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Tenure: Comparative History of Political Systems

Beijing and Moscow: two different responses to the challenge towards globalization

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Introduction

“A revolution is not a dinner party, or writing an essay or painting a picture, or doing embroidery; it cannot be so refined, so leisurely and gentle, so temperate, kind, courteous, restrained and magnanimous. A revolution is an insurrection, an act of violence by which one class overthrows another.”¹ ~毛泽东²

“You cannot make a revolution with silk gloves.”³ ~ Иосиф Виссарионович Сталин⁴



Figure 1. Moscow, Stalin's 71st birthday celebration.⁵

When it comes to China and the Soviet Union, one must start with Mao and Stalin: their respective countries' two leaders and souls. The comparison between countries that are so different in terms of economic development and historical-cultural characteristics is justified by the common ideological matrix and the similarities of economic mechanisms and development strategies. From Beijing's perspective, the Soviet Union was ideologically one of the socialist road cradles ahead. The October Revolution in 1917 had been a lantern to follow and adapt to China's social (rural) reality. Many Chinese revolutionaries, such as Deng Xiaoping, studied and worked in the Soviet Union. Hence, the need to establish a close alliance with Moscow was necessary and evident.

Two and a half months after the Chinese revolution, Mao Zedong decided to join Josip Stalin in Moscow on the occasion of his seventy-first birthday. In an international political landscape where the Cold

¹ Mao Zedong "Report on an Investigation of the Peasant Movement in Hunan", Selected Works, Vol. 1, March 1927, p. 28;

² Máozédōng;

³ As quoted in <https://quote.org/quote/you-cannot-make-a-revolution-with-silk-106116>;

⁴ Iósif Vissariónovich Stálin;

⁵ Source: "Mao Zedong in pictures", https://cpcchina.chinadaily.com.cn/2011-12/14/content_14266768_16.htm, people.com.cn, December 21, 1949;

War had already begun, the world socialist axis was going through one of the most fragile moments of the twentieth century. The meeting between two of the most influential leaders, often underestimated, lay the foundations for the following decades' diplomatic development. Mao and Stalin talked to each other for the first time as leaders of their respective countries. During the discussion, the leading Chinese objective was to ask for economic assistance from the Soviet Union. The second request aimed at scientific aid from Moscow. This underlines how Mao's trip to Moscow was vital for Chinese diplomatic relations, which should have been created first with the ideologically closest countries. Thanks to an agreement reached, the old Sino-Soviet Treaty signed on August 14, 1945, would be replaced by the new one on February 14, 1950. The value of this replacement had a significant implication: the Soviet Union delegitimized Jiang Jieshi's China, and it recognized a single China, the new and socialist one, the People's Republic of China. Furthermore, the mutual admiration between Mao and Stalin was also the basis of the subsequent split between the Soviet Union and China at the death of the second in 1953. The *damnatio memoriae* that Khrushchev reserved for his predecessor came into open conflict with Mao's socialist line, who would suspend and tighten relations with the Soviet Union a few years later.

Today, relations between Russia and China have entered an excellent period. In truth, relations between Putin and Xi Jinping have entered an excellent period, where mutual esteem and frequent meetings exemplify diplomatic relations. Looking at the three months between December 1949 and February 1950, it is possible to draw a line that divides relations between leaders and relations between countries. If the first relationship flourishes, then relations between countries can blossom. The relations between the two countries without personal friendship between the leaders are much more complex and tortuous.

Moreover, China and the Soviet Union had also several differences. Communism itself proliferated throughout the world continents, launching a process of differentiation geographically, economically, politically, culturally, and ideologically. As a result, it is better to talk about Communism plurally.⁶ Despite who considers Marxism-Leninism as one and indivisible, scene of controversy and competition populate the Communist world. Recognizing the existence of various Communisms, a scholar could adopt the comparative's method to analyze, for instance, China and the Soviet Union. The author will compare the two countries from a historical and economic point of view: the "double comparison" is essential to understand the various paths trodden by China and the Soviet Union towards globalization.

Four chapters compose the thesis. Firstly, the author will focus on the historical background comparison: the first chapter takes into account the years from the 1920s to the 1970s. Notably, it will begin with the narration of the Chinese Communist victory over the Nationalists. According to Robert Vincent Daniels, "no one can deny that the events of recent Chinese history constitute a revolution on the grand scale,

⁶ R. C. Tucker, "On the comparative study of Communism", https://www.jstor.org/stable/2009612?seq=1#metadata_info_tab_contents, Cambridge University Press, January 1967, pp. 242-257;

comparable to English, French, and Russian revolutions.”⁷ Then, the second paragraph will analyze Mao’s Era when the “putting people first” and “serving the people” political philosophy born.⁸ The third and fourth paragraphs will be dedicated to the Soviet Union: the former will focus on the Stalinian Soviet Union, while the latter on the so-called de-Stalinization. In both paragraphs, the comparison with the China of the same years will outline.

