

## **Venezuela and China: Interdependency and Dependency in the Context of Interdependent Hegemony**

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**Abstract:** In a world order without a sole hegemon, the dialectic relationship between the main global players and emerging powers enables nation-states to strategically favor their national interests as well as mutually beneficial alliances, whilst the multipolar world becomes strengthened. This article draws on this context of ‘interdependent hegemony’ to explore the existing relationship between Venezuela, as a swing state, and China, as one of the Big Three global powers. Particularly, I focus on Venezuelan efforts to develop, at the domestic and regional level, a counterhegemonic political project against the US and how China is considered a valuable ally to acquire more independence. However, this situation of interdependence can paradoxically lead to a new kind of dependence, in this case on China. To analyze these relations, I propose a conceptual framework consisting of three dimensions: 1) the international positioning towards other Northern and Southern countries and whether the relationship is conceived in terms of conflict or cooperation; 2) the economic model and how it conditions the relationship between countries and whether relationships or dependence are generated; and 3) the development of a political and economic model which can inspire or be followed by other countries. Although China’s influence and increasing power in Venezuela is unquestionable in economic terms, the Venezuelan government uses its agreements with China strategically to legitimate its policies, in the name of a South-socialist alternative, and to reaffirm its international positioning.

**Keywords:** Interdependent hegemony, counterhegemony, swing states, multipolar world, socialism, neo-extractivism

In April 2014, the Venezuelan President, Nicolás Maduro, emphasized the existing differences between the global world in 2000, even in 2006, and in 2014. What has made such a difference? It was, according to the President, the relationship between China and Latin America and the Caribbean, China being the biggest world power of the 21st Century. In contrast with the “old world” of colonialism and imperial states that treat Latin America as a backyard, there is a “new” world of new powers, of new interrelations in which Latin America and the Caribbean are recognized as a bloc. A few months later, in September 2014, the BRICS summit in Fortaleza, Brazil, opened up to dialogue and agreements with other South American countries, and in January 2015, the first summit China-CELAC took place in Beijing. Furthermore, the cooperation between China and Venezuela has been intensified during Maduro’s term.

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Maduro clearly identifies the old world with the dominant role played by the US; claiming that China is the biggest global power entails a provocation but also a challenge towards the US. The decline of US hegemony has indeed been interpreted in the light of the emergence of China as a global player or the BRICS as an association of emerging powers capable of reshaping global relations. However, there is no unanimity regarding the implications of the development of BRICS, with some schools considering it to have little relevance or a “facade of unity” or as a competitor to (or rather a cooperator with) the G8 and G20 (Kirton, 2015). The most positive readings (Bissio, 2015; Bruckmann and Dos Santos, 2015) of the consequences of BRICS and its impact on strengthening the Global South point out the similitudes with the Bandung Conference in Indonesia in 1955. At that time, the non-aligned movement questioned the logic of the Cold War, based on the conflict between two ideologies and differentiated blocs, and identified unequal economic distribution as the major problem. The irruption of BRICS would likewise redefine the relations between center and periphery, in this case in a non-bipolar world and with a considerably greater economic power. Thus BRICS can be considered as anti-hegemonic rather than anti-systemic since they challenge global governance, including the dominant financial institutions, such as the World Bank and the International Monetary Fund, and the role of and distribution of power within the United Nations, but without being anti-systemic (Houtart, 2015) since the capitalist system remains intact and even strengthened.

Within this framework of uncertain hegemony, or interdependent hegemony (Li and Agustín, 2014), I focus on the relationship between Venezuela, as a South country sharing the idea of changing the global order, and China, as the strongest economic power and driving force of the BRICS. Two aspects must be highlighted: First, under the presidency of Hugo Chávez, Venezuela initiated an attempt to develop a counterhegemonic political project at the national level, aiming to change political institutions and the economic model, and at the regional level, shaping an alliance of Southern countries against US hegemony. Secondly, despite the increasing Chinese investment and oil import in and from Venezuela, the US continues to be the greatest trading partner with regard to oil exports and general imports. This combination of political and economic aspects raises important questions such as the extent to which Venezuela can develop a hegemonic project while still being economically dependent on the US. However, this question would omit the notion that hegemony does not rely only on economy but on the complex intertwined relations between economy and politics. Similarly, it would omit the fact that the global order is being reshaped and, for

instance, opening up the economy and trade relations towards China can reduce economic dependency and contribute to Venezuela playing a greater role in the region.

The objective of this article is to address how the Venezuelan economic and political potential to increase its regional influence (as well as to strengthen the position of the government at the domestic level) is developed through its relation with China. This implies a paradoxical situation in which Venezuela is becoming more dependent, in this case on China, in order to become more independent, mostly of the US, in a context of interdependent hegemony. For this reason, it is important to assess how China is influencing Venezuela politically and economically, and whether or not the two countries are forging an equal and mutual partnership or not. All in all, for Venezuela it is not only about increasing its economic dependence on China but rather a two-way process in which the relations with China allow Venezuela to gain more regional and global relevance and, at the same time, to be more influenced by China, including through trade and economic relations as well as in relation to its model of socialist market economy as an inspiration for the Bolivarian regime.

