

# **RETHINKING THE CONCEPT OF HEGEMONY AND THE RISE OF CHINA**

**by**

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**Keywords:** hegemony, china, power shift, international system, international relations theory, hegemonic rivalry

## Abstract

China's unprecedented economic achievement since the beginning of the 1980s was expressed through a considerable development in all aspects of its power such as economic capacity, military capability, soft power etc. The rise of China led to a redistribution of power both in regional and in the international realm. Thus, the mind-boggling questions of how can we make sense of China's current rise, what will be its future position in international system, will it be the next hegemon, seem to justifiably occupy the minds of many of the IR scholars throughout the world. These questions will remain on the top of the agenda of both academicians and policymakers interested in global politics and the outcomes of these puzzles will dominate how we will think about international politics for the next several decades. Before attempting to produce an account on these matters, we must scrutinize existing IR theories to understand hegemony as a concept. Revealing the strengths and weaknesses of these accounts helps us with expanding our understanding and creating an alternative explanation. In this regard, my clarification of how 'hegemony' is conceptualized in political philosophy and how main-stream IR theories approach the issue of 'hegemony' grounds an eclectic reconceptualization/reframing of the term better suited to describe the emerging situation. At the end of the study, based on this framework, I provide a comprehensive explanation to the material dimensions of China's current rise and its prospect for hegemony in international system.

# HEGEMONYA KAVRAMINI YENİDEN DÜŞÜNMEK VE ÇİN'İN YÜKSELİŞİ

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**Anahtar Kelimeler:** hegemonya, güç geçişi, uluslararası sistem, uluslararası ilişkiler teorileri, Çin, hegemonik mücadele

## Özet

Çin'in 1980'lerden itibaren elde ettiği eşine pek az rastlanır ekonomik başarısı, ülkenin ekonomik kapasitesi, askeri donanımı ve yumuşak gücü gibi pek çok alanda ciddi ilerlemeler kaydetmesine yol açmıştır. Çin'in bu yükselişi bölgesel ve uluslararası düzlemde gücün yeniden dağılımını tetiklemiştir. Bu sebepten ötürü Çin'in bu yükselişini nasıl anlamlandırabiliriz, Çin'in uluslararası sistemdeki gelecek pozisyonu ne olacak, bir sonraki hegemon Çin mi olacak gibi sorular tüm dünyadaki akademisyenlerin zihnini tabi biçimde meşgul ediyor gibi gözükmektedir. Bu sorular küresel siyaset ile ilgilenen akademisyenlerin ve politika yapıcılarının ajandalarındaki en önemli meselelerden olmayı sürdürecektir ve bu soruların cevapları gelecek on yıllarda uluslararası ilişkileri nasıl düşünüyor olacağımızı belirleyen temel göstergelerden olacaktır. Bu tarz sorunsallar hakkında bir açıklama oluşturmaya girişmeden evvel hegemonya kavramını anlamak için mevcut uluslararası ilişkiler teorileri irdelenmelidir. Bu teorilerin sunduğu açıklamaların güçlü ve zayıf yanlarını ortaya çıkarmak hem konunun daha iyi anlaşılmasına hem de alternatif bir açıklama oluşturmaya yardımcı olacaktır. Bu bağlamda siyaset felsefesinde hegemonyanın nasıl kavramsallaştırıldığı ve ana akım uluslararası ilişkiler teorilerinin bu meseleye nasıl yaklaştıkları üzerine yürüttüğüm inceleme, ortaya çıkan durumu açıklamak için daha uygun olan eklektik bir çerçeve sunmaktadır. Çalışmanın sonunda bu geliştirdiğim yeni modeli temel alarak Çin'in mevcut yükselişinin materyal boyutuna ve Çin'in uluslararası sistemin yeni hegemonu olma ihtimaline ilişkin kapsamlı bir açıklama sunulmaktadır.

# Table of Contents

CHAPTER 1: INTRODUCTION .....	1
1. GENERAL OUTLINE OF THE WHOLE STUDY .....	1
CHAPTER 2: THE DEVELOPMENT OF HEGEMONY AS A CONCEPT AND THE LITERATURE REVIEW OF IR THEORIES OF HEGEMONY .....	7
1. THE ORIGINS AND EARLIER DENOTATIONS OF THE TERM HEGEMONY .....	7
1.1. The Initial Meanings of Hegemony in Ancient Times.....	7
1.2. Thucydides’s Conception of Hegemony .....	8
1.3. The Interpretation of Aristotle and Isocrates .....	10
1.4. Gramscian Conception of Hegemony.....	14
2. LITERATURE REVIEW OF IR THEORIES OF HEGEMONY .....	15
2.1. Evaluation of General Tendencies of IR Scholars.....	15
2.2. Examination of Realist IR Theory and Its Interpretation of Hegemony .....	16
2.3. Examination of Primary Arguments of Liberal IR Theory and Its Interpretation of Hegemony .....	27
2.4. Cox’s Neo-Gramscian Theory and His Understanding of Hegemony.....	34
CHAPTER 3: RETHINKING HEGEMONY .....	42
1. INTRODUCTION .....	42
2. DISTINCTING HEGEMONY FROM OTHER RELATION PATTERNS .....	42
3. HEGEMONY AND POWER .....	45
3.1. Conceptual Examination of Power .....	46
3.2. Antoniadides’s Conceptualization of Hegemony as Movement of Power .....	50
3.3. Necessary Pillars of Hegemony .....	54
4. BRIEF SUMMARY AND IMPORTANT REMARKS .....	70
CHAPTER 4: EXAMINATION OF CHINA’S MATERIAL POWER RESOURCES IN COMPARISON WITH THE US .....	73
1. INTRODUCTION .....	73
2. ANALYSIS OF CHINA’S ECONOMY POLITICS .....	73
2.1. Chains of Economic Development .....	75
2.2. Uncertainties about China’s Economic Model.....	78
2.3. China’s Monetary Policy and Its Attempts to Internationalize Yuan .....	84
3. CHINA VS THE UNITED STATES .....	87
3.1. Economic Interdependence between China and United States .....	88
3.2. Comparison between the United States and China .....	89
3.3. Other Instructive Indicators .....	95
4. CONCLUSION .....	99

CHAPTER 5: CONCLUSION .....	101
1. GENERAL SUMMARY OF MY ECLECTIC FRAMEWORK OF HEGEMONY .....	101
1.1. Rethinking Hegemony .....	101
1.2. Framework of Hegemony.....	102
2. BRIEF EVALUATION OF THE SUFFICIENCY OF CHINA’S MATERIAL BASIS FOR HEGEMONY .....	106
3. EVALUATING THE EFFECTIVENESS OF CHINA’S SOFT POWER, PRELIMINARY OBSERVATIONS AND REMARKS FOR FURTHER RESEARCH AGENDA.....	107
3.1. Cultural Sources of China’s Soft Power .....	108
3.2. Foreign Policy Preferences of China as a Source for Soft Power .....	111
3.3. China Model and Its Political Values as a Source of Soft Power .....	113
3.4. Conclusion .....	115
4. BRIEF EVALUATION OF CHINA’S EFFECTIVENESS IN INSTITUTIONS AND REMARKS FOR FURTHER RESEARCH AGENDA.....	116
4.1. Failed Attempts to Reform Existing Institutions .....	116
4.2. China-Led Initiatives for the Establishment of New Institutions .....	118
4.3. Conclusion .....	121
5. CONCLUDING REMARKS.....	122
BIBLIOGRAPHY.....	124
ACADEMIC ARTICLES AND BOOKS.....	124
NEWS OR OPEDS .....	129

# **CHAPTER 1**

## **INTRODUCTION**

### **1. GENERAL OUTLINE OF THE WHOLE STUDY**

China's unprecedented economic achievement since the beginning of the 1980s triggered a considerable development in several aspects, including its economic capacity, military capability, ideational power etc. As a result, China's emergence led to a redistribution of power both in regional and more broadly in the international realm. Apart from China's ascent, other countries including Brazil, Russia, and India also emerged as game-changing states in their regions and in the global context. The inclusion of all these potential great powers into the competition in global politics raised the questions about the further configuration of the international system. These new players have recently challenged the unipolar system that the US has led since the dissolution of USSR. China, with its unrivaled economic performance persisting throughout the last 30 years, rapidly growing military capacity, and comparative economic advantages like lower labor cost and more developed industrial infrastructure, stands as a more potent candidate for the hegemonic rivalry with the US compared to other countries.

Thus, the mind-boggling questions of how can we make sense of China's current rise, what will be its future position in the international system, will it be the next hegemon, seem to justifiably occupy the minds of many of the IR scholars throughout the world, but especially the ones in the western hemisphere. As John Mearsheimer, one of the most well-known and cited scholars of international relations discipline in the world, eloquently points out that these question will remain on the top of the agenda of both academicians and policymakers interested in global politics and the outcomes of these puzzles will dominate how we will think about international



politics for next decades.<sup>1</sup> It is very difficult to find answers to these questions as every scholar and theoretical tradition puts forward dizzyingly different accounts. This study aims to re-evaluate the concept of hegemony based on the arguments put forward by conventional IR theories and leading ancient philosophers. The next step then is to apply this concept to make sense of China's rise.

For me, before engaging in attempts to produce fruitful accounts to these problems, we need to initially confront with some burning questions: "What does hegemony as a complex concept really imply?", "What do the existing IR traditions say about hegemony in international relations?", "Can we rethink this concept in light of existing literature?", Within the scope of this text, I will try to deal with these preliminary questions and develop my own accounts. At the end of the study, I hope to provide a comprehensive response to the question of "By analyzing the material dimensions of China's current rise, how can we evaluate its prospect for hegemony in the international system?"

As I will discuss later on, to be deemed as a hegemon, a state should have great supremacy in three realms: material power resources, soft power resources and key institutions of global governance. Considering the limited scope of this study, I want to concentrate my efforts more on material dimension of China's rise and discuss other vital dimensions of hegemony less elaborately. But, these two pillars are also very important and thus elaboration of these issues is on my future agenda.

Apart from this practical reason, studying material power resources of China is highly necessary because China registered a roughly double-digit growth rate throughout last three decades and transformed its rural, undeveloped economy to an industrial one. By allocating its economic

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<sup>1</sup> Mearsheimer, J. Why China Can not Rise Peacefully. 03:50-04:20. For the full video of the conference please visit: <https://www.youtube.com/watch?v=CXov7MkgPB4>

resources to the modernization of its military equipment, China now has a very strong military. Thus, analyzing the primary dynamics of China's rise entails the elaboration of China's material power resources and various IR strands dedicate much effort to examine the propellant power behind the developments in China's material capabilities and they try to foresee whether China can persist its dynamism so long.

This research question entails two different tasks to be carried out: First one is the conceptualization of hegemony in the international system, and second is the examination of China's material basis for hegemony. For the conceptualization of hegemony, I will benefit both from the arguments put forward by leading Ancient philosophers regarding the concept of hegemony and from the insights of conventional IR traditions in Chapter 2. Based on these discussions, I will attempt to rethink the concept of hegemony in Chapter 3. For the second mission, I will initially analyze current material stocks of China in relation to the US in Chapter 4 and I will briefly evaluate whether China's material power resources are sufficient enough for it to be qualified as the hegemon in the final chapter.

To comprehend what hegemony really means is genuinely vital to differentiate it from other patterns of relations like domination or empire. This could only be possible with the examination of various usages of this concept throughout the history. In the first part of the subsequent chapter, I will analyze how hegemony has been understood in Ancient times when the concept of hegemony is originally developed. I will examine the arguments put forward by leading Ancient philosophers (Thucydides, Isocrates, and Aristotle) contemplating on hegemony and other types of power relations. The outcomes of this endeavor will lead us to trace the link between the earlier and current connotations of this phenomenon. The insights obtained by product of the elaboration of Ancient philosophers, combined with the contemporary meaning of hegemony defined by IR students (in latter parts of chapter 2), will help both with the better comprehension of the content of hegemony as a multifaceted concept

and with the determination of its distinctive features from other types of power relations.

The latter part of the second chapter is dedicated to the literature review on how different IR strands approach to the issue of hegemony in the international system. This part of the essay will enable us to be familiarized with the existing perspectives on hegemony in the international system and provide fruitful inferences for the latter chapter in which I rethink the concept of hegemony.

Earlier theoretical endeavors provide highly effective instruments for the apprehension of hegemonic relations in global affairs. Thus, by benefiting from accounts developed by leading IR traditions and the inferences acquired from the arguments of Ancient philosophers in subsequent chapter I try to reevaluate the concept of hegemony. I try to conceptualize hegemony as a movement of power and my frameworks propose that a hegemon should have unparalleled supremacy in three realms, which are possession of material power resources, control over others' mind-set and control of institutions. At this point, I want to remind that Cox's understanding of hegemony, as we will discuss in related parts of Chapter 2, figures out these three elements as the pillars of hegemony but my framework is different from his evaluation in the senses that my framework takes state as the primary actor contrary to Cox's prioritization of civil society and I never adopt a class-based approach as Cox did.

In the fourth chapter, I will briefly look into the fundamental dynamics of China's great economic transformation. This will bring a better understanding of the basic conditions rendering its appealing growth rates since 1980s possible. Later I will present current handicaps of China's economic policies and speculate about likely threats to the sustainability of its economic accomplishment. Later on, I will comparatively analyze the capacities, relative advantages and disadvantages of two powers: China and the US. I will do this by analyzing economic, military and some other instructive indicators. This endeavor will help us with

grasping the material basis of China's rise and elucidate the relative position of China to the established hegemon, the USA, in terms of these resources.

Based on the reevaluation of hegemony in Chapter 3 and empirical examination of China's material resources in Chapter 4, in the final chapter, I will firstly evaluate sufficiency of China's material power resources for hegemony and later on I will provide some concluding accounts regarding what type of qualifications and possessions China should have to achieve the status of global hegemony and how its effectiveness in these issue areas can be studied.

After talking about the general outline of this text, I want to briefly evaluate the potential contributions of this study to the development of existing literature particularly on China's prospect for hegemony and more broadly on the concept of hegemony in the international system. I think that my study will contribute to the improvement of IR literature in three primary respects. First, I will try to rethink the concept of hegemony for the analysis of how hegemonic leadership really functions. By benefiting from established IR tenets and the claims of key Ancient thinkers, my framework will show an alternative interpretation of hegemony in the international system. I hope that my reevaluation of the literature on hegemony might provide scholars with an alternative tool-box during their attempts to make sense of China's current rise and forecast its further position in the international system.

In order to conduct a research, the first thing to do is to clearly identify the concept at issue. In this process, comparative examination of alternative notions, which are sometimes mistakenly used as interchangeable concepts, is highly mandatory. I try to grasp the actual content of hegemony by comparing it other forms of rule such as domination or empire. While doing this, I heavily benefited not only from the original usages of the terms hegemony, empire, domination etc. by the prominent Ancient philosophers but also from the contemporary connotations of them in a comparative fashion. Therefore, detailed examination of what type

of meanings earlier thinkers attach to these notions and incorporation of these insights into the contemporary analysis of hegemony is another innovative dimension of my study.

I strongly believe in the vagueness of the boundaries between different branches of social sciences. So, in all my academic studies I try to transcend these superficial divisions and adopt an interdisciplinary approach due to my genuine faith in the relative merit of multidisciplinary stances in covering the complex nature of reality. Within the scope of this thesis, I try to benefit from different sources belonging to various disciplines including political philosophy, international relations, history, and economics so as to strengthen my arguments. I hope that the diversity of the resources makes my study both more informative and more explanatory and increases its relevancy in the existing literature.

# **CHAPTER 2**

## **THE DEVELOPMENT OF HEGEMONY AS A CONCEPT AND THE LITERATURE REVIEW OF IR THEORIES OF HEGEMONY**

### **1. THE ORIGINS AND EARLIER DENOTATIONS OF THE TERM HEGEMONY**

Among IR scholars, great theoretical investigations and empirical discussions have been revolving around the nature of the concept 'hegemony' and its overt and covert reflections on the relations and interactions between actors in the real world. There has emerged a remarkably voluminous literature by-product of such scholarly efforts. The availability of a plethora of resources on this concept both poses challenges and provides opportunities for further studies. On the one hand, this makes it harder for the novel efforts to transcend the boundaries of existing theoretical frameworks. On the other hand, this might amount to the existence of so many starting points to initiate new researches. In the second and third chapters of this thesis, my principle aim is to consider both these opportunities and threats and to scrutinize some primary frameworks and rethink the concept of hegemony in international system.

#### **1.1. The Initial Meanings of Hegemony in Ancient Times**

Although the term 'hegemony' has been popularized by prominent Italian Marxist Antonio Gramsci, its preliminary usages can be found in ancient texts. Close scrutiny of prominent ancient canonicals reveals that there appear to be two slightly different but inherently diverging denotations of the term 'hegemon'. The first being that hegemony implies the leader of a military alliance established by product of the free consent of several participatory poleis (city-states). The second being that it attributes to a city-state as the ruler of a consort initiated by so many poleis, which willingly league together against a common military threat. To merge these usages and put them briefly, hegemony is a system constituted by a number of city-states, in

which one particular polis exercises its authority over, and takes the lead of mutually volunteering city-states.<sup>2</sup>

Having obtained the first place among the Peloponnesian states since the mid-6th century BC, Sparta's leadership, thanks to the voluntary subordination of the majority of the Greek states to its authority, reached its climax during the Persian Wars. However, in this consort, competition erupted between two opponent segments headed by Sparta and Athens, which is very powerful at sea contrary to the apparent supremacy of Sparta on land. Since 476 Athens had led a large island-league called the Delian League and now offered its leadership everywhere as an alternative as powerful as Sparta. Even so, as elaborately examined below, its hegemony has not persisted so long and its faulty policies towards its subordinates (as exemplified in Melian dialogue) helped the dissolution of the community.<sup>3</sup>

## **1.2. Thucydides's Conception of Hegemony**

Thucydides in his History of the Peloponnesian War, repetitively applies the concept 'hegemony' to identify both a military and a political alliance of autonomous states. His understanding about the nature of political authority was a highly novel vision in the sense that he hammers home to the readers, in particular, and posterity, in general, the difference between *hegemonia* (legitimated leadership) and *arkhe* (control). His nuanced vision could well grasp the significance of ideology together with material capability for the attainment and preservation of this status.<sup>4</sup> Legitimacy of the hegemon's rule over weaker allies rests on its ideological leadership, and without this element, its leadership takes the form of control relying only on the material preponderance of the powerful side.

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<sup>2</sup> Howson, R., & Smith, K. (Eds.). (2008). *Hegemony: studies in consensus and coercion*. Routledge. P 81,

<sup>3</sup> Wilkinson, D. (2008). Hêgemonía: Hegemony, classical and modern. *Journal of World-Systems Research*, 14(2), 120.

<sup>4</sup> Lebow, R. N., & Kelly, R. (2001). Thucydides and hegemony: Athens and the United States. *Review of International Studies*, 27(04), 593.

As elaborately discussed in this text the Delian League, initially founded as a volunteer alliance of independent states under the hegemony of Athens so as to thwart the threat leveled by Persians at the shared interests of the participants, was later on transformed into the Athenian Empire in which allies were no longer deemed as free members but rather turned into dependent subordinates.<sup>5</sup> In other words, Athens' leadership shifted its focus from protecting the common interests of the alliance to use its power for the sake and interest of its own. However, the shift in its policy preferences towards pursuing its own interests rather than behaving justly undermined Athenian's authority and endangered the survival of the empire. The Melian Dialogue<sup>6</sup>— often referred by realists to legitimize a power-based approach to international politics<sup>7</sup>—is utilized to epitomize this corrosion. Thucydides understands Athenian behavior at Melos as 'pathological', and the crude exercise of power it represents as something to be shunned, not emulated. Close examination of Thucydides' texts inevitably reveals that he adopted a medical model for his history like a physician who observes the progression of a

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<sup>5</sup> Howson, R., & Smith, K. (Eds.). (2008). Ibid. p 81,

<sup>6</sup> The Melian dialogue is supposed to occur between the Athenians and the people of Melos, a small island located in the southern Aegean Sea in 415-416 BC during the Peloponnesian war. The Athenians ordered Melians either to succumb and pay them tribute or to witness the unavoidable demolition of their city. The people of Melos, by pleading for Athenians' compassion towards such a tiny and vulnerable city, announced their desire to remain neutral between Athens and Sparta. However, this did not become effective. Proposing that justice could only be a valid matter if the parties are equal, Athenians aggressively responded by massacring the men in military age and enslaving helpless women and children. For the full text of the dialogue, visit: <http://lygdamus.com/resources/New%20PDFS/Melian.pdf>

<sup>7</sup> By many leading scholars, Thucydides is regarded as the founding father of realist thinking in politics. The famous Melian Dialogue is among the most primary starting points of key realist thinkers to substantiate the principal arguments of their theoretical approaches. While considering the relevancy of anarchy and primacy of self-help in international system, the famous dictum of Athenian envoy "The independent states survive [only] when they are powerful" is generally applied by the members of this tradition. Also as the anti-ethical of idealist thought, realists are highly skeptical of the relevancy of moral norms in international relations and privilege power politics. The apparent roots of this point of view can be found again in the Melian Dialogue especially in the words of Athenian envoys: "We both know that the decisions about justice are made in human discussions only when both sides are under equal compulsion, but when one side is stronger, it gets as much as it can, and the weak must accept that" in Korab-Karpowicz, W. Julian, "Political Realism in International Relations", *The Stanford Encyclopedia of Philosophy* (Summer 2013 Edition), Edward N. Zalta (ed.), URL = <http://plato.stanford.edu/archives/sum2013/entries/realism-intl-relations>. For more information on the link between mainstream IR theories and Thucydides in general and the Melian Dialogue in particular, please read: Korab-Karpowicz, W. Julian, 2006. "How International Relations Theorists Can Benefit by Reading Thucydides," *The Monist*, 89(2): 231–43, and Wassermann, F. M. (1947, January). The Melian Dialogue. In *Transactions and Proceedings of the American Philological Association* (pp. 18-36). American Philological Association.



disease from its initial appearance to its destructive repercussions for the physical integrity of the patient. In this context, according to Thucydides, Perikles' era symbolizes the 'healthy' phase of Athens' rule and disease manifested itself in a series of chaotic situations resulting in the Melian Dialogue and the subsequent Sicilian expedition.<sup>8</sup> To put it shortly, the virus of crudeness and selfishness and its unavoidable complication of ignorance of others rights and desires afflicted Athenians and paved the way for the dissolution of its Empire.

Hence, in Ancient Greece the term 'hegemon' refers to a state having military preponderance and political leadership over others in an alliance system. This hegemonic system is substantiated on four principle pillars. First, it bears a dual structure which implies that both the hegemon and its allies are structurally independent and distinct from one another. The second one is the absence of a shared citizenship status. Every polis holds its own citizenship criteria. The third pillar is the fluid characteristic of alliance membership, that is, poleis participated or left the alliance based on both their perceived self-interest and the shift in power relations in the international system. And the final one is the historical and empirical (but not necessarily inevitable or quintessential) tendency of the hegemonic alliance to turn into an empire prioritizing self-interest and exercising coercive subjugation of others.<sup>9</sup>

### **1.3. The Interpretation of Aristotle and Isocrates**

The meanings attributed by Thucydides to the term 'hegemony' provide fruitful grounds for our analysis within the scope of this study. Nevertheless, the examination of two prominent ancient thinkers, namely Aristotle and Isocrates, can also enable us to grasp the complex nature of this concept. Amidst being used in different spheres of politics and applied to identify

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<sup>8</sup> Lebow, R. N., & Kelly, R. (2001). Ibid. 594

<sup>9</sup> Howson, R., & Smith, K. (Eds.). (2008). Ibid. p 81-82. About the state system prevalent in Ancient times of Greeks see also: V. Ehrenburg, *The Greek State* (New York: W. W. Norton, 1960). See also V. Ehrenburg, *From Solon to Socrates: Greek History and Civilization during the 6<sup>th</sup> and 5<sup>th</sup> Centuries BC* (London: Meuthen Books, 1973)

different relationship patterns compared to aforementioned denotations, the arguments of these two scholars are worth mentioning to observe the reflections and dynamics of the hegemonic relations in other domains of politics.

### ***1.3.1. Aristotle's Understanding of Hegemony***

Aristotle, in his magisterial text, *Politics*, talks about two types of rule: despotic and hegemonic (constitutional). On the one hand, in the former one, power holders exercise their power over unequal ones for the sake of their own self-interest. Aristotle qualifies this relationship as a despotic form of rule. On the other hand, the latter form can be described as the rule among equals for the interest of a ruled. In these types of relations, power is exercised by the leader of equals and it should undoubtedly be done for the interest of all. In this regard, it should be emphasized that his understanding of hegemony is in close association with his famous typology of governments<sup>10</sup> where the fault line between legitimate and illegitimate rules is drawn primarily based on whether they prioritize rule of law and espouse the pursuit of common interests.<sup>11</sup>

In Aristotle's philosophy, another usage of the concept 'hegemony' can be found in Book VII. According to his text, there exist three justifiable objectives of the exercise of armed force. First, this can be a legitimate method if it is done to ensure the self-defense. Second, it is also a viable tool to master over the ones who are worthy of becoming slaves.<sup>12</sup> Last but not least, he

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<sup>10</sup> According to Aristotle, there are two forms of government, which are true forms of government and perverted forms of government. True forms of government are monarchy (ruled by one), aristocracy (ruled by few) and polity (ruled by many); and these true forms of government follow the common interest of all who are ruled. Conversely, the perverted forms of government are the rules for the good of private interests. These are the tyranny (rule for the interest of monarch only), oligarchy (rule for the interest of wealthy only) and democracy (rule for the interest of needy only).

<sup>11</sup> Howson, R., & Smith, K. (Eds.). (2008). *Ibid.* p 82,

<sup>12</sup> Aristotle's justification of slavery might be regarded as an unequivocal discrepancy for the overall coherency of his philosophy and criticized as an inconsistency for the benevolence of his ideal state and hegemon which prioritize the common benefit of all who are ruled. With modern thinking, I absolutely agree with such comments. Nevertheless, slavery is viewed as a normal praxis in Ancient Greece and in this sense he is overly effected by the conventions of his time. He figures out two forms of slavery: Slavery by birth (inherent categorization of superior and inferior) and slavery by law (enslavement of captives of war). He thinks slavery is natural, by birth. "Some was born for subjection, some for ruling." Aristotle was not against inequality and he

applies the term 'hegemony' to epitomize the use of force in foreign affairs, not despotically, rather for the shared interests of whole who are ruled.

### ***1.3.2. The Meaning of Hegemony Attributed by Isocrates***

The term 'hegemony' holds a significant position also in the philosophy of legendary Athenian thinker Isocrates. In his study, *The Panegyricus*, Isocrates harshly censures Athenians for their self-seeking transformation of Delian League into the Athenian Empire. In the same text, Isocrates views the principle reason for an Athenian defeat by Spartans to be its despotic domination over the Greeks. In parallel with Aristotle, he shows the critical distinction between hegemonic rule and despotic rule as well. To him, the former is defined as the leadership exercised over free and consenting allies, (exemplified with the hegemony of Athens over Greeks coming together to address a common military threat from Sparta), whereas the latter one is identified as brutal domination over these weaker states.<sup>13</sup>

Also, Isocrates's thinking presents an indispensable association between the exercise of hegemony and production, formulation and dissemination of morals, and intellectual as well as cultural and aesthetic ideas. Isocrates deems Athens as the paramount breeder of such intangible properties. Therefore, Athens is the natural hegemon.<sup>14</sup>

Isocrates's association of hegemonic leadership with moral and intellectual leadership brings us into a highly heated discussion taking place among Greek philosophers. Succinct examination of this perennial debate can engender productive inferences about the nature of

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believes that nature is universally ruled by the contrast of superior to inferior. Slaves can obey the orders of masters; they are capable of obeying however they cannot act rationally to decide their interests. He thinks superiors are driven by mind and intellect while inferiors are driven by body and desires). It is quite apparent that his perception of equality does not encompass all the members of a societal or political community. For more information about Aristotle's thoughts on slavery: Smith, N. D. (1983). Aristotle's Theory of Natural Slavery. *The Phoenix*, 109-122, and also: Heath, M. (2008). Aristotle on natural slavery. *Phronesis*, 53(3), 243-270.

