Interdependent Hegemony

China’s Rise Under the Emerging New World Order

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Abstract: To better assess the global impact of the ascendance of emerging powers brought about by globalization, this paper attempts to provide a conceptual framework of “interdependent hegemony,” which can serve as an alternative conceptual tool for analyzing the dynamics between the role of emerging powers as a counter-hegemonic, socio-political force and the hegemonic resilience of the existing international order. The paper also regards the capitalist world economy as a dynamic system which is under constant changes over time, whereas certain basic features of the system remain in place. It is argued that despite the rise of emerging powers, the...
functioning of the world economy will always generate inequalities with positional changes in the stratification of the core-semiperiphery-periphery structure. In this context, the rise of China as both a recipient and provider of global production and investment is fundamentally a positive driving force behind the evolution of the world system.

Keywords: Interdependent hegemony; world system; power transition; new world order.

“Hegemony” in International Relations: A Critical Perspective

In international relations theory, “hegemony” refers to a particular form of order featuring material, ideological, cultural, and institutional asymmetry in favor of a leading state. Drawing from Antonio Gramsci’s definition of hegemony, the concept was raised by Robert Cox from a national context to the international realm. He conceptualizes “world hegemony” as the interplay between national and international patterns of relationship crossing social, economic, and political configurations. To be more specific, hegemony is an important instrument and mechanism for understanding how a system or an order maintains stability by looking at how different interconnected components — such as ideas, material capacities, institutions, social forces, forms of state, and world orders — influence the interactions among national and international actors.

1There are three major schools of thought in international relations theory: Realism, Liberalism and Constructivism. The Realist school that emphasizes the role of hard power perceives hegemony as the dominance of one leading state over other international actors, such as the role of the United States as a “hegemonic stabilizer.” The Liberalist school that emphasizes the role of soft power sees hegemony as embedded in the interactions of each individual state at the bottom, and in the norms and values of international institutions as rule-settlers at the top. To the Constructivist school, which acknowledges the roles of both hard and soft power, hegemony is a dual structure of both material weight and symbolic value, or a combination of material power and ideas. However, the world systems theory, a socioeconomic approach to analyzing globalization and state-to-state relations, emphasizes state-based classes and material forms of hegemony which are shaped and maintained by a global division of labor that constantly generates and regenerates unequal exchanges.


The prominent case of the United States as a hegemonic power since the end of World War II should not be overlooked in any serious scholarly discussion on hegemony. There is a consensus that the construction of the U.S. hegemony, driven by political and socioeconomic forces, is projected outwards on a world scale shaping the international order. The U.S. hegemony is intended to defend the gross inequalities embedded in the architecture of the international order, and to preserve and increase the tremendous privileges and power this global disparity of wealth has created for the United States itself.

As shown in Figure 1, the main components of the post-WWII architecture under the U.S.-led international order are: (1) a capitalist world economic structure consisting of the Bretton Woods system, the U.S. dollar as the dominant global reserve currency, an international trade network, as well as the capital and market alliance with developing economies; and (2) a vast political, military, and security network of alliances and partnerships that spans major geopolitical regions such as Europe, Asia and the Middle East. Figure 1 also indicates that the United States has been willing to function as a “system-guarantor,” a “public goods provider,” and an “order stabilizer.”

The U.S. hegemony is key to the post-WWII international order.

Fig. 1. Post-WWII Architecture under the U.S.-Led International Order.

