

Tectonic Move in 21st Century International Relations: Ukrainian Territorial Crisis, Realignment of Major Powers, and Implications for the World

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Abstract

This essay discusses the recent Ukrainian territorial crisis in the context of power transition theory and explores its implications to international relations in the 21st century. According to the theory, the status-quo leader chooses to enlarge the power differential against the opponents and over a rising power. Because of the position by the West on Ukraine, Russia will seek support from other countries politically and economically. As a result, a Euro-Asian grouping that includes Russia, China and others may present alternatives to the status quo of the West.

Keywords

Ukraine, territorial dispute, power transition theory

Certain demarches act as catalysts, shaping relations among nations, transforming lives across the world and changing destinations of societies. They define coalitions and alliances, set off multinational wars and recalibrate or even alter world order. Tracing the initiation of major events such as the First and Second World Wars, as well as the Cold War, we can identify catalysts that set in motion the reconstruction of the relations among major powers. The 2014 Ukraine territorial conflict represents a landmark in international relations that has the potential for producing shifts in the dominant and challenging alliances, thus determining and shaping the future world order.

The Ukraine crisis unfolds with an accelerating speed. For years Ukraine was trapped in a tug of war between the West and Russia, between international liberalism and geopolitics, between market economic reform and dependence on Russian energy. Finally, these factors moved the move the country into a crisis. On 21st November 2013, President Viktor Yanukovych abandoned the popular pro-EU strategy. In December, protesters occupied Kiev City Hall and Independence Square; conflict intensified between the protesters and the government. Numerous people were killed in the violence at the capital on the 20th and 21st February 2014. On 22nd February, Mr. Yanukovych fled, and the parliament called an election. On 27th February, a pro-Russian Crimean militia rose in arms. On 6th March, Crimea's parliament decided to join Russia through a vote. On 16th March, the majority of the Crimean population chose to secede in a referendum. On 17th March, the Crimean parliament declared independence and officially asked to join Russia. Afterwards, conflict arose in the Eastern part of Ukraine, centered in Donetsk. On 11th of May, referendums were held in Donetsk and Lugansk. Separatist leaders announced that a large number of voters wanted to secede from Ukraine and establish their own governments. On 24th May, the two separatist regions officially merged into a confederation under the name of the Federal State of Novorossiya.

While in the West, the administration and mass media issued the strongest condemnation denouncing the involvement of Russia in annexing Crimea and supporting the separatist military campaign in East Ukraine. John Mearsheimer, a leading scholar in world politics, however, argues that it actually was largely the fault of the West that had resulted in the territorial crisis over Ukraine. "The United States and its European allies share most of the responsibility for the crisis." Mearsheimer writes in an article recently published in *Foreign Affairs*. "The taproot of the trouble is NATO enlargement, the central element of a larger strategy to move Ukraine out of Russia's orbit and integrate it into the West"

(Mearsheimer 2014).¹ He continues, “The West’s triple package of policies—NATO enlargement, EU expansion, and democracy promotion—added fuel to a fire waiting to ignite” (Mearsheimer 2014). The current crisis has the potential for causing protracted disruptions and antagonisms between Russia and the West. As a solution, he suggests that, “The United States and its allies should abandon their plan to westernize Ukraine and instead aim to make it a neutral buffer” (Mearsheimer 2014).

In this paper, we present a theoretical structure for the understanding of the genesis and consequences of the territorial crisis in Ukraine and analyze the processes as well as potential outcomes ensuing from the conflict between the West and Russia over Ukraine. While we conduct historical and policy analysis in this essay, a portion of our writings is in the domain of making predictions about the future, based on a coherent theoretical foundation. Only the passage of time will provide support or rebuttal of our predictions.

HISTORICAL OVERVIEW: THE TRAGEDY OF LOCATION

Ukraine has been a central protagonist in a number of major global restructurings. Kiev was destroyed in 1237, prior to the Mongol incursions into Eastern Europe and the Middle East. Following the collapse of the Mongol empire, after a short period of semi-independence, Ukraine became part of the Polish-Lithuanian Commonwealth between 1569 and 1648. Another short tenure of semi-independence followed the Khmelnytsky uprising, after which a large Ukrainian group established the Cossack Hetmante, only to be integrated into the rising Russian empire, while Turks and Russians competed over control of portions of Ukraine’s territory. After the Partitions of Poland in 1772, 1793 and 1795, the westernmost region of Ukraine was annexed into Austria-Hungary, while the rest fell under the Russian Empire.

Ukraine took the proscenium again in some of the most noticeable confrontations in Eurasia. The Crimean War of 1854 started as a conflict between Russia and Turkey over the domination of the Black Sea and Ukraine. The hostilities escalated and eventually involved the major European powers. Despite the occupation of Sevastopol in Crimea after a long fight, Western powers withdrew, and Russia eventually re-consolidated its conquest of both Crimea and Ukraine.

