

A Model of Co-Creation: China's "Supply-Consumption Integration" and the Provision of International Public Goods via the Belt and Road Initiative

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Abstract: In an era of mounting obstacles to globalization and a sluggish global economic recovery, the international community needs sustained, stable, open, and inclusive international public goods more than ever, yet their supply is confronted with the dual dilemma of "hegemonic decline" and "multilateral failure": long-standing core suppliers no longer deliver steadily, and existing research lacks attention both to developing countries' practices and to the agency of consumers. As China has developed rapidly, the international community has voiced a variety of opinions concerning the "China responsibility theory." Taking China's Belt and Road Initiative as its point of entry, this paper argues that China, through the effective supply of international public goods, has established an innovative strategic path characterized by "supply-consumption integration."

Key words: International Public Goods (IPGs); Supply-Consumption Integration; Path; Belt and Road Initiative (BRI); China's Strategy

1. Introduction

1.1 Research Background

In an era of increasing obstacles to globalization and a sluggish global economic recovery, the international community needs stable, open, and inclusive international public goods more than ever. In practice, however, the core providers that have historically supplied them are no longer delivering with consistency. The hegemonic supply system, once supported by American dominance, is deteriorating due to the relative decline of U.S. power and its diminished willingness to provide, and the United States' successive withdrawals from international institutions deepen the international community's fear of a "Kindleberger Trap." Meanwhile, the cooperative supply model based on multilateralism is facing significant setbacks as global supply, industrial, service, and value chains have been severely impacted and waves of anti-globalization intensify. The failure of global governance brought about by "the governance failure of multilateral institutions and the rise of anti-multilateralism in international politics" has become a hot issue in international relations, one that is far beyond what one or a few major countries can solve. Therefore, how to innovate the ways of supplying international public goods is a pressing practical issue.^[1]

Meanwhile, since the beginning of the 21st century, with China's rapid development, the international community has voiced a wide range of opinions around the "China responsibility theory." In fact, China has systematically participated in the supply of international public goods since 1949, and as a responsible developing country and a regional power with global influence, it has actively joined global governance and established regional and global cooperative organizations, compensating for the current supply deficit. The Belt and Road Initiative (BRI) shows a core philosophy

different from traditional supply methods that emphasize the supplier's actions while ignoring the consumer's agency: under the principle of "extensive consultation, joint contribution, and shared benefits," suppliers and consumers are both indispensable participants in the final output. It is precisely this connection that gives the BRI the distinct feature of "supply-consumption integration."

1.2 Research Significance

Fundamentally, global governance is the process by which diverse actors provide public goods to solve global problems, making the effectiveness of these goods decisive for resolving them. As China begins to participate in and even lead the supply of international public goods in many areas, studying its strategic path is practically urgent: the international community expects China to fill the supply gap, and it is essential to examine whether its strategy can escape the historical rut of the hegemonic supply model, meeting consumption demand while avoiding strategic overstretch. In theory, however, existing research centers on the strategic choices of the supplier, resulting in the absence of the consumer, and the vast number of small and medium-sized countries are seen merely as consumers. Yet the BRI has already demonstrated "supply-consumption integration": by incorporating countries along the routes into the supply chain, it cultivates their supply capabilities while increasing the actual supply. Theorizing China's supply strategy is therefore a necessary addition to the theory of international public goods supply.