<sup>13</sup> Howson, R., & Smith, K. (Eds.). (2008). Ibid. p 82,

<sup>14</sup> Howson, R., & Smith, K. (Eds.). (2008). Ibid. p 82

hegemonic rule. This debate revolves around the problem of the relative value of power over knowledge and of the nature of their relation with one another. The main issue is how to bridge political leadership with philosophy for the attainment and persistence of a just political order. On the one hand, power purged of philosophy can promise no more than a crude violence and brusque subjugation and its exercise will inevitably be counter-productive. On the other hand, as long as it is not being bolstered by power, knowledge is destined to be destitute of any political and societal basis on which it will substantiate and breed practically meaningful outcomes. Isocrates, as others like Plato and Aristotle have, asserts that philosophy and power could mutually augment one another and his understanding of hegemony is formulated in this context.<sup>15</sup> Moreover, the most cited sentence of Isocrates, that is, “*logos hegemon panton*”, elegantly reflects the dual essence of hegemony. The argument can be translated as “speech and language are the leader and guide of all things”, and this points out the existence of a power relation between logos, (also translated as “guiding idea”), and hegemony substantiated on the production and transmission of acquiescence.<sup>16</sup>

To summarize Isocrates’s conceptualization of hegemony, it can be proposed that his differentiation between the hegemonic rule and the despotic rule just like Aristotle does, to some extent reflects the common sense prevalent among Ancient thinkers for the characteristics of this concept. This shows that its ideal hegemon should serve for the common benefits of all ruled. However, the most note-worthy dimension of his thinking is that it assigns to the hegemon not only political leadership but also moral and intellectual leadership. This requires the generation and dissemination of moral/intellectual, aesthetic, and educational ideas and achievements and preservation of consent among all ruled who are deemed to be, and treated

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<sup>15</sup> Howson, R., & Smith, K. (Eds.). (2008). Ibid. p 82,

<sup>16</sup> Fontana, B. (2000). Logos and Kratos: Gramsci and the ancients on hegemony. *Journal of the History of Ideas*, 61(2), 308-309.

as, equals.

After the Ancient times, the term hegemony was discussed by Machiavelli and Hobbes and later on it was used by German and Russian socialist thinkers in the 19th century. The genuine renaissance of this concept, however, came with Antonio Gramsci. He turned this concept into the building block of his philosophy and since then the name of Gramsci has been associated with the term 'hegemony'. Because I will analyze its reformulation in international relations theory in the subsequent parts of this chapter in the context of neo-Gramscian IR theory, I will talk about Gramsci's insights on hegemony very briefly.

#### **1.4. Gramscian Conception of Hegemony**

The main inducement for Gramsci, that led him to study the concept of hegemony, is to examine various paths through which the bourgeoisie acquire and sustain the power to rule in a society. To Gramsci, so as to topple the existing regime, the first task to complete is to understand how the ruling class could hold their power.

Gramsci talks about two forms of rule, which are domination and hegemony. Domination is the direct use of coercive power by the rulers over those who are ruled. In this type, there is no element of consent. Conversely, a hegemonic regime relies both on physical or coercive power and intellectual or moral leadership or consent. Even so, the coercive dimension of rule is latent and consensual dimension is visible in relations between state, classes and civil society. To epitomize a dual nature of hegemony, namely its coercive and consensual dimension, Gramsci uses the 'centaur', Machiavelli's hypothetical creature, which is half-human and half-animal.

He asserts that for the hegemony to be established, the secondary groups must internalize the moral and intellectual values and world views of the ruling class. The ruling elite achieve this by having the secondary group adopt the hegemonic ideology. Through the dissemination and adoption of the hegemonic ideology, the conflict between the interests of ruler and ruled is

attenuated because, thanks to this ideology, those peripheral groups begin to consider the interest of the leader group as their own self-interest.

Gramsci calls the stable coalition around the leader group a 'historical block'. The historical blocks emerge thanks to the relations between various groups or groups and the structures. After their creation of historical blocks the likelihood for the groups to become a hegemon or to remain in power is primarily dependent upon their positions on production relations. A viable historical block for hegemony should not only strengthen its basis in economy and civil society but also have persuasive ideas to ensure its ethico-political leadership and bolster its political organization. Intellectuals play a highly significant role in providing the quality of morality for the hegemonic rule. These organic intellectuals help the social groups present their own value systems and interests as the common value and interest of whole society.<sup>17</sup>

## **2. LITERATURE REVIEW OF IR THEORIES OF HEGEMONY**

### **2.1. Evaluation of General Tendencies of IR Scholars**

In this part of the text I want to examine the arguments about hegemony in international systems developed by mainstream IR theories. These theoretical traditions are realism, liberalism and neo-Gramscian theory. All of these tenets are internally very diverse and there are so many diverging explanations put forward by the scholars who are members of each school of thought. Thus, considering the limited scope of this thesis, I selected certain scholars, who are among the leading figures of each tenet, to analyze their conception of hegemony. Therefore, although their frameworks of hegemony to a great extent reflect the common epistemological and ontological understandings and primary assumptions of the tradition they belong to, their insights about hegemony should not be considered as the only perspective in this tradition.

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<sup>17</sup> Okur, Akif. Mehmet, (2010). Emperyalizm, Hegemonya, İmparatorluk: Tarihsel Dünya Düzenleri ve Irak İşgali. Ankara: A Kitap. P 43-48,

## **2.2. Examination of Realist IR Theory and Its Interpretation of Hegemony**

### **2.2.1. Primary Arguments of Realist IR Theory and Its Derivatives**

Political realism, also known as *realpolitik*, is one of the oldest and most-adopted school of international relations. The antecedents of the core arguments developed by prominent 20th century scholars and policy makers like Hans Morgenthau, Edward Hallett Carr, Reinhold Niehbur, George Kennan, and Kenneth Waltz can be traced back to the texts of emblematic modern thinkers like Thucydides, Nicolo Machiavelli, and Thomas Hobbes. After its integration into the International Relations discipline primarily by the magisterial study of Carr, realist tradition has established such a hegemony over international relations literature that between the end of the 1930s and mid-1980s, political realism has been considered the sole theory of international relations rather than one of many alternative ways of understanding world politics among other parlances.<sup>18</sup>

Contrary to the liberals' faith in progress deriving from their highly optimistic presumptions concerning the essence of human nature, Hans Morgenthau emphasizes the more traditional and metaphysical conception of 'fallen man'. In this sense, all politics is a struggle for power because political man is an inherently egoist creature with a rapacious impulse to oppress others. This is an objective and unchanging dimension of human nature and politics is mainly driven by this constant urge of humankind. As the core concept of realist thought, power is also the main determinant of the interest of a given actor in politics and these two phenomenon construct the basis of all political interaction.

Apart from human selfishness and its egoist nature, the absence of a central authority in the international realm imposes constraints on politics as well. As the distinctive characteristics of the international structure from a domestic one, the lack of any hierarchy and

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<sup>18</sup> Aydın, M. (2004). Uluslararası İlişkilerin Gerçekçi Teorisi: Kökeni, Kapsamı, Kritiği. *Uluslararası İlişkiler*, 11, 34.

supervisor/subordinate mechanism and the absence of formal differentiation and division of labor generate units (primarily nation states) with the similar specifications.<sup>19</sup> The only element that differs one state from another is the power resources it holds and as the inevitable result of these situations states are in the indispensable pursuit of power maximization to ensure the security in a self-help environment.<sup>20</sup> Thus, International politics, like all politics, is a struggle for power. Irrespective of the ultimate goals of international politics, power is always the primary aim.<sup>21</sup> In this regard, international relations can best be understood by analyzing the distribution of power among states. When the representatives of this tradition ponder over change in the international system, they focus on changes in the balance of power among states, and they are inclined to disregard the verisimilitude of breakthroughs in the dynamics of the system itself.<sup>22</sup> The only variable defining the interest of a certain unit in international politics is its power because it can only defend itself and guarantee its existence through the utilization of its power resources. Realists can accept the relevance of different types of power-for instance economic, military, diplomatic etc. but eventually emphasize the distribution of coercive material power as the most paramount determinant in international politics.

The Realist tradition of international relations substantiates their arguments on four core assumptions. Firstly, because the paramount objective of a particular state is to ensure its survival, the possibility of incursion or occupation by the other states stand as the most serious threat that it confronts. Therefore, even though the strategic culture, national spirit or domestic interests of a state privileges the benign and collaborative policies and objectives in

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<sup>19</sup> Waltz, K. (1986) 'Reductionist and Systemic Theories' in Keohane, R. O. (ed). *Neorealism and its Critics*. New York: Columbia University Press.

<sup>20</sup> Gilpin, R. G. (1986) 'The Richness of Tradition of Political Realism' in Keohane, R. O. (ed). *Neorealism and its Critics*. New York: Columbia University Press.

<sup>21</sup> Morgenthau, H. J. (2014). A realist theory of international politics. *Realism Reader*, 53.

<sup>22</sup> Griffiths, M., Roach, S. C., & Solomon, M. S. (2008). *Fifty key thinkers in international relations*. (p 1) Routledge.



international setting, the absence of a governmental entity in international system entails that they unflinchingly try to ascertain the sufficiency of the power resources in their disposal so as both to defend themselves from aforementioned threats or to uphold their material interests which are of great necessity for the continuation of their existence. Second, realists view states as rational actors, which implies that as the corollary of its primary objective of survival, states will act as strong as they can in order to increase the probability of persisting its existence as much as possible. Third, realists suppose that all states, more or less, hold some military capability and due to the fact that states can never be sure concerning the genuine intentions of other states nearby, the world is fully troublesome and unreliable. Last but not least, in such an environment, it is the great powers - the ones with unparalleled economic resources and unmatched military preponderance - that matters most.<sup>23</sup> As the inevitable demonstration of the final assumption, international relations is exclusively deemed as the story of great power politics.<sup>24</sup>

### ***2.2.2. Neorealist Theory of Hegemony***

So many theoretical approaches for the analysis of hegemony were developed under the rubric of a realist paradigm. Nevertheless, there are a lot of common points in realist schools of thought. Thus, rather than touching upon all such approaches I will analyze only two of them which reflect the characteristic assumptions and perspective of a realist tradition. Below, I will briefly examine the neorealist theory of hegemony developed by leading scholar Robert Gilpin.

#### ***2.2.2.1. Gilpin's Neorealist Theory of Hegemony***

History is an indivisible phenomenon and it is impossible to set a definite inception and commencement point throughout its continuing flow. So, scholars prefer to define a

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<sup>23</sup> Slaughter, A. M. (2011). International relations, principal theories. *Max Planck Encyclopedia of Public International Law*, 1-2.

<sup>24</sup> John, J. Mearsheimer. (2001). The tragedy of great power politics. *New York: WWW & Norton Company*.

hypothetical starting point while constructing their theories. According to the neorealist theory of hegemony, the history of the international system begins with a state of equilibrium which implies that the most powerful states with unrivaled economic, technological, and military preponderance are happy with the existing territorial, political, and economic arrangements in the international system. In this phase, despite the occurrences of some incremental changes in the system, none of the great powers attempt to tip the equilibrium in its own favor because the actual or expected costs of carrying out this change would transcend the promises of this action.<sup>25</sup> The absence of any credible incentives by powerful actors towards the alteration of the power equilibrium makes the status quo stable and legitimizes the system.<sup>26</sup> However, some political, economic or technological developments in both domestic and, more importantly, international spheres undermine the status quo due to their impacts with different degrees on the power capabilities of member states. In other words, new radical transformations strengthen some of the states in the system while weakening others and this eventually leads to the emergence of a redistribution of power in the international system.<sup>27</sup>

This shift in power distribution turns the state of equilibrium into the disequilibrium in which the aforementioned types of developments increase the benefits or diminish the costs of altering the system for specific states rising as superior countries in new distribution. Because the interests of the states are directly dependent upon how much power resources they hold, they will attempt to change the system with the aim of resolving the incongruity between their interests and the fundamental components of the international system, such as the international division of labor, rules of the system and prestige-based hierarchy, reflecting the necessities of the preceding distribution. Their pushes for altering the fundamentals of the

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<sup>25</sup> Gilpin, R. (1983). *War and change in world politics*. Cambridge University Press. P 11,

<sup>26</sup> Gilpin, R. (1983). *Ibid.* p 12,

<sup>27</sup> Gilpin, R. (1983). *Ibid.* p 13,

existing system bring about political change in the international system.<sup>28</sup> If this process of change culminates with the apparent preponderance of a particular state on the basis of tangible and calculable power resources like political, economic, and military capacities this prevalent actor is called a hegemony.

This hegemonic power is the one at the apex of the distribution of power among states and it formulates the principal elements of the international system to serve its own interests. Like all other states, hegemon is a rational actor acting based on the cost-benefit calculation and as long as the maintenance of status quo generates or is expected to generate more benefits than the costs, it uses its superior power resources for the preservation of the current state of the system. Nevertheless, due to the inevitable increase in costs of ensuring the stability of the status quo and dispersion of benefits to the other states and free-riders, hegemonic burden will surpass its profits and hegemonic power will eventually lose its relative primacy.<sup>29</sup> Additionally, the same mechanism elaborately mentioned above will function again and by product of system-wide radical transformations, a new disjuncture leading to a system-wide crisis will sooner or later arise. Despite the likelihood of solving this crisis via the peaceful adjustment of systemic disequilibrium, historical records demonstrate that in almost all instances this could be possible through major wars also called as hegemonic wars which determine which state or states will be dominant and govern the system. The new settlement of peace reached after this great war causes the restructuring of all the foundations of the system. All in all, the sequence of change ends with the hegemonic war and a new peace settlement and thereby a new status quo and equilibrium representing the current redistribution of power in the international system is achieved.<sup>30</sup>

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<sup>28</sup> Gilpin, R. (1983). *Ibid.* p 14,

<sup>29</sup> Gilpin, R. (1983). *Ibid.* p 11,

<sup>30</sup> Gilpin, R. (1983). *Ibid.* p 15,

### 2.2.3. Kindleberger's Hegemonic Stability Theory

Developed by Charles Kindleberger,<sup>31</sup> a realist variant of hegemonic stability theory asserts that open and liberal world economy entails the existence of a dominant or hegemonic power. This power should be not only capable but also volunteer to bear the responsibilities of ensuring the stability of liberal economic order.<sup>32</sup> Hegemonic power with its superior capacity paves the way for the generation of institutions, rules and norms necessary for the establishment and persistence of liberal economic regime and its decline will substantially weaken the foundations of this open economic order.<sup>33</sup>

In retrospect, conditions making the advent of hegemonic leadership and liberal economic order possible appear only in two time periods. The first one called Pax Britannica took place between the post-Napoleonic Wars and the inception of World War 1 whereas the other one occurred after post-World War II with the hegemony of the United States. In the former case, together with the political victory of a middle class committed to liberal political values, Great Britain exercised its overall power for the initiation of a new era in which free trade became the prevalent norm in an international economic system. Unparalleled economic success in Britain, wide acceptance of liberal ideals among leading economic powers, and considerably approved benefits of the trade promoted states to negotiate declines in tariff barriers and open their economies to foreign access.<sup>34</sup> In the same vein, the United States has undertaken the leadership role for the foundation of a liberal economic order following World War II. As the embodiment of liberal principles, America and its allies established the Bretton Woods system comprised of

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<sup>31</sup> Kindleberger, C. P. (1986). *The world in depression, 1929-1939* (Vol. 4). University of California Press.

<sup>32</sup> Gilpin, R. (2011). *Global political economy: Understanding the international economic order*. Princeton University Press. P 94,

<sup>33</sup> Gilpin, R., & Gilpin, J. M. (1987). *The political economy of international relations* (Vol. 8). Princeton: Princeton University Press. P 95,

<sup>34</sup> Kindleberger, C. P., & Aliber, R. Z. (2011). *Manias, panics and crashes: a history of financial crises*. Palgrave Macmillan. Chapter 3, in Gilpin, R., & Gilpin, J. M. (1987). *Ibid.* p 97,

GATT, IMF and the World Bank. In this period, American leadership has been the most effective factor in diminishing the trade barriers all around the world.<sup>35</sup>

According to Kindleberger's hegemonic stability theory, the presence of an effective hegemonic power guarantees the production of international public goods like the well-functioning international monetary system<sup>36</sup>, open and liberal trade system<sup>37</sup>, global reserve currency which eases the transaction among different market players<sup>38</sup>, and peace and security in the international system<sup>39</sup>. As economists suggest, public goods by their nature are non-excludable and non-rivalrous which implies that individuals cannot be completely excluded from the exploitation of these goods and the use by an individual does not necessarily decrease the amount of available goods for others.<sup>40</sup> Since a state could continue to benefit from these goods without contributing to its production or paying some of its costs, the generation of such goods becomes possible only if an actor whose interests necessitate his bearing the major share of its costs or a governmental authority which forces all beneficiaries to pay for the costs, do exist in the system.<sup>41</sup> According to this theory, a hegemonic power steps in this process at that point and carries out highly significant roles to facilitate the provision of global public goods and ensure the uninterrupted operation of the liberal world economy.

According to this theory, hegemonic leadership should be substantiated on three necessary and

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<sup>35</sup> Gilpin, R., & Gilpin, J. M. (1987). Ibid. p 97,

<sup>36</sup> Eichengreen, B. J. (1987). *Hegemonic Stability Theories of the International Monetary System* (No. 2193). National Bureau of Economic Research, Inc.

<sup>37</sup> De Melo, J., & Panagariya, A. (Eds.). (1995). *New dimensions in regional integration*. Cambridge University Press. P 120-121,

<sup>38</sup> Maurice Obstfeld. (2001). The SDR as an International Reserve Asset: What Future? International Growth Center: [http://eml.berkeley.edu/~obstfeld/SDR\\_Obstfeld.pdf](http://eml.berkeley.edu/~obstfeld/SDR_Obstfeld.pdf)

<sup>39</sup> Møller, B. (2004). Peace as a Global Public Good. Research Center on Development and International Relations. Working Paper No 127: <http://diis.inforce.dk/graphics/Staff/bmo/Pdf/Peace%20as%20a%20Global%20Public%20Good.pdf>

<sup>40</sup> The Concise Encyclopedia of Economics: <http://www.econlib.org/library/Enc/PublicGoods.html>

<sup>41</sup> Gilpin, R., & Gilpin, J. M. (1987). Ibid. p 98,

complementary pillars. Firstly, it should have enough material power capacity to undertake this position. Secondly, it should be motivated to play this role and finally it should get consent of others for its leadership to ease cooperation among states.<sup>42</sup> Other followers of this theory strongly underscore the requirement of having unparalleled preponderance over the material power resources for becoming a robust hegemonic state. Among many others, they view the irresistible control over sources of capital, raw materials, and markets and apparent comparative advantage in the production of highly valued goods as *sine qua non*.<sup>43</sup> With the effective exploitation of such vast resources, hegemon becomes a catalyst for the establishment of international regimes identified as the cohesive congregation of principles, rules, norms, and decision-making bodies. These regimes, by determining which actions are acceptable and which are unacceptable, legitimize some actions whereas illegitimizing and prohibiting others so as to prevent conflicts, secure justice and facilitate cooperation among actors. Hegemon should thwart free-riding, act accordingly with liberal rules and promote others to bear some of the costs for the maintenance of the liberal regimes. The gold standard of the 19th century and the Bretton-Woods system during the post-war period are the paramount examples of international economic regimes functioning based on liberal rules thanks to the efforts by a hegemonic power and these regimes stand as highly influential for their merits in minimizing the others' tendencies towards mercantilist policies.<sup>44</sup>

While explaining the issue of hegemonic decline, the neorealist version of hegemonic stability theory developed by Kindleberger elaborately discusses the repercussions of the provision of aforementioned public goods for the hegemonic power. The costs for the hegemon to supply

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<sup>42</sup> Schwartz M., Herman (1994). *States versus Markets: History, Geography and Development of International Political Economy*. St. Martin's Press. P 74, in Gökten. S., Yelda. (2013). *Hegemony İlişkilerinin Dünü, Bugünü, Geleceği*. Nota Bene Yayınları. P 36,

<sup>43</sup> Keohane, R. O. (2005). *After hegemony: Cooperation and discord in the world political economy*. Princeton University Press. P 32,

<sup>44</sup> Gilpin, R., & Gilpin, J. M. (1987). *Ibid.* p 99,

these goods appear in short term while their benefits will emerge in the long run. These short term costs are so heavy and benefits are disproportionately dispersed even among the free-riders. This situation makes the decline of the hegemony indispensable.<sup>45</sup> Because, the distribution of economic and military power in the international system gradually shifts from the central hegemon to the rising powers in the periphery and hegemon, as the time passes, loses its capacity of persisting this system.<sup>46</sup> To give an example, after the post-war period, the United States, apart from providing security for its own territory and commercial endeavors, burdened the responsibilities to protect about fifty allies and for maybe many more neutral states. Thanks to its efforts towards establishing the institutions making the liberal trade and financial system viable, America not only augmented its prosperity but also prepared the fertile basis for the rapid growth of other capitalist economies. It is quite apparent that these policies are not the embodiment of an altruistic mind-set but even so their positive outcomes and benefits were disseminated among many other states. To put it shortly, the United States entered into heavy fiscal obligations with the aim of constructing the foundations of a new era in which it and its allies would both benefit and according to this theory this will greatly damage American economy in the long run and cause the deterioration of hegemonic status.<sup>47</sup>

According to this theory, the decline of a hegemon in the international system is due to the reasons briefly discussed above will produce instability in international relations. It will also lead to the less or sub-optimal supply of collective goods.<sup>48</sup> Because the states can only feel themselves secured and open their economies to free markets only when a hegemonic country ensures conformity and coordination among the actors, the declining robustness of

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<sup>45</sup> Russett, B. (1985). The mysterious case of vanishing hegemony; or, Is Mark Twain really dead?. *International Organization*, 39(02), 223.

<sup>46</sup> Gilpin, R., & Gilpin, J. M. (1987). *Ibid.* p 77-78,

<sup>47</sup> Russett, B. (1985). *Ibid.* p 222-223,

<sup>48</sup> Russett, B. (1985). *Ibid.* p 207,

the hegemon will result in exacerbated economic competition and burgeoning regional economic blocks.<sup>49</sup>

## ***2.2.4. Critiques on Realist Theory of Hegemony***

### **2.2.4.1. Evaluation of Gilpin's Theory of Hegemony**

As a result of the positivist ontology and empiricist epistemology of the neorealist tradition, Gilpin minimizes the variables in his analysis so as to be parsimonious, that is, the desire to account for a particular phenomenon by using fewer parameters. In his system-level research, Gilpin looks for regularities, which will help him to nurture general results about the changes in international politics.<sup>50</sup> In this search, Gilpin's approach towards the understanding of power is based on economic, military, and political resources and abilities, and he views this approach as objective. He assumes that he could successfully trace the change in international politics through the utilization of this as the primary parameter. This approach is criticized for being too focused on observable patterns and denying the importance of intangibles. Therefore, whereas Gilpin is highly successful in demonstrating the inevitability of material power resources for hegemonic status, his insights should be expanded.<sup>51</sup>

Additionally, in line with the general understanding of realist tradition, Gilpin defines hegemonic power as the one with the most superior military and economic capacity in the international system. Through the utilization of such excessive capabilities, a hegemonic leader has the most amount of impact on outcomes in international relations. By solely focusing on power while explaining hegemony, Gilpin seems to ignore the likelihood of shifts in interests

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<sup>49</sup> Okur, Akif. Mehmet, (2010). *Emperyalizm, Hegemonya, İmparatorluk: Tarihsel Dünya Düzenleri ve Irak İşgali*. Ankara: A Kitap. P 181,

<sup>50</sup> Gillon, Thomas (2002). *The Dialectic of Hegemony: Robert Cox, Antonio Gramsci and Critical International Political Economy*. Queens University. Unpublished PhD Thesis. P 45, in Okur. Akif. Mehmet, (2010). *Ibid.* p 186-187,

<sup>51</sup> Gillon, Thomas (2002). *Ibid.* p 49 in Okur. Akif. Mehmet, (2010). *Ibid.* p 187,



of actors or changes in the structure of the international system.<sup>52</sup> Because Gilpin tends to evaluate the interest of a given actor as the dependent variable of the power resources it holds, he doesn't fully consider the verisimilitude of change in actor's interests irrespective of the amount of power resources at its disposal. As also mentioned in latter parts of this chapter, having a vast amount of power resources is consensually deemed as the necessary dimension of hegemony but this pillar is not sufficient. Moreover, an actor's interests can be determined by various other factors and the automatic link between power and interest cannot be considered as taken for granted. Thus, Gilpin's framework of hegemony should be reevaluated in light of other rival explanations.

#### 2.2.4.2. Evaluation of Kindleberger's Realist Version of Hegemonic Stability Theory

Contrary to the main arguments of dependency theorists who identify the policies of the hegemon in international system as fully exploitative, hegemonic stability theory explains the dominance of hegemon as leadership. Furthermore, the proponents of this theory regard the existence of a robust hegemon as a necessary factor for the provision of order in international relations. Because theory associates hegemony with the production of global public goods, the supporters of this view, after the appearances of strong signs of American decline in the beginning of the 1970s, like the Vietnam quagmire, the dissolution of Bretton Woods system, and the oil crisis, began to express their concerns for so called forthcoming chaos in international system. Thus, provision of public goods is very vital for the attainment of a hegemonic status according to this framework. All the goods produced by the hegemon, however, cannot be deemed as international public goods and thus publicity of these goods should be subjected to further scrutiny.

Several members of the third and fourth world deemed the hegemonic leadership of the United

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<sup>52</sup> Gill, S. (1991). *American hegemony and the Trilateral Commission* (Vol. 5). CUP Archive. P 63-75, in Gökten, S., Yelda. (2013). Ibid. p 27-28,

States a private enterprise rather than a provider of collective goods. Even among the developed industrial countries of the first world, regarded as the leading beneficiaries of American hegemony, there appeared to be conspicuous uncertainty with regards to the merits of American leadership and they demanded more room for the determination of outcomes in international regimes.<sup>53</sup> Hence, more comprehensive and objective examinations should be carried out to discover the genuine characteristics of these goods.

Moreover, if we assume that the goods provided by the hegemon are collective in nature, there might arise other concerns about the specifications of these public goods. Firstly, these produced goods might not coincide well with the primary needs of the other countries. Also, owing to the fact that the hegemonic leader creates transnational coalitions with other countries so as to ensure common interests; it might act unjustly while distributing these goods among various states.<sup>54</sup>

All in all, the provision of public goods is so significant for hegemony that the characteristics of these goods produced by the hegemon should be dealt with critically.

## **2.3. Examination of Primary Arguments of Liberal IR Theory and Its Interpretation of Hegemony**

### ***2.3.1. Basic Arguments of Neoliberal Institutionalism***

Neoliberal institutionalism and the realist tradition share many commonalities in their ontological and epistemological considerations. As in the realist tenet, institutionalists assert that states, the primary actors in international politics, are self-interested and rational actors, which aim to ensure their survival while enhancing their material capabilities. In spite of all such similarities, however, their utilization of micro economic theories and game theory models

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<sup>53</sup> Snidal, D. (1985). The limits of hegemonic stability theory. *International organization*, 39(04), 612-613.