1 From *Foreign Affairs* electronic version. <http://www.foreignaffairs.com/articles/141769/john-j-mearsheimer/why-the-ukraine-crisis-is-the-west-s-fault>

During the First World War, Ukraine was the center of the eastern front. Her forces were split between a majority that fought with the Imperial Russian Army and a minority that fought for the Austro-Hungarian Empire. Many of the military campaigns took place in Ukraine, which played a decisive role in the birth of the Soviet Union. The Russian Revolution originated in Sevastopol in 1917, launching a civil war that destroyed the Tsarist regime and ended Russia's participation in World War I. Untold atrocities occurred during that civil war as Red, White, Polish, Ukrainian, and foreign armies marched back and forth across Ukraine. After Lenin's death, Stalin inflicted even greater destruction on Ukrainians, targeting the Kulaks, affluent farmers opposing collective farms. At the same time, opposition from the Kazaks and Tartars in Crimea was brutally repressed. The loss of lives between war casualties and famine were estimated at 25 to 40% of the population. During the Russian Revolution, attempts by Ukrainians to establish their own state failed. Ukraine and Crimea became separate republics within the USSR (Snyder 2010).

During World War II, fighting on the eastern front once again centered on Ukraine. The early German invasion found limited resistance from Ukrainians, some of whom joined the German forces. Following the Battle of Kursk during July and August 1943, which was the largest tank engagement between German and Soviet forces on the eastern front, close to the current border of Ukraine, Ukrainians endured the long and bloody retreat of German forces. After World War II, sections of Eastern Poland were incorporated into Ukraine. Crimea remained an autonomous region within the USSR until 1954, when Khrushchev decided to incorporate it into Ukraine. The 1989 collapse of the USSR and the end of the Warsaw Pact led to the recreation and formation of quite a few nation-states, among which was Ukraine.

In 1991, Ukraine was declared a free state with Sevastopol having its own administration. Most East European nations were in favor of the EU and NATO. Though earlier opportunities existed to integrate both Russia and Ukraine into the EU and NATO, this path has been thwarted and foreclosed first by the war in Georgia, and now, far more decisively, by the ongoing Ukraine crisis. In the next section, we discuss the territorial dispute of Ukraine in the context of an international relations theory and analyze the rationale of the conflict that involves Ukraine, the West, and Russia.

THEORETIC CONTEXT OF THE UKRAINIAN TERRITORIAL DISPUTE²

Power transition theory is an international relations theory that studies the structural conditions under which major wars break out.³ Under power transition theory, parity between the incumbent leader and its challenger increases the likelihood of war, while preponderance of power is conducive to peace. Countries gain power through economic development and technological innovation, instead of focusing on alliance formation alone. This is particularly true of major powers, for instance, the Netherlands in the 17th century, Britain in the 18th and 19th centuries, the United States in the 20th century, Soviet Union in the 20th century, and China in the 20th and 21st centuries.

Power transition theory has two dialectical and contrasting components: power and preference. On the one hand, it predicts war as a result of competing and conflicting dyads when the power of the two sides is at or close to parity. On the other, when preferences converge between the “challenger” and the “leader (defender),” peace may prevail during power transition. For instance, if two countries benefit from the continuation of world order and share the same outlook about international norms and rules, the incentives for military solutions regarding the succession of world leadership decrease. Given the inevitable rise of a challenger, the defender may benefit from cooperating with, rather than fighting against, the challenger when their fundamental interests converge. Historically, power transition occurred either with conflict or peace. In conflict, the Netherlands overthrew the domination of Spain. In peace, the United States took over world leadership from the United Kingdom. Shared interests between the incumbent leader and the challenger determine the mode of transition (Tammen et al. 2000, 23, 44-60). In addition, Efrid, Genna and Kugler (2003) both theorize and measure the conditions under which transitions happen peacefully or violently. A key factor is the satisfaction with the status quo by the challenger.

Table 1 summarizes the implications of power transition theory. The likelihood of a major war is lowest when a dominant leader shares a great deal of preferences with a weak challenger. In this case, the challenger is not capable of, or interested in, fighting the leader. Similarly, if the two nations enjoy significant overlapping preferences, even when they are relatively equal in power, they will not have much interest in going to war with each other. The chance of major con

2 Part of this section is from and draws upon Feng (2013).

3 There is a large body of literature on power transition theory. This work mainly draws upon Organski & Kugler (1978; 1980), Tammen et al. (2000), and Tammen (2008). For a critique of the theory, see DiCicco & Levy (1999), which details the development of power transition theory.

Table 1. Peace, Power, and Preferences

| | Preference Convergence | Preference Divergence |
|---------------------|------------------------|-----------------------|
| Power Parity | Accommodation | War |
| Power Preponderance | Peace | Low Conflict |

flict also remains low when the challenger holds an opposing interest against the leader but is too weak to fight the latter.

