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The Three Structural Stages of Russo-Chinese Cooperation after the Collapse of the USSR and Prospects for the Emergence of a Fourth Stage

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1. Introduction

Although the recent trend has been to see our world as flat (Friedman 2005), it is not flat in real life, and the consequences of this reality are becoming apparent with every passing day (De Blij 2009). Yet the flow of research has been geared to analyzing the flatness of the world as much as its differentiation (De Blij 2005;Voskressenski 2006; Fung, Fung and Wind, 2008). Consequently, attempts have been made to look at the development of Sino-Russian relations, arguably the third most important pair of bilateral relations after the Sino-American and the Russo-American ones, from the angle of world flatness (Lukin 2010). Sino-American relations in present times involve both economic and security matters that contribute to shaping the world order in the context of China's rise as well as the West's perception of it (Ben Li 2007; Wang Jisi 2007). Notwithstanding the legacy of a bipolar world, over the last twenty years Russo-American relations in the spheres of nuclear disarmament, non-proliferation, and NMD have been limited due to the transformation of Russia into a transcontinental yet regional power as opposed to the USSR, the USA, and China. American unipolarity in the 1990s aided the emergence of a grand strategy aimed at the weakening and marginalizing of Russia, which in turn helped transform Russian internal policy by strengthening its nationalistic and xenophobic elements and weakening a constructive nationalism (Lieven 2011). As several analysts have argued, the rationale for such an American policy vis-à-vis Russia ended with the emergence of a multipolar world, caused primarily by the rise of China and the weakening of Russia. In this multipolar world the USA will arguably need new friendly poles making American foreign policy more pragmatic and constructive toward Russia (Lieven 2011).

2. A Framework for Conceptualizing Stages in Relationship.

So the evolution of the world order during the last twenty years and the possibility to assess the world flatness vs. its differentiation gives us a possibility to assess and explain different structural stages of the Sino-Russian relations.

Sino-Russian relations, though seen as having a strategic character aimed to curb American unipolar preeminence (Louzianin 2005 quoted by Kuchins in Bellacqua 2010, 48) by political leaders in both countries, were described recently in Russia itself as different in reality and not having a clear future beyond a ten-year horizon (Trenin 2012). Yet, contrary to the latter view, the relationship

between Russia and China has in fact acquired a strategic rationale that has emerged as an important conservative anchor in international relations, working to contain Western global politics. There has likewise been a pragmatic, non-confrontational side to Sino-Russian cooperation in the last few years (Galenovich 2007). However, this situation has started to change due to the many transformations taking place on the international arena in connection with the global financial crisis.

The expansion of Western interests and politics on the global arena in the last ten years has actually not been contained by the remnants of the Soviet Union's military arsenal, inherited by Russia, which vowed to construct an alternative to the Western economic and political domain through a Sino-Russian partnership based on Russian military potential and China's economic rise. In fact, this development has been primarily due to the aggressive rise of archaic elements of the defeated remnants of non-Western countries and those Western segments of world orders inherited throughout the 17^{th}-19^{th} centuries which had appeared extinguished by historical evolution—the Ottoman, Austro-Hungarian, and (to a much lesser extent) Celestial Empires. Their rise has materialized in the appearance of international terrorism and the 9/11 terrorist attacks on the USA and later on its European allies—as seen in the Bravick case and turmoil in London and Paris. It was only of secondary or even tertiary importance—after the Western economic and political mercantilism that ruled till the emergence of the economic crisis—that Russo-Chinese bilateral economic cooperation helped enhance the two countries' economic self-reliance and thus strengthened their anti-Western positions as manifested by their recent joint opposition voting in the UNSC that seeks to de-legitimize the Western international stance. Russo-Chinese bilateral economic cooperation in the form of Russia supplying raw materials and energy to the rising China did not hinder the appearance of many economic and political problems in Russia and did not help Russia overcome its difficulties in finding an adequate place in the international arena. At the same time, the aggressive rise of archaic elements of the defeated remnants of non-Western world orders happened to be of no less danger to Russia than to the West in terms of internal threats. The consequences have included the rise of those archaic trends in Russian domestic politics (unenlightened monoconfessional nationalism and idealization of civilizational uniqueness) for which Russia cannot blame the West as it had blamed it for the economic and international weakness of Russia in the late 1990s.

