

The Rise of China and Russo-Chinese Relations in the New Global Politics of Eastern Asia

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Preface

There has been pointed discussion about the character and the orientation of global leadership after the post-Cold War world in the international analytical community over the last ten years. This theoretical discussion became even more poignant, with many more practical considerations, after the 9/11 terrorist attacks on the United States. Clearly, the terrorist acts in the US and elsewhere, and the decision of the administrations of President Bill Clinton (Yugoslavia) and, more recently, President George W. Bush (Afghanistan, Iraq) to begin acts of revenge as well as the power restructuring of the new post-bipolar world based on American unilateralism have complicated the situation and sharpened the discussion on the character of global leadership.¹ The problem of a peaceful rise of

¹ Alexander Cockburn and Jeffrey St. Clair, *Imperial Crusades: Iraq, Afghanistan and Yugoslavia; A Diary of Three Wars* (London: Verso, 2004); Zbigniew Brzezinski, *The Choice: Global Domination or Global Leadership* (New York: Basic Books, 2004); George Soros, *The Bubble of American Supremacy: Correcting the Misuse of American Power* (London: Phoenix, 2004); Will Hutton, *A Declaration of Interdependence: Why America Should Join the World* (New York: W. W. Norton, 2003); James F. Hoge Jr. and Gideon Rose, eds., *American Foreign Policy: Cases and Choices* (New York: Council on Foreign Relations, 2003); Nancy E. Soderberg, *The Superpower Myth: The Use and Misuse of American Might* (Hoboken, NJ: John Wiley, 2005); Clyde Prestowitz, *Rogue*

China and its accommodating stance toward the existing global order in its new capacity as an economic giant, or its power to subvert or partly restructure it, occupies one of the main places in this discussion.² Indeed, it is more or less clear to the majority of the international analytical community that the rise of China will sooner or later emerge as the most formidable regional security challenge in East Asia³ and also, as some have argued, globally, because there is no historical precedent for a peaceful rise and fall of a major power together with alteration of the world system. Thus, many are concerned that this regional and probably global restructuring may proceed at the expense of their countries' status and interests. There are also very influential alternative views that are mainly, but not necessarily, associated with researchers from the PRC who argue that China can rise regionally and globally without posing any threat to the international community or the international system (*heping jueqi* or the "peaceful rise" concept).

However, this problem is interesting not only from the viewpoint of practical geopolitics and diplomacy as generally assumed, but also from a theoretical angle regarding how to assess the applicability of theoretical constructions in international relations theory as to what extent China can aspire to acquire regional and even world leadership (or hegemony?), in what spheres, and at what pace. Questions that are usually asked in this connection are: Does China really represent a new pole of political-economic power that emerged after the collapse of the USSR and is developing as a major competitor with Japan and the United States regionally and perhaps also with the United States globally, both economically and strategically? Or should we decouple economic and strategic development in the case of China as happened with Japan? Should China be integrated into the political economic development of Asia-Pacific as a benign pole as liberal theoretical approaches propose, or should it be balanced, contained, encircled, and deterred as realists suggest? Should China be given a chance for a peaceful rise that probably

Nation: American Unilateralism and the Failure of Good Intentions (New York: Basic Books, 2003).

² Ronald Keith, "China as a Rising World Power and its Response to 'Globalization,'" *The Review of International Affairs* 3, no. 4 (June 2004).

³ NAM Changhee and TAKAGI Seiichiro, "Rising China and Shifting Alliances in Northeast Asia: Opportunities and Challenges Facing America and its Allies," *The Korean Journal of Defense Analysis* 16, no. 2 (2004): 154.

will also mean giving China an opportunity for democratic development? Should the international community ignore the possibility of China's having good intentions in this peaceful rise? Or is China's rise *a priori* malign, and thus, requiring security precautions be taken against it? How can China readjust the regional environment in practice in view of strengthened US-Japan and US-ROK alliances, mostly, as some argue, in the realm of Russo-Chinese strategic partnership coupled with the strengthening of the Russia-China-India triangle? What will be the consequences of diplomatic moves in this new direction? How should the regional asymmetries of China and Japan be addressed in view of their relative strategic and economic positions, while taking into consideration China's development trends? Or are traditional theoretical perspectives and the security worries associated with them perhaps simply too shallow to address the most current international and regional developments?

I would argue in this essay that in a new global context, relations between the United States, Japan, Russia, and China need not be adversarial as the four countries may search for areas of cooperation in economic and security areas. The United States, the European Union, Japan, Russia, China, and India can, by working together, forge a future world and regional order that is beneficial to all states seeking peaceful and just development.⁴ The chances of a peaceful rise of China must not be ignored since it may eventually lead to China being more democratic

⁴ For a detailed understanding of the evolution of this concept, see Alexei D. Voskressenski, "China in the Perception of the Russian Foreign Policy Elite," *Issues and Studies* 33, no. 3 (1997): 1–20; Alexei D. Voskressenski, "Rossiia i Kitai: problemy dinamiki i preemstvennosti mezhgosudarstvennykh otnoshenii," in *Rossiia i Kitai: perspektivy partnerstva v ATR v 21 veke* (Moscow: Institut Dal'nego Vostoka RAN, 2000), 37–47; Alexei D. Voskressenski, "Sbalansirovanoe mnogomernoe partnerstvo: optimal'naia strategiiia dlia Rossii," in *Global'noe Soobshchestvo: novaia sistema koordinat; podkhody k probleme*, ed., A. I. Neklessa (St. Petersburg: Aleteiia, 2000), 96–107; Alexei D. Voskressenski, "Russia's Evolving Grand Strategy toward China," in *Rapprochement or Rivalry? Russia-China Relations in a Changing Asia*, ed. Sherman W. Garnett (Washington, DC: Carnegie Endowment of International Peace, 2000), 117–146; Alexei D. Voskressenski, "Mezhdunarodnii Kontext Rossiisko-Kitaiskikh Otnoshenii Posle Kosovo," in *Rossiia i Kitai v sovremennoi mire* (Moscow: MGIMO-University, 2000), 43–57; Alexei D. Voskressenski, "Russian-Chinese Partnership in a 'New' Global Context," in "Sino-Russian Strategic Partnership: A Threat to American Interests?" *Asia Program Special Report* 99 (September 2001), 8–13; Alexei D. Voskressenski, "'Sterzhen' aziatskogo azimuta vneshnei politiki Rossii," *Pro et Contra* 6, no. 4 (Autumn 2001): 74–93, etc.

and also more responsible for regional and global security burdens.⁵ This choice is extremely important for Eastern Asia and Northeast Asia, particularly due to the predominance of traditional security considerations, a lack of trustworthy multilateral relations, and suspicions in the region related to a future burdened by a historical past, and also may be endangered by emerging markets with high financial volatility and political risk. Northeast Asia remains characterized by an atmosphere of distrust between the regional powers, which has already become an obstacle to any real coordination against common threats to regional security. The start of six-party talks on the North Korean issue is indeed an optimistic sign of a more inclusive regional dialogue format beginning, which may help the creation of a new multilateral regional security environment. However, the transformation of this new regional security view into a mechanism that can resolve these challenges has not yet been realized.

Some analysts have completely ignored the emerging Russo-Chinese partnership and its influence on a rising China in East Asia.⁶ Some have argued informally that the Russo-Chinese partnership generally, and Russo-Chinese military technological cooperation especially, are causing concern in the West, particularly the United States, and in Japan.⁷ American analysts point to the impact of the Russo-Chinese partnership on the regional strategic balance that comprises the global international system. They are not happy with the similarity between the official Russian and Chinese views on East Asia and the Taiwan Strait—i.e., in

⁵ Bruce Gilley, *China's Democratic Future: How It Will Happen and Where It Will Lead* (New York: Columbia University Press, 2004); ZHENG Yongnian, *Will China Become Democratic? Elite, Class and Regime Transition* (Singapore: Eastern Universities Press, 2004); James F. Hoge Jr. and Gideon Rose, "How Should the United States Deal with a Rising Power?" in Hoge and Rose, *American Foreign Policy*, chap. 1.

⁶ See, for example, Nam and Takagi, "Rising China and Shifting Alliances"; Michael K. Connors, Rémy Davison and Jörn Dosch, *The New Global Politics of the Asia-Pacific* (London: RoutledgeCurzon, 2004).

⁷ Robert H. Donaldson and John Donaldson "The Arms Trade in Russian-Chinese Relations: Identity, Domestic Politics, and Geopolitical Positioning," presented to the 2001 Hong Kong Convention of International Studies "Globalization and Its Challenges in the 21st Century," Hong Kong, PRC, July 26–28, 2001; Stephen Blank, "Which Way for Sino-Russian Relations?" *Orbis* 42, no. 3 (1998), 345–360; John J. Dziak, *The Military Relationship Between China and Russia, 1995–2002: Russia's Role in the Development of China's Strategic Potential* (Washington, DC: American Foreign Policy Council, 2002).

regions where the interests of the United States and Japan are considered vital. These analysts view the Russo-Chinese partnership mostly through the prism of traditional Cold War-time alliances. At the same time, some Japanese and Korean analysts, ignoring the influence of the Russo-Chinese strategic partnership on East Asian international development and arguing that Beijing intends to completely accept the rearrangement of America's alliances with the ROK and Japan,⁸ tend to underestimate the impact of Russo-Chinese military and technical cooperation on the balance of power in Eastern Asia. There are also new trends worth consideration: China became Russia's number one trade partner in 2006 (Chinese-Russian trade surpassing German-Russian trade),⁹ and Wen Jiabao proclaimed that Russo-Chinese bilateral trade would reach \$100 billion by 2008–2010, far beyond Russian trade with any other European or Asian state. The emerging Russo-Chinese energy projects have become a new and important economic/security factor in regional development in Northeast Asia as this source of energy is becoming an important factor helping to transform China into a dominant regional power and a global player.

The reason for this intellectual controversy and underestimation is not misperception or bias as sometimes happens in academic writings (indeed, no one can blame the scholars for the shallow analysis). But the speed of the formidable changes in the region, especially in Eastern Eurasia, which are far beyond reflections in scholarly writings, as well as the transformation of the former ideological biases of the Cold War period into post-Cold War prejudices where the future is flexible, can be formatted according to our perceptions. So, the political establishment tends to be viewed more comfortably through “proved over time,” i.e., orthodox, theoretical lenses by the traditionally conservative academic community.¹⁰

⁸ Nam and Takagi, “Rising China and Shifting Alliances,” 154–155, 173–178.

⁹ As China consequently did with Taiwan and the ROK each the preceding year.

¹⁰ Indeed, it became normal in the English-language literature on world politics not to cite current Russian writings that are not suspected of being outdated in their perception or even misperception regarding current cutting-edge analysis. See, Connors, Davison and Dosch, *The New Global Politics*; Greg Austin and Stuart Harris, *Japan and Greater China: Political Economy and Military Power in the Asian Century* (London: Hurst, 2001); Peter Ferdinand, ed., *The New Central Asia and Its Neighbours* (London: Pinter, 1999); YAMAMOTO Yoshinobu, ed., *Globalism, Regionalism and Nationalism: Asia in Search of*

It must be clearly understood that although some analysts and even politicians point out that there are some signs that the Russo-Chinese partnership is imposing strain on Russian and Chinese relations with the West, the United States, and Japan, this must not be seen as the main purpose of the Russo-Chinese partnership. Instead, it is a by-product of the necessity to strengthen bilateral relations between the two countries due to Russian attempts to construct new cooperative regional arrangements more favorable to Russia and also, in part, as a reaction most recently to the US-Japan and the US-ROK strengthened security arrangements that are following lines of traditional security considerations. Notwithstanding all dangers, pitfalls, and challenges to the Russo-Chinese strategic partnership, it is clearly the strongest constructive trend in the transformation of Northeast Asia and the Russian Far East in parts that were least developed or that even “failed” economically.