In Table 1, the most dangerous juncture is when the challenger and leader disagree on the rules of the game and when they are relatively equal in power. The challenger is in a position to make demands on the leader to change the structure of international relations or norms of commercial activities, and the leader will resist and combat these demands, as they compromise and reduce the leader's gains from the world system it manages. The likelihood of major conflict intensifies when the gains perceived by challenger outweigh the expected losses from relinquishing the use of force.

Far from a leadership position, Ukraine cannot be recognized even as a regional power. However, the role played by Ukraine, willingly or unwillingly, in world politics and military conflict, cannot remain unnoticed. As summarized earlier, Ukraine endured many atrocities, because it was in the path of the pursuit for power by major countries. As the challenger catches up or as the leader declines, or the relative distance between the leader and the challenger shortens, alliance may become a critical factor. Woosang Kim and James Morrow (1992) find that alliances play critical roles, changing capacities and affecting the timing and probability of war onset.

While power transition theory emphasizes in general the power of the defender and the challenger, rather than that of allies to the leader and the challenger, alliances play important roles in the process of power transition, particularly when the defender is faced with the prospect of phase-out. Between a leader and its alliance, it is the leader that sets the norm and order of the world structure, making rules and dictating rationale. In the formation of preferences, the leader gains a collection of allies and supporters who benefit from the norm and structure that the leader enacts and protects. The allies have their vested interest in espousing and fighting for the course of the leader. They may enjoy a free ride on the leader when the leader is strong, but will defend the alliance and the leader when the latter is on decline.⁴ This scenario particularly applies when a powerful

⁴ See Snidal (1985) for a theoretical discussion on the strategic interactions between the hegemon and its followers.

challenger pursues interests opposite to those of the leader and her alliance.

The deterioration of the leader's position threatens the benefits of the leader and its allies, causing the alliance to improve the chance of collective survival. This assumes that the challenger has a very different set of preferences from the leader. If the leader and the challenger share much the same outlook, then the allies of the incumbent leader would not have misgivings about world leadership transition. Chae-Han Kim (2007) argues that trust and distrust also play roles in conflict. He finds that conflict arises when nations mutually dislike each other and when a nation's ally does not trust the target nation. In our context, trust and distrust are based on preferences. When a nation's allies differ from a third party in terms of interests and preferences, potential for conflict increases.

An alliance under an effective and strong hegemon attracts new members that hope to benefit from the economic market shared by the leader and its allies and to enjoy the military protection that the leader and the alliance offer. The new members add to the complexities of alliance management; however, they also amplify the collective power of an alliance. Ukraine has been such a case.

Upon the demise of the Soviet Union and loss of some of its republics to independence, the European Union absorbed former allies or erstwhile components of the Soviet Union: In 2004, the EU accepted the Czech Republic, Estonia, Latvia, Lithuania, Poland, and Slovakia. The second wave of EU eastward enlargement gained a momentum in 2007, with Bulgaria and Romania becoming the new additions. In 1999, the Czech Republic, Hungary, and Poland joined NATO. The year 2004 found Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia receiving the membership of the military alliance of the West. On the list of the candidates for EU are currently Albania, Montenegro, Serbia, and Macedonia, with Bosnia and Herzegovina and Kosovo as potential candidates.⁵

A significant share of people in Georgia and Ukraine desire to join the EU and NATO so as to reap the security as well as economic benefits of the West-led alliance. All this could have played well to the strategy of the western alliance under the leadership of the United States so that the status quo of the current world order could be strengthened, but after the Helsinki Summit of 1997 between Clinton and Yeltsin failed to produce an agreement regarding Russia's participation in NATO, the level of trust required to achieve cooperative breakthroughs declined. Physically, Georgia and Ukraine are too close to Russia for any economic action alone that the West can take to rein in Russia, a country that has regained much power the Soviet Union lost and is now under the leadership of a decisive leader.

5 http://europa.eu/about-eu/countries/index_en.htm.

The fundamental reason for the West to expand NATO after the collapse of the Soviet Union was to maintain its power preponderance over the rest, including Russia and China. According to power transition theory, the leader of the world system will try to enlarge the power differential over its rivalries. In other words, power transition seeks to build a large alliance of satisfied nations that will ensure the status quo. Russia's reaction has so far proven by its move into Ukraine that the NATO/EU expansion was unproductive, if not counter-productive, at least in the short run. Russia took the West's support for Ukraine as a move not in favor of the interest of Russia, but causing security threat to Russia. We agree with Mearsheimer that US actions prior to this crisis during the expansion of NATO—particularly at the 1997 Helsinki Summit—could have been more sensitive and could have laid out conditions for the incorporation of Russia into NATO. We however disagree fundamentally with Mearsheimer's (2014) assessment of conditions and solutions surrounding the Ukraine crisis. He proposes Ukraine to be a buffer state that would insulate the West with Russia. This is a position under balance of power theory, which argues that the balance of power between the leader and the challenger would deter conflict and conduce toward peace. Power transition argues the very opposite.