The U.S. hegemony reached its apogee upon the disintegration of the Soviet Union. Even as the United States was working with Yeltsin’s Russia to deal with the political, economic, and security aftershocks, an implicit alliance emerged between liberal internationalists and unilateral neoconservatives, advocating a New Wilsonianism of benevolent U.S. hegemony. As Robert Kagan and William Kristol put it,

the hegemonic position that the United States enjoyed after the Cold War must be maintained, because today’s international system is built not around a balance of power, but around American hegemony. The international financial institutions were fashioned by Americans and serve American interests; the international security structures are chiefly a collection of American-led alliances; what Americans like to call international “norms” are really reflections of American and West European principles. They believe that since the relatively benevolent international circumstances today are the product of U.S. hegemonic influence, any lessening of that influence will allow others to play a larger part in shaping the world to suit their needs. States such as China and Russia, if given the chance, would configure the international system quite differently.5

The overlapping sovereignties and ever more complex networks, together with the increasing decentralization of politics, economics, culture, means of production, finance and communication, have compelled the United States to create for itself a new form of hegemony called transnational liberalism.6 The ideological basis of this new U.S. hegemony is the market (global marketization and market access), which is “embedded in and reproduced by a power constituency of liberal states, international institutions, and what might be called the ‘circuits of capital’ themselves.”7 The power basis of the new hegemony has transformed from order/stability (balance of power under the nation-state structure in a bipolar world) to global liberalism and market economies (imbalance of power under the transnational structure in a multipolar global economy).

Critical international relations researchers do not review hegemony either in Realist or Liberalist terms; neither do they take hegemony for granted. Rather, they tend to see hegemony as an outcome of diffusion by international organizations led by institutionalized coalition of powerful

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7Ibid., p. 164.
and wealthy states. The most consequential question in the current context of power transition — notably from established powers to emerging ones — is to what extent an emerging hegemonic actor is well placed to shape the world order.

Hegemony at the international level is thus not merely an order among states. It is an order within a world economy with a dominant mode of production which penetrates into all countries and other subordinated modes of production. It is also a complex web of international social relationships which connect the social classes of different countries. Therefore, world hegemony can be described as a social structure, an economic structure, and a political structure; and it cannot be simply one of these things, but it must be all of the three. Framing the neo-Gramscian comprehensive concept of hegemony of international relations as a combination of “structural power” and “super-structural forces,” we can see the limitation of some existing literature that is exclusively centered on China’s hard structural power in analyzing the rise of the country.

Power Shifts in the Era of “Interdependent Hegemony”

With the gradual erosion of U.S. hegemonic power especially since the 2008 global financial crisis, the ascendance of emerging powers has successfully penetrated into some global domains in terms of economic competition, capital accumulation, political and economic influence as well as technical and material capacities. China, in particular, has been performing outstandingly with regard to its global share of high-tech manufacturing commodities, financial competitiveness as well as international aid and overseas investment. It is thus argued that the world order is entering an era of interdependent hegemony, where the sources feeding and

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10“Interdependent hegemony” is a concept proposed by one of the authors. See Li Xing, “From ‘Hegemony and World Order’ to ‘Interdependent Hegemony and World Reorder,’” in Steen F. Christensen and Li Xing, eds., *Emerging Powers, Emerging Markets, Emerging Societies: Global Responses* (London: Palgrave Macmillan, 2016).
maintaining the areas of structural power and monopoly are no longer dominated exclusively by the West, but they are increasingly dependent on the inputs from emerging powers.

Notwithstanding the concept of “hegemony” as an important framework to understand and analyze politics and international relations, “interdependent hegemony” is indeed a better concept for describing the existing world order in transformation or for visualizing a possible emerging world order. The concept of “interdependent hegemony” implies a dialectic process of mutual challenge, mutual constraint, mutual need, and mutual accommodation. It symbolizes a dynamic situation in which both the defenders and challengers of the existing system are intertwined in a constant interactive process of shaping and reshaping the world order.

As Figure 2 indicates, hegemony can be decomposed into many tangible aspects. China and some emerging powers have successfully placed

The world is entering an era of interdependent hegemony due to the rise of emerging powers.

Fig. 2. Dimensions of Interdependent Hegemony.

*Source:* Compiled by the authors.
themselves in a position of power sharing, in terms of economic competition, capital accumulation, political and economic influence, financial contribution, as well as technical and material capacities. However, China and other emerging powers are still in a relatively weaker position in the areas of norm- and value-setting, global governance, cultural and ideological leadership, and media control.

The concept of “interdependent hegemony” can be deconstructed from the following six perspectives.

