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BELT AND ROAD INITIATIVE: A PRISM FOR CHINA'S DOMESTIC STATECRAFT STRATEGIES

***Abstract.** The Belt and Road Initiative was an ambitious project of China, launched in 2013 as a global infrastructure development strategy by reviving the ancient Silk Route. Its incorporation into the constitution of the Communist Party of China and the primacy attributed to it in the Chinese foreign policy can be analyzed against the backdrop of China's burgeoning power and stature in the global arena. Though BRI has been widely examined through the lenses of international relations and foreign policy, the dimension of domestic politics intertwined with this policy is often overlooked. The point of this research paper is to look into the internal political dynamics of the Belt and Road Initiative (BRI) and find answers to some important questions about how it affects China's domestic statecraft strategies in terms of political, economic, and cultural areas. The research is guided by secondary sources such as research articles, government white papers, and policy initiatives.*

***Keywords:** China, BRI, statecraft, governance, CPC.*

Introduction

In 2012-13, the Chinese state was in a state of turbulence. The newly appointed President, Xi Jinping, had to battle many challenges: economic troubles, drowning state-owned enterprises (SOEs), shrinking exports, and industrial capacities. On top of this, America succeeded in its diplomatic encirclement by forging the Trans-Pacific Partnership (TPP) with other regional economic giants. In this context, in September 2013, Xi Jinping proposed a Silk Road Economic Belt on his visit to Kazakhstan to build infrastructure connectivity. Further, on his visit to Indonesia the following month, he proposed a '21st Century Maritime Silk Road,' which also included establishing the Asian Infrastructure Investment Bank (AIIB) to aid infrastructure development in the countries surrounding China. This proposal began a political storm among the media, policy actors, and critical agencies. At the Asian-Pacific Economic Cooperation (APEC) Summit in 2014, Beijing announced a Silk Road Fund, followed by the Maritime Silk Road Fund in Indonesia and the China-Pakistan Economic Corridor (CPEC) flagship program in 2015 [Ye, 2020b]. The same year,

the Chinese government issued an official document, laying down the major principles of One Belt, One Road, i.e., the Belt and Road Initiative (hereafter referred to as BRI), aimed at promoting economic prosperity, regional cooperation, mutual learning, world peace, and development [Pu, 2016]. However, apart from the strategic motivation for BRI, economic and diplomatic factors drive this project. The diplomatic explanation clarifies the need for mutual connectivity and China's hostility with its neighbors. At the same time, the economic factors are industrial overcapacity, uneven development, and China's aspirations to drive economic growth by bringing in investments.

The BRI is a key part of China's "Going Global" agenda and "China Dream" objective. This ambitious initiative aims to connect China to Europe via Central Asia and Russia, to the Middle East through Central Asia, to Europe via the South China Sea and the Indian Ocean, and to South Asia and Southeast Asia. The Belt and Road Initiative encompasses approximately 65 countries, covering around 60% of the world's population. It accounts for nearly a third of global GDP, a significant portion of international trade in goods, and around 75% of the world's known energy reserves. This project not only involves the construction of infrastructure links such as roads, ports, and pipelines but also encompasses policy dialogues, trade, financial cooperation, and people-to-people exchange [Zhang et al., 2018].

Further, the paper will throw light on particularly the domestic political dynamics, statecraft, and governance, followed by economic imperatives and cultural influence and soft power. Furthermore, this paper will explore the challenges and criticisms of the project.

1. Political Dynamics and Governance

The Belt and Road Initiative is an attempt by China to construct a China-centered world order. The author notes that BRI manifests China's 'state-sanctioned' discourse but involves state and non-state players. The state organizes the undertaking and backs it by offering ideational coherence and consistency. Silvius argues that the BRI discourse has two dimensions, namely Sino-centric and Sino-deflecting. The Sino-centric discourse strives to reflect supremacy over the international landscape using China's economic interactions, integration, and political goodwill. This makes China seem like a natural and prominent leader in BRI. On the other hand, the Sino-deflecting aspects paint a narrative that China or its interests alone are not at the heart of BRI but that it is a collaborative project involving many cultures aimed at shared prosperity and global order [Silvius, 2021].

