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# **ON A REVITALIZED, VIBRANT, AND PROSPECTIVE PHENOMENON**

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**Abstract:** The article comprises four sections – an introductory executive summary; a discussion of the Neo-classical concept of the Great Silk Road in Part One; the response of the USA and the EU in Part Two; and a detailed conclusion.

The introduction describes the tectonic shift in the global economic triad (in the past, the present and the future) underlining the dynamic trends in the economic mainstream.

Part One presents an analysis of the revival of the Silk Road and its substantiation through the One Belt – One Road initiative and justifies its multi-vector diversification.

Part One discusses the negative implications of the Rust Belt in The United States of America. Having failed to undermine China's initiative, the US launched their Blue Dot Network project while the EU modified the original initiative into a European Silk Road.

The extended conclusion reviews the second- and third-level synthesis to define the Belt Economy as an economic trend such as the digital, entrepreneurial, partnership, narrative, etc. types of economy.

**Keywords:** globalization, belt economy.

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## **Introduction**

**E**conomic trends are defined and directed by the global economic triad. *Previously*, it comprised the USA, Japan, and the European Union (EU).

*Today*, Japan has been replaced and the triad now comprises the USA, China, and the EU.

*Tomorrow*, it will likely include China, the USA, and India.

An analysis of the present global economic triad is appropriate and useful because the unbiased researcher can identify the trends and phenomena that will prevail in the coming decades. This is what the author intends to achieve in this publication.

Our secondary objective is to define the role of some older and new mainstream economic trends, such as:

1. Knowledge-based economy,
2. Learning economy,
3. Sharing economy,
4. Partnership economy,
5. Entrepreneurship economy,
6. Circular economy,
7. Digital economy,
8. Inspiration economy,
9. Hub economy,
10. Narrative economy.<sup>1</sup>

We have to bear in mind that new “flowers” can be added at any time to this ranged bouquet of new economic ideas and practices.

Furthermore, the world is now facing a significant problem of our modern times – **scarcity of customers and consumers rather than scarcity of goods and resources.**

In the final paragraphs of this introduction we shall consider a term, which is in its Renaissance in Bulgaria today. The term “infrastructure”,<sup>2</sup> which was introduced in the spring of 1972, is now a complex economic category. Its typological diversity casts both gnoseological and practical light on the current policies of our country and the European Commission.

The category can be subdivided into transportation infrastructure, including:

\*road; \*rail; \*river; \*sea; \*air (space); pipeline, etc.;

The second subcategory is the energy infrastructure, which includes NPPs, WPPs, TPPs, HOPPs, renewable energy sources.

Waters Supply and Sewerage infrastructure, IT, or digital infrastructure, etc.

The above factors underlie a new idea in the field of mainstream economics.

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<sup>1</sup> For the last four years, the author has published many papers on the third, seventh, and eighth types of economy.

<sup>2</sup> This happened during the course in Management Systems and Models for the Services Sector with 4<sup>th</sup>-year students in Scientific Organization of Management at HIFA D. A. Tsenov in the town of Svishtov.

## I

**Neo-Classical Concept of “The Great Silk Road”.** At the World Economic Forum held in Beijing in the spring of 2017, The leader of the People's Republic of China, Xi Jinping, announced a project entitled *One Belt – One Road*. The project is actually an initiative to revive the **Great Silk Road**, which existed until 1700 AD and was also known as *Jade Road*<sup>3</sup>. The road went from China through Central Asia to the city of Petra and the Mediterranean to connect Asia and Europe overland. It was used by the *first international entrepreneur – Marco Polo*.

Without going to extensive details about the ancient and rich history of China, we should only point out that the country had **printed books as early as 6<sup>th</sup> century AD and invented the silk, the gunpowder and the porcelain!**

Presently, in the early days of his office (2012, 2013), Xi Jinping initiated:

- A reform of the reforms,
- The Chinese Dream programme,
- Formation of a prosperous middle class,
- The One Belt – One Road strategy launched in China in 2013<sup>4</sup>

This means that considerable efforts were made in the global economic and political space more than five years ago. We can a priori argue that the new economic strategy of the People's Republic of China (PRC) is a neoclassical version of the medieval "Silk Road". How come?

1. The project encompasses three continents (Asia, North Central Africa and Europe), while the classic Silk Road connected only Asian countries. For example, in 2017, East Wind - the first direct freight train from China to the UK – pulled up at Barking railway station in East London after a 16-day journey through eight countries.

2. In addition to the land route, a sea route (through the South China Sea, the Pacific Ocean, the Indian Ocean, the Suez Canal, and the Mediterranean Sea) is being developed as well. In fact, the 2013 initiative combines two separate projects - the Silk Road Economic Belt and the 21st-century Maritime Silk Road. The latter did not exist in the past.

