• Article •

The Shock from "Loong, Elephant & Bear" ?
-- Research on the Interaction Mechanism between Emerging Market Economies and the Neo-liberal Economic Order

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Abstract: Since the beginning of the 21st century, the rapid economic growth of emerging market economies represented by China, India and Russia has changed the international economic pattern. The rise of these emerging market economies has created a dynamic relationship with the Neo-liberal order that is both competitive and cooperative. In production structure, emerging markets tend to guide resource allocation and promote industrial development through government policies. Although this model is different from the market-oriented principle advocated by Neo-liberalism, it also shows the effectiveness of state power under specific conditions. In financial structure, while attracting foreign capital through marketization and liberalization, emerging markets also try to manage short-term capital flow through policy regulation to maintain financial stability, showing a balanced integration strategy with the Neo-liberal financial liberalization principle. In knowledge structure, emerging market economies face significant advantages over developed countries and their technology companies, especially in high-tech R&D and intellectual property, which has led them to rely heavily on and integrate into the existing Neo-liberal knowledge order. The relationship between emerging markets and Neo-liberalism is not binary, but highly complex. In the ever-changing international pattern, emerging market economies should cooperate with developed countries to play an active role, overcoming the logic trap of duality.

Keywords: Emerging Market Economies; Global Political and Economic System; Neo-liberalism; Structural Power

1. Introduction

Since the 21st century, emerging market economies, including China, India and Russia, have experienced rapid economic growth, and their influence within the international economic structure has been on the rise. The subprime crisis, which originated in the United States, served to exacerbate the disparity in economic growth between emerging market economies and developed countries. There has been a significant shift in the global economic landscape, with a notable shift in the share of the global economy between emerging and developed economies.

The transformation of the international economic structure mirrors the restructuring of the international power structure. In the developed world, the rapid growth of emerging market economies has led to a decline in their influence. Some developed countries even perceive this phenomenon as the "rise and fall of international power." The domestic government-centred, policy-driven development model of emerging market economies is also perceived by some advanced countries as a significant challenge to the Neo-liberal order. In response, developed countries regard some emerging market economies as a threat to the international economic order and employ non-market measures, such as trade sanctions or investment restrictions, to suppress them. In response, emerging market economies will adopt a similar approach in order to protect their own economic interests. This will intensify the friction between the world economy, leading to increased transaction costs and reduced operational efficiency within the global economy.

In light of the aforementioned development status and potential competition risks, it is imperative to elucidate the fundamental contradiction between emerging market economies and the Neo-liberal international order, as well as to examine the interactive logic between the two. This has become a crucial foundation for comprehending the current international economic order. In this regard, this paper attempts to analyse the growth sources of emerging market economies through a discussion of production functions from the perspective of structural power. It then goes on to analyse the interaction between emerging market economies and the Neo-liberal international economic order, with a view to answering the question of what dimensions of competition exist between them. In what way is the partnership constituted?

In order to achieve the aforementioned research objectives, the following aspects will be addressed in this study:

First, the theoretical basis of the research is to analyse the conceptual difference between the Neo-liberal international order and the development model of emerging market economies;

Second, based on Susan Strange's structural power, this paper analyses the power distribution and interaction patterns between state power and market mechanism in emerging market economies;

Finally, this paper hopes to break the contradictory view of the binary opposition between emerging market economies and the Neo-liberal international order.

2. The Connotation and Contradiction of Neo-liberalism

The advent of the high-tech revolution in the latter half of the 20th century has witnessed a significant advancement in productive forces, accompanied by the evolution of capitalism from a national monopoly to an international one. In order to address the demands of economic interests, Neo-liberalism began to shift from a theoretical and academic discourse to one that was politicized and formalized. Since the beginning of the 21st century, the development of emerging market economies has had a discernible impact on Neo-liberalism. It is therefore logical to commence this study with an analysis of the conceptual contradiction between the development model of emerging economies and Neo-liberalism.

2.1 Discourse Connotation and Policy Models of Neo-liberalism

In the current academic discourse on IPE, the theoretical system of Neo-liberalism represents a distinct academic school that is significantly different from both Marxism and realism. This theoretical system places a strong emphasis on the market-oriented approach, encompassing a series of theories and ideological systems pertaining to the global order. It advocates for trade liberalization and price marketization. This theoretical orientation is highly analogous to the prevailing international political and economic order, and thus the current international order can also be understood as the Neo-liberal international order.

