically refers to the land trade route. Later, the French Sinologist Edouard Chavanne extended the term to include the maritime Silk Road in *Documents sur les Tou-Kiue (Turcs) occidentaux*. Therefore, the Silk Road has been formed successively in history. It is the general name of long-distance commercial trade and cultural exchange routes throughout Eurasia, even including North Africa and East Africa, and is not limited to silk trading. Historically, the list of products exported from China to the west is very long, but the iconic trade products are silk, ceramics and tea. In the Middle Ages, a large number of Chinese porcelain came to Europe, which is why China was translated as “China” in English.

Historians still argue about when the “Silk Road” originated. However, from the perspective of official participation in transnational trade, the “Silk Road” should begin with Zhang Qian’s envoy to the Western Regions in the Western Han Dynasty (206 BC–AD 24). Zhang Qian found Shu Brocade and other products from China in the Great Roushi Kingdom, which made Emperor Wu of the Han Dynasty decide to recruit low-level businessmen to carry out trade activities in the Western Regions. The “Silk Road” trade developed in the Wei, Jin, Southern and Northern dynasties, reached its peak in the Tang Dynasty, and declined after the Yuan Dynasty. Since the Yuan Dynasty, maritime trade had developed greatly until the Ming Dynasty. Therefore, the specific route of the Silk Road was constantly changing, and the influencing factors included society, economy, politics and technology. When we use the concept of “Silk Road” today, we do not refer to some specific ancient trade routes, but use it as a historical symbol or historical and cultural heritage. In other words, the “Silk Road” is both a historical phenomenon and a metaphor. In addition, the “Silk Road” seems to be a story about China, but it is not only about China itself, nor about China’s expansion, but a historical record of economic, social, cultural and religious exchanges between countries along the routes. It is the common cultural heritage of countries along the routes and represents peace, friendship, exchanges and prosperity. The Belt and Road Initiative, which uses the historical and cultural heritage of the Silk Road, provides historical origins for the contemporary economic and trade cooperation of the countries along the routes, and the spirit and mode of cooperation that can be learned from. In recent years, General Secretary Xi Jinping has been advocating the “spirit of the Silk Road” to promote economic and trade cooperation between China and the countries along the Belt and Road. This represents a new concept of cooperation, a new mode of cooperation and a new spirit of cooperation.

The construction of the Belt and Road Initiative needs to be examined and understood in the process of economic globalization. To some extent, the proposition of the Belt and Road Initiative is the result of economic globalization over the past thirty years. Economic globalization has not only its objective driving force, but also a set of institutional mechanisms. Marx pointed out that capital accumulation would lead to excessive accumulation, and excessive accumulation would bring economic crisis, but technological progress and spatial transfer could help alleviate the pressure of excessive capital accumulation. In the 1970s, David Harvey, a famous American geographer, summarized the geographical mechanism of capital accumulation according to Marx's thought and put forward the theoretical concept of spatial fix. He believed that capital accumulation could not be sustained without endless spatial expansion and spatial restructuring. At the same time, the rapid progress of information and transportation technology in the past 30 or 40 years has greatly promoted the spatial expansion of capital. Since the late 1970s, major western developed countries have adopted Neoliberal policies to solve the problem of "stagflation", which has opened the door for the "spatial outlet" of capital across countries. From this perspective, the economic globalization in the past thirty or forty years is the product of the perfect combination of the "spatial outlet" of capital accumulation and the trend of Neoliberalism.

With the development of economic globalization, great changes have taken place in the mode of global economic organization and economic pattern. First, the growth rate of world trade is faster than that of production, mainly due to the significant growth of supply chain trade caused by the increasing concentration of production activities and the popularity of "outsourcing". In the past 40 years, the global production mode has undergone important changes, from Fordism to post Fordism, which is featured with the increasing popularity of "outsourcing" of parts production and the resulting global production network. At present, 70% of the intra-regional trade in East Asia is trade of intermediate products, that is, supply chain trade. Taking the production of Apple mobile phone as an example, Foxconn needs to import a large number of high-end parts from Japan, South Korea and Taiwan for assembly. Second, global foreign direct investment is growing rapidly, and the overall trend is faster than the trade growth, which is reflected in the significant growth of investment among developed countries and between developed and developing countries. Third, with the growth of transnational investment, the number of transnational corporations has increased explosively. With the support of Internet technology, many companies have been global companies from its foundation. At present, there are about 70,000–80,000 multinational corporations in the world, which directly and indirectly control more than 3/4 of the total global economy, including the control of the supply chain. Therefore, it is difficult to understand how today's world economy operates without the understanding of multinational corporations. Fourth, integration and fragmentation coexist. "Integration" refers to the framework of the world trade organization, and "fragmentation" refers to various global small multilateral and bilateral trade agreements. At present, more than 1,000 "fragmented" trade agreements are being or have been negotiated around the world.

