

The Belt and Road Initiative and Globalization: The Perspective of Globalization-Constituting Theory

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Abstract: Because the Belt and Road Initiative was proposed by only one country—China, most of previous studies have adopted a state-centered economic perspective to understand it. However, this perspective is inadequate to grasp this project that is designed to involve actors other than nation-states in at least 60 countries. This paper tries to comprehend the Initiative from the globalization perspective. After proposing a globalization-constituting theory, this paper argues that the Belt and Road Initiative should be considered as part of the globalization-constituting process, because even though it is launched mainly by China, the Belt and Road Initiative has global relevance and involves multiple agents at multiple levels, and its contents are consistent with the structural tendencies of the globalization process. Furthermore, the Belt and Road Initiative implies a realistic approach to globalization, which would lead to a better globalization.

Key words: globalization; Belt and Road Initiative; globalization theory

JEL Classification: F, F19

1. Question: The Belt and Road Initiative and globalization

In September 2013, Chinese President Xi Jinping called for the joint building of the “Silk Road Economic Belt” during his visit to Kazakhstan. One month later, he proposed constructing the “21st Century Maritime Silk Road” in Indonesia. In November 2013, the “One Belt and One Road Initiative” (or the “Belt and Road Initiative”) was included in the comprehensive reform blueprint at the third Plenum of the 18th National Congress of the Communist Part of China. In March 2015, with the approval by the State Council, the detailed plan—Vision and Actions for Jointly Building the Silk Road Economic Belt and the 21st Century Maritime Silk Road (Vision and Actions, for short)—was promulgated by the National Development and Reform Commission, Foreign Ministry and Ministry of Commerce.

Because the Belt and Road Initiative is proposed by one country—China, previous studies about this project have exclusively adopted a state-centered-economic perspective. As to its objectives and reasons, Cheng (2016) listed the following viewpoints put forward by commentators: to expand markets to deal with China’s excess production capacity, inadequate domestic demand and saturated export markets in developed countries; to increase direct investment to secure supply of resources; to promote Reminbin’s (RMB) internationalization; to achieve geopolitical relationships; and to counterbalance the U.S, the strategic “pivot to Asia” policy. All these viewpoints focused on China’s intention as the initiator of the Belt and Road project. As to its causes, the slowdown of China’s economic development and the rise of China in the international arena has been emphasized as the driving force behind the Chinese government launching the Belt and Road Initiative. While the decreasing economic growth rate has made China’s government actively seek new markets and opportunities, the rise of China’s position at international level has made it harder to continue the previous relationship with developed countries (Wang, 2016; Huang, 2016; Overholt, 2015; Ploberger, 2017).

However, the state-centered-economic perspective is inadequate to comprehensively understand the nature, contents, consequences and future of the Belt and Road Initiative. As to the geographic scope of the Belt and Road Initiative, it includes at least 60 countries accounting for 64% of the world population (4.4 billion people) and 30% of global GDP (\$21 trillion). Its building inevitably involves complex interactions among nations, enterprises and other organizations, which makes employing the state-centered perspective insufficient for

understanding the initiative. Furthermore, the Belt and Road Initiative contains five priority areas: policy dialogue, infrastructure connectivity, unimpeded trade, financial support, and people-to-people exchange. Though economic development, especially infrastructure development, is its most important feature, the achievement of all economic objectives depends on political, cultural and social connectivity, which requires a more comprehensive investigation than the economic perspective.

On the other hand, various globalization theories have paid more attention to actors other than nation states and spheres other than economic globalization. This aim of paper is, therefore, to understand the Belt and Road Initiative from the globalization perspective. Specifically, this paper will answer the following question: even though the Belt and Road Initiative was mainly launched by China under its specific national and international conditions, how would it influence the globalization process?

2. Perspective: A globalization-constituting theory

The biggest difficulty in understanding the Belt and Road Initiative from the globalization perspective consists of the ambiguities and controversies on the notion of globalization. For example, while some scholars treat “globalization” as a description of existing conditions or of reality, others consider the term as a slogan or discourse sold by liberal and radical scholars (Rosenberg, 2005). Admitting the ideology or discourse aspect of globalization as Hirsch (2005) and Fairclough and Thomas (2004) did, globalization can be defined as the reality of “the widening, deepening and speeding up of worldwide interconnectedness in all aspects of contemporary social life, from the cultural to the criminal, the financial to the spiritual” (Held, McGrew, Goldblatt, & Perraton, 1999: 2), so that “events, decisions and activities in one region of the world come to have significance for individuals and communities in distant regions of the globe” (Held & McGrew, 2007: 2).