The second chapter clarifies the different economic reforms carried out by China and the Soviet Union from the 1970s to the 1990s. The following two decades are crucial to understanding the two different responses to globalization’s challenge because the two countries took two different paths. China has proven to have built a more resilient regime instead of the Soviet Union, thanks to a more stable political system and a less dependent and vulnerable economy. Bearing in mind this observation, the thesis intends to analyze the reasons that led the two States, inspired by similar political and economic models, to distance themselves considerably over the years. Before studying the economic reforms, it is fundamental to focus on the two “creators”: the Chinese leader Deng Xiaoping and the General Secretary of the Communist Party of the Soviet Union, Mikhail Gorbachev. Then, subparagraph 2.1.1 will analyze Oriana Fallaci’s interview with Deng Xiaoping, helpful to summarize Deng’s thought and the Chinese perception towards the Soviet Union. Then, the chapter will move towards the merely Chinese and the Soviet economic reforms. Finally, paragraph 2.4 will answer how China has coded Perestroika and why it is wrong to imitate.

The third chapter is a comparative analysis of the outcomes of the reforms carried out by both countries. After comparing the Chinese and Soviet approaches to the reforms, the thesis will examine the transition from the centrally planned economy to the market economy, the economic, the rural reforms and the political results. The most significant political result is the collapse of the Soviet Union. Even for China, it was a watershed; according to Segal, “no single external event has had as much impact on the People’s Republic of China as the disintegration of the Soviet Union, which had been both China’s greatest ally in the 1950s and, by the 1970s, its greatest enemy.”⁹ At the end of the chapter, a paragraph is dedicated to China’s and Russia’s World Trade Organization accession. With the difference in time, the latter is the last consequence of the different policies undertaken by China and the Soviet Union (and then Russia) towards globalization.

The fourth chapter elucidates the bilateral relations throughout their history and today’s relations during the globalization era. In particular, subparagraph 4.1.1 focuses on the so-called Unequal Treaties between China and Russia, which are still in force. Even in the globalized world, there is a challenge towards globalization, which is to stay within and in step with the world mentioned above. Notably, the China-United States-Russia trilateral relations had played a pivotal role in shaping the international pattern. The relationship among these three countries showed new features after the end of the Cold War. It would be out of keeping

⁷ R. V. Daniels, “The Chinese Revolution in Russian Perspective”, https://www.jstor.org/stable/2009516?seq=1#metadata_info_tab_contents, Cambridge University Press, January 2016, p. 210;

⁸ Cheng Tianquan, translated by Yang Mifen, “The Road of China”, China Renmin University Press, January 1, 2013;

⁹ G. Segal, “China and the Disintegration of the Soviet Union”, https://www.jstor.org/stable/2645075?seq=1#metadata_info_tab_contents, University of California Press, September 1992, p. 848;

with times if academics continue to view the trilateral relationship through the conventional prism. With subparagraph 4.2.1, the author will analyze the so-called phenomenon of “de-dollarization”. Later, moving more to the economic thesis’ side, the author analyses the two economies today. Then, the thesis focuses on the sprawling “Belt and Road Initiative” (BRI): paragraph 4.4 analyzes all the BRI aspects, and the thesis will conclude by seeing how the initiative could become a connecting tool between Beijing and Moscow, despite various pitfalls.

1. Historical background comparison: from the 1920s to the 1970s

The thesis intends to explain why and how China and the Soviet Union gave two different responses to globalization's challenge. The theme is complex, and the analysis should start from a historical comparison between those countries, considering the years immediately before the turning point. Furthermore, China's and Soviet's histories had analogies but also differences. According to the historian Robert Vincent Daniels "in terms of the progress of the revolution, China from 1911 to the 1920s was comparable to Russia between 1905 and 1917, while the shift of power from the centre to the provinces was a distinctive, familiar, and (as it turned out) crucial Chinese development, the early important developments place."¹⁰ Moreover, the Soviet Union established close cooperation with the newly formed Communist Party of China. The latter was born as a military organization as the Kuomintang, though, unlike their rivals, the Communist Party of China embarked on a land reform's program strengthening its social base among the peasantries. Thanks to this virtuous union, the Communist Party of China laid the groundwork for its future victory in the civil war. As a result, it became a peasant-based Party with Mao Zedong as the undisputed leader. The main difference from the Kuomintang lies in the Communist organization's greater strength, discipline, and ideology. However, "in Russian terms, the Chinese Communists after the early 1930s were much more comparable to the peasant-oriented Populists of the late nineteenth century than to the Marxists."¹¹

