Colloque international
Penser l'économie de demain et le futur de l'économie politique
AFEP, IIPPE, ADEK, Association for Heterodox Economics, EAEPE
Lille, France / 3-5 juillet 2019

Belt and Road Initiative: a Chinese Marshall plan?

Bruno De Conti[1]
Marina Sequetto Pereira[2]
Daniela Magalhães Prates[3]

Abstract

Currently, the most important long-term plan proposed by China is the “Belt and Road Initiative” (BRI), which comprehends projects in many different fields, related to the foreign, but also to the domestic policies. This initiative is quite impressive in its ambition, its diversity, the number of countries and the resources involved. This paper aims to contribute to these investigations by developing a comparative analysis of the Belt and Road Initiative and the Marshall Plan, implemented by the United States after World War II. Comparisons between so different countries and historical moments require obviously extreme caution – notably because the Marshall Plan was completed more than sixty years ago and the Belt and Road Initiative is still on its initial phase. Nevertheless, our hypothesis is that one may find similitudes between these initiatives regarding some of the motivations behind them. The paper argues that behind the rhetoric of the international benefits deriving from the plans, they aim also to deal with national economic and geopolitical wills of the proponent countries. More importantly, they respond to a historical necessity inherent to all market economies, that is, extroversion.

Keywords:

Marshall Plan, Belt and Road Initiative, international trade, infrastructure, geopolitical power.

1. *Introduction*

Unquestionably, China is currently one of the most important players in the world. In many diverse fields, discussions regarding the future of the world society require deep analysis of this country’s current reality and plans. Investigations about China show its tendency to implement a very interesting combination of policies. In one hand, a pragmatic posture in face of the world challenges, manifested in the flexibility its government has to adopt policies that succeeded elsewhere, to make pilot projects,

[1] Professor at the Institute of Economics, University of Campinas (deconti@unicamp.br).
[2] PhD in Economics, University of Campinas (masequetto@gmail.com).
[3] Professor at the Institute of Economics, University of Campinas (prates@unicamp.br).

abandoning them or extending them according to its results, and so on. In the other hand, China keeps the tradition of implementing long term plans that have been really important for its economic development in the last decades.

Currently, the most important long-term plan proposed by China is the Belt and Road Initiative (BRI) that comprehends projects in many different fields, related to the foreign, but also to the domestic policies. This initiative is quite impressive in its ambition, its diversity, the number of countries and the resources involved. Due to the lack of organized information, there are not yet so many deep academic researches about this plan. Nevertheless, all over the world, the media is discussing this strategy through the lens of economics and politics. In some debates, the Belt and Road Initiative is compared to the Marshall Plan – implemented by the United States of America after World War II –, since it also involves the provision of funds to many countries in the world.

This paper aims to contribute to these investigations by developing a comparative analysis of the Belt and Road Initiative and the Marshall Plan. Comparisons between so different countries and historical moments require obviously extreme caution – notably because the Marshall Plan was completed more than sixty years ago and the Belt and Road Initiative is still on its initial phase. Nevertheless, our hypothesis is that one may indeed find similitudes between these initiatives regarding some of the motivations behind them.

Besides this introduction, the paper is structured in three more sections. Section 2 describes the Marshall Plan and its objectives; section 3 analyses the Belt and Road Initiative and its main motivations; and section 4 raises some final remarks, summarizing the main differences and similarities between the two plans.

2. *The Marshall Plan: recovery of the European economy and consolidation of the US hegemony*

World War II left the European continent in a really chaotic situation. The countries involved in the war lost important parts of their population, infrastructure, capital goods and crops[4]. In this context, the president of the United States of America, Harry S. Truman (in office from 1945 to 1953), asked George Calett Marshall Jr., the Secretary of State Department at that time, to come up with a plan to deal with the

[4] For details, see for instance Mazzucchelli (2009).

situation in Europe. Some independent studies were developed and all of them pointed to the need to set up immediately a program to alleviate production bottlenecks in Europe.

It is widely known however that this plan was not only a humanitarian plan, aiming to recuperate good life conditions for the Europeans, but it had also a clear geopolitical component: “Western Europe’s economic recovery would also make the region less vulnerable to Soviet influence” (Karmin, 2009, p. 121). Besides that, it responded as well to some national goals of the United States, related to its own economy, as we will discuss below.

The proposed plan involved an enormous financial commitment, since the idea was addressing to Europe an estimated amount of US$ 17 billion in 4 years. Hence, it created some resistance in the Congress, but also among the general public in the United States. At that time, the country’s political arena was somehow divided in internal disputes between the so-called "internationalists" – those who were claiming for a more active participation of the United States in the global affairs – and the "isolationists" – claiming that the country should not engage in important commitments with global affairs, but should rather take care of the domestic questions (Block, 1977).

Yet, some events in Europe turned out to be more persuasive than the Marshall Plan's own supporters: in 1948, the Soviet Union began to strengthen its control over Eastern Europe, and in February this year the government in Czechoslovakia was replaced by another government, controlled by the Soviets. At the same time, the Soviet Union began to make pressure over Finland, trying to push it to join the Soviet alliance. Moreover, the possibility of a growing communist force in Western Europe was turning higher by the possibility of a communist victory in the Italian elections (Sanford, 1987). The internal disputes in the United States Congress were therefore supplanted by a consensus that: “the way to combat communism is with prosperity” (op. cit., p.8)

Concerning their own national economy, the United States had two main objectives arising from the Marshall Plan: i) generate overseas demand for its own products; ii) create new outposts for the expansion of its companies abroad (Sequetto, 2018).