First of all, it is understood as a primarily interactive and dynamic relationship between China as well as other emerging powers on the one hand and the existing constellation of the international order on the other. It is a dual complexity of both “intended consequence” and “unintended consequence.” The phenomenon of the rise of emerging powers is an “intended consequence,” in that it is the result of the established powers’ inviting and pushing China and other emerging powers to be integrated into the capitalist world economy so that they will be confined within the structural mechanism of global capitalism. The phenomenon is also an “unintended consequence,” because the economic success of emerging powers is a powerful challenge to the existing order. Particularly in the case of China, such an unintended consequence is well observed by Chris Patten, the last British Governor of Hong Kong, who described the rise of China as “a threat to Western democracy” and as “the first example of a country which has done astonishingly well in this international system, but challenges its basic foundations.”11 It implies a dual complexity in which China’s success is achieved through its integration into the international system, while some elements of its success contradict or challenge the basic norms of the existing world order. In other words, China’s success is putting the country in a more favorable structural position in the distribution of global wealth and, at the same time, making it a serious challenger to many “enduring aspects” and “global arrangement” defined by the core powers of the existing world order.

Secondly, “interdependent hegemony” indicates the fact that globalization and global capitalism are entering a stage of “varieties of capitalism”

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in which “capitalist classes” are not only private economic actors but also states, such as Chinese state-owned enterprises. The effective integration of state interests and capital accumulation is helping some emerging powers to win a “war of position”\textsuperscript{12} by redefining the systems of alliance and reshaping the terrain and parameters of global social, economic, and political relations. The so-called “Beijing Consensus” as a “norm diffusion” from the Chinese success reflects a unique political economy of “state capitalism.”\textsuperscript{13} China’s growing global financial role, as exemplified by the Chinese-led Asian Infrastructure Investment Bank (AIIB), is seen as Beijing’s norm-setting and rule-making leadership in global governance on the world stage.\textsuperscript{14} As the AIIB is identified by some as “China’s normative power in international financial governance,”\textsuperscript{15} China is clearly in the process of changing its position from a rule-taker to a rule-maker in the international system.

Thirdly, “interdependent hegemony” is leading the world into a post-U.S. hegemony era, in which there will be no hegemonic norms and values defined by one single country (the United States) or by a core cultural civilization (the West). China’s economic success is facilitating the accommodation and inclusion of multiple alternative norms and values; the so-called “Chinese model” is opening up opportunities for multiple factors and alternative explanations regarding mechanisms that enrich and empower emerging nations, such as those of mutually dependent relationships

\textsuperscript{12}The notion is derived from Antonio Gramsci, who refers to a slow and protracted political strategy of ideological struggle that aims to occupy the critical terrain of popular “common sense.” The concept intends to be distinguished from another notion termed by Gramsci as “war of maneuver,” which refers to a direct, violent and immediate assault on the state for achieving political power.


between property rights and economic growth, between the rule of law and market economy, between free currency flow and economic order, and most importantly, between democracy and development. These norms and values are increasingly beyond the monopoly of the existing dominant powers, and are ever more “interdependent” — more open, less rigid, and non-universal.

Fourthly, “interdependent hegemony” accounts for new counter-hegemonic alliances among emerging powers, but these alliances are issue-based rather than norm-based. Neither China nor other emerging powers will be able to create a new alternative hegemony, but they will remain a counter-hegemonic force to promote multilateralism and avoid unilateral hegemony. Most emerging powers, China in particular, conduct very pragmatic foreign policy in order to strike a balance between defending their “national interests” and resisting the hegemon of the existing order. Beijing has no specific unified global strategy grounded in norms and principles; rather, it has different tactics and policy approaches to different global political, economic, and security problems on a case-by-case basis.

Fifthly, “interdependent hegemony” offers China and other emerging powers a good opportunity to develop a collective “positioning” strategy and “balancing” tactics. However, it also illustrates the fact that China and other emerging powers are not yet able to form an integrated “historical bloc” as an independent and homogenous hegemony, for they are in different competitive or contradictory relationships with the existing powers, and they have different regional and global influence as well. Besides, there are still many lingering political and historical problems among emerging powers, like those between China and India.