3. The President of the Republic of France, Emmanuel Macron, suggested in 2017 that the land route should branch through the Russian

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<sup>3</sup> Allegedly from “jade” – an old, overworked pack horse or camel. See. Damyanov, A. Aspects of International Management. Abagar, Veliko Tarnovo, 1996, pp.7-8.

<sup>4</sup> Damyanov, A. Clash of paradigms in the global economy. in Scientific Papers Vol. 10. Published by the International Business School in Botevgrad, 2018, pp. 7 – 40.

Federation to connect China and Europe through Russia. The French leader may have been referring to establishing an alternative route to avoid the terrorism and turmoil in Central Asia.

4. Graphically, the Silk Road can be represented as a **fishbone diagram**.

5. The initiative combines the classic overland route with a maritime route to create a **Neo-classical model of the Great Silk Road**.

Allow me a small diversion which is still related to the topic. On July 14, 1989, Paris celebrated the 200<sup>th</sup> anniversary of the French Revolution and its ideas of freedom, brotherhood, and equality. The celebrations were attended by the ideologist and architect of the Chinese reforms Dun Xiao Ping. When he was asked about his opinion of the revolution, he replied that 200 years were too short a period to evaluate the historical event.!!?

From the answer of one of the most insightful persons of the twentieth century, it can be inferred that all aspects of China's policy are considered carefully and meticulously and planned with vision for the future.

Thus, considering its complexity, China's global policy **resembles an iceberg**. Some of us can see the tip above the water while the submersed part certainly consists of many and complex layers that are a challenge for the foreign analysts.

We have already mentioned that China's behaviour on the global arena is meticulously planned, which means that the PRC has adopted the main traits of the policy of the Roman Empire in terms of international trade relations and development of a road network and construction of administrative and rehabilitation buildings. Later on, we shall discuss how this is done today in China.

Secondly, within the implementation of the Silk Road project, the PRC develops two major infrastructural components – its transportation network and energy production facilities. The development of the transportation infrastructure includes:

- Development of the road network through construction of roads, bridges, highways, etc.;
- Development of the railroad network, especially in Central Asia and partially in Central Africa;
- Construction of oil and gas pipelines.
- Development of the river and sea network through construction of new and modernization of existing ports.

The other infrastructural component - the energy sector – is being developed according to the available natural resources along the road through construction of thermal power plants, hydro power plants, nuclear power plants, and solar power facilities.

These transformations are carried out due to the new **infrastructure diplomacy**.<sup>5</sup>

Moreover, the PRC invests not only in infrastructure projects, but also in international acquisitions, green field investment projects, privatization, etc.

China has been actively involved in the privatization of local factories in the former Soviet republics of Turkmenistan, Uzbekistan, Kyrgyzstan and Tajikistan in Central Asia. It establishes businesses and even entire settlements in various Central African countries, such as Côte d'Ivoire, Senegal, Zimbabwe, Ethiopia, etc. For example, a Chinese entrepreneur, who does not speak French, arrives in Côte d'Ivoire and builds a production plant for PVC products in a few weeks. In such a way tram lines, government and office buildings were built in Ethiopia (in Addis Ababa.)<sup>6</sup>

Furthermore, the PRC announced that the One Belt – One Road project already includes **65 countries on three continents**. We assume that this number includes the countries from the “16+1” or “17+1” format<sup>7</sup> proposed in 2011. Most of these 16 countries are from Eastern and South-Eastern Europe: *Lithuania, Latvia, Estonia, Poland, Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Slovenia, Serbia, Bosnia and Herzegovina, Montenegro, Albania and Northern Macedonia*.

These countries are grouped into three categories: the Baltic States group, the Visegrád Four, and the Southeast European countries. A more detailed analysis shows that some of them are members of the EU while others are candidates for membership in the union. We can only speculate whether the latter are the battlefield of an unofficial rivalry between the PRC and the EU.

Therefore, the One Belt - One Road project also attracts other groups of countries with varying degrees of integration, such as the Eurasian Economic Union, the Shanghai Cooperation Organization, BRICS,<sup>8</sup> the EU, etc. In this respect, there is a careful sidling of the SAR in Africa. Several million Chinese are already working and living on this continent.<sup>9</sup>

The graphical representation of the Silk Road as a fishbone is shown in Figure 1 below.

The logical functional and structural question that arises is *Which gravitational force lies in the core of this megaproject?*

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<sup>5</sup> <https://www.vesti.bg/sviat/pytiat-na-kitaj-kym.....p.4>

<sup>6</sup> <https://www.investor.bg/drugi/338/a/kitaj-nalaga-nova-forma-na-globalizacija.c.1-3>.