Actually, before these events, there was already a concern about the risk of the configuration of a depression similar to the one that had hit the country – and the world – in the 1930s. According to Block (1977, p. 82), American planners foresaw in early 1947 that “the world will not be able to continue to buy US exports at the 1946-47 rate beyond another 12-18 months”. During the war period, the United States had provided loans to the Allied countries, that were used to buy military and first necessity goods from the US (Mazzucchelli, 2009). The perception by the committee involved in the investigations about the future of the US economy was therefore that the lack of international reserves in Europe conjugated to a non-availability of credit lines worldwide would inevitably result in a rapid and intense decline in US exports. Finally, these problems arising from the external front coinciding with a domestic recession could result in a sharp depressive effect on prices, production and employment in the country.

Therefore, "The State-Navy-War Coordinating Committee drew from its analysis the logical conclusion about US prospects: it proposed a major US aid program to finance a continued high level of US exports" (Block, 1977, pp. 82-83). Seeking to reestablish an intense trade between the United States and Europe in the post-war period, the plan hence emphasized the need for the US to maintain a high trade surplus.

Obviously, these internal reasons were not explicitly declared. Once having his Plan accepted by the Congress, Marshall organized a ceremony in Harvard to announce it. Alluding to a devastated Europe, he stated:

> *It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health to the world, without which there can be no political stability and no assured peace. Our policy is directed not against any country or doctrine but against hunger, poverty, desperation and chaos* (MARSHALL, 1986, s/p).

During the Plan period, between mid-1948 and 1952, US$ 11.6 billion were donated and US$ 1.8 billion were lent to European countries. Japan received US$ 950 million in donations and US$ 275 million in loans under the Dodge Plan[5] (Mazzucchelli, 2009; Solomon, 1979). The Marshall Plan imposed some commitments on the part of the beneficiary countries, having as one of the key ideas to restore freedom for the international trade.

It is clear therefore that the United States' goal with the Marshall Plan was to maintain its trade surpluses, strengthen its hegemony and refrain the possibility of an increasing influence of the Soviet Union in Europe (and in the world). The Bretton Woods agreement – signed in the United States in 1944 – had defined that the world's key currency would be the US dollar. The gold standard – the dominant monetary system before the World Wars – was replaced by a gold-dollar standard (Eichengreen, 1994).

[5] The analysis of this section also applies to the similar plan launched for Japan in 1949, named Dodge Plan.

This required therefore a circulation of dollars around the world – even to keep generating the trade surpluses in the United States. Hence, it was necessary to face the world's scarcity of dollars. Indeed, the European countries deficits were resulting in US dollars flowing from Europe to the United States and in order to avoid the circuit interruption, it had to be followed by any manner of "returning" these dollars to Europe. With the Marshall Plan, this could be done through the provision of these financial resources to Europe – the same reasoning being valid for the Dodge Plan in Japan.

Moreover, the Marshall Plan required some commitments from the beneficiary countries with the aim of expanding intra-European trade by removing barriers in Europe. The main requirements of the United States were, firstly, the liberalization of intra-European trade, but keeping temporary restrictions on imports from the dollar area. Secondly, the expansion of exports to the dollar area. One of the measures to achieve this objective was the devaluation of the European currencies in 1949, which reached 30% regarding the US dollar in some countries (Solomon, 1979; Helleiner, 1977).

Besides the channel of exports, the transfer of funds for Europe could be implemented through donations and loans (the official channels of the Marshall Plan), but also through foreign direct investment (FDIs). Not by chance, there was at the same period a stimulus in the United States for the internationalization of its companies. The US government created incentives for companies to invest abroad. That is, analyzing retrospectively, it is possible to notice that there was a combination of public resources channeled through the Marshall Plan with a stimulus to the private capital to go abroad, through direct investments.

In all this framework, it is possible to realize that throughout the Marshall Plan, the United States was able to prevent the European countries to receive loans from the "new born" International Monetary Fund (IMF). In this way, the main recipients of the IMF's resources have been the peripheral countries, committed to external adjustment and stabilization programs supervised by the Fund. Eichengreen (2012) concludes that what the United States did was to prevent the IMF from acting along the lines proposed at Bretton Woods, reinterpreting the Agreement and making the loans by the Fund not necessary for this group of selected countries (Western Europeans' and Japan). Baer et al. (1995) agree that during this period the IMF had only a marginal role and claim that in doing so, the United States affirmed its position as a hegemonic power becoming, in fact, the managers of the international monetary order.

Even Paul Volcker – former president of the Federal Reserve, the Central Bank of the United States – recognizes that the US strategy resulted in a kind of "by-pass" of the multilateral institutions, pulling the responsibility of the global governance to the United States:

> For a decade or more, the IMF's formal rules have been far less crucial to achieving stability and growth than the financial resources, open markets, and security commitments offered by the United States. The widespread acceptance and use of the dollar was a natural reflection of this reality (Volker, 1993, p. 32).

Finally, in addition to the financial resources that the United States provided to Europe, another relevant branch of the Plan was the technical assistance program:

> It began as a joint venture in which British manufacturing and agricultural teams would visit the United States to study American production methods. The program was subsequently broadened to include all nations participating in the European Recovery Program. In the 4 years of the Marshall Plan, more than 100 foreign technical teams visited U.S. factories and farms. Almost every type of manufacturing process was covered. Foreign industries interested in participating in the technical assistance program applied to ECA through their governments. If ECA approved, it then sought to set up a schedule of visits to U.S. firms willing to show their production technologies to visiting groups (Sanford, 1987, p. 15).