Continuing on differences, the arrival time to power is dissimilar: the Soviets did so at the beginning of the revolution, while the Chinese after many years. Contrariwise the former, the Chinese Communist leaders had a role model, even though they were wise to apply the communist revolution to the rural Chinese characteristics. They were seasoned politicians and not fresh utopian revolutionaries like the Soviets. The Communist Party of China was politically more advanced than the Communist Party of the Soviet Union: the country's administrative control was more effective than the Soviet Communists enjoyed at the beginning. "The years 1949-1952 in China represents a period of recovery and consolidation politically comparable to 1917-1918 and 1921-1928 in Russia, without the interruption of civil war and land reform, for instance, was completed."¹² Moreover, the steps in the Chinese Communism's pace were not dictated entirely by Moscow; instead, Mao's transformation of the Communist Party of China collided with the first Soviet expectations. Nevertheless, the Chinese Communists were undoubtedly Marxist-Leninists: the Party was Leninist, the program was Marxist, and the Party's devotion was unquestioned.

However, economically the Communist Party of China, as the whole country, was more backward than the Communist Party of the Soviet Union. A consideration to keep in mind in light of the two different responses to the challenge of globalization and today's situation.

¹⁰ R. V. Daniels, "The Chinese Revolution in Russian Perspective", https://www.jstor.org/stable/2009516?seq=1#metadata_info_tab_contents, Cambridge University Press, January 2016, p. 212;

¹¹ Ibid, p. 213;

¹² Ibid, p. 220;

1.1 The Chinese Communist victory

The civil war ended positively for the Communist Party of China, but China was not in a very prosperous situation. From 1840 it was under the indirect control of foreign powers, especially Western ones, whose main interests consisted in exploiting the Chinese market to resell their products at competitive prices. By the 19th century, the Qing dynasty was no longer able to secure stable power for the country. Problems between the Kuomintang and the Communist Party of China led to civil war after a series of failed revolutions. Several governments have succeeded between 1912 and 1949, and none had the necessary capacity to reunify and reorganize the country. With the Communist victory, the dream became a reality.

The Chinese Revolution is the transformation of the Chinese political order that brought the Communist Party to power in 1949. Begun in the early 1920s,¹³ the revolutionary process ended about thirty years later with the defeat of the Nationalists and the victory of the Communists. Led by a leader of exceptional stature, such as Mao Zedong, the new leadership achieved complete success in restoring China's unity and creating a great power in which the peasant masses were the primary economic development force. The Great Helmsman, identifying the peasant masses as the most significant revolutionary force, set up communist bases in the rural areas of the South with their armed forces to support peasant action against the owners and repel government offensives.

Suddenly, it is possible to draw the first similarities and differences between the October Revolution and the Chinese one. About similitudes, both Revolution emerged into a "Trotskyian context" of war and revolution. In fact, the two revolutionary movements mature in the civil wars. Nevertheless, while Lenin theorized the need to give a proletarian turn to the revolutionary process underway in the country, Mao relied on the rural masses. The Bolshevik movement was urban, made up of workers and soldiers from the First World War, and led by the elite. In contrast, the communist movement had the strong Maoist connotation of anti-elitism: the idea was to conquer the cities starting from the countryside. In Russia, the path was the opposite.

In 1931 Mao was elected president of the Soviet Republic based in Jiangxi. However, in 1934, the nationalist troops had the upper hand. Then, with a march of 10,000 km (the well-known Long March), the heavily decimated Communists moved to the North-West, finally settling in Yan 'an, where Mao again organized a state headed by him. After the Japanese invasion (1937) of China, communists and nationalists returned to unite to repel the aggressors while maintaining their autonomy of action.¹⁴

At the end of the Second World War, the failed attempts of an agreement between the parties led to the civil war's burst. "In 1945, Jiang Jieshi believed that the ultimate victory of his regime over the Communists was a foregone conclusion."¹⁵ In fact, the Guomindang had the support of the United States, and also it

¹³ In 2021 it is celebrated the 100th anniversary of the founding of the Communist Party of China;

¹⁴ E. F. Vogel, "Deng Xiaoping and the Transformation of China", Belknap Press, reprint edition, October 14, 2013;