It is obvious that the current policy regarding Sino-Russian relations is now at a critical point and in need of restructuring because of clear evidence that it is no longer helping to strengthen world governance but instead may even increase the international disorder that threatens global economic development. The latter matters for both countries, and even more for China, which is heavily dependent on exports of goods than for Russia, which relies predominantly on exports of oil not covered by any international trade regime or institution. The practically simultaneous change of leadership in Russia, China, and the USA as well as a feeling that the second wave of economic difficulties is not over necessitate a restructuring but do not guarantee that it will have any practical effect due to the rise of civilizational nationalism in both Russia and China. However, the multi-candidate and unprecedentedly transparent presidential elections in Russia though with a known result, certain political turmoil and the cries of the Russian opposition for the political unjustness with the attempt to delegitimize it because organizers of the election campaign previously denied certain political figures to raise to power may hopefully open a possibility for further political changes in the young and fragile Russian democracy, whether it is called a non-Western democracy, a sovereign democracy or a hybrid regime. This created new prospects for future Russia enhancing its political unity with Europe and the USA, a precondition to overcome financial crises and crises in world governance, and crucial if the Russian political elite is seriously thinking about modernization including its technical parameters.

An understanding of such important potential challenges facing both Russia and China is critical in view of how both their internal development and their bilateral relationship might be affected. They should increase their interdependence through restructuring their economic and political domains to better conform to the international rules of maintaining and developing the transnational space and not to strengthen authoritarianism and civilizational uniqueness that separates them from the outside world. It may help us look forward into the future to take into account how the concept of 'common transnational space' may explain and influence the ongoing developments in Russo-Chinese relations.

3. The Sino-Soviet Split, the Normalization / Renormalization and the Emergence of the First Stage of Sino-Russian Relations after the Collapse of the USSR.

The deterioration in Soviet-Chinese relations following the split between the two giants and bloody clashes on the border near Damanskii and Zhalanashkol led to the establishment of Chinese-American diplomatic relations and the first transfers of Western technology (including military technology) to China. The earliest attempts to normalize the relationship took place when a segment of the Soviet elite began to understand that the degenerating Soviet economic system could not sustain pressure from both the economically superior West and China, weak but with an enormous population and on the verge of modernization after the return of Deng Xiaoping from his third political exile. The need to deal with two adversaries finally put an end to the USSR as the second pole in a bipolar world system. At the same time, China quickly lost its former status as the privileged 'Communist partner' in Western eyes, in addition to being shaken by the Tiananmen massacre of June 1989. Western and especially American interests unequivocally shifted to the Soviet Union due to its being a key element of the global structure. Unprecedented interactions on various kinds of global issues between the USSR and the West took place on a much greater scale than had ever been the case in U.S.-Chinese relations.

The establishment of a common security space between the USSR and China through the normalization of their relations eliminated the military threat to the USSR from the East as well as to China from the North, enhanced the semblance of a common security space from London to Shanghai, and created hopes for an expanded common economic space notwithstanding the differences in political regimes between Europe, the USSR, and China. That hope enabled Mikhail Gorbachev to follow the perestroika way from *otkrytost'* and *glasnost'* (openness) to demilitarizing relations between the Soviet Union and the West as well as between the Soviet Union and China, and finally to internal reforms in the USSR.

These developments did not pass unnoticed in Beijing. Though China attempted to recreate its special relationship with the USA, there were and still are stark disagreements within the upper echelons of the Chinese government over what kind of a relationship the West and China should have. Therefore, notwithstanding the collapse of the Soviet Union, the renormalization of Russo-Chinese relations was put on the agenda because, after the 1991 border agreement, China was in need of good relations with its neighbor given Russia's rapprochement with the Western bloc in the early part of the decade. At the same time, by improving relations with Russia, China hoped to play on American fears of a secret anti-U.S. alliance and counterbalance Russia's moving closer to the West in general and the USA in particular. Thus, **the first structural stage** in Sino-Russian cooperation after the collapse of the Soviet Union began, the intellectual culmination of which being the formulation of an idea of a strategic partnership in 1996 as a watershed for the development of the Sino-Russian relations.

Following these developments, as early as 1995 when Chinese President Jiang Zeming flew to Moscow to participate in a celebration marking the end of World War II in Europe he said to his counterpart Boris Yeltsin that "there are no problems in our bilateral relations." In this way, despite ideological differences due to the establishment of the unstable but democratic political regime in Russia, the first steps in the Sino-Russian relationship were made. It was clearly distinguished by the preponderance of the "common space" concept: the need to hold the economically weak Russia together by reconsidering federalism and to concentrate on Russia having a solid relationship with both the West and China. Russian calculations were as follows: since, after the collapse of the USSR, it was only possible to stabilize Russia by relying on the West, the security of Russia could be enhanced uniquely through good security relations with NATO and the USA. A reliable neighbor was needed for Russia to proceed along this path. China's calculations were similar: hindering 'China deconstructs' (in Gerald Segal's wording (Segal 1994) trends and strengthening its position vis-à-vis the West in order to proceed with modernization. The rationale for this was simple: one often forgets that China is Russia's largest neighbor and that this was, is, and will remain the main geostrategic

rationale for Russian foreign policy, notwithstanding the current status of the Russo-Chinese relationship (Voskressenski 1995). Friendly relations with China guarantee a reliable base for Russia's relations with the West. This economic interdependence also lowers the price of subsidizing the Russian Far East and saves on the weaponry and armed forces needed to defend Russia's Far Eastern 'underbelly.'