Firstly, from an academic perspective, Neo-liberalism posits that marketization represents the most efficient operating mode of the contemporary economy. From a theoretical standpoint, the perspective of Neo-liberalism can be traced back to classical liberal economic theory, which places a strong emphasis on economic freedom and market competition. The aforementioned academic views were further developed by Neo-liberalism, resulting in the following theoretical and policy orientations: Firstly, there is the issue of marketization. Those who espouse Neo-liberalism hold the view that a fully functioning market economy provides a wealth of information to market participants, and that unregulated price fluctuations and output determination serve to enhance the overall welfare of the economic system. The second is liberalization. From a Neo-liberal perspective, the unrestricted movement of capital, raw materials and labour across global markets reduces transaction costs and facilitates the efficient allocation of resources. The third orientation is that of individualism. This orientation emphasizes the significance of individual, enterprise and other micro-level actors within the political and economic system, with a particular focus on individual freedom, rights and responsibilities. In contrast, an economic system can be defined as a community of individuals who have formed a social contract based on their consent. Consequently, marketization, liberalization and individualization have become the most salient theoretical characteristics of Neo-liberalism.

Secondly, in the actual international economic order, the economic actors represented by private ownership enterprises are of paramount importance in the operation of the economic system. In contrast to the classical model of realism, which regards the nation-state as the primary unit of analysis, and Marxism, which focuses on social class, the Neo-liberal school of thought considers the individual or private enterprise to be the fundamental starting point for studying reality. They posit that private ownership and private enterprises are capable of undertaking business actions with the objective of maximizing their own profits. This model facilitates technological innovation, enhances business efficiency, and enables consumers to benefit from it. Moreover, the Neo-liberalism regards private enterprises as key entities, which are also intrinsically consistent with the characteristics of marketization, liberalization and individualization. The private ownership enterprise is a concrete example of an entity that is oriented towards individualization. Marketization and liberalization can assist private enterprises in obtaining prices that are not distorted by policies and in freely determining the production and marketing situation. This results in an improvement in the profitability of enterprises and an increase in the overall social welfare level.

In essence, the Neo-liberal vision of the international order regards market mechanisms as superior to the power of the state and does not acknowledge the excessive role of the state in economic operations. It is accurate to note that Neo-liberal scholars acknowledge the importance of the state in terms of political security and social order. However, they oppose the excessive intervention of the state in economic operation through policy and other means. Consequently, the state should facilitate the full functioning of market mechanisms and alleviate the economic burden on private enterprises. In terms of policy orientation, the state should reduce the cost of private enterprises by reducing the tax burden of enterprises and reducing transaction costs. This would stimulate the vitality of private enterprises to expand reinvestment. In terms of institutional supply, the state should reduce the "unreasonable" advantages of "state-owned enterprises" and protect the management rights of private enterprises to ensure the effectiveness of market information and factor allocation. In the context of the international economic order, the aforementioned theoretical perspectives can be further elucidated as a focus on the role of transnational corporations, opposition to non-market behaviors, and the assurance of international market competition. Consequently, Neo-liberalism posits that the market is superior to state power in the functioning of the economy and is the most efficient.

2.2 The Complicated Relationship of "State - Market" in Economic Growth

A review of the historical development of emerging market economies reveals that the central governments of these countries and their policies have played a pivotal role in promoting macroeconomic development and industrial restructuring. It can even be argued that the rapid growth of emerging market economies in recent years can be attributed to the policy influence of central governments. Moreover, it has an impact on the policy orientation and development model of Neo-liberal scholars and policymakers. From their perspective, the policy-centric economic model of emerging market economies has a detrimental impact on the international order and economic efficiency. Consequently, an analysis of the intricate patterns of state power and market operation throughout the process of economic growth is of paramount importance.

If these emerging market economies are separated from the existing international economic system, their growth can be described by the following aggregate production function:

$$Y = F\,(A \times L, K)$$

The above equation defines Y as the total output, A as the technological progress, L as the level of labor, and K as the level of capital input. The preceding formula posits that the economic output of a country is directly proportional to the local factors of production, including technology, labor, and capital. It is evident that there are parallels between this production function and the Solow Growth

Model. Nevertheless, the Solow model assumes a single-sector economic model in which the government is absent, thereby overlooking the role of government in economic operations. However, the total production function constructed in this paper considers that the role of government in economic operation should be included in the mapping relationship. In other words, the government and its policies must still be reflected in economic growth through factors of production such as technology, labor, and capital.