<sup>54</sup> Schwartz M., Herman (1994). Ibid. p 75, in Gökten. S., Yelda. (2013). Ibid. p 38,

bring them to dissenting arguments. Whereas the realists assert that cooperation among states is almost impossible because of the uncertainties concerning the further will and future policies of counter parties, some institutionalists believe that in a state of anarchy basically the self-interests of states may lead them towards cooperation with others<sup>55</sup> under certain conditions determined by the existence of institutions, denoted as the aggregation of norms, principles, practices, and decision making procedures.<sup>56</sup> Below, I will briefly discuss the functions of institutions attributed by the institutionalist paradigm.<sup>57</sup>

The realist tradition reduces all the problematics that the states have to deal with to the war/peace and survival/death dichotomies. Conversely, neoliberal institutionalists rightly point out the increasing number of issue areas which are of great importance for the states to tackle such as environmental threats, human trafficking, terrorism, immigration, trade etc. which require international collaboration to be solved. In this respect, the growing complexity of problems urges self-interested states to cooperate with each other to handle these problems more efficiently. Owing to its positive outcomes, like the declining uncertainty thanks to the creation of iterated game environment and lessening transaction costs, institution building mechanisms appear as a rational method for the states to facilitate communication, attenuate fears, and obstruct likely discords emanating from misconceptions and false information. This mechanism is also appealing for the most powerful states of the international system. Because the surging intensity of the problems requires vast amount of resources to be dedicated for their resolution and this burden outstrips the capabilities of even the most potent actors in international relations, even powerful states will prefer to promote institution building

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<sup>55</sup> Stein, A. A. (1982). Coordination and collaboration: regimes in an anarchic world. *International Organization*, 36(02), 324.

<sup>56</sup> Slaughter, A. M. (2011). Ibid. p 2

<sup>57</sup> Slaughter, A. M. (2011). Ibid. p 2.

mechanisms to share the burden with other countries.<sup>58</sup>

As I mentioned earlier, neoliberal institutionalists identify nation states as the primary actors of international relations. However, to the contrary of the realists' view, they consider non-state actors as also vital players due to their deepening effectiveness and enhancing visibility in the international processes and profound influence on international outcomes. In this context, institutionalists stress that waning capacities of the states to define their own destinies reinforce the idea of necessity to open more room for non-state actors to broaden our understanding and comprehend the changing nature of international relations. The list of newly integrated actors might include big multinational companies, international-transnational-nongovernmental organizations, terrorist networks, financial agents or even well-known individuals.<sup>59</sup>

To put it succinctly, institutionalists argue that the acceptance of realists' mostly emphasized conceptions like anarchy, self-interest or rationality as the origins of their theoretical framework is necessary but the neglect of newly emerging dynamics and ruling them out of our understanding will prevent us from developing more grounded and accurate assertions about international politics.<sup>60</sup>

### ***2.3.2. Keohane's Neoliberal Theory of Hegemonic Stability***

Both neorealist and neoliberal versions of hegemonic stability theory interpret hegemony as the designation of the international system by the dominant power. However, they dissent with regards to their arguments on the characteristics of hegemony and assertions regarding the outcomes of hegemonic decline. They have diverging insights concerning the issues whether the hegemony is related: either with the distribution of power in the international system or with

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<sup>58</sup> Holsti, O. R. *Theories of International Relations*. P 12 : <http://people.duke.edu/~pfeaver/holsti.pdf>

<sup>59</sup> Holsti, O. R. *Ibid.* p12-13,

<sup>60</sup> Holsti, O. R. *Ibid.* p13,

the ability to perpetuate structural power in international economics.<sup>61</sup>

As the most popular representative of neoliberal hegemony theory, Robert Keohane defines hegemony as a situation where a country not only has enough power resources to continue creating necessary rules governing international relations but also is volunteer to do so. His incorporation of a willingness dimension into the definition of hegemony reveals that he is against the presumed automatic link between power and interest of a specific actor. Rather, he views domestic attitudes, decision making processes and political structures as the important underlying factors for the creation of incentives to project one's power abroad.<sup>62</sup> So as to be called as a hegemon, a state should have control over crucial raw materials, important sources of capital, and a large market for imports, and be in comparative advantage in the production of mostly profitable goods. It should also be in a superior position than any other state in aggregate terms of these four elements.<sup>63</sup>

Additionally, having superior military power is also of vital importance for a hegemonic power in order to secure the international political economy under its domination from the influx of antagonist opponents. This argument elegantly clarifies that Keohane's neoliberal variant of hegemonic stability theory conceptualizes the vitality of military power in a different fashion than do neorealists who claim its significance for security concerns. Keohane proposes that the military power is necessary to warn off any endeavors to occupy and deny access to the critical areas of global political economy. Therefore, it can easily be stressed that in this point of view military power is of secondary importance after the economic power capacity.<sup>64</sup> In parallel with these arguments, a hegemonic power should have certain features such as its role of public good

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<sup>61</sup> Okur. Akif. Mehmet, (2010). Ibid. p 186,

<sup>62</sup> Keohane, R. O. (2005). Ibid. p 34-35,

<sup>63</sup> Keohane, R. O. (2005). Ibid. p 33-34,

<sup>64</sup> Keohane, R. O. (2005). Ibid. p 39-40,

provision, landing of last resort status, guardianship of international monetary stability, and possession of the biggest market, which distinguish them from other powers in international relations. This parlance does not restrict hegemonic leadership with interstate interactions, rather it draws a broader framework covering the relations between hegemony and market or hegemony and the private firms.<sup>65</sup> Whereas the neorealists prefer to examine the hegemon's relative power in international system, this theory expands its focus and involves the analysis of hegemon's capacity to determine rules, principles, norms and procedures shaping the behaviors of all the actors in international relations.<sup>66</sup>

According to this theory, because each of the allies might deal with the hegemon and expect it to secure consistency for the whole system, the existence of a resilient hegemon itself declines transaction cost and decreases uncertainty. The construction of international regimes can legitimize the standard patterns of behaviors, for the sustainment of which hegemonic power strives hard. In this regard, while analyzing the American way of hegemony in the first years of the post-war period, Robert Keohane stresses that instead of forcing weaker states to act accordingly with the prescribed ways, they looked for common interests with their allies and carried out some adjustments themselves. America dedicated so many resources for the establishment of international institutions and tied itself and others with known rules.

Specifically, American influence relied on three significant benefits that its allies enjoyed by becoming a part of American-led regimes. These are a stable international monetary system, provision of open markets for goods, and access to oil at stable prices. For the first one, the United States, by supplying the necessary amount of liquidity, acted in a responsible fashion and facilitated liberal international trade and finance. To provide the second element, America

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<sup>65</sup> Gillon, Thomas (2002). Ibid. p 39, in Okur. Akif. Mehmet, (2010). Ibid. p 191,

<sup>66</sup> Gillon, Thomas (2002). Ibid. p 51, in Okur. Akif. Mehmet, (2010). Ibid. p 191

tried hard to abate tariffs and thwart discriminatory policies. For the final situation, America and its companies enabled the uninterrupted flow of oil from the Middle East to Japan and Europe.<sup>67</sup>

Keohane in his magisterial study of *After Hegemony* questioned the failure of the arguments developed by neorealist hegemonic stability theory which asserts that hegemonic decline will culminate with rising conflicts between major powers and exacerbated system-wide instabilities. While rejecting the claims of an inevitable association between the decline of hegemony and the decline of international regimes that protect the interests of the hegemon, he emphasizes that these regimes cannot be evaluated as dependent only to the power of the hegemonic state. To him, hegemons create certain international institutions to materialize their political and economic interests; however, these regimes and institutions after their founding can continue to realize cooperation among states irrespective of the effectiveness of the founding hegemon.<sup>68</sup> In other words, post hegemonic cooperation is also possible.<sup>69</sup> This theory substantiates its argument on the functional utility of a regime's norms, rules and principles around which expectations and behaviors of different states converge on each other in a specific issue area. Initially established for the prevention of political market failures, these regimes reduce the transaction costs through the determination of fair and unfair actions, merging transactions via issue linkage and lowering uncertainty. In short, albeit the changes in the distribution of power, which formerly made the construction of the regimes possible, the perpetuation of institutionalized cooperation is in the long-term self-interest of rational states since it is easier to keep existing regimes functioning than to construct them.<sup>70 71</sup>

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<sup>67</sup> Keohane, R. O. (2005). Ibid. p 137-139,

<sup>68</sup> Okur. Akif. Mehmet, (2010). Ibid. p 186.

<sup>69</sup> Keohane, R. O. (2005). Ibid. p 32,

<sup>70</sup> Keohane, R. O. (2005). Ibid. p 101-109,

<sup>71</sup> Griffiths, M., Roach, S. C., & Solomon, M. S. (2008). Ibid. p 181-182,

### 2.3.3. Evaluation of the Neoliberal Hegemonic Stability Theory

As in neorealist interpretation, neoliberal hegemony theory qualifies the superior position of the hegemon as leadership and tries to legitimize this assertion by raising the argument of the provision of international public goods. Nonetheless, this tenet does not consider to the same extent what the secondary and weaker states think about the international regime led by the hegemonic power. As mentioned earlier, Keohane lists the three major benefits of American hegemony: liberal international monetary system, free trade system, and uninterrupted oil flow. However, he by no means evaluates whether these so called public goods are really public in the view of less developed and industrialized states. Or, even if being genuinely public, are these goods allocated equitably among the participants of these regimes? These questions should be addressed to detect the publicity of the provided goods and the insights of beneficiary parties on them.

Furthermore, although Keohane points out the lag between the decline of British hegemony and dissolution of the international regimes created and led by her as the relevant case for the explanatory power of his approach, he rather considerably focuses his efforts on the prediction of the destinies of existing regimes and institutions after presumed decline of American hegemony. However, further developments in world politics to some extent nullify this enterprise. The victory of the Cold War brings America unrivaled global political leadership and unipolarity emerged in international system. This unbalanced situation lasted until recently. Also, as Susan Strange elegantly demonstrated, instead of relational power, structural power<sup>72</sup>

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<sup>72</sup> Structural power is defined as power to select and determine the structures of world political economy to which remaining states, their political institutions, their economic enterprises and the professionals of those have to adopt their activities. Its scope goes beyond the power of agenda setting and designation of international regime of rules and conventions. Structural power is predicated on four complementary pillars. These are 1) control over the security of other actors, 2) control over the systems of production of goods and services, 3) ability to determine the structures of finance and credit and 4) having most influence on the generation, transmission and storage of knowledge in its each from ranging from technical knowledge to religious knowledge etc. in Strange, S. (1987). The persistent myth of lost hegemony. *International organization*, 41(04), 565.



gained much currency thanks to some path-breaking economic developments in international relations and the United States improved its power capabilities on these grounds.<sup>73</sup> By way of these advantages, it updated existing regimes with new institutionalized designs as exemplified in the transition from the GATT to the WTO order and promulgation of the Washington Consensus. In short, in its recent form this theory seems to need revision. It should be reevaluated by considering new developments and changes taking place in international system since the first emergence of this theoretical framework.

## **2.4. Cox's Neo-Gramscian Theory and His Understanding of Hegemony**

### **2.4.1. Main Arguments of Neo-Gramscian IR Theory**

Neo-Gramscian theory of international relations emerged with the publication of two influential studies by Robert Cox in 1981<sup>74</sup> and 1983<sup>75</sup>, which coincides with a conjectural fraction that he also pointed out as the association between the real world and theory. A series of major developments in international relations like the American's Vietnam quagmire, unilateral dissolution of the Bretton-Woods system and the oil crisis in the 1970s ignited questions about the resilience of American power. This era has been followed by the implementation of neoliberal economic policies paving the way for the advent of several dynamics constructing the basis for globalization. These structural crises and transformations that were prevalent in the international system prepared the ground for the ascension of critical perspectives in international relations.<sup>76</sup>

Neo-Gramscian theory counters claims that seek to reduce the whole aim of social sciences to

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<sup>73</sup> Strange, S. (1987). Ibid. p 553.

<sup>74</sup> Cox, R. W. (1981). Social forces, states and world orders: beyond international relations theory. *Millennium: journal of international studies*, 10(2), 126-155.

<sup>75</sup> Cox, R. W. (1983). Gramsci, hegemony and international relations: an essay in method. *Millennium-Journal of International Studies*, 12(2), 162-175.

<sup>76</sup> Okur. Akif. Mehmet, (2010). Ibid. p 29.

the discovery of cause and effect mechanisms in an objectively identified world and rejects so-called divisibility between normative analysis and empirical scientific examination. Based on this epistemological understanding, Cox and other neo-Gramscian theorists assert that neorealists' exclusive emphasis on state and neoliberals' excessive focus on states which use the international regimes to uphold their interests as the key actors in ontological realm as well as the World-System theorists' assumption of an unchanging relation pattern between core, semi-periphery, and periphery failed to explain the structural transformation in the international system. Therefore, the primary focus of this parlance is to examine the capacity of change in seemingly stable structures and to reveal and underscore this potential in the framework of an emancipatory project.<sup>77</sup>

Neo-Gramscian theory never adopts a problem solving perspective. Rather than taking the institutions and power relations for granted, it focusses on the origins of these patterns and examines whether they have been subjected to or still in any process of change. It critically analyzes how existing social and world order has been established, in relation to how institutions, practices and norms appear and what sort of forces might have emancipatory capacity to alter or transform existing orders.<sup>78</sup>

#### ***2.4.2. Cox's Theory of Hegemony***

The state and civil society have conventionally been assumed as distinct entities. This insight was to a great extent relevant for the late 18th and early 19th century. Status-based society has been replaced with a new form of society predicated on contract and market relations. States were also functionally restricted with the maintenance of domestic peace, foreign defense and the proper operation of the market. For this period, these domains can be asserted as

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<sup>77</sup> Okur, Akif. Mehmet, (2010). Ibid. p 31.

<sup>78</sup> Bieler, A., & Morton, A. D. (2004). A critical theory route to hegemony, world order and historical change: neo-Gramscian perspectives in *International Relations. Capital & Class*, 28(1), 86.

corresponding to different spheres of human activity. Mainstream international relations theories also took this cleavage for granted and assumed foreign policy as the embodiment of state interest. However, in today's world, civil society and state have been intertwined and they are complementary of each other. Thus, neo-Gramscian approach strongly criticizes this conventional assumption. Robert Cox labels the state-society complex as the primary actor in international relations. Cox's understanding of hegemony is predicated upon the idea of coalition between the state and social complex.<sup>79</sup>

For Cox's neo-Gramscian theory, hegemonic relations differ from other patterns of leadership prevalent in various periods of the history in the sense that the peripheral confers to the leadership of the hegemon not only for the coercive aspect of its material capacity but also for the commonalities in perception of interests.<sup>80</sup> In line with this definition, it can be argued that to be a hegemon, a state must establish a world order which is universal in conception. Namely, this order should be deemed as harmonious with their interests by most of the other countries. It is unequivocal that this order cannot completely be grasped based solely on interstate domain. Rather, this order will generate opportunities and open room for the civil society forces to operate on the global scale. So, the hegemonic world order is substantiated on both the management of inter-state conflicts and globally conceived civil society that is a globally extended mode of production connecting social classes of the countries that it contains.<sup>81</sup> According to Cox, as historical records also demonstrate, this type of hegemonic world order can only be established by a very powerful state having experienced a major social and economic revolution. This breakthrough both recasts domestic political and economic structures and generates an excessive impetus transcending the boundaries of the state.

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<sup>79</sup> Cox, R. W. (1981). Ibid. p 126.

<sup>80</sup> Arrighi, G. (1993). The Three Hegemonies of Historical Capitalism. *Gramsci, Historical Materialism and International Relations*, 26, 151. In Okur. Akif. Mehmet, (2010). Ibid. p 53.

<sup>81</sup> Cox, R. W. (1983). Ibid. p 61.

Therefore, in its initial phase, world hegemony is established in the national sphere by a dominant social class and later on expands abroad. Technical methods, economic and social institutions and cultural elements belonging to the national hegemon are embraced abroad through both institutions and the travelling of ideas. Hegemony is not a simple order among states. It encompasses global, political, economic, and social structures. World hegemony also breeds rules, norms, and institutions, which define the basis for the behaviors of states and trans-border social forces.<sup>82</sup>

According to Cox, actors act not in a vacuum but in a framework for action which is bound to change over time and called historical structures for that reason. This structure is a coherent association of thought patterns, human institutions and material conditions. This structure is not the direct determinant of action but puts pressures or defines constraints for action and irrespective of how they interact with this framework, either by acting coherently with the pressures or resisting it, individuals can not totally disregard this structure.<sup>83</sup> Cox's understanding of hegemony derives from his conceptualization of historical structure and its complementary elements. To him, hegemony rests upon a coherent combination of material power, commonly-held collective image of world order including norms, and a series of institutions administering the order with definite form of universality.<sup>84</sup>

As the one stumbling block of hegemony, Cox lists sources of material power as such: technological and organizational capabilities (both productive and destructive in conception), accrued forms of them as natural resources which are transformable by the technology, equipment stocks, like industrial plants and military supplies, and wealth to run all of them. Preponderance over such resources is a necessary but not sufficient element of hegemonic

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<sup>82</sup> Cox, R. W. (1983). *Ibid.* p 61-62.

<sup>83</sup> Cox, R. W. (1981). *Ibid.* p 135.

<sup>84</sup> Cox, R. W. (1981). *Ibid.* p 139.

status. In terms of the ideational dimension of hegemony, he categorizes two types of ideas. The first one is inter-subjective meanings. These are the widely shared notions regarding the essence of social relations which tend to persist habits and expectations of behaviors. He exemplifies them with the notions that people are organized and led by states, which have legitimate authority over a defined territory or states engage that in relations with one another through their diplomatic agents. Albeit seemingly durable, these notions are not ahistorical and open to change in the future. The second kind of ideas is collective images of social order held by different groups of people. Contrary to consensual nature of the former kind of ideas, these images might reflect opposing points of view concerning the characteristics and legitimacy of existing power relations etc. These clashing views might create potential for breeding the new material and institutional basis for the advent of an alternative structure.

As the last pillar of a hegemonic order, institutions come into existence as the amalgamation of material power and ideas but later on they begin to impinge on the improvement of ideas and material powers. They legitimize the political and economic project of the hegemon and serve to stabilize and maintain a specific order. In the initial phases of establishment, due to their representation of existing power relations, they help to consolidate collective images congruent with these power relations. However, they might emancipate from preliminary functions and turn into a battle area of competing tendencies or spark the construction of new institutions reifying alternative tendencies. Thus, initially founded so as to reflect prevalent power reflections and strengthen consistent collective images, institutions might eventually instigate new incentives for the configuration of new material powers and ideas necessary for the advent of an alternative structure.<sup>85</sup>

Institutionalization and hegemony are closely related concepts. The superior material capacity

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<sup>85</sup> Cox, R. W. (1981). *Ibid.* p 136.

of the stronger actor can enable it to exercise power if necessary to get what it desires but force might be needless if the weak deem existing power relation as legitimate. Weak parties might tend to see it this way as the powerful state calls its leadership as hegemonic not despotic or coercive. Cox states that force is a latent element of hegemonic relations and the visible one is the acquiescence of the weaker actors. To secure their consent, the hegemon should present its leadership as beneficial to the general interest of all rather than serving for its own sake. In this regard, institutions, because of their convenience for the representation of diverse interests and universalization of policy, might be a useful instrument for the realization of such a hegemonic order. They are also the reification of the rules making it easier for the enlargement of hegemonic world orders through the co-optation of peripheral elites into them.<sup>86</sup> All such focus on institutions, however, should not lead us to erroneously discount the whole discussion of hegemony in institutions. Overemphasis on institutions might obfuscate shifts in underlying material forces and the ascension of opposing ideas, which are likely to undermine the hegemonic order. Thus, institutions might be regarded as the representation of hegemony but not identical to it.<sup>87</sup>

#### ***2.4.3. Evaluation of Cox's Neo-Gramscian Theory and Its Understanding of Hegemony***

Cox's Neo-Gramscian approach to hegemony, due to its unequivocal roots in the Marxist tradition, acquires a class-based framework while analyzing the concept of hegemony. To this parlance, a hegemonic world order is built upon the merit establishment of a historical block made up of social forces and predicated upon the articulation of a dominant ideology approved by the subordinate classes. This block does not signify a simple form of alliance amidst capitalist classes of different countries rather, its effectiveness is primarily determined by the

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<sup>86</sup> Cox, R. W. (1983). *Ibid.* p 62.

<sup>87</sup> Cox, R. W. (1981). *Ibid.* p 137.

degree to which the working classes are successfully convinced and integrated into new institutional settings of the hegemonic order and deem the values that these institutions reify as legitimate. As also seen in Cox's identification of postwar order as a hegemony of Keynesian capitalism and the subsequent one looming roughly after the 1970s as a transnational hegemony of monetarist capitalism, he tends to conceptualize hegemony exclusively over economic processes and does not pay much attention to other relevant matters like geopolitics or security.<sup>88</sup> However, apart from considering economic processes, a framework of hegemony should also take into account other problem areas and thus Cox's formulation of hegemony should be expanded. Additionally, growing significance of identity ties and cultural bonds for people and the rapid transformation of all processes pertaining to business, economic, and industrial realms through the revolutionary effects of some phenomenon, such as globalization and information economics, blur the cleavage between classes and complicate the supposed controversies among them. Hence, using these concepts as the constitutive elements of a theoretical framework might lessen the explanatory capacity of an analysis.

The primary objective of the neo-Gramscian tenet is to supersede the state-centered understanding of world politics with the analysis of class force operating simultaneously within both a domestic and international setting. However, the rapid internationalization of capital did not finalize the relevancy of nation states as principal actors in international relations. Conversely, these nation states become the integral part of the internationalization of capital by supplying insurances for capital mobility in the domestic realm and creating and managing certain regulatory institutions, ensuring the uninterrupted expansion of capital in international context. Thus, admitting the robustness of the nation state system seems indispensable to have for the examination of hegemony and international order.<sup>89</sup> Besides this, in some examples,

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<sup>88</sup> Burnham, P. (1991). Neo-Gramscian hegemony and the international order. *Capital & Class*, 15(3), 78.

<sup>89</sup> Burnham, P. (1991). *Ibid.* p 84-85.

such as China, the association between state and capital has been constructed in such a way that it becomes nearly impossible to assume the existence of an independent capital or any social class capable of leading the whole process towards hegemony. Thus, it seems to me that the state is still the dominant actor in the international system and hence an examination of hegemony should be conducted through a state-level analysis at least in China's case.





# **CHAPTER 3**

## **RETHINKING HEGEMONY**

### **1. INTRODUCTION**

As I pointed out in previous sections, I will rethink hegemony as a multifaceted concept by benefiting from both conventional IR perspectives and primary arguments of key Ancient thinkers discussed in Chapter 2. I dedicated this theoretical chapter for this objective. In line with this goal, I will firstly clarify the concept of hegemony by demonstrating its distinct features from other forms of relation and, based on these distinguishing characteristics, I will come up with a definition of the concept in light of earlier discussions.

Later on, I will examine the link between hegemony and power as mutually reinforcing phenomenon. While doing this, I will firstly have a conceptual examination of power to gain insightful inferences regarding how power operates in international relations. Then, by defining hegemony as a movement of power (by greatly benefiting from Antoniadis), I will analyze how hard power and ideational power resources and institutions play effective role in getting and perpetuating the status of hegemony. The ultimate assertion of this chapter is that a viable country for hegemony should engage into tense rivalry with others in three realms, which are competition over material power resources, competition over other's mind-set and competition over institutions. The distribution of outcomes emanating from these rivalries determines the likelihood of whether a candidate country would be hegemon and thereby defines the characteristic of international system.

### **2. DISTINCTING HEGEMONY FROM OTHER RELATION PATTERNS**

To develop an insightful framework of hegemony, the first thing is to briefly discuss its distinguishing features from other relation patterns. Hegemony as an analytical concept does

not include any relationship pattern of official or direct control of foreign territories or governments, which is deemed as the defining characteristics of imperialistic rule. The empires have official and direct ownership of foreign lands and this type of relation by no means was latent in earlier practices. Rather, the implementers of the imperialist policies openly admit their actions, even if presented in somehow euphemistic fashion.<sup>90</sup> Conversely, as S. Ryan Johansson rightly points out with reference to Athenian hegemonic position in an alliance of Greek city states coming together due to the common threat emanating from Persian Empire (as also elaborately discussed in above sections) that hegemon does not act with the aim of establishing a permanent political presence over other territories. Thus, the concept of hegemony excludes domination strategies like annexation or invasion of foreign lands and populations.<sup>91</sup> For that reason, politicians always strive hard to obtain a rhetoric and pursue suitable policies which distinguish their enterprises from old-fashioned imperialistic endeavors not to invigorate historical fierce<sup>92</sup>

The other characteristic of a hegemon is its consideration of common interests. As Thucydides highlighted in the context of Athenian leadership of Delian League, it lost its hegemonic position and transformed into an empire when it began to prioritize its own objectives rather

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<sup>90</sup> This situation is best manifested in General F. S. Maude's speech to Mesopotamian people when he occupied the city as a British Commander in March 19th 1917: "Our armies do not come into your cities and lands as conquerors or enemies, but as liberators. ... It is [not] the wish of [our] government to impose upon you alien institutions. ... [It is our wish] that you should prosper even as in the past, when your lands were fertile, when your ancestors gave to the world literature, science, and art, and when Baghdad city was one of the wonders of the world. ... It is [our] hope that the aspirations of your philosophers and writers shall be realized and that once again the people of Baghdad shall flourish, enjoying their wealth and substance under institutions which are in consonance with their sacred laws and their racial ideals." in Ferguson, N. (2003). *Hegemony or empire? Foreign Affairs*, 154-161.

<sup>91</sup> Antoniadis, A. (2008). From 'Theories of Hegemony' to 'Hegemony Analysis' in *International Relations*. P 3.

<sup>92</sup> In 1999, Sandy Berger, the member of Advisory Committee of President Bill Clinton entitled with national security issues, identified United States as the first global power of the history but in the same speech he strongly underlined that it is not an imperialistic power. In 2000, during his candidacy campaign, George W. Bush stressed that United States is the unique exception of the history in the sense that it declines to enter into an imperialistic path in spite of its excessive capacity to do so. In Ferguson, N. (2003). *Ibid.* p 154-161.

than to pursue shared goals and exercised its capacity to subordinate others for its own benefit.<sup>93</sup> Discussing hegemonic rule as the opposite of despotic rule, Aristotle identifies the former one as the rule among equals for the interest of all ruled whilst defining the latter as the rule over subordinates for its own self-interest.<sup>94</sup> We can find this feature in both variants of hegemonic stability theory as the responsibility of the hegemonic power to produce public goods supposed to be beneficial to everyone attending into the hegemonic order. In the same vein, according to Cox's reformulation of Gramsci's conception of hegemony, in order to get the status of hegemon, an actor must establish a world order in harmonious with the interest of the majority. To put it succinctly, a hegemon should create of the perception of commonality of interest to get the consents of others.<sup>95</sup> Otherwise, it is doomed to turn into a domination relation based solely on crude exercise of force.

In direct conjunction with this discussion, pursuit of common interests enables the hegemon to be qualified as legitimate. The legitimacy of the leader differentiates hegemonia (legitimate leadership) from *arkhe* (coercive control) in Thucydides' view and he stresses that ideology together with the material capabilities play significant role in attainment and sustainment of this status.<sup>96</sup> Aristotle also deems despotic rule as illegitimate whereas qualifying hegemonic rule as legitimate due to its consideration of the interests of all who are ruled. Likewise, Isocrates attaches legitimacy to hegemony and differentiates it from despotic rule which is illegitimate in nature. To him, there exists a close connection between the hegemony status and generation, formulation and transmission of moral, aesthetic and intellectual ideas.<sup>97</sup> Both versions of hegemonic stability theory view legitimacy as one of the vital dimensions of their theoretical

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<sup>93</sup> Howson, R., & Smith, K. (Eds.). (2008). Ibid. p 81,

<sup>94</sup> Howson, R., & Smith, K. (Eds.). (2008). Ibid. p 82,

<sup>95</sup> Cox, R. W. (1983). Ibid. p 61,

<sup>96</sup> Lebow, R. N., & Kelly, R. (2001). Ibid. p 593,

<sup>97</sup> Howson, R., & Smith, K. (Eds.). (2008). Ibid. p 82,

frameworks. Even so, maybe the most apparent emphasis on this dimension has come from Robert Cox. In his understanding, smaller allies of the hegemon not only qualify hegemon as legitimate but also embrace the values produced by the hegemon. In this process, ideational leadership and institutionalization mechanisms of existing material and ideational patterns fitting with hegemon's agenda help the attainment and persistence of the legitimacy of existing world order.<sup>98</sup>

In light of these distinctive characteristics of hegemony and all other former accounts on this concept by leading philosophers and theories, I rethink the definition of hegemon and hegemony. Hegemon is a legitimate superpower having unparalleled control over three fundamental realms which are control over material resources and capacity to shape others' mind-sets and control over key institutions of global governance; and the order it designs is called as hegemonic order or hegemony. The hegemonic leader, by exercising its ultimate supremacy on these spheres, acquires the privilege to greatly influence both the outcomes in international interactions and the behaviors of other actors in international system. The innate dimensions of capacity and influence in this delineation bring us to the voluminous literature on power and entail a cohesive analysis of the association between hegemony and power.