Soon enough, the Russian military elite discovered another advantage to developing economic and political ties with China. The quickly modernizing East Asian giant had obtained enough resources to launch the military modernization program that had been hindered thus far by the Western embargo on Chinese arms purchases after the crackdown on the student movement in Tiananmen Square. By expanding its financial and political ties with China to include weapon and later energy (Peterson and Barysch 2012) sales Russia managed to create a new joint economic space based on common needs: exchange of goods, military materiel, and diplomatic support vis-à-vis the West, direct competition with which would have been difficult for both countries if they acted separately. This gave Russia the strength to try to reestablish its position in the international system by arguing that its period of economic difficulties had ended and it had stabilized itself without losing its independence either to the West or to China. In parallel, the pro-Communist as well as conservative forces in the Russian political elite nurtured the hope that Russian society may embrace the Chinese reform model with an authoritarian (i.e. Communist) political regime at the center as a substitute for the Polish model based on economic decentralization as well as on democratization and de-Sovietization. Centralization was seen here as a lesser evil than the disintegration of Russia. Yet, unfortunately for the Russian Communist party—the successor to the CPSU—this centralization did not happen on a Communist platform. The 2011 Duma elections were maybe the highest point for Communist voting in Russia due to the fact that the Communists were seen as the only party alternative to the ruling United Russia that has structured Russian political life unilaterally for the last decade. This situation was later marked by a decrease in the personal popularity of the Russian Communist leader Gennady Zyuganov during the 2012 Presidential elections, but also problems for the United Russia party after the 2011 Duma elections that triggered an upsurge in political activity within the country.

The first stage of Sino-Russian cooperation after the collapse of the Soviet Union was also marked by an increase in bilateral economic and political ties that helped both countries stabilize their frontiers. At this stage a concept was elaborated that helped extend this arrangement, favorable to Russia, far into the future (Voskressenski 2003). Simultaneously, heated polemics concerning China's role in Russian society took place in Russia as well as in the international community.

4. The Division in Russian analytical circles and the Arguments for the Closer Russian-Chinese Relationship.

Russian analysts of China have fallen into three main camps: optimists, pessimists, and pragmatists, the divisions holding to this day although the arguments of each group have varied over time. For all three groups, the major question to answer has been whether Russia could trust China as a genuine and reliable ally capable of helping Russia not only overcome the economic difficulties of the 1990s, but also, as some argued, build a multilateral (for Russian and Chinese realists, a polycentric) world structured by an equal and just Russo-Chinese partnership in international affairs. Such a partnership would help Russia rise without being subordinate to the USA in an American-led world being at the same time not dependent on China (Voskressenski 1997). The second question has been for how long this partnership could last based on the congruence of Russian and Chinese interests and when it would reach its limits if those interests no longer coincided. The latter discussion was substantiated by the argument that Russia should find its own solution to its economic problems independent of IMF advice—just as China did when initiating its successful reforms based on Deng Xiaoping's wisdom and Chinese internal political consensus.

However, at that time the extrapolation of Chinese financial might well into the future and the perception of Russia's neighbor as a state with economic capabilities comparable to those of the USA appeared not as certain as some Russians see it today. And the political consequences of Beijing's

consensus were also not as clear as they are now. Russian optimists saw, and still see, the emergence of this new economic superpower as a smooth, non-conflicting development while ignoring the sharp drop in Russian industrial exports to China and the growing reliance of Russia on Chinese industrial goods (Voskressenski 2008, 70-137). For these analysts, the most important issue was, and still is, the consolidation of Russo-Chinese international political regimes, far removed from the Western democratic model, and the benefits of this development for stabilizing and 'freezing' Russia. For the purposes of building up anti-Westernism and anti-Americanism in Russia and closing the Russian borders to migrants except from China, they agree even to subsume Russian great power status on the international arena by making Russia subordinate to Chinese strategic, political, and economic interests (Louzianin 2005 quoted by Kuchins in Bellacqua 2010, 54). This situation may help further Russia's transformation into a third-tier weak regional state, contrary to the aspirations of the majority of the Russian elite who, regardless of their political beliefs, want to see their country strong, free, and independent in both its internal development and its foreign policy. However, at this early stage even liberally minded optimists argued that Russia's helping the economic rise of China would mean a less authoritarian China while underestimating that in the future it may also lead to the emergence of a more authoritarian Russia subordinated to China.