¹⁵ O. A. Westad, "Rethinking Revolutions: The Cold War in the Third World",

https://www.jstor.org/stable/425544?seq=1#metadata_info_tab_contents, Sage Publications, Ltd., November 1992, pp. 460-461;

concluded a comprehensive Treaty with the Soviet Union (the Sino-Soviet Treaty of 1945) to isolate the Communists and prevent a revolution in China. To compensate the domestic weakness, Guomindang's strategy was to win international support. In this way, it should be understood that contrary to the conventional wisdom, Chiang¹⁶ welcomed the Yalta agreement."¹⁷ The Yalta agreement was looking to stabilize the East Asia region creating a buffer between the control of the Soviet Union over the central and northeast Asian mainland and the United States dominion over the Pacific area. However, "the universality of the Soviet-American conflict had effectively removed the regime's ability to use its multiple alliances against domestic insurgents."¹⁸ Thus, Jiang Jieshi decided to stay alongside the United States, whereas the Chinese Communists finally established a coalition with the Soviet Union. However, the Guomindang, supported by the United States of America, enjoyed a clear military superiority, but the Communists, with the population's support, could count on a political and social dominance, which allowed them to defeat their opponents. In this sense, "China [...] is an example of how the Cold War system decreased the practical value of international legitimacy for the existing regimes and opened up new avenues for alternative alliances for revolutionary parties."¹⁹

After the conquest of the northeast in 1947, two years more were necessary for the Communists to proclaim the born of the People's Republic of China. On October 1, 1949, Mao established the government in Beijing and announced the People's Republic of China's birth, which marked the end of the revolution. "Mao viewed the Chinese revolution as first and foremost a product of the policies of the Communist Party of China."²⁰ As soon as they controlled China's six major regions, Mao Zedong set up a regional bureau to rule each region; the Great Helmsman usually chose leaders based on their region of origin.²¹

Despite theoretical adherence to Stalin and the Comintern's instructions, and although ideologically and in their programs for the State's future organization, they were Stalinists, Mao and the Communist Party of China pursued a national revolution with very little to do with Moscow and much less with internationalism. Contrary to the universalistic Bolshevik dream, the Chinese Revolution was initially concerned only with the Chinese nation. Furthermore, the Communists led by Mao had as their primary objective the liberation from foreign oppression and not genuinely from capitalism.

The importance attached to the role of the peasantry *vis-à-vis* the urban working class as the main engine for bringing about the socialist revolution was not only unorthodox in the Marxist sense but ran counter to the established policy of the Comintern, which saw the workers of Shanghai as the nucleus of a future Soviet state. Mao ignored this position and, in 1935, took the place of the leader Wang Ming, wanted by Moscow, surrounding himself with nationalist cadres loyal to him. Even for this, in foreign policy, Mao's China was

¹⁶ In Chinese, Jiang;

¹⁷ Qiang Zhai, "Great Power Conflict and the Chinese Civil War", <https://muse.jhu.edu/article/28705>, The Johns Hopkins University Press, September 1995, p. 517;

¹⁸ O. A. Westad, "Rethinking Revolutions: The Cold War in the Third World", https://www.jstor.org/stable/425544?seq=1#metadata_info_tab_contents, Sage Publications, Ltd., November 1992, p. 461;

¹⁹ Ibid;

²⁰ Qiang Zhai, "Great Power Conflict and the Chinese Civil War", <https://muse.jhu.edu/article/28705>, The Johns Hopkins University Press, September 1995, p. 517;

²¹ E. F. Vogel, "Deng Xiaoping and the Transformation of China", Belknap Press, reprint edition, October 14, 2013;

“anti-Western”, that is, to be opposed to capitalism and imperialism typically of the past West’s attitude towards Asia.

While, according to Lucien Bianco, in addition to the condition of misery in which the countryside lived, the other main reason for the Chinese Revolution was precisely the nationalist and imperialist character of the movement. According to the French sinologist, the Chinese Revolution was essentially nationalist.²² According to Prasenjit Duara, the Chinese revolution was both socialist and nationalist.²³ The Chinese revolution sought to build the human being and society from below and within. In contrast, many developing and modernizing regimes worldwide followed a different way: the top-down administrative transformations. China and Vietnam are the best examples of countries where social and national revolutions have merged into one movement. Both sides had to overcome the obstacles to come to power were so disheartening that they even seemed insurmountable.