### **3. HEGEMONY AND POWER**

In line with Ancient conceptualization of this phenomenon, hegemony today bears dual structure, which implies that both the hegemon and its allies are structurally independent and distinct from one another. So, the regulation of relation patterns between these different entities should be carried out by the hegemonic power, and its power resources become an asset in this process. Hence, conceptual analysis of power relations in this dual structure stands as a

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<sup>98</sup> Cox, R. W. (1981). Ibid. p 136,

mandatory step for the comprehension of hegemonic relations.

### 3.1. Conceptual Examination of Power

Robert Dahl, a prominent political scientist, has developed a very famous and widely-referred definition of power. He uses an analogy to illustrate his definition. He stands up on the corner of a street by supposing that all the drivers go along the right side of the way due to the command of the writer, and a policeman standing in the middle of an intersection and changing the flow of the traffic from ahead to right or left. In this case, the insistence of the ordinary man towards his power to actually determine the direction of traffic puts him in a position of mentally ill person while the police officer, in this specific setting, has and exercises his influence over drivers. By speculating on this made-up scenery, Dahl comes with a clear-cut identification of power, that is: A has power over B to the extent that A can get B to do something that B would not otherwise do.<sup>99</sup>

Through scrutinizing this reputable definition, we can infer some dimensions of power. Firstly, power is a relational concept, which means that when it comes to power, we inevitably talk about the participation of more than one party in the interaction. In this context, to have power means to have power over other or others.<sup>100</sup> Relational conception of power also entails the multidimensionality of the phenomena rather than being monolithic and unidimensional meaning that power may increase in one measure while concurrently decreasing in another. This also implies that misuse of or overemphasis<sup>101</sup> on a particular source can generate

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<sup>99</sup> Dahl, R. A. (1957). The concept of power. *Behavioral science*, 2(3), 202-203.

<sup>100</sup> Lukes, S. (1974). *Power: A radical view* (Vol. 1). Macmillan: London.

<sup>101</sup> Joseph Nye summarizes some of the bigoted evaluations of some prominent figures as: "Skeptics about soft power say not to worry. Popularity is ephemeral and should not be a guide for foreign policy in any case. The United States can act without the world's applause. We are so strong we can do as we wish. We are the world's only superpower, and that fact is bound to engender envy and resentment. Fouad Ajami has stated recently, "The United States need not worry about hearts and minds in foreign lands." Columnist Cal Thomas refers to "the fiction that our enemies can be made less threatening by what America says and does." Moreover, the United States has been unpopular in the past, yet managed to recover. We do not need permanent allies and institutions. We can always pick up a coalition of the willing when we need to. Donald Rumsfeld is wont to say that the

counterproductive outcomes in another source. It is argued that after the American invasion of Iraq in 2003, the soft power of the United States <sup>102</sup> has remarkably plummeted due to its unilateral behavior in wake of the invasion and its brutal actions there.<sup>103</sup>

The relational interpretation of power leads us to some related and highly useful dimensions of this phenomenon. These are scope and domain. On the one hand, scope points out the possibility that an actor's power may vary from an issue to another. North Korea may be more influential in military issues than in economic ones.<sup>104</sup> Conversely, Japan is viewed as an economic giant but a military pygmy.<sup>105</sup> On the other hand, the domain of power refers to the number of other actors exposed to its influence. Thus, a country may become greatly influential in one specific region of the globe while being completely ineffective in another part of the world.<sup>106</sup> The inclusion of these notions into the analysis is helpful in generating accurate predictions. An

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issues should determine the coalitions, not vice-versa.' in Nye, J. S. (2004). Soft power and American foreign policy. *Political Science Quarterly*, 119(2), 256-257.

<sup>102</sup> This term will be analyzed more broadly in further parts of the text. At this point, it is enough to know it as 'the ability of an actor to get what he/she wants by means of attraction instead of coercion or payments. It emanates from the attractiveness of a country's culture, political ideals, and policies.' in Nye, J. S. (2004). *Soft Power: The Means to Success in World Politics*. PublicAffairs. Preface,

<sup>103</sup> According to the highly shocking outcomes of a survey held in early 2005 by the Lowy Institute, a creditable Australian research center, in the country, which is a very devoted ally of US for many decades<sup>103</sup> only half of the respondents had positive feelings regarding America while this level is 84 percent for Japan and 86 for United Kingdom. Maybe, the more striking outcome of the study is that 57% of the population polled informed that they viewed American style of foreign policy as a threat and this rate is completely equal to the ratio which demonstrated what percentage of the people worry about rising Islamic extremism. When we take the 2002 Bali explosion conducted by a radical Islamist group and resulting with the deaths of more than 200 innocents, most of which are Australian, into account as a salient case constructing a deep bias against fundamentalist groups, we can easily grasp the severity of the decline in American attraction. Rageful Pakistanis have assaulted KFC franchises, a rep resentment of American life-style, in Karachi four times in last a few years. In Kurlantzick, J. (2005). The Decline of American Soft Power. *Current history: A journal of contemporary world affairs*, (686), 420.

<sup>104</sup> DA Baldwin, Power and International Relations, p 3, in Walter Carlsnaes, Thomas Risse-Kappen, & Beth A Simmons (Eds.). (2002). *Handbook of International Relations*. SAGE. P 238,

<sup>105</sup> In 1989, Japan has the world's highest per capita income and the second highest GDP. Also, many Japanese firms took the lead in many high-tech sectors. Foreign asset surpluses made Japan the world's largest net creditor and high volumes of domestics investment turned it into the world's largest investor. Nevertheless, Japan had no remarkable influence in world politics. In Lawrence, R. Z. (1991). The Reluctant Giant: Will Japan Take Its Role on the World Stage?. *The Brookings Review*, 36-39.

<sup>106</sup> DA Baldwin. Ibid. p 3, in Walter Carlsnaes, Thomas Risse-Kappen, & Beth A Simmons (Eds.). (2002). Ibid. p 238,

actor's potential power must be evaluated in the context of policy-contingency framework, which means analysts must consider who is trying to get whom to do what. One can have a great hand in bridge, but if he is playing poker, his hand enables no advantages.<sup>107</sup>

Other vital dimensions of power concept are 'weight' and 'cost'. The first is identified as the possibility of one party to influence or control the behaviors and actions of its counterpart. In its simplest form, for instance, a country whose chance of achieving a bargaining game is 50%, is undoubtedly less powerful than another, whose chance is 80%. Needless to say, ascribing likelihood to the merits of different actors is hard, and hence this dimension is of little relevance in complex settings. Considering 'cost,' scholars take into account various costs of power exercise and compliance. Let's assume the participation of two actors in an interplay: A is the side who is trying to affect the policies of B, on which power is exercised. So, A is classified as more powerful under two scenarios, one in which it is less costly for A to get B to do certain thing as opposed to more costly, and the second in which it is more costly for B to defer to A's desires than to simply comply with A.<sup>108</sup>

By looking into counter positions of these actors, namely A and B, we arrive at the dual nature of power. These are internal and external dimensions of the phenomena. On the one hand, the internal face of power implies the ability of the actor to define its destiny according to its own preferences without being influenced, coerced or controlled to act in a certain way. This dimension of the concept can also be identified as autonomy. On the other hand, we can speculate regarding the presence of the external dimension of power when an actor, in its associations with others, forces the acquiescence of its counterpart, which means that it merits

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<sup>107</sup> Baldwin, D. A. (1979). Power analysis and world politics: New trends versus old tendencies. *World Politics*, 31(02), 164.

<sup>108</sup> DA Baldwin. Ibid. p 3, in Walter Carlsnaes, Thomas Risse-Kappen, & Beth A Simmons (Eds.). (2002). Ibid. p 238,

to make the others reformulate their preferences or policies and implement them in another form from the initial shapes of these desires or plans.<sup>109</sup> The shift in the decisions of one party does not always entail the direct and conscious intervention of the powerful actor .

It is almost impossible for actors to make correct cost-benefit calculations, but when we merge the internal-external dimensions of power with costs of exercising power and compliance, we can have fruitful inferences about how power relations can best be grasped, helping us comprehend effective functioning of hegemonic rule. For an actor aiming to remain powerful and to influence actions of other actors, it should pursue two strategies. Firstly, it should decrease the cost of exercising power, which could be efficiently achieved when the other party is turned into a volunteer actor to adopt such policy. In other words, B should view this policy preference as its own autonomous selection, and in this context A should influence B's internal constellation through its attraction and other ideational power resources. Secondly, A should make B's resistance to A's objectives more costly. Two tactics also appear as beneficial paths to accomplish this. Firstly, A should provide positive incentives for B if it consents to behave as A wants it to do. In this situation, B's rejection of inaction would mean no gain for it, and hence it will be more inclined to obey. The other tactic for A is to show its will to punish B unless it defers. In this condition, B's resistance will most likely lead to severe negative outcomes resulting from A's exercise of its coercive material capacity. However, as we define the acquiescence of others as the constitutive element of hegemonic rule, this type of action will not be congruent with the characteristics of a legitimate hegemon.

Based on this conceptual examination of power as the determinant factor of outcomes in the interactions between two or more actors, I will analyze hegemony as movement of power from

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<sup>109</sup> Roach, S. C., Griffiths, M., & O'Callaghan, T. (2014). *International Relations: The Key Concepts 3rd Edition*. Routledge. p 258,



the hegemon to others and demonstrate necessary characteristics of a hegemonic position in next section of the text.

### **3.2. Antoniades's Conceptualization of Hegemony as Movement of Power**

Andreas Antoniades conceptualizes hegemony on the issue of movement of power. He clarifies the association between the party who exercises it, and on whom it is exercised. For the first relationship, two alternatives inevitably arise. Power might either become an external feature of an actor such as military plants, or determine its internal constellation, such as identity. For the second connection, namely between power and object, two options emerge as well. Power might be applied in order either to alter only the external action of the target, or to reformulate its internal nature or identity. The Combination of these dimensions engenders four paths for the movement of power, each of which accounts for a different style of power relations.<sup>110</sup>

#### ***3.2.1. Matrix of Power Movement***

In the first scenery called external to external, the primacy is substantiated upon the possession of superior amount of power in terms of material capabilities, and the powerful party instrumentally uses its capacity to ensure its leadership over its counterpart. In the second strategy, identified as external to internal, the primary goal is to produce common beliefs and secure leadership through the consent of the other party rather than coercion. The third condition, internal to external, is a socio-cultural project whose objective is to enable imitation in world politics. The final pattern corresponds to a pervasive and decentered power aiming to control and reformulate human life from its interior.<sup>111</sup> The third and fourth categories contradict the characteristics of the hegemony defined in earlier sections of this text. Below I will briefly show the incompatible elements of these two sceneries, and rule them out of our discussion. Later, I

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<sup>110</sup> Antoniades, A. (2008). Ibid. p 8.

<sup>111</sup> Antoniades, A. (2008). Ibid. p 8.

will elaborate on first two patterns for the comprehension of hegemony as movement of power.

### 3.2.1.1. Internal to External Power Movement

In the internal to external framework, the power exerciser is conceptualized as a community, which represents a way of being and invites other actors to embrace its values. But, in this condition there is no definite and specific targeted actor. The powerful side never tries to use its resources instrumentally to broaden its area of influence or force the other to imitate its way of being. Rather, it exercises its power over the volunteer actors to become its member. It is not an assertively-acting actor for the diffusion of its values and expansion of its rule. Moreover, it behaves in an accommodationist fashion with likely competing projects in its attempt to affect structures in global politics.

This category seems to describe the functioning of normative power (it can be simply defined as power over opinion<sup>112</sup>, power of ideas<sup>113</sup>, or the ability to shape conceptions of 'normal'<sup>114</sup>, which tells other actors in the world what type of economic, political and social institutions they should adopt.)<sup>115116</sup> It might be a highly legitimate strategy for a specific actor, but this does not reflect the assertive and active strategies of a would-be hegemon. Even if in a benign manner, a hegemonic power should strive to diffuse its values and broaden its control as much as possible. So, I ignore this type of power relation in my analysis of hegemony. This may only be beneficial in the consolidation of hegemonic order in later phases of hegemony, but will not be in the process of the establishment of hegemonic order.

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<sup>112</sup> Cox, M., & Carr, E. H. (2001). *The twenty years' crisis, 1919-1939: an introduction to the study of international relations*. Palgrave Macmillan. P 108,

<sup>113</sup> Galtung, J. (1973). *The European Community: A superpower in the making* (No. 1). Universitetsforlaget. P 33,

<sup>114</sup> Manners, I. (2002). Normative power Europe: a contradiction in terms?. *JCMS: Journal of common market studies*, 40(2), 240.

<sup>115</sup> Therborn, G. (1997). Europe in the Twenty-first Century. *The Question of Europe*, 32.

<sup>116</sup> Antoniadou, A. (2008). *Ibid*. p 10.

### 3.2.1.2. Internal to Internal Power Movement

As mentioned above, in the internal to internal pattern, there exists a diffused and decentered mechanism that governs human life from its interior. This apparatus is a type of force which has initially been pervaded into subject and then are regenerated there. Power moves bottom-up not top-down in this framework.<sup>117</sup> But, the characteristics of this type of power have little to do with the concept of hegemony in world politics. In our understanding, the hegemon is a concrete actor and it aims to influence other key actors in international system, not the individuals. So, this approach will not be evaluated within the scope of my thesis.

### 3.2.1.3. External to External Power Movement

External-external sort of power relations by nature entail the instrumental exercise of power. It implies that, in this condition, contrary to the passive position of the power exerciser during the usage of normative power, the power holder utilizes its power resources assertively over a specific actor or actors with the aim of achieving its desires. In this interplay, the quality of power is one-dimensional. With references to Dahl's famous delineation of power above, one-dimensional power involves the exercise of power capacity to affect the decision of a conflictual party in a key issue area.<sup>118</sup> In this framework, there exists a traditional top-down application of power.

According to IR frameworks of hegemony adopting this type of understanding as the defining characteristics of hegemonic power relations like Gilpin's study and realist version of hegemonic stability theory greatly elaborated in earlier parts of this text, persistence of the hegemony is assumed to be dependent upon the continuation of preponderance over material power resources. Albeit admitting the importance of legitimacy, these tenets view it as

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<sup>117</sup> Antoniadou, A. (2008). Ibid. p 10.

<sup>118</sup> Lukes, S. (1974). *Power: A radical view* (Vol. 1). Macmillan: London. P 16-19.

secondary for the hegemonic position. Even though it is open to criticism in the sense that it fails to give due importance to the issue of legitimacy, this approach has merit in apprehending the indispensability of the association between supremacy over key hard power resources and attainment of hegemonic leadership. Because these analytical frameworks are not mutually exclusive in their everyday practices, I will discuss how material capabilities might be applicable in hegemonic rule in following sections, but by broadening the discussion with the combination of second framework, which is external-internal power relations.<sup>119</sup>

#### 3.2.1.4. External to Internal Movement of Power

As in external-external framework, in external-internal power relations we can talk about instrumental and top-down exercise of power. Yet the target is totally different. The objective is to shape the self-understanding of targeted actors and therefore to get their consent and generate shared values and beliefs within their identity formation. The specification of the power at issue is conceptualized as three-dimensional power according to the widely known classification of Lukes. This power refers to the sustainment of other's deference through controlling, influencing or shaping their wants and preferences. In opposition to the one-dimensional view of power which sees the existence of an actual and observable conflict necessary for the manifestation of power relations, this approach points out a more effective application of power to prevent the likely conflicts from arising by shaping other's cognitions and thereby making them see existing order as matchless, natural, divinely ordained or beneficial to their interests.<sup>120</sup>

According to the IR parlances of hegemony espousing such sort of understanding, persistence of hegemonic rule is conditioned on the hegemon's ability to guarantee the continuation of

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<sup>119</sup> Antoniadis, A. (2008). Ibid. p 8-9.

<sup>120</sup> Lukes, S. (1974). Ibid. p 27-28.

other's commitment in beliefs, ideas or values adopted by the hegemon. Thus, hegemony fades away as the majority of the other actors or the most significant ones leave to defend the values of the hegemonic order.<sup>121</sup>

### **3.3. Necessary Pillars of Hegemony**

In line with all discussions developed so far and on the basis of two power relations presented above, there arise three necessary pillars for hegemonic status in the international system. These are: robust material basis, vast amount of soft power resources and control over the key institutions of global governance. Hegemony should have material basis to effectively influence the behaviors of others, and it should establish a legitimate order dependent upon the consent of others. The latter two elements, namely soft power and institutions, play a very effective role in the legitimization of hegemonic order.

#### ***3.3.1. Significance of Material Power Resources for the Attainment of Hegemony Status***

At first, with reference to external-external power relations, I will analyze various applications of material power resources. Material power resources, also called hard power resources, are the tangible assets of a given state, and they constitute external specification of the power holder. Material power is consensually defined in terms of military and economic capacities of a state.<sup>122</sup>

##### **3.3.1.1. Military Power**

Military power is a highly significant asset of an actor in both its potential and actual forms. Strong, ready and modern military plants considerably contribute to the national power of an

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<sup>121</sup> Antoniadis, A. (2008). Ibid. p 9-10.

<sup>122</sup> Bilgin, P., & Elis, B. (2008). Hard power, Soft power: Toward a more realistic power analysis. *Insight Turkey*, 10(2), 6.

actor.<sup>123</sup> This power can be exercised in a number of ways. It might be utilized by an actor as a coercive tool so as to get what it wants by forcing other party to submit to its desires through the deployment of crude exercise of its military supremacy. In this type of power deployment, the logic reflected in the famous quotation of Thucydides from Melian Dialogue, that is, while the strong do what they can and the weak suffer what they must, is relevant.

During the final stages of war, in August 6th, 1945, an American bomber jet Enola Gay dropped an atomic bomb, named Little Boy, on Hiroshima and three days later Fat Man was dropped on Nagasaki. Allies, and especially the US, desired to put an end to the World War II by forcing Japan, still waging war in the Pacific, to surrender. These bombs symbolized such an unprecedented degree of material superiority that they had destructive impact roughly 4.000 times more than the most devastating conventional explosive that had ever been used thus far in World War II. Having an unparalleled military superiority, US could change the decision of Japan.<sup>124</sup> This type of military power application is something to be avoided in hegemonic relations due to the innate characteristics of the hegemony as legitimate leadership.

Because hegemonic leadership involves the responsibility of ensuring the security of the secondary states within hegemonic order, having enough military capability to provide protection for other states is of vital importance for the powerful states aspiring to be the hegemon.<sup>125</sup> As a response to severe threats emanating from the Soviet Union, the North Atlantic Treaty Organization has been founded under the leadership of United States so as to thwart Soviet expansions to Europe and create a security umbrella for its members.<sup>126</sup> Thanks

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<sup>123</sup> Weinberger, C. W. (1984). The Uses of Military Power. *Remarks to the National Press Club, Nov, 28*, 609-84. For a brief summary of this, please visit:

<http://www.pbs.org/wgbh/pages/frontline/shows/military/force/weinberger.html>

<sup>124</sup> Kinsella, D., Russett, B., & Starr, H. (2012). *World Politics: The Menu for Choice*. Cengage Learning. P 5.

<sup>125</sup> Prea, C., & Cerbu, V. (2013). Milestones of the Military Power in Contemporary International Relations. *Buletin Stiintific, 18*(2). P 178-179.

<sup>126</sup> A Short History of NATO: <http://www.nato.int/history/nato-history.html>

to its burdening of costs for the defense of the states in many parts of the world, United States expanded its area of influence and gained the consent of its allies.

Great powers also benefit from their superior military statecraft by deploying the arms transfer to the developing countries as their primary instruments of foreign policy in order to uphold their influence in these areas.<sup>127</sup> Cyrus Vance, former US Secretary of State, lists some of the key objectives in arms transfer as such: to facilitate the persistence of regional balance among important nations for American interests so as to prevent war or thwart likely political shifts away from the United States, improve the capacities of key allies attending into joint defense projects, and to consolidate domestic security and stability of the recipient country so and so forth.<sup>128</sup>

It is an unquestionable fact that a hegemonic power creates a hegemonic order and to ensure its stability and secure it from adversary influxes is a paramount responsibility that a superpower should easily burden. Although it might share some of the costs with other beneficiaries, it is inevitable that its military presence will project its power abroad and thereby be the most effective element in achieving these goals. For instance, the United States, by playing warrantor roles in mostly critical parts of the globe like Middle East and Pacific Rim<sup>129</sup>, helped maintain the proper functioning of the international system. Thus, holding military preponderance in hotspots has great benefits not only to its allies within its hegemonic order but also to itself.<sup>130</sup>

Military power can sometimes become significant even in its potential as a threat. Because it makes an armed conflict more costly and diminishes the probability of a victory, highly

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<sup>127</sup> Blechman, B. M., Nolan, J. E., & Platt, A. (1982). Pushing Arms. *Foreign Policy*, 138-139.

<sup>128</sup> For the full list of these counted objectives: Krause, K. (1991). Military statecraft: Power and influence in Soviet and American arms transfer relationships. *International Studies Quarterly*, 315.

<sup>129</sup> Brooks, S. G., Ikenberry, G. J., & Wohlforth, W. C. (2012). Don't Come Home, America: The Case against Retrenchment. *International Security*, 37(3), 7-51.

<sup>130</sup> Kagan, R. (2012). *The World America Made*. Vintage.

developed military equipment of a state create the perception of deterrence for its counterparts. Singapore, a small city-state with a population of roughly four million, devotes a massive amount of funds for the improvement of its military statecraft with the aim of showing its muscles to likely enemies and making them believe that any future endeavor would be futile.<sup>131</sup> Extremely distractive weapons might also play the role of stabilizer in international relations. Since the Cold War, the number of nuclear weapons has rapidly proliferated and the number of nuclear powers has escalated. Even the inferior nuclear forces cause massively devastating damage over the actors equipped with superior nukes. Hence, all the nuclear powers refrained from initiating any course of action not to face with severe disruptions.<sup>132</sup>

Although not being directly invoked, military power might become greatly significant during diplomacy of coercion. The mostly-known examples of diplomacy of coercion are the deployment of planes and navy resources capable of remarkably flexible motion in international waters and airspaces. A recent example of this occurred in November 2013 after China's establishment of identification and an air defense zone in Eastern China Sea where Senkaku Archipelago islands, contested territories between Japan and China, have been located. After this incident, the United States sent two of its B-52 bombers to fly over these constructions. Despite the Pentagon's declaration that this was a routine act planned earlier than the China's announcement, the message, which is diplomacy of coercion, was highly apparent.<sup>133</sup>

The list covering various types of military power applications might be extended so long, but this undoubtedly becomes a futile effort for the scope of this study. What we should keep in mind is that having unrivaled military capability is a highly critical and indispensable issue for a potential hegemonic power. However, the innate characteristics of the hegemony as a

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<sup>131</sup> Prea, C., & Cerbu, V. (2013). Ibid. p 177.

<sup>132</sup> Brodie, B. (1959). The anatomy of deterrence. *World Politics*, 11(02), 173-191.

<sup>133</sup> Prea, C., & Cerbu, V. (2013). Ibid. p 178.



legitimate leader excludes some sort of power deployment like crude exercise of coercive capacity to force other actors to submit to its desires. This can be an ordinary policy for imperialistic, despotic or dominative rules considering no requirement of consent but hegemonic rule should be predicated upon the acquiescence of other states and should pursue common interests. Because a hegemonic order is to a great extent global, a hegemon must have sufficient amount of military capacity to project its power in many parts of the globe concomitantly. Counter-hegemonic projects or severe threats to existing order might arise in any region of the world and the hegemonic leader should act urgently and effectively to negate any endeavor aiming to interrupt the proper and stable progression of the system. To achieve this, a hegemonic power must shoulder the establishment of security umbrellas for its allies and control hotspots of the international system.

The aim of this study is to evaluate the possibility of China's hegemonic ascendance, and this hypothetical case can only be possible if China takes the lead from the established hegemon: the United States. A power approach based on the aggregate level of resources might be misleading in the sense that its actual significance can be perceived through the effective and successful deployment of these capacities but such an endeavor would inevitably require continuous observation of all China's policies in changing contexts. Hegemonic leadership entails the holding of a vast amount of military plants, and China should at least be more or less as strong as the United States to pursue its own hegemonic agenda and give fruitful signals regarding the uninterrupted stability and unrivaled benefits of the order it promises.

### **3.3.1.2. Economic Power Resources**

#### ***3.3.1.2.1. Two Approaches on Economic Power***

Two strands of approaches with diverging assumptions regarding the issue of economic power exist in the international relations literature. The first variant of these frameworks sees the international system as considerably dominated by the relations between national governments.

The locus classics for the embodiment of this type of understanding is the striking study of Klaus Knorr<sup>134</sup> in which he deeply questions the relationship between economic and world power on the level of interstate relations.<sup>135</sup> His evaluation of the subject on the basis of conventional presupposition that defines the system as the collectivity of nation states inevitably brings him to infer that the actual exercise of economic power is limited with deliberate use of economic power means by the governments in their interplays with other governments. To this parlance, wealth, as also relevant for the application of military power, enables the state to pursue its own goals or impose its own will over others through the deployment of these resources as rewards or threats.<sup>136</sup> Even though this approach has merit to some extent, it far from covers the complexity of economic relations in the international system and thus it should be incorporated with the subsequent analysis for the better grasp of the phenomenon.

Prominent scholars like Nye and Keohane have dedicated remarkable efforts on the subject of what is in general terms defined as transnational relations. Thanks to the new advancement in world politics in 1960s, new issues have emerged which were not centered on the nation's security concerns. Due to the growing resistance from the citizens of poorer nations, increasing opposition of people in powerful states for the human costs, the dissemination of nuclear weapons, and possible negative impacts of use of force over economic objectives of the countries, states become more and more hesitant to the exercise of military force. These reverse trends in the function of force undermined the hierarchy based on military power.<sup>137</sup> This shift, when combined with the increasing effectiveness of transnational actors in bargaining

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<sup>134</sup> Knorr, K. E. (1973). *Power and wealth: The Political Economy of International Power*. New York Basic Books

<sup>135</sup> *Power and Wealth: The Political Economy of International Power (Book Review)*. *Growth and Change*. 1974). 5(3), 58.

<sup>136</sup> Strange, S. (1975). What is economic power, and who has it?. *International Journal*, 209-211.

<sup>137</sup> Keohane, R. O., & Nye, J. S. (1987). Power and Interdependence revisited. *International Organization*, 41(04), 727.

processes<sup>138 139</sup> and multi-dimensionalization of economic interdependence, upheld the relevance of complex interdependence in economic issues and extended the applicability of economic power to cover both interstate realm and transnational sphere. Hence, while analyzing the various uses of economic power, we need to acquire a broader perspective.

### *3.3.1.2.2. Evaluating Various Ways of Economic Power Application*

Economically massive states or a set of states might impinge upon the decisions or behaviors of other countries by invoking their huge resources as punishments or inducements, or as threats or rewards. Imposing economic sanctions is a highly applied foreign policy instrument of a state or an interstate organization over a less capable counterpart for many reasons, ranging from the threat perception from the latter to the security of the former or one of its allies or a third country<sup>140</sup>, to the human abuses of the targeted state towards its citizens.<sup>141</sup> However, the efficacy of these sanctions as a viable foreign policy instrument has been highly contested. Although a pioneering study conducted by Huffbauer, Schott and Elliott reveals that in 40 of the 115 cases taking place between 1914 and 1990 (namely in 34% of them) the stated aims of the sanctioning party had been achieved<sup>142</sup>, a further re-examination of these instances revises actual effectiveness as only 4%.<sup>143</sup> Nevertheless, as more updated research eloquently points out, the polar distribution of international power is a strong determinant of the effectiveness of economic statecraft, and the potency of these economic sanctions has considerably increased

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<sup>138</sup> Prea, C., & Cerbu, V. (2013). Ibid. p 178

<sup>139</sup> Strange, S. (1975). Ibid. p 209-211.