On the grounds of logic of struggle for power and based on historical evidence, we believe that balance of power is not a means toward peace, but a precondition toward conflict. The need of the countries to “balance” and “counter-balance” each other reflects the circumstances of power transition, raising the probability of severe conflict. Balance of power is an unstable and unsustainable “equilibrium.” The incumbent leader would delay this moment as much as she could and the rising challenger would want to pass it as a winner in the shortest possible time.

In terms of power transition theory, Russia and the West do not share the same value of liberal democracy and hold different strategic interests in the world. In light of the same theory, the power of Russia and the West is far from equal, although Russia remains a major state with a nuclear arsenal. Barring some suicidal acts involving the use of nuclear weapons, Russia would not be a threat to the Western alliance under power transition theory. A mobilized NATO has overwhelmingly superior capabilities. However, international politics is dynamic, and the true implications of the Ukraine crisis have to be understood in the global context. In the next section, we delineate some scenarios showing how the Ukraine territorial dispute can create the largest shift in the political influence of the world since the end of the Cold War. It will analyze the implications of the Ukraine territorial crisis to the relations between Russia and China as well as the new competing dynamism relations between the East and West.

DYNAMICS OF THE UKRAINIAN CRISIS WITH GLOBAL CONSEQUENCES

Power transition theory suggests that to insure peace, the United States and its allies need to incorporate Russia and Ukraine into both the EU and NATO, and then extend the membership to China (Tammen et al. 2000). Within the enlarged coalition, even if power transition takes place, the preferences and value system of the alliance would preserve peace, and the world could avoid a costly and bloody power transition. Power transition theory implies that Ukraine can be a bridge for Russia and eventually China to join the satisfied coalition. Balance of power theory to which Mearsheimer subscribes, argues the opposite.

The choice made by the West and Russia over Ukraine has moved the scenario away from what power transition theory would prescribe as an optimal outcome by which an augmented alliance would ensure a peaceful leadership transition when it happens, but the opposite is now true. Upon the declaration of Crimean secession, the European Union imposed sanctions against Russia. On 17th March, 2014, the EU issued the first travel bans and asset freezes against Russia. The EU restricted from entries into its territories 119 people and 23 institutions. It adopted a prohibition on imports originating in Crimea and Sevastopol. In addition, trade and investment restrictions were installed in the areas of transport, telecommunications, and energy as well as the exploitation of oil gas and minerals. Key equipment for these sectors was banned in the direction of Crimea and Sevastopol. "EU nationals and companies may no longer buy or sell new bonds, equity or similar financial instruments with a maturity exceeding 90 days, issued by major state-owned Russian banks, development banks, their subsidiaries outside the EU and those acting on their behalf or under their control. Services related to the issuing of such financial instruments, e.g. brokering, are also prohibited. An embargo is in place on the import and export of arms and related material from/to Russia. Exports of dual use goods and technology for military use or for a military end user are prohibited. Export licenses will be denied if products are destined for deep-water oil exploration and production, arctic oil exploration or production and shale oil projects in Russia."⁶ Politically, instead of the G8 summit in Sochi, the G-7 nations met without Russia in Brussels in June, 2014. EU countries also canceled discussions on Russia's joining the OECD and the International Energy Agency. The EU-Russia summit was called off, and EU member states vowed not to continue regularly scheduled bilateral summits with

6 http://europa.eu/newsroom/highlights/special-coverage/eu_sanctions/index_en.htm.

Russia. Bilateral negotiations with Russia on visa issues were discontinued.⁷ On 12th September, 2014, the EU issued a new round of sanctions that extended to blocking the export of services and deep-water technology concerning Russia's oil industry. Three major Russian state oil firms were the targets: Rosneft, Transneft, and Gazprom Neft, whose access to financial markets was to be restricted. Large Russian state-owned banks were banned from getting loans with a maturity longer than one month; they would no longer receive other financial services in and from the EU.