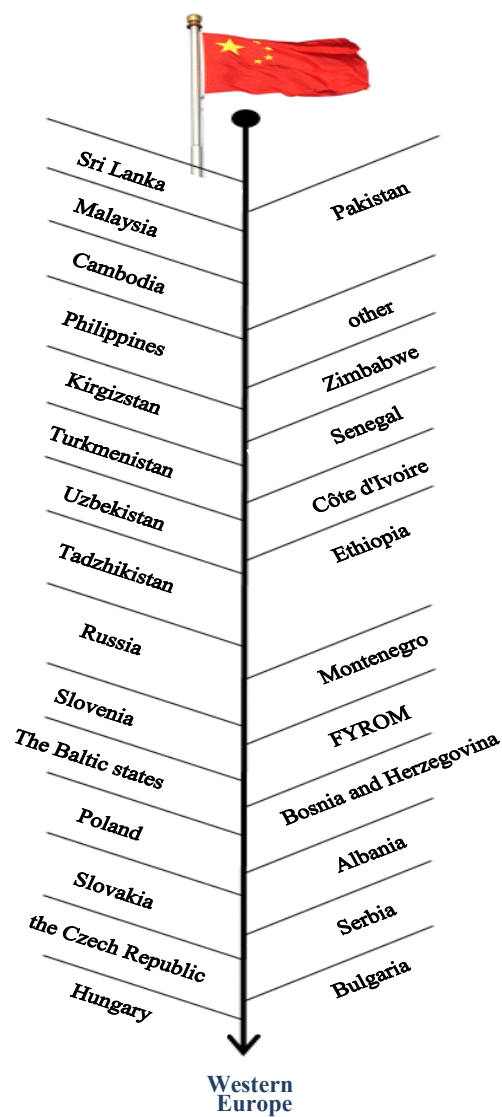
<sup>7</sup> Currently 17 after the inclusion of Greece.

<sup>8</sup> BRICS – Brazil, Russia, India, China, and the South African Republic.

<sup>9</sup> The statistical reports are contradictory and the number of the Chinese citizens living and working in Africa varies between 1 and 120 mln..

This might be the Chinese spirit, which is „a historical initiative with a future vision”.

The Chinese spirit represents a united harmonic force for survival in hard times.



Source: author's drawing (A. Damyanov)  
*Figure 1. Fishbone diagram*

The Chinese spirit is the will to keep on going while facing difficulties and deprivations.

The Chinese spirit is the perseverance towards future goals.”<sup>10</sup>

The above quotation explains to a large extent the main component of the underwater part of the iceberg which prevents a vicious circle.

To summarize this part of the study, we may conclude that the PRC's behaviour on the international economic arena, which aims to connect three continents and many countries, is based on the principle of mutual benefit from the “All-under-Heaven” concept. This will help us look beyond the invisible part of the iceberg.

In this context we shall share some ideas expressed by Zhao Tingyang. According to the Chinese philosopher' theory of “All-under-Heaven” the world is a global political unity – the biggest and highest political unit.

This concept, according to Lao Tzu: **“Every creature should be regarded from the point of view of the creature; every family should be regarded from the point of view of the family; every settlement should be regarded from the point of view of the settlement; every kingdom should be regarded from the point of view of the kingdom; All-under-Heaven should be regarded from the point of view of All-under-Heaven.”** Or, as Zhao Tingyang points out, the All-under-Heaven concept is based on the idea that the global powers should work for the common good rather than plunder the world.

In other words, this establishes a principle of political co-operation that ensures the most peaceful process and the highest level of tolerance.

Comparatively, the All-under-Heaven theory and the western philosophy are diametrically opposite, because the western philosophy is based on the individual as a constituent part of the state rather than the world in general.<sup>11</sup>

**Thus, China moved from a revival of the Silk Road to its practical implementation through the One Belt – One Road initiative.**

## II

**The reaction of the USA and the EU.** While China was reviving the Silk Road, the United States faced the enormous problem posed by Globalization 1.0. The essence of this problem lies in the emergence of the **“American Rust Belt”**, which had a great impact on the 2016 presidential

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<sup>10</sup> China Spirit, a Great Wall at Heart Build to Ward off Global Crisis. People's Daily. July 30. 2009. Цитирано по Ан. Калецки. Капитализъм 4.0, p. 409.

<sup>11</sup> We shall not elaborate on this concept, which can be the subject of another study.

elections. The Rust Belt refers to an area (mostly the states near the Great Lakes, and some Midwest states) where a sharp decline in industrial work left many factories abandoned and desolate, causing increased poverty and high unemployment rates and superfluous people.