Neo-liberal globalization has played a positive role in promoting world economic growth, but it has also brought serious social polarization. This is inseparable from its internal contradiction, that is, the capital can flow freely across national borders, but labor cannot. Therefore, the globalization will inevitably lead to mixed results. According to the research of Oxfam, a poverty alleviation charity, in 2016, the wealth of the rich group that accounts for 1% of the world's total population will exceed the total wealth of the remaining 99% of the world's population. In recent years, the income gap in major western countries has been widening. For example, the proportion of poor people in the USA, Germany and Japan has reached about 15%. In the USA, the proportion of the middle class in the population has dropped to less than 1/2, and the unemployment rate of young people in most states is more than 30%. It can be said that in the process of neoliberal globalization, capital is the biggest winner, and society has paid a huge price. How to avoid the widening gap between the rich and the poor while promoting the in-depth development of globalization is a prominent problem for worldwide sustainable development. Therefore, economic globalization has come to a crossroad, and all kinds of protectionism and populism are rising. To promote the continuous development of economic globalization, the world needs a new development thinking and a new concept of cooperation.

The Belt and Road Initiative proposed by China is precisely the solution to such a problem. We need to realize that China's economic take-off is not only the result of its own efforts, but also benefits from economic globalization. As the world's second largest economy, the largest manufacturing country, the largest commodity importer and exporter and the second largest foreign investor, China needs to make efforts to safeguard the achievements of economic globalization and promote the reform of globalization mechanism, so as to make globalization benefit more regions and people. In this regard, the "spirit of the Silk Road" just provides a new concept and mode of cooperation.

The Belt and Road Initiative is also the result of the transformation of China's own development mode. Over the past three decades, China's economy has grown rapidly, with an average annual growth rate of 9.6%, but at the cost of high factor investment, export orientation and high cost of resources and environment. In the "new normal", we should advocate a diversified development model and find new drivers of economic growth, which requires China to plan the allocation of resources around the world. According to the analysis of three indicators of attracting foreign investment, export and foreign investment, China's economic globalization process is divided into three stages. Before 2000, it was the stage of dependent globalization, focusing on attracting foreign investment, with an annual growth rate of more than 30%. By the end of the twentieth century, China had become the world's largest developing country attracting foreign investment. After 2000, the rate of attracting foreign investment has slowed down, but exports have increased by 25–30%, making China the largest commodity exporter in the world in more than a decade. This stage can be called the stage of trade globalization. After 2008, it can be regarded as the stage of capital globalization. If the sharp growth of foreign direct investment in developed economies gave birth to the phenomenon called "global industrial relocation" by Peter Dicken, then the growth trend of China's foreign investment may

mean the arrival of the second round of global industrial relocation. This round of global industrial relocation no longer occurs in the world of “dual” structure, but in the “ternary” structure.

Then, how to understand the Belt and Road Initiative from an academic perspective in the context of global development? We believe that the one dimension of the Belt and Road Initiative is the inclusive globalization, that is, the integration of the “spirit of the Silk Road” and globalization. The Belt and Road Initiative construction with the aim of “peace, development, cooperation and prosperity for all” will bring new philosophical thinking to the further development of globalization and push globalization into a new era of inclusiveness. First, the Belt and Road Initiative emphasizes the alignment of the development strategies of countries, and seeks for the points of combining interests of countries along the Belt and Road, rather than meeting free spatial expansion needs of capital, so as to benefit more regions. Second, through the alignment of national strategies, countries along the Belt and Road can learn from China’s experience in promoting economic development and eradicating poverty, so as to better help them get rid of poverty and realize modernization. Third, the Belt and Road Initiative adheres to the concept of “openness and inclusiveness” and “equality and win–win cooperation”, and we, with an open attitude, welcome the equal participation of countries or regions that are willing to participate. Fourth, the Belt and Road Initiative has emphasized the principle of “wide consultation, joint contribution and shared benefits”, maximally promoting common development and common prosperity. Fifth, the Belt and Road Initiative follows harmony without sameness, and seek common development, seek prosperity and share peace together on the basis of maintaining cultural diversity. Sixth, the Belt and Road Initiative will bring more underdeveloped areas into the modern infrastructure network and bring more opportunities for economic development of them.

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