<sup>140</sup> After Iraqi invasion of Kuwait in early 1990s, UN Security Council released a package of sanctions against Iraq with the objective of forcing Iraqi army to retreat from the country and pay heavy reparations for compensation of the damages: UN Council Brings Iraq Closer to End of 1990s Sanctions. Reuters. 27.06.2013. Available at: <http://www.reuters.com/article/2013/06/27/us-iraq-kuwait-un-idUSBRE95Q0Y320130627>

<sup>141</sup> EU since 2007 has strengthened the already existing economic sanctions containing ban of importation from Burma for the repressive and abusive policies of the incumbent junta against its citizens: Hose, R. L., & Genser, J. M. (2007). Are EU trade sanctions on Burma compatible with WTO law. *Mich. J. Int'l L.*, 29, 165.

<sup>142</sup> Huffbauer, G. C., Schott, J. J., & Elliott, K. A. (1990). *Economic sanctions reconsidered: History and current policy* (Vol. 1). Peterson Institute.

<sup>143</sup> Pape, R. A. (1997). Why economic sanctions do not work. *International Security*, 22(2), 93.

(especially when applied by the hegemon) since the dissolution of Soviet Union and the victory of unipolar world.<sup>144</sup>

In 24 of 72, namely 33%, of cases between 1946 and 1988, in which United States has imposed economic sanctions over another country, this instrument brought about the expected change in the policies of targeted states.<sup>145</sup> Unipolarity of the international system, however, significantly increased the effectiveness of these policies. Between 1992 and 1999, in 24 of 38, namely roughly 66%, of the occasions, economic sanctions led by United States massively helped the actualization of American expectations.<sup>146</sup> Because of its greater ability to assemble universal sanction coalition, the absence of any credible offsetting alternative pole in the unipolar world, and the deterrence effects of the potential sanctions to be imposed by the hegemon,<sup>147</sup> hegemonic state has a great leverage over other states in any likely discord. Therefore, having a vast amount of economic resources along with other power capabilities enhances the potency of economic sanctions and makes them credible foreign policy instruments when necessary and thereby facilitates the stable functioning of hegemonic order.

Moreover, positive sanctions, defined as actual or promised rewards to other states,<sup>148</sup> are another power instruments of economic statecraft widely utilized in international relations. The primary aim in these policies is to affect the attitudes and actions of other nations via the

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<sup>144</sup> Collins, S. D. (2008). Purchasing Power: International Structure and the Effectiveness of Economic Sanctions. *Conference Papers -- International Studies Association*, p 3.

<sup>145</sup> Close scrutiny of sub-segments of this period reveals a more intriguing picture, that is, the actual efficacy of these policies is closely dependent upon the relative power balance between the rival poles. Between 1948 and 1957, when United States achieved fair superiority over Soviet Union in terms of economic and military power, hit ratio of these sanctions was 50%. However, this ratio had its lowest level as 14% between 1979 and 1988 and this era represented a shift in structural attributes of the international system in which Soviet Union has remarkably closed the power gap with United States. In Collins, S. D. (2008). *Ibid.* p 12.

<sup>146</sup> Collins, S. D. (2008). *Ibid.* p 13. When we take Pape's revision of bipolar cases into account, the efficacy of American economic sanctions during Cold War inevitably becomes lower and consequently, the net contribution of unipolarity over success rate of these policies becomes more notable.

<sup>147</sup> Collins, S. D. (2008). *Ibid.* p 6-8.

<sup>148</sup> Baldwin, D. A. (1971). The power of positive sanctions. *World Politics*, 24(1), 23.

providence of some goods that bear reasonable amount of market value. In the context of West Germany and Poland relations, economic inducements, offered by Bohn to Warsaw in the form of augmenting trade and technology transfer, moderated the highly confrontational relations with severe discord on the issues such as the legal status of the German land left to Poland rule by product of Potsdam agreement signed in 1945, the living conditions of the German ethnic minority groups habituating in Poland; and restitution and compensation for the suffer and damage inflicted upon Poland during the Nazi occupation.<sup>149</sup> With the constructive role of economic incentives, these two former foes reversed their stalemated engagement and felt that it was for the benefit of both side to foster cooperation. Bonn government needed political buttress so as to both improve the conditions of German minorities in Poland and facilitate the reform process with East Germany whilst Poland officials desired economic backing for their own reform process.<sup>150</sup> Because hegemony should be rest upon winning the hearts of majority of the states in international system, strategic application of economic supremacy as economic rewards is of vital significance and this could only be achieved when the country with hegemonic aspirations has excessive economic resources and efficiently deploys them.

Great powers might sometimes have to undertake the responsibility of restructuring domestic political and economic institutions of its closest and pivotal allies. Since economically and politically robust allies will have great contributions to the legitimization and effective functioning of the hegemonic project, it is a win-win situation for both hegemon or a candidate for hegemony and support receiving countries. But, this is undoubtedly a highly costly maneuver and thus entails great economic capacity. Maybe the most clear-cut sample of such a vastly assertive project has been both the Marshall Plan and Truman Doctrine promulgated in

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<sup>149</sup> Davis, P. A. (1999). *The art of economic persuasion: Positive incentives and German economic diplomacy*. University of Michigan Press. P 68-70.

<sup>150</sup> Davis, P. A. (1999). *Ibid.* p 3.

the aftermath of World War II so as to restructure the European countries that had seriously gone under the wrecking ball during the war. Europe is historically America's biggest export market and United States, as the biggest producer and founder and protagonist of hegemonic liberal international economic system, needs a prosperous market to be able to sell its goods and services.<sup>151</sup> Apart from economic reasons like the reconstruction of European markets and alleviation of trade barriers,<sup>152</sup> The United States, by means of these economic supports, aimed to forestall Soviet threat, rapidly growing in the region as a result of severe economic quagmire.<sup>153</sup>

Additionally, creating institutions which reflect the values and principles espoused by the hegemon is crucially important for the legitimization and thereby persistence of hegemonic project. Although they yield great benefits for the hegemon in the long run, their establishment requires the dedication of a vast amount of economic resources and therefore in order to successfully undertake this highly assertive and costly project, a hegemon or candidate for it should be an economically robust power. The United States in the aftermath of World War 2 dedicated great resources for the construction of Bretton Woods system and its key institutions so as both to pursue common interests and project its own desires concurrently.<sup>154</sup> In the same vein, China became the principal propellant power behind establishment of BRIC's New Development Bank last year for the better governance of economic and finance relations with emerging countries. Beijing has also initiated the creation of Asian Infrastructure Investment Bank, an alternative for World Bank and Asian Investment Bank controlled by Japan and the

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<sup>151</sup> Koyuncu, B. L. (2013). Savaşlar ve 20. ve 21. Yüzyılda Uluslararası Sistem. Anadolu Üniversitesi. P 84.

<sup>152</sup> Hogan, M. J. (1989). *The Marshall Plan: America, Britain and the Reconstruction of Western Europe, 1947-1952*. Cambridge University Press.

<sup>153</sup> Koyuncu, B. L. (2013). Ibid. p 86.

<sup>154</sup> Keohane, R. O. (2005). Ibid. p 137-139,

US, to improve its influence in the region.<sup>155</sup> Both of these endeavors entail the channelization of excessive economic resources, and China shouldered these burdens for the expansion of its locus of influence.

Countries with rich economies can exercise power with the aim of shaping the production, consumption, trade and investment structures of the world economy and their effectiveness increases in parallel with the size of their markets. The governmental bodies can also utilize their economic capacities through the formulation of rules regulating access to the factors of production, credits etc. that economic enterprises should abide during their transactions in the market. In this regard, countries having the biggest domestic markets and those which are home country for the majority of the largest multi nationals will inevitably acquire highest economic power.<sup>156</sup> For these aforementioned reasons and utilities of economic power, a would-be hegemonic country should undoubtedly hold an excessive amount of economic resources to effectively materialize the responsibilities and requirements of hegemonic position.

### *3.3.2. Legitimate Dimension of Hegemony*

As repeatedly mentioned so far, legitimacy is the principal defining characteristic of hegemonic leadership that helps us to differentiate it from a relationship of domination or despotic rule. In the context of hegemony as a power movement like the one elaborated above, this point has also been touched upon as external-internal power relation in that the power exerciser party is vying to affect the self-understanding of targeted party. As the other countries adjust their mindset to hegemon's way of thinking, they attach legitimacy to the policies of hegemonic power and find them also compatible with their own interest. For that reason, legitimacy is the visible dimension of hegemonic relation. Based on earlier discussions, it can be argued that a

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<sup>155</sup> Britain's Membership in China-led World Bank Rival of 'UK National Interest'- Spokesman. 13.03.2015: <http://rt.com/business/240341-uk-usa-asia-bank/>

<sup>156</sup> Strange, S. (1975). Ibid. p 222-224.

hegemonic power can justify its rule through the utilization of its soft power resources and the establishment of institutions that will both reflect its desires and serve the common interests of its allies. Below, I will analyze these two pillars for a better understanding of hegemonic relation.

### 3.3.2.1. Soft Power

So far I have elaborated the phenomenon of hard power conceptualized as military and economic might of a nation. These power resources are invoked to alter others' positions via inducements (carrots) and/or threats (sticks). However, states can achieve their desires without having concrete promises or punishments by making other admire to their values, aspire to their economic and political development level and want to pursue their agenda to be like them. In other words, if a state can get others to want to do what it wants, then it will not need any carrot or stick to make it do so.<sup>157</sup>

By generating a sense of attraction in the relationship and emphasizing the common values and legitimacy of acting to consolidate these shared values, one country can easily convince others to comply with its desires. In this scenery, soft power can be asserted to be functioning. Based on this account, it is clear that the primary instrument for soft power is neither force nor money, rather it is attraction to common values and righteousness of promoting the development of these values.<sup>158</sup>

Soft power of a specific country derives from three particular resources, being its culture (effective where it is attractive to others), its political values (effective when it abides itself with these values both at home and abroad), and its foreign policies (they should be deemed as legitimate and this country should be attached moral authority). The more a country's culture

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<sup>157</sup> Nye, J. S. (2004). *Soft power: The means to success in world politics*. Public Affairs. p 5-6.

<sup>158</sup> Nye, J. S. (2004). *Ibid*. p 6-7.



bears universal values and contributes to the improvement of such common attachments, the more probable it is for that country to get others to do what it desires through the attractiveness that its culture has.<sup>159</sup> The United States is the largest destination for the mobile international college and university students. 886,000 of 4.5 million international students attended American institutions in 2014.<sup>160</sup> Considered that many of these students return to their home country after finishing their degrees, they function as the transmitter of American values to abroad and thereby contribute to the strengthening of American soft power.<sup>161</sup>

Policies of the governments both in domestic realm and in international sphere are also vital determinants of its soft power. The values that governments embrace in the domestic setting, in international institutions or in its foreign relations with other states like the adherence to the creeds of rule of law, collaborative actions with others, supporting peace, and defending human rights against abuses remarkably increase its attractiveness. As a result, it convinces others more easily due to its exemplary status. Conversely, domestic or foreign policies of governments which are seen as hypocritical, disrespectful to other's opinions or brutal and perceived based totally on the parochial prioritization of national interests inevitably trigger disapprobation among others and reduce its soft power.<sup>162</sup>

Additionally, countries, especially the hegemons, can uphold their values and facilitate their diffusion in the international realm by establishing institutions that will reflect their values abroad as rules, norms and procedures for others to emulate, abide with and socialize into. Britain's and American's emphasis on liberal economic values have been embodied in

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<sup>159</sup> Nye, J. S. (2004). Ibid. p 11.

<sup>160</sup> Open Doors 2014: International Students in the United States and Study Abroad by American Students Are at All-Time High: <http://www.iie.org/Who-We-Are/News-and-Events/Press-Center/Press-Releases/2014/2014-11-17-Open-Doors-Data>

<sup>161</sup> Nye, J. S. (2004). Ibid. p 13.

<sup>162</sup> Nye, J. S. (2004). Ibid. p 14.

institutional designs like gold standard in the context of British hegemony and Bretton Woods system in the context of American hegemonic leadership.<sup>163</sup> Institutionalization of the hegemonic project helps in the legitimization of leadership, expands its influence and extends its life. Thus, the functions of the institutions should be dealt with in a more detailed fashion.

### 3.3.2.2. Institutions as the Legitimate Dimension of Hegemony

Institutions serve the simultaneous covering of two needs which are complementary for hegemonic rule. The first is that hegemonic power should create a stable hegemonic order, and in this process construction of institutions reflecting the values and desires of the hegemon play a massively facilitating role. The second issue is that hegemonic leadership should pursue shared goals with other actors convincing them to think these goals are compatible with their own interests and institutions, and for the reasons discussed below, fill this gap efficiently.

Together with the transformative effect of globalization and interdependence, the number of issue areas, which are of vital significance for the prosperity and stability of international society, are rapidly increasing and these transnational problems like environmental threats, multinational terrorist networks, and human trafficking entail collaborative efforts for their effective resolution. In this regard, surging density and complexity of these issues pushes states to cooperate with one another. Because institutions diminish transaction costs and lessen the uncertainty regarding the actions of parties thanks to the providence of iterated games environment and the fall of the shadow of the future over recent processes, building the necessary institutions appears as a viable strategy.<sup>164</sup> However, this endeavor necessitates effective leadership and the dedication of a vast amount of resources. Hegemonic powers or would-be hegemonies, with their great capacity and high stakes in stability and peace in

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<sup>163</sup> Nye, J. S. (2004). Ibid. p 14.

<sup>164</sup> Slaughter, A. M. (2011). Ibid. p 2.

international system, step in and take the lead. Thereby, this power not only benefits from the consolidated status quo and augmented certainty but also gains the consents of other countries.

Legitimacy of the hegemony rests on the rule-based leadership of governing hegemon and institutions function as the embodiment of rules, norms and procedures that not only the benefit of these entities but also the founder hegemon should act accordingly. These created norms, rules and principles induce convergence amongst the expectations of behavior of all member states. By determining fair and unfair actions and imposing effective reinforcement mechanisms, these institutions strengthen their effectiveness, ensure transparency, maintain collaboration and mutual respect, facilitate the resolution of burning problems and help the progression of stability and peace in international system.<sup>165</sup>

Although a hegemonic country can get what it desires through the crude exercise of power, the inherently consensual nature of hegemonic rule excludes these submissive actions and only leaves room for the ones substantiated upon the acquiescence of others. To preserve their consent, the hegemon should frame its rule as productive for the interest of all rather than serving only to its benefits. Since institutions provide the opportunity for the representation of diverse interests and universalization of policies, they become highly helpful for the realization of such a benign order. Rule-based authority, foreseeability of countries' actions and pursuit of common interests and shared goals by product of institutions also facilitate the expansion of hegemonic order through the integration of new actors aspiring to benefit from such positive outcomes.<sup>166</sup>

### ***3.3.3. Distinguishing Features of My Framework from That of Cox***

Throughout this study, I attempted to rethink hegemony in light of existing accounts and I

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<sup>165</sup> Griffiths, M., Roach, S. C., & Solomon, M. S. (2008). Ibid. p 181-182,

<sup>166</sup> Cox, R. W. (1983). Ibid. p 62.

culminate with a framework on the basis of this reevaluation. Just like Cox's formulation of hegemony, this framework rests upon three pillars, which are material power resources, ideas and institutions. Apart from this similarity, however, there are highly critical differences between them and thus I need to clearly show these distinguishing characteristics of my framework.

Robert Cox labels state-society complex as the primary actor in international relations. Cox's understanding of hegemony is predicated upon the idea of coalition between state and social complex. To his conception, hegemonic order contains considerably more elements than an interstate domain. This order will generate opportunities and open room for the civil society forces to operate on the global scale. Conversely, in my formulation, the state is the unitary actor, and I never take the complex relations between state and civil society into consideration. To my view, hegemony is an order between states, and one particular state should influence the actions or shape the preferences of other states so as to establish its hegemonic order and in this process it uses its material and ideational power resources and global institutions to achieve its goal.

Neo-Gramscian IR theory has apparently been rooted in Marxist tradition and thus this approach to hegemony is predicated upon a class-based understanding. Hegemonic world order relies on globally conceived civil society or in other words globally extended mode of production connecting the social classes of different countries that this order contains. This order is also substantiated on the successful creation of a historical block consisting of social forces of different countries and the effectiveness of this block is basically defined by the degree to which the working classes are successfully convinced and integrated into new institutional settings of the hegemonic order and qualify the values that these institutions reflect as legitimate. The scope of this approach is basically limited to IPE subjects. My framework is not using a class-based approach and does not focus on the position of certain groups of civil

society on global mode of production. My primary actor is, as mentioned earlier, the state, and I am interested in its policies. My framework also deals with IPE subjects but is never limited to them.

Finally, Cox asserts that a hegemonic order is firstly established in a national setting by a social force coming to power as a result of a major social or economic revolution and this dominant class expands its locus of influence to other countries. My approach does not deem a revolution necessary for the hegemonic status. A country might arise to a hegemonic position even under the stable environment if it becomes successful in its rivalries with other potential candidates in three realms which are material power resources, ideational power resources and institutions.

#### **4. BRIEF SUMMARY AND IMPORTANT REMARKS**

To briefly recapitulate the points mentioned so far, hegemon is a legitimate world leader that has the unrivaled supremacy in three primary realms: control over material resources, control over others' mind-set, and control over key institutions of global governance.

There is no doubt that it is impossible to have precise calculation of the power resources in the disposal of a specific country. Power is a relational concept and its effectiveness is dependent upon policy-contingency framework. Scope and domain of specific scenery might trivialize some power instruments whereas increasing the potency of another. Hence, power analysis should be done based on empirical examples. Even so, a viable candidate for hegemony should acquire massively superior material and ideational resources compared to others. But, it should be underlined that having vast amount of resources will not guarantee the attainment of desired outcomes. Strategic and successful deployment of the power resources is genuinely mandatory for achieving the desires. Faulty evaluation of the link between the power resources and attained outcomes might jeopardize the long term objectives of a country. Ostensibly successful

outcomes in the short run might damage one dimension of its power resources as seen in the context of American Iraqi intervention, or cause threat perceptions regarding the wills and further policies of the country and thereby prompt others to coalesce to balance or impose restrictions to limit its rise as experienced in the context of Russia's recent annexation of Crimea.

The distribution of these hard and soft power resources generates different and ever-changing ontological images for the international system. A specific country might hold unrivaled supremacy in all manifestations of power in a definite time period of the history but it cannot keep its primacy forever. New power or powers are possibly to increase their relative position and thereby diminish the relative preponderance of this most powerful actor. Hence, the power distribution among countries should be analyzed critically and comprehensively.

Certain control over the key institutions of global politics and global political economy is another necessary dimension of hegemonic leadership. Institutions help the legitimization and perpetuation of hegemonic project. They by and large reflect the existing power relations when established and rising powers expect to have more voice in these entities due to their growing capacities. Established powers might incorporate these new demands into the operational procedures of these institutions and enhance their commitment to existing order. However, they sometimes become hesitant to adjust the configuration of these institutions to new developments in power distribution in international relations. Rising powers demand reshuffling of the cards but due to resistance from status quo powers, their expectations might not be met as desired and they prefer to attempt to establish somehow alternative institutions. These new entities might represent incrementally or radically different values, rules, and operation procedures. But regardless of their difference in variance the newly emerging entities will be in competition with status quo patterns to gain more influence in international bargaining and outcomes of these processes.

All these three pillars, namely material capacity, ideational power and institutions, are complementary of one another and deficiency in one of them inevitably hinders the hegemonic rise of a state. The distribution of outcomes of the competition over these three areas might produce an unrivaled hegemony, or cause the emergence of two or more potent powers vying for the obtaining this status. If the second scenery becomes prevalent, we cannot talk about an apparent hegemonic world order led by a specific country. Rather, depending upon the relative positions of the rival powers to one another and the characteristics of interactions between them, this distribution can create co-hegemonic, post-hegemonic or non-hegemonic world order in international system.



# **CHAPTER 4**

## **EXAMINATION OF CHINA'S MATERIAL POWER RESOURCES IN COMPARISON WITH THE US**

### **1. INTRODUCTION**

According to conventional IR theories, economic capabilities and military capacities of a given state are the most crucial manifestations of its material power, defining its limitations and opportunities both regionally and more broadly in global politics. A state's economic resources are the most vital determinants of their military capacity. Without having a resilient and growing economy, it is impossible for a state to sustain military formidability<sup>167</sup> and it is destined to lose ground in international relations. In this chapter, I take the military capability of China as an expression of its economic resources, and thus will focus on providing an account of the latter.

I will provide a brief account of the fundamental dynamics underlying China's great economic transformation since the 1980s. Then, I will present current handicaps of China's economy policies and speculate about likely threats to the sustainability of its economic accomplishment. Finally, I will comparatively analyze the capacities, relative advantages and disadvantages of two powers: China and the existing hegemon, the United States. I will do this by analyzing economic, military and some other instructive indicators.

### **2. ANALYSIS OF CHINA'S ECONOMY POLITICS**

The party meeting in December 1978 was a a moment that would define not only the subsequent history of China but also the whole world. This landmark event has been deemed by consensus

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<sup>167</sup> Beckley, M. (2011). China's Century?: Why American's Edge Will Endure. *International Security*, 36(3), 58.



as the starting point for China's reform and opening up process by the scholars studying on the various aspects of this transformation process.<sup>168 169 170</sup> In this conference, Deng Xiaoping, who is identified as the leading figure of economic transformation<sup>171 172</sup>, argued that rather than a dogmatic adherence to Maoist ideology, economic rationality and material reality should determine the path for economic development in China.<sup>173</sup> Ping and his successors relied on markets rather than central planning and precipitated the transformation.<sup>174</sup>

Thanks to the great success of the economic leap forward, China, which had the highest number of poor people in the world in 1980, has stunningly lifted 680 million people out of poverty between 1981 and 2010. This huge development diminished its poverty rate from 84% in 1980 to about 10% right now. China alone explains around 3/4 of the world's aggregate decline in extreme poverty over the past three decades.<sup>175</sup> China realized this tremendous achievement

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<sup>168</sup> Zhao, S. (2013). Privatization, FDI inflow and economic growth: evidence from China's provinces, 1978–2008. *Applied Economics*, 45(15), 2127.

<sup>169</sup> Zonglai, W. A. N. G., & Bin, H. (2010). China's Reform and Opening-up and International Law. *Chinese Journal of International Law*, 9(1), 193.

<sup>170</sup> Yu, J., Zhang, W., & Wang, D. (2011). The temporal and spatial evaluation on China's agricultural policy output since 1978. *Journal of Geographical Sciences*, 21(3), 475-488.

<sup>171</sup> This excerpt from China's constitution reveals the significance of Deng's personality and theory for the transformation of the country: "Since the Third Plenum of the 11th CPC Central Committee, the Chinese Communists, represented mainly by Comrade Deng Xiaoping, have summed up both the positive and negative experiences gained since the founding of New China, implemented the principle of emancipating the mind and seeking truth from facts, shifted the focus of the Party's work to economic development, introduced reform and opening, ushered in a new period for the development of the socialist cause, gradually formed the line, principles and policies on building socialism with Chinese characteristics, expounded the basic issues concerning building, consolidating and developing socialism in China, and created Deng Xiaoping Theory. Deng Xiaoping Theory is a product of the integration of the basic theory of Marxism-Leninism with the practice of modern China and the characteristics of the present era, the inheritance and development of Mao Zedong Thought under new historical conditions, a new stage of the development of Marxism in China, Marxism of modern China, and the crystallization of the collective wisdom of the CPC, guiding the cause of China's socialist modernization steadily forward." In <http://www.china.org.cn/english/features/45461.htm>

<sup>172</sup> Milestones of reform: 30 years of 3rd Plenums: [http://www.china.org.cn/government/central\\_government/2008-10/08/content\\_16584646.htm](http://www.china.org.cn/government/central_government/2008-10/08/content_16584646.htm)

<sup>173</sup> The Ideological and Theoretical Basis of the Communist Party of China (CPC): <http://english.cpc.people.com.cn/66739/4521326.html>

<sup>174</sup> Song, S. (2013). China's Agriculture, Urban System, Firm Competitiveness, and Inequality: Guest Editor's Introduction. *Chinese economy*, 46(1), 3.

<sup>175</sup> Poverty: Not Always With Us. 06.01.2013. The Economist: <http://www.economist.com/news/briefing/21578643-world-has-astonishing-chance-take-billion-people-out-extreme-poverty-2030-not> , 1 June 2013

through its unprecedented annual economic growth. Between 1980 and 2010, the average annual increase in aggregate output level was 10.4%, nearly two times larger than the level between 1960 and 1978, which was 5.3%.<sup>176</sup> Below, the policy reforms making this accomplishment possible are examined.

## **2.1. Chains of Economic Development**

### **2.1.1. Agricultural Reforms**

China possessed a very rural economy in 1978 when the reforms were incepted. At that time, farmers were organized around communes. How much they would produce and how much they would be paid was strictly determined by Beijing. The produced goods were distributed among the urban population with certificates and through this the central government could ensure the access of city-dwellers to cheap foods<sup>177</sup> However, the system provided no incentives for farmers to produce in a more efficient manner. Abandoning the commune system completely would mean higher inflation for townies, which was an acceptable situation for the government. Then, the government decided to integrate market processes into the existing system. Family farms replaced communes but the land on which they operated was kept the property of the state.<sup>178</sup> Farmers were permitted to produce more than the pre-determined quota and sell them in free markets.<sup>179</sup> Thereby, the government not only sustained access for urban people to cheap foods, but also motivated tillers to become more efficient. This agricultural reform was the first step in the structural transformation of China's economy.<sup>180</sup>

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<sup>176</sup> China GDP: how it has changed since 1980. Ami Sedghi. 03.23.2012. The Guardian: <http://www.theguardian.com/news/datablog/2012/mar/23/china-gdp-since-1980>

<sup>177</sup> Zheng, S., Lambert, D., Wang, S., & Wang, Z. (2013). Effects of Agricultural Subsidy Policies on Comparative Advantage and Production Protection in China: An Application with a Policy Analysis Matrix Model. *Chinese economy*, 46(1), 22.

<sup>178</sup> Zhang, Q. F., & Donaldson, J. A. (2013). China's Agrarian Reform and the Privatization of Land: a contrarian view. *Journal of contemporary China*, 22(80), 257.

<sup>179</sup> Chen, F., & Davis, J. (1999). Land reform in rural China since the mid-1980s. 124: <http://m.rrojasdatabank.info/china1.pdf>

<sup>180</sup> Rodrik, D. (2011). *Akıllı Küreselleşme*. Ankara. Efil Yayınevi Yayınları. P 132.

### 2.1.2. Opening-Up Process and China's Attempts to Promote Exports

China pursued a highly sui-generis path while opening its economy to external access. In regular instances, a country wishing to open its borders cancels quantity restrictions on imports, lowers tariffs and adjusts its exchange control system. Conversely, China gradually carried out these changes in ten years after registering a considerable amount of economic growth. Massive implementation of complex and restrictive tariffs and some non-tariff barriers like licensing replaced the trade monopolies in late 1970s and they have never been flexed until the 1990s. Without shaking the foundations of existing industrial structure, Special Economic Zones (SEZ) were established to promote exports. Firms operating in these SEZs were granted some privileges. Infrastructure was better in these areas and firms were importing the material inputs, and exporting their outputs tax-free. Thanks to these advantageous conditions, China could attract a significant value of foreign direct investment.<sup>181182</sup>

It is not an exaggeration to assert that opening up the economy to foreign markets was a major driver of China's unprecedented economic performance over the last three decades. China's dependence on foreign trade, calculated as the share of aggregate multitude of export and import in GDP, rose from 9.75% to 66.6% between 1978 and 2007. Despite being few in number and affectless in the beginning of reform process, as records of 2007 suggest, foreign-funded firms realized 28% of China's total industrial added value, 20.17% of its tax payments and 57.1% of its exports. Between 1985 and 2007, (when fixated by 1985 exchange rate), China's GDP, total trade volume, exports, foreign capital absorption and outbound investment have multiplied by respectively 6.7, 15.2, 22.1, 18.8, and 14.4 times. A critical mass of indicators correlating the opening up of the economy to GDP growth demonstrate that without opening its economy to

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<sup>181</sup> For further information about the roles of SEZs in China's economic miracle: Yeung, Y. M., Lee, J., & Kee, G. (2009). China's special economic zones at 30. *Eurasian Geography and Economics*, 50(2), 222-240.