BRI helped China make a transition from a fragmented state to an autocratic one. Recent Chinese studies posit that state fragmentation is inherent in the nation's political institutions and norms. The cultivation of compliance and legitimacy for political leaders is carried out by relying on personal support rather than a rule-based authority [Ye, 2020b].

Silvius refers to Summers, who describes BRI as a "state-led spatial fix" to expand infrastructure across Eurasia. The goal is to enhance the flow of money and describe the BRI as a modern approach that combines networks, infrastructure, and financial practices influenced by Chinese characteristics [Silvius, 2021].

The Belt and Road Initiative was conceived by the Chinese Communist Party (CPC). During the Third Plenary Session of the CPC's 18th Congress in November 2013, the BRI was introduced as part of China's long-term economic reform strategy. By the 19th Congress in October 2017, BRI had been formally incorporated into the party's constitution. The Central Small Leadership Group for BRI Development established a governmental hierarchy to manage the initiative's design and implementation. This group is chaired by a member of the CPC Standing Committee, alongside two Politburo members. Domestically, the 'innenpolitik' factor motivates the CPC to strengthen its "performance" and "nationalist" legitimacy by driving economic growth and restoring China's 'national greatness' through BRI [Clarke, 2019].

The implementation of BRI involves three actors: bureaucracy, local governments, and companies. The bureaucracy is responsible for introducing policy ideas and executing both existing and new projects. Local governments are to comprehend and implement programs in tune with the local needs, while the MNCs and other actors leverage the strategy to expedite and expand their operations. Apart from these, policy communities consist of advisors and think tanks involved in track-two interactions for policy formulation and implementation [HKUST Institute for Emerging Market Studies, 2020]. Пізніше надіслано уточнення

The state framework of China comprises three blocs: the party leadership, state bureaucracy, and subnational actors. Subnational actors play a prominent role in policy implementation as it varies from one level to another. Min Ye argues that this variation often results in fragmentation of authority in the policy process as subnational actors are tasked with the actual implementation of the policy [SMU Tower Center, 2020].

Min Ye [2020] studies the cities of Chongqing in Western China, Ningbo near Shanghai, and Wenzhou in Southern China, representing three different ecosystems within China. This study shows the variation in the implementation of BRI across regions.

Chongqing collaborated with local companies and think tanks to introduce e-commerce zones, the China-Singapore financial zone, and the China-Europe Railway Express. On the other hand, Ningbo collaborated closely with local governments to implement initiatives such as the Maritime Silk Road Shipping Index, the Central Eastern European Consortium, and the Zhejiang BRI experiment zone. Wenzhou, a port city in Zhejiang Province, tapped into its immigration and business presence by hosting the BRI Expo and by establishing an industrial park. These initiatives also had divergent economic consequences (SMU Tower Center, 2020). However, what is notable is the customization of projects according to the geographical and economic factors. This also sheds light on the strategic planning of the state and its mobilization tactics to bring various regions into play according to their relevance.

BRI can be viewed as a part of the central government's broader framework to assert its dominance over local governments while also giving them an enabling role in external actions. While the central government requires local governments to align with national development goals, it also grants them a degree of autonomy. The BRI reflects a new phase of centralization after a period of relatively greater autonomy in the post-1978 era during the reform era. Mierzejewski [2021] notes that provincial governments have shaped their own foreign and economic policies and competed with one another. This competition can be horizontal, i.e., among provinces, or vertical, i.e., between the central government and provinces. The central role played by the federal government is to encourage collaborations between provincial governments and reduce a tendency for fragmentation, which is often triggered by local competition. The Yangtze River Economic Belt project serves as an example. BRI was well-accepted among provinces like Beijing, as they saw it as an opportunity to attract more investments, while some were cautious and preached economic protectionism. BRI projects like the Yangtze River Economic Belt have addressed this issue in some way by forging cooperation between provinces. This helps provincial governments strike the right balance between domestic integration and global competition and nullifies the negative effects of protectionism and fragmentation [Mierzejewski, 2021].