### **Venezuela and China in the Context of Interdependent Hegemony**

Reflecting on the new world system, Robert Kagan talked, in 2008, about the “Return of History” to claim that we were witnessing a bipolar world again. This division was not structured, as it had happened before, through the ideological separation between capitalist and socialist countries or the West and the East. This time the ideological blocs were constituted by democratic capitalism against authoritarian capitalism, led by Russia and China. Kagan named the ‘authoritarian capitalism’ as the “New Second World”, emphasizing the remaining ideological conflict as well as the impossibility of the liberal West (completely identified with the democratic system) to integrate these two powers into the liberal (meaning also democratic) international order.

Despite this bipolar conceptualization, the BRICS have constantly advocated for fostering a multipolar world (Papa, 2014), whose vision can be traced already in the “Russian-Chinese Joint Declaration on a Multipolar World and the Establishment of a New International Order” (1997). Both countries emphasized the increasing importance of the Southern countries (and their interaction) in the shaping of the multipolar world: “numerous developing countries and the Movement of Non-Aligned Countries are an important force that promotes multipolarization and the establishment of a new international order” (1997). This situation should not lead to the appearance of a new hegemon, which would contradict

relations based on “mutual respect, equality and mutual advantage.” There is indeed an explicit rejection of taking a hegemonic position: “All countries, large or small, strong or weak, rich or poor, are equal members of the international community. No country should seek hegemony, engage in power politics or monopolize international affairs” (1997).

In this sense, the BRICS challenge the temptation of coming back to a new bipolar system, as suggested by Kagan, and interpret the new international system differently. Importantly, Parag Khanna (2008a) recovered also the use of the term “Second World” and placed it in a new context in which the possibility of a sole hegemon is rejected (Khanna, 2008 b). In this case, Khanna does not refer to the countries of the former socialist bloc but to an emerging space occupied by countries which do not fit categorizations based on dichotomies such as rich and poor, developed and underdeveloped or postmodern and premodern. The Second World countries interact with the so-called Big Three (USA, the EU and China), as the most important global powers. Contrary to Kagan, the Western/non-Western distinction is mitigated in Khanna’s account; the conditions for a new hegemon do not exist, and particularly the Second World countries gain major relevance in the shaping of the multipolar order. Khanna (2012) attributes three main characteristics to the Second World countries: They do not expect leadership from the Big Three but want to gain influence and promote their national interests; they aspire to become global players through strategically forging new regional power relations; and they search for alternative modes of governance and economic ordering which differ from those dominant in the West. Khanna denominates these countries ‘swing states’ due to their capacity to determine which one of the powers of the Big Three will be decisive and, at the same time, to promote their own interests in their interrelations with the three global superpowers.

The dynamic between the Big Three and the swing states reflects better the dynamics of the multipolar world. However, some precisions must be made. The BRICS are to a higher degree considered as a global actor moving beyond the idea of trade-related and economic coalitions. It gives China a prominent role due to its relation with other swing states, some of them, like India or Brazil, having the potential to become superpowers. The BRICS enhance in any case a new regional dynamic, since each member country becomes a sort of “representative” of its region and remains a regional leader (Kulikov, 2015). The BRICS summits (Durban in South Africa, Fortaleza in Brazil, Ufa in Russia) are used as platforms to strengthen and expand cooperation and to reinforce regional leaderships. This means that the lack of a global hegemon is not incompatible with the existence of regional hegemonies or

even with the development of China as hegemonic power within the BRICS, which have led some authors to critically claim that it does not make sense to talk about BRICS when China is the only emerging market that matters (O'Brien, 2016). Furthermore, the autonomy of swing states must not be overemphasized by ignoring the way in which regional and global relationships are constitutive in shaping national interests (Agustín, 2016).

Therefore, the multipolar world must be reconsidered in the light of the decline of the US hegemony as well as the interplay between the Big Three, emerging superpowers, swing states and the resulting regional dynamics. Rejecting the possibility of reediting a new bipolar system or the existence of a sole hegemon, the concept of “interdependent hegemony” aims to catch the mutually constitutive relations between all the global and regional powers. Interdependent hegemony can be defined in the following terms:

First of all, as a dialectic interdependent relationship between the existing constellations of international order and the emerging powers in terms of mutual opportunities, constraints and challenges, and secondly, as constitution of alliances based on regional collaboration in order to contain and overcome hegemony derived from one national power only (Li and Agustín, 2014: 55).