1.3 Literature Review

The theory of international public goods originated in Western scholarship. Paul A. Samuelson introduced the concept of "collective consumption goods," establishing the non-excludable and non-rivalrous nature of public goods.^[2] Building on this, James M. Buchanan's "theory of clubs" identified partially excludable goods between pure private and pure collective consumption goods.^[3] Mancur Olson linked public goods to collective action, arguing that "free-riding" in large groups causes under-supply.^[4] Charles P. Kindleberger internationalized the concept, holding that the selflessness and foresight of a hegemonic power are necessary and sufficient for world peace and stability.^[5] Robert Gilpin developed the "hegemonic stability theory" on this basis,^[6] and Robert O. Keohane argued that post-hegemonic cooperation is possible and states can supply international public goods by establishing international regimes.^[7] Joseph S. Nye summarized the "Kindleberger Trap": when a hegemon is neither willing nor able to provide the necessary international public goods while a rising power also refuses the responsibility, global governance faces a leadership vacuum.^[8] Since the 21st century, the theory has branched into two main directions. Global public goods theorists represented by Inge Kaul emphasize that public goods must satisfy non-rivalry, non-excludability, and universal benefits across countries, generations, and social groups.^[9] Regional public goods theorists represented by Antoni Estevadeordal argue that owing to high participant homogeneity, low monitoring costs, and limited free-riding space, regional goods can be supplied more effectively and should become a complementary option for global governance.^[10]

Research on China's participation emerged mainly after the 21st century, when post-reform growth, especially WTO accession, gave China both the capability and the language of public goods supply. Cao Dejun, using the analytical framework of "competitive/selective" international public goods, summarizes the characteristics of China's supply of global public goods as welcoming free-riding, creatively supplying new types of public goods, and actively participating in the UN development agenda.^[11] After the BRI was proposed, academia has extensively demonstrated its international public goods attributes: it is highly open and comprehensively inclusive, and as a holistic cooperation platform, the many transnational activities within its framework carry regional or inter-regional public goods attributes. Men Honghua analyzes the historical positioning of the BRI and the logic behind this public good: the China-world interactive relationship.^[12] Existing research, however, has three limits: the theory, built on Western supply practices, cannot sensitively capture non-Western innovations; the global-regional dichotomy is dissolving in practice, so theoretical innovation requires attention to the newly joined suppliers; and the supplier-consumer relationship remains distant, ignoring that consumers can also contribute to supply. Distilling China's supply strategy is therefore an effective way to supplement the theory.

2. Theoretical and Analytical Framework

2.1 Existing Supply Paths for International Public Goods and Their Shortcomings

By definition, publicness centered on non-rivalry and non-excludability is the essential feature of international public goods, and its key consequence is "free-riding," which causes under-supply. Consequently, existing research has devoted considerable effort to mitigating the negative effects of free-riding, mainly through two paths from the consumption end. The first seeks to find a supply center with coercive power similar to a domestic government: one way is a supranational organization with an authoritative center at its core, and the other develops from Kindleberger's research, holding that a hegemonic power that allows other countries to "free-ride" can bear the main costs of supply and thereby achieve its effective supply. The second is to raise the cost of "free-riding": without a unified authoritative center, the demand for public goods may prompt the relevant countries to unite and supply it through cooperation.

Research from the supply end is less extensive and can be divided into three paths. The first designs the supply route on the basis of the publicness of the goods themselves; the second categorizes goods by supply costs to identify the supply method most suitable for each type; and the third rests on the suppliers themselves, examining the capabilities and willingness of existing and potential suppliers so as to alleviate competition among them. Most fundamentally, in all these paths the relationship between suppliers and consumers has been severed, because path design answers the question of how suppliers provide international public goods, making supply the supplier's exclusive task. In practice, however, the line between the two is not clear-cut: the supplier of an international public good is itself the largest consumer, and a consumer who joins the supply becomes a supplier. Neither theory nor practice should presuppose that hegemonic powers are eager to supply while other countries tend to "free-ride"; attributing the global governance dilemma to the responsibility deficit of emerging countries underestimates their capabilities and willingness. Based on such practical deficiencies, China is innovating a supply path that combines the supply end and the consumption end.

2.2 The Co-Creation Model: China's Path of "Supply-Consumption Integration"

China's supply path exhibits a clear feature of supply-consumption integration, determined both by practical developments and by China's philosophical foundations. On the one hand, as a developing country, China lacks the strength of a single hegemonic power to supply international public goods on a large scale. On the other hand, China upholds the concept of a community with a shared future for mankind, characterized by "one family under heaven" and harmonious coexistence, holding that the development of the international community cannot be dictated by one or a few major powers and requires broader power decentralization and rights sharing. All these factors have prompted China to combine suppliers and consumers, realizing the provision and benefit of international public goods through joint decision-making, joint production, and joint consumption.