Xi Jinping's leadership evoked to historical analogies like that of the Han Dynasty's strong centralized state [Mierzejewski, 2021]. Mierzejewski [2021] draws on Zheng Yongnian's concept of "de facto federalism" and lays out the dynamics of coercion, bargaining, and reciprocity between the central government and provincial governments. The force or compulsion of the coercive power of the central state pushes the rest of the provincial and local governments into compliance with national policies, including the BRI.

Provincial governments bargain with the central government to seek preferential policies, autonomy, and additional funding to implement BRI-related projects. The center provides the provinces with resources as well as policy support, while the latter is supposed to contribute to national development by ensuring conformity with the national directives.

The discourse analysis of reports delivered by provincial governments at the people's congresses from 2015 to 2020 [Mierzejewski, 2021] highlights how provinces interpret and implement BRI policies. These reports show that some provinces position themselves as key players in the BRI, leveraging their geographical location, economic strength, or strategic importance to attract government support and foreign investment. For example, coastal provinces like Guangdong see themselves as gateways for China's engagement with global markets, while inland provinces like Sichuan emphasize promoting regional connectivity.

Heilongjiang and Yunnan are prime examples of cross-border cooperation and para-diplomacy that the BRI entails. Heilongjiang, for instance, engages in cross-border cooperation with Russia, mainly through the Heihe-Blagoveshchensk route, acting as a gateway for trade and investment between China and the Russian Far East. On the other hand, Yunnan has ties with Southeast Asia, particularly Myanmar, through the Ruili-Muse connection and has made tremendous economic progress through projects like the Kyaukphyu port in Myanmar, giving China access to the Indian Ocean. These provinces engage in 'bottom-up' diplomacy, reflecting a decentralized nature of decision-making [Mierzejewski, 2021].

Mierzejewski [2021] also brings up the case studies of Sichuan and Chongqing. The BRI aims to modernize these landlocked areas by integrating them fully into both domestic and global economic networks. Sichuan is a hub for Eurasian connectivity that focuses on infrastructure development and international trade. The provincial capital, Chengdu, serves as a crucial logistics hub in the Eurasian land bridge to enhance trade with Europe and Southeast Asia. With the development of the China Railway Express, Sichuan could expand its interaction with Eurasian trade routes. Chongqing is strategically placed as a key link between the Belt and Road Initiative and the Yangtze River Economic Belt (YREB). Chongqing acts as a connector between inland provinces and the central government's grand strategy, hosting financial and infrastructural projects critical to both BRI and YREB. Sichuan and Chongqing, despite their collaboration under the BRI framework, engage in horizontal competition for central government resources and international partnerships. The BRI has, in part, fueled this competition by allowing provinces to pursue their own foreign relations strategies, thus leading to what the chapter describes as "shadow paradiplomacy" [Mierzejewski, 2021].

2. Economic Imperatives and Developmental Strategy

BRI is seen as a means to meet the domestic economic aspirations of China and to address economic disparities between its interior and coastal regions. The ‘West Development Strategy’ and ‘Going Global Strategy,’ which can be read in line with the BRI, involve FDI, labor, and economic cooperation programs [Silvius, 2021].

China's policies, including the BRI and other strategic and economic tactics, may exhibit certain Byzantine traits in its strategy and approaches. For instance, in 1998, the Chinese GDP was less than a quarter of Japan's, while in 2018, the ratio flipped. Apparently, the domestic motivations and opportunities related to BRI make it attractive to investors, business actors, and local governments [Ye, 2020].

Lai [2020] posits that BRI was a mechanism for the Chinese state to reduce economic vulnerabilities and boost economic growth and a means for the ruling party to gain political legitimacy [Lai, 2020]. This was seen as an apparatus to balance SOEs and private companies, propel the investment-intensive growth model of China, and avert the shortcomings of such a model, such as those of overcapacity, bankruptcies, and layoffs.