The shift from hegemony to interdependent hegemony captures the dynamic existing between the Big Three and the Second World, in which swing states play a more determinant role. Li (2016) depicts the concept of “interdependent hegemony” as the opportunities, constraints and challenges derived from the existing world order. It implies that global capitalism is entering into a stage of varieties of capitalism, where anti-Western alliances are a counterbalance rather than the emergence of an alternative hegemony. This is reflected in the strategic and even opportunistic foreign policy assumed by nation-states in order to strengthen and expand their influence without the intention of forming a historical bloc. In the context of interdependent hegemony, together with the incapacity of the US to recover its hegemonic role (without denying the US primacy and dominance), the BRICS countries are far away from constituting an alternative hegemonic project. However, one must not ignore the fact that those countries possess historical legacies of contestation against Western hegemony (Ünay, 2013) and that stressing the multipolar order is conceived as the most efficient way of avoiding or diminishing US attempts for global hegemony and the way of favoring the development of regional hegemonies. The context of interdependent hegemony enables the relationship between the Big Three and swing states in new terms. I propose, in this regard, a conceptual framework to analyze bilateral relations which takes interdependent hegemony

into consideration. After identifying the country's role as global or regional superpower or swing state, three questions must be addressed: 1) the international positioning towards other Northern and Southern countries and whether the relationship is conceived in terms of conflict or cooperation; 2) the economic model and how it conditions the relationship between countries and whether relationships or dependence are generated; 3) the development of a political and economic model which can inspire or be followed by other countries. I summarized these issues in Table 1.

<b>Analyzing interdependent hegemony</b>
Which role – as global or regional power or as swing state?
Which position towards countries of the North and towards countries of the South?
Which economic model – how it depends or enhances dependence on other economies (supplies, investment...)?
Which capacity of influence of (or willingness to be influenced by) the economic and political model?

Table 1: Analyzing interdependent hegemony (author's own elaboration).

I argue that analyzing bilateral relationships within this framework can shed light on the strategies carried out by different countries using the opportunities and experiencing the constraints of the multilateral order. The election of one global superpower, China, and a swing state, Venezuela, responds to the need of understanding complex relations which avoid simplified analyses based only on economic relations or the opposition (or not) to the US. The intention is to integrate all these aspects and understand how they operate in the deployment and shaping of national and regional interests. The focus is put on Venezuela, more specifically on how its relationship with China influences the country.

### **International Positioning: With or Against the US**

In September 2005, the Chinese President, Hu Jintao, introduced the concept of “world of harmony” (Zhao, 2008), derived from traditional Chinese thinking, which consists of the centrality of harmony to ensure the peaceful coexistence of different civilizations. It means the assumption of a consultative style in international relations rejecting unilateralism and hegemonic ambitions. In this context, China proposed a “new model of major-country

relations” to avoid confrontation and conflict and respect each other’s interests through a win-win cooperation. China thus sees the possibility of gaining recognition as superpower on par with the US, while the latter is more reticent to make acknowledgments, which would benefit Chinese national interests and the leadership of the Chinese Communist Party the most (Pickrell, 2015). Thus the US has opted for addressing concrete problems instead of forging a broad global partnership (Glaser and Hindel, 2015) as became evident during the official visit of President Xi Jinping to the US in September 2015 when President Barak Obama did not want to subscribe to such partnership.

Furthermore, the China-US relationship must be understood in the context of interdependent hegemony where there is no strong conflict between two blocs, but the way of redefining the global order is quite different. Quansheng Zhao (2015) does not hesitate in characterizing the relation between both countries as a win-win situation and not as a zero-sum competition. It is due to the economic interdependence between both countries (with China needing direct investment and consumption to fuel its manufacturing sector and the US, the Chinese market and manufacturing) and the pragmatic goals set by China avoiding ideological formulations. This explains why the relations between both countries tend to be cooperative, although it does not eradicate areas of contention. However, it cannot be expected that China-US disagreements will evolve in form of direct rivalry or confrontation due to their understanding of the mutual beneficial possibilities offered by their partnership (Wallerstein, 2016).

The assumption of the Chinese “peaceful development” as foreign strategy should strengthen the cooperative approach towards the US. Nonetheless, it must be noted that international cooperation can entail a more contentious approach, thinking of countries whose relationship with the US cannot be characterized as harmonic or peaceful. Likewise, the expansive “peaceful development of China” to areas, which traditionally have been of US interest, could shift the approach from cooperative to competitive or even contentious. The concerns provoked by the Chinese strategy towards Latin America are a clear example of that. The increasing concern about Chinese influence in the Latin American region was evident under the Bush administration when Congressman Dan Burton, the Republican chairman of the sub-committee on the Western Hemisphere, claimed that: “It’s extremely important that we don’t let a potential enemy of the US become a dominant force in this part of the world” (in Hawksley, 2006). Particularly the threat was perceived since center-left and left governments were in charge in a considerable amount of countries. Although the Obama

administration has attempted to reduce the conflictual relations with certain Latin American countries, that does not apply to the case of Venezuela.