The growth of the living standards and development of the Chinese people is the first undeniable success of the Communist Party of China. Thanks to the military but primarily economic coalition with the Soviet Union, China started to model itself on the Soviet furrow. “After its founding, new China saw the gradual formation of highly-centralized planned economy very similar to that in the Soviet Union. That system was established under the influence of the Soviet planned economy in the 1950s.”²⁴ The Communist Party of China, supported by the rural social strata, implemented a global agrarian reform by abolishing semi-feudal relationships in rural areas, and more modern nuclear family structure and gender equality replaced the weakening of clan social relations. In the latter case, looking at the Chinese reality, there is no doubt that there has been an intense process of female emancipation in various aspects (work, social and family role), the first step of which was in 1950 the Law’s approval on marriage.²⁵ However, even today, the political weight of women within the party (and therefore in power) remains extraordinarily limited, especially regarding medium-high hierarchical levels. This “machismo power” also occurs in the Soviet experience. The Communist Party of China also promoted literacy and widespread education with “affirmative action” in school and peasant and worker families’ employment. China was officially entering the Maoist Era.

²² L. Bianco, “La récidive: Révolution russe, révolution chinoise”, Ed. GALLIMARD, October 23, 2014;

²³ P. Duara, “History and Globalization in China’s Long Twentieth Century”,

https://www.jstor.org/stable/20062693?seq=1#metadata_info_tab_contents, Sage Publications, Inc., January 2008, p. 161;

²⁴ Cheng Tianquan, translated by Yang Mifen, “The Road of China”, China Renmin University Press, January 1, 2013, p. 33;

²⁵ L. Bianco, “La récidive: Révolution russe, révolution chinoise”, Ed. GALLIMARD, October 23, 2014;

1.2 The Great Helmsman's Era

To use Mao Zedong's words: "Today two great mountains oppress the Chinese people with all their weight: one is imperialism, the other is feudalism. The Chinese Communist Party has long ago decided to level these two mountains."²⁶

In 1949, after the founding of the People's Republic of China, Jiang Jieshi took refuge on Taiwan's island. In August of the same year, the Americans recognized the nationalist government as the legitimate Chinese government. When the Communist Party of China Central Committee settled in Beijing, the Great Helmsman, in his article *On the People's Democratic Dictatorship*, officially announced "lean to one side". Mao explicitly expressed the new China's political stance. The Chinese People's Political Consultative Conference's First Plenary Session approved the Common Programme that explained and legitimated the policy of "leaning to one side". The following diplomatic policy set the principles and directions for China's diplomatic relations. Mao's willingness was to make the Chinese people proudly ending previous China's humiliating diplomacy. Firstly, the People's Republic of China secured diplomatic relations with the socialist countries, especially the Soviet Union, the Asian countries, and then some European countries. After the People's Republic of China's proclamation, Chairman Mao Zedong met Stalin in Moscow. In February 1950, Premier Zhou Enlai conducted a Chinese government delegation and signed the Sino-Soviet Treaty of Friendship, Alliance and Mutual Assistance.²⁷

In domestic politics, in 1950, the law on the family (on April 30) and the land reform (on June 30) were promulgated, distributing the land from large owners to small and medium peasants. Article 1 of the law states as "the land ownership system of feudal exploitation by the landlord class shall be abolished, and the system of peasant land ownership shall be introduced in order to set free the rural productive forces, develop agricultural production, and thus pave the way for new China's industrialization."²⁸

In 1952, the Communist Party of China nationalized commerce and banking. The same year, thanks to friendly relations with the Soviets, the Trans-Manchurian railway returned to China. Two years later, the First National People's Assembly passed the first Constitution of the People's Republic of China (September 20, 1954).²⁹

After the Korean War, China strengthened its statehood and international influence; moreover, the armistice significantly ameliorated the Asian security environment for the new-born country. In the new international arena, China proposed the Five Principles of Peaceful Coexistence aiming to mutual respect for territorial integrity and sovereignty, mutual non-interference and non-aggression, and peaceful coexistence.

²⁶ Mao Zedong, "The Foolish Old Man Who Removed the Mountains", *Selected Works of Mao Tse-tung*, vol. III, Foreign Languages Press, Beijing 1969, p. 272;

²⁷ J. K. Fairbank and M. Goldman, "China. A new history", Belknap Press: An Imprint of Harvard University Press; 2nd Revised & enlarged edition, April 30, 2006;

²⁸ Excerpts from the Agrarian Reform Law, "THE AGRARIAN REFORM LAW (1950)", <https://alphahistory.com/chineserevolution/agrarian-reform-law-1950/>, alpha history;

²⁹ J. K. Fairbank and M. Goldman, "China. A new history", Belknap Press: An Imprint of Harvard University Press; 2nd Revised & enlarged edition, April 30, 2006;