The path is derived from the concept of "prosumption," which emerged in the business field to describe the merging of producers and consumers. At the end of the 20th century, the American futurist Alvin Toffler proposed the concept of prosumption on the basis of the rapid development of information technology, pointing out that production and consumption are integrating, with producers and consumers participating in production in the new identity of prosumers.^[13] When the concept of international public goods was first proposed, supply and consumption were separated: suppliers who proactively bore the costs contributed to the international community's consumption, and the community in turn recognized the leadership legitimacy of the principal suppliers. Over time, this separated relationship revealed deficiencies. On the one hand, demand kept growing while the traditional major powers serving as principal suppliers became increasingly unable to cope, and as their willingness declined, they sought to "privatize" international public goods. On the other hand, other members of the international community, the principal consumers, began to participate in organized supply actions, and more and more consumers acquired the capacity and willingness to become suppliers. Since traditional suppliers display supply fatigue and emerging suppliers can only shoulder common but

differentiated responsibilities, adding a few more emerging suppliers is evidently not enough; only by bringing more consumers into the supply action can transnational problems be resolved. And consumers are increasingly pressing their demands for fairness and justice, wishing to free themselves from the privatization, suboptimality, and coercive free-riding of traditional supply methods, and they are willing to become suppliers. Their supply potential is enormous.

On this basis, China has innovated a supply-consumption integration path for international public goods. Under this path, suppliers and consumers jointly provide the international public goods they need as prosumers: suppliers provide while consuming, and consumers consume while supplying. Since suppliers are naturally prosumers, the more crucial task is transforming consumers into prosumers. This path is realized through the proactive platform-building by one or several suppliers who voluntarily bear the costs of platform construction, not to obtain the privileges that a hegemon holds under the hegemonic supply model but to provide an arena for the exchange of ideas. Unlike the hegemon, which as cost-bearer dominates the decisions on which products to supply, when, to whom, and how, the platform builder holds no such decision-making power. As the main bearer of the construction costs, it only gains the right to make suggestions on the supply agenda, thereby exerting its influence as a leader. In terms of consumption identity, consumers and suppliers are equal: both have the legitimacy to consume international public goods, and being prosumers together means both have contributed to their provision. Consumers are no longer passive users but participate in the operation, becoming promoters and operators.