I will argue that Russo-Chinese relations are not generally an alternative to Russian and Chinese relations with the United States and do not constitute an “anti-Western” or “anti-Japanese” bloc. The main rationale of the Russo-Chinese partnership from the Russian side is to construct a new type of relationship aimed at promoting a new and just world community of equals rather than of leaders and followers, where the legitimate interests of all states (and thus also of Russia) are kept under consideration, and where all states, notwithstanding their position in the international system, can develop peacefully without fear that their

Its Role in the Twenty-first Century (Oxford: Blackwell, 1999), etc. The argument that most debate on international relations in Russia is, for certain reasons, for internal consumption and cannot withstand criticisms because of the lack of understanding on most current Russian views, at least in academia. Indeed, this trend corresponds with spiritual unilateralism reflected in the attempts to bury area studies because of a lack of “disciplinary rigorosity.” See, for example, a lively debate at Hokkaido University’s Slavic Research Center Conference on the rejuvenation of Eurasian studies (December 9, 2004) reflected in Klaus Segbers, “Area Studies, Comparative Approaches: Is a Peaceful Co-existence Possible? Or: Can or Should Area Studies Survive?” presentation at a symposium of the Slavic Research Center, Hokkaido University, December 9, 2004, <http://userpage.fu-berlin.de/~segbers>; Alexei D. Voskressenski, “Regional Studies in Russia and Current Methodological Approaches for Social/Historical/Ideological [Re]construction of International Relations and Regional Interaction in Eastern Eurasia,” in *Reconstruction and Interaction of Slavic Eurasia and Its Neighboring Worlds*, ed. IEDA Osamu and UYAMA Tomohiko (Sapporo: Slavic Research Center, Hokkaido University, 2006), 3–42. The rare exception to this trend is Gilbert Rozman, *Northeast Asia’s Stunted Regionalism: Bilateral Distrust in the Shadow of Globalization* (Cambridge: Cambridge University Press, 2004).

internal policies will be heavily damaged by external factors and influences.¹¹ The aim of the partnership as seen by the Russian policy-making community is to strengthen regional economies, economic multilateralism, and also partly the security-economic nexus in Northeast Asia through bilateral economic ties, and thus to move the regional Northeast Asian agenda from traditional security cooperation to fostering regional economic development. This Russian idea basically corresponds with the idea of a Northeast Asian coprosperity zone. These ideas are extremely important for Russia due to difficulties in envisaging policy ensuring the stable economic development of the Russian Far East and Eastern Siberia and its peaceful entry into the market system of Eastern Asia.

Since viable structural economic cooperation is shallow between Russia and Japan and its potential is still low between Russia and the ROK (and probably close to nil among the Russian Far East, Siberia, and the United States),¹² the only strategic possibility that Russia could embrace to aid entering the Eastern Asian and Pacific Community is to develop strong strategic and economic ties with China, one of the major economic driving forces in Asia and also a major manufacturing base in the Asia-Pacific region. Regional cooperation between Russia and China has obviously greatly increased in Northeast and Central Asia since their joint leadership of the Shanghai Cooperation Organization, yet there has been no strategic partnership of Japan or either of these two countries on a comparable level,¹³ making in Russian eyes the Northeastern economic-security nexus shaky and thus detracting from the regional economic cooperation that is key to the rejuvenation of the Russian Far East and Siberia as well as for Russia entering the East Asian markets.

¹¹ Alexei D. Voskressenski and Nikolai Maletin, eds., *Aziatsko-Tikhoookeanskii region i Tsentral'naia Aziia: kontury bezopasnosti* (Moscow: MGIMO, 2002); Alexei D. Voskressenski, ed., *Kitai v mirovoi politike* (Moscow: ROSSPEN, 2001); Alexei D. Voskressenski, ed., *Rossia, Kitai i novyi miroporiadok XXI veka: problemy i perspektivy* (Moscow: MGIMO, 2001).

¹² The share of eleven Asia-Pacific countries (PRC, North Korea, South Korea, Japan, Taiwan, Honk Kong, Singapore, Thailand, Mongolia, Vietnam, and India) in Russian foreign trade is 13.4 percent and the share of the US and Australia is 4.3 percent. "Budushee Azii i Politika Rossii," *Rossia v Global'noi Politike* 4, no. 2 (2006): 118–119.

¹³ Austin and Harris, *Japan and Greater China*, chap. 9.

Indeed, the Russo-Chinese partnership is quickly evolving from a traditional security arrangement to a broader bilateral, regional arrangement. The broader structure of these future arrangements is currently the only benign external leverage for the speedy development of the Russian Far East and Siberia. In this sense, the most current trend in Russo-Chinese strategic partnership vividly contradicts the most current trend in US-Japan and US-ROK relations that during the second term of President Bush are quickly moving to strengthen the traditional security agenda dominated by the perception of a malign China that needs to be encircled.¹⁴ Thus, the new free trade agreements between the United States and Taiwan, and the trade arrangements between the United States and Japan, detract from strengthening the economic stability of Northeast Asia and helps the separation of the region into Russo-Chinese and Japan-Taiwan “zones.”¹⁵

In constructing a new world order and also reconstructing a new regional order, interaction between the United States, Russia, Japan, and China need not be purely competitive or adversarial. At least, the Russian political elite does not currently desire such a situation, although the more disappointed and disillusioned with cooperation with Western countries the Russian political elite becomes, the greater the incentive it has for fostering cooperation with China as well as with countries that are also disappointed by the cooperation with the Western world that is moving the world to new and dangerous levels of polarization. However, the United States, Russia, Japan, and China can and must find areas of cooperation, especially in the spheres of economic development and security in Northeast Asia, although the rise of China does constitute a real challenge to the existing international and regional order based on unilateralism. But this challenge is not necessarily malign, and thus must be properly and carefully addressed from regional and global perspectives. However, the solution to an ascending China may not necessarily lie only with containment policies through the US-Japan and the US-ROK security arrangements and the presence of US military bases in Central Asia. A rising China can be also balanced by strengthened Russo-Japanese, Russo-Korean, and Russo-American economic partnerships, multilateral regional

¹⁴ Nam and Takagi, “Rising China and Shifting Alliances,” 153–180.

¹⁵ *East Asian Strategic Review, 2006* (Tokyo: The Japan Times for the National Institute for Defence Studies, 2006).

economic agreements, and also by encouraging new levels of economic cooperation between Russia and ASEAN countries and between Russia and the Western world in general.

The Rise of China and Its Meaning for the Structure of Global Leadership in the Twenty First Century¹⁶

One of the major points of international debate on the meaning of the rise of China for the structure of the international system is usually the success of Chinese reforms, which, if projected into the future, would raise many questions about which state will be responsible for the majority of world economic growth and what the global market share of the United States, the EU, China, and Japan will be. This question is also indirectly connected to the question of possible economic/military coupling or economic/military decoupling as a theoretical question related to how we consider the world: as a world of interdependence with multiple opportunities where rising economically does not necessarily coincide with a rise in military power or a global balance of power where an economic rise inevitably leads to military build-up.¹⁷ However, this is only part of a whole set of provocative arguments *pro et contra*. One of the key structural points in elaborating a framework of arguments, I believe, is in fact a new strategic assessment of China's Asia-Pacific regional strategy that is being transformed into China's new leadership approach to multilateralism and thus constitutes a sort of global strategy that has started to compete intellectually with a strategy proposed by the US to the rest of the world.

The major standing points of this new Chinese approach are:

- Rejecting the deliberate exaggeration of declining state sovereignty in the face of globalization;

¹⁶ Arguments for this section were developed in Alexei D. Voskressenski, "The Rise of China and Its Meaning for the Structure of Global Leadership in the 21st Century: A Russian Perspective," in *Readings in European Security*, ed. Dana H. Allin and Michael Emerson, vol. 3 (Brussels: Centre for European Policy Studies; London: International Institute for Security Studies), 107–119.

¹⁷ Alexei D. Voskressenski, *Russia and China: A Theory of Inter-State Relations* (London: RoutledgeCurzon, 2003).

- Suggesting the state's innovative capacity to adapt to basic changes in international conditions and consequently having more respect for self-determination (especially compared to Russia);
- Influencing the rules of international organizations and regimes to ensure maximum benefit for the priorities of China's own development;
- Accenting multilateralism and multipolarity as an indirect predisposition of China to take on international responsibility compared to the American unilateralist approach;
- Elaborating the sophisticated "third world" strategy that consists of maximizing opportunities for economic globalization, while a state retains its own sovereign options in order to offset the malign consequences of the uneven effects of globalization;
- Proclaiming multilateralism an important instrument to achieve domestic economic goals;
- Stressing concepts of "comprehensive security" consisting of two integral parts, "common security" and "common prosperity," as a necessary condition to create a security community based on sovereign equality and not on "absolute security" or the "balance of power" as the United States proposes.¹⁸

If we agree not only with the emergence but also with the importance of these concepts for a structural understanding of regional and, to a certain extent, global international developments, we would start to consider what the cumulative structural effect of these developments together with China's projected economic development trends would be in the medium-term future.

It is more or less clear that the epoch of straight, crude "hegemony" in the global international system has passed. As the globalization process has been much more complex and includes the process of regionalization, regionalism, and fragmentation of the world,¹⁹ the essence and concept of "hegemony" has become much more refined by its contents and

¹⁸ See, for example, Keith, "China as a Rising World Power," 2–4.

¹⁹ See the extended argumentation by the Indian scholar Rajan Harshe in Alexei D. Voskressenski, ed., *Vostok/Zapad: regional'niye podsystemy i regional'niye problemy mezhdunarodnykh otoshenii* (Moscow: ROSSPEN, 2002), 44–60.

terminology. The international hegemon in the past was understood as a state that responded with military force and with the creative potential for unilaterally structuring and restructuring the global international system according to its interests. The twentieth century has added another important characteristic—it could be not one state but two: a hegemon and a counter-hegemon. After the disintegration of the USSR and the strengthening of the arguments of the school, which argues for a decline of the classical hegemony, concepts of “structural hegemony,” “soft hegemony,” and “global dominance” have also appeared. If the hegemon has military force and the creative potential to unilaterally change the global system, these parameters are insufficient for a “global dominant” state. In the new post-bipolar system of international relations, the “global dominant” state (compared to the hegemon) or a large majority of its political elite must additionally have the desire and the conscious support of the international community to structure a global system and world politics. The support of the international community may be rendered differently: in the form of resolutions by the UN Security Council, formal or informal global coalitions such as the initial antiterrorist coalition, formal or informal international consensus on strategic international issues, etc.²⁰

The emergence of the EU and Eurozone, and later the new ad hoc diplomatic coalition of France, Russia, and Germany opposing the US unilateral view on the future of Iraq, which is transforming gradually into the “new European axis” with a broader diplomatic agenda, and the Islamic offence on the West and the US in particular may show the transition of the US as a world leader from the category of “hegemon” to the category of a “global dominant” state. Other informal arguments in favor are the necessity of benign leadership, and the structural, soft leadership of the United States itself. It seems that in addition to the above-mentioned conditions, the main structural difference between a

²⁰ An extended summary of the arguments is presented in Alexei D. Voskressenski, *“Bol’shaia Vostochnaia Aziia”: mirovaia politika i energeticheskaia bezopasnost’* (Moscow: URSS, 2006); Alexei D. Voskressenski, *Rossiisko-kitaiskoe strategicheskoe vzaimodeistvie i mirovaya politika* (Moscow: Nikitskii Club, 2004); Voskressenski, *Kitai v mirovoi politike*; Voskressenski, *Rossiia, Kitai i novyi miroporiadok v XXI veke*; Alexei D. Voskressenski, ed., *Severo-Vostochnaia i Tsentral’naia Aziia: dinamika mezhdunarodnykh i mezhregional’nykh vzaimodeistvii* (Moscow: ROSSPEN, 2004); Voskressenski, *Vostok/Zapad*.

global dominant state and a hegemon is that the global dominant state loses the potential for unilateral control and for determining the parameters of the extended reproduction and construction of the armed forces of large regional states.