<sup>182</sup> Rodrik, D. (2011). Akıllı Küreselleşme. Ankara. Efil Yayınevi Yayınları. 133-134.

foreign markets, China would never register its splendid economic performance lasting uninterruptedly throughout last 30-35 years.<sup>183</sup>

### *2.1.3. Transformation of Production System*

The other significant factor driving China's economic performance is the transformation of the production system. By 1990, China had achieved a quality of goods across its export portfolio that was similar with countries having three times its per capita income. This progress was driven by an increase in efficiency in many business branches like consumer electronics and automobile accessories. To benefit from the favorable economic environment created after 1978, foreign companies moved their supply chain to China. These firms brought significant technological capital and had the highest level of productivity. They also played a very crucial role as leading exporter firms. In other words, their operations were among critical propellant powers behind China's economic success. Chinese government officials recognized these firms as instruments for improving the domestic production basis and so defined regulatory system for foreign firms that, for example, would see that they partnered with native companies. Firms in the automobile sector were obliged to invest in the Chinese domestic market. Additionally, China implemented a very elastic intellectual property rights law and domestic producers could develop their infrastructure by copying externally invented technologies through reverse engineering.<sup>184</sup>

Finally, apart from the aforementioned regulatory policies, China's monetary policies became highly successful in promoting export. After joining the WTO in 2001, China had to relinquish some of its industrial policies through which it subsidized Chinese firms. But, since that day it has begun to strategically utilize its monetary policy as a latent inducement for exporters. It

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<sup>183</sup> Jiang, X. (2009). China's long march toward greater openness. *China Economist*, September-October. P 1-2.

<sup>184</sup> Rodrik. (2011). *Ibid.* P 135.

artificially kept its currency about 25% lower than its natural level by some estimates. Through this policy China made its goods more competitive in the export market.<sup>185</sup>

## **2.2. Uncertainties about China's Economic Model<sup>186</sup>**

China's economic model is built on three pillars. These are production of exported lower-cost goods, heavy industry and infrastructure investments and higher rates of savings. However, there exist very vital uncertainties regarding the persisting merits of these factors. All the forthcoming problems will be shortly evaluated below.

### ***2.2.1. China's Export Transactions***

China has had a high population with a low labor cost. This, together with lower raw material costs, prepared a very convenient place for Chinese elites to boom their exports. China is now identified as the factory of the whole world.<sup>187</sup> In order to compete, prices in other countries fell and consumer purchasing power rose. Nevertheless, this story seems unsustainable for four reasons:

- 1) The Renminbi's continuing appreciation creates a threat for China's export market. In 1997, 1 dollar equated to 8.27 yuan, however it is worth less than 6.3 yuan now. Because of the harsh criticisms coming from other countries especially the US concerning yuan's artificially low value, monetary authorities floated the currency in the global currency market in 2005.<sup>188</sup> In 2008, they reasserted strict control over the yuan in response to the global crisis but in 2010 these were withdrawn. Since the last policy shift, the yuan

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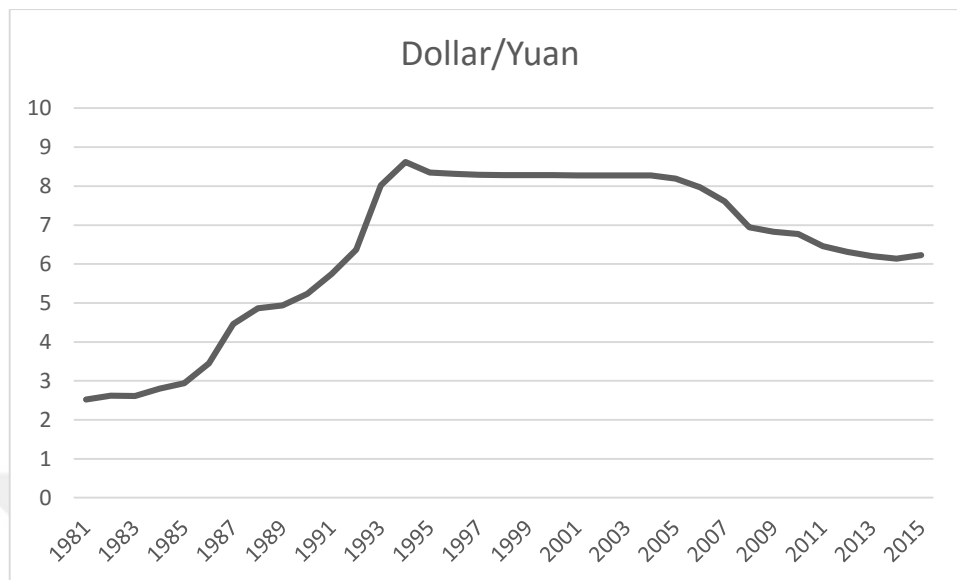
<sup>185</sup> Scott, R. E. (2012). The China toll: Growing US trade deficit with China cost more than 2.7 million jobs between 2001 and 2011, with job losses in every state. *Economic Policy Institute, Briefing Paper*, 345.

<sup>186</sup> Öniş, Z. Şenses, F. Bakır, C. (2013). Küresel Kriz ve Yeni Ekonomik Düzen. İletişim Yayınları. 285-311.

<sup>187</sup> China: The Largest Cheap Labor Factory in the World. Michel Chossudovsky. Global Research 04.09.2015: <http://www.globalresearch.ca/china-the-largest-cheap-labor-factory-in-the-world/5431349>

<sup>188</sup> Wen, J. Y. (2012). China's export lobbying groups and the politics of the renminbi. *A Freeman Briefing Report*.

has been experiencing a continuing increase in value. The graph below is a good manifestation of the gradual appreciation of yuan.



Graph 1: Change of Dollar/Yuan exchange rates over time (World Bank nominal exchange rates)

- 2) A rapidly growing economy increases the demand for labor and, as a result, wages steadily rise. The same pattern is relevant for China as well. In 1993, average cost of an employer in production sector was 36 dollars but the similar wage rose to 473 dollars in 2010.<sup>189</sup> Moreover, there is a growing supply shortage of labor for industrial sectors in China. The Institute of Population and Labor Economics at the Chinese Academy of Social Sciences asserts that the rural surplus of labor has been dramatically declining to such a level that can never meet the needs for cheap labor of industrialization continuing at the present pace.<sup>190</sup> The Developmental Research Center of the State Council in one of their studies realized in 2007 found that in 75% of 2,749 villages there is no young labor available to work for other sectors except agriculture. This upward trend in wage

<sup>189</sup> The same average wage level in manufacture sector is 192, 149 and 135 dollar respectively for Vietnam, Indonesia and India. Öniş, Z. and Şenses, F. (2013). Küresel Kriz ve Yeni Ekonomik Düzen. İletişim Yayınları. P 288,

<sup>190</sup> Cai, F. (2007). Green Book of Population and Labor: The Coming Lewisian Turning Point and Its Implications. Beijing: Social Sciences Academic Press. In Yang, D. T., Chen, V. W., & Monarch, R. (2010). Rising Wages: Has China Lost Its Global Labor Advantage?. *Pacific Economic Review*, 15(4), 482.

levels undermines China's competitiveness as one of the greatest receiver of FDI for a few decades.<sup>191</sup>

- 3) Because foreign firms, responsible for the lion's share of export, import the inputs and other materials used for the production of exported goods, the net benefits of these transaction may be less than has been assumed for China. These firms realize 57% of export in China in 2007 and they purchase at 80 cents for each dollar they earn from export for the importation of the goods used in the production of exported materials. As the necessary technology for the exported goods becomes more sophisticated, China's dependence on import seems to increase and this stands as a threat for the sustainability of long-term economic growth for China.<sup>192</sup>
- 4) China's exports are generally concentrated in a few markets. Because of the dampening effects of the 2008 global crisis, in 2009 China's exports to the US and EU, which together account for 33% of China's exports today<sup>193</sup>, declined respectively 12.3% and 13.7%.<sup>194</sup> Additionally, considering that the share of exports in China's GDP rose from 12.9% to 56% between 1990 and 2007, it can easily be argued that heavily dependence on a limited number of markets for export is a genuine risk for the sustainability of China's long-term development. To avoid external shocks, China should both diversify its export markets portfolio and boost domestic consumption, the share of which in GDP declined from around 50% in the 1980s and 1990s to less than 33% by the late 2000s. This is far behind the expected level for a developed economy (typically between 50%

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<sup>191</sup> Yang, D. T., Chen, V. W., & Monarch, R. (2010). Rising Wages: Has China Lost Its Global Labor Advantage?. *Pacific Economic Review*, 15(4), 482-483.

<sup>192</sup> Breslin, S. (2011). China and the crisis: global power, domestic caution and local initiative. *Contemporary Politics*, 17(2), 187.

<sup>193</sup> China's Exports: 1983-2015: <http://www.tradingeconomics.com/china/exports>

<sup>194</sup> Öniş, Z. and Şenses, F. (2013). Ibid. p 289.

and 66%).<sup>195</sup>

### ***2.2.2. State-Led Investments in China***

The share of state-led investments in China rose from 25.9% in 1990 to 45.5% in 2011. These investments were the most significant activities behind China's high-rate of economic growth. But, due to irrationally made investments, idle capacity appeared in many sectors. According to 2009 data from the Industry Ministry of China, the idle capacity in the aluminum<sup>196</sup>, cement, and semi-conductor sectors were respectively 30%, 20% and 70%. Furthermore, irrational investment decisions in the housing sector led to the construction of many ghost towns in China.<sup>197</sup><sup>198</sup>

### ***2.2.3. Higher Rates of Savings***

Gross national savings was around 35% of the GDP throughout 1980s. The yearly average for the 1990s was registered at 41%. Together with China's participation in the WTO, the ratio of

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<sup>195</sup> China's Strategy towards the Financial Crisis and Economic Reform. London School of Economics. IDEAS Reports. P 1-2. For the full text, please visit: <http://www.lse.ac.uk/IDEAS/publications/reports/pdf/SR012/yueh.pdf>

<sup>196</sup> Although the consumption of aluminum in China increases about 8.6-11 percent each year, rapidly mushrooming smelters produce much more than the actual demand and exacerbate idle capacity problem in this sector. Hence, leading state-owned enterprises are planning to reduce their production of aluminum about 10 percent. Moreover, China Power Investment, the top five Chinese power generator and the owner of aluminum and rail assets, declared that they will withdraw 300.000 tones amount of aluminum from market to cope with excessive surplus. In Interfax. (2013, May 14). China to continue reducing aluminum output to stabilize market - Rusal. *Russia & CIS Business & Financial Newswire*. p. 1.

<sup>197</sup> According to the standards issued by the government, the cities should be home to 10.000 people per square kilometer. Editors on China Investment Network calculated the threshold for the qualification of ghost town as 0.5, which means that the ratio of people to area is the half of government's standard. If this ratio is reduced to 0.1 to make the situation more acute, there are about 50 ghost towns in China. For more elaborate information concerning these cities, please visit: <http://www.zerohedge.com/news/2014-10-28/china-ghost-town-index-here-are-chinas-10-ghastliest-cities>

<sup>198</sup> For a striking album of a ghost town, Ordos, with highly modern-looking but few inhabitant, please visit: <http://content.time.com/time/photogallery/0,29307,1975397,00.html>



total savings in GDP jumped from less than 38% in 2000 to 53%<sup>199</sup> in 2007.<sup>200</sup> China has the highest savings rate in the world which makes it an outlier case. The average global savings rate is 20%.<sup>201</sup> This high rate of savings was used by the government to finance the accumulation of reserves and investment. The excess money being saved was money that was not being spent in the domestic market. A gradual decline in competitiveness on the export markets and the increase in idle capacity meant an increase in domestic demand was needed in order to compensate and sustain the rate of economic performance. Chinese citizens are more prone to save rather than purchase. Apart from the constant but relatively minor effects of cultural dispositions, concerns over liquidity, an undeveloped insurance market, people's perceptions of uncertainties regarding their further income levels and job uncertainty<sup>202</sup> urged Chinese people to save.<sup>203</sup> Also, the lower interest rates and the lack of reliable financial instruments force them to keep their money under pillows or purchase new houses in rural areas which don't contribute much to the overall economic performance.<sup>204</sup>

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<sup>199</sup> The share of household savings in GDP increased by 8% after 2000s and reached to 22% in 2007. The average share of firms' savings in GDP were less than 15% between 1992 and 2007 but thanks to the upward trend in this indicator after 2000s, this share rose to 22% in mid-2000s. Likewise, government savings in China more than doubled after 2000s and rose from 5.2% in 2000 to 10.8% in 2007. When all these numbers are combined, the share of total savings in GDP in China reached to 53% in 2007 from 38% in 1990s and maybe more interestingly after 2000, the share of total savings increased by 17%. In LSE IDEAS Report. Ibid. P 2: <http://www.lse.ac.uk/IDEAS/publications/reports/pdf/SR012/yueh.pdf>

<sup>200</sup> Yang, D. T., Zhang, J., & Zhou, S. (2012). Why are saving rates so high in China?. In *Capitalizing China* (pp. 249). University of Chicago Press.

<sup>201</sup> China's Savings Rate World's Highest. Han Peng. November 30, 2012. CCTV: <http://en.people.cn/90778/8040481.html>

<sup>202</sup> As a result of path-breaking structural reforms and more reliance on free market paradigm, guaranteed lifelong employment relevant in socialist era was gradually alleviated and major layoffs have occurred in State-owned enterprises. These situations created job uncertainty and led people to precautionary savings. According to some estimates, one third of the increase in China's urban household savings between 1995 and 2002 has been derived from this uncertainty. In Liu, Z. (2014). Job uncertainty and Chinese household savings. *FRBSF Economic Letter*, 2014, 03. For the full text of the article, please visit: <http://www.frbsf.org/economic-research/publications/economic-letter/2014/february/job-uncertainty-china-household-savings-state-owned-enterprises-iron-rice-bowl/>

<sup>203</sup> Harbaugh, R. (2004). China's high savings rates. In *conference on "The Rise of China Revisited: Perception and Reality"*, Taipei, National Chengchi University. P 3-11.

<sup>204</sup> Öniş, Z. and Şenses, F. (2013). Ibid. p 291.

#### *2.2.4. Economic Plan to Handle These Problems*

Since 2004, structural transformation address the problems mentioned above has been a stated priority. However, it took the 2008 global financial crisis to catalyze implementation of the reforms for reconsidering development strategies and balance of public and private sectors, readjusting relations between center and periphery, managing inequalities. After the crisis, the government prepared a subsidy package worth 590 billion dollars to ameliorate the damaging repercussions of the crisis in the short run and pave the way for further economic transformation plans in the long run.

In the economic plan of 2011, the government announced that they will prioritize the quality of growth rather than the quantity of it and they will deal with inequalities emanating from higher growth. Among some of the obstacles mentioned in this report for the sustainability of economic growth, there were imbalances between investments and consumption, great inequality of income distribution, industrial structure inconsistent with economic necessities, fragility of agricultural basis, gap between rural and urban development, and considerable increase in social discontent and so on. To handle these shortcomings, the government aims to induce domestic demand rather than export. Several policies like deployment of social insurance system, creation of incentives for increasing urbanization, several mechanisms to adjust income inequality and many other reforms are listed as the primary means to increase disposable income of households. Communist party officials expect to strengthen domestic demand with the liberalization of the financial system and interests. However, the liberalization of financial system will engender a serious debt burden problem due to increase in interest rates. So, in order not to challenge firms, the government had to conduct this reform gradually.

In earlier times when the state prioritized higher growth, credits were given generally to state-led economic enterprises and state-controlled companies. This made it harder for the SMSOs

and private firms to access convenient credit resources. Also, the problem of sunken credit emerged as a result of the excessive liquidity pumped carelessly into the market. Three of four major state banks were opened to public for ensuring a better credit assignment. However, the state kept the majority shares of these firms in its hand and the reform didn't meet expectations.

Political factors will be the most important determinants for the destinies of these reforms. The process of planning is conducted by the center but implementation of the proposed reforms is heavily dependent on the decisiveness and abilities of the local officials. Moreover, in China the members of the political elite class are also the economic elites of the country, which could lead to resistance to reforms which may be seen as possibly damaging the interests of the conglomerates in which these elites are invested. The government, to get through political coercions, must carry out a batch of reforms, handle corruption, reduce the influence of state over economy, and open room for a public voice.

As mentioned above, it is not clear how these reforms will be actualized. The reform of enterprises for a better credit assignment, which was perfunctorily conducted as mentioned above, has been a fiasco and this demonstrates how hard it is for the regime to give up earlier habits. The results of the reforms, if successfully put into being, will entail a smaller state and possibly shake the foundations of one-party rule. Hence, the probability of a completely undesired repercussion may urge political elites to be less enthusiastic regarding the rapid transformation of recent political and economic system.<sup>205</sup>

### **2.3. China's Monetary Policy and Its Attempts to Internationalize Yuan**

Export is one of the most important pillars of China's economic growth model. To increase competitiveness in international markets, officials have kept the value of yuan artificially

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<sup>205</sup> Öniş, Z. and Şenses, F. (2013). Ibid. p 292-300.

low. The central bank loosely pegs the value of the yuan to the dollar. That means that any time demand for yuan surges—when there are more exports than imports, or more foreign investment coming into China than flowing out—it has to buy dollars in order to maintain its desired value.<sup>206</sup>

By means of this monetary policy, as recent data in March 2014 suggests, the total value of China's reserve reaches 3.95 trillion dollars.<sup>207</sup> A great share of these reserves is held in dollar or dollar-denominated financial instruments. According to the data of 2013, 1.6 trillion of 3.3 trillion total reserves were invested in dollar. While some contend that these massive holdings are a source of structural power over the US,<sup>208</sup><sup>209</sup> the power-relationship cuts both ways China. It is difficult to preserve the value of such a colossal sum of money.<sup>210</sup> Likely depreciation of the dollar implies a loss of great mass of capital for Beijing. The value of the dollar was in fact gradually declining against that of other major currencies in the decade before the crisis. This trend is likely to resume once financial markets stabilize.<sup>211</sup> The risk of dependency on the US demand also became clearer after the financial crisis in 2008. Trade financing in dollar froze

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<sup>206</sup> Here Aare 3.82 Trillion Reasons China Has A Big Problem on Its Hands. Gwynn Guilford. QZ: <http://qz.com/167122/here-are-3-82-trillion-reasons-china-has-a-big-problem-on-its-hands/#/h/40946,1,40947,1,40949,1,40950,1,40951,1,2,40952,1,40954,1/>

<sup>207</sup> China Foreign Exchange Reserves 1980-2015: <http://www.tradingeconomics.com/china/foreign-exchange-reserves>

<sup>208</sup> Xia Bin, finance chief at the Development Research Centre (a cabinet rank institution) stated in an interview that China should utilize its dollar holdings as bargaining tool in negotiation with Washington. He Fan, a Professor in Chinese Academy of Social Science, warned that if it desires, Beijing is capable of collapsing dollar by pumping great amount of dollar to the market. In China Threatens 'Nuclear Option' of Dollar Sales. Ambrose Evans-Pritchard. August 8, 2007. Telegraph: <http://www.telegraph.co.uk/finance/markets/2813630/China-threatens-nuclear-option-of-dollar-sales.html>

<sup>209</sup> Ding Gang highlighted China's advantageous position in this relation pattern by stating that ' ' Now is the time for China to use its "financial weapon" to teach the United States a lesson if it moves forward with a plan to sale arms to Taiwan. In fact, China has never wanted to use its holdings of the US debt as a weapon. It is the United States that is forcing it to do so.' ' In China Must Punish US for Taiwan Arm Sales with 'Financial Weapon'. Ding Gang. August 8, 2011. People's Daily: <http://en.people.cn/90780/91342/7562776.html>

<sup>210</sup> Ibid. Gwynn Guilford. QZ: <http://qz.com/167122/here-are-3-82-trillion-reasons-china-has-a-big-problem-on-its-hands/#/h/40946,1,40947,1,40949,1,40950,1,40951,1,2,40952,1,40954,1/>

<sup>211</sup> Why the Dollar Endures. Eswar Prasad. March 21, 2014. The New York Times [http://www.nytimes.com/2014/03/22/opinion/why-the-dollar-endures.html?\\_r=0](http://www.nytimes.com/2014/03/22/opinion/why-the-dollar-endures.html?_r=0)

and this directly hurt Chinese exporters.<sup>212</sup>

For all these risks, the Chinese government is trying to increase the convertibility of the yuan in the settlement of internationally conducted financial transactions. The government is using three mechanisms to attempt to bring this about: a network involving entrepreneurial networks and state coordination, active use of finance centers and institutions, and the continued control of the state over yuan capital flows.

**First Mechanism:** Bilateral currency swap agreements with central banks worth billions of dollars have been signed with economies in Southeast Asia and beyond, including Argentina, Iceland, South Korea, Belarus, Russia, New Zealand, Uzbekistan, Mongolia and Kazakhstan. Also, large amounts of yuan have flowed into Southeast Asia, Central Asia and Africa via private trading networks centered in China and through the migration of Chinese entrepreneurs.

**Second Mechanism:** Hong Kong, offering yuan currency deposits, foreign exchange and various investment vehicles, emerged as the most important yuan offshore trading center, while Taipei, Singapore and London are vying for this business as well. Major international banks, such as HSBC and Standard Chartered, have also entered the yuan offshore business, providing deposit taking, trade settlement and corporate account services in various countries in addition to expanding overseas presence of Chinese banks, establishing offshore yuan trading locations.

**Third Mechanism:** It is difficult to profitably park yuan due to illiquid and limited markets. The Chinese government is trying to address this shortcoming by creating designated institutional "pipelines" to funnel yuan into and out of China. Also, a recent proposal builds on expanding the Qualified Foreign Institutional Investor program. This program was already in place since 2002 to allow foreign investors to use yuan, acquired overseas via cross-border trade

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<sup>212</sup> McNally, C. A. (2012). Sino-capitalism: China's reemergence and the international political economy. *World Politics*, 64(04), 759.

settlements, offshore yuan bond issuance and share sales to make direct investments in China.<sup>213</sup>

As summarized above, China is striving for the internalization of yuan; even so it is still distant from achieving reserve status. A foreign reserve currency must provide plenty of denominated securities traded in liquid and deep markets. Liquid means that the securities can be sold quickly. “Deep” means that a considerable amount can be bought or sold without significantly influencing the price.<sup>214</sup> Moreover, robust public institutions including a trusted central bank and an effective legal framework are also mandatory elements for the qualification of reserve money status. Even to make Renminbi a viable alternative to dollar, Chinese elites must have better financial markets, let freer movements of capital across its borders, and convince investors to view China as a safe haven for their money by recreating the present political and legal frameworks.<sup>215</sup> However, Chinese closed capital accounts, distrust of markets to freely set prices, the heavy hand of government on foreign exchange controls, and the existence of unaccountable political and bureaucratic institutions make players hesitant to utilize yuan as a reliable instrument.

### **3. CHINA VS THE UNITED STATES**

In the remaining parts of this chapter, I will examine the interdependence between China and the existing hegemon, the US, and compare their material power stocks with one another. I chose the US to compare with China because the US is deemed as the existing hegemon by the conventional IR theories and whether China will be a hegemon will greatly be determined by its relative position against the United States.

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<sup>213</sup> McNally, C. A. (2012). Ibid. 759-761.

<sup>214</sup> The Future of the Dollar as Reserve Currency. Bill Conerly. October 25, 2013. Forbes: <http://www.forbes.com/sites/billconerly/2013/10/25/future-of-the-dollar-as-world-reserve-currency/2/>

<sup>215</sup> Ibid. Eswar Prasad. March 22, 2014.. The New York Times: [http://www.nytimes.com/2014/03/22/opinion/why-the-dollar-endures.html?\\_r=0](http://www.nytimes.com/2014/03/22/opinion/why-the-dollar-endures.html?_r=0)

### 3.1. Economic Interdependence between China and United States

The US represents the biggest market for China's exports; a ban or a severe restriction in these transactions might hurt China more than the US. The latter can import from somewhere else whereas it is nearly impossible for China to compensate the loss of this great market especially given the obstacles faced by China's other major export markets like the EU (the second), and Japan, (fourth). The European economies are currently dealing with a severe debt crisis and recession. The demand coming from these countries is very sluggish. The growing diplomatic tension between Japan and China has hit the economic relations by slipping Japan into the fourth rank after ASEAN.<sup>216</sup> Therefore, at least in this context, China is more vulnerable compared to the US, which always has the option to find another importer.

There exists also another source of great dependency where the situation is vice versa, which is the foreign debt. On December 2013, the total public debt of the US is 17.2 trillion dollars which roughly equals to 102% of the aggregate output registered in 2013.<sup>217</sup> China holds more than 1.2 trillion dollars of the US total public debt and the US looks in a disadvantageous position against China in this respect. The statements of a senior editor of China's People's Daily, a state-led media outlet, suggesting the use of the US debt ownership as a weapon to forestall the American arms sales to Taiwan is a clear-cut manifestation of the possible undesired repercussions of this dependency. Such an action is ultimately detrimental to China because it implies a reasonable amount of monetary loss for China. So, it is never expected China as a fully rational player to dump American securities.<sup>218</sup>

After Western Banks dictated harsh conditions to Asian countries, which were on the verge of

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<sup>216</sup> US Overtakes EU as China's Top Export Market. November 20, 2012: <http://www.scmp.com/business/china-business/article/1086639/us-overtakes-eu-chinas-top-export-market>

<sup>217</sup> <http://www.treasurydirect.gov/NP/debt/current>

<sup>218</sup> China and the US Debt. Alex Van Ness. March 22, 2013. American Thinker: [http://www.americanthinker.com/2013/03/china\\_and\\_us\\_debt.html](http://www.americanthinker.com/2013/03/china_and_us_debt.html)

bankruptcy, during the Asian crisis in the late 1990s, it was more clearly apprehended that a country must have a sufficient amount of reserves to protect its economy against external shocks.<sup>219</sup> Therefore, since that period China has prioritized the accumulation of reserves and obtained an unprecedented value of reserves by means of both the high savings rate that finally exceeds 50%, and great economic growth. As I stated above, Chinese aggregate reserves have reached to the level of almost 4 trillion dollars. Nevertheless, China is in a great need of low-risk financial assets traded in safe and deep markets to place such a huge bulk of money. In this regard, the US' securities stand as matchless and this dependency is mostly like to persist as long as China has extensive amount of reserves.<sup>220</sup>

Although some hypothetical cases, in which the players relinquish their ration aside, could engender devastating outcomes for both sides, I see the likelihood of such a situation occurring as low. I see the situation as not dissimilar from the Cold War “Mutually Assured Destruction” concept of deterrence. Both parties benefit from the presence of such dependency, and would be severely harmed by its falling apart, and they will strive for furthering this linkage as long as it continues to produce reciprocal utilities.

### **3.2. Comparison between the United States and China**

In this section, I will compare the US and China on several dimensions. Economic capability, especially on the basis of GDP, and military capability are the most commonly applied material power indicators of relative superiority. They both need to be considered, since a country might be strong on one dimension while weak in another. Thus, in line with the fundamental objective of this text, I will scrutinize the relative status of two countries in terms of material power,

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<sup>219</sup> Mendoza, R. U. (2010). Was the Asian crisis a wake-up call?: Foreign reserves as self-protection. *Journal of Asian Economics*, 21(1), 1-19.

<sup>220</sup> The Reasons Why China Buys US Treasury Bonds. Shobhith Seth. Investopedia: <http://www.investopedia.com/articles/investing/040115/reasons-why-china-buys-us-treasury-bonds.asp>



which I operationalize for this study as GDP and military capability. In later parts of this section, I will examine various records related to these countries, which seem illuminating to me for furthering the debates on hegemonic struggle.