The relationship between the US and Venezuela has been controversial and hostility has only intensified since Nicolás Maduro entered office in 2013. In 2015 the US declared Venezuela a national security threat, presenting a list of sanctioned Venezuelan officials. This action was characterized by Maduro as an “imperialist threat” and interpreted as an interference in Venezuelan domestic politics where there was a strong confrontation between government and opposition which questioned Maduro’s democratic legitimacy. One year later Obama renewed the executive order since Venezuela constituted an “unusual and extraordinary threat to the national security and foreign policy of the United States” (in PressTV, 2016). This tightening happened at the same time as a determined diplomatic effort made by the US to normalize relations with Cuba. It is due to the attempts of Venezuela in the latest years of expanding its influence in the Latin American region both economically and ideologically. As swing state, Venezuela uses the new context of interdependent hegemony to strengthen its opposition to the US and obtain a better international positioning through its regional influence and relationships with the BRICS countries, as in the case of China. In this regard, Venezuela can be considered as a swing state, since, as other countries in Latin America, it has diminished its dependency on the US through negotiating with other regions such as Asia or the Middle East. Also, attempts have been made to strengthen its international positioning by means of its natural, human, political and economic resources. In this regard, oil and the appeal to Bolivarianism and socialism as well as *Nuestra América* have been the main features of its regional and global strategy. This implies that there are competing economic interests for Venezuelan resources between the US and China (but also other Second World countries) and Venezuela uses its value as an “emergent market” to expand its political influence.

From the election of Hugo Chávez in 1999, the Venezuelan government showed its intention to reject capitalist policies and set up a counterhegemonic project (Lander, 2004), consisting of the configuration of a new constitutional framework and public policies. The formulation of a counterhegemonic project was defined more precisely by the assumption of socialism, in particular the so-called socialism for the 21st century, and the impetus for new regional cooperation in search for expanding Venezuelan influence and the consolidation of an interdependent Latin American region. In this sense, beyond national politics, the Venezuelan counterhegemonic project is most often referred to at the international level and



against the US. Of the main regional organizations Venezuela is involved in (UNASUR, ALBA, CELAC) only ALBA possesses a counterhegemonic intentionality since it is, at least in its rhetoric, an attempt to replace neoliberal principles of competitiveness and free trade with those of complementarity and solidarity. Besides, it assumes an anti-imperialist vision and reclaims the defense of the interests of the popular classes against the dominant national elites.

The characterization of ALBA as counterhegemonic relies, mainly, on two aspects: Its opposition to the Free Trade Area of the Americas which is contested by the need of articulating a socialist project, and its attempt to connect subaltern classes beyond the nation states. The latter has been fostered through transnational processes in ALBA and creating “counter hegemonic democratic politics of scale” (Muhr, 2010) which become institutionalized through the ALBA Social Movements Council. The Council connects local, national and regional dynamics and integrates and structures civil society as part of the organizational structure. Despite this innovative process to constitute a counterhegemonic agency, the scope of the first issue, the articulation of a socialist project, must be assessed. Firstly, the definition of socialism is not satisfactorily addressed (Alaniz, 2013), which can also be said of the Bolivarian conception of socialism. Its understanding is rather close to a new humanism in which values such as freedom, social justice, equality or participation prevail. Secondly, the socialist project is very tightly attached to the figure of Hugo Chávez, as *chavismo*, which makes its continuity (or a clearer definition) more difficult. Thirdly, ALBA has relied economically on Venezuelan economic contributions, which invested \$150 million to initiate it and has continued as the economic engine. None of the other members could overtake that position, while Venezuela is immersed in a serious economic and political crisis. Finally, neither in Venezuela nor in any other ALBA member states have policies turned into a rupture with some of the neoliberal principles or opened up the path to a clearly differentiated economic alternative.

These aspects question the counterhegemonic nature or development of ALBA as a regional organization. Indeed, it can be said that “counterhegemonic” in the context of interdependent hegemony implies, at best, the opposition towards a contrary project, in this case the US, rather than the shaping of an alternative project or, in other words, the formation of a new historical bloc. But, since US hegemony is declining and ALBA in itself does not entail an alternative hegemony, it is rather understood in terms of antagonist positioning. Although UNASUR or CELAC do not have such a strong ideological standpoint as ALBA,

Venezuela uses its influence in these organizations to promote its national interests and expand its vision for the region. Returning to the US declaration of Venezuela as a national threat, the Venezuelan Foreign Minister Delcy Rodríguez took over the pro tempore presidency of UNASUR in April 2016. Rodríguez took the opportunity to criticize the imperial role played by the US in the South American region and how its real intentions were disguised as noble intentions. She indeed connected the origins of UNASUR with the search for more independence against exterior (meaning US) interference and warned that the risk still existed: “Before UNASUR, the region lost decades during which imperialist forces tried to thrust us back to the dark ages ... but this does not mean that we face huge and terrible attempts against the sovereignty of our nations” (in Telesur, 2016). Albeit the capacity of influence by Venezuela in UNASUR, due to the diversity of ideologies and political interests of its members, is less than in ALBA, the Venezuelan government attempts to shape a regional agenda and identity which reflect and assume its national concerns and positioning. In other words, through ALBA, being the most influential member, or through UNASUR, in cooperation with other countries, Venezuela reproduces a conflictual international framework, fixing a division between South American countries and the US. The separation based on the opposition between independence vs. interference does not lead to a counterhegemonic formation as such.