The Russian pessimists stressed that Russia's economic inefficiency coupled with increased authoritarianism indirectly or even directly supported by China could lead to problems on both its Western and Eastern diplomatic and political 'fronts.' These could include unrealized hopes of creating a common economic, political, and security space with Europe and the USA and the separation of the Russian Far East from Central Russia. The latter would lead to this region's eventual dependence on China, which has been increasingly dominant there as far as economics and security. Such regional destabilization, as these analysts argued, may be enough to plunge the whole of Eurasia into long-term instability that would result in the emergence of a highly nationalistic authoritarian regime in Russia trying to hold together by force a fragmenting Russian state.

For pragmatists in Russia, the most important issue was, and still is, whether its coming out as an economic superpower means modernizing its armed forces to a level that accords with this new status and also what the direction of this force projection would be: north, south or both. The pragmatists' discussion has centered on how the chosen direction may influence prospects for Russian modernization. They have argued for Russia maximizing the benefits of cooperation, while specifying the need to carefully weigh such benefits. Even at the early stage of this discussion the pragmatists argued that Russia's alienation from the Western world might have long-lasting and very dangerous external as well as internal consequences for Russian national development. At a later stage they have claimed that rising political and security controversies with Europe and the USA and weak economic interdependence with the Western economic and political space may contribute to the strengthening of authoritarian economic clans in Russia, the archaization of the Russian social scene and the strengthening of malignant trends in the Russian-Chinese partnership based on Russia's native authoritarian and anti-democratic ideological foundations and subordination to China.

So, however the political analyst community in Russia has understood all the objective constraints that limit how far the relationship between Russia and China may go, the international developments related to transformation of sovereignty (e.g. Kosovo, Afghanistan, Iraq, Libya, Syria, Iran) as well as the Russian desire to proceed along a completely independent path while having close relationships with the less developed countries (Belarus, Libya, Iran, North Korea, Venezuela) as well as China, have brought about an unexpected change that, contrary to initial calculations, has started to influence Russia's internal political scene.

If, during the first few years, Russo-Chinese relations were driven mostly by pragmatic calculations to help each other's advances in internal economic development and also on the international arena, by providing ad hoc diplomatic support, during the last several years these relations have been motivated by shared authoritarian political aims with a weak but distinctive anti-Western angle. These aims have been partially realized and anti-Western strategic cooperation has been the result. At the same time, there has been a congruence of Sino-Russian interests on a global level. Witness the number of similar regional problems that elites in both countries hope to resolve solely through Russo-Chinese bilateral regional cooperation, a certain complementarity in Russian and Chinese economic structures during the first and second stages of the friendship, as well as the

argument advanced by some that Chinese-style economic reforms may pull Russia out of its stagnation with or without serious political consequences.

These developments clearly mark **the second structural stage** of the Russo-Chinese relationship: closer cooperation in all fields (international, economic, political, and cultural) that is seen benignly or indifferently by the global community and various experts (Garnett 2000; Voskressenski 2007). The international attitude to the cooperation between Russia and China at this time may be summarized as carefully watching the two countries' joint military activities including martial maneuvers and sensing increased anxiety over Sino-Russian international conservatism and growing Russian obscurantism based on civilizational and monoconfessional nationalism which are seen as an only remedy against separatism and national degeneration.

5. The Emergence of the Third Structural Stage.

The third stage in Russo-Chinese cooperation was thus at first more marked by concerns about its implications for international rather than internal politics. Though it is difficult to delineate its exact time span, it emerged at some point at the beginning of Vladimir Putin's second term as President of Russia. The third stage ended by fully exhausting its content sometime close to the second half of Dmitri Medvedev's presidential term and coincided with the onset of the global financial crisis that triggered the emergence indecisive interim period in view of the second waive of the economic crises that slowed down the Chinese economy and as some Russian analyst argue can be more detrimental to the Russian economy than the first waive. During this stage, Russo-Chinese partnership was conceptualized in full detail. China was deemed important for Russia in the intermediate term, since it psychologically compensated for Russia's vulnerability in Eurasia and the relative weakness of its foreign policy standing in comparison with that of the former USSR. The Russian political elite decided that, with the help of China, it was possible to further stabilize Russia's Asian "underbelly" (especially in Central Asia) and, moreover, to strengthen it in a space where Russia and China enjoyed generally close strategic understanding. This outcome was seen as welcome even if, for Russia, it meant a strengthened China in Central Asia and its rising conflictuality with the USA.