It is important to notice however that behind the technical assistance there was also a strategy of spreading US technology through Europe. Spreading the US technological standard throughout the world – and notably the central countries – is a very efficient way to increase the general dependency on the US goods and services.

The economy recovery of the European countries[6] after World War II was quite impressive. It is obviously impossible to state that this was totally due to the Marshall Plan, but is also inevitable to recognize that it played an important role in this rapid re-dynamization of these economies, as well as an important role for the consolidation of the United States as a hegemonic country and of the US dollar as the key-currency of the International Monetary System[7].

---

[6] And also – and even more impressively – Japan.
[7] For details, see Teixeira (1999).

3. The Belt and Road Initiative: world integration and benefits for China

The original silk road comprised a diversity of roads connecting Asia and Europe. More specifically, historians attest that it connected the city of Chang'an (later named as Xian, in China) to Antioque (currently in Turkey). Chinese documents register the existence of the silk road at least since the 2nd century B.C., but some historians claim that is was used even earlier[8].

The roads were used mainly for the transit of merchants willing to sell its goods – the most valuable one at that time being silk, what explains its name. Nevertheless, the transit of people is always a way of exchanging also culture among different regions. Hence, many Chinese inventions reached the West trough these roads. Reciprocally, Western culture – including some religions – reached Asia in this way.

Thousands of years later – in the second decade of the 21st century –, China reclaim the idea of the silk road to propose the reconstitution of a commercial axe crossing Eurasia. The plan was announced by President Xi Jiping during an official visit to Kazakhstan in September 2013. The place for the announcement was not casuistic, since this region in Central Asia is crucial for the planned new axe.

Hence, under the label of "Belt and Road Initiative" (BRI), this new silk road became since 2013 the heart of most Chinese policies – both domestic and foreign ones. Gradually, it originated an enormous quantity of associated plans in the fields of commerce, finance, diplomacy, but also education, researches and culture, involving more than 70 countries in the world.

According to its official document[9]:

> The initiative is a Chinese program whose goal is to maintain an open world economic system, and achieve diversified, independent, balanced, and sustainable development, and also a Chinese proposal intended to advance regional cooperation, strengthen communications between civilizations, and safe-guard world peace and stability.

More concretely, the initiative's main goal is to create the necessary infrastructure to connect all involved countries, mainly through land and sea[10]. Through land, the so-

[8] Some claim it has been existing for more than 7000 years.
[9] "Concept, Practice and China's Contribution", issued by the Office of the Leading Group for the Belt and Road Initiative in May 2017.
[10] With this aim, the abovementioned document proposes even a Global Infrastructure Connectivity Alliance.

called “Silk Road Economic Belt” is designed in three routes: one from Northern China to Europe and the Baltic Sea via Central Asia and Russia; one from North-west China to the Persian Gulf and the Mediterranean Sea, through Central and West Asia; and one from Southwestern China to the Indian Ocean via the Indochina Peninsula.

Through sea, the so-called “21st-Century Maritime Silk Road is planned over two major routes: the first one through the ports of China’s coast, crossing the Southern China Sea, the Malacca Strait, and reaching the Indian Ocean, that gives access to Europe; the second one starting from the ports of China, crossing the Southern China Sea, and going through the the South Pacific.

Hence, the idea is to create new roads and railways going continuously from (let’s say) Shanghai to Amsterdam; and creating new ports – notably in Asia and Africa –, opening new maritime routes. It would facilitate the transport of people, but obviously its main important role would be for the transport of goods throughout these areas.

Besides that, the Belt and Road Initiative aims also to ameliorate the infrastructure for the transportation of energy, through new pipelines and grids – clearly, with the purpose of allowing new and cheaper sources of energy for China. Finally, the initiative intents to develop the connection also through air (aviation) and space (information network), concluding a connectivity plan through six ways: railways, highways, sea, aviation, pipelines, and aerospace integrated information network.

Although there are no precise data, some estimations indicate that the total amount of investments of the Belt and Road Initiative would reach US$ 1 trillion, allowing some analysts to declare that it is the most impressive infrastructure plan in history. In order to establish a comparative perspective, the World Bank itself declares that its commitments in infrastructure in all countries related to the Belt and Road Initiative altogether reach US$ 80 billion. According to Stratford (2018, p. 2):

> a survey covering primarily emerging and transitional economies [indicates that] Chinese financing provides a more significant boost to the majority of Belt and Road countries than their own domestic financing or even, in many cases, the International Monetary Fund, the World Bank and other international financing institutions.

For the provision of these resources, China created a Silk Road Funds (with an initial capital of US$ 40 billion), and the Asian Infrastructure Investment Bank (AIIB) was launched in December 2015 with the aim of financing “regional connectivity and industrial development”. Moreover, the existing Chinese banks (e.g. China Development

Bank and Export-Import Bank of China) are being massively used as a source of funds for the initiative. Finally, China Export & Credit Insurance Corporation is playing a quite important role (up to May 2017, it had insured more than US$ 320 billions of exports and investments projects in the Belt and Road countries). The idea is combining both public direct investments and public credit to private enterprises to foster the planned investments.