A state should meet three major conditions to be a hegemon or a global dominant state in the international system:

1. It must have an effective economic mechanism based on the manufacture of innovations, financially dominate the system of world currencies, and have a leading position in global trade and dominate in large transnational corporations.
2. Such a state must have military power capabilities on a global scale, unilaterally lead, create, or control powerful military coalitions, and carry out effective global military policy.
3. It must create and promote a society that is internationally attractive from the viewpoint of political and civic culture based on open, competent leadership and a sense of the necessity of significant public sacrifice or donorship, i.e., the readiness of this society and its political elite to endow material and nonmaterial resources in the name of global leadership and the international community. Such a state must have an attractive society in terms of ideology, it should be and simultaneously be perceived as a global center of education and scientific innovation, and must have a vigorous and vibrant population.

If we consider all these three conditions to be, and to be perceived as, global hegemony or global dominance with reference to the United States, the current global leader, we can argue that there has been an erosion of the undisputed leading role of the US in all these three groups of parameters mentioned, although the key parameters are still intact; for this reason, the transition from the category of hegemon to the category of a global dominant state does not mean the complete loss of US global leadership.

The next group after hegemons and global dominants consists of states that can be called “leaders” (or regional leaders). These states do not fulfill the criteria for being a global dominant according to all three groups of these parameters, even if these parameters are eroded, but they have a

certain degree of creative global or large regional potential and their own global or large regional economic and military capabilities, as well as a certain amount of support from other leaders, from a global dominant, or from certain peripheral states to direct or to correct global/regional development, at first in a concrete region/area in which they are located geographically or in which they have historical/geopolitical/economic/cultural interests. Some researchers simply refer to these states as “large regional states.”

There is no uniformity in this group of states. There are “leaders” (or regional leaders) in this group, i.e., states that can strengthen their role to be a global dominant, or even play the principle role of a regional dominant with the consent of a global dominant, which can be silent and informal, or fixed through a set of agreements and coalitions (also formal and informal). There are also “anti-leaders,” i.e., states that can under certain conditions and to a certain extent resist a global dominant and even act on certain decisions that may run counter to the policy of the global dominant.²¹

Anti-leaders have obvious problems with the transformation of their destructive potential into constructive, creative potential. Anti-leaders cannot under any circumstances replace the leader. Under certain conditions, an “anti-leader” can play the role of regional anti-leader, i.e., carrying out in a certain region a policy contradicting (or even challenging) the policy of a global dominant. Certainly, a global dominant will not look neutrally on such an attempt, as the position of regional anti-leadership is key to the position of a “counter-leader,” and probably to the position of a “counter-dominant” (and possibly also to the position of a “counter-hegemon”), i.e., a state that is challenging the existing global dominant and that, in principle, is able to occupy this position in the future. The basic distinction between an anti-leader and a counter-leader is the basic impossibility of the first to turn itself into a global dominant or a hegemon. Besides, there are “non-leaders” in the global system, i.e., states that are unable under any circumstances to turn themselves into leaders, and accepting as a whole the existing structure of the international system, notwithstanding their place in it.

²¹ For these arguments in detail, see Voskressenski, “*Bol'shaia Vostochnaia Aziia*”; Voskressenski, *Rossiisko-kitaiskoe strategicheskoe vzaimodeistvie i mirovaia politika*.

Because of the steady economic growth that has been ongoing for the past three decades and because of its sheer size, enormous market, huge potential, and alternative ideology, the PRC occupies the most important place in this theoretical discussion about the character of the evolving leadership. However, the phenomenal planned economic growth of this huge state over three decades in view of realizing reform policies and its “special” foreign policy position has moved this theoretical discussion into practical spheres related to diplomacy and, in particular, to foreign policy forecasting as well as to the calculation of military projections related to the foreign and economic policy of states like China.

It is expected that more than 50 percent of global economic growth will be related to the Asia-Pacific region where China is playing an increasingly important role, and also to China itself. The emergence of the PRC among the major trading states and possible world economic superpowers may question the existing global economic and political order because China habitually complains that it suffers from the structural/economic leadership of the West, never hiding its discontent with the past economic and political order. For this reason, both the Western and Chinese analytical communities today are intensely discussing China’s “peaceful entry” into the system of global relations. Chinese analysts, accordingly, are discussing the question of the future role of China as it is acquiring the status of *daguo* (a “great power”) and whether it should simultaneously become *fuzeguo* (a “responsible state”), and what this last notion means in Chinese terminology compared to Western political science and international relations.²² China has formulated itself flexibly enough, and different from the Soviet model, the socialist model with Chinese characteristics, having successfully integrated socialist ideas with a Confucian ethical system and with at first rudimentary, and later quite sophisticated “capitalist” market mechanisms, while attempts to create a new system of “socialist morals and ethics” and of a “socialist economy” obviously failed in the USSR.

In this connection, the actual essence of the Chinese economic system, i.e., how much “socialism” is actually in it, is less important than

²² Li Wuyi, *Daguo Guanxi yu Weilai Zhongguo* [Great Power Relation and Future China] (Beijing: Zhongguo shehui kexue chubanshe, 2003); *East Asian Strategic Review*, 2004, 2005, 2006 (Tokyo: The Japan Times for the National Institute for Defense Studies, 2004, 2005, 2006); HU Angang, ed., *Zhongguo da zhanlue* [Great Strategy of China] (Hangzhou: Zhejiang renmin chubanshe, 2003).

China's economic system being perceived as an alternative to the "pure capitalist" Western market system. In this sense, mainland China or, more precisely, Greater China (mainland China plus connected territories inhabited partly and influenced mainly by the Chinese diaspora) is quite capable of challenging Western trading blocs (NAFTA and EU) and the United States not only economically, but also through its formulation of a "spiritual alternative" to the Western system of values and the Western system of economic structure and management.

However, it is clear that this challenge is different from those faced in the Soviet era, and for this reason, it will be very difficult to formulate an acceptable answer to meet this challenge.

First of all, communist China is not unanimously perceived as the leader of the "third world" or the developing world. The major argument here is economic: China, contrary to the USSR that argued that the socialist Soviet economic system was developing according to socialist economic rules/laws that were different from those of a market economy, has incorporated into its mainstream theory of international political-economic neo-Marxist innovation the idea that the world economy has three interconnected structures: a united and uniform global market; a political system of independent competing states; and a three-layer spatial structure consisting of, first, a "center" that specializes in manufacturing the most effective high-cost goods and technologies and thus fully uses the effect of freeing the resources needed for its own super-fast development, second, a "periphery"—i.e., less developed countries specializing in exporting raw materials and goods made with manual labor, acquiring mostly luxury goods for the price of that export, investing money in the "center," and transferring its capital to offshore zones, and, third, a "semi-periphery."²³

The "semi-periphery" is not homogeneous. It consists of countries relatively industrially advanced, which as a whole cannot specialize in the production of economically "more effective" high-cost goods, but can still produce technology that can be sporadically sold at relatively low prices in the periphery in those niches where it is possible to compete with the "center"; of the new industrialized countries (NIC), which have based their modernization on the innovational model but oriented their

²³ Voskressenski, "Bol'shaia Vostochnaia Aziia," 20–22; Voskressenski, *Rossiiskokitaiskoe strategicheskoe vzaimodeistvie i mirovaia politika*, 10–25.

production toward exporting goods to the “center”; and of countries exporting crude oil. From a neo-Marxist viewpoint, which has been effectively applied in China, economic relations in the modern world are independent from political relations. Thus, Chinese economists have come to the conclusion that the market is a notion not only intrinsic to the capitalist way of production, but also to all others including socialism. Thus, it was possible in theory to separate the state, the economy, and society. This conclusion made it possible to exclude, or minimize, the role of the state in the economy. But this minimization is not from the viewpoint of its role in principle, but from the viewpoint of its functioning separately in the economic system where it should help functioning economic laws, and in politics where it can form a civil society in democratic states or rigidly structure society on the basis of ideological concepts in authoritarian states with a market economy. In practice, it may be possible to transform totalitarian states into authoritarian models of industrial development. These ideas in theory were first elaborated and applied by Chiang Kaishek in Taiwan, and in other regions, for example, in Latin America—by Augusto Pinochet. In the PRC, these ideas made possible the successful effectuation of reform policies. However, the Chiang Kaishek and Pinochet models of authoritarian development both consciously paved the way for further political reform and political transformation toward democratic rule, but there are still no pervasive arguments that the PRC will follow this model.²⁴

If the global “capitalist” economy is based on the fragmentary possession of capital and competitiveness, the global (globalized) economy requires a “center” (or “leader”). This means that there are two ways of overcoming the status of being a “periphery” or a “semi-periphery”: it is possible to form a global (or macro-regional) economic system according to one’s interests, or to carry out unilateral adjustment of the internal sphere of the state according to the requirements of the international globalized economic system. The specificity of China is that it successfully develops in both directions, understanding that is possible to be integrated into a global system as a part of the “periphery” or as a large, developing country from which a new nucleus (part of the center, or

²⁴ David Shambaugh, ed., *Is China Unstable? Assessing the Factors* (Armonk, NY: M.E. Sharpe, 2000); Charles Wolf Jr., “Fault Lines in China’s Economic Terrain,” in “China’s Economy: Will the Bubble Burst?” *Asia Program Special Report* 111 (June 2003): 4–7.

an alternative center) can crystallize. What distinguishes the center from the periphery and the semi-periphery, and what is very well understood by the Chinese leadership, is the necessity of creating conditions for self-centered accumulation of capital, i.e., a definition of the conditions of accumulation through national control of the reproduction of labor, the national market, and the centralization of profit, capital, resources, technologies, etc.