At the third stage, Russia was beginning to consider China an attractive prospective market for industrial, high technology (including military) production and resources, and their bilateral trade started to flourish because of the massive Russian sales of hydrocarbons that were rising in price. However, these massive sales still did not result in a restructuring of the Russian economy or in the appearance of hi-tech industries in Russia that would sell their products on international markets, including Chinese ones. Chinese labor resources also became more important for Russia, especially in view of the construction of Russian pipelines to China with the support of Chinese loans. At this stage, the idea of massive use of Chinese labor resources in Russia was put forward by certain segments of the Russian political elite, which argued that Russia should reorient its foreign policy and internal development in such a way as to rely completely on China as a neighbor that would soon rival the USA in its economic might.

For China, partnership with Russia at this stage evolved to be the major factor bolstering its efforts to transform itself into a global power, since Russia provided it with political, military, and technological support. Without the active role of Russia, and Russia's anti-Western (either soft or rigid) policies, it would hardly have been possible to hinder the formation of an international coalition that could prevent China's progression to the status of a first-tier state even if China's attitudes toward other states evolved along the path of the Beijing consensus (Ramo 2004) that stressed the preeminence of Chinese interests over national ones (Halper 2010). With the help of Russia, China has made significant advances in modernizing its armed forces and gained access to energy markets not controlled by the Western states. This situation further helped China improve its economic status at a time when the whole world was thrown into a recession as well as also initiated a sharp debate in China itself about its future foreign policy direction through the emergence of different foreign policy concepts: e.g. rising China, peacefully rising China, China as a major stakeholder of the world order,

China as a promoter of a harmonious world with a friendly neighbor policy, China as promoter of its expanding fundamental interests, or China as a cultural superpower.

To further develop their strategic partnership, Russia and China has signed a universal treaty that put an end to the border question and broadly opened Chinese markets to Russian industrial products and financial activity. The second and third stages of Sino-Russian cooperation witnessed the results. The Russian market became increasingly important for maintaining the growth rate of the Chinese economy on the eve of the financial crisis that pushed the USA to curb its imports of Chinese goods due to its trade imbalance with China and the latter's sustaining of the first wave of the crisis thanks to masterful currency exchange rate manipulation. However, at the end of the third phase of Sino-Russian cooperation, the export growth potential of Chinese production on Western markets soured since China had already captured the lion's share of the international market in labor-intensive low-priced goods. Without wide access to the Russian market as well as to the markets of developing states (Africa, small Mediterranean countries, Croatia, Serbia, Latin America, Central Asia), the probability of a crisis in the Chinese economy goes up. At this time, China emerged as the primary export nation for Russia, second only to the twenty-seven EU countries. China also began to buy Russian and Central Asian raw materials and hydrocarbons in large quantities (Song Kui 2000), thereby saving on transportation costs and extending a comparative advantage to goods that had gone down in value internationally due to the rise in labor costs in China itself.

This third stage of Sino-Russian cooperation was marked by a balancing act between two ideas within the Russian and Chinese political elites. The first one emphasized that in a new global context, relations between the major international powers need not be adversarial since all countries search for areas of cooperation in economics and security. This view stated the need for both Russia and China to broaden their common economic and security space with the Western community. A segment of the Russian political elite stressed that Russia could also create a common political space with Europe and the USA if attempts were made to remove the "undemocratic" label imposed on the Russian form of government by the international community. This initiated a discussion about the character and evolution of the Russian political regime before and during the 2011 Duma elections and during the 2012 presidential elections in Russia. According to this view, the West (the United States, the European Union, and Japan), as well as Russia and China, could, by working together, forge a future world order based on a common transnational economic and security space that is beneficial to all the states striving for peaceful and fair development.

Another segment of the Russian political and security elite, by contrast, urged closer relations between Russia, China, and the Islamic world (Li Shaoxian and Tang Zhichao 2007; Wakefield and Levenstein 2011), motivated by anti-Americanism, the explanation for which lay in the U.S.' supposed neglect of Russian economic and political interests in the desire to shake up the existing world order and weaken the Russian, Islamic, and Chinese poles of the international system. The new orientation towards the Chinese and Islamic worlds was seen as helping the resurrection of Russia as an equal partner for the West because of skillful Russian diplomatic control over both those poles through partnership treaties. It may also have relationship to the rising influence of radical Islamism in the world and Russia itself. This way presupposed a strengthening of authoritarian trends inside Russia in order to curb "pro-Western dissent" and to create a common anti-American, anti-Western, and pro-authoritarian Chinese-centered economic, political, and security space defended in the north by the still enormous Russian military potential and in the south by the modernized Chinese military that helped extend China's interests as far as the "far sees" line (up to Guam) in the Pacific.