On the same day and in perfect coordination, the U.S. adopted similar sanction measures against Russia. The U.S. denied Sberbank and Rostec their access to the U.S. financing market; while Sberbank was Russia's largest bank by assets, Rostec was a manufacturing conglomerate. The U.S. sanctions also banned U.S. companies from exporting goods or services to five Russian energy companies in projects concerning deep water, Arctic offshore, and shale. David S. Cohen, Under Secretary for Terrorism and Financial Intelligence, announced to reporters, "Today's actions demonstrate our determination to increase the costs on Russia as long as it continues to violate Ukraine's territorial integrity and sovereignty. The United States, in close cooperation with the European Union, will impose ever-increasing sanctions that further Russia's isolation from the global financial system unless Russia abandons its current path and genuinely works toward a negotiated diplomatic resolution to the crisis."⁸

In Asia, earlier, Japan imposed its own sanctions on Russia, freezing any assets in Japan belonging to two organizations and 40 the people who had been targeted by U.S. and EU, though "[a]nalysts called the measures largely symbolic since Japan does not import much from Crimea, and it is unclear how many, if any, assets the targeted people hold in Japan."⁹ In response to the sanctions by the West, in return, Russia banned food and agricultural imports, including meat, fruit, vegetables, and dairy products from the European Union, the United States, Australia, Canada, and Norway. In the face of the new sanctions, Russia also threatened to close the airspace over the Russian territories to civilian airplanes of the West. What has happened in Ukraine lately may lay a foundation for a new round of realignment in international relations and world politics. One

7 See http://europa.eu/newsroom/highlights/special-coverage/eu_sanctions/index_en.htm.

8 <http://www.thewire.com/business/2014/09/us-officially-increases-sanctions-against-russia/380115/>.

9 Martin Fackler, "Japan Imposes New Sanctions on Russia but Keeps a Diplomatic Door Open." *New York Time*. August 5, 2014. <http://www.nytimes.com/2014/08/06/world/asia/japan-keeps-door-to-russia-open-while-imposing-sanctions.html#>.

rising power, China, has been arguing for political solutions of the Ukraine crisis and is opposed to the use of economic sanctions to put pressure on Russia. As a target of economic sanctions by the West for many years, China had the first-hand experience of how sanctions may or may not work. However, in the case of the Ukraine crisis and the subsequent conflict between the West and Russia, China may emerge as a beneficiary.

During the Cold War period, the Soviet Union was a key reason for the reconciliation between the United States and China, as landmarked by President Nixon's visit to China in 1972. Today, two factors define, at least in the short term, the relations among the United States, Russia, and China and in the long run, the world power structure. The first factor is about what Russia perceives as an encroachment on its security with the NATO enlargement and EU expansion toward its border. The other factor is what China perceives as containment to its rise, headed by the United States and boosted by Japan, along with other countries with which China had territorial disputes, for example, India, Vietnam, and the Philippines.

Over the course of the last three decades, China's rise has resulted in significant part from international liberalism that favors international investment and trade. The economic relations between China and the United States are deep and wide. As the world's largest two economies, their prosperity depends on each other. However, the political and military relations between them lag far behind their economic relations. While economic cooperation may lead to gradual improvement in political and security coordination, lack of strategic trust and true partnership will hamper long-run economic cooperation. By contrast, the relationship between Russia and China is anchored on strategic partnership that emphasizes not only economic but also security benefits. If the relationship between the United States and China was powered by economics, then Russia and China was bonded in security interests.

The 1980s and 1990s have witnessed profound social transformations in Russia and China. From 1985 to 1991, the Soviet Union under the leadership of Gorbachev moved along to its closure and ushered in its rebirth as Russia with diminished territories. During the same period, China expanded its economic reform from the countryside to its urban areas and after 1991, accelerated the deepening of its market economy. Since the dissolution of the Soviet Union in 1991, Russia and China, instead of parting and going in different directions, have found in each other a strategic partner with common interests. Despite the fundamental difference in their national agendas and political systems, the two countries entered into a partnership that has become stronger and stronger.

The strategic relations between the two countries can be found in three key

areas: security, regional cooperation, and economic relations. Sequentially, the relations between Russia and China have evolved over three stages, with security taking the lead, followed by regional cooperation, and boosted by economic relations.¹⁰ During the first stage, from 1991 to 1997, Russia and China focused on the settlement of their territorial disputes and the elimination of military confrontation along the Sino-Russian border. In 1997, most of the contested territories along the border between the two countries were resolved. During this period of time, the two countries put forth much urgency and energy to resolve the border dispute and to develop a “good neighbor” relationship. Without the solution of the border issues, the two countries would not have been able to establish a security and political foundation, on the basis of which they could develop their economic relations and achieve consensus on their common strategic goals. In the Sino-Russia relations, security has been the key, from which economic and technology cooperation naturally ensues.

The second stage (1996 through 2001) involved the establishment of regional cooperation among six countries that eventually formed the Shanghai Cooperation Organization (SCO) in 2001. SCO is a regional organization that aims at both regional security and economic cooperation. It proclaims coordination in fighting three interest groups (三种势力): “terrorism,” “separatism” and “extremism.” Except China, all members also belong to the Eurasian Economic Community. China has proposed that SCO become a free trade area. The six member states account for 60% of the land mass of Eurasia and its population comprises a quarter of the world’s population. With the five observer states (Afghanistan, India, Iran, Mongolia and Pakistan), SCO would account for about half of the world’s population and three out of the five the BRICS countries (India, China and Russia).