It is clear that crystallization of new centers is very difficult today, that models of “catching-up development” are not working smoothly, and that external forces have become more important than internal forces or can very strongly influence internal factors. Systemic, carefully elaborated policy can nevertheless bear fruit. And the fruit of these reforms is visible throughout China. The rate of GNP growth in China in 1979–2006 surpassed nine percent, i.e., it was two times higher than during the preceding thirty years, and the GNP volume in 2002 exceeded \$1.2 billion with a per-capita GNP of about \$1,000. It is expected reach \$1,300 dollars by 2020 or even earlier. Exports over the last 20 years have increased some twenty fold. If the existing trend prevails, by 2012, China could possibly have a volume of GNP, counted in terms of purchasing power, on a level with the United States.²⁵

At the same time, the transition of China from the status of a “closed” continental power to the status of the largest national economy and the largest trading state of the world (or one of the two largest) means that this state will try to secure the sea communications lines around its borders that could be the inevitable cause of conflict with the US and/or Japan.²⁶ It is clear that the PRC does not yet possess military capability comparable to that of Russia, notwithstanding that of the US. And as the military capability of China grows, its economic capability and interests in the very near future could be much more significant than those of Russia. But the capability of China is dictated by the cumulative size of its economy and its geographic and demographic resources, not by its per-capita GNP, a parameter that is still low by international standards. So, the “Soviet” type of leadership that China can conduct in the foreseeable

²⁵ Vitalii Mel'iantsev, “Razvivaiushchiesia strany: rost, differentsiatsiia, ekonomicheskii vyzov,” *Vestnik Moscovskogo universiteta, Seriia XIII: Vostokovedenie*, no. 2 (2006): 14–46, esp. 15–17.

²⁶ WU Lei, *Zhongguo Shiyou Anquan* [Oil Security of China] (Beijing: Zhongguo shehui kexue chubanshe, 2003).

future may not be recognized by the whole global community. However, the Chinese leadership does not even try to pretend that it may realize this type of leadership. The above-mentioned theoretical considerations have enabled China to reject the idea of declining state sovereignty in the face of globalization and suggest as an alternative the state's capacity to adapt to fundamental changes in international conditions.

The character of the economic transformation that is taking place in China and its foreign policy strategy are aimed at updating the rules of the global system and the formation of a huge zone of "close interaction with China." China argues that, as a world power, it will be more predisposed to accept international responsibility than the US because of its adherence to multilateralism and multipolarity. Russia and Central Asia are particularly responsive to these ideas. The Chinese approach respects national self-determination and thus hails "comprehensive security" consisting of "common security" and "common prosperity" where the need for a security community is based upon sovereign equality. Thus, China is proposing a strategy to offset uneven globalization, which consists of maximizing opportunities for economic globalization while retaining the sovereign option of the state. This strategic policy can essentially correct and maybe even completely transform the system of international and regional relations. It is clear that this transformation will take a lot of time and will be attenuated by numerous "ifs." Nonetheless, such a trend is more possible than it was ten years ago.

The three conditions for obtaining the position of a hegemon or a global dominant as formulated above cannot be met by China in the near future, and may not be achievable at all as some have argued. But it only seems so at first sight. Today, the Eurasian continent produces approximately 75 percent of the world's GNP, is home to some 75 percent of the world's population, and has 75 percent of the world's resources, which could be key to the future of global development. Forty-seven years was required for the US to double its per-capita GNP, thirty-three years, for Japan, ten, for South Korea, and seven, for China. The GNP of Asian countries grows six percent per year on average, i.e., the rates of growth in Asia are twice the world's average. It is expected that by 2020, Asia will produce 40 percent of the world's GNP and have sixteen of twenty-five of the world's largest cities, while five of seven of the largest national or supra-national economies will reside in Asia. And in terms of GNP volume, the Chinese economy may occupy first place. In 1950, the PRC

produced 3.3 percent of the world's GNP, and by 1992, this figure had increased to 10 percent and continues to grow, although not as fast as before. In terms of GNP volume (the size of the economy), China from 2003 occupied third place behind Japan and the United States, fourth place in the world as measured by export volume, and third place, by import volume. The PRC currency reserves occupy more than 11 percent of the world's currency reserves and have grown steadily, making China the largest holder of currency reserves in the world. Communist China has opened its economy to foreign direct investment, welcomed large-scale imports, and joined the World Trade Organization on a larger scale and with greater speed than the USSR, and did so earlier than democratic Russia, spurring prosperity within China and across the region.²⁷

If the contribution of China's economy to global economic growth is calculated by purchasing power parity, the US from 1995 to 2002 contributed 20 percent, China, 25 percent, and other industrial countries of Asia contributed some 18 percent. If the economic and political unification of the PRC and Taiwan were to take place, all the trends mentioned earlier would become even more obvious with much greater strategic consequences.

China has obviously managed to create a viable economic model that differs from Western forms of capitalism. Thus, it is not very important what it is called; what is more important is the fact of its viability and its alternative character. By 2025, 21 percent of the global population will live in the area of Greater China or within the area of the Chinese civilization. There will be obvious attempts by the PRC to structure this economic space in various ways (free economic zones, custom unions, ASEAN+3, creation of a yuan currency zone, etc.).

China also has sought to preempt a potential regional US-led coalition by deepening economic ties with American allies such as Japan, South Korea, Taiwan, and Australia. These countries would pay a considerable economic price if they were to openly support any US-led policies aimed against China. China has adroitly exploited every manifestation of regional dissatisfaction with America's obsessive and overbearing "war on terror," seeking to cast itself as a friendly, non-interfering alternative to US power in the region. It is even proposing new institutional arrangements wherein China can exercise a leadership role

²⁷ Voskressenski, *Kitai v mirovoi politike*.

that excludes the US, such as the East Asian Economic Zone and the Shanghai Cooperation Organization. China is now intensively creating transnational corporations and buying world brands, making its economy global and thus more globally competitive.²⁸ China is doing this at a pace and with an ability incomparable to any other large developing states, states with restructured market economies, or states with emerging market economies (e.g., India, Brazil, and Russia).

The Chinese army is the largest in the world in terms of the number of soldiers, although it has been reduced according to its new tasks. The PRC military budget is increasing in real figures, and there is a strategic task to double it, or even triple it, in the long term in view of the development of double-use technologies and their commercial implementation. In Asia as a whole, military expenditure has increased by 50 percent.

According to a white paper on China's national defense, China will maintain the size of its People's Liberation Army (PLA) at 2.3 million members through this current restructuring, aiming at optimal force structure relations and better quality. China plans to build a streamlined military with fewer numbers but higher efficiency. Under the current military restructuring, China will achieve streamlined forces through such measures as reducing the number of PLA officers and the number of personnel by about 15 percent, and reducing the number ordinary troops that are technologically backward while strengthening its navy, air force, and second artillery force (rocket forces).

In its drive towards modernization, the PLA takes informatization as its strategic focus. Computers and other IT equipment have been gradually introduced into routine operations. The ability to provide operational information support has been greatly enhanced, while more and more IT elements have been incorporated into the main Chinese battle weapon systems. In its drive for informatization, the PLA adheres to the criterion of combat efficiency and the direction of integrated development, the enhancement of centralized leadership and overall planning, the development of new military theories and operational theories while

²⁸ "The US-Japan-China Triangle: Who's the Odd Man Out?" *Asia Program Special Report* 113 (July 2003); *Asia-Pacific Response to U.S. Security Policies* (Honolulu, HI: Asia-Pacific Center for Security Studies, 2003); *Asia-Pacific Security Outlook*, 2002; Gennady Chufirin, ed., *Russia and Asia: The Emerging Security Agenda* (Solna: Oxford University Press for SIPRI, 1999).

optimizing the management system and force structure, updating systems of statutes and standards, and emphasizing training in informationalization. The PLA is accelerating the modernization of weaponry and equipment, depending on national economic development and technological advances.

Since the collapse of the USSR, Russia has emerged as China's principal source of advanced military hardware and technology. By the mid-1990s, Russia's need for hard currency forced a restructuring of military trade with China to trade conducted on a cash basis. However, the Russians are now increasingly hard pressed to come up with something new for China, and this pressure may grow due to possibly emerging competition for the hard currency that may arise between Russia and the EU, if the EU arms embargo on China is lifted.

China is eager to renew defense cooperation with Western countries. During his EU tour, the Chinese premier Wen Jiabao pressed for a decision to lift the ban, arguing that the embargo was a form of discrimination. He argued that the maturation of China's ties with the EU made the arms embargo a meaningless artifact, a remnant of the Cold War. He was encouraged by French president Jacques Chirac's remark that the ban "no longer corresponds to the political reality" and "makes no sense," a view that was supported by German chancellor Gerhard Schroeder. Wen may also have thought that European arms industries would push for a share of the \$11 billion in arms agreements that China has signed since 1999. So, if some countries are complaining that they have a trade imbalance favoring China, they may try to correct it by selling weapons to China.

It is clear that since the early 1990s, the PRC has been upgrading its conventional and nuclear forces and improving its operational capabilities to match the standard of the US armed forces. China's defense budget has increased at a double-digit annual rate since 1995. The entirety of China's defense spending is virtually concentrated on strengthening its ability to project power in its immediate south and southeast neighborhood. If the current trend in China's military modernization continues, the balance of power in East Asia will shift in China's favor. However, there is no unanimous view in the international analytical community on the probable impact of China's rapidly growing economic and military power on the regional and international order. Is it possible for China to use that power in an attempt to establish new spheres of influence in areas where civilized ties with the Chinese diaspora are strong or where China can

claim a historical legacy especially if it would support its energy needs?²⁹ Or does China's military modernization simply mean the necessity to streamline and modernize its military forces according to its new economic status, thus ensuring and strengthening regional security?

From the point of view of achieving regional leadership in the spheres of science and ideology, this presents a more difficult task for China. Communist ideals can hardly inspire the masses; however, China does try to dynamically modernize these ideals and to adapt them to meet modern ideological purposes, reducing the most odious of them and combining them with a Confucian system of values and ethics. Confucian ethics can be compared with Protestant ethics in its creative potential. In this updated Chinese ideology, ideas of paternalistic authority and stoicism are very important. There is a vigorous hailing of Asian culture in regions that adhere to Asian values: diligence, discipline, respect for family values, respect for authority, subordination of individualistic ideas to collective values, a belief in a hierarchical society, the importance of consensus, and the aspiration to avoid confrontation by any means. Such a society preaches the domination of the state above society and society above the individual, but the Asian individual is inspired by the absence of internal social conflict and the support of the community. Thus, this relatively benign enlightened authoritarianism helps to develop societies that currently feel demographic and ecological tension. Of course, not all of these values are universal, but the developing East Asian half of the world has found them inspiring.

In 2003, Chinese president Hu Jintao's advisors put forward a new theory. Called China's "peaceful rise," it held that, in contrast to the warlike behavior of ascending great powers in the past, the economic ties between China and its trading partners not only made war unthinkable but would actually allow all sides to rise together. The theory did not survive the internal power struggles within the Communist Party, but the general idea lives on in new and updated formulations such as "peaceful development", "peaceful coexistence" of "harmonious society" (*hexie shehui*).

In addition, China has started to actively position itself as a state encouraging science and innovation. There are 120 so-called technoparks

²⁹ "China's 'Good Neighbor' Diplomacy: A Wolf in Sheep's Clothing?" *Asia Program Special Report* 126 (January 2005).

in the country, and in 1995, a special state program for the development of China's high-tech industry was elaborated. The following priority fields in this program included: electronics, computer science, space and optic-fiber communications, and energy-saving technology. The state has already invested more than 10 billion yuan for the development of this program. The Chinese state actively invests in the development of the infrastructure of universities. China became the third country to successfully effectuate a manned space flight program, which has become a symbol of China's technological and innovation leap. It is clear that the space program also has certain military, surveillance, and intelligence components aimed at developing continuous surveillance capability in East Asia comparable to that of the US.