A slight, but worthwhile diversion: the “superfluous man” is a Russian literary concept from the beginning of the 19<sup>th</sup> century.<sup>12</sup> Examples of superfluous men are Chatsky from Griboedov’s “The Woes of Wit”, A. S. Pushkin’s Eugene Onegin, and Pechorin of M. Y. Lermontov’s novel “A Hero of Our Time”.

Both the people from the Midwest states<sup>13</sup> and the characters depicted by Pushkin and Lermontov have strength of character, energy, knowledge and qualification but do not have the opportunity to apply them in practice.

One more diversion. Our country has its own Rust Belt in the making. It encompasses the whole Northwestern region, most of the Central North region and parts of the Northeastern region and is characterized with desolated villages and towns, unemployed people, economic emigration and closed factories and plants.

The US’s reaction to the Chinese One Belt – One Road initiative was impulsive rather than rational. The Americans had two options:

The first one was to adopt a strong negative-deconstructive strategy and to persuade the countries participating in the huge trans-continental project that it is a “debt trap” and that they should not participate in the construction of transportation and energy infrastructure facilities.

The second option was to adopt a constructive and innovative strategy and join the initiative as participants rather than leaders.

The US seem to have chosen the first option. They do not realize that the world is in the age of Globalization 2.0, with China as a leading economy. Within this new version of generation of globalization, the emphasis is put on the construction of roads, railways, factories and power plants. Jobs are being created, employment rates are increasing in regions with the lowest levels of employment. All decisions are made in collaboration with local authorities.

The United States still live in Globalization 1.0, also known as “Americanization.” Its underlying principles are the predatory plunder of the natural resources of other countries, cruel exploitation of people, pollution of the environment by outsourcing “emission-intensive” production abroad.

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<sup>12</sup> See: Damyanov, A. National and International Assumptions. A Keynote Speech at the Jubilee International Scientific Conference “Economics and Management in the 21<sup>st</sup> century – Solutions for Stability and Growth”. Svishtov, 2011.

<sup>13</sup> The voters from these states contributed greatly for the election of the current US President in 2016, and in 2017 he undertook actual economic measures to take them out of this category.



In an attempt to revise their general policy, the United States through the government-owned *Overseas Private Investment Corporation* (OPIC), Australia's *Department of Foreign Affairs and Trade* (DFAT) and Japan's *Bank of International Cooperation* (JBIC), launched at the end of 2019 a joint project entitled **Blue Dot Network**.<sup>14</sup>

The aim of the project is twofold. On the one hand, it aims to develop a maritime transport infrastructure in the Indian and Pacific oceans, and on the other hand, its strategic objective is to undermine China's leadership. Therefore, we can expect a clash of belts **Blue Dot Network versus One Belt – One Road**.

While the United States are establishing strategic alliances, China is already building a new generation of technological belt referred to as **Digital Silk Road** by pulling fiber-optic cables to Europe, North and Central Africa and Southeast Asia, thus entering a new stage of development of the Silk Road.

Another type of belt, which is worth considering as well, is the so-called **Deep People**. It is not subject to discussions because it is in the invisible part of the iceberg, where the access of "unauthorized personnel is strictly forbidden." Nevertheless, our idea of this belt is clear. Those who choose to investigate this aspect will probably need a set of tools including a microscope, a telescope, a periscope, etc.

But let's not stray further from the topic because we are almost at the end of our discussion.

What was the reaction of the European Union as the third member of the global economic triad? At the end of 2019, the EU announced its intention to establish their own **Silk Road**<sup>15</sup> as well. The estimated cost of the project is € 1 trillion and it will include construction of electric highways, high-speed trains, ports and logistics centres to connect Western and Eastern Europe.

The reaction of the US, Australia and Japan, on the one hand, and the European Union, on the other, are **indicative for the actual prospects of China's One Belt - One Road initiative**.

\* \* \*

**Conclusion.** The above ratiocinations lead us to a **second level of generalization** regarding the various types of belts in the global economy, which can be classified:

- a/ positive and negative;
- b/ strategic and non-strategic;

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<sup>14</sup> See: money.bg.15.11.2019.

<sup>15</sup> See: Report of the Vienna Institute for International Economic Studies. 2019

c/ single-vector and multi-vector;

d/ remnants of the past and visions of the future.

For example, the American Rust Belt is negative, it is a remnant of the past and is non-strategic. China's One Belt - One Road initiative is positive, strategic and forward-thinking.

Moreover, a rivalry between China, the US and the EU is emerging in this field.

At the **third level of synthesis**, we observe a new type of economy – a **Belt (or Belt-based) Economy**.

This may be considered diversification of the morphogenetic structure of the global economic morphogenetic field.

Finally, it might be a new flower which we can confidently add to our bouquet of new and not so new economic ideas and trends. And of course we leave the door open for further discussion.

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