Even with this general definition, there are still more questions and debates about the current conditions, future tendencies and underlying mechanisms of globalization. Reviewing, analyzing and integrating various globalization theories would amount to a globalization-constituting theory to be applied to understanding the Belt and Road Initiative. Specifically, the globalization-constituting theory emphasizes that the structural tendencies of globalization in multiple spheres and levels are created by the strategic actions and interactions among multiple agents who are mainly concerned with their own interests.

First, globalization can be conceptualized as structural tendencies in multiple spheres and at multiple levels. The increase of global interconnectedness and inter-influence can be found in economic, political, cultural and social spheres. As Giddens (1990; 2003) said, it is a mistake to see globalization solely in economic terms, as globalization is political, technological and cultural, besides economic. Appadurai (1990; 2006) also pointed to the intersection of various scapes—ethnoscapes, finanscapes, mediascapes, ideoscapes and technoscapes. Global structural tendencies occurs at different levels, including global flows at the most superficial level, global institutions or mechanism at the immediate level, and global principles and consensus at the deepest level. Taking economic globalization for example, international trade, transnational production, the global financial system, and the global division of labor have more and increasingly linked people in different areas of the world (Gilpin, 2001; O’Brien & Williams, 2013). The global institutions and principles behind global economic flows can be found in technological advancements and the resulting “space-time compression”, the institution of capitalism and markets, and globalization ideology (e.g., neoliberalism) and so on (Kotz, 2002; Gerny, 1994; Nishibe, 2016).

Second, in order to understand the emergence and development of global structural tendencies, globalization should be examined in its constituting process by the actions and interactions of multiple agents. In his network perspective on the process of economic globalization, Dicken (2011) used tangled webs of production circuits and networks to describe the increasingly interconnected components of the world economy, including the participants, their interconnections and power relationships. In this framework, geographically specific configurations of social-cultural practices and institutions are embedded in the interconnections between states, firms, consumers, labor and civil society organizations, whose actions and interactions are influenced by the previous world structure. Furthermore, Dicken and other scholars (e.g., Webster, Lambert & Bezuidenhout, 2008; Sassen, 2007) also pointed out that these agents may exist at different scalar levels. For example, firms can be transnational corporations, state-owned enterprises, city enterprises, and local firms and civil society organizations can exist at global, national and municipal and neighborhood levels.

Finally, to specify the constituting process of globalization and the actions of the multiple agents in the process, it is still required to closely examine the ways in which those agents interact with one another. It turns out that globalization has been a temporally fluctuating, geographically uneven, and culturally diverse process, rather than a linear, even and universal progression, which have been emphasized by the skeptics of globalization (Stiglitz, 2002; Chase-Dunn, Kawano, & Brewer, 2000; Pieterse, 2013; Roudometof, 2015). The globalization-constituting theory can explain these phenomena by treating globalization as a process consisting of the strategic actions and interactions of multiple agents at multiple levels and spheres. First, the actors' strategic actions involve their own interests, concerns and logic, which inevitably results in conflicts among the relevant actors. Second, as they focus on their own interests, global agents may not consciously recognize, speak of, promote or impede the globalization process, which means globalization is largely an unintentional or unexpected consequence, for at least some actors. Third, for all actors, whether they were trying to enhance or hinder the globalization process, their actions have been shaped by the previous globalization condition and will shape the future globalization trajectory. Steger's (2003: 1-7) analysis of the 9/11 terrorist attack indicates that even extremely anti-globalization movements can be considered as part of the globalization-constituting process.

3. The Belt and Road Initiative as part of globalization

If globalization is defined as the widening, deepening and speeding up of worldwide interconnectedness, characterized by fluctuating, uneven and diverse processes and constituted by multiple agents at multiple levels, it is appropriate to consider the Belt and Road Initiative as an integral part of the globalization process, even if it is launched mainly by China. Generally speaking, even though the Belt and Road Initiative is a strategic action launched by the Chinese government, it has global influence, its contents are consistent with the structural tendencies of the globalization process, and its mechanisms have taken into account of the concerns, interests, actions and interactions of multiple agents at multiple spheres and levels.