The group of countries involved is quite wide and heterogeneous. For obvious reasons, the initial focus is over Eurasia:

> The Eurasia Continent is one of the major engines of global economic growth as well as the main region of the Belt and Road Initiative. A high level of connectivity and reinforced pragmatic cooperation on the Eurasia Continent and surrounding oceans will enable all civilizations in the region to further tap the enormous potential of this region, increase the exchange of ideas and mutual learning, and work together to achieve diverse, independent, balanced and sustainable development. (Office of the Leading Group for the BRI, 2017)

Nevertheless, the African continent is also in the core of the plan, notably in its maritime dimension. And the initiative mentions as well the aim of incorporating Latin America, Oceania and the Pacific Islands. That is, only North America is not explicitly mentioned in the documents[11].

In terms of the position in the world economy, among the countries which are actively involved in the initiative there is a clear predominance of peripheral countries. Actually, it does not mean that the center countries are not part of the plan[12], but – for geopolitical reasons that will be discussed later – there has been a higher resistance from these countries to get involved in this initiative.

For many peripheral countries, the acceptability is higher because it constitutes an "easy" source of funds arriving by a channel that does not involve commitments with the multilateral institutions[13]. After all, loans coming from the International Monetary Fund (IMF) and the World Bank (WB) normally imply strong conditionalities, such as fiscal policy constraints or requirements related to economic or political reforms. For some

[11] The reasons are quite evident, but they will be discussed in details below.
[12]According to the official document, "China welcomes the participation of developed countries as third parties in win-win cooperation in countries along the Belt and Road. All can play their complementary roles in technology, capital, production capacity and markets, based on the principle of achieving shared growth through discussion and collaboration and applying the law of the market."
[13] It does not mean however that there is full acceptability among underdeveloped countries. For reasons that will be discussed below, in some countries – notably in Southern Asia – the sentiment over the initiative is rather negative. For an interesting big data analysis regarding the media coverage of the Belt and Road Initiative in 193 countries, see Herrero and Xu (2019).

countries, the access to large credits that are in principle exempt of conditionalities may appear as a very good deal. Indeed, these loans tend to follow the Chinese foreign policy discourse of non-intervention in the domestic affairs of any other country. Hence, the funding lines are normally offered without any discrimination regarding the political regime or the country's economic situation. As a result, its acceptability in many countries tends to be higher than that related to the lines available in Western (or multilateral) institutions, that may imply interferences in the national affairs.

Nevertheless, although the exemption of conditionalities, the Belt and Road loans may clearly create a lack of autonomy. Notably, when the loans are high, if related to the dimension of the national economies, they may obviously engender the classical problem of a "debt trap". In Myanmar, for instance, the Kyaukpyu Port project reaches US$ 9 billion, which is equivalent to 14% of the country's gross domestic product.

In the first five years of the Belt and Road Initiative, it is already possible to find such cases. In Pakistan, problems related to the debt payment of the funds invested in the Gwadar Port resulted in a leasing of this infrastructure to Chinese companies for 43 years. In Sri Lanka, negotiations regarding the funds invested in the Hambantota Port were solved with a leasing of 99 years (Stratfor, 2018). Hence, this "debt to asset" solution may end up in long term constraints for these countries.

In some other cases, negotiations related to debt reliefs or Chinese investments may result in agreements involving the provision of natural resources to China for a certain period – e.g. long-term oil contracts. This is already the case in Djibouti, Laos, Tajikistan, Kyrgyzstan and Montenegro (op. cit.).

At the same time, the Belt and Road Initiative is pushing some center countries to react, by offering also financial support for investments related to infrastructure or for the facilitation of commerce in Asia and Africa. According to Stratfor (2018), Australia is involved in an effort to regain the role it has already had in the South Pacific; and the United States, India and Japan are developing a program for infrastructure in the African continent.

These reactions make clear that many center countries interpret the Belt and Road Initiative as much more than a simple plan for integrating the world and fostering the world trade. The perception is that this initiative is part of a broader framework, involving Chinese intentions of increasing its influence over the world, both politically and economically.

First of all, the facilitation of the world commerce – an explicit allegation of the initiative – will be indeed very good for the Chinese economy. The transportation cost for the regions involved in the infrastructure investments tend to decline in a substantial way, both in terms of resources and time. The time length for some goods to go from Shanghai to Rotterdam, for instance, may be halved, declining from 60 to 30 days. In this sense, Chinese goods will be even cheaper in Europe and vice-versa. On the other hand, the new (or ameliorated) land and maritime routes will allow commodities and intermediate goods to be distributed from many different parts of the world to China with lower prices. Hence, this tends to increase the demand for Chinese exports, but also to facilitate its imports. The economic literature (e.g. Unctad, 2015) is consensual about the importance of the lowering transportation costs for the constitution of the global value chains[14]. Hence, the Belt and Road Initiative may allow Chinese industrial sector to enlarge its network of intermediate goods' suppliers throughout many countries in the region.

The stimulus to the Chinese economy does not tend to come, however, exclusively from the declining transportation costs. Actually, the investments proposed in the Belt and Road Initiative may be themselves already a great source of demand for Chinese companies. It happens because part of these investments is being made inside China. But also, because a non-negligible part of the investments made (or planned) in other countries is (or will be) made by Chinese companies – or at least involve the purchase of Chinese goods. Indeed, this is a crucial issue to understand the whole framework in which the Belt and Road is appears. After the outbreak of the global financial crises in 2008, the world trade declined and all countries in the world suffered the consequences of a lower demand. In order to face this lower demand for its exports, the Chinese government – similarly to what happened in some other countries in the world – implemented a countercyclical policy, based in a (fiscal and monetary) stimulus to domestic investment. This policy was successful in increasing the aggregated investment and avoiding a high impact over the economy, allowing a GDP growth of 9% in 2009[15] and 10% in 2010. Nevertheless, it contributed to the deepening of another problem observable in the Chinese economy, i.e., the high level of idle capacity. Some reports by the *Center of*

[14] Besides lower transportation costs, the development of the information and communication technology has been quite important for the constitution of the global value chains, since it enables the management of firms located in different parts of the world.
[15] In 2009, the aggregated investment has contributed to 8 p.p of this growth, counterbalancing the negative effect of the external sector (-4 p.p.).