During the third and current stage, following security improvement and regional cooperation, the two countries have strengthened their economic relationship. In 2011, the relations between China and Russia assumed a new name: “comprehensive, strategic, and cooperative partnership,” which was an upgrade from “constructive partnership” (1994) and “strategic and cooperative partnership” (1996). Economic cooperation between the two countries has become a major component of this “comprehensive, strategic, and cooperative partnership.” The deepening of the economic relationship between China and Russia follows their military and regional cooperation, which means that the two countries may conduct their economic exchanges without as much security concerns as the

¹⁰ It should be noted that the authors’ designation of these stages is only relatively and may involve overlapping.

United States may have when it trades with China or Russia. With respect to economic cooperation between China and Russia, energy products stand out. Russia's vast resources in natural gas and petroleum fuel and power China's rise; in return, China's consumer products support the Russian market. Immediately following the Crimea crisis, Russia reached an agreement with China to provide 38 billion cubic meters of natural gas each year to China over thirty years with the total bill as high as 400 billion U.S. dollars.

Such comprehensive security, economic, and military cooperation between Russia and China will weaken any attempts by the West to change Russia's behavior by economic sanctions. We anticipate that China-Russia interactions will continue to increase, particularly in the face of what they both perceive as the threat by the West. The size of their joint territories, vast populations, abundant natural resources, and technology will mark the two countries as a dominant force in world politics and international economy.

BEYOND UKRAINE

In today's world, following power transition logic, an overtaking of the US is bound to happen as no world leader has held to supremacy forever. It would be of great interest to identify the next possible global leader. Among the current allies of the United States, no one can take the role that the United States has played since the end of the Second World War. The only likely candidate that has the capacity to take over leadership is the European Union, but currently the latter lacks independent military capacity outside of NATO and, from time to time, appears reluctant to coordinate policies with the U.S. and unwilling to escalate a confrontation against Russia.

Among the non-Western countries that are identified as potentials for hegemony, we have the so-called BRIC countries—Brazil, Russia, India, and China. Among the four, in 2013, China was the second largest GDP producer following the United States only, with Brazil, Russia, and India being the 7th, 8th and 10th place respectively (in nominal terms).¹¹ As we write, according to an IMF report, the Gross Domestic Product of China has just surpassed that of the United States on the basis of purchasing power parity.¹² If GDP, denominated in purchasing

11 [http://en.wikipedia.org/wiki/List_of_countries_by_GDP_\(nominal\)](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(nominal)). Using the Purchasing Power Parity, China is still the second, following the US, ahead of India (3rd place), Russia (6th), and Brazil (7th). [http://en.wikipedia.org/wiki/List_of_countries_by_GDP_\(PPP\)](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(PPP)).

12 <http://ft.com/business/194264-china-surpass-us-gdp/>.

power parity, were the only indicator for power, then power transition would have happened already, though the leadership transition has not. The United States surpassed the United Kingdom in GDP in the latter half of the 19th century, but it took another half century for the United States to assume the helm of world affairs. The next half century is likely to witness shifts in influence and leadership.

It is in this broad historical trend that the Ukraine crisis erupted. Currently, the military and economic power of Russia cannot balance that of the United States, let alone the entire Western alliance. However, the perception of threats from the West, combined with Putin's ambition to rebuild Mother Russia, compels Russia to mobilize and make territorial claims along its border. Consistent with its strategic goals, Russia acted as it did in the Ukraine crisis. The West, consistent with its support for the status quo, imposed a range of sanctions against Russia. In defiance, Russia issued its counter sanctions against the West. It would be still difficult, however, for Russia alone to counter the West and maintain a "balance."

China is the critical decider. Instead of supporting the West and isolating Russia, China chose to deepen her cooperative relationship with Russia. Far from showing acceptance of the rules set by the U.S. in world politics, China has demonstrated its independence in dealing with major international issues such as the Ukraine crisis. The Ukraine crisis is from this perspective a critical turning point because China and Russia are likely to broaden and deepen their strategic relationship, particularly when both parties are faced with the increasing opposition to them by countries that are being supported by the United States: liberal democracies in Europe and Japan in Asia. Our theoretical and analytical focus is not how long the crisis will last. Given that it has happened, we look into how the relevant nations have positioned themselves around the crisis. The crisis is only part of the process, and it is the dynamic relations among various nations in the process and the eventual likely outcomes that have the potential for restructuring the world.

Russia and China occupy most of Eurasia. The largest landmass of any other two countries combined. Politically, they have put aside their differences in ideology. Militarily, Russia's technology has been buttressing the capacity of the People's Liberation Army. China and Russia no longer see each other as foes, but as important partners to advance their national interests. Economically, Russia and China complement each other well. Russia's energy will continue to drive China's industrialization and urbanization. China's consumer products will help sustain the market demand by the Russians. The commerce along the Sino-Russian boarder is nothing but brisk and can grow exponentially. The cooperation in research and development, for example, in space technology, has much room for expansion between the two. Due to the combination of vast territories, deep human capital, diverse economies, large market size, and abundant strategic resources, they have

much to enjoy each other and to influence the rest.