### **3.2.1. Comparison Based On GDP**

Discussing the issue of hegemonic rivalry, some scholars, supporting the idea that the US is capable of sustaining its hegemonic position for the foreseeable future, prefer to emphasize on present records and in general tend to overpraise the US existing superiority in terms of GDP<sup>221</sup>, whereas others, those favoring China in a possible power struggle are inclined to utilize further projections based on their growth forecasts.<sup>222</sup>

The first logic looks like searching for a key dropped in a dark alley only under the street lamp, totally dismissing the possibility that the key might lie somewhere in the dark. Bracketing and dismissing forecasts because of their uncertainty is narrow and naïve. Even in very short periods, relative supremacy of the US over China in terms of GDP is rapidly declining. According to my calculations in another study, between 2008 and 2013 the ratio of the US' GDP/China's GDP fell from approximately 3.25 to less than 2.0. Given the strong signals and productive advantages rendering the better performance of China's economy compared to the US' almost inevitable under normal conditions, we can assert that in a few decades China's annual economic output will most likely surpass that of the US.

Analyses, representing second thinking, have basically followed two paths. On the one hand, some realize their research through applying PPP and predict a very early overtake of China as USCPF assumes as 2016.<sup>223</sup> Nevertheless, this calculation bears two fundamental

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<sup>221</sup> Joffe, J. (2009). The default power: the false prophecy of America's decline. *Foreign Affairs*, 21-35.

<sup>222</sup> Subramanian, A. (2011). The inevitable superpower: Why China's dominance is a sure thing. *Foreign Affairs*, 66-78.

<sup>223</sup> [http://uscpf.org/v3/wp-content/uploads/2013/05/WJMC\\_Fall-2011\\_Vol.10\\_Issue1\\_FINAL.pdf](http://uscpf.org/v3/wp-content/uploads/2013/05/WJMC_Fall-2011_Vol.10_Issue1_FINAL.pdf)

shortcomings. The first is that this disregards the fact that prices tend to be a lot lower in poor countries than in rich ones. The PPP can never be fully reliable measurement given the problems of comparing prices across the globe. So, it is impossible to exactly know the exact date that China will surpass the US. The second and more significant point is that even with the utilization of the PPP method, real living standards in China remain significantly lower than those in the US. Per capita incomes in China, according to the OECD, are 75% of the global average, whereas these are 370% in the US. China's huge size together with its fast growth rate imply that it is now a key global player in transnational negotiations concerning global economic management, trade and climate change. However, this doesn't alter the fact that on the measure about which people genuinely care – living standards – it still stands as a poor country.<sup>224</sup> On the other hand, some scholars use projections based on GDP measurement and expect a relatively later surpassing of the US by China as Subramanian calculates as 2030.<sup>225</sup> Nevertheless, many of these studies are inclined to consider the GDP indicator as an automatic manifestation of hegemony. To their insights, when China's GDP exceeds that of the US, it will be automatically identified as the new hegemon.

I am very dubious about whether the GDP alone is a truthful manifestation of hegemonic status. As the historical data suggests, even in 1870, the climax of British hegemony, Britain has had third highest GDP after the United States and Russia.<sup>226</sup> Nevertheless, Great Britain sustained its hegemonic position for a very long period. Likewise, although China had the largest economy in the world in that period, this did not prevent it from being humiliated by the

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<sup>224</sup> China's Economy Overtaking the US Does Not Tell the Whole Story. Larry Elliott. April 30, 2014. The Guardian: <http://www.theguardian.com/business/economics-blog/2014/apr/30/china-overtake-us-economy-living-standards>

<sup>225</sup> Subramanian, A. (2011). Ibid.

<sup>226</sup> American Hegemony or American primacy?. Joseph Nye. March 9, 2015. Project Syndicate: <http://www.project-syndicate.org/commentary/american-hegemony-military-superiority-by-joseph-s--nye-2015-03>

Western powers in the 19<sup>th</sup> century.

Another false promise about the rising GDP of China is that China's market is concomitantly expanding with its surging GDP and this upholds Beijing's bargaining power against foreign firms. It is argued that China with its sizable market will become a more attractive destination for foreign enterprises and China's government by using its advantage can force these foreign firms to transfer their technologies and knowhow to China and thereby develop the industrial base of China's economy. These two indicators, however, reflect greatly different realities. Market size pertains to the consumption level while GDP is the manifestation of production. It is an unquestionable fact that Chinese people are consuming more than ever and China's market has been expanded compared to the data of 1990s but the relative size of China's market against the one of the US has diminished since 1991 which is measured by the gap between the US' total imports and China's import volume between these years.<sup>227</sup>

Also, contrary to the optimistic expectations, bargaining power of China against foreign firms seems to be shrinking. 70% of the FDI inflows into China is being conducted by the enterprises totally owned by foreigners and the share of joint-ventures between China's and foreign firms is waning in recent years. Considering that China can dictate certain responsibilities only to the joint-ventures and not to wholly foreign-owned enterprises, it is apparent that China's bargaining power vis-a-vis foreign companies is weakening.<sup>228</sup>

GDP is an important but not a necessary or sufficient dimension of hegemony. So, the argument that claims that when China produces a larger output it will be the hegemon is under supported, requiring more comprehensive and deeper analyze. We must keep in mind that the discussion

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<sup>227</sup> World Trade Organization Statistics Database:  
<http://stat.wto.org/CountryProfile/WSDBCountryPFExportFile.aspx?Language=E&Country=CN,US>

<sup>228</sup> Beckley, M. (2012). Ibid. 62-63.

of national power cannot be reduced to the record of GDP. So as to be identified as superpower any country must not only have sufficient material and ideational capacity but also establish certain institutions to project its hegemonic desires and legitimize its hegemonic rule. By successfully exploiting the economic resources emanating from its higher level of GDP, a country might consolidate its military, ideational or institutional basis but this is not a taken-for-granted issue and entails smart policies and stable economy. Thus, my analysis up to now primarily aims to point out existing threats and uncertainties over China's further material capacity, and reflects my stance as very critical towards the assertions of forthcoming hegemony of China in the foreseeable future.

### *3.2.2 Comparison of Military Strengths of the US and China*

A country's military capacity is a very important component of its material power. Especially, for a country striving for hegemony, it is of vital importance. Apart from its practical meaning, only the existence of an unrivaled military capability is self-evidently a source of deterrence for others and a hegemon can easily force others to acquiescence to its national interests thanks to this advantage.

In terms of military power, the US is overwhelmingly more powerful than any of its would-be competitors. According to the 2014 Yearbook of SIPRI, the most prominent global organization collecting and publishing data about the military resources of each nation, the US allocates \$640 billion to its military budget that equals approximately 36% of the world's aggregate military expenditure. This amount, even if slightly, exceeds the aggregate spending of the following nine states and the presumptive challengers to the American military supremacy—China, Russia and India—devote respectively 188 billion dollars, 88 billion dollars and 47 billion dollars.<sup>229</sup> Furthermore, naval strength, which is a critical manifestation of a state's ability to

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<sup>229</sup> [http://books.sipri.org/product\\_info?c\\_product\\_id=476](http://books.sipri.org/product_info?c_product_id=476)

project power quickly and over great distances, is a very significant dimension of the US dominance. In 2013, the US Navy commanded a naval tonnage roughly equating the world's next 9 fleets combined. The US Navy commanded more than fourfold what People's Liberation Army can do.<sup>230</sup> The tables below demonstrate the certain supremacy of the US over other likely challengers. Apart from having considerably lower military budget relative to US, PLA has to spend much of its resources to ensure domestic rest and border security. In 20<sup>th</sup> century, China waged war with five of nineteen countries that it shares land or sea borders with. Additionally, discounted minorities reside throughout China's northern and western borders and China's government deem these groups as potential sources of threat.<sup>231</sup>

All these extensive capacity surpluses mentioned above and presented on the table, consolidate the US' hegemon status. However, to speculate about the hegemonic rivalry, applying long-term comparisons may engender patterns with higher predictive capacity. Long-term trends suggest the US will maintain its advantage. The US spends on average 4% of its GDP on its military whereas, China channels only 2%.<sup>232</sup> Maybe, the most important thing is that both opponents seem so satisfied with this pattern that no one announced any formal enterprise, which could potentially change the existing situation.

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<sup>230</sup> For further specific and elaborate information for the biggest navies in the world, please visit: <http://www.theRichest.com/rich-list/rich-countries/lets-sea-the-10-biggest-navies-in-the-world/10/>

<sup>231</sup> Beckley, M. (2012). *Ibid.* 73.

<sup>232</sup> <http://milexdata.sipri.org/result.php4>

	USA	CHINA	RUSSIA	INDIA
Budget	612.5	126	76.6	46
Main Battle Tank	12325	9150	15500	3569
Aircraft Carriers	23	1	1	2
Amphibious Warfare Ship	50	27	15	10
Cruiser	42	0	5	0
Destroyers	82	27	13	11
Frigate	25	45	4	15
Corvette	22	9	74	24
Patrol Boat	18	353	65	32
Nuclear Submarine	92	9	33	1
Submarine	19	60	30	16
Fighter Aircraft	33271	1170	19546	535
Attack Helicopter	5914	122	114	20
Nuclear Weapons	83700	240	80500	90-110

Table 1: Comparison between the US, China, Russia and Brazil by military equipment

As a result, by considering the actual records, I conclude that the US stands as a militarily robust superpower right now and seems likely to maintain its military supremacy for a foreseeable future. To challenge this giant, China needs to largely increase the share of GDP it devotes for its military and engage in gigantic endeavors. However, so far nothing has come from as the sign of a big breakthrough. Even so, before closing this title I want to remind that China's growing assertiveness especially in its regional foreign policy may induce China to obtain a more superior military force, so we should keep a close watch on China's further military enterprises.

### 3.3. Other Instructive Indicators

Apart from basic GDP and military indicators, there exist, I think, some additional instructive measures that have remarkable influences over the material power of a country. Especially for a country holding the status of hegemony or deemed as the most viable opponent to existing

one, these numbers will be very helpful while realizing an in-depth analysis.

In 2013, the United States rates as the most competitive country in the world according to a survey realized by IMD, a very prominent global business school. China, widely assumed to supersede the US as the world's economic superpower, ranks only 23rd on the same competitiveness index. Authors of the report stress that the US achieves this top position thanks to its resilient economy, better employment records, and unparalleled supremacy in terms of technology and infrastructure. Arturo Bris, director of the IMD World Competitiveness Center, says: "What we see in China and in BRIC countries in general - Brazil, Russia, India - is that economic growth has happened too fast and has not happened in parallel with the necessary reform in the institutional environment. The business regulation, economic institutions and financial markets, business principles and values, corruption, sustainability - in that regard, at some point, economic growth becomes unsustainable"<sup>233</sup>

The US ranks first in terms of the university-industry collaboration aimed R&D, seventh in adopting new technologies, and fourth according to the quality of scientific research institutions. China doesn't make the top 20 on any of these indicators.<sup>234</sup> These measures, I think, indicated the robustness of the US' industrial base. The US has the world's best universities and it successfully combines this huge intellectual capacity with its economic activities and gains huge advantages. These co-operations also help firms to integrate newly developed technologies to their production cycles and thereby increase efficiency. China is behind on these indicators as well. Having the best universities is a source of attraction and hence much more direct element of a country's soft power, but this dynamic intellectual environment might be an indirect source of material power in the sense that this aura generates

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<sup>233</sup> US Tops the List of World's Most Competitive Countries. Lisa Schlein. May 21, 2014. VOA News: <http://www.voanews.com/content/us-tops-list-of-worlds-most-competitive-countries/1919885.html>

<sup>234</sup> Zakaria, F. (2011). *The post-American world: release 2.0*. WW Norton & Company. P 216-241.

productive ground for the new scientific developments and innovations which will help boost economic efficiency.

Furthermore, according to OECD records between 2000 and 2008, the US devoted more than 7% of its total GDP for education whereas China did only 3.3%. Investment in educational institutions is such a crucial expenditure for a country that it can help foster economic growth, increase productivity, contribute to personal and social development, and diminish social inequality. The share of GDP spent on education demonstrates the importance a country attaches to education.<sup>235</sup> As one of the products of this pattern, 12 of the best 20 universities in the world are established in the United States. Conversely, Peking University, the best Chinese University, is only ranked 46th.<sup>236</sup> These highly rated universities combined with the effective migration policy implies a robust future for the US hegemonic power. Thanks to its elastic migration policy, the US became the world's largest destination for the most talented students coming from all around the world by hosting 690,000 of total 3.4 million in 2009. In this year, China was the country, which sent the highest number of students to be educated abroad with 440,000.<sup>237</sup> These highly skilled students contribute so much to the competitive scientific environment and to the economy. Foreign students conduct half of the scientific research in the US. In 2006, these highly capable students also take roughly 65% of all computer-engineering doctorates in the US.<sup>238</sup> Between 2006 and 2012, at least one member of the founders of one fourth of the all tech firms established in the US was an immigrant. Again in the same period,

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<sup>235</sup> What Proportion of National Wealth US Spends on Education. OECD Report: <http://www.oecd.org/edu/skills-beyond-school/48630884.pdf>

<sup>236</sup> [http://www.topuniversities.com/university-rankings/world-university-rankings/2013#sorting=rank+region=+country=+faculty=+stars=false+search=\)](http://www.topuniversities.com/university-rankings/world-university-rankings/2013#sorting=rank+region=+country=+faculty=+stars=false+search=)

<sup>237</sup> Record Number of International Students. Sean Coughlan. March 10, 2011. BBC: <http://www.bbc.co.uk/news/business-12671198>

<sup>238</sup> Zakaria, F. (2011). Ibid. p 216-245.



half of the companies in Silicon Valley were owned by at least one immigrant.<sup>239</sup>

As long as the global economic system continues to be transformed by new technologies in a revolutionary fashion, harsher competition for talent, intellectual property, capital and technical expertise will become more indispensable. Technical innovations will increasingly determine economic prosperity and influence market resilience. Technology will go on driving global and domestic GDP. Competition will be fueled increasingly by path-breaking innovations in technology. If the proliferation of today's technologies to construct new business models is an unequivocal manifestation of the pace and power of change in the economy, future developments in nanotechnologies will lead to an even more dramatic paradigm shift. Nanotechnology is in its initial phase of application to many branches of industry. It, even if realized a bit more over the following few decades, has the potential to structurally realign society, alter business and impact economics. New business models, design tools and manufacturing strategies may develop more cheaply and efficiently. If developments in nanotechnology pass a critical point in providing remarkably innovative breakthroughs in automated self-assembly, as only a few instances, most vertical industries will be affected and most industrial and post-industrial supply chains will be altered. Most value chains, supportive linkages, alliances and channels of distribution will be changed. Institutions of learning, financial services and production will be reconfigured.<sup>240</sup> The quantitative data suggests the US is enjoying an unparalleled supremacy in the nanotech sector. The number of nanotechnology centers in the US is even more than the aggregate number of those in Germany, England and China combined. American resources provide 85% of the investment capital of nanotechnology

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<sup>239</sup> Obama'nın Suriye Politikası Neden Mantıklıdır. Güven Sak. September 13, 2013. Radikal Gazetesi: [http://www.radikal.com.tr/yazarlar/guven\\_sak/obamanin\\_suriye\\_politikasi\\_neden\\_mantiklidir-1150584](http://www.radikal.com.tr/yazarlar/guven_sak/obamanin_suriye_politikasi_neden_mantiklidir-1150584)

<sup>240</sup> Strategic Impact of Nanotechnology on the Future of Business and Economics. James Canton: <http://globalfuturist.com/dr-james-canton/insights-and-future-forecasts/strategic-impact-of-nanotechnology-on-business-and-economics.html>

in the world and also scholars in the US publish more nanotechnology articles than all the scholars in other countries could totally do.<sup>241</sup> These great efforts, I think, are very reliable insurances of the future of the US economy and likely challengers such as China seems incapable to take the lead of the next generation in technology that is repetitively validated in history as the certain qualification of a hegemon.

The US faced some critical handicaps, like having a very low savings rate, high corporate tax rate and the gradual disappearance of its middle class. However, with its competitive and resilient economic structure, highly efficient migration policy, and great resources allocated for further developments, it stands as a robust superpower which is likely to continue defining the rules of the game and any other country by no means appears as viable candidate for attaining economic supremacy.

#### **4. CONCLUSION**

China's unprecedented ascendance raises various questions about the future configuration of the international system. There are many dimensions to hegemony, like whether a country has enough material and ideational power, whether it is really intended to strive for hegemony, and whether others are enthusiastic about recognizing its hegemony status. In this chapter, I only focus on the material capacity issue and try to demonstrate the recent strengths and weaknesses of China's material power.

Needless to say, China so far has been a very successful case of development for anyone in the world. It came true this by pursuing a sui-generis path. However, there arise some important risks regarding the sustainability of existing economy politics paradigm. Albeit Chinese elites are aware of these shortcomings, it will be really hard to put the reform plans into practice for

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<sup>241</sup> Zakaria, F. (2011). Ibid. p 216-245.

aforementioned reasons.

So as to be deemed a hegemon, China, necessarily but not sufficiently, must undoubtedly outperform the US. Economically, primarily in terms of GDP, China is steadily closing up the gap with the US and under normal conditions it will reach a higher GDP level than the US in 2025-2030. But, I disagree with those who would reduce hegemony to be simply an expression of GDP and so I am very dubious its accuracy as a strong indicator. Militarily, the US is far superior to China. Additionally, the US stands as a robust hegemon with its competitive economy, lively scientific and technologic environment and massive investments over promising sectors like nanotechnology.

As a result, I think China's economy is faced with some structural handicaps. How it will handle these problems will determine not only its capabilities as a powerful state but also its future position in the international system. To strive for hegemony, it should engage in massive enterprises to alter the current military imbalance in favor of the US. Such an initiative would be extremely provocative and likely would destabilize global relations. Before closing, I want to remind that to find an accurate answer to the mind-boggling puzzle of "Will China be the next hegemon?", we need to examine its ideational power, and the institutional dimension of its hegemonic rule. The following chapter will be dedicated for these goals.

# CHAPTER 5

## CONCLUSION

### 1. GENERAL SUMMARY OF MY ECLECTIC FRAMEWORK OF HEGEMONY

#### 1.1. Rethinking Hegemony

Throughout this study, I tried to rethink hegemony as a multifaceted concept by drawing from both conventional IR perspectives and the insights of prominent ancient philosophers pondering on this phenomenon, and by coming up with a synthesis of their theoretical assertions.

To define hegemonic rule, we need to show its distinct characteristics from other types of power relations. Direct control of another's territory or government is the defining feature of imperialistic rule and any act of annexation or invasion is inconsistent with the primary specifications of hegemonic relation. The hegemonic leadership of Athens in an alliance of Greek states resulted in a threat from Sparta. This hegemonic leadership has never included direct ownership of territories of subordinate poles. The Delian League has ended and turned into imperialistic rule after its invasion of other states. Its consideration of shared interests is another vital specification of hegemony. This dimension of hegemony is widely emphasized in Aristotle's and Socrates's differentiation between hegemonic and despotic rule and Gramsci's distinction between domination and hegemony. Both realist and liberal versions of Hegemonic Stability Theory argue that a hegemonic leader should establish a hegemonic order for others to benefit from produced public goods. Cox also underlines this situation by stressing that the hegemon should create the perception of commonality between its and others' interest. Pursuit of common interest legitimizes the leadership of the hegemony and this qualification is an indispensable characteristic of the hegemony in nearly all philosophical or theoretical traditions. Without gaining legitimacy in eyes of other, we cannot talk about a hegemony and the relation

pattern turns into despotic, imperialistic rule or domination relying on crude exercise of power.

## **1.2. Framework of Hegemony**

Based on these distinguishing characteristics and philosophical and theoretical investigations throughout this study, I establish a definition of hegemon and hegemony. Hegemon is a legitimate superpower having unparalleled control over three fundamental realms: control over material resources, capacity to shape others' mind-sets, and control over key institutions of global governance. The order the hegemon creates is hegemony. By establishing its supremacy in these three realms, a hegemon acquires the capacity to shape the behaviors of other actors in international relations and influence the outcomes in international system.

### ***1.2.1. Material Dimension of Hegemony***

Material power is evaluated in two complementary categories, which are military and economic power resources. Military power both in its actual and potential form is a highly significant power resource of a nation. A militarily robust state can get what it desires through the crude deployment of its coercive power against weaker opponents but the hegemonic leadership due to its indispensably legitimate characteristics excludes this type of power exercise. The military capability enables the hegemon to provide a security umbrella for the secondary states in its hegemonic order and the hegemon ensures the consent of these states by protecting them against external threats.<sup>242</sup> Great powers also benefit from their superior military statecraft by deploying the arms transfer to the developing countries as their primary instruments of foreign policy in order to uphold their influence in these areas.<sup>243</sup> Hegemonic power should also dispatch its military to hotspots and project its power in these critical points to secure its order from adversary influxes and provide stability to the international system.<sup>244</sup> Military capability

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<sup>242</sup> Prea, C., & Cerbu, V. (2013). Ibid. p 178-179.

<sup>243</sup> Blechman, B. M., Nolan, J. E., & Platt, A. (1982). Ibid. p 138-139.

<sup>244</sup> Brooks, S. G., Ikenberry, G. J., & Wohlforth, W. C. (2012). Ibid.

can sometimes become beneficial even in its potential form or during diplomacy of coercion. Due to the fact that it makes an armed conflict costlier and diminishes the likelihood of a victory, a state's highly developed military equipment become a deterrence for its adversaries. Economic power is an important source of power for the states. Wealth enables the state to follow its own objectives or impose its own will over others through the utilization of these resources as promises or punishments.<sup>245</sup> Imposing economic sanctions is one of the most well-known instances of economic power exercises. States or an interstate organization apply these instruments against a less capable counterpart for various reasons, ranging from the threat perception emanating from the latter to the security of the former or one of its allies or a third country<sup>246</sup> to the human abuses of the targeted state towards its citizens.<sup>247</sup> As a pioneering study<sup>248</sup> eloquently demonstrates, the polar distribution of international power is a highly important determinant of the efficacy of economic statecraft, and the potency of these economic sanctions remarkably increases in unipolar world order, especially when applied by the hegemon.<sup>249</sup> Furthermore, positive sanctions, defined as actual or promised rewards to other states,<sup>250</sup> are another widely-applied method for the deployment of economic power. The fundamental goal in these policies is to shape the attitudes and behaviors of other nations through the provision of some goods that have reasonable amount of market value. Great powers might sometimes have to bear the burden of restructuring domestic political and economic institutions of its closest and pivotal allies as in the case of Marshall Plan or Truman Doctrine. This mission requires the dedication of a massive amount of economic resources and

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<sup>245</sup> Strange, S. (1975). Ibid. p 209-211.

<sup>246</sup> Reuters. 27.06.2013. Available at: <http://www.reuters.com/article/2013/06/27/us-iraq-kuwait-un-idUSBRE95Q0Y320130627>

<sup>247</sup> Hose, R. L., & Genser, J. M. (2007). Ibid. p 165.

<sup>248</sup> Pape, R. A. (1997). Ibid. p 93.

<sup>249</sup> Collins, S. D. (2008). Ibid. p 3.

<sup>250</sup> Baldwin, D. A. (1971). Ibid. p 23.

a country aspiring to be a hegemon should undoubtedly be capable to carry out such gigantic duties. Additionally, establishing institutions which project the values and principles obtained by the hegemon is crucially vital for the legitimization and thereby successful continuation of the hegemonic project. Although these institutions provide great benefits for the hegemon in the long term, their construction entails the allocation of considerable amount of economic resources and thus so as to successfully materialize this highly costly project, a hegemon or a viable candidate for it should be an economically giant power. Countries with rich economies can also exercise power in order to shape the production, consumption, trade and investment structures of world economy and their effectiveness increases in parallel with the size of their markets.

These mentioned benefit of both military and economic power resources can be extended so long but the aim of this study is not to discuss material power in its all dimensions but rather to demonstrate the vitality of material basis for the hegemony status. In line with this aim, in preceding chapter, I analyzed the current state of China's material power resources and showed how insufficient its material power stocks for hegemony are. I will briefly evaluate them again in latter parts of this concluding chapter.

### ***1.2.2. A Brief Summary of the Legitimate Dimension of Hegemony***

As discussed above, legitimacy is the principal defining specification of hegemonic leadership that distinguishes it from domination or despotic rule. The hegemon can gain the legitimate status via the use of its soft power resources and the creation of institutions that will both reflect its desires and serve the common interests of its allies.

States can achieve their desires without making concrete promises to others or threatening them to punish by making others admire their values, aspire to their economic and political development level, and want to follow their agenda to be like them. Namely, if a state can get

others to want to do what it wants, then it will not need any carrot or stick to make it do so.<sup>251</sup> Soft power of a particular country stems from three specific resources, which are its culture (effective where it is appealing to others), its political values (effective when it binds itself with these values both at home and abroad), and its foreign policies (they should be considered as legitimate and this country should be attached moral authority).

Institutions help address two concurrent needs which are complementary for hegemonic rule. Their creation not only facilitates the establishment of a hegemonic order reflecting values and interests of the hegemon but also helps the hegemon with its pursuit of shared goals and common interests. Increasing numbers of transnational problems like terrorist networks, human trafficking, resolutions of which entail collaborative effort, can be more efficiently handled with the creation of the key institutions and hegemon should take the lead in this process. Institutions also help to legitimize hegemonic leadership by functioning as the embodiment of norms, rules and procedures that both it and other members of the hegemonic order should coincide their actions with.

Legitimacy is an indispensable characteristic of hegemony and it gains this status both through shaping others' mind-set via its soft power and through the effective utilization of institutions. Considering the limited scope of this study, I had to dedicate the empirical chapter to the examination of China's material power, and I could not touch upon China's current stand in these dimensions. In latter parts of this final chapter, I will make remarks on how China's effectiveness in these realms can be detected to help the further researchers in their examination of China's prospect for hegemony.

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<sup>251</sup> Nye, J. S. (2004). Ibid. p 5-6.



## **2. BRIEF EVALUATION OF THE SUFFICIENCY OF CHINA'S MATERIAL BASIS FOR HEGEMONY**

As discussed in Chapter 4, China's economy suffers from deep structural handicaps and it appears difficult for China's elites to continue the economic miracle for much longer without realizing massive reforms. Although the Chinese Government is aware of the problems, their reform efforts up to now failed to generate expected outcomes due to the resistance from some segments of Chinese political elites who have huge stakes in the continuation of existing economic structure.

Countries with rich economies can also exercise power in order to shape the production, consumption, trade and investment structures of world economy, and their effectiveness increases in parallel with the size of their markets. Thus, having the biggest market is highly critical for the hegemon to increase its bargaining power against other actors in international economic structure. As discussed in the empirical chapter, however, China's market is not so large compared to the market of the United States. Considering the stable consumption patterns of Chinese people, who are more prone to save rather than to purchase, China's market size seems to remain lower compared to the US in near future.

So as to be deemed as hegemon, China should gain the status of legitimacy in the eyes of other countries and it can achieve this by pursuing common interest. One of the most apparent ways for it to realize this is to provide stability to international structure and produce necessary common goods. China's attempts to internationalize its currency failed due to its closed capital account, strict foreign exchange controls and distrust of markets to freely set prices. Likewise, China is following protective trade policies. Thus, these policies hinder it from producing the public goods of stable liberal finance and trade system in international economics, which is indispensable for hegemonic leadership.

Furthermore, the candidate for hegemony must indispensably have a strong military, which is the most effective force in contingencies related to great power rivalry. China's military basis, however, is not robust enough for it to undertake the important responsibilities of hegemony status. A hegemonic state should dispatch its army to so many critical hotspots concurrently all around the world so as to provide a security umbrella for its allies and ensure stability in international system. China's military, however, is far from realizing such an assertive mission with its existing capacity, and there is no sign for China's forthcoming intentions to do so. Additionally, Chinese military not only has far fewer capabilities compared to US but also has to use the majority of its resources so as to ensure of its internal security and police of its borders. Namely, China, with its considerably weaker military and priorities to ensure its own territorial integrity, might not become an effective challenger for the United States.