3.1 Belt and Road as China's strategic action with global relevance

According to the globalization-constituting theory, although globalization is characterized by structural tendencies of worldwide interconnectedness, the underlying force of those structural tendencies is formed of strategic actions and interactions among various agents. Similarly, from the structural-agency perspective, the Belt and Road Initiative is mainly a strategic action of the Chinese government based on its own concerns and interests under specific national conditions, but this strategic action has global influence and relevance.

In *Vision and Actions*, the Belt and Road runs through the continents of Asia, Europe and Africa, connecting the vibrant East Asian economic circle at one end and developed European economic circle at the other, and encompassing countries with a huge potential for economic development. The Silk Road Economic Belt focuses on bringing together China, Central Asia, Russia and Europe (the Baltic); linking China with the Persian Gulf and the Mediterranean Sea through Central Asia and West Asia; and connecting China with Southeast Asia, South Asia and the Indian Ocean. The 21st-Century Maritime Silk Road is designed to go from China's coast to Europe through the South China Sea and the Indian Ocean in one route, and from China's coast through the South China Sea to the South Pacific in the other. On land, the Initiative will focus on jointly building a new Eurasian Land Bridge and developing the China-Mongolia-Russia, China-Central Asia-West Asia and China-Indochina Peninsula economic corridors by taking advantage of international transport routes, relying on core cities along the Belt and Road and using key economic industrial parks as cooperation platforms. At sea, the Initiative will focus on jointly building smooth, secure and efficient transport routes connecting major sea ports along the Belt and Road. The China-Pakistan Economic Corridor and the Bangladesh-China-India-Myanmar Economic Corridor are closely related to the Belt and Road Initiative, and therefore require closer cooperation and greater progress.

Officially, the geographic scope of the Belt and Road Initiative includes at least 60 countries accounting for 64% of the world population (4.4 billion people) and 30% of global GDP (\$21 trillion). However, if we consider the influence of the Initiative, it seems more ambitious because it would influence all countries in the world through the networks that have been developed through the previous globalization process. Though the Belt and Road Initiative largely concentrates on the relationship between China and those countries in the

region between West Europe and East Asia, it would influence the strategy of other countries (such as Russia, the United States, and the EU countries) towards this area and China (Arduino, 2016; Gabuev, 2016). So, Aoyama (2016) argued that the Belt and Road Initiative is not just a regional policy, but a global strategy, whose potential impact on global politics cannot be overlooked.

3.2 The Belt and Road and globalization structural tendencies

From a structural perspective, the contents of the Belt and Road Initiative are consistent with the structural tendencies of the globalization process, which can be found in its goals and policies.

In *Vision and Actions*, five major goals are proposed, which reflect the structural tendencies of globalization in five areas or spheres. In the political sphere, enhancing policy coordination is regarded as a guarantee for implementing the initiative. Policy coordination seeks to identify and expand shared interests, enhance mutual political trust, reach new cooperation consensus, and integrate economic development strategies and policies. This would be achieved by inter-governmental cooperation through a multi-level inter-governmental macro policy exchange and communication mechanisms. Moreover, political cooperation, in the form of policy coordination, plays an important part in all other areas such as trade policies, investment policies, and financial policies. In social and cultural area, the Belt and Road Initiative emphasize developing people-to-people bond and cultural exchange, including extensive cultural and academic exchanges, personnel exchanges and cooperation, media cooperation, youth and women exchanges and volunteer services.

In the economic area, the document lists three main goals and relevant policies. The first is facilities connectivity, which mainly means the connectivity of infrastructure constructions, including international trunk passageways, infrastructure network connecting all sub-regions in Asia, and between Asia, Europe and Africa, low-carbon infrastructure and other energy infrastructure. Some scholars consider this as “the feature distinguishing the Belt and Road Initiative from many other international cooperation mechanisms” (Huang, 2016: 319). Moreover, the proposal also emphasizes the connectivity of technical standard systems, which is an important institution for global interconnectedness. The second economic priority is unimpeded trade and investment. Investment and trade are two means by which the people in different parts of the world are connected. The Belt and Road Initiative also seeks to facilitate investment and trade by removing investment and trade barriers, including by opening free trade areas, enhancing customs cooperation, improving bilateral and multilateral cooperation, implementing WTO Trade Facilitation Agreement, improving customs clearance capability, improving the coordination of cross-border supervision procedures, lowering non-tariff barriers, speeding up investment facilitation, expanding mutual investment areas, deepening investment in agriculture, forestry, manufacturing and emerging industries, and so on. The third economic goal is to promote financial integration, including the deepening of financial cooperation, the building of a currency stability system, investment and financing system and credit information system.