Finally, “interdependent hegemony” implies a new type of hegemony grounded in the expansion of “room for maneuver” and the increase of “upward mobility” brought about by China and other emerging powers as a new force for intensifying globalization and interdependence in the world order. The economic and political relationship between the established and emerging powers does not mean a repetition of the traditional North-South dependent affiliation; rather, it exhibits an interdependent and intertwined
relationship between them. The conventional core-semiperiphery-periphery stratification is no longer applicable to the complex relationship between existing and emerging powers.

Since the relationship between emerging powers and the existing world order is regarded as being more interdependent than confrontational under “interdependent hegemony,” the rise of China and other emerging powers should not be interpreted in the context of the decline of the U.S. hegemony and the existing world order. On the contrary, it should be interpreted as a result of those emerging powers’ integration into the U.S.-led world order and as evidence of the strength and resilience of the existing liberal order. Indeed, China is becoming a more liberal power, albeit in its own way, and Beijing is also working with both emerging and established powers to reform the current world order.

Therefore, it is necessary to adopt a dialectic approach to understand the current world system, in which patterns of relationship among nation-states are shaped by the historical evolution of the hegemonic structure, and with which emerging powers are politically and economically integrated and embedded. The challenge by emerging powers and the structural barriers of such challenge can be conceptualized in the framework of “interdependent hegemony” in the capitalist world system. That is to say, the emerging power phenomenon, together with the limit of its shape of an alternative hegemony, is a dialectic interaction that demonstrates, on the one hand, the dynamic and inclusive nature of the capitalist world system and, on the other hand, the contradictions embedded in the system in the process of integrating national economies.

Globalization and the transnationalization process is a double-edged sword presenting both opportunities and challenges to the existing hegemon and emerging powers as well. Seen from this perspective, the argument is that the rise of emerging powers has indeed challenged many aspects of the existing world order’s functionality, scope, legitimacy, and authority. However, it has not yet fundamentally changed the structural power of the existing world order. Structural power refers to “the power to choose and to shape the structures of the global political economy within which other states, their political institutions, their economic enterprises, and (not least) their professional people have to operate”; and it contains four interconnected features: the security defense capacity, the control of the
system of production of goods and services, the control of the structure of finance and credit, and the dominance of knowledge and ideas.16

In the current era of transnational capitalism, it is unimaginable for China and other emerging powers to establish a new world order with alternative independent hegemony. Today’s world order seems to demonstrate two sides of a coin: one marks the return of the historical “great power rivalry” characterized by conflicts and zero-sum power competition, yet the other features “interdependent hegemony” characterized by the system’s resilient capacity for accommodation and integration of new powers.

China’s Rise in the Capitalist World System

The world systems theory developed by Immanuel Wallerstein17 provides a broad theoretical perspective to understand historical evolutions and transformations involved in the rise of the modern capitalist world system. This system evolved and expanded over a long span of time and uninterruptedy brought different parts of the world under its law of value and division of labor. A perpetual inequality in the international division of labor is leading to a permanent condition of economic core-peripheral relations. Under this single division of labor within one single world market, a political structure consisting of sovereign states and multiple cultural entities interacts within the framework of an interstate system. The world system is conceptualized as a dynamic one in which changing positions within the system’s structural morphology is possible by taking advantage of global capital mobility and relocation of production.

Historically, the division of labor within the capitalist world economy brought about and resulted in flows of commodities, labor, and capital across different geographical areas through chains of production, exchange, and investment. In this sense, China and India are seen as the last reserves, or unexploited areas, that have been brought into the capitalist world system. The world systems theory attempts to explain the system’s embedded inequalities in which nation-states occupy different market positions and have quite different development stages within a seemingly unified global economy. In line with this theory, different positions in the international division of labor and the continuous change of patterns of competition and competitiveness planted the system from the very beginning with inherent contradictions.