At this stage a heated discussion about the future direction of global leadership began not only in Russia but also internationally. This theoretical discussion became more practical after the 9/11 terrorist attacks on the USA. «The China factor»—the peaceful rise of China which can either accommodate itself to the existing global order or subvert/partially restructure it according to China's new economic status—has been at the forefront of this discussion. At this time, the Russo-Chinese partnership in general, and Russo-Chinese military-technological cooperation in particular, started to engender concern in Europe and the United States (Voskressenski 2008, 14-17). American analysts pointed to the impact of this partnership on the regional strategic balance holding together the global international system.

At this stage, signs that the Russo-Chinese partnership consolidated both domestic and international elements that opposed liberalization and democratization, as well as imposed strains on the Russian and Chinese relations with Europe and the United States. Witness of which was Russo-Chinese alignment on the UN sanctions on North Korean nuclear tests of 2006 and 2009. However, the ruling elite in Russia still saw the partnership as a by-product of the strengthening of relations between the two countries that was needed to take Russia out of its economic difficulties and further stabilize it. Its stated rationale was the construction of a new type of relationship aimed at promoting a just world community of equals as opposed to leaders and followers, where the legitimate interests of all states were kept in consideration, and where all states, notwithstanding their position in the international system, could develop peacefully without fearing that their internal policies would be handled incorrectly or unlawfully. Yet, in reality, Russia was moving in the direction of seeing its relations with China as a substitute to those with the West and the USA in particular. That led to a situation where the cooperation of Russia with the Western world, especially in the spheres of economic and political development and security, tended more and more to become a "hostage" of Russian relations with China. The emergence of the concept of Beijing consensus (Pax Sinica) was considered a good substitute for the Washington consensus (Pax Americana) that was blamed for being overly conciliatory to the USA. No hierarchical trends had yet clearly emerged in the Beijing consensus, and in Russia a majority of the political elite still hoped that the negative trends in its regional economic cooperation with China are nonexistent or may be easily eliminated. No alternative ideas about a post-Washington consensus based on effective global governance, the role of G-20, or international regionalism had yet appeared. When these ideas were finally voiced, no segment of the Russian political elite took them seriously.

Therefore, at this stage in Sino-Russian relations, the United States and the EU were compelled to closely observe the tactical coordination of Russia's and China's international policies, especially concerning Iran, Iraq, NATO, North Korea, Libya, Syria, and, in the UN Security Council, Russo-Chinese military-technical cooperation, power and transport structures, the developing sub-regional security system—as well as the demographic shifts on both sides of the border (Bellaqua 2010).

Though the new global context at the beginning of the 21st century has been still largely dominated by the United States as the world's preeminent military power by a wide margin, at this stage in Sino-Russian relations some Russian analysts were openly pointing to the possibility of helping transform China into a 'Number 2' international power that may give Russia certain benefits due to its strategic partnership with China and the latter's non-Western international stance (Berger 2011). Through unidentified voices in minor publications, some analysts even argued that as soon as China became 'Number 2,' it would be strong enough to easily "give back Taiwan." While the USA and its Asian allies concentrated on responding to such a smart strategic move in the south, Russia could "give back" its former Soviet republics, especially the Baltics, and again become a real world power in Europe, this time supported by China in the south. According to this view, such a strategic duumvirate would disorient the USA for the next decade. The argument was that, as the leading beneficiary of the post-Cold War period, the United States tried to shape the international system in ways that would perpetuate the American preeminence well into the future, thereby constituting a danger for both Russia and China. However, as explained earlier in this essay, the main reasoning behind this theory had to do with domestic political developments and struggle for power: certain segments of the Russian elite needed a justification in the international arena in order to win the internal political competition.

Just at this time, the American economic and cultural hegemony started to erode. Due to the economic crisis, the United States has no longer been able to shape the world alone. After Barack Obama became President, the superpower has shown that it cannot and does not strive to be the world policeman on all issues, and has started to think about how to strengthen its allies to build together a benign world based on democratic values and fair economic rules. Shaken by the crisis, the US political elite decided to incorporate China as a principal stakeholder by proposing a G-2 option. This idea was received with great suspicion by all the politicians in Russia as a total subversion of Russian great power status and possibly the germ of a future Russian-Chinese-Islamic world standing in opposition to the Western world. The Chinese leadership finally rejected the G-2 idea, opting to

further strengthen China's economic and military status rather than increase political and security interdependence with the USA and the West in general. This was done without taking into account the opinions of any segment of the Russian political elite, which raised the suspicion among them that the Chinese already saw Russia as subordinate and thus unimportant to China.

The economic crisis raised China's aspirations to become a global power and ensure conditions where China's word would be decisive for everyone. China would like to present an authoritarian alternative (though the degree of authoritarianism is highly debatable and seen differently by various segments of the Chinese political elite), but also wants to make sure of favorable external factors for aiding its economic transformation, modernizing its armed forces, and maintaining stable and controllable oil routes over its borders. In addition, China aspires to accumulate enough strength to become a "first-tier" state and, as some argue, to project its newly obtained preeminence well into the twenty-first century by military means (Erickson, Denmark and Collins 2012, 15-54). China's decision to reject the G-2 option coincided with the peak of Russian polemics about its role.