Thus, intentionally or not, China has succeeded in transforming itself into a dominant regional power with certain global interests, and has achieved globally perhaps even more than any other large regional state (for example, Russia, India, or Brazil). China has done this so cautiously and smoothly that this policy has not yet caused any open counteraction from other states or the formation of any anti-Chinese coalitions.³⁰

We should explore in this connection how developed China's relations with its most important land border partner—Russia—are, and how both Russia and China have adapted to the new situation in Eastern Asia following the collapse of the Soviet Union and the emergence of China as a possible new regional leader.

The International Milieu of Russo-Chinese Relations³¹

A decade after the collapse of the Soviet Union, Russia and China established a relatively weak but growing alliance comprising military and

³⁰ Except for new trends in the US-Japan and the US-ROK security arrangements, which are not necessarily aimed against China but are aimed forward strengthening regional security arrangements. However, they are considered as a threat in the PRC. Nam and Takagi, "Rising China and Shifting Alliances."

³¹ The aim of this paragraph is to summarize from the Russian perspective the major arguments elaborated in the literature on Russian-Chinese strategic partnership published in Russia, China, the US, and elsewhere since the appearance of Garnett, ed., *Rapprochement or Rivalry?* This is the reason for my heavy reliance on the appraisals and opinions presented in the literature. For the literature published before 2002, see Alexei D. Voskressenski, *Russia, China and Eurasia: A Bibliographic Profile of Selected International Literature* (New York: Nova Science, 1998); Voskressenski, *Russia and China*.

economic cooperation. Russia and China signed the Treaty on Good Neighborly Friendship and Cooperation on July 16, 2001. The treaty was not a traditional alliance because its signatories insisted that the agreement was not directed against any third country and thus did constitute a structural challenge to the traditional security alliances of the US-Japan or the US-ROK security agreements. However, contrary to the heads of states of China and Russia, many independent analysts have argued that Russia and China's relationship is indeed intended to counterbalance US dominance in the world. However, different from past alliances (including the former Russo-/USSR-Chinese alliance), the military component of the Russo-Chinese alliance is weak, notwithstanding their first joint military exercise in 2005. American analysts have pointed out that neither side can reasonably expect the degree of commitment from the other needed to balance US power, especially under conditions of open hostility. Other analysts believe that the treaty is marked by intermittent efforts on both sides to reach out to the United States, even as each work to resolve mutual differences with the other.

However, these explanations seem to be a clear misperception of the new and emerging type of alliance in the new multipolar world. This new type of alliance is established not "against," but rather "for," a common cause (stable economic development, a just and equal world with collective pluralistic leadership based on a multipolar world system and without differentiation between leaders and followers), and not necessarily strictly for rebuffing common military threats as it was before, although rebuffing military threats could also be a goal of such an alliance under certain circumstances.³² The creation of this new type of alliance, called "strategic partnership," seems to be one of the new characteristics of the post-bipolar world.³³

For many analysts, the alliance of such powers as Russia and China was and is surprising because of the intrinsic structural problems in their relationships that some analysts believe exist. They argue that Russia's China problem stems from the fact that today, China already surpasses

³² Sergei Lavrov, "Pod'em Azii i vostochnyi vektor vneshnei politiki Rossii," *Rossia v global'noi politike* 4, no. 2 (2006): 135–137.

³³ These arguments are developed in detail in Vladimir N. Baryshnikov, ed., *Kitaiskie analitiki o sovremennom sostoianii kitaisko-rossiiskikh otnoshenii i o politicheskom i ekonomicheskom polozhenii v Rossii* (Moscow: Institut Dal'nego Vostoka RAN, 2002), 8–27.

Russia in aggregate national power. World Bank estimates show that in terms of purchasing power parity, China has the world's third-largest GDP behind America and Japan. This is equivalent to about 35 percent of the total GDP of the US.³⁴ By the mid-1990s, China's Purchasing Power Parity (PPP) GDP was four times the size of Russia's. According to other data, Chinese GDP increased some twelve fold from 1950 to 1997.³⁵ However, as Chinese reforms deepen, it will be harder to sustain high rates of growth, and extensive development will be limited.³⁶ The need for deeper economic reforms in China, the gradual yet painful transition from the use of extensive growth factors to the greater use of intensive factors, and, finally, the overall development of Asian financial markets will determine the slowdown in the growth rate of China's GDP. Even if the Chinese growth rate were to drop to six percent in the near future and Russia were to ascend economically with a growth rate of four to six percent a year, within ten years, the gap between the two countries' GDP levels would increase six to tenfold, making Russia much more reactive to Chinese influences. This reflects the larger size of China as a country in terms of population and thus economy, an Eastern power that has never existed in Russian history before in terms of economic, political, and even cultural influence on Russia. However, the clear attempts of the Russian president to consolidate the means of state power in Russia may reverse the process of decreasing state power that Russia saw in the late nineties. This is because the ability of the Russian state and the Russian people to restructure the Russian economy was always underestimated by other countries and may considerably slow down this inevitable trend. Another answer to the above-mentioned trend is the concept of Russia-China codevelopment that is intended to use the shortcomings of each state in order to maximize their joint economic effectiveness and thus joint global competitiveness.³⁷

³⁴ I think that, basically, the correlation between the US's and the PRC's GDP is close to the correlation of the GDP between the US and the USSR that enabled the USSR to create a formidable military force to compete with the US military.

³⁵ For figures, see Dmitrii Trenin, *Kitaiskaia problema Rossii* (Moscow: Carnegie Moscow Center, 1998); Anatolii I. Utkin, *Amerikanskaia strategiiia dlia 21 veka* (Moscow: Logos, 2000); Donaldson and Donaldson "The Arms Trade in Russian-Chinese Relations."

³⁶ Boris Kuzyk and Mikhail Titarenko, *Kitai-Rossiiia 2050: strategiiia sorazvitiia* (Moscow: Institut ekonomicheskikh strategii RAN, 2006).

³⁷ Kuzyk and Titarenko, *Kitai-Rossiiia 2050*. However, the concept of codevelopment does

If reforms in China fail, there will be even more problems for Russia and China's neighboring countries.³⁸ Not only will the Far Eastern and Siberian regions be deprived of their principal source of food and consumer goods, the Russian authorities will find it practically impossible to contain the migration of huge masses of unemployed people from across the border.³⁹ The population of China is 1.3 billion and growing, while Russia's population stands at 146 million and is declining.⁴⁰

A major limitation to China's economic growth is its insufficient resource base. Many sources of extensive development have been or are on the verge of being exhausted. In the 1990s, it became obvious that China depends on imports of not only advanced technologies but also food and energy. Russia's abundance of natural resources, especially energy, is one of the few areas where Russia seems to be securely superior to China. The terms of China's access to these resources will be one of the key problems in future Russo-Chinese relations and a key factor for China's new global economic role. The Russo-Chinese strategic partnership is, indeed, a tool to ensure China's access to these resources and is thus vital for China's status as a new rising Asian power.

Addressing China's social problems is no less daunting than addressing its economic problems. Russian sinologists conclude that the situation in which everybody stood to gain from the reforms in China is nearing its end.⁴¹ The forthcoming inevitable reform of state-run enterprises will create large social groups that will clearly be on the losing end. The number of unemployed in the country already amounts to 150

not necessarily mean the equal prosperity of both participants, Russia and China.

³⁸ Shambaugh, *Is China Unstable?*; Wolf, "Fault Lines in China's Economic Terrain."

³⁹ *Vyzovy i ugrozy natsional'noi bezopasnosti Rossii v Aziatsko-Tikhookeanskom regione*. (Moscow: Institut Dal'nego Vostoka RAN, 2001); Herman Pirchner Jr., *The Russian-Chinese Border: Today's Reality* (Washington, DC: American Foreign Policy Council, 2002), 1–15. For a summary of Chinese migration in Russia from a historical perspective, see Aleksandr Larin, *Kitaitsy v Rossii Vchera i segodnia: istoricheskii ocherk* (Moscow: Muravei, 2003).

⁴⁰ IWASHITA Akihiro, ed., *The Sino-Russian "Strategic Partnership": Current Views from the Border and Beijing* (Sapporo: Slavic Research Center, Hokkaido University, 2003); ARAI Nobuo, ed., *The Russian Far East Today: Regional Transformations under Globalization* (Sapporo: Slavic Research Center, Hokkaido University, 2003); Anatolii Boliatko, *Da'lnii Vostok: v poiskakh strategicheskoi stabil'nosti; problemy natsional'noi bezopasnosti Rossii na Dal'nem Vostoke i strategicheskoi srabil'nosti v Aziatsko-Tikhookeanskom regione* (Moscow: Institut Dal'nego Vostoka RAN, 2003).

⁴¹ See, for example, Voskressenski, ed., *Kitai v mirovoi politike*.

million, slightly more than the entire population of Russia; the pension system covers only a small sector of the population, while housing problems remain acute. In the past, China managed to funnel social pressure into creating millions of small factories and shops and holding back the growth of personal income in order to make huge economic leaps. Future economic reform and intensive development will prove more costly to China as groups within its population who are negatively affected by these reforms grow.

For China's neighbors and partners, including Russia, the gradual fading of China's authoritarian regime has indefinite consequences. On the other hand, the democratization of Chinese society would be a lengthy process requiring an entire epoch and would not be without negative outcomes. The experiences of post-Soviet states reveal a link between the process of democratization and the growth of nationalism and outwardly directed aggression.

To summarize, we must conclude that the seriousness of the problems in Russia and in China as well as their mutual interdependence or at least the influence they have on each other have fostered an understanding of the necessity to formalize ties between each other in order to form an alliance; the reason for this, even in view of its complexities, are the internal factors of their shared development. Here, we will try to elaborate on the understanding of the congruity and incongruity of Russian and Chinese interests and find out what the medium-term prospects for the relationship and its influence on the Northeast Asian development are.

Spheres of Congruity in Russian and Chinese Interests

The United States occupies the most important place in Chinese foreign policy, and Chinese analysts have proclaimed American-Chinese relations are its most important bilateral relations in the world.⁴² During President Clinton's era, pragmatic advocates of the friendly involvement of China in

⁴² JIANG Xiyuan, *Daguo zhanlue yu weilai Zhongguo* [The Strategy of the Great Powers and China's Future] (Beijing: Zhongguo shehui kexue chubanshe, 2003); LI, *Daguo Guanxi yu Weilai Zhongguo*; Iurii Galenovitch, *Kitai i sentiabr'skaia tragediia v Amerike* (Moscow: Nauchno-obrazovatel'nyi forum po mezhdunarodnim otnosheniiam, 2002); Benjamin L. Self and Jeffrey W. Thompson, eds., *An Alliance for Engagement: Building Cooperation in Security Relations with China* (Washington, DC: Henry L. Stimpson Center, 2002); *Asia-Pacific Security Outlook*, 2002.

the US-led system of international relations have prevailed over both more conservative advocates of containment of China and liberal upholders of human rights. In the late nineties, Washington proposed a constructive strategic partnership with Beijing, but China, of course, entertains no illusions that the US will try to curb the power of their potentially most serious competitor.⁴³ In developing its relations with Washington, Beijing is seeking to carefully limit or reduce American influence, first of all in East and Central Asia.