Figure 3 shows that the capitalist world system’s fundamental features are characterized by a series of cyclical rhythms, that is, economic prosperity or crisis, and upward or downward mobility. More importantly, this series of cyclical rhythms was followed by the rise and decline of new guarantors (new hegemons), and each one had its own unique pattern of control. Likewise, the current phenomenon of emerging powers in general and the rise of China in particular can be perceived as part of the system’s rhythmic cycles in upward mobility, and China continues to follow the essential features of the world capitalist system. Thus, China is believed to be motivated or driven to act as a new political and economic system-guarantor due to its economic integration and market dependence in the system’s mode of production and capital accumulation.

Nevertheless, emerging powers like China are also described as challengers to the system’s existing dominant guarantor and other core powers, because they have different political and economic governing cultures. According to Realism, China has a strong interest in fostering a world order with “Chinese characteristics.” However, seen from the world-system perspective, even if the future world order were to be injected with Chinese

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characteristics, it would simply be an externalization of China’s internal economic, political, and cultural features without altering the fundamental architecture of the world capitalist system.

Contrary to Realists’ pessimistic views that the existing dominant power (the United States and the West in general) and the challenging power like China are doomed to lasting clash, the world systems theory does not regard the rise of new guarantors (later-comers) as a threat as long as the system’s fundamental law of value, especially the mode of production and capital accumulation, is maintained. This is because the advance of the late-comers hugely benefited from their integration into the international division of labor and active participation in the process of capital and wealth accumulation. Accordingly, the rise of China and emerging powers is understood as part of the never-ending cyclical rhythms of the system, which symbolizes the strength and success of the world system in bringing more untapped parts of the world under the influence of capitalism without changing the fundamental relations of inequality within the system.

Therefore, the world systems theory’s logical argument is clear with regard to China’s global rise: whilst China is successfully moving toward
the core, it still needs the periphery, and even more so. The rise of China will eventually generate "promotion by invitation" and bring about the enlargement of "room for maneuver" and "upward mobility" for the global periphery that is tempted to "seize the chance." Here, "promotion by invitation" refers to an upward mobility path enjoyed by a semi-peripheral or peripheral country, whose geopolitical or geo-economic position is vital during the period of global power struggles, or whose internal resource and labor condition is favorable to global capital mobility and production relocation. This upward mobility is stimulated by the favorable external environment created by the promotion and invitation of the existing hegemon, or by a group of core nations, for the sake of their own geopolitical and geo-economic interests. In East Asia, Japan and the Newly Industrialized Economies (NICs) are good examples of this type of upward mobility by external promotion. "Seizing the chance" indicates the internal capabilities of a developing country to take advantage of a new situation or condition in the international political economy and to adjust its internal development mobility accordingly.

By this theory, for capital to move away from the declining sectors into the profiting sectors, the declining sectors need to be relocated to semi-peripheral or peripheral countries according to their labor condition and technological level. As a result, some of these countries will benefit from global capital mobility and production relocation.

Historically, it was at such pivotal moments that opportunities for upward mobility within the system were generated and regenerated through promotion by invitation. The United States emerged as a dominant political, economic, and military power in the international system, and it played a pivotal role in contributing to world economic development in the post-WWII era. For economic and political reasons, the United States committed itself to the revival of a liberal international economy, an international division of labor, and resource and market access that benefited itself and its allies. The entire role played by the United States since World War II is theorized by the Realist school as "hegemonic stability" through providing "public goods." As a benign hegemon, U.S. leadership during this period was structural leadership, that is, "the ability to direct the

19Wallerstein, The Capitalist World-Economy.
overall shape of world political order” based on resources, capital, technology, military forces and economic power.20

Admittedly, one objective of post-WWII U.S. foreign and economic policies was to cultivate pro-Washington authoritarian and anti-Communist regimes in the third world to defeat the Soviet Union. Fearing a possible Communist expansion in Europe as a result of mass poverty in the immediate aftermath of World War II, the U.S. government launched the Marshall Plan to revive the Western European industries. In East Asia, Washington’s chief concern was also economic revival in key geostrategic regions like Japan, South Korea, and Taiwan. Under the U.S. protection, external military threats and the internal danger of communist expansion were substantially lessened in both Europe and East Asia. The burden of the allied countries’ military expenses was also greatly alleviated by the U.S. military presence. U.S. military bases were seen to have not only protected these countries, but also provided them with economic benefits such as employment. Even now, the withdrawal of U.S. troops and closure of military bases would be considered as an economic loss.