These caused a great eco in the world. Their first formal codification at the Geneva Conference and Bandung Conference marked the Chinese government's principles in treating with nationalist countries and other countries' path in foreign affairs. The Chinese peaceful coexistence diplomacy was a significant success.³⁰

From 1953 to 1957, The First Five-Year Plan witnessed the complete reorganization of the economy and the start of planned industrial development. "The Chinese economic base was much weaker than that with which the Communists began in Russia in 1917."³¹ However, as continues Robert Vincent Daniel: "when the First Five-Year Plan was completed in 1957, China had reached or passed the absolute levels of industrial output which Russia attained in 1913 and restored around 1926."³² Besides the Soviet model, a distinctive feature of Chinese policy was proceeding gradually and cautiously, also thanks to the history of Soviet mistakes.

However, a bracket in recent Chinese history opened when the "Great Leap Forward" policy overcame the gradual approach in economics. Following the Stalin example, feeling very late with the Western powers, China tried to fill it at all costs as soon as possible. In 1958 coinciding with the Second Five-Year Plan launch, Chairman Mao Zedong carried out the so-called Great Leap Forward to encourage an increase in agricultural and industrial production, relying on its strength. It was a question of producing everything, immediately and in large quantities. It was an attempt at rapid forced industrialization. For this purpose, the Popular Municipalities were established with economic, administrative, fiscal and military functions.³³ In the intentions of the Communist leader, the five-year reform plan had to help China emerge from the state of economic backwardness in which it found itself. But the famine caused by planning errors cost millions of lives and no significant improvement. Just as the period of Soviet famines (1929-1933) played a crucial role in the launching of the Great Terror (1936-1938), so the famine due to the Great Leap Forward was decisive for the unleashing of the Cultural Revolution. In both cases, it was decided to act by extracting resources from the countryside, driving the peasants to exhaustion. However, 80% of the millions of deaths in the Soviet Union were concentrated in Ukraine and Kazakhstan. Furthermore, Stalin systematically and consciously used the starvation weapon while Mao was overwhelmed by a national catastrophe caused by his neglect.³⁴

At the same time, Chairman Mao started an ideological battle against the Soviet Union. In 1963, he made public the fundamental ideological document in the controversy with Moscow to confirm this. The Chinese letter identifies in 25 points the dissent with the homeland of realized socialism. Mao Zedong and Zhou Enlai, who are the inspirers, dedicated the first nineteen points to the doctrinal profile, leaving the political questions to the final six. The Chinese Party stands as a defender of Marxist-Leninist orthodoxy,

³⁰ Ibid;

³¹ R. V. Daniels, "The Chinese Revolution in Russian Perspective", https://www.jstor.org/stable/2009516?seq=1#metadata_info_tab_contents, Cambridge University Press, January 2016, p. 220;

³² R. V. Daniels, "The Chinese Revolution in Russian Perspective", https://www.jstor.org/stable/2009516?seq=1#metadata_info_tab_contents, Cambridge University Press, January 2016, pp. 220-221;

³³ J. K. Fairbank and M. Goldman, "China. A new history", Belknap Press: An Imprint of Harvard University Press; 2nd Revised & enlarged edition, April 30, 2006;

³⁴ L. Bianco, "La récidive: Révolution russe, révolution chinoise", Ed. GALLIMARD, October 23, 2014;

highlighting how Soviet co-religionists suffer from the bourgeoisie and are no longer the proletarian revolutionary Party that served the world-class struggle. In this theoretical dispute, China declared itself the only authentic and depository source of Marxist-Leninist thought. According to Chinese leaders, the guide of the world proletariat on the path towards socialism, the beacon that illuminates the route to follow, has passed from Moscow to Beijing. Mao and Zhou Enlai believed, out of national selfishness and great-power chauvinism, that the Soviet Union practiced social-imperialism and neo-colonialism. They pointed out, without denouncing it (they will soon), that the Soviets have chosen to collaborate with Washington's imperialism and capitalism. They claimed the right to national ways and the duty to the proletariat's dictatorship to the struggle of developing countries against the exploitation they suffer. A year later, in July 1964, Mao consummated the escalation by accusing the two superpowers of anti-Chinese complicity. He no longer speaks as an ideological leader but as the commander-in-chief of a country that is beginning to wedge itself into international affairs. As a demonstration of its strength and lack of need for Soviet support, China detonated its first atomic bomb in Xinjiang (October 16, 1964).³⁵ Moreover, one of the most fearful ideological "deviations" of the Union of Soviet Socialist Republics is undoubted, in the spirit of the Beijing theorists, the "religious renewal" of which they believe they are discerning the announcement within Soviet society. The Soviet leaders' tolerant attitude in matters of religion, the declarations on the necessity of the Christian foundations of morality, the visits of dignitaries of the regime to the Vatican or the ecumenical activities of the Orthodox Church. All this presented itself as an opportunity to hurl lightning bolts against Moscow and to cite the great classics of communism on religion.