Such actions are based on the notion of a multipolar world, which entails countering hegemony. This concept is the official basis of the early stage of the Chinese-Russian strategic partnership. Beijing publicly sided with Moscow regarding the expansion of NATO, even though its criticism was much more muted. It seems this is not simply *quid pro quo* in response to Moscow's support of the Chinese position on Taiwan.⁴⁴ If long-term relations between Moscow and NATO become more amicable, it will complicate China's strategic position. Institutionalized Russia-NATO confrontation serves as a barrier against the encirclement of China by the West. However, it is becoming obvious that Beijing, unlike Moscow, is mostly concerned with the intensified activities of NATO and the US in Central Asia.⁴⁵ China's strategic interests are concentrated in precisely this region, which is rich in fuel and energy resources and which serves as a potential hinterland for Xinjiang separatists. Beijing may have no sympathy for the growth of US and Western influence in this Chinese periphery instead of a diminished Russia. The new developments in this direction are intriguing: Russia ceased to argue against NATO enlargement, understanding that NATO's most serious security problem at the moment is the incorporation of new NATO members; China dropped its anti-hegemonist stance, arguing now, along with Russia, that US moves, although unilateral, nevertheless serve to strengthen the stability of Central Asia and the world as a whole; Russia established military bases in Kyrgyzstan and Tajikistan. Central Asia and the Middle East with their energy resources became the focus of the "new" international politics, a

⁴³ For arguments, see, for example, JIANG, *Daguo zhanlue yu weilai Zhongguo*; LI, *Daguo Guanxi yu Weilai Zhongguo*; Galenovitch, *Kitai i sentiabr'skaia tragediia v Amerike*, and elsewhere in the Chinese and Russian literature.

⁴⁴ This is explored in detail in Voskressenski, *Rossii, Kitai i novyi miroporiadok XXI veka*.

⁴⁵ See Mikhail M. Narinskii and Artem V. Mal'gin, eds., *Iuzhnyi flang SNG: Tsentral'naia Aziia-Kaspii-Kavkaz; vozmozhnosti i vyzovy dlia Rossii* (Moscow: Logos, 2003).

situation that was once a major part of the global political landscape in the nineteenth century.

It is also clear that the US intends to abandon the US-Russia-China triangle model of relations, more often speaking of a regional triangle that includes Japan.⁴⁶ The US-Japan-China triangle is clearly dominated by the US because of its security arrangements with Japan. But that also means that Beijing infers Tokyo's status as much lower. The Chinese purpose is thus to weaken the Japan-US alliance in the triangle where China is the weakest participant. However, if this happens, Tokyo will have to either accept Beijing's hegemony or revise its non-nuclear principles and establish some kind of strategic partnership with Russia, all with very serious regional consequences.⁴⁷

Relations with Russia are establishing a favorable external environment for China. Their main goal is to remove any potential political-military confrontation with North Korea and help monopolize the energy resources of the Russian Far East, which are out of the control of the US and its allies and thus a very important source of resource diversification.

During the early nineties, Chinese leadership worried about the prospect of Moscow becoming Washington's partner. However, this did not happen; moreover, special relations between Russia and China were established to ensure that there was no threat from Russia in the foreseeable future. The strategic partnership with Moscow guarantees that Russia will not participate in any potential anti-Chinese coalition, thus always ensuring a secure buffer between NATO and China and also

⁴⁶ Gilbert Rozman, "Sino-Japanese Relations: Mutual Images and the Balance between Globalization and Regionalism," in "The US-Japan-China Triangle: Who's the Odd Man Out?" *Asia Program Special Report* 113 (July 2003): 8–13.

⁴⁷ QIU Yongfeng, "Ribei 40 Nian Hewu Jihua Juedui Neimu" [40 Years of Underground Decisive Plans for Japanese Nuclear Weapons], *Qingnian Cankao*, November 5, 2003, A3–A4; "Zhongri Guanxi Bianhua yu Fengqi" [Change in China-Japan Relations and Their Differences], *Huanqiu Shibao*, October 17, 2003; "Zhang Huankan: Ribei Zaici Dafu Xiaojian dui Hua Yuanzhu" [Japan Again Greatly Reduces its Aid to China], *Guoji Xianqu Daobao* (October 31–November 6, 2003); "Razvitie i stabil'nost' v Severo-Vostochnoi Azii," *Svobodnaia mysl'*, 2003, no. 11 (total no. 1537): 40–52; *Svobodnaia mysl'*, 2003, no. 12 (total no. 1538): 29–41; "Razvitie i stabil'nost' v Severo-Vostochnoi Azii" Materialy rossiisko-iaponskoi nauchno-prokticheskoi konferentsii, MGIMO, Moscow, April 10–11, 2003; "The US-Japan-China Triangle: Who's the Odd Man Out?" *Asia Program Special Report* 113 (July 2003).

probably in Northeast Asia in the absence of any tangible Russian-Japanese economic and security arrangements. No matter how relations between China, Japan, and the West develop in the future, China will never be isolated because of its special relationship with Russia.

The most positive material result of the Russo-Chinese partnership for Russia is the border agreements between Russia, China, and the Central Asian states.⁴⁸ For the first time in the history of Russo-Chinese relations, the entire length of the border is not only accurately defined but also demarcated. Confidence-building measures and limitation of armaments in the 100-kilometer zone on both sides of the border reinforce political and military stability and make a very considerable contribution to security in East and Central Asia. Once bound-to-death adversaries over the border issue, Russia and China have finalized an honorable border compromise that removed the last obstacle to fostering of their strategic ties.

In contrast to American and even EC attitudes toward Russia, China has emphasized the equal nature of its relationship with Russia.⁴⁹ It was interpreted in the Chinese mainstream literature on international relations as confidence of the Chinese people that Russia is suffering temporary difficulties and that in the future, Russia will become one of the poles in the new international structure. But this only partially explains the Chinese attitude. Serious economic and political problems in Russia would be a source of serious danger to China. This is why, from the mid-nineties, China has bolstered relations with Russia's federal government, not regions or political forces on the left of the Russian political spectrum. It is clear that China, as well as Russia, is interested in Russian political and economic stability in China. It is not clear, in contrast to wonderful wording, to what extent China (as well as the US) wants Russia to become a stronger global and regional player; hence, the economic relationship between them started to develop with considerable speed only in the late nineties.⁵⁰

⁴⁸ Genrikh V. Kireev, *Rossiiā–Kitai: neizvestnye stranitsy pogranichnykh peregovorov* (Moscow: ROSSPEN, 2006).

⁴⁹ Voskressenski, *Rossiiā, Kitai i novyi miroporiadok XXI veka*.

⁵⁰ See, *Vyzovy i ugrozy natsional'noi bezopasnosti Rossii v Aziatsko-Tikhookeanskom regione*.

Apart from its geopolitical and geostrategic significance, Russia is important to China as a source of energy and raw material.⁵¹ China believes that Russia can play a stabilizing role regarding the Central Asian countries, including in the economic and political spheres, as well as countering pan-Turkish tendencies and Islamic political movements trying to gain control over Xinjiang.

In addition to the interest in Russia energy resources, China is interested in Russia as a partner in military-technical cooperation. In view of their relative high quality and low cost, Russian arms may be essential to the modernization of China's military. At the same time, China is now more interested in purchasing licenses for production on its own territory in order to lower its dependence on Russian arms in the near future.

Another sphere of cooperation, very tempting for China, is the joint development of advanced weapons systems.⁵² This is needed for China to achieve a qualitative shift in the military balance in Asia, especially in the Taiwan Strait, in its favor. However, it must be clear that military modernization is not the first priority for China because the twenty-first century will probably not see large-scale wars. To be a modern state in aggregate power for China means to have a strong economic system and a stable political system as its number one goal. This is why the importance (and a danger for other neighboring countries) of Russo-Chinese military cooperation should not be overestimated.⁵³

China's strategic partnership with Russia ensures a reliable rear for China in the north and a certain measure of stability in the northwest. Russia is not seen in China as either a potential aggressor or as the most likely theater of a future war. Thus, Beijing has the opportunity to concentrate on its southern and southeastern flanks.⁵⁴

⁵¹ WU, *Zhongguo shiyou anquan*; GU Qing, "Bie Wei Shiyou Shangla Youyi" [Do Not Let Oil Harm Friendship], *Huanqiu Shibao*, October 20, 2003.

⁵² For detailed information on Russian-Chinese military-technical cooperation, see Konstantin Makienko, *Voенно-tekhnicheskoe sotrudnichestvo Rossii i KNR v 1992–2002 godakh: dostizheniia, tendentsii, perspektivy* (Moscow: Gendal'f, 2002); Dziak, *The Military Relationship between China and Russia, 1995–2002*; Ian Anthony ed., *Russia and the Arms Trade* (Oxford: Oxford University Press, 1998).

⁵³ There is a very intense discussion between military experts and analysts on these issues reflected in CHEN Yun. "Rossiisko-kitaiskoe strategicheskoe sotrudnichestvo v globaliziruiushchemsia politzentrchnom mire," *Vestnik VEGU*, Special Issue, *World of Orient* (Ufa, 2006), 102–113.

⁵⁴ For detailed argumentation and alternative reservations, see Voskressenski, *Kitai v*

However, somewhere between 2010 and 2015, parity in the number of nuclear warheads may emerge between the PRC and the Russian Federation, while China's nuclear capability will have a stronger impact on the military balance with Russia. However, in terms of nuclear and military technology, Russia is still, and will be in the indefinite future, a formidable power, one of two countries in the world that can initiate a military disaster for any state on the earth. Also, as most Asians seem to forget, together with the US, Russia has a powerful military presence in Asia of which others still constitute the second tier.⁵⁵ However, as it is clear from Russia's new foreign policy strategy, Russia is interested in looking not only westward when orientating itself, but also increasingly eastward, and is not seeking to increase its military or traditional security role in Asia, as it did during the Soviet era, but to act as an indispensable and reliable economic partner and a stable energy provider to Eastern Asia and Asia-Pacific.⁵⁶

In the twenty-first century, due to the obvious trends in its economic development, China will influence Russia's foreign, defense, and domestic policy, its economy, and the development of its demographic processes more than any other state.⁵⁷ This fact is underestimated in Russia, and also in Asia. This is why Russia is very interested in a prosperous and stable China that can increasingly satisfy the needs of its population and that will open its market to Russian goods and services. This strategic Russian attitude to China only strengthens the rationale for future Russo-Chinese strategic cooperation.

Russia and China established a strategic partnership in order to balance a number of common threats. Russia and China are clearly worried about the long-term prospect of any unilateralist actions that might threaten Russian and Chinese national interests. Both Russia and China are concerned about their military shortcomings vis-à-vis the US although to different degrees. Both sides opposed modification of the

mirovoi politike.

⁵⁵ Pavel B. Kamennov, *KNR: voenno-tehnicheskie aspekty modernizatsii oborony* (Moscow: Institut Dal'nego Vostoka RAN, 2001).

⁵⁶ Kuzik and Titarenko, *Kitai-Rossiiia 2050*; Anatolii V. Torkunov, ed., *Vneshniaia politika i bezopasnost' sovremennoi Rossii 1991–2002: khrestomatiiia v chetyrekh tomakh*, (Moscow: ROSSPEN, 2002); Anatolii V. Torkunov, *Sovremennye mezhdunarodnye otnosheniia i mirovaia politika* (Moscow: Prosveshchenie, 2004).

⁵⁷ Trenin, *Kitaiskaia problema Rossii*.