3.3 The Joint Building of the Belt and Road projects and the globalization-constituting process

If the contents—main goals and policy proposals—of the Belt and Road Initiative reflect the structural tendencies of globalization, the realistic ways proposed to achieve those goals demonstrate the actions and interactions among multiple agents in the globalization-constituting process.

First, the Belt and Road Initiative has taken into account the multiple agents involved in the projects. Governments of the countries along the Belt and Road are the most important actors in the Initiative. The Belt and Road Initiative tries to promote intergovernmental cooperation, build a multi-level intergovernmental macro policy exchange and communication mechanism, expand shared interests, enhance mutual political trust, and reach new cooperation consensus. However, the agents of various economic sectors are more important participants in the Initiative. The Initiative is to abide by market rules and international norms, give play to the decisive role of the market in resource allocation and primary role of enterprises, and let the governments perform their due functions. In other words, economic enterprises would be the primary forces for achieving the economic goals of the Initiative, while the role of governments is largely to facilitate and support economic actors by providing a more favorable environment. The proposals, such as improving connectivity of infrastructure plans and technical standard systems, enhancing customs clearance capability, and building a currency stability system, are to create a more convenient for companies and financial institutions to cooperate. In the Initiative, there are also social and cultural actors promoting extensive cultural and academic exchanges, personnel exchanges and cooperation, media cooperation, youth and women exchange and voluntary services.

Second, the Belt and Road Initiative has upheld a realistic approach with respect to the interactions among the multiple agents. In particular, the Initiative tries to accommodate “the interests and concerns of all parties

involved”. Scholars have noticed that the project is not to be dominated by China and its enterprises, because cooperation from other countries is critical to make it work (Zhang, 2016). The realistic approach is supported by the Silk Road Spirit, which has been characterized as “peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit” in Vision and Actions. The realistic approach is reflected in the principles of the Belt and Road Initiative. The principles state that the Belt and Road Initiative should be jointly built through consultation to meet the interests of all. The realistic approach is applied through the cooperation mechanisms, including bilateral and multilateral cooperation mechanisms, such as the Shanghai Cooperation Organization (SCO), ASEAN Plus China (10+1), Asia-Pacific Economic Cooperation (APEC), Asia-Europe Meeting (ASEM), Asia Cooperation Dialogue (ACD), Conference on Interaction and Confidence-Building Measures in Asia (CICA), China-Arab States Cooperation Forum (CASCF).

4. Implications of the Belt and Road Initiative for the future of globalization

The above analyses indicate that although the Belt and Road Initiative was launched mainly by China, it should be treated as a part of the globalization process with respect to its background, influences, contents and mechanisms. The Belt and Road Initiative was shaped by China’s previous globalization experiences and the changing role of China in the world. As a major beneficiary of the globalization process since the end of 1970s when it employed opening-up and reform policies, China has good reasons to continue the opening-up policies to promote economic growth and upgrading. On the other hand, as its position in world economy has been changed, China, as an important agent of globalization, will adopt new strategies of its foreign policies.

As an effort by a developing country to deeply participate and reshape the globalization process, the Belt and Road Initiative also has features that distinguish it from previous globalization mechanisms, with significant implications for the future of globalization. First, facing the hot debate between globalists and critics, transformists try to tame the globalization process and avoid problems caused by globalization. A realistic approach regarding the transformation the previous globalization process has been seen in the spirits, principles and actions of the Belt and Road Initiative, which might make globalization more equally beneficial. Second, the two aspects of globalization—structural tendencies and strategic actions—should be more closely linked. Strategic actions by multiple agents should consciously consider the globalization structural tendencies, or they will become nostalgic protectionism. On the other hand, globalization structural tendencies should be examined in the context of strategic actions and interactions, or it will become a discourse of the powerful agents. These features represent a conscious and realistic approach to globalization, which might be an important contribution of Chinese wisdom to economic globalization, global development and global governance.

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