The expansion of the conflictual framework is easily applicable to China from the Venezuelan perspective which follows the principle formulated by Chávez: “Our North is the South”. The Chinese “peaceful development” strategy is likewise accommodated to the South American region. The strong antagonist position defended by Venezuela against the US should be incompatible with the cautious position taken by China in favor of cooperation between both superpowers. However, China has avoided being identified with the anti-imperialist rhetoric while its financial support has contributed to sign the programs of ALBA governments (Ellis, 2013). On the other hand, the Venezuelan government has no problem in including China as part of the Southern countries against the US, also counting on China as a socialist ally (sharing a common political and economic model).

The relationship between Venezuela and China shows the complexities of interdependent hegemony. While the two superpowers (China and the US) maintain cooperative relations, susceptible to contention but not as a desirable scenario, Venezuela as swing state reinforces its regional position in cooperation with relative governments (as in ALBA) or with countries with similar interests (as in UNASUR). Furthermore, Venezuela can

assume an antagonist position against the US and consider itself as China's ally without creating conflicts between the two superpowers, except concerns and suspicions about the role the superpower can play in the region and how it would affect the national interests. The US is not capable of acting as hegemon in Latin America and, at the same time, China has no interest in challenging the US. Venezuela, on the other hand, is not capable of articulating a counterhegemonic project against the US but uses the spaces of conflict and cooperation in the context of interdependent hegemony.

### **Economic Model: Diversification or Dependency?**

Looking at the increasing relevance acquired by energy in global economy, the relationship between China and Venezuela cannot solely be reduced into economic terms. Venezuela is one of the largest oil export countries, amounting to 90% of the overall exports, and the US continued being its biggest export market. However, the US oil imports have decreased in recent years. Hugo Chávez announced a strategy of marked diversification to avoid strong dependence on the US and indeed the exports have been reduced considerably, but still the US is the main exporter. As part of diversification, the intensification of trade relations between Venezuela and China has been remarkable but, as mentioned, insufficient to replace the US' role. There are thus different aspects at stake regarding energy, particularly oil. China maintains its strategy of "peaceful development" and its competition with the US in the Latin American market with special interest in Venezuela. Venezuela, on the other hand, rejects the "hostile imperialism" but its exportations rely mostly on the US, which, despite considering Venezuela a "national security threat", does not affect the economic relations significantly. This scenario is interesting seen from the context of interdependent hegemony since there is a calculated balance between political and economic strategies and how to keep existing economic relations but, at the same time, trying to modify them using the options opened up by the mutating global order. I take here the Venezuelan position to account first for the implications of the increasing relations with China, and later relating them to the existing Venezuelan economic model and how it adapts or changes within this new framework.

Focusing on the international positioning, Venezuela's foreign policy aspired to be counterhegemonic, particularly through the antagonist relations against the US, but in any case tended to strengthen interdependent hegemony through a major regional impetus and its diversification of alliances. It would be expected that a similar diversification could be found both in terms of market, searching for other partners to reduce the dependency of the US, and

economy, elaborating a viable new economic strategy beyond oil dependence (Petras, 2010). The turn to China and other partners (India, Russia) makes the intention of diversifying markets clear but this decision in itself does not entail a diversified economy.

In his first visit to China since President Maduro took office in 2013, he described the relationship with China as an “example of how relationship can be developed on the principles of mutual benefits and shared profits” (noticias24, 2013). This description would create cooperation between equal partners and a win-win situation. However, there is an important difference that must be noted: whilst Venezuela attempts to diversify its exportation to reduce the dependency of the US, China aims to diversify supply, especially after the supply uncertainty provoked by the financial crisis. This asymmetry has raised the question of Venezuela replacing US dependency by a Chinese one. Some critiques have pointed out, for instance, that Venezuela’s market diversification is not as profitable since it continues with the same levels of export as the US or the EU would be and this indicates that the incomes would have decreased with around 2-3% of the GDP (Altag, 2013). The losses are bigger in relation to other countries such as Cuba where friendly relations prevail and the market prices are lower. On the other hand, China does not want, at least directly, to enter into conflicts with the US due to a favorable attitude towards Venezuela’s regime. However, the increasing relations with Venezuela show that China has extended reasons to enter into these beyond the possible contention with the US due to Venezuela or the possible punishment by the US that could seriously weaken the Venezuelan economy. Indeed, one might interpret in the following manner: that China’s strategy of diversification does not aim “to carry out a punitive action against the United States (as Venezuela might), but to be prepared in the event of a punitive action on the part of the United States” (Corrales, 2010: 118). If that be true, the “mutual benefits and shared profits” are based on two kinds of diversification which reflect different interests: Export-supply, punitive-back-up strategy. The former allows both countries to develop their own economic models, with their strengths and weaknesses, whereas the latter allows for carrying out different political-diplomatic strategies in their relation with the US, facing or avoiding contention.