Finance and Economic Growth (CKGSB) show that in the second quarter of 2016, 61% of the consulted companies in China alleged having excessive idle capacity. Among the 35 industrial sectors analyzed in this moment, 18 declared having a "severe" idle capacity – defined when more than 10% of the companies declare having an idle capacity higher than 20%[16]. In this context, it was indeed a convenient idea for China to launch a worldwide infrastructure plan, which may foster the demand for goods produced in these sectors operating with overcapacity.

Moreover, these investments abroad may be also understood as a way for China to export not only goods, but also its technology. By making – or coordinating – infrastructure investments in many regions in Eurasia and Africa, Chinese companies may set a certain standard of technology that is being developed in China. For the high-speed trains, for instance, it is already unquestionable that Chinese companies have very high level of technology, allowing them to compete with Western countries' traditional companies. Investments related to the Belt and Road Initiative tend to disseminate the usage of the Chinese technology in many different countries, creating clear benefits for these companies in the struggle with their competitors. Analogous benefits may be imagined for other areas related to the Belt and Road investments.

Concerning the new suppliers or new routes for transportation, it is important to highlight that it is not only an economic, but also a geopolitical move. The economic benefits, discussed above, arise from the lower transportation costs. The geopolitical one comes mainly from the constitution of alternatives for some unstable supplier countries or some (politically) sensible routes. After all, opening new routes may smooth the economic impacts of eventual problems related to the traditional ones. This is important for all kinds of goods that compose Chinese external trade, but it is particularly important for the essential goods in which China depends on imports.

In this sense, it is undeniable that a wider and more reliable access to energy sources is among the most important reasons for the Belt and Road Initiative[17]. The best example to illustrate the risk related to a lack of energy comes from the perception that not less than 80% of the oil that arrives in China through maritime routes use one specific lane: the Strait of Malacca, connecting the Indian and the Pacific Sea. Due to its position, but also to its narrowness, it is a very sensible route because it may be easily interrupted

[16] For details about the idle capacity in China, see also European Chamber (2017, 2016, 2009).
[17] Some analysts claim that it may be seem as *the* most important reason.

in a situation of political stress. Hence, opening new routes – or having access to new sources – is important for all goods exported from or imported by China, but one may not ignore that it is crucial for energy security reasons.

Beyond energy, Beijing is aware that another imperative issue for a country that is gradually increasing its role as one of most important protagonists in the world arena is the one related to its currency. After all, money is power; and having an international currency undeniably increases the power of a country in the world system. All over the history, many authors have studied the association between the United Kingdon power and the sterling pound dominance; and the United States power and the US dollar dominance (e.g. Helleiner, 2008). Valérie Giscard D'Éstaing has even declared that issuing the key-currency of the International Monetary System gives the United States an "exorbitant privilege" (Eichengreen, 2010). Being aware of these benefits[18], the Chinese government has been implementing some measures to facilitate the international usage of the Chinese renminbi (Van Noije, De Conti and Zucker, 2017). And the Belt and Road initiative may be used as an important framework for this internationalization process (IMI, 2015).

The official Belt and Road Initiative's document is very clear on this aim, stating that:

> China has signed currency swap agreements with 22 B&R countries and regions, with a total value of RMB 982.2 billion. Local currency settlement agreements were signed between China and Vietnam, Mongolia, Laos, and Kyrgyzstan in border trade, and agreements on general trade and local currency settlement in investment were signed between China and Russia, Kazakhstan, Belarus, and Nepal. Of the 23 Renminbi clearing banks, six are located along the B&R routes (Office of the Leading Group for the BRI, 2017).

As discussed above, a non-negligible part of the Belt and Road Initiative's investments will be made by Chinese companies, which means that at least a part of the credit lines may be given in Chinese renminbi because this currency will be used in hiring Chinese companies (or importing Chinese goods)[19]. Moreover, as indicated in the official document, it is a stimulus for the increasing number of offshore centers in the world that the People's Bank of China is creating to operate in Chinese currency; what may also

---

[18] The benefits are various, but it is important to highlight the lower external constraint and the higher autonomy for economic policy. For details, see, for instance, Prates (2017); Vergnhanini and De Conti (2017).

[19] In 2016, 26% of the Chinese international trade were already denominated in Chinese renminbi and most of it was made with their neighbor countries. For details about the international usage of the renminbi, see IMI (2017).

contribute to the internationalization of the Chinese banks. Hence, the Belt and Road Initiative may integrate some of the important productive and financial necessities of the Chinese economy, resulting in benefits from both economic and geopolitical perspectives.

Within this same framework that involves economic and geopolitical dimensions, some analysts claim that behind the Belt and Road Initiative there might be also some military purposes. It is a delicate and polemical subject, but the Indian prime Minister Narendra Modi expressed its worries about the perspective of control of many ports, roads and railways worldwide by China. More than that, he argues that the mere fact of having Chinese companies as the responsible for the construction of these facilities in many parts of the world may give China a strategic knowledge about their architecture (and further operational details) that at the end might be also used for military purposes. Herrero and Xu (2019) also show that military worries appear in some countries' media coverage as a negative aspect regarding the initiative.