China highlighted the criticism over the Soviet Union's modern revisionism, but the primary enemy during the 1960s was still the imperialistic United States of America. As a result, China worked to build an international united front anti-US. For instance, China explicitly expressed that it would assist the Vietnamese in their fight (and so it was). In the years of estrangement from the Soviet Union, targeting the international situation, Chairman Mao advanced the thesis of a "grand situation of upheaval, polarization and reorganization."³⁶ He proposed that in the following situation, China must fight against the Soviet Union's modern revisionism and, in the meantime, fight against the United States imperialism. He aimed to accelerate the polarization and reorganization of all revolutionary peoples worldwide to form a united front against revisionism and imperialism. The first stance was to continue the heated ideological debate that lasted for decades. China remarked on the distinction between Marxism and modern revisionism, that is, between itself and the Soviet Union. The struggle against revisionism had its peak when the Soviet invaded Czech in 1968. China condemned the invasion advancing the slogan "Down with Socialism Imperialism!"³⁷

Moreover, throughout the Sixties, the relations between both countries deteriorated due to continual border disputes. The border disputes with the Soviet Union and its invasion of the Czech significantly

³⁵ E. F. Vogel, "Deng Xiaoping and the Transformation of China", Belknap Press, reprint edition, October 14, 2013;

³⁶ Cheng Tianquan, translated by Yang Mifen, "The Road of China", China Renmin University Press, January 1, 2013, p. 171;

³⁷ Ibid, p. 172;

promoted Chinese diplomacy's adjustment. "China began to strategically ease its tension with America and adopted the "one-line" strategy to "ally with the United States to resist the Soviet Union together".³⁸ As pointed out by Ezra Vogel, "one Asian country that had already benefited from closer ties to the West was Japan."³⁹ By those years, even other Asian countries were beginning to lift off economically.

In 1969 China and the United States, trading partners for two centuries, World War II allies, and Cold War enemies, began to rekindle a diplomatic relationship. Moreover, Mao suspected a Soviet invasion after the 1969 border clashes. The two politicians assigned to carry on the negotiations were Zhou Enlai and Henry Kissinger. In January 1970, the United States and China resumed talks at the ambassadorial level. In April 1971, the Chinese government agreed to host the American table tennis team in China. Later, the United States revoked the trade embargo against China imposed after the Korean war. On February 21, 1972, US President Richard Nixon visited China laying the foundations for bilateral relations' normalization. The choice must be framed by the Chinese diplomatic strategy's willingness to build a country independent and prosperous, pursuing its revival's historical achievements as a great power.⁴⁰

The historic summit of 1972 was fundamental to create the political climate that would lead to the detente of the 1970s in relations between East-West, and at the same time, it would mark the beginning of Chinese openness towards the Western world. This great diplomatic move entered right into the extraordinary legacy that Mao Zedong left to China. The Grand Helmsman passed away in Beijing on September 9, 1976.⁴¹

1.3 The Stalinian Union of Soviet Socialist Republics

During the civil war, to cope with supply difficulties, the Bolshevik government, strengthened by the support of the working class and, in part, of the peasantry, implemented an authoritarian economic policy, defined as war communism. The latter suppressed free trade, while land and industries came under complete of the state control. To supply the army, Bolshevik workers' teams went to the countryside to snatch from the peasants everything that was not necessary for their survival like grain and other food products. However, the following policy negatively affected both industrial and agricultural production. Soon, public discontent had spread throughout the country, resulting in numerous protests and strikes that culminated in March 1921 in the Kronshtadt Rebellion.⁴² War communism lasted until 1921 and undermined the alliance between peasants and Bolsheviks, which guaranteed the latter's success in the revolution. After the civil war emergency in 1921, war communism was also put to an end.⁴³

³⁸ Ibid, p. 174

³⁹ E. F. Vogel, "Deng Xiaoping and the Transformation of China", Belknap Press, reprint edition, October 14, 2013, p. 88;

⁴⁰ Cheng Tianquan, translated by Yang Mifen, "The Road of China", China Renmin University Press, January 1, 2013;