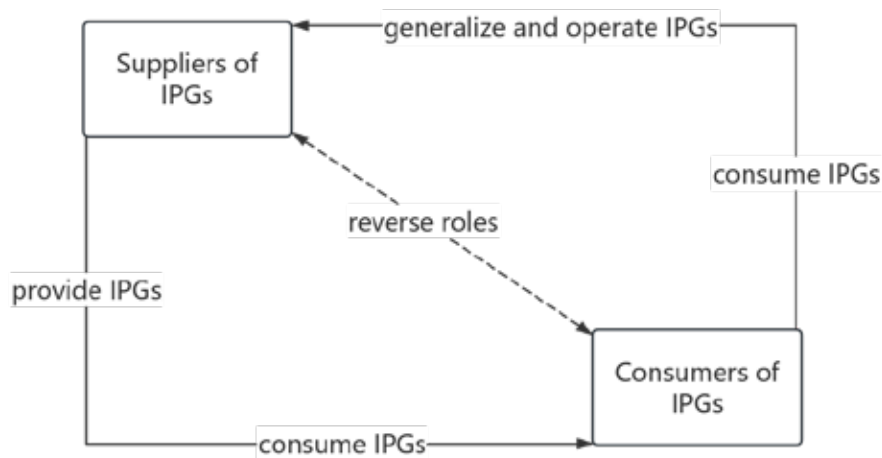


Figure 1: The Supply Logic of Supply-Consumption Integration

3. The Belt and Road Initiative: China's Strategic Path for Supplying International Public Goods

3.1 The Supply-Consumption Integration Practice of the Belt and Road Initiative

The Belt and Road Initiative (BRI), proposed by China in 2013, has become a landmark public good China provides to the international community. From its inception, Chinese officials have positioned the BRI as an international public good, restoring its essence and renovating the supply-consumption relationship: suppliers and consumers participate as equals in extensive consultation, joint contribution, and shared benefits, and the identity barrier between them breaks down, so that suppliers are also consumers, and consumers can likewise become suppliers.^[14] As a platform, the BRI emphasizes openness and the equality of participants, giving all consumers the opportunity to become prosumers. Extensive consultation is the foundation of contribution and sharing: "matters concerning all are handled through consultation by all," leveraging the wisdom of all participants while integrating single-field, single-objective, and

single-dimension supply practices into a collaborative mechanism. Joint contribution brings consultation to fruition: both sides participate in every link of the supply action as prosumers, transforming consultation outcomes into tangible international public goods. Shared benefits is the ultimate goal: the BRI rejects zero-sum thinking, enlarges the pie of common interests for win-win, multi-win, and all-win outcomes, and shares development opportunities and achievements with countries along the routes.

3.2 The Transcendent Nature and Future Challenges of the Belt and Road Initiative

Overall, the BRI's supply-consumption integration path breaks through the limitations of the traditional separated model in three respects. First, on the premise of supply, it sets no threshold and helps consumers acquire supply capabilities: China never blames consumers for "free-riding," welcomes "voluntary participation," and actively promotes the transformation of consumers into prosumers, helping them acquire the ability to "build their own vehicles." Second, in the choice of products, it is development-oriented: while the "Belt and Road" also values rules, it views them as tools to promote development, rather than as an end that overrides development.^[15] Third, in the method of supply, it emphasizes interactive cooperation: interaction rather than unilateral action, since there can be no "connectivity" without "interaction"; cooperation rather than coercion, since all projects are established through agreements aligned with each country's own domestic strategies; and win-win outcomes rather than exclusive gains, behind which lies a philosophy of common prosperity transplanted from China's reform and opening-up experience.

The BRI nonetheless faces certain challenges in the future supply of international public goods. First, supply-consumption integration requires uniting more countries in the supply action; China has recognized the important role of small and medium-sized countries in global governance, a key force in future provision, and mobilizing their agency is a critical issue. Second, a more detailed classification of the goods produced within the platform and higher-quality institutionalization of the BRI are needed: not all international public goods must be provided through this path, and better institutionalization would design more effective channels for consumers to raise their needs, improving supply efficiency. As the supplier, China needs to act cautiously in subsequent construction to avoid the negative impact of this path's limitations.

4. Conclusion

The theory of international public goods originated in the West and was built on Western supply practices, taking the provision of international public goods for granted as the responsibility of developed countries; its main remedy for developing countries was to reshape them to meet the threshold of supply. A review of China's practice, however, reveals that as a late-developing country, China began supplying public goods once it had acquired a certain material foundation, yet such practice received little theoretical attention. This paper argues that the separation between suppliers and consumers is an important cause of the current supply dilemma: suppliers accuse consumers of "free-riding," while consumers who wish to join the ranks of suppliers are kept out by high supply thresholds. China's supply-consumption integration path combines both sides as prosumers, achieving common provision through joint decision-making centered on consultation, joint production centered on cooperation, and joint consumption centered on mutual benefit.

This path is shaped by the combined effects of the internal dynamics of China's rise and the demands of the times in the international system, as well as by the intersection of China's threefold identity as a developing country, a socialist country, and an ancient Eastern civilization. As a result, China's supply practice is characterized by gradualism in its process, supply-consumption interaction in its structure, and systematic complementarity in its content. Moreover, from the very beginning, China has regarded international public goods as products that serve consumers rather than instruments of power advantage, ensuring that their provision revolves around consumer needs.^[16] For today's world, the supply of international public goods is the common responsibility of all countries regardless of their size, wealth, strength, or distance, and there is no doubt that China has made an important practical response to this question.

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