The relationship between China and Venezuela can, in these terms, be considered as interdependent since there is a mutual need from both sides but without forgetting that such a relationship is not symmetrical. The loan-for-oil agreements have different consequences for both countries. The Venezuelan government, especially due to the increasing political and economic crisis after Maduro took office, has used the Chinese loans to improve the material

conditions of the country through programs aimed towards the weakest sectors of the population. Investment in this kind of social policy, as for instance the production of 13,000 units of residential houses for low-income people, reinforces its connection with its most loyal supporters and tries to counteract the critiques of the political opposition. China, on the other side, secures its long-term supplies and access to the Venezuelan fuel oil and, at the same time, it reduces the risk of lending through the intervention of the China Development Bank (CDB), which signs the agreements. Indeed, the intervention of the CDB and the establishment of its office in Caracas are interpreted as an attempt at closer monitoring of Venezuelan expenditures and even more influence in politics (Myers, 2014), although the latter must be very subtle or indirect action due to the Chinese strategy of non-intervention. The asymmetry becomes evident not only due to the fact that China has become Venezuela's largest foreign creditor but also in the way in which the loans-for-oil structure is used by China as a way of protection against the economic or political worsening of Venezuela, or a hypothetical deterioration in their trade and investments relations (Ferchen, 2014).

Despite its trade, or even investment, diversification, Venezuela has experienced strong difficulties to diversify its economic model. The relationship with China has only accentuated its dependence of commodities, since the Chinese loans are primarily repaid with shipments of oil. When the Bolivarian government, as well as other South American governments, advocates for a "progressive extractivism", meaning that the economic benefits are regulated by the state in order to formulate social policies and to improve the living conditions of the most vulnerable popular groups, the fact that the basis for the economic model still relies on extractivism is, however, not questioned. Maristella Svampa has identified a new economic period that she calls "commodities consensus", emphasizing both ruptures and continuities with the Washington consensus. The existence of extractive projects oriented toward exportation explains why both progressive and conservative governments (in other words, against or in favor of neoliberalism) share the same economic background. The commodities consensus is "built on the idea that there is –tacit or explicit- agreement about the irrevocable or irresistible character of the current extractivist dynamic, resulting from growing global demand for raw materials" (Svampa, 2015: 67). Obviously, the intervention of the state makes a considerable difference in relation to the Washington consensus, but the so-called progressive extractivism shows its limitations in terms of avoiding the "dependence on natural resource extraction (the 'new extractivism') and primary commodity exports ('reprimarization')" (Petras and Veltmeyer, 2014: 119).

Ariel M. Slipak (2014) connects the idea of “new extractivism” as the ground for the commodities consensus with the increasing role of China in Latin America. According to him, the shift from the Washington consensus to the commodities consensus misses the important role played by China. He proposes to talk about the Beijing consensus to account for the strategy adopted by the Latin American governments, whether conservative or progressive, of increasing trade relations with China and its investments. The Chinese path would be the only possibility for development in the Latin American region whilst the South-South cooperation is only a rhetoric means to hide the reproduction of subordination of center-periphery dependence. Agreeing with Slipak in terms of the major influence and fast expansion of China in the continent, the existence of a Chinese consensus must be nuanced. The influence of China reinforces the existing extractivist model, which certainly impedes the development of a diversified economy and strengthens the Latin American countries’ dependence of such a model, but its use by the governments as a source for their domestic legitimation and for financing social programs is still necessary within the progressive extractivist paradigm. Furthermore, the increasing economic dependence on China is still not comparable to the one on the US, so there is a situation of coexistence rather than replacement.

That is the case of Venezuela where the features of the commodities consensus are recognizable in its economic model as well as the increasing dependence on the Chinese investments and loans; although that does not mean independence from US trade relations. The Venezuelan government also deploys its relation with China in order to offer a domestic alternative to the economic and political crisis and to foster regional cooperation from a Southern perspective. The diversification of the market has not led to a diversification of the economy since the extractivist approach remains intact. The confluence of these complicated balances between the need for diversification and the existing dependence of the US and China shows the possibilities and constraints of Venezuela to develop its economic and trade potential in the context of interdependent hegemony.

### **Ideal Economic Model**

In the last section, I look at the capacity of a country to project an economic and political model, which can be found inspiring by other countries. It is not only about the direct influence on other countries’ politics and economics but rather the projection of a model, which is attractive enough to attempt its implementation and adaption. It is important to show how interdependent hegemony operates in that one swing state follows a model originated in

another swing state or in one of the Big Three: China (which is not related with the hegemonic powers in former global orders), the US and the EU. This notion is quite close to that of “soft power”, since one country finds another respectable or admirable (and its values and culture attractive), but it must be emphasized that beyond trust and admiration, there is also a perception that such a model, like the Chinese, could be beneficial in its adaption to another national reality, in this case Venezuela. The founder of the concept of “soft power”, Joseph Nye (2015) is indeed skeptical about China’s soft power strategy due to the still predominant negative opinion about China and the Chinese nationalism. However, Nye recognizes that China is viewed more positively in Latin America and Africa, although he attributes that to the lack of territorial disputes and human rights concerns. This explanation, however, reflects a conceptualization of the global world which reduces the importance of the emerging powers and the increasing role of swing states and is still more focused on the need of trust for the traditional powers (the US and the EU). The new dynamics in the context of interdependent hegemony are thus ignored, as is China’s influence in other countries and how those countries perceive such an influence and adapt the “Chinese model”.