One additional important reason is the plan to reduce the regional disparities faced in China. Indeed, there is a huge gap between the Eastern and the Western parts of the country in terms of infrastructure, quality of job, income level and so on. The Chinese government was already committed in some projects aiming to deal with these inequalities. The effort of improving the connections in Eurasia unavoidably requires the development of the infrastructure in the Western part of the country, being hence complementary to the precedent initiatives in this sense. In other words, integrating Eurasia means also integrating China itself, which is an important goal for the Chinese government.

Finally, it is relevant to mention that the Belt and Road initiative is connected to a strategy of increasing the countries' integration also in cultural terms. Similarly to what happened in the original silk road, the expectation is that the increasing support for infrastructure, allied to the increasing Chinese investments may invigorate the knowledge about the Chinese culture in the participating countries. In this sense, there is the expectation of an increasing number of persons learning Chinese language in these regions.

It is therefore clear that the Belt and Road Initiative has a big potential aimed at connecting Eurasia and facilitating the world trade, but there are many other related interests, some of them regarding Chinese national wills. In order to understand them, it is not possible to limit the reasoning to the economic dimension, but is absolutely necessary to discuss the geopolitical dimensions involved.

4. Final Remarks: differences and similarities between the Marshall Plan and the Belt and Road Initiative

The reflections about the Marshall Plan and the Belt and Road Initiative bring light to the comparisons that are being currently made between the two projects. Effectively, there are some similarities, but also important differences.

Starting with the differences, the one that first appears to any analyst is the one related to the group of countries which are more involved in the initiatives. As seen above, the Marshall Plan has been exclusive for the center countries, i.e., Western Europe (and the Dodge Plan for Japan). On the other hand, the Belt and Road Initiative was supposed to involve a rather heterogeneous range of countries but concretely what one may notice is that the underdeveloped countries are more prone to take part on it.

As we have seen, after the destructions of World War II, the Marshall Plan has been easily accepted by most of the Western countries[20]. Concerning the Belt and Road Initiative, the situation is quite different, since it faces total acceptability in some countries, but a lot of suspicion in some other countries (notably the center and some neighbor ones). After all, there is a perception in these countries that this initiative has a clear geopolitical connotation – that has been discussed above. However, nobody would deny – even at that time – the geopolitical wills imbedded in the Marshall Plan. Hence, what explains the different acceptability of both plans among some countries is not the perception of its geopolitical dimension, but rather the role of these countries in the world political arena. In the post-Wars period, there was a rather generalized comprehension among the elites of the European countries that it would be convenient to be in a tight connection with the United States. It happened because these countries indeed needed a financial support to overcome the economic and social chaos, but also due to the emerging "cold war". In this scenario, the United States was the most powerful country in the world and seen by these elites as an ally to avoid the Soviet Union increasing influence over the world[21]. Regarding China, the situation is quite different. First of all, because it is still not

[20] In Western Germany and Japan, it is not possible to talk about an acceptability because they were under military influence of the United States and the Allied countries.
[21] The communist movements in Western Europe were non-negligible, but the elites were concerned in defending capitalism.

considered the most powerful country in the world, but it is precisely in the movement to eventually dispute this position with the United States. Secondly, because the label of "socialism" is still seen as a threaten by most of the center countries' population nowadays.

Additionally, there is another difference in the strategies involving the Marshall Plan and the Belt and Road Initiative that may also clarify the different ways it has been seen – and analyzed – worldwide. The United States implemented a lot of diverse projects in parallel to the Marshall Plan, but they were not officially related to it. For instance, some companies were stimulated to make direct investments abroad; some years later, credit lines started being offered to peripheral countries; and so on. Differently, the Belt and Road Initiative is a very wide umbrella comprising many diverse activities and projects. From the field of commerce and finance, but also for researches and technology and even for culture and language, the label "Belt and Road" is been widely used. To the eyes of the world community, its dimension and capillarization may create a sentiment of discomfort. It is true that this strategy increases its visibility worldwide. But this same (over)visibility may generate resistance in many countries. The United States, having a more decentralized strategy during the post-War, avoided this kind of reaction, although having, in many aspects, goals that were similar to those of the Belt and Road Initiative.

Having in mind the main differences, we may now discuss the similarities. It is rather consensual that the clearest one is the will of fostering the international trade. Both plans have been implemented after periods of turbulences in the world economy, in which there has been a contraction – or at least a deceleration of the growth – in the world commerce. After World War II, Europe and Japan had convalescent economies. There was an urgent need for the reconstruction of the infrastructure and for access to foreign goods, but in a context of lack of funds. Hence, the credits and donations given by the United States to Europe through the Marshall Plan and to Japan through the Dodge Plan was a way of revamping the world trade.

Coming to the current situation, China has been facing a situation of low economic dynamism in the world after the outbreak of the global financial crisis. Even a decade later, the international trade is still not growing in the pace it was before 2008. Moreover, it gave rise to protectionist policies in many countries in the world – the most paradigmatic being the one implemented by Donald Trump, resulting in the so-called "commercial war". The diagnostic of the world economy provided by the official document of the Belt and Road Initiative is very elucidative:

> the world economic growth is sluggish, and traditional engines are becoming weaker in fueling that growth; globalization is facing new difficulties, and ideas of openness and cooperation in line with the interests of all mankind are under threat; the global economic governance system fails to adapt to objective changes, and institutional reform makes slow progress; developed economies have entered the post-industrial stage, while some developing countries have not yet opened their doors to modernization; improvements are needed in the global trade and investment system, and a mutually beneficial global value chain has not taken shape; a considerable number of countries suffer from inadequate infrastructure, and regional and sub-regional development faces numerous constraints (Office of the Leading Group for the BRI, 2017).