China faces economic risks mainly in three areas: too much production in industries like mining and heavy manufacturing due to hasty investments; a rise in energy imports to support its manufacturing and transportation; and a slowdown in coastal regions, which are important for the country's growth. BRI enables the state to direct its surplus capacity to industrial and infrastructural projects in the nations in BRI, which helps China sustain its growth while obviating the aforementioned shortcomings. Secondly, BRI helps the western provinces of China forge ties with Eurasia and diversify its avenues of growth instead of relying solely on the coast. Thirdly, BRI enables China to build economic cooperation and further diversify its land-based pipelines for energy imports. Additionally, China could find new markets and strengthen its export capacities, improve industrial capacity utilization, address its declining sectors, broaden its foreign trade, bring in FDI flows, and finally serve the political and economic motives of the ruling party [Lai, 2020].

3. Cultural Influence and Soft Power

Min Ye [2020] holds that a three-tiered ideology has moved BRI from a tentative proposition to a nationwide mobilization. This comprises nationalism, developmentalism, and the market forces. The state employs a nationalist rhetoric to push policies among them. The logic of developmentalism is often employed to appeal to the masses by projecting BRI

as a mechanism to aid technological advancement and initiate economic rebalancing. The market forces played a crucial role at the grassroots level [SMU Tower Center, 2020].

Propaganda has also played an essential role in how BRI is projected among the masses and in the international arena [Zhao, 2019]. As Min Ye notes, President Xi, the Premier, and think tanks have taken up this issue in various ways. For instance, President Xi uses loaded phrases at bilateral and multilateral platforms, while domestic platforms articulate concrete proposals, often invoking nationalist rhetoric. Premier mainly discusses capacity cooperation and local mobilization while think tanks expand the pre-existing ideas [SMU Tower Center, 2020].

Governments and scholars often overlook the cultural and people-to-people ties aspect of BRI. The sense of cultural alienation among the Han Chinese and their sense of insensitivity towards racial and ethnic minorities have made comprehending people-to-people ties significant to BRI difficult.

Chen [2019] identified five significant issues that address inter-ethnic challenges in Xinjiang. The paper talks about the differences in development between northern and southern Xinjiang, the difficulties in creating a single Chinese identity that includes all ethnic minorities, the need to protect cultural heritage and accept minority cultures, unequal access to public services, and the growing complexities caused by international influences and relationships between different ethnic groups. CPC leveraged BRI to build a narrative of China's rejuvenation, and cultural initiatives were tied to it to construct national identity.

Challenges and Criticisms

It is a naive approach by the West to label a multi-faceted and comprehensive initiative as BRI to promote "authoritarianism." In the host countries, China portrays itself as an economic forebearer and finances the infrastructure projects from within when the country itself is marred in uneven economic development. The weak economies and fragile domestic environments in these recipient countries have pushed predictions of rising debts, declining productivity rates, and slower growth rates in China. These might harm China's business interests and drive only a little profit home. There is also an idea that China is meddling in the internal affairs of host countries and triggering political conflicts. Another risk associated with BRI is that it traverses through security-wise and politically unstable, conflict-ridden, developing countries lacking political accountability and often posing threats like terrorism. Some of them lack comprehensive regulatory frameworks, and this brings along with it consequences of environmental effects and hindrances in the management of operations. Also,

many of these regions seem appealing for investment, though they could fail to deliver the anticipated returns.

If China doesn't pay attention to the risks involved in the BRI, it might cause a "strategic overload," wherein the country will be plunged into an economic burden by not being able to evenly spread its resources across all areas. Any political miscalculations or strains in balancing between domestic and global ambitions might push the country into an economic crisis. Chances are, a wave of dissatisfaction might also rise among the host countries due to debt issues induced by the projects under BRI. This will only get stronger given the collapse of the economies of Sri Lanka and Pakistan. If China does not respond to the domestic challenges or shape its international perceptions, BRI will continue to be labeled an arm of China's "facade diplomacy." It must also accommodate its diverse social and cultural settings and address the structural issues inherent in BRI to mitigate potential risks.

Conclusion

The current literature discusses the diverse aspects of the BRI. In this paper, the author has tried to bring together the features of statecraft, governance, economics, culture, and the soft power of BRI that have been researched from a domestic perspective. The author described how the domestic developmental strategy of China coalesces with its global ambitions. Despite facing numerous challenges, the Belt and Road Initiative has successfully brought about political, economic, social, cultural, and environmental transformations in its host countries.

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