To put succinctly, needless to say, having a massive amount of material resources is not sufficient to obtain the hegemony status according to my framework. Even so, China's current material resources in its disposal and its policies are not enough to meet even the material dimension of hegemony assumed by my framework.

### **3. EVALUATING THE EFFECTIVENESS OF CHINA'S SOFT POWER, PRELIMINARY OBSERVATIONS AND REMARKS FOR FURTHER RESEARCH AGENDA**

My framework of hegemony rests on three pillars, and all of these are necessary for the hegemony status. Soft power is one of them, and, considering the limited scope of this study and time and place constraints, I will provide a brief discussion of China's soft power. This subject is on my future agenda and I will deal with it much more elaborately in my further studies. Therefore, my only intention in this section is to provide preliminary observations so as to help researchers with their further studies by pointing out a few inception points for their

study.

Chinese officials, so as to thwart the threat perceptions arising as a result of its rapidly growing economic and military capacity and expand its locus of influence, are rigorously trying to boost China's soft power. As discussed before, a country's soft power can derive from three particular resources, which are its culture, its political values and foreign policies. Below, I will briefly evaluate China's effectiveness in these three resources.

### **3.1. Cultural Sources of China's Soft Power**

Beijing is aiming to increase its soft power and thus undertake many projects to accomplish this objective. In The China National Office for Teaching Chinese as a Foreign Language (NOTCFL or Hanban), which is affiliated with the Ministry of Education, has initiated a massive project: the establishment of Confucius Institutes to promote other people to learn Chinese language and increase their appeal to Chinese culture. The number of these institutions and the host countries has been rapidly increasing since the establishment of first institute in South Korea in November 2004.<sup>252</sup><sup>253</sup> As of June 2015, there are 444 Confucius Institutes in 115 countries<sup>254</sup> and the Ministry of Education is reportedly aiming to have 1000 institutions in all around the globe by 2020.<sup>255</sup> Nevertheless, there appear two critical problems before the calculation of the contributions of these institutions to China's soft power. First, it is too early to talk about the actual outcomes of these enterprises. To attract foreigners through appealing cultural traits entails a long-lasting systematic effort, and we need to wait a little bit more to analyze the fruits of this policy. Secondly, because Beijing utilizes a variety of different instruments

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<sup>252</sup> Paradise, J. F. (2009). China and International Harmony: The Role of Confucius Institutes in Bolstering Beijing's Soft Power. *Asian Survey*, 49(4), 647-669.

<sup>253</sup> Huang, Y., & Ding, S. (2006). Dragon's underbelly: An analysis of China's soft power. *East Asia*, 23(4), 22.

<sup>254</sup> <http://confuciusinstitute.unl.edu/institutes.shtml>

<sup>255</sup> Confucius Institutes: Promoting Language, Culture and Friendliness. Xinhua. 10.02.2006: [http://news.xinhuanet.com/english/2006-10/02/content\\_5521722.htm](http://news.xinhuanet.com/english/2006-10/02/content_5521722.htm)

concomitantly with the same aim to increase its soft power by making others appreciate its culture, it is hard to disentangle the net effect of these institutions from the contributions of other activities.<sup>256</sup> Researchers should closely watch the operations of each institute and trace the data which show how many students are taking Chinese language and Chinese culture courses; how many students take proficiency exams in Chinese and what are the average scores of these exams; what share of the students continue to use Chinese language efficiently or contribute to the cultural exchanges or to the learning of Chinese language and culture by others and so on. Researchers should also compare the effectiveness of these institutions with other rivals like Britain's British Council, France's Alliance Française or Germany's Goethe-Institute.

Apart from the creation of Confucius Institutes through which China is trying to bolster its cultural profile and uphold its soft power, China's government is sponsoring the overseas broadcasts of some successful television programs, abroad performances of popular Chinese musicians, and translations of Chinese literature into foreign languages.<sup>257</sup> These are important steps for the improvement of China's soft power but, needless to say, it will be very hard for China to surpass the US in these activities of popular culture. Whereas China has recently begun to strive for improving its image in these realms, the US with Hollywood and its reputable TV industry, world-known singers and musicians, and highly dynamic literature environment stand as a giant in popular culture. How many people watch Chinese programs, attend to the concerts of Chinese singers, become their fans, buy their albums and read the pieces in Chinese literature should be analyzed very comprehensively, and then these records should be compared with the numbers showing the attraction of American counterparts.

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<sup>256</sup> Paradise, J. F. (2009). Ibid. p 662.

<sup>257</sup> Paradise, J. F. (2009). Ibid. p 648-649.

China, by having the world's oldest continuous civilization, is in a highly unique position in the sense that it can foster the improvement of its soft power by publicizing the distinctive elements of its cultural heritage. But, there is an important restriction before this advantage. As Nye points out, culture can become a source of attraction and thereby contribute to the soft power of a nation when these cultural elements are considered as similar rather than dissimilar by others. Thus, the elements of Chinese civilization are expected to be effective as a source of soft power in East Asia or some parts of South East Asia where these elements are shared as common characteristics. The records released by the Ministry of Education also lend credible support to this claim. More than 75% of the international students enrolled in Chinese universities are coming from Asia while only about 20% are from the US and Europe. Furthermore, over 80% of these foreign students take their education in academic disciplines related to cultural topics such as Chinese language, arts, history, philosophy, and traditional Chinese medicine.<sup>258</sup> Although these numbers seem promising for China's intellectual leadership in Asia, hegemonic status requires a broader geography for Chinese culture to be attractive. Becoming appealing only in Asia will not suffice for China to become a global hegemon. Moreover, China could attract only about 90.000 international students annually<sup>259</sup> while sending 510.000 students abroad<sup>260</sup>, and the majority of these students return to their home countries after getting their degree. Thus, based on these numbers, it can easily be argued that China is still an importer of culture rather than an exporter. Additionally, about 80.000 students go from India to the US to take higher education and this number exceeds the total number of the international students with Asian origins in China that is calculated as about 70.000. Thus, although we can infer that the China could attract Asian students more easily

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<sup>258</sup> Huang, Y., & Ding, S. (2006). Ibid. p 26.

<sup>259</sup> Top 20 Countries for International Students. Guardian. 07.17.2014: <http://www.theguardian.com/higher-education-network/blog/2014/jul/17/top-20-countries-international-students>

<sup>260</sup> How Many Indian and Chinese Students Go Abroad Every year: Rahul Choudaha. <http://www.dreducation.com/2012/08/how-many-indian-and-chinese-students-go.html>

than the European or American ones, it is an uncontestable reality that much more Asians are still looking at the US rather than China. These records reflect the current snapshot of the situation and these indicators might change in the future. Thus, scholars should closely trace how many international students go to China or the US for education and what their driving reasons are for selecting these destinations.

### **3.2. Foreign Policy Preferences of China as a Source for Soft Power**

China's government by pursuing cooperative policies is trying to present itself as a responsible country both in its region and in the world. Only 30 years ago, China had been perceived as a destabilizing exporter of revolution by its neighbors, but this perception has dramatically changed especially since the end of 1990s. From this period on, it has begun to be viewed as an important part of the East Asian region's burgeoning institutional architecture. China's regular and effective participation in ASEAN's meetings had a substantial impact on this positive transformation. Additionally, China's decision not to devalue yuan during the Asian crisis in 1998 was highly appreciated by the regional countries, and notified its re-ascent as a regional power. Its general strategy to utilize economic leverage for attaining long-term goals had an unprecedented effect on the perception of China when it offered to establish a free trade area with ASEAN. China's intention to give ASEAN an 'early harvest' of unilateral trade liberalization and access to China's high-populated domestic market underscored the burdens that China would volunteer to undertake in order to cultivate good relations with the regional countries.<sup>261</sup> Additionally, it took the lead in the creation of ASEAN Plus Three (APT) and in the deepening institutionalization of Shanghai Cooperation Organization (SCO).<sup>262</sup> Furthermore, in order to accommodate with the existing order and increase its legitimacy and

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<sup>261</sup> Beeson, M. (2013). Can China Lead?. *Third World Quarterly*, 34(2), 242-243.

<sup>262</sup> Foot, R. (2006). Chinese strategies in a US-hegemonic global order: accommodating and hedging. *International affairs*, 82(1), 89-90.

uphold its status, China participated into WTO<sup>263</sup> and UNPKO operations<sup>264</sup> and hosted 2008 Olympics and 2010 World EXPO<sup>265</sup>. All of such constructive efforts consolidated China's image as a benign power and bolstered its soft power in its region and in the world.

However, due to a few recent critical issues China's positive image in its region and in the globe has been undermined. For the last decade there has been a noteworthy improvement in China's military capacity, and this raised concerns about the further intentions of this would-be great power among other countries.<sup>266</sup> During his speech at the opening of China's annual session of parliament, Premier Li Keqiang said, "We will comprehensively enhance the revolutionary nature of the Chinese armed forces, further modernize them and upgrade their performance, and continue to raise their deterrence and combat capabilities in the information age,"<sup>267</sup> Apart from these rhetorical discourses and projected budget rises, some analysts assert that China's acquisition of an aircraft carrier and a new generation of anti-ship missiles is another source of further tension both in the region and in the world because this may change the strategic balance in the region.<sup>268</sup> Another origin for the escalating anxieties of other countries with regards to China lies in its increasingly assertive, even confrontational, tendency towards territorial disputes across the region. Serious disputes may potentially arise concerning Socotra Rock between South Korea and China.<sup>269</sup> Boundary problems still exist between China and Mongolia,

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<sup>263</sup> Feng, H. (2006). *The politics of China's accession to the World Trade Organization: The dragon goes global*. Routledge.

<sup>264</sup> Suzuki, S. (2008). Seeking Legitimate 'Great Power Status in Post-Cold War International Society: China's and Japan's Participation in UNPKO. *International Relations*, 22(1), 45-63.

<sup>265</sup> Sun, J., & Ye, L. (2010). Mega-events, local economies, and global status: What happened before the 2008 Olympics in Beijing and the 2010 World Expo in Shanghai. *Journal of Current Chinese Affairs*, 39(2), 133.

<sup>266</sup> Beeson, M. (2013). Ibid. P 244-245.

<sup>267</sup> China's Xi Ramps Up Military Spending in Face of Worried Region. Martina, M. and Torode, G. Reuters. 03.05.2014: <http://www.reuters.com/article/2014/03/05/us-china-parliament-defence-idUSBREA2403L20140305>

<sup>268</sup> Beeson, M. (2013). Ibid. P 245-246.

<sup>269</sup> South Korea Seeks to Balance Relations with China and United States: Current Issues in US-ROK Relations. Suk-hee, H. CFR Report. <http://www.cfr.org/south-korea/south-korea-seeks-balance-relations-china-united-states/p29447>

and there presents harsh conflict over two islands in East China Sea between Japan and China. But, undoubtedly, the most significant conflict is continuing over South China Sea. This issue is not just a matter of overlapping demands; rather it is directly related to the sustainability of the peace in the region. Six countries (China, Philippines, Vietnam, Malaysia, Brunei, and Taiwan) have competing claims to the South China Sea, an area which is highly rich in hydrocarbons and natural gas and through which trillions of dollars of global trade flow.<sup>270</sup> By some estimates, oil reserves in the South China Sea may amount to over 200 billion barrels, second after Saudi Arabia if proven accurate.

As I tried to demonstrate, the foreign policy preferences of China reveals a complicated picture about its image. The charming and alarming sides of these policies should be dealt more critically and comprehensively by the further studies. To accomplish this, researchers can appeal to public opinion surveys very often and measure the impact of China's actions over the attitudes of people towards it.

### **3.3. China Model and Its Political Values as a Source of Soft Power**

Attractiveness of the China model will undoubtedly be another significant determinant of its soft power. China's rapidly growing economy even during the global financial crisis bolsters its rise as an exemplar for the developing world. According to Joshua Cooper Ramo, the Beijing Consensus, which prioritizes experimentalism, gradualism, and innovation and assumes specific solutions based on the distinct characteristics of each case, has appeared both as a viable alternative for the Washington Consensus, which expects the states to adhere to uniform solutions as the recipe for success for many countries. As the table below clearly suggests, besides the communist and authoritarian states, many post-communist states and some liberal

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<sup>270</sup> China's Maritime Disputes. A CFR Info Guide Presentation: [http://www.cfr.org/asia-and-pacific/chinas-maritime-disputes/p31345#/#/](http://www.cfr.org/asia-and-pacific/chinas-maritime-disputes/p31345#/)



democracies are showing interest in Beijing Consensus and consider China as a role model for economic development.<sup>271</sup> Adoption of China’s model as a path for development by so many countries with different regions and different regimes would undoubtedly contribute to prestige of China and increase its soft power. The table reflects the situation in 2006 and it should be updated through a more comprehensive studies. The scholars should deal with this research area more seriously.

Region	Countries	Regime type
East/Southeast Asia	N. Korea, Vietnam, Laos	Communist
Eurasia	Russia, Kazakhstan, Uzbekistan, Turkmenistan	Post-communist
South Asia	India	Liberal democracy
Middle East	Iran	Authoritarian
Latin America	Brazil	Liberal democracy
Africa	Zimbabwe	Authoritarian

Table 2: Countries Showing Interest in “Beijing Consensus”

China’s policymakers have acquired official rhetoric and diplomatic practices to present itself as a benign great power with no aggressive aspirations. In 1997, Beijing announced its new security concept, which defines equality, mutual benefit, mutual trust, and coordination as the most significant values to be defended. This new approach highlights highly appreciated norms and values such as support for the negotiations for the peaceful resolution of the disputes, promoting collaboration for better handling with terrorist groups and all other crime networks, campaign for more effective disarmament and arms control, and mutually beneficial economic contracts.<sup>272</sup> Some of China’s policy preferences, however, undermine its attempts to project

<sup>271</sup> Huang, Y., & Ding, S. (2006). Ibid. p 28.

<sup>272</sup> <http://www.fmprc.gov.cn/eng/wjlb/zzjg/gjs/gjzzyhy/2612/2614/t15319.html> in Huang, Y., & Ding, S. (2006).

itself as a benign and responsible power. Despite the growing criticisms from the international society about its support to Mugabe, China continued to sell weaponry and jammer equipment to the Mugabe government, who used them against the opposition groups. Likewise, China is involved in intensive relations with Sudan. It is very supportive of abusive Sudan's regime in both domestic and international realm with regards to military and political issues.<sup>273</sup> Moreover, China's authoritarian regime and submissive actions towards the minorities<sup>274</sup> are slammed by the international society and damage its image. All in all, there seems an inconsistency between some of China's actions and the values it strives to project and this contradictory situation can become a threat before its attempts to arise as a benign power and uphold its soft power. Even so, these are only the preliminary observations and this great puzzle entails a more comprehensive study with more theoretical investigations and empirical support.

### **3.4. Conclusion**

Up to now, I tried to make a brief and superficial evaluation of the effectiveness of China's soft power resources. My aim and assertion is not to discuss this great subject with its all dimensions but rather my principle objective is to generate an outline as to how China's soft power capacity might be studied. All the discussions in this section are the product of preliminary observations, and scholars, to have more solid inferences, should carry out far more comprehensive researches supported with more elaborate theoretical investigation and empirical cases. Even so, I can list a few important puzzles that scholars should deal with very closely while examining China's soft power. These questions are: "Does China have a legitimacy?", "How

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<sup>273</sup> Zimbabwe: China's African Ally. Eisenman, J. China Brief. 07.15.2005:  
[http://web.archive.org/web/20070805023113/  
http://www.jamestown.org/publications\\_details.php?volume\\_id=408&issue\\_id=3390&article\\_id=2369974](http://web.archive.org/web/20070805023113/http://www.jamestown.org/publications_details.php?volume_id=408&issue_id=3390&article_id=2369974)

<sup>274</sup> China Bans Ramadan: Fasting and 'Taking Part in Religious Activities' Forbidden in Controversial Crackdown on Minority Uighur Muslims. Withnall, A. Independent. 07.03.2014:  
<http://www.independent.co.uk/news/world/asia/china-bans-ramadan-fasting-and-taking-part-in-religious-activities-forbidden-in-controversial-crackdown-on-minority-uighur-muslims-9580646.html>

do the regional countries and other states approach to China?”, “How does global society deem China? Alarming or charming?”, Do new ideas promoted by China attract enough appeal from other countries?”.

#### **4. BRIEF EVALUATION OF CHINA’S EFFECTIVENESS IN INSTITUTIONS AND REMARKS FOR FURTHER RESEARCH AGENDA**

As also relevant in above discussion of China’s soft power resources, this section aims to provide a brief evaluation of China’s effectiveness in global institutions so as to provide preliminary observations and remarks for the researchers. Elaborate examination of this subject is on my future agenda.

As discussed earlier, institutions are the necessary pillar for a hegemonic status and there are two paths for a rising power, aspiring to be a hegemon, to institutionalize its hegemonic project. First, it can try to uphold its role in existing institutions or establish new ones. In China’s case, China together with other emerging powers expected to be opened more room in existing institutions but when this will not be as they expect, China with other countries engaged into massive project to establish new institutions.

##### **4.1. Failed Attempts to Reform Existing Institutions**

Economic weight has been shifting away from west to the east, and the questions of how existing organizational design of key institutions of global economic governance can be readjusted to changing distribution of economic might is gaining currency in global political discussions.

In 2009, just after the eruption of 2008 global financial crisis, G20 leaders agreed to implement important reforms to the World Bank (WB) and International Monetary Fund (IMF) with the aim of removing the discrepancy between the already existing but archaic design of these

institutions reflecting the distribution of power in postwar era and the actual balance of economic might by carrying out a transfer of at least 3% of voting power from developed to developing countries in the WB and at least 5% in the IMF. A year later, the executive committees of both organizations came to terms with bigger changes than the earlier proposal of G20 leaders. It was announced that the changes would be materialized after ratification by the capital of each member. Some of the actual changes realized in following years, however, were behind the announced levels and some others were in reverse direction. In both IMF and WB, the total share of voting powers of developed countries has increased relative to their aggregate ratio of GDP in global output, and according to early 2014 records, the total share of developing nations was 3.11% lower in WB and 2.54% lower in IMF than the proposed levels in 2010. The failure of the attempts is largely due both to the insistence of the Republican majority in the US Congress not to ratify any changes towards multilateralism and to the avoidance of the Europeans to accept any formula for the calculation of the quota, which will have inevitable results of decline in their weight.<sup>275</sup>

The failure of the established powers to integrate developing countries into global economic governance with more weight exacerbated the frustrations of these emerging powers with the existing organizational designs and pushed them for establishing new organizations.<sup>276</sup> China, as the strongest member of this group, was the most unpleasant country for the stalemate and thus took the lead in the creation of alternative institutions, in which it should have more voice in their decision making processes.

Before briefly talking about these new institutions, I want to provide some remarks for the

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<sup>275</sup> Vestergaard, J., & Wade, R. H. (2015). Still in the Woods: Gridlock in the IMF and the World Bank Puts Multilateralism at Risk. *Global Policy*, 6(1), 1-12.

<sup>276</sup> The IMF Needs a Reset. Vestergaard, J., & Wade, R. H. The New York Times. 02.04.2014: <http://www.nytimes.com/2014/02/05/opinion/the-imf-needs-a-reset.html>

further studies. These institutions are still the leading bodies of global economic governance and China's weight in them will be highly vital for it to project its values and interests more efficiently. Thus the ongoing reform negotiations should be watched closely. Scholars should also critically assess the 2010 proposal to the extent that their implementation will generate expected outcome of more balanced voting share between developed and developing countries and fair representation for each nation.

## **4.2. China-Led Initiatives for the Establishment of New Institutions**

As briefly discussed above, failed enterprises to readjust the operation procedures of key institutions to the recent developments in the distribution of power in international system prompted emerging powers to establish new institutions and China became the propellant power behind these new initiatives.

Since 2013, China's incumbent leader Xi Jinping repetitively announced China's objectives to found new development-oriented international organizations which will supposedly have considerable influence over the developing regions and emerging economies. In October 2013, during his speech in Indonesian Parliament, Xi Jinping promulgated Beijing's will to create a multilateral Asian infrastructure bank to finance infrastructure projects and promote regional interconnectivity and economic integration.<sup>277</sup> In July 2014, all the BRICS countries together expressed their plan to construct new development bank.<sup>278</sup> In this regard, some can argue that this is a BRICS enterprise and not a Chinese one but when China's economic multitude, that is more than the total value of others, is taken into consideration, it is apparent that China will be the leading and most effective actor in this organization. Below, I will briefly discuss the

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<sup>277</sup> Chronology of China's "Belt and Road" Initiatives. Xinhua. 02.05.2015:  
[http://news.xinhuanet.com/english/china/2015-02/05/c\\_133972101.htm](http://news.xinhuanet.com/english/china/2015-02/05/c_133972101.htm)

<sup>278</sup> What the New Bank of BRICS is All About. Desai, R. M. & Vreeland, R.J. R. Washington Post. 07.17.2014:  
<http://www.washingtonpost.com/blogs/monkey-cage/wp/2014/07/17/what-the-new-bank-of-brics-is-all-about/>

hitherto developments related to these organizations.

#### ***4.2.1. New BRICS Development Bank (NBDB)***

50 billion dollars have been channeled as the initial capital and each country gave an equal amount of funds. This fund has been agreed to be used to finance sustainable development and infrastructure projects in BRICS countries, but the low and middle income countries may apply for this fund as well. A 100 billion dollars additional liquidity package with the name of Contingency Reserve Arrangement (CRA) also has been pledged to protect the members against the likely balance of payment problems. For this additional package, China will be responsible for funding 41 billion dollars while Brazil, Russia and India will give 18 billion dollars and South Africa will allocate 5 billion dollars. The bank will operate based on an equal voting share for each member.

With this initiative, the signatories are aiming to challenge the primacy of Bretton Woods institutions over issues such as emergency help, assistance to conflict-torn countries, policy lending, and funding for basic services. Current multilateral development banks are capable of filling 40% of the infrastructure investment gap for the developing countries estimated as 1 trillion dollars by the World Bank. Hence, NBDB's plan to become an effective actor in aforementioned realms, if carried out successfully, will become a highly significant development for the developing countries.

Whether it will accomplish presumed aims will largely be determined by two important factors, which are risk management and coordination. This bank has to have a well-managed loan portfolio with minimum default risk and a reasonable amount of profit to finance as many development projects as possible to have the most impact in intended realms. Additionally, multilateral enterprises work much more effectively when there is no severe discord among the collaborators regarding the operations of this entity. Thus, scholars in their further studies

should pay great attention to the issues of whether any system of monitoring and surveillance for the credits has been created properly and effective in its operations and whether any serious problem erupts between the member states which will put the activities of this bank at risk.<sup>279</sup>

As the biggest creditor for this organization, China's ability to adjust its objectives to the common benefit of all member states and other developing countries will be a critical determinant of its capacity to play a legitimate leadership role in rising global south. Thus, the effectiveness and operations of this bank should be closely traced.

#### ***4.2.2. Asian Infrastructure Investment Bank (AIIB)***

AIIB is a multilateral development bank and it has 57 founding members from different continents such as Asia, Europe, Africa, and South America. Its first assigned President is from China, and the headquarters of the bank is located in Beijing. Its nominal capital is valued at 100 billion dollars. This fund will be used to finance infrastructure construction in the Asia-Pacific region. Although still uncertain, China will be holding the highest share of votes, supposed to be around 36%.<sup>280</sup>

According to the forecasts by Asian Development Bank (ADB), for the investment project in the region, Asia needs approximately 750 billion dollars annually. Thus, needless to say, AIIB's penetration into the game will greatly contribute to the economic development and prosperity in the region. Additionally, the US' private attempts to convince its allies not to participate in this organization did not prevent the United Kingdom, Australia and Denmark, deemed as the US' traditional allies, from rushing to become a founding member of this organization; and this has been interpreted as the indication of the rising momentum behind the

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<sup>279</sup> Ibid. Desai, R. M. & Vreeland, R. J. R. Washington Post. 07.17.2014:  
<http://www.washingtonpost.com/blogs/monkey-cage/wp/2014/07/17/what-the-new-bank-of-brics-is-all-about/>

<sup>280</sup> The Asian Infrastructure Investment bank: <http://csis.org/publication/asian-infrastructure-investment-bank>

AIIB.<sup>281</sup> So, China appears to become a robust competitor to the US-backed international organizations like World Bank and ADB. If AIIB becomes successful on the ground, it will result in increasing political and economic leverage of China over the Asia region and enable China to shape the international development agenda<sup>282</sup> and play to global leadership role thanks to its apparent will to provide the public goods necessary for the hegemony status.<sup>283</sup> Thus, the operations of this organization should be followed very closely and evaluated in a broader framework based on the position of such endeavors in China's grand strategy.

### 4.3. Conclusion

The world has undergone thorough change in terms of the distribution of economic capabilities in the international system and the need to readjust already-existing global economic institutions to the current economic might distribution has appeared. But, the proposed plans to reform IMF and WB failed to generate desired outcomes and the stalled process pushed the emerging powers to establish new institutions, in which their voices will be more effective. China, with its massive power surplus compared to other developing countries, took the lead for the creation of two important organizations, which are the New BRICS Development Bank and Asian Infrastructure Investment Bank. These organizations are deemed as the serious competitors against the Bretton Woods institutions and other important US-backed organization like ADB. If these enterprises become successful on the ground, China will have the chance to play a leadership role both in its region, in global south and in the entire globe thanks to its apparent will and ability to both provide public goods and pursue common interests. Thus, the

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<sup>281</sup> Obama is Sitting Alone at a Bar Drinking a Consolation Bear. Foreign Policy. 04.01.2015: [http://foreignpolicy.com/2015/04/01/obama-china-bank-aiib-policy/?utm\\_content=buffer851f0&utm\\_medium=social&utm\\_source=facebook.com&utm\\_campaign=buffer](http://foreignpolicy.com/2015/04/01/obama-china-bank-aiib-policy/?utm_content=buffer851f0&utm_medium=social&utm_source=facebook.com&utm_campaign=buffer)

<sup>282</sup> Beware China's Grand Strategy: How Obama can Set Right Red Lights. Smith, F. M. Foreign Affairs. 05.20.2015: <https://www.foreignaffairs.com/articles/china/2015-05-20/beware-chinas-grand-strategy>

<sup>283</sup> AIIB and Global Governance. Sheng, A. & Geng, X. Project Syndicate: <http://www.project-syndicate.org/commentary/aiib-china-global-leadership-by-andrew-sheng-and-geng-xiao-2015-04>



effectiveness of these institutions will be among the vital determinants of the China's prospect for hegemony and the further research agenda should comprehensively watch the operations and activities of these organizations to detect the publicity of these goods and their contributions to China's appeal.

## **5. CONCLUDING REMARKS**

This study aims to rethink the different conceptions of hegemony, come up with an alternative interpretation of hegemony, and apply it to China's case. After the examination of the arguments put forward by both leading ancient philosophers and conventional IR theories regarding the concept of hegemony, I culminate with a definition of hegemony: a hegemon is a legitimate superpower that has unparalleled control over three fundamental realms, which are control over material resources, capacity to shape others' mind-sets, and control over key institutions of global governance; the order the hegemon creates is hegemony. By bolstering its supremacy in these three realms, a hegemon acquires the capacity to shape the behaviors of other actors in international relations and influence the outcomes in international system.

Considering the limited scope of this study, I elaborately examined only the material basis of China for hegemony as an empirical investigation. Current economic and military power resources of China especially compared with those of the US are highly insufficient for it to play an effective hegemonic role in international system. For the other two pillars, I briefly evaluated the effectiveness of China both in potential soft power resources and in institutions and, by providing remarks for future research agenda, I leave the comprehensive analysis of these subjects to the further studies. My preliminary observations, however, suggest that China's soft power resources are not enough for it to be qualified as hegemon and although newly-designed institutions appear highly promising as the robust challengers to the US-backed ones, they are in their initial phases of establishment and the activities and operations of these

institutions should be watched closely to make solid inferences regarding the institutional dimension of China's prospect for hegemony.



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