In contrast to the Neo-liberal stance against excessive state intervention, emerging market economies emphasize the role of the state through social public policies, official capital subsidies and industrial policy guidance during the growth process. For example, China launches its five-year plan for the national economy every five year, and India's Modi government pushed its "Make in India" programme during its first and second terms. Russia has also promulgated the Outline and the Far-East Country 2024 Years Ago in 2035 Vision (Государственная программа Российской Федерации «Развитие Дальнего Востока Российской Федерации до 2024 года и перспективы до 2035 года). The economic development strategy adopted by these countries shows that governments are not merely supervisors of the market, but architects and catalysts for economic progress.With the promotion of the government and its policies, emerging market countries can obtain human resources (L) and domestic capital (K) at a lower cost.In addition, emerging market economies can also influence the progress of technology (A) through certain policies. Thus, by virtue of their advantages in factors of production, emerging economies can accumulate wealth at home and abroad, thereby improving their position in the international economic order.

2.3 The Interaction of "State - Market" in Structural Power

In Strange's analysis, the international political and economic system can be divided into distinct structural powers, including production, knowledge, finance, and security. Structural power can be defined as a form of power that establishes the distribution structure and determines the rules of interaction. Indeed, structural power delineates a specific interaction space for actors. Political and economic actors interact in a variety of domains, including production, knowledge, finance, and security. These interactions are driven by the objective of gaining a dominant position within the corresponding interactive space or structural power. In order to fully comprehend the concept of structural power, it is essential to consider the two-dimensional relationship between the state and the market.

From the perspective of state-to-state relations, emerging market economies occupy a relatively weak position within the international political and economic structure. Their past history and population size, however, give them reason to hope that they will eventually dominate a certain international order. From the perspective of historical motivation, regardless of whether one considers China, India, or Russia, these countries have all played a role as a center of civilization or a dominant player in regional order in the past. However, following the consequence of the Second World War, the relative position of these countries in the global market was significantly undermined by the influence of countries such as the United States and the United Kingdom, and the economic ideas they espoused. Consequently, these countries continue to possess an incentive to seek dominance within the international order. From an economic standpoint, emerging market economies must continue to expand domestic and foreign markets and formulate regional economic and trade rules to enhance their influence within the region and facilitate their own economic growth. Consequently, emerging market economies continue to possess an incentive to enhance the existing Neo-liberal international order in a manner that aligns with their historical memory and economic interests.

From the perspective of international trade and economic development, the ability to leverage relatively limited production factors to gain a competitive advantage within global value chains has become a pivotal objective for emerging market economies. In comparison to developed countries, which possess the "incumbency advantage" within the international order, emerging market economies are constrained to rely on the government's political influence within product and factor markets to achieve primitive capital accumulation or rapid technological advancement through government policies. A review of the historical development of emerging market economies reveals the pivotal role of governments in fostering capital accumulation. To illustrate, during the 1980s and 1990s, the Chinese government initiated a significant number of light industries in the "Asian Tigers" by establishing special economic zones and fostering processing trade. This initiative laid the foundation for China's subsequent industrial advancement, both in terms of taxation and technology. Russia also relies on its energy industry and related policies to facilitate economic recovery following the dissolution of the Soviet Union. The aforementioned development pattern will also influence the current orientation of economic policies, and the government can continue to play a significant role in corresponding emerging market economies.

Nevertheless, this role is not entirely insulated from the influence of market mechanisms and the international economic order, and it will continue to be constrained by these forces and their participants. From the perspective of market participants, the government's intervention in the market and control over resources create opportunities for rent-seeking behavior, which in turn necessitates the payment of additional fees, thereby reducing profit margins. In light of these considerations, market participants may opt to exit the relevant market. Conversely, the role of the government in emerging market economies is unable to reverse the relatively insufficient status quo of the lack of production factors in these countries. Consequently, the relevant countries still require the Neo-liberal international order to facilitate the inflow of overseas production factors into their countries. Consequently, the pattern of interaction between emerging market economies and the current international order is particularly intricate. This paper posits that this interaction mode can be subdivided into three interaction fields and corresponding modes based on the perspective of structural power:

Table 1: Interaction Patterns between Emerging Market Economies and the Neo-liberal International Order

	Key Elements	Power Distribution	Mode of Interaction
Production Structure	Central Government	State>Market	Promote Production
Finance Structure	International Capital Holders	State≈Market	Compromise and Fusion
Knowledge Structure	High-Tech Companies	State<Market	International Expansion

3. State-Centric Orientation from Emerging Market Economies in the Production Structure

The structure of production within the international political and economic pattern primarily concerns the organizational form of production at the social level, as well as the relationship between the social power center and the organizational form of production. In contrast with the production theory of Neo-liberalism, which identifies private enterprises as the primary actors, emerging market economies place greater emphasis on the role of the central government and economic policies in production. They promote the advancement of production and even the enhancement of the market through the political influence of the state. In essence, this production or development orientation implies that state power is prioritized over the market mechanism.

3.1 The Role of Government and Policy in the Production Structure

The rapid development of emerging market economies in this century requires the promotion of the host country's government, and even the market system of some countries (such as China) is inseparable from the promotion of the central government. The government uses the advantage of relative power and takes economic policy as the main means to promote the evolution of domestic production structure and the upgrading of industrial structure. In other words, the government can have a significant impact on this functional relationship of. Therefore, the government and its policies have become the key to analyze the role of emerging market economies in the production structure.

Firstly, historically, the current economic policies formulated by relevant countries can be regarded as an extension of the government's previous process of building modern political entities and development, thus having a long-term impact on the social economy. China, India, and Russia are all examples of modern states that have been formed in response to external shocks in modern times. The feudal dynasties of these countries were affected by the advanced industrial countries of the modern era, and were confronted with challenges in multiple dimensions, including national security and economic development. In this context, all of these countries have come to recognize the necessity of establishing their modern states through revolutionary means, with the concentration of political power in the hands of their central governments. In the initial stages of their economic model and market mechanism construction, the relevant countries implemented substantial government plans or instructions. Despite the abandonment of planned or command economies in countries such as China, Russia, and India, and the establishment of market-based systems akin to those observed in Western capitalist countries, the governments of these nations continue to exert a significant influence on economic development, largely due to the legacy of historical processes and the distribution of domestic power.

Secondly, the government plays a pivotal role in the domestic production structure of emerging market economies, influencing the domestic economy through the generation of aggregate demand and the regulation of the supply and demand of production factors. On the one hand, the government's methods to enhance the aggregate social demand can be divided into two categories: direct stimulation and indirect stimulation. In the context of direct policy, the government addresses the deficiency in domestic aggregate demand by means of infrastructure construction or the issuance of government orders. For example, China initiated a 4 trillion yuan infrastructure construction program in the wake of the global subprime mortgage crisis in 2008, while Russia employed a substantial number of military and civil engineering contracts to bolster domestic economic growth in the aftermath of the conflict in Ukraine in 2022. In the context of indirect means to stimulate the economy, the government frequently promotes the consumption or investment demand of the non-government sector through the provision of substantial financial subsidies. For instance, China employed fiscal subsidies and vehicle purchase tax exemptions to stimulate demand for family cars during the current real estate downturn. Conversely, the government exerts influence over the supply of domestic production factors through the implementation of corresponding policies, which in turn affects development. The domestic market for factors of production in emerging market economies frequently exhibits deficiencies in institutional infrastructure, which can render government policies a significant determinant of the price of factors of production. Should the government wish to stimulate the development of a specific technology or industry, its policies will directly reduce the cost of obtaining factors in the relevant industry, thereby creating a competitive advantage that is not inherent to the market. The industrial fund established by the Chinese government in the development of the semiconductor industry and the Production Linked Incentive Scheme (PLI) of the Modi government are both policies to reduce the cost of production factors and improve industrial competitiveness.