China’s rapid economic growth over the past decades is a testament to the positive spillover effects of the system’s upward mobility and the huge flow of global outward foreign direct investment (FDI). “Room for maneuver” refers to the external conditions for “upward mobility” in the world capitalist economy that is conducive to internal development. Seen from a long historical perspective, the global core-semiperiphery-periphery hierarchy defined by the world systems theory has been a relatively stable structure over centuries. The system’s rhythmic cycles and the rise or decline of hegemonic powers provide both upward and downward mobility. As mentioned above, the post-WWII rise of the United States was a clear example of the strong force for promoting upward mobility, and so is China since the 2010s. A positive effect of upward mobility is generated by a combination of external forces (through “promotion by invitation”) and internal forces (the goal of

“seizing the chance”). What is interesting about China is that the country was an initial receiver and later on a contributor of room for maneuver and upward mobility.

The rise of China, together with its outward capital expansion and ever more assertive global strategy, seems to represent another rhythmic cycle of the rise of a new hegemon. It is an opportunity in terms of room for maneuver and upward mobility for some countries, yet a challenge and downward mobility for others. For example, the China-Brazil trade relations represent the coexistence of both opportunities and constraints. On the one hand, Chinese investment in Brazil and Brazil-China trade relations are becoming more important to Brazil, bringing tangible benefits to the country in terms of expanding room for “political maneuver” and “commodity boom.” On the other hand, the unequal bilateral trade structure, with China exporting mainly manufactured products and Brazil exporting primary commodities and raw material, is making Brazil a primary commodity-exporter and is seen by some as “deindustrializing Brazil.”

Conclusion

International scholarship tends to focus on the debates among the different theoretical schools of international relations in hypothesizing the binary choice faced by both the existing and emerging powers: the former is endeavoring to assimilate the latter into the defined structure and mechanism of the existing order, while the latter is struggling to benefit from challenging and changing the system.

This paper takes its point of departure from the neo-Gramscian conceptual category and analytical apparatus centered around the notion of “hegemony.” It further develops this notion and provides an alternative framework of “interdependent hegemony” in order to provide a better understanding of the global impact of the ascendence of emerging powers brought about by globalization and the transformation of international relations and the international political economy. This alternative

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framework is considered to be a better conceptual tool in analyzing the dynamic nexus between the role of emerging powers as a counter-hegemonic socio-political force and the hegemonic resilience of the existing international order. The paper also regards the capitalist world economy as a dynamic system which is under continuous changes, with certain basic features of the system remaining intact. The geographic expansion of the capitalist world economy will continue in the foreseeable future. Despite the rise of China and other emerging powers, the functioning of the world economy will always generate inequalities with positional changes in the stratification of the core-semiperiphery-periphery structure. The rise of China is fundamentally a positive driving force behind the evolution of the world system as it is both a recipient and provider of global production and investment.

The relationship between the rise of emerging powers and the existing order will continue to be based on a dialectic relationship that waxes and wanes. Rather than move in a predictable direction (either forward or backward), the dynamic interaction between the rise of emerging powers and the existing order will continue to be in flux, because a more horizontal world order brought about by emerging powers’ and especially China’s global rise offers more space for interaction and competition, generating both opportunities and challenges. For the time being, there is a multifaceted interplay of Realism, Liberalism, altruism, hope and fear between China and the West. In the years ahead, the rise of China and the principal powers of the existing world order will have to go through a considerable period of struggle, adjustment, and tension.