Due to its uncertainty and fear of becoming yet more subordinate to China and further influence of this on internal developments, Russia did not possess a significant strategic stimulus for enhancing cooperation with its neighbor during Dmitri Medvedev's presidency. While Medvedev tried to find ways to expand Russo-Chinese economic relations, he maintained the same degree of political closeness with China as during Vladimir Putin's presidency. Meanwhile, Russo-American relations were restarted (the diplomats used the word 'reset' previously used in computer books) as a sign of a Russian foreign policy being strategically independent from any influence—including possibly a Chinese one. However, in reality this move was counterbalanced by China emerging as an energy buyer alternative to Europe given Russia's inability to raise its industrial exports to China, which may signify increasing parity in Sino-Russian economic relations. The idea of a Eurasian Union put forward by Vladimir Putin during his premiership further sparked arguments that Russia may fall further into China's orbit and even under China's domination. Before and during the 2012 presidential election campaign in Russia, when five nominees were competing for the post, some voices spoke out for redrafting the ideological rationale for the Russo-Chinese relationship. According to them, the relationship should be seen as more of a "partnership for modernization" and thus add new pragmatic sense to the whole ideology of Sino-Russian cooperation. Some analysts began to speculate that the relationship would be closer, while others argued for its complete redrafting on a truly mutually beneficial 'pragmatic' basis.

6. Why the Forth Stage is Needed and the Future Scenarios.

Russo-Chinese relations today can be described as a "partnership for strategic interaction for the twenty-first century," exactly the same way as it was at the outset though the economic and trade segment of it developed significantly from 4.5 billion US dollars to near 80 billions. It is clear that the long-term Russian strategy of maintaining equal distance from the various centers of the international system has come to an end. It is no longer possible for Russia to modernize itself by delving into its internal resources as the USSR had done in the 1930s—nor into Chinese resources since China has the money but not the sophisticated technology and know-how that Russia needs. The strategy of Sino-Russian cooperation should be redrafted as conceptually sophisticated enough for Russia to develop and modernize instead of accumulating problems in a climate of stagnation already being compared to the Brezhnev era—the infamous zastoi that paved the way for the national disaster of the USSR's collapse.

The Western coalition (the EU and the USA) still defines the general structure and climate of the international system despite not controlling them completely as it did in the 1990s. This gives Russia a chance to become part of the evolving common transnational space in order to defend its interests in matters related to global economics and security. Thus, Europe and the USA can be considered natural partners for the modernization and social innovation drive that Russia badly needs to undertake. From these countries, Russia can receive the technologies and know-how necessary to restructure its economy, thereby increasing the standard of living of its population, and, what is

probably more important, supporting further structural financial and political reforms. No one can replace the West in this task. Meanwhile, Russia's negligence concerning its relations with other countries, especially China, India, Japan, South Korea, Malaysia, and Indonesia, might be a miscalculation, yet relations with these states cannot provide in full the necessary stimulus for further increasing Russian governmental efficiency, promoting political and economic reforms and implementing social innovations, or enhancing security. An understanding of how its fellow newly rising Eastern and Non-western States (BRICS) defend their interests within the common transnational space structured and governed by the G-20 may be useful for Russia. The other BRICS have modified global rules in their favor to strengthen their positions in the international system by ensuring steady modernization and development on a national basis while not subverting the global economic system or security regimes and not engaging in Realpolitik zero-sum games that detract from modernization in favor of military balancing.

The Western leadership in economic, technological and security policies must be reaffirmed in the present situation of a global financial crisis. These countries' tough stance on Russia's economic and political developments must be in conformity with the new world situation as well as Russian domestic conditions. Russia therefore needs an internal consensus that its great power status should materialize in a new openness to the world on a large scale rather than on a parochial one. Russia should be willing to cooperate on global issues including security and be able to help set modernized norms of global governance (Grant 2012) where its stance can be better defended not through military balancing and counterbalancing within a partially outdated realist paradigm but through a commonly agreed-upon international economic, political, and security space. However, it must also be understood that due to carrying the burden of great power status Russia can probably never get on the USA/Western bandwagon just as it had opted not to get on the China bandwagon in the Beijing consensus game during Medvedev's presidency (for the explanation of this logic see: Voskessenski 2011, 44-69; Voskressenski 2011, 70-89).