3.2 The Supportive Orientation of State Power

The production structure of emerging market economies is predominantly government-led and policy-influenced. In essence, this implies that the political influence of government representatives can significantly impact the market mechanism and price signals, thereby giving precedence to the relative release of political power over economic power. With regard to the production structure, the domestic production of these countries will be oriented towards "policy promotion and market assistance," which will have an impact on the global value chain

In emerging market economies, the economic policies enacted by the government can exert a profound influence on the domestic production organization and industrial structure, which in turn can impact the macroeconomic landscape and specific industries. The market mechanisms of emerging market economies are frequently incomplete, and excessive government regulation is a common feature. Domestic market participants will consider the relevant policies to be a "vane" of future development and will thus determine subsequent production arrangements and investment flows. Furthermore, the government can stimulate consumer demand through the use of ideological tools, such as the promotion of domestic consumption and the encouragement of domestic substitution. For example, the rapid advancement of high-end semiconductors in China in recent years can be attributed, at least in part, to the Chinese government's policy efforts in the form of financial subsidies and guidance funds. It must be acknowledged that the aforementioned process still requires adherence to the domestic market and price mechanisms. However, a counterfactual hypothesis can be posited: had the Chinese government not introduced policies conducive to the development of the semiconductor industry in recent years, the emerging semiconductor industry would have been confronted with a shortage of cash flow and talent. This is because market participants are unable to make risky, large-scale, long-term capital investments, and their products may still be uncompetitive against those produced in Europe and the United States. Consequently, the governments of emerging market economies are able to influence the flow of domestic investment and consumption through the implementation of economic policies, which may subsequently result in the creation of a series of competitive industries. These developments will ultimately be reflected in the domestic production structure.

The efforts of emerging market economies to create a comparative advantage by stimulating domestic demand and attracting factors of production will also have a ripple effect up global value chains, provoking opposition from some sovereigns. Emerging market economies tend to rely on policies that result in surpluses of factors of production and final goods. In the AD-AS model, the aggregate output AS curve shifts to the lower right, indicating a decline in equilibrium price in the market. This implies that the product market will transition into a "buyer's market," characterized by a decline in market price. In response, domestic market participants may export their products overseas in an attempt to offset the lack of domestic demand. However, due to the economic policies adopted by exporting nations, which result in unusually low prices, such pricing practices can often be misconstrued as dumping or subsidies. Consequently, importing countries may perceive these actions as indicative of a "non-market economy" approach, which may lead to potential restrictions through government-imposed tariffs and various other regulatory measures. For example, China's electric cars and India's medical products, which were deemed dumping by the US, Europe and others in 2019, can be seen as examples. Consequently, the industrial cultivation of emerging market economies and the responses of other countries using political power to safeguard their economic interests can be regarded as the distribution of state power over the market. In general, the responses taken by governments are unilateral in nature, emanating from the national interest. These policies can ultimately exert an impact on the Neo-liberal international order by influencing the domestic and international production structure through the influence of market demand and factor cost.

4. The Integration of Emerging Market Economies in Financial Structure

In Strange's view, the financial structure must include a credit-based political economy and a monetary exchange rate system, which should include a transnational payment settlement system. Among the factors influencing the domestic and international economic system is the level of financing quantity, which is jointly influenced by the government, countries, and the capital party or the market. For emerging market economies, although domestic governments have taken certain measures to control capital inflow, they remain subject to international capital and financial markets due to capital abundance and the influence of the existing monetary settlement system. This has resulted in the convergence of domestic government regulation and international capital flows.

4.1 The Fundamental Role of Monetary in the Financial Structure

The current international financial structure has always revolved around currencies. Monetary plays a particularly important role, both as a factor of production and as a tool of settlement. It is the material manifestation of capital (K) in production factors, and its abundance will directly affect the total output of the social economy, that is, how the total output (Y) is affected by capital (K) through. In addition, the role of the payment and settlement function of money comes into being along with international trade. Therefore, considering the impact of the rise of emerging market countries on the function of international financial structure must focus on the function of monetary in the structure.

Firstly, emerging market economies continue to require significant capital to fuel domestic production, and thus are currently not entirely averse to international capital. In contrast to developed capitalist countries, emerging market economies frequently confront the challenge of limited or excessively concentrated capital factors. To some extent, the entry of international capital and the economic development of emerging market economies will be mutually beneficial. From the perspective of international capital and emerging market economies, there is a mutual interest in capital appreciation. Due to the relatively large domestic demand in emerging market economies, international capital can circumvent tariff barriers through direct investment or joint venture, thereby capitalizing on inexpensive domestic factors to maximize capital gains. Conversely, international capital can provide the requisite funds for emerging market economies to bridge the gap between savings and investment through foreign investment and international loans. In light of the aforementioned considerations, the relevant emerging market economies adopt an open stance towards international capital.