1972 ABM Treaty, fearing that deployment of missile defenses by the United States might diminish their own strategic forces. Another source of threat that could endanger Russo-Chinese interests is the Islamic extremist and separatist movements in Central Asia. Each state also has its own individual security concerns, not necessarily shared by the other. For Russia, this was an enlargement of NATO; for China this was the US presence in Central Asia. Washington's defense arrangements with Taiwan are a constant reminder to China of the limits in fostering its reunification with Taiwan. Beijing more strongly than Russia opposes theater missile defense systems of the type that could be used to protect Taiwan. Officially, Russia declared its opposition to Taiwan's independence, but certainly does not welcome the use of force to impose unification. China feels constrained by the strengthening of the US-Japan and the US-ROK security alliances although Russia sees them indifferently or even favors them as a source, among others, of strengthening regional security. The Russo-Chinese partnership does not hinder either state in addressing these concerns individually. However, the main rationale of the partnership is not balancing common threats but fostering newly evolving bilateral and regional economic cooperation that can redirect regional developments from traditional security considerations to a new regional economic cooperation agenda in order to strengthen economic interdependence and, thus, comprehensive security that consists of common security and common prosperity.

Spheres of Incongruity in Russian and Chinese Interests

A number of independent analysts suggest that Russia's political elite as well as a considerable part of the population, especially in the Russian Far East, perceives China as a proximate threat⁵⁸ even though the Russian and Chinese leadership have fostered a viable strategic partnership. Three key variables—aggregate power, offensive power, and especially geographic proximity—each suggest that Russia could perceive China as a potential challenge, danger or even threat. Many Russian political and military figures worry about selling China advanced conventional weapons and

⁵⁸ For arguments, see Viktor Larin, *Kitai i Dal'nii Vostok Rossii v pervoi polovine 90-kh: problemy regionalnogo vzaimodeistvii* (Vladivostok: Dal'nauka, 1998); Trenin, *Kitaiskaia problema Rossii*; Vilia G. Gel'bras, *Kitaiskaia real'nost' Rossii* (Moscow: Muravei, 2001).

technologies at a time when modernization of Russia's naval and nuclear forces in the East is very slow.⁵⁹ The source of concern is that the benefits of this relationship are all too one sided.⁶⁰ China appears to be modernizing its navy and air force at a rapid pace, while in return, Russia is receiving a modest amount of hard currency at a level far lower than needed to modernize its defense industry.⁶¹ However, at the same time, most of these political and military figures present no sound alternative to a cooperative relationship with China in this sphere except military cooperation with India, who signed new agreements with the US and Europe and now have an alternative to Russian weaponry. Thus, according to analysts, the most important near-term consequence of the Sino-Russian partnership is the Russian contribution to Chinese military modernization that may be dangerous to Russia itself in the medium and long term.

For the foreseeable future, China will have an enduring need for Russian military technology, while Russia's own economic reasons and the ideological motivations of some parts of the Russian foreign policy and military community create incentives for such sales.⁶² The broad Russo-Chinese defense and technology cooperation that is linked to arms sales could in the long run alter the regional military balance of power in East and Southeast Asia or the Taiwan Strait. However, most Russian analysts prefer to think from short- and medium-term perspectives, correctly arguing that the most acute short- and medium-term danger for Russia is its economic shortcomings vis-à-vis other world powers.⁶³ It is also clear that since Japan is reluctant to ameliorate its tense relations with Russia, and since China happened to be the only regional power in Eastern Asia to highly welcome the reemergence of Russian economic might and influence in the region, Russia needs to pay a price for this kind

⁵⁹ For detailed information on the Russian discussion, see Viktor Larin, *Kitai i Dal'nii Vostok Rossii*, 68–71. See also essays in *Eksport Vooruzhenii*, <http://cast.ru>.

⁶⁰ Vasilii Mikheev, ed., *Kitai: ugrozy, riski vyzovy razvitiu* (Moscow: Carnegie Endowment for International Peace, 2005); Andrei S. Kuminov, *Kitai: Nadvigaetsia Voina?* (St. Petersburg: 100azh, 2005); Iurii Galenovitch, *Rossiiia-Kitai-Amerika: ot sopernichestva k garmonii interesov?* (Moscow: Russkaia Panorama, 2006).

⁶¹ Chinese counterarguments can be found in CHEN, "Rossiisko-kitaiskoe strategicheskoe sotrudnichestvo," 102–113.

⁶² CHEN, "Rossiisko-kitaiskoe strategicheskoe sotrudnichestvo," 102–113.

⁶³ Kuzik and Titarenko, *Kitai-Rossiiia 2050; Rossiiia i Kitai: sotrudnichestvo v usloviakh globalizatsii* (Moscow: Institut Dal'nego Vostoka RAN, 2005).

of support, something that it can do in the present situation mostly by military sales, military technology transfers, military cooperation projects, and future energy exports.

Another incompatibility of Russian and Chinese interests covers their strategic vision, especially regarding the Asia-Pacific region. Russia, having already experienced a serious decline in its economic, political, and military strength, is essentially a status-quo power in the region, clinging to territories and positions that it won during the Soviet period. Moscow seeks to reduce regional tensions while concentrating on rebuilding its economic strength. It seeks to minimize or eliminate threats and maintain its dominant presence within its security zone, which encompasses the territory of the Russian Federation as well as the entire Commonwealth of Independent States. Both regionally and globally, Russia opposes hegemonism and seeks a multipolar balance, with a dual role for itself as a great power (or great regional power) and as a crossroads between Europe and Asia. Although its military strength has declined, Russia seeks to maintain its strategic deterrence over all other states in Asia. It seeks to integrate its economy with those of the Asia-Pacific region, although its major economic orientation is toward the West.

China, on the other hand, is essentially a revisionist power, seeking to gather the economic and military capabilities to compete with the United States and Japan on the regional and, in the near future, on the global stage.⁶⁴ In order to do so, it needs continued access to the energy

⁶⁴ Arguments summarized in Robert H. Donaldson and John A. Donaldson, "The Arms Trade in Russian-Chinese Relations." I agree that both the PRC and the US are revisionist powers, and because of this, I mention this argument in the section elaborating the incongruity of Russian and Chinese interests. From a theoretical point of view, the analysis presented by Robert H. Donaldson and John A. Donaldson is very robust and persuading. However, I do not share their perception of the impossibility of a coalition between Russia as a status-quo power and the PRC as a revisionist power because one revisionist power, the PRC, is clearly competing with an ideologically hostile revisionist power—the US, and also with another revisionist regional power—Japan, and Russian neutrality, at least, could be critical in maintaining the balance. The current development of Russo-Chinese relations does not support the skepticism of Robert H. Donaldson and John A. Donaldson. This was also analyzed as a theoretical possibility in Voskressenski, *Russia and China*. For further detailed argumentation and the implications for the US, see also Walter B. Slocombe, "Staying the Course: Opportunities and Limitations in U.S.-China Relations" (policy paper, The Atlantic Council of the United States, Washington, DC, September 2002); Gang Lin, ed. *U.S.-China Relations since the End of the Cold War* (Washington, DC: Woodrow Wilson International Center for Scholars, 2000).

resources of Russia and Central Asia, as well as to Russia's advanced military technologies. Having reached a border compromise with Russia and having demarcated the whole Chinese-Russian border, China is determined to gain its territorial objectives in Taiwan and the South China Sea, while retaining its position in Tibet and increasing its influence over Mongolia and the states of Central Asia. It seeks to maintain military superiority in the region, while trying to reduce the US presence regionally.

In the economic arena, as was already mentioned, Russia and China have experienced one of the most stunning reversals of economic position.⁶⁵ Once one of the most industrially advanced, Russia's economy because of the collapse of the USSR and the need for complete economic restructuring, in fifteen years has declined to almost half of its former value, indirectly raising the credibility of Chinese arguments for cautious state-centered reforms. Once among the world's poorest countries, China, over the same fifteen years, twice doubled its GDP. Its GDP now ranks third in the world (second by purchasing parity), and its rate of growth is the fastest among all major countries. Even with its growing population of 1.3 billion, and Russia's declining population of 146 million, China is on course to surpass Russia on a GDP per-capita basis sometime in the future. So the directions of their economies are diverging, and they still cannot find a mutually beneficial and complementary economic model except for the selling of Russian energy and other nonrenewable resources in exchange for the products of Chinese light industries. China seeks to satisfy its demand for advanced industrial equipment in the West not in Russia. The main trading goods between them are: Russian energy and arms, Chinese foodstuffs, and cheap consumer goods. There are several long-term high-technology Russo-Chinese projects, but they are few, and the level of mutual investment is very low.

The demographic perspective of the relationship over the long term is not very bright, especially for Russia's border regions of the Far East. Capital investment in this area has fallen and remains stagnant. The region's labor resources have also declined; it lost some nine percent of its population in the 1990s, in spite of a large influx of immigrants, both legal

⁶⁵ For a detailed comparison of Russian and Chinese reforms, see Peter Nolan, *China's Rise, Russia's Fall: Politics, Economics and Planning in the Transition from Stalinism* (Basingstoke: Macmillan, 1995).

and illegal.⁶⁶ A policy of open borders was reversed by the Russian authorities in 1993; however, with a population density ten times larger on the Chinese side of the border than on the Russian side, it is estimated that there may be 1–2 million Chinese living in Russia by the middle of the century. Newspapers in Hong Kong in 2003 reported that there are at least 200,000 Chinese in the Russian border regions. These articles were later republished by some central newspapers in China without any comments.⁶⁷ Although the figure of 1–2 million itself is not too large for these low-population territories (there were about half a million Chinese in the Russian Far East at the beginning of the twentieth century), it may be crucial for Russian local and central authorities in implementing very tough measures to take into account the considerable loss of the Russian population in the region.

Another problem is a cultural one. Levels of trust between Chinese (Asians) and Russians in the regions hover near the bottom. These figures do not show the hatred Russians have toward the Chinese or Japanese or vice versa. The figures show the low level of cross-cultural understanding and the fragility of benign attitudes that may change very quickly to distrust or even hatred. Russians still do not show much interest in China, its language, or its culture, and prefer that the Chinese learn their language because it is believed to be simpler linguistically.⁶⁸ The Russian government has not done much to change this situation, notwithstanding the proclaimed 2006, the Year of Russia in China, and 2007, the Year of China in Russia. Many Russians are afraid of the prospect of a significant Chinese population appearing in Russia. The situation has improved over the last two years, but it is not structurally better, mostly because of the time needed for such measures to take any considerable effect. Similarly, the situation is not much better in China: Chinese society has a vivid interest in Russia, but there are still few students learning the Russian language or Russian foreign policy, politics, and culture. A considerable part of the Chinese academic community has started to look at Russia through Western analytical lenses because they can read English but not Russian and have access to Western literature instead of Russian books or Russian sources.

⁶⁶ Larin, *Kitai i Dal'nii Vostok Rossii*.

⁶⁷ *Cankao Xiaoxi*, 24 October, 2003.

⁶⁸ Gel'bras, *Kitaiskaia real'nost' Rossii*, 141–195.

Most Russian analysts appear to believe that China's near-term foreign policy ambitions are directed toward Taiwan and the South China Sea, and that its interests in the stability of Central Asia parallel those of Russia. Russian-made equipment may indeed enable Beijing to obtain a regional advantage in force projection capability in a future Taiwan crisis and may someday allow China to test the naval superiority of the United States in the East China Sea. China's growing capability and a doctrine that is oriented toward local and limited wars on or near its borders and that emphasizes mobility, lethality, and preemption may stimulate a new arms race in the region. Nevertheless, Russian military strategists appear to perceive no real danger to Russia in such circumstances. Analysts who argue that the sale of Russian arms risks upsetting the delicate military balance in Asia and even meddling in China's territorial disputes with Taiwan, Vietnam, Japan, and ultimately the US are in a clear minority, and their views do not represent the mainstream views of the Russian academic community.