Two paths have recently presented themselves to Russia as it figures out its positioning in the international community. We will presumably see an expanded and strengthened G-20-led global governance regime within a commonly accepted economic, political, and security space that ensures the growth of the world financial system. Such a development will push Russia further to the periphery if it does not manage to become part of this evolving international trend. Russia therefore has two options—it can either join the EU as part of the common European political, financial, and security space or isolate itself from the West arguing for its 'civilizational uniqueness' and initiate alliances with marginal (if not rogue) states which are in direct or indirect opposition to the Western coalition. Such alliances, while very disturbing because of Russia's military, especially nuclear, potential, represent a greater long-term strategic danger for Russia itself than for the West as they would hinder Russian economic and political modernization and relegate it to the status of a weakened anti-Western non-modernizing latent adversary with an archaic political regime, i.e. a third-tier state on the international arena. From the military point of view, these alliances do not represent a serious threat regardless of how many new ships, missiles or tanks Russia produces due to the demographic and economic hindrances to sustaining its old Realpolitik balancing game in the long term. The real consequence would be Russia's exclusion from Europe, increasing closeness to a China struggling for its international share of exports and, ultimately, subordination to China as a source of energy and raw materials that helps lower the price of Chinese-produced or assembled goods. As some Russian analysts have argued, Russia would then become China's resource appendage (*resursnyi pridatok Kitaya*). The subordination of Russia to a weaker pole in the international system would exclude it from the benefits of international transfers of innovative technology and general know-how and further cement its peripheral place in the world system (additional arguments see for example in: Trenin 2012). Thus, the choice Russia makes is very important to its Asian neighbors in terms of influencing their economic, political, and security choices and either opening up new prospects or closing off certain venues for development.

The two choices outlined above are dependent on Russian internal developments after the 2012 elections (Petrov 2011, 51-66). We can either expect the further restoration of a structurally modified "Soviet model"—a corporate police state run by professional associations and state corporations and governed by a new kind of Politburo made up of the leaders of such corporations—

or further evolution in the direction of democracy with national characteristics (which could be called a non-Western democracy) with greater separation of powers, the introduction of a system of real checks and balances, the transformation of the quasi-parties into a modern political party system, the separation of business from the state, and finally the building of a political consensus leading to the formation of a coalition government.

In the former scenario—the modified Soviet model—global economic stabilization may be achieved by balancing the interests of the Western-led economic and political entity/space and the China-led economic and political entity/space that comprises East and Central Asia, part of Southeast Asia (Ma Ying and Zhao Gangcheng 2009), and maybe Russia depending on Russian internal political developments (Petrov 2011, 51-56). However, this scenario requires an elaboration of the concept of strong benign Chinese leadership accepted by the participating states with their different political regimes and not on hierarchically organized 'Beijing consensus' where the interests of the participants are subordinated to the Chinese global interests. This "China-led space" must have a solid economic basis and a plausible unifying political idea that is more sophisticated than simply a confrontation with the USA and the changing yet still legitimate world order. Otherwise, this "Chinese-led space" will be limited to rogue states, failed states, and internationally condemned authoritarian regimes that are economically and politically dependent on China defended by the Chinese military forces (the military substantiation of this policy is explained in: Erickson, Denmark, and Collins. 2012, 15-54).

This scenario would recreate a bipolar world—one with an enormous economic and political burden on China and turbulent consequences for China's neighbors. However, as it was discovered during the last few years, the Beijing consensus (arguably emerging Pax Sinica) is no less (and maybe even more) hierarchical than Pax Americana and the Washington consensus that are already quickly evolving into a post-Washington G-20 consensus supported by economic regionalism and the concept of redefined global governance. Thus, for many, a post-Washington consensus led by the G-20, providing an important role for the USA and Europe as well as BRICS countries and based on benign democratic development and economic modernization while accounting for the cultural and historical experience of each country, will be more attractive than balancing clones of the USA and EU member-states against an authoritarian new center led by China.

Therefore, a stimulus should be created for a global economic, political, and security space differentiated by overlapping world regions. This commonly accepted global cooperation space might help overcome the world financial crisis. Such a prospect can make China more responsive to the globally governed economic and political space where it can accommodate itself as a regional entity in a harmonious consensus with others since its enormous export potential will be diversified through variously structured regional spaces (Yang Jiemian 2009; Zhou Zhiqin and Li Shipeng 2009). Thus, China may let go of its fixation on an individually controlled economic and political space based on the Beijing consensus and cemented by authoritarian national regimes that are subordinated to Chinese economic interests. If Russia manages to formulate a foreign policy concept that emphasizes a common Euro-Pacific economic, political, and security space where Russian interests are defended within a jointly formulated consensus that works according to a more equitable development model, then Russo-Chinese relations could evolve into more harmonious and commonly beneficial ones and enter their **forth structural stage**. And, most importantly, they would not be confronting the Euro-Pacific economic, political, and security space but be tied to it by mutual interest.

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