Second, emerging market economies also need the settlement currency represented by the US dollar to achieve international trade to reduce transaction costs, so as to improve the export and profit of domestic products. At present, the dollar is still the world's main reserve currency and medium of exchange, dominating international trade. In particular, most transactions in commodities such as oil, gold, and other key raw materials are still denominated and settled in dollars. It is evident that emerging markets, most notably Russia, are endeavoring to establish an alternative to the dollar for international settlement. However, it remains uncertain whether this endeavor will ultimately succeed. In light of the prevailing state of the international monetary system, the adoption of the US dollar as a medium for cross-border transactions has effectively established a convenient conduit to the global market for enterprises in emerging market economies. Furthermore, it has created a relatively predictable trade environment for them, thereby facilitating the smooth progression of international trade activities. Consequently, these economies continue to exhibit a robust demand for the dollar as a principal instrument for efficacious cross-border trade. Consequently, emerging market economies remain closely integrated with the Neo-liberal financial system throughout the export process. In essence, the process by which emerging market economies raise aggregate social demand and factor income through exports can be seen as an active participation in and internalization of the Neo-liberal international financial architecture.

4.2 The Compromise Integration of State Power and Global market

Given the pivotal role of currency in emerging market economies, it is unlikely that these countries will adopt an entirely oppositional stance. Instead, they are likely to adhere to market norms to maintain foreign investment. Nevertheless, the influence of financial liquidity will ensure profits for investment from developed countries by enabling them to withdraw investment when economic development expectations are negative. To mitigate the adverse effects of foreign divestment in emerging market economies, emerging market countries may also leverage their political influence to regulate short-term financial flows. Consequently, the relationship between emerging market economies and the international financial structure will be characterized by a compromise orientation, with continuous interaction and integration between the state and the market.

On the one hand, emerging market economies have relinquished political power to the influence of market forces in order to attract long-term capital inflows from abroad. From a rational perspective, international capital is driven by the objective of maximizing profits, which informs business decisions. It is therefore to be expected that international capital will seek to ensure that the host country is able to guarantee the safeguarding of its investment interests, reduce the transaction costs faced by entering local investment, and minimize the restrictions on capital flows. In comparison to developed countries, emerging market economies still require a considerable amount of capital and technology to facilitate their economic growth. The global financial market remains a "seller's market," wherein Western capital owners hold a relatively dominant position. In light of the aforementioned market structure, emerging market economies are able to attract capital from developed countries through the implementation of government policies designed to enhance domestic markets, reduce unwarranted government intervention, and align international market standards. To illustrate, China has demonstrated a relatively open stance towards foreign investment since the 1990s. In recent years, China has implemented a "negative list" system with the objective of reducing the entry threshold for foreign investment and limiting the restrictions on foreign investment in the domestic capital market. India has also attracted Western capital to invest and establish factories in the local area by improving foreign investment access rules and developing economic and trade partners. The aforementioned measures can be interpreted as the convergence of government power and the expansion of market mechanisms in emerging market economies, or alternatively, as the integration of these economies into the Neo-liberal international order.

On the other hand, emerging market economies continue to advocate for the regulation of short-term international capital to mitigate the potential adverse effects of excessive capital flows on their domestic financial systems. The nature of short-term international capital renders it highly sensitive and mobile. Should such capital flows occur rapidly in and out of emerging market countries for reasons of safety or speculation, the result could be significant turbulence in domestic financial markets and a detrimental impact on the stability of currency values. Furthermore, the influx of short-term capital can impede the efficacy of domestic monetary policy and deplete foreign exchange reserves in the process of stabilizing the value of the currency. This phenomenon was evidenced by the response to exchange rate crises in Thailand and Hong Kong towards the end of the 20th century. To circumvent these disadvantages, emerging market economies utilize their political influence to restrict irrational short-term capital flows through the implementation of measures such as capital controls or exchange rate limits. For instance, in 2006, the Thai central bank faced significant pressure on the Thai baht due to a surge of international capital inflows and a current account surplus. In response, it adopted a high interest-free reserve policy, which aimed to raise the cost of hot money investment and curb the speculation of the Thai baht by short-term foreign exchange inflows.