This assessment does not overlook the differences between the two countries. China and Russia have different political systems, but they are not divided by the issues about which the West is concerned, such as human rights and currency policies. What they have in common is the need of each other to advance the interest of the less developed nations that is consistent with their own national development agendas. Combined, China and Russia could challenge for the leadership of the global system. Despite their strategic relationships, Russia and China may not become military alliance as defined by NATO or Warsaw Pact—but they can become security partners as the role they have been playing in The Shanghai Cooperation Organization (SCO). While the two countries will not declare alliance against the West without further and sufficient conflict, they could coordinate and help each other in the areas of their own security concerns and in the interest of their complementary economies.

The limitation is that both are developing nations that need the world market and international capitalism to keep their economy going. The denial of the Western market to Russia over the Ukrainian crisis will push Russia further toward China. If China increases its support for Russia at the expense of the status quo, the West may move away from China, though doing so will hurt the economies of the West as well as China and may not be effective in the long run. China's rise in its power status was not based on ideology or doctrine, communist or otherwise. It was fueled, powered, and driven by market institutions and incentives centered on international investment and international trade, and sustained by domestic investment, consumption, and urbanization. With or without Russia, China will continue to move under the guidance of market economy, finding and working with various economic partners around the world, including the United States, EU, BRIC and other countries.

What the Ukraine crisis suggests is a process of deep realignment, of which China and Russia will emerge as dissatisfied challengers to the status quo, based on their technology, productivity, demography, and economic growth, as well as security coordination and cooperation.

Clearly, China's stake in the Ukrainian crisis is much lower than that of Russia. Strategically, China probably does not want to get directly involved in the crisis as doing so would harm her relations with the West.¹³ China has tried, as we mentioned earlier, to conduct her foreign policy independently and in accordance with her national interest. Developing and sustaining her economy remains

13 We thank an anonymous reviewer whose comment has made us clarify this point.

a fundamental national objective for China. While China's economic reforms have benefited from international liberalism and market economy of which the United States and the other Western countries have been the champions, there is still a huge gap between the two in political values and governance. Unless the differences in their respective value systems attenuate and disappear, the world may see a dissatisfied realignment of developing nations facing a satisfied grouping of developed ones. These are the preconditions that power transition identifies as probable precursors of severe conflict including wars: a scenario that in the nuclear era, no one wishes to consider but seemingly no one wishes to prevent either.

Acknowledgement

We thank Ronald Tammen who has organized the annual Carmel Conference for the past decade and has provided a forum where power transition theory has been applied. We are grateful to two anonymous reviewers for the Journal, whose valuable comments have improved our work. We thank Mr. Zhijun Gao for the preparations of the chronology of the Sino-Russian relations and Allison Hamlin for editorial assistance as well as reference review. Any errors, analytical or descriptive, remain the authors' alone.

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Appendix

China-Russia Relation Chronology (1991-2014)

| Time | Description of the Event |
|-------------------|---|
| May 16, 1991 | The two countries signed the Sino-Russian Border Agreement distributing controversial territories during the Soviet Union era. The agreement did not address the sensitive parts, but provided practical solutions to deal with the cross-border problems, such as joint exploration of Zabaykalsky Krai and the declaration of Vladivostok as an open city (Akihiro, 2004). |
| December 23, 1992 | Russian President Boris Yeltsin made his first official visit to China; he signed a Joint Statement on the Foundation of Mutual Relations with Chinese President Yang Shangkun. According to the Statement, "the two countries pledged to establish good-neighborly, friendly and mutually beneficial relations. The officials also signed 24 joint statements, documents and memoranda of understanding on cooperation across a range of issues, such as border demarcation and reduction of troops near boundaries" (Kile, 1999). |
| November 9, 1993 | Russian Defense Minister Pavel Grachev and Chinese Defense Minister Chi Haotian signed a five-year defense cooperation agreement; the two countries will enhance the military cooperation in future (Kile, 1999). |
| September 3, 1994 | At the end of a summit meeting in Moscow, Yeltsin and Chinese President Jiang Zemin signed a joint statement defining the bilateral relationship as a "constructive partnership" (Kile, 1999). Besides, "a demarcation agreement was signed fixing the boundary along 55-km stretch of the western Sino-Russian border" (Kile, 1999). |
| April 26, 1996 | The heads of states of China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan gathered in Shanghai; they signed the <i>Treaty on Deepening Military Trust in Border Regions</i> which marked the establishment of Shanghai Five (Declaration of Shanghai Cooperation Organization, 2001). China and Russia also announced that the two countries shall form a "strategic partnership of coordination" (Xia, 2000). |
| November, 1997 | Yeltsin visited China and signed an agreement with Jiang Zemin, "settling the demarcation of the controversial 4300 kilometers of the border on the eastern sector of the Russian-Chinese border in accordance with the provisions of a May 1991 demarcation agreement between China and the Soviet Union" (Chen, 1999). |
| May 3, 1998 | The foreign ministries of China and Russia confirmed the establishment of the telephone Hotline link between the presidents (Kile, 1999). |
| June 15, 2001 | The heads of Shanghai Five and newly admitted Uzbekistan met in Shanghai, they signed the <i>Declaration of Shanghai Cooperation Organization</i> , which marked the formal establishment of Shanghai Cooperation Organization (SCO) (Boland, 2011). |