With an economic model (derived from the commodity crisis) and a political model (with strong confrontations with the opposition) at a crossroad, Venezuela does see in China a potential global ally and economic support, but also an inspiring model which can lead Venezuela towards an alternative economic model. Back in 1982, the first “Special Economic Zones” (SEZs) were created on the Chinese coast which implied the development of a mixed economy, fostered by Deng Xiaoping, in some concrete areas and the shaping of China’s Socialist Market Economy, established officially in 1993. It is not surprising that Venezuela looks at China’s economic model as a way of diversifying the productive model, having until now been able only to diversify trade relations. In an unstable political situation, with oppositional majority in the National Assembly, Maduro claimed that “the main challenge of the Revolution is to boost a productive economic model” (in *El Universal*, 2016). The possibility of re-establishing close cooperation with the US, at least under the Bolivarian government, seems improbable. China’s path to market economy is presented as an attractive possibility for several reasons: It enhances continuity in exploring cooperation with China; it offers a diversified productive model; and it enables Venezuela to maintain the identity of its project as socialist, at the discursive level.

The SEZs are a main factor in explaining China’s economic success, since they “tested the market economy and new institutions and became role models for the rest of the country

to follow” (Zeng, 2015: 4). The SEZs, as in the Chinese case, contribute to industrialization and, at the same time, they attract foreign direct investments and create jobs with flexible labor contracts. China launched SEZs as part of its “going Global” program and as a part of its integral “soft power” approach in the political and economic arena (Thomas, 2013). In their analysis of China’s new overseas SEZs, Bräutigam and Xiaoyang assess the three roles that China’s state-sponsored economic relationships can play: strengthening resource security; enhancing political relationships and soft power; and boosting commercial opportunities for national firms abroad. The authors are inclined to understand China’s strategy as driven mainly by soft power and commercial forces, whilst they do not consider resource security as a decisive factor. Looking at the “Doing Business” ranking in 2008, made by the World Bank, Bräutigam and Xiaoyang stress that the fact that China has dropped projects proposed for Venezuela and Algeria (those ranked among the worst business environments) pointed to a commercial interpretation. However, it must be noticed that a major part of China’s interest in Latin America is due to the decision of diversifying its market and strengthen its resource security. The recent turn to Venezuela and the increasing investment in the region would confirm that all three factors are intertwined.

In April 2015, the Venezuelan government announced its comprehensive plan for the creation of SEZs with the goal of attracting foreign and national investments in order to promote integral development and export-oriented production. According to the Vice-President of Planning, Ricardo Menéndez: “When each of these zones is decreed, there will be an integral development plan, where we are going to have a component linked to production, seeking foreign and national investment in order to achieve a level of development and procure and export base” (in Koerner, 2015). As for the firms committed to the operations in the SEZs, most of them are Chinese and contributed with \$2 billion in contracts to manufacturing and construction projects. There is a double Chinese influence in the Venezuelan model, so to speak: On the one hand, the Venezuelan government presents China’s Socialist Market Economy as an economic model to follow and adapt, and on the other, such application is carried out mostly with Chinese investment.

When the Vice-President Jorge Arreaza inaugurated the I Seminar on SEZs, with the participation of more than 130 national and Chinese firms, he emphasized that the creation of SEZs was part of a larger strategy to change the economic model. This change aims to overcome capitalism and to “deepen the economic model headed towards Bolivarian socialism, which is our socialism, which differs or resembles maybe in many aspects from



other socialist experiences but which is our particular, national, chavista, formula to pursue economic development” (in *Ofensiva Económica*, 2015). This affirmation makes it clear that the creation of SEZs is framed as not entirely contradictory to the Bolivarian socialist model and, besides that, it is connected with other socialist projects, particularly the Chinese one. Overcoming dependence on oil, it should be compatible with the socialist principles. In this sense, it can be claimed that China’s market socialism is deployed by the Bolivarian government above all as an inspiring model which can be applied by Venezuela. The intervention of the state (which can be one of the features) should be representative of the renewed socialism. But as mentioned, beyond the ideological connection stressed by the Venezuelan government, the dependence on Chinese investments continues to increase. Therefore, some criticism (María and Elasad, 2015) is raised on the difficulty of developing an alternative to neoliberalism, since China’s reasons for investments are similar to the US’, not based on international cooperative socialism or workers’ solidarity but rather on profit and capital accumulation.

All in all, Venezuela aspires to change its productive model within its socialist project. The appeal to China’s socialism is used to defend the validity of its own version of socialism and, besides, to point out that there is a model to be followed from the emergent powers, and not from the US. It strengthens the idea of interdependent hegemony and how different political alliances are shaped and how a “non-Western” economic model can become influential in the global world. However, Venezuela takes an uncritical stand on China’s socialist market economy and, even more, does not mention how its economic influence through investment can affect the Venezuelan economic model and increase its dependence on China. The reference to China as an ideal economic model does not aim to make Venezuela follow the Chinese model but rather to introduce a strategic framework in which the government justifies its measures aimed to attract foreign investment, while the possibility of changing the productive model still remains unclear. This paradoxical situation also illustrates the functioning of interdependent hegemony in which Venezuela needs to diversify its productive model and be more independent of US economy, but this can only be achieved through acquiring a new international dependence, on China, which enables it to leave its national dependence on oil.