In contrast to the unilaterally promoted production structure, emerging market economies exhibit a complex relationship with Neo-liberalism in the field of financial structure. These countries are open to long-term capital, with the objective of limiting the influence of political power and facilitating their integration into the international market. This integration is intended to attract long-term capital, which will then be invested in these countries and converted into domestic output. However, they also employ political influence to regulate excessive short-term capital inflows and prevent adverse effects on domestic markets and financial stability. In general, emerging market economies need to maintain a compromise between government regulation and market mechanism in financial structure, and then there is a complex competition and cooperation relationship with the Neo-liberal order.

5. The Relatively Weak Position of Emerging Market Economies in the Knowledge Structure

As one of the structural powers, knowledge structure mainly answers the questions of what knowledge is discovered, how to store and use knowledge and so on. The structure often includes areas such as cultural ideas, ideology and science and technology. Combined with the current international environment and the research questions of this paper, the evolution of science and technology and its impact on the international order and social production should be the focus of this paper, that is, to answer how the total output (Y) and government mechanism ( ) interact with technology (A). Although emerging market economies are capable of breakthroughs in areas such as the use of science and technology, they are still weak in basic scientific research and development, which is not enough to achieve a major impact on the Neo-liberal order.

5.1 The Dominance of Developed Countries and Technology Companies

Modern science and technology often originate from developed countries and have a significant impact on the global political economy through product trade or technology diffusion of technology multinational corporations. Generally speaking, developed countries and related technological multinational corporations still occupy a relatively dominant position in the knowledge structure. This means that emerging market economies in many cases have to follow the technological innovation of advanced countries and integrate into the intellectual structure of the Neo-liberal order.

Firstly, technology companies in developed countries play a pivotal role in the advancement and implementation of scientific and technological knowledge. Their growth and development are particularly contingent upon the market mechanism. Despite the substantial state-directed investment in fundamental research in developed countries, it is the responsibility of technology companies to facilitate the transformation of scientific knowledge into economic benefits and to expand the reproduction of this process. It is incumbent upon technology companies in developed countries to strike a balance between the twin objectives of profit maximization and technology transformation. On the one hand, the technologies and products related to the aforementioned technologies represent the foundation and source of competitive advantage for such technology companies. In the absence of pertinent technology and products, technology companies are susceptible to the erosion of their technological barriers, which can facilitate the encroachment of competitors and the loss of market share. Conversely, technology companies must still adhere to the regulations governing the product market and introduce products that align with consumer demand or devise novel applications. It is only when consumers are willing to pay for the products that technology companies offer that they can generate sufficient profits to expand product development and production. It can be argued that technology companies in developed countries were originally products of the Neo-liberal economic order, relying on the economic power of the global market to grow and expand.

Secondly, the process by which technology companies export their products and technologies to developing countries for greater profits serves to further establish the dominant position of developed countries in the knowledge structure. From the revenue perspective, developing countries, including emerging market economies, represent a significant opportunity for technology companies to expand their market reach. By exporting to these countries, technology companies can readily assume a dominant position within the local market, thereby increasing sales by capitalizing on the growing consumer power and market demand. From the cost perspective, technology companies can leverage inexpensive labor and reduced operating expenses in developing countries, as well as minimize production and coordination costs through outsourcing or joint venture production, thereby enhancing profitability. As a result of technology companies' outward expansion, both the companies themselves and the countries of their origin have effectively penetrated the social economies of developing countries. As a result, developing countries, including emerging market economies, will become increasingly reliant on such companies for technical products, technical knowledge, and even labor. This will effectively lock them into low-value-added links represented by the OEM model. Furthermore, the aforementioned processes serve to exacerbate the "knowledge gap" between developing and developed countries. [1] It is challenging for developing countries to enhance their technology and efficiency through a "learn by doing" approach, and it remains difficult to achieve a technological leapfrog development. Conversely, technology companies are in a position to reinvest high profits in R&D, thereby exacerbating the imbalance in knowledge structures.

5.2 Strong Position in the Global Market

The international knowledge structure is dominated by technology companies from developed countries. Although emerging market economies can, to some extent, compensate for their relative lack of production technology through industrial policies, they remain behind in the field of developing new technology and new knowledge. Consequently, political power is unlikely to assist them in replacing or overtaking the advanced countries' dominant position in the knowledge structure. In essence, emerging market economies must still submit to market mechanisms and be integrated into the Neo-liberal international intellectual structure.