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|-------------------|---|
| July 16, 2001 | China and Russia signed the <i>Treaty of Good Neighborliness and Friendly Cooperation</i> ," a twenty-year strategic, economic, and an implicit military treaty, which formalized the close cooperation between the two countries" (Treaty of good neighborliness and friendly cooperation between china and Russia, 2001). |
| September, 2004 | Chinese Premier Wen Jiabao visited Moscow and signed an agreement with Russian Prime Minister Mikhail Fradkov. According to the agreement, "Russia will set the route of a proposed pipeline from Eastern Siberia to the Pacific, and increases rail oil exports to China to 10 million tons in 2005 and 15 million tons in 2006" (China, Russia in Energy Pact, 2004). |
| October 14, 2004 | The two countries signed a Complementary Agreement on the Eastern Section of the China-Russia Boundary, which means that the border issue has been finally resolved. According to the Agreement, "Russia transfers Yinlong Island, half of Bolshoy Ussuriysky Island, a part of Abagaitu Islet and some adjacent islets to China" (Mitchell, 2009). |
| April, 2008 | Chinese Vice Premier Wang Qishan and his Russian counterpart Igor Sechin initiated discussions in energy cooperation, starting the mechanism of energy meetings (Major Events of China-Russia Energy Cooperation, 2013). |
| June, 2009 | This year is 60 th anniversary of established diplomatic relations between China and Russia; over 40 contracts worth roughly \$ 3 billion have been signed (Russian, Chinese businesspeople sign 40 contracts worth \$3 bln, 2009). President Hu Jintao and President Dmitry Medvedev held conferences three times in four days at the Shanghai Cooperation Organization summit in Yekaterinburg, marking the peak of the Sino-Russia relations (Chinese and Russian relations the best ever, 2009). |
| August, 2009 | Wang Qishan and Sechine signed a China-Russia Intergovernmental Agreement on Oil Cooperation, including pipeline construction and oil trade (Major Events of China-Russia Energy Cooperation, 2013). |
| September, 2010 | "President Putin affirmed that Russia will be a good partner of China in terms of nuclear and energy cooperation" (Russia begins filling ESPO spur to China with oil, 2010). However, Russian officials are still reluctant to transfer advanced energy technology to China, which casts doubts on whether Russia is a reliable energy partner for China (China-Russia relations and the United States: At a turning point?, 2011). |
| November 23, 2010 | The Russian Prime Minister Putin and the Chinese Premier Wen Jiabao announced that the two countries shall replace US dollars with their national currencies as payment in bilateral trade (China, Russia quit dollar, 2010). |
| April, 2012 | The China-Russia electricity transit line with 500 kv started formal operation. And the two countries signed four documents in the area of energy cooperation (Major Events of China-Russia Energy Cooperation, 2013). |

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|--------------------|---|
| February 25, 2013 | <p>Wang Qishan and Russian Deputy Prime Minister Arkady Dvorkovich reached an agreement on increasing bilateral oil trade, affirming that Russia shall provide 3.8 trillion cubic meters of natural gas to China through China-Russia Eastern Pipeline. The two sides also agreed to conduct further studies on liquefied gas projects and natural gas cooperation on the western side of the two countries (Wang Qishan and Dvorkovich Hold China-Russia Energy Cooperation Committee Chairmen Meeting, 2013).</p> |
| May 21, 2014 | <p>China and Russia reached a 30 years natural gas agreement that "Russia would supply 38 billion cubic meters of natural gas each year to China" (China and Russia reach 30-Year gas deal, 2014).</p> |
| September 12, 2014 | <p>China's President Xi Jinping attended the 14th summit of Shanghai Cooperation Organization in Dushanbe, Tajikistan, where he met heads of Russia and Mongolia, and put forward a three-way economic corridor which connects China's Silk Road economic belt, Russian Trans-Eurasia railway and Mongolia's passage to grassland, strengthening the infrastructure and multilateral trade (Xi calls for economic corridor with Russia and Mongolia, 2014).</p> |