Policy Implications and Conclusions

It is more or less clear, at the beginning to the twenty-first century, that China has created the conditions necessary to challenge the existing regional and to some extent the global structure of the international system in the future. This challenge is of a special sort because it is not directly related to the military capability of the PRC, comparable by any parameter to that of the former USSR. The PRC probably does not even aspire to have such capability. At the same time, in the very near future, the combined economic capabilities and the strategic interests of the PRC may be much more significant than those of the USSR, and its military capabilities will no doubt be increased to reinforce this new economic status. But the capabilities of China are dictated by the cumulative size of its economic, geographical, and demographic resources, but not by its per-capita GNP, a parameter that is still relatively low. Thus, "Soviet-type" leadership, which can be carried out in China, will hardly be recognized by the global community. But China in every possible way tries to evade this type of leadership role, and this benign intention must not be rejected by the international community. At the same time, an expanding China, because of its size (geographic, demographic, and economic) and related

problems that are of regional and even global significance, represents itself as a kind of global challenge. But the problem of China's global challenge is not identical to the possibility of China conducting regional and global leadership or of China becoming a contender to the US position; thus, if properly identified by the international community and by the Chinese leadership itself, it will not necessarily result in the containment of China. A rising China can also be balanced by the strengthening of the Russo-Japanese, Russo-Korean, and Russo-American economic partnerships, multilateral regional economic agreements, as well as by a new level of economic cooperation between Russia and ASEAN countries and also between Russia and the Western world generally.

The current unprecedented changes in the world are possibly related to the crisis of global regulation connected to the transition of the world to a different global entity that is seen differently by different important international and regional actors. This crisis is only partly related to the geopolitical crisis in that smaller part of the world consisting of the post-Soviet territories, and to the problem of the unilateralist, or as some call it, "incompetent and selfish" leadership of the US. However, the crisis of world regulation and incompetent leadership, which was exposed to doubts and discussions with no consensus in the international community, may result in a situation where an important anti-leader with the support or the benign negligence of other major regional leaders will proceed to the category of regional counter-leader, and having become the unconditional regional counter-leader, may move further to become a possible counter-dominant, or may simply be perceived as such. At present, only China has come close to this position, and has officially or unofficially pretended or even showed intentions to play this kind of game. Most, including people from the Chinese analytical community, understand that having an enormous amount of internal problems, China should try to solve these internal problems first. However, it is also understood that the transition to the new status can automatically help resolve some of these internal problems. It is certain that the Chinese leadership understands this.

After the 9/11 attacks on the US, there were major changes in the orientation of American foreign policy. President George W. Bush declared a "war on terrorism." Russian president Vladimir Putin was among the first foreign leaders to sign up to the coalition against terrorism.

China also declared some enlistment in the cause.⁶⁹

In Russia's case, Putin offered to share intelligence on Afghanistan and al Qaeda, and he raised no objection to overflights by American forces or their use of bases in former Soviet states of Central Asia in the military campaign against the Taliban. China also unequivocally condemned terrorist activities.

However, some Russian foreign policy analysts warned that if Russia abandoned the balancing strategy that had characterized its foreign policy in recent years, Russia risked abandoning its allies.⁷⁰ China refrained from attempts to block US military responses to the terrorist attacks in Central Asia although it obviously felt very intimidated by the American military presence in its underbelly. Russia and China have also heightened the issue of antiterrorism, as well as, most recently, economic activity in the Shanghai Cooperation Organization.⁷¹

However, during recent years, the relationship of the US with both Russia and China has deteriorated. Although the rate of economic interdependence between the US and the PRC is very high, their political relations have not improved. The strategic partnership between Russia and the US has eroded and, at present, neither country has an agenda for negotiation, especially on issues of strategic importance that are broadly understood. Some Russian experts have successfully argued that the only goal of the US is to further weaken Russia in order to revert current international trends that are not to favorable to the US.⁷² In the case of further negative international developments, a weak Russo-Chinese alliance can be easily transformed into a stronger one. If the US and the EU dash Russia's expectations of being part of the Western coalition and deny the anticipated benefits of bandwagoning, Russia still could return to a balancing of threat strategy. So, if Washington chooses to turn aside Russia's and China's interests to negotiate less threatening arrangements for itself in a unilinear world security system, the threat that Russia and

⁶⁹ Robert M. Hathaway and Wilson Lee, eds., *George W. Bush and East Asia: A First Term Assessment* (Washington, DC: Woodrow Wilson International Center for Scholars, 2003); *Asia-Pacific Responses to U.S. Security Policies*.

⁷⁰ Some of these arguments are developed in Voskressenski, *Rossiia, Kitai i novyi miroporiadok XXI veka*.

⁷¹ For more details, see Voskressenski, *Severo-Vostochnaia i Tsentral'naia Azia*.

⁷² Valentin Falin and Gennadii Evstaf'ev, "O veroiatnom stsenarii deistvii SSHA v otnoshenii Rossii v 2006–2008 godakh," *Moscow News*, no. 36, September 22–28, 2006.

China perceive in the posture of the United States may become ominous enough to strengthen the Russo-Chinese alliance. The mutual determination of Russia and China to counter this American threat may replace arms sales and the need for internal modernization as the foundations of their relationship. However, to what extent this affects development in Eastern Asia is still unclear. China sees the reinforcement of the US-Japan and the US-ROK security arrangements as a threat to its national interests, mostly on the Taiwan issue but also regionally. Russia at present does not see the reinforcement of the US-Japan and the US-ROK security arrangements as a threat to its interests, but the situation may change if Russia feels marginalized both in Europe and in the new East Asian economic and political arrangements. The inability of Russia and Japan to enter a post-Cold War economic partnership and the stalemate of multilateral economic development in Northeast Asia where Russia and Japan could enter mutually beneficial arrangements indirectly curbs unhealthy trends as the subregional dialogue sticks to hard security measures and mutual differences.

Another possibility exists. The rise of China economically and also as a state that plays a crucial role in international and regional security could give further rationale for the American political elite to consider the US-Japan and the US-ROK security arrangements as purely regional ones, which are inferior to the possible stronger global security arrangements with China. The same logic was applied to Europe during the Cold War between the US and the USSR. China's possible future predominance in the region could relegate Japan to secondary status as a political as well as a military power. This possibility could bring the national interests of Russia and Japan closer and also sharpen Sino-Japanese competition over the Russian Far East, which could lead to new multilateral and bilateral security and economic arrangements in Northeast Asia. The uncertainty regarding the multitude of choices imposes strain on Japan's traditional foreign policy strategy, once sarcastically described by Irie Akira as always leaning towards the stronger side.

From the point of view of a major part of the Russian political elite and interest groups, the Russo-Chinese strategic partnership and a treaty signed in 2001 between Russia and China is a warranty of the benign relationship of Russia with its most important land-border neighbor. The political elite of at least two other major regional players, Russia and France, and maybe also even of Germany, obviously look rather

benevolently on China as a prospective East Asian regional leader, thus heightening the prospects of an ASEM with Russian participation. However, the final decision was to postpone (or even to reject) Russian membership in the ASEM as well as Russia's membership into the WTO. For some time now, China has been trying to raise the level of its relationship with the EU as it did with Russia, thus showing that it may be possible to geopolitically counterbalance the US-Japan financial/economic/military knot and the US-ROK economic/security arrangements with an EU-China and a Greater China-ASEAN financial/economic knot and a China-Russia security/military/energy knot as a basis for its new regional status. But the success of China on a more global level will be dependent at least on the desire or the negligence of the EU, the US, Japan, and Russia as well as China's own aspirations. The complexity of the new situation in this equation indirectly raises the rationale for improvement of Russia-Japan relations as well as Russian-European and Russian-American relations as a guarantee against the malign regional balance of a power game that would be detrimental to the region. This complexity also points to the fact that the divergence of American and Russian strategic interests in Asia has reached a level where it could endanger regional development. Improvement of Russo-Japanese relations may help Japan to overcome its recession, and may help Russia find a means towards the sustainable development of the Far East and a way to enter East Asian markets, and may help China to rise peacefully without fear of being encircled, but instead is balanced by a benign multilateral as well as Russian-Japanese bilateral economic cooperation and not by traditional "hard" security considerations that have become detrimental to the economic development of the Northeastern region.

Putin, Jiang Zemin and, later, Hu Jintao mentioned several times that their countries' strategic cooperation is not aimed at any third country. China and Russia are not working and are not planning to work in concert against any third country. This strategic cooperation vis-à-vis the outside world is aimed at present only at deterring any outside policy that might possibly hurt the national interests of the two countries. The Sino-Russian strategic cooperation agreement is based on the common interests of the two nations. Any unilateral action by Russia or China that injures the two countries' strategic cooperation may damage the national interests of the country initiating such action. Sino-Russian strategic cooperation cannot cover all fields of their foreign policy and cannot be the most important

tool to realize their foreign policy goals because the focus of the two countries' strategic interests is not completely congruent due to their different geographical locations and national situations. This means that China and Russia cannot depend only on their bilateral strategic cooperation to realize their respective strategic goals. However, their bilateral cooperation may quickly become an important leverage to realize their strategic goals.

The Russian government has stopped talking about the creation of a multipolar world and opposition to unilateralism, the former theoretical base of Sino-Russian strategic cooperation. However, Russia has not accepted the principle of a unipolar world, and nor did China, although China has recently also dropped its open anti-hegemonist rhetoric.

Sino-Russia cooperation shifted to purely bilateral cooperation as it was in the eighties and early nineties. In 2006, China became the number-one economic partner of Russia. After the September 11 attacks, the focus of Sino-Russian strategic cooperation has shifted from global- and regional-level cooperation to bilateral cooperation. Russia has pressed on with planning its Eastern gas pipeline project. Russia wants to develop the economy of its Far Eastern regions. The pipeline project will help energy-deficient countries in the region such as China, Japan, the ROK, etc., maintain sustainable economic development and energy security.⁷³ The Russian government has decided to support the Taishet-Perevoznaia pipeline route with a subdivision line to Daqing as the only route that can open these regions to multilateral capital-intensive arrangements with the diversified buyers of Russian oil (e.g., China, Japan, the US, India, and Southeast Asia). Russia and China will also have many other energy cooperation projects in Russia as well as in Central Asia in the future. This cooperation is a part of the two countries' national development strategy.

At the same time, the mechanisms and the huge potential for strategic multilateral cooperation on global issues and regional security in East Asia exist and will certainly help to create further multilateral and bilateral possibilities other than the Russo-Chinese cooperation arrangement, depending on the destination and pace of future international and regional development. Thus, the Sino-Russian strategic cooperation, based on common needs and interests, was primarily developed as a defense against power politics and unilateralism. This cooperation may also fully develop

⁷³ Voskressenski, "*Bol'shaia Vostochnaia Aziia.*"

into a form of cooperation that could strengthen each side's international strategic and economic competitiveness. The full effectiveness of this strategic cooperation in the future will depend not only on common needs and interests, but also on the cooperative diplomatic capacity of the states as well as on the reactions and propositions of other important regional players.

* The views expressed in the chapter belong solely to the author and do not represent the official position of any organizations to which the author is permanently or was temporarily affiliated.