On the one hand, the advancement of research and development (R&D) in the field of knowledge necessitates the accumulation and precipitation of a domestic research environment, which is often challenging to achieve in emerging market economies within a relatively short time frame. The upgrading of R&D in the field of knowledge frequently necessitates the foundation of new knowledge and scientific and technological innovation upon existing knowledge precipitation. Developed countries

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possess a significant advantage in this regard. To illustrate, consider the case of Artificial Intelligence technology. Although emerging market countries represented by China have invested a lot in this aspect, developed countries have an advantage in the patents and number of large Artificial Intelligence models. This advantage comes from the United States' accumulation of knowledge, talent, and innovation in computing science, which is something that emerging market economies will find difficult to match in the short term by using political power. Moreover, the constrained financial resources of emerging market economies are more inclined to be allocated towards infrastructure construction and urgent scientific research initiatives, whereas investment in long-term R&D activities remains inadequate. For example, China's investment in science and technology is still a response to the "decoupling" adopted by the United States, while the long-term investment in basic science remains limited. The lack of long-term investment in basic science, under the leadership of political power, presents a significant challenge for emerging market countries seeking to achieve breakthroughs in science and technology. This also limits their capacity to disrupt the existing knowledge structure.

On the other hand, the advancement of the knowledge sectors is contingent upon the successful commercial operation of technology companies, a factor that is conspicuously absent in the government-led industrial policies of emerging market economies. As the primary focus of knowledge innovation, the long-term growth of technology companies necessitates the attainment of market demand through the provision of superior products or services, which should subsequently be reinvested into long-term research and development. While industrial policies in emerging market economies can facilitate the rapid development of relevant enterprises and safeguard their scientific and technological R&D models through trade barriers, it remains unclear whether these policies can effectively translate into globally competitive products, given the influence of domestic political power and bureaucracy. In the event that technology companies based in these countries are unable to compete on the global stage, they will be compelled to compete on price within their domestic markets. Furthermore, the protectionist measures implemented by these countries with regard to trade in services will also impede cross-border scientific and technological exchanges. The aforementioned trajectory will ultimately result in a reduction in the reinvestment of relevant technology companies, which is an impediment to their R&D innovation.

Emerging markets encounter obstacles in surpassing the technological advancements of developed nations. The advancement of knowledge, particularly in the civilian technology sector, necessitates a process of market testing and technology accumulation. There is no straightforward correlation between political power and knowledge innovation. Rather, the latter is more dependent on global market recognition. The endeavour to supplant economic might with political influence in the intellectual domain encounters considerable obstacles.

6. Conclusion

The ascendance of China, India and Russia, among other emerging economies, has the potential to significantly alter the prevailing international order, which is largely defined by Neo-liberal principles. This paper posits that the ascendance of emerging market economies does not simply follow or challenge the Neo-liberal framework; rather, it forms a complex relationship with the Neo-liberal order that both influences and cooperates.

At the level of production structure, the practice of emerging market economies demonstrates that this role cannot be ignored. These countries have achieved rapid growth through government-guided industrial development strategies, which challenge the traditional Neo-liberal perception of the role of the state. In terms of financial structure, a balanced approach has been adopted, encouraging long-term capital inflows for growth while managing short-term capital volatility. In the knowledge structure, while emergent economies have made progress in technology applications, inadequate basic research hinders a substantial shift in the developed countries' knowledge hierarchy. The technological multinational corporations of advanced nations, with their dominant market position and extensive global reach, serve to reinforce their knowledge leadership and to widen the developmental divide. The efforts of emerging markets to narrow the "knowledge gap" through the implementation of science policies and increased investment in research and development are impeded by the lack of robust foundational research and sustained investment, necessitating integration into the global Neo-liberal intellectual framework.

The relationship between emerging markets and the Neo-liberal order is characterized by a multitude of intertwined factors. A simplistic view of the rise of these markets as a threat to Neo-liberalism is prone to bias and ideological polarization, which in turn risks further fragmentation of the global political-economic landscape.

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Author Contributions

The author confirms sole responsibility for the following: study conception and design, data collection, analysis and interpretation of results, and manuscript preparation.

Availability of Data and Materials

The data on which the study is based were accessed from a repository and are available for downloading through the following link or application:

Wind Economy Database

https://www.imf.org/en/publications/weo

Conflicts of Interest

The authors declare that they have no conflicts of interest to report regarding the present study.

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