**Conclusion: Interdependency with Dependency?**

In August 2015, a Venezuela-China Commission met in Caracas in order to strengthen cooperation and sign new agreements. The Venezuelan President, Nicolás Maduro, emphasized the importance of creating an alternative against the “rentier capitalism” which could be achieved with the support of China. Maduro was very incisive in highlighting the advantages offered by Venezuela, from qualified manpower to natural resources and geopolitical influence. But, above all, he stressed that Venezuela is an independent and sovereign country, which he described in the following terms: “We don’t need to consult anyone in the world in order to move forward the way we want to move forward. Independence is the best guarantee that Venezuela possesses to open up paths of development everywhere” (in Noticias Venezuela, 2015). This statement raises an important question on the possibility of being independent in the context of interdependent hegemony.

Wallerstein (2013) claims that the relation of the BRICS countries to the non-BRICS countries in the South can be characterized as sub-imperial, or even imperial, since they reproduce the patterns of the US. This idea must be nuanced. Venezuela, or more properly the Venezuelan government, plays a strategic role as swing state. In order to be “independent”, it attempts to reduce its dependency from the US and to challenge the US hegemony, Venezuela searches for new political alliances with other swing states and with China, as one of the Big Three. This strategic movement leads Venezuela to a more independent position at the same time as interdependency is strengthened in order to avoid dependency or a sole country hegemony, as it happened with the US. However, Wallerstein’s warning about reproducing a new regional hegemony or dependency must be taken seriously. Indeed, the Venezuelan government, using its strategic regional and global position, may be reinforcing its independency but is also shaping new dependent relations. That is what makes the context of interdependent hegemony much more complicated than a world led by a sole hegemon or a world divided into two ideological blocs.

My attempt to conceptualize a framework to account for interdependent hegemony responds to the need for catching complex and subtle intertwined regional and global dynamics in the absence of a sole hegemony, but not to the lack of intentions of playing a bigger role in the world order (or, in other words, to recover or to avoid global hegemony). The interest in considering the relationship between an emerging global power, like China, and a swing state whose influence is more regional, like Venezuela, is that it allows us to identify combined relations of independency, dependency and interdependency. It is not a

comparative analysis but rather an analysis of two countries and their relationships, which are mutually constitutive and influence the countries' interests and strategies. I have identified three dimensions, which define the context of interdependent hegemony: International positioning, economic model and political and economic influence. The first reflects the position assumed by the countries and how they affect the development of a multipolar world. The second and third can look similar but the economic model refers to the national model and trade and economic relations between countries, whereas the political and economic influence goes one step beyond this in order to consider whether the national model can influence other countries, which try to follow or adapt to it. I summarize the characteristics of China and Venezuela's characteristics in this regard in Table 2.

<b>The context of interdependent hegemony</b>		
	<b>Venezuela</b>	<b>China</b>
<b>Global and regional role</b>	Swing state – regional influence in LA	Big global and regional player
<b>International positioning</b>	Conflictual relations against the US Political alliances with the Southern countries	Non-conflictual relations with the US Harmonic relations with the Southern countries
<b>Economic model</b>	Neo-extractivism – exportation of commodities Dependent on investment and loans (from the US and China)	Diversified strategy of importation Dependent on supply of energy (from different countries)
<b>Political and economic influence</b>	Bolivarian Socialism Opening markets while maintaining state control SEZs as diversification model	Socialist Market Economy Market economy with state control SEZs as soft power

Table 2: The context of interdependent hegemony in the cases of Venezuela and China (author's own elaboration).

China's influence and increasing power in Venezuela is unquestionable in economic terms and also in the attraction generated by its economic and political model (deployed as soft power and as an alternative to "Western" capitalism), but it is still dependent on natural

resources which partly explains why it needs cooperation with Venezuela. This does not mean that Venezuela is reduced to a position of a dependent country, at least not exclusively. Venezuela uses its alliance with China strategically to stress its positioning against US dominance, and it can even undertake projects aspiring to become counterhegemonic attempts in regional organizations such as ALBA. However, the visible limitations of the productive model entail a trade diversification, in which China as an ally reduces the economic dependency on the US, and an economic diversification, in which Venezuela needs the investment of Chinese firms to develop an alternative model, like that of SEZs. In this sense, the Venezuelan government does not only promote foreign investment but also refers to China and its Socialist Market Economy as an ideological way-out to overcome the economic crisis through a productive model which is claimed to be socialist. Through this strategic use of the reference to the Chinese model, the government emphasizes the relevance of socialism, without problematizing the differences between both countries or the Chinese turn towards market economy, in order to legitimate Bolivarian socialism. In conclusion, the context of interdependent hegemony opens up a global scenario of alliances and strategies which strengthen the multipolar order and make us rethink not only the North-South relations, but also the concepts of dependency and independency. The context of interdependent hegemony does not deny the existence of new situations of dependency, but rather explains and understands them in the light of interdependence and the incapacity of the existing global powers to become hegemon.

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