Hence, the funding lines and investments related to the Belt and Road Initiative in the 2010s are also seen by China as a mean to intensify the international trade.

The second clear similarity – related to the first one – is that this will of booming the world commerce is obviously connected to a necessity of the plans' proponents to stimulate their own national economies. After World War II, the United States was the main important industrial country in the world. In spite of having a big internal market, it was necessary for them to count also on the external demand for their products. In this context, the revitalization of the European (and Japanese) economy was important not only for humanitarian (or social) purposes, but also to create demand for the US exports. Nowadays, although having the plan of decreasing the dependence on the external sector for its aggregated demand[22], Chinese exports are still relevant for its economic dynamism, and its imports are also crucial for its economy. Moreover, many sectors in China are completely connected to the global value chains. As we have discussed above, in a context in which many sectors have a high level of idle capacity, it is necessary to think about the potential sources of demand to minimize this problem. In this sense, fostering the world commerce and investments worldwide may bring important benefits for China in this moment. Interestingly, this is currently the country that plays the role once played by the United States, i.e, the most important advocate of the free trade.

Concerning the ways of fostering the international trade, one may find also some common grounds. In both plans, there is an effort to conjugate public resources with a stimulus for the private agents to get also involved in the initiative, either through the provision of credit lines or through direct investments abroad. In this sense, it is interesting to realize that both plans are connected to moments in which the big companies

[22] In the Five Years Plan, the Chinese government explicitly states its will to "rebalance" the Chinese economy, by decreasing the relative weight of the external trade and the investments, and increasing the importance of consumption.

of the two countries are intensifying their investments and operations abroad. Even if this strategy was not part of the official framework of the Marshall Plan, after the World War II US companies have gradually made their way to become multinationals – and this is quite important to understand the world capitalism of the second half of the 20th century[23]. Analogously, responding to stimulus coming from the government[24], Chinese companies are currently intensifying their investments abroad (for both brownfield and greenfield operations). According to the official Belt and Road Initiative's document:

> The Chinese government encourages its strong industries to go global, invest in various ways in the B&R countries, introduce their high technological and environmental protection standards, and foster new growth points for bilateral economic cooperation (Office of the Leading Group for the BRI, 2017).

Regarding the funds provided by the governments, one may identify another interesting similitude: it reduces the importance of the multilateral institutions. After the World War II, the International Monetary Fund (IMF) had just been created with the aim of safeguarding the International Financial System. Hence, countries with balance of payment imbalances – and consequent lack of dollars – should access the funding lines offered by this institution. Nevertheless, instead of doing it, European countries and Japan benefited from the funds provided by the Marshall and Dodge Plans, having no need to get funds from the IMF. Hence, the IMF has been rather an institution providing funds for underdeveloped countries[25]. Currently, the Belt and Road Initiative appears also as a way for some countries to have alternative sources of international funds. As discussed above, the Chinese discourse of non-intervention in the domestic affairs enables some countries to have access to funds they would not have through the conventional channels. In this sense, it is a way of circumventing some commitments regarding economic or political reforms. Therefore, it reduces also the importance of the multilateral institutions (or at least the traditional ones – like the World Bank and the International Monetary Fund –, since some new institutions – e.g. Asian Infrastructure Investment Bank and New Development Bank – may be involved in the provision of funds). Simultaneously, the Belt and Road Initiative explicitly advocates for a new world governance, which may be clearly interpreted as a way of decreasing the importance of the "old" Bretton Woods' institutions.

[23] According to Arrighi (1994), one of the crucial legacies of the US hegemony in the 20th century is the dissemination of US multinational companies worldwide.
[24] For details, see the "Going Global" initiative.
[25] With exceptions (e.g. the credit lines provided to some Eurozone countries after 2010).

At this point, we clearly see similar points in the geopolitical aspects related to both plans. It is not by chance that both happened in contexts of high uncertainty in the world arena; and it is not by chance that both countries were so deeply involved in these plans. The two World Wars have made important fissures in the globe, and the outbreak of the Russian Revolution – followed by an increasing dominance of the Soviet Union over some European countries – led the United States to the will of amplifying its influence over these strategic regions. Hence, the Marshall Plan was unquestionably an effort to bring the center of gravity of the world to the Atlantic, forcing the (Western) European countries to turn their back to the Soviet Union. Simultaneously, Japan was considered as an important ally in the Pacific Sea. Nowadays, the world situation is not comparable to the post-War one, but the global financial crisis (that started in the United States but very strongly hit the Eurozone) has raised questions about a possible reconfiguration of the world economic and political order. In this context, the Belt and Road Initiative may be seen as an attempt to bring – again[26] – the center of gravity of the world economy to Eurasia.

Another sign of this geopolitical dimension of both plans comes from the effort to facilitate the internationalization of the domestic currencies. In this sense, there is an important difference because the US dollar was already the key-currency of the world after World War II. However, the Marshall Plan was a way of inundating the world with this currency, reinforcing its usage for the majority of the international operations and, indeed, making the Bretton Woods System effective. Currently, the Chinese renminbi is still far from being among the most used currencies in the international arena (De Conti and Prates, 2018). Nevertheless, its usage is increasing a lot and the Belt and Road Initiative is potentially a very promising way of stimulating it, notably in Asia and Africa. Battles regarding the International Monetary System are unquestionably related to efforts of reshaping the world economy.

Having discussed all similar aspects between the Marshall Plan and the Belt and Road Initiative, we may come to the most important similitude – that actually explains all others. The Chinese economic system is facing now, in a more intensive way, what the US economy faced in the 1940s and 1950s: a necessity to increase its connection to the globe. This is not related to cultural aspects, political traditions or whatever. The main engine of this process is the historical necessity of capital to search for valorization in an

[26] Economic historians attest that before the Industrial Revolution, China and India were the wealthier regions in the world. For details, see for instance Bairoch (1993).

unlimited way. It leads any capitalist country to a quest for low cost suppliers, markets for its products, places to stablish companies (that will later send their profits back), agents willing to take credit, and so on. The transition to a market economy that is going on in China since 1978-79 reached a point in which this extroversion is necessary. After all, a market economy is extroversive by definition. This necessity comes hand to hand all other kinds of extroversions, even in the field of culture and language. The proponent country's economic necessity of extroversion is therefore the key-element for us to understand the Marshall Plan, the Belt and Road Initiative and its similarities.

5. *References*

ARRIGHI, G. The long twentieth century: money, power and the origins of our times. London/New York: Verso, 1994.

BAER, M. et al. Os desafios à reorganização de um padrão monetário internacional. Economia e Sociedade, v. 4, n. 1, p. 79-126, 1995.

BAIROCH, P. Economics and world history: myths and paradoxs. The University of Chicago Press, 1993.

BLOCK, F. L. The origins of international economic disorder: a study of United States international monetary policy from World War II to the present. University of California: Pres, n. 214, 1977.

DE CONTI, B. and D. Prates (2017), 'The International Monetary System hierarchy: determinants and current configuration'. Discussion paper n. 335. Institute of Economics-University of Campinas, apr. 2018.

EICHENGREEN, B. A globalização do capital. 34. ed. São Paulo: Editora, 2012.

__________________. Exorbitant Privilege: The rise and fall of the Dollar and the Future of the International Monetary System. Oxford University Press: Oxford, 2010.

EUROPEAN CHAMBER. China Manufacturing 2025: Putting Industrial Policy Ahead of Market Forces. European Chamber. 2017.

_____________________. Overcapacity in China: an Impediment to the Party´s Reform Agenda. European Union Chamber of Commerce in China. Roland Berger. 2016.

_____________________. Overcapacity in China: Causes, Impacts and Recommendations. European Union Chamber of Commerce in China. Roland Berger. 2009.

HERRERO, A. G. & XU, J. Countries' perception of China's Belt and Road Initiative: a big data analysis. Bruegel Working Paper, issue 1, 06 February 2019.

HELLEINER, E. Political determinants of international currencies: What future for the US dollar? Review of International Political Economy, v. 15, n. 3, p. 354-378, 2008.

INTERNATIONAL MONETARY INSTITUTE. RMB Internationalization Report 2015: Monetary Strategy in One Belt One Road Initiative. Renmin University of China: 2015.

_______________________________________. RMB Internationalization Report 2017. Renmin University of China: 2017.

KARMIN, C. Biography of the dollar: how the mighty buck conquered the world and why it's under siege. Crown Business, 2009.

MARSHALL, G. C. Marshall Plan Speech. George C. Marshall Foundation, 1986.

MAZZUCCHELLI, F. Os anos de chumbo: economia e política internacional no entreguerras. Unesp, 2009.

OFFICE OF THE LEADING GROUP FOR THE BELT AND ROAD INITIATIVE. Building the Belt and Road: Concept, Practice and China’s Contribution. May, 2017.

PRATES, D. M. Monetary sovereignty, currency hierarchy and policy space: a post-Keynesian approach. University of Campinas, Discussion Paper, 2017.

SANFORD, W. F. The Marshall Plan: origins and implementation. US Department of State, Bureau of Public Affairs, Office of Public Communication: Editorial Division, 1987.

SEQUETTO, M. Três Ensaios Sobre A Moeda Internacional: Uma Reflexão Sobre O Papel Do Dólar Como Divisa-Chave. PhD thesis. University of Campinas, 2018.

SOLOMON, R. O sistema monetário internacional, 1945-1976. Rio de Janeiro, RJ: Zahar Ed, 1979.

STRATFORD (2018) China's Belt and Road Initiative, Five Years In. Access in www.worldview.stratfor.com 25.11.2018.

TEIXEIRA, A. Estados Unidos: a “curta marcha” para a hegemonia. Estados e moedas no desenvolvimento das nações. Petrópolis, RJ: Vozes, p. 155-190, 1999.

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD) Global Value Chains and Development: Investment and Value Added Trade In The Global Economy. 2015.

VAN NOIJE, P.; DE CONTI, B. and ZUCKER, M. China: capital flight or internationalization of the renminbi? 21st FMM Conference: The crisis of globalisation. Berlin, 2017.

VERGNHANINI, R.; DE CONTI, B. Modern Money Theory: a criticism from the periphery. Brazilian Keynesian Review, 3(2), p.16-31, 2nd Semester 2017.

VOLCKER, P. A nova ordem econômica. ed. 26. Porto Alegre: Ortiz, 1993.