⁴¹ J. K. Fairbank and M. Goldman, "China. A new history", Belknap Press: An Imprint of Harvard University Press; 2nd Revised & enlarged edition, April 30, 2006;

⁴² M. Ray, "War Communism", <https://www.britannica.com/event/War-Communism>, Encyclopaedia Britannica;

⁴³ M. McCauley, "Stalin and Stalinism", Prentice Hall, subsequent edition, March 21, 2003;

The subsequent policy in the economic field was the NEP (Новая Экономическая Политика)⁴⁴ which was launched the same year. It provided that peasants could keep part of the harvest for themselves and sell the surplus in private markets, after having delivered part of the harvest to the State. Moreover, petty private trade was legalized and, finally, a mixed industrial system was created, where large industries remained under state control, while smaller ones could be privately run.

Soon after, a brain disease struck Lenin that led to his death in 1924. From the political point of view, authoritarianism was accentuated not to have conflicts within the Communist Party of the Soviet Union. Thus, began a period of struggle for the succession of which two men were protagonists: Stalin and Trotsky. In 1922 Stalin was appointed general secretary of the Communist Party of the Soviet Union, which ensured his leadership in the Party and, consequently, control of the State. Thanks also to the position held, Stalin emerged victorious from the confrontation with Trotsky.⁴⁵

The first major obstacle that arose in his path was the severe economic crisis of 1927. Reversing his previous positions, Stalin repudiated the NEP accusing it of having favoured the countryside, trade and small industry to the detriment of extensive industry and urban proletariat. Therefore, the Soviet leader decided to industrialize the country as soon as possible and achieve complete control of the State's economy. Noteworthy, he pursued the goal of industrialization regardless of human costs. Stalin implemented a centrally planned economy through five-year plans. In 1928, the Soviet leader launched the first Five-Year Plan that established the objectives for industrial growth: in particular, the development of heavy industry was privileged, an element that will characterize the future Soviet industry. Thanks to this immense effort, the Union of Soviet Socialist Republics became an industrial power within a few years.⁴⁶

The State took complete control of the countryside by expropriating the small owners (кулаки)⁴⁷. All the peasants were forced to become part of the large collective farms: the Колхозы,⁴⁸ farms where the peasants collectively used the land, which, however, remained of the State. The peasants were left with a minimal plot for private use and some domestic animals for individual purposes and small businesses: the совхозы,⁴⁹ wholly state-owned companies, within which the peasants were public employees. In the late Thirties, thanks to the creation of these collective companies, the state controlled the countryside entirely.⁵⁰

As outlined above, the 1930s in the Soviet Union meant millions of deaths due to Great Famine (1929-1933) and the years of the Great Purge (1936-1938). For what concerns the former period, the main difference between the Soviet experience and the Chinese one is Stalin willingness to starve the Ukrainians while Mao unintentionally starved the Chinese peasantry. About the Great Purge, Chinese leaders, thanks to Soviet

⁴⁴ Novaya Ekonomičeskaja Politika;

⁴⁵ M. McCauley, "Stalin and Stalinism", Prentice Hall, subsequent edition, March 21, 2003;

⁴⁶ V. M. Zubok, "A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev", University of North Carolina Pr, 2009;

⁴⁷ kulaki,

⁴⁸ Kolkhozy;

⁴⁹ sovchozy;

⁵⁰ V. M. Zubok, "A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev", University of North Carolina Pr, 2009;

advisers, built a forced labour system similar to the Soviet gulag: the so-called Laogai (in Chinese 劳动改造).⁵¹ In this case, however, the similarities seem to be less than the differences: in China, the idea of “re-education”, at first also exalted in the Soviet Union, continued to play an important role. In particular, the Soviet system was fed by the great persecutions of the 1930s. The similarity returns with the rapid but incomplete dismantling of the two systems shortly after the deaths of Stalin and Mao. In 1956 as in 1980, the number of prisoners had also decreased by 70-80 per cent;⁵² but contrary to the Soviet case, where the returnees soon gave birth to literature that had such an influence on Western culture, in the Chinese one, this did not happen. However, in China, the camps were smaller and housed a lower percentage number than the total population.

On the international level, after a phase of isolation in the early 1930s and the rapprochement with Western powers in the middle of the decade, in 1939, Stalin promoted an alliance with Nazi Germany, which brought the country back to an expansionist policy but did not help to ward off military aggression. The war against Hitler’s Germany, during which Stalin relied on traditional values such as patriotic conscience and Slavic solidarity, tested his talents as a political-military leader. Notwithstanding the victory, the Soviet Union was an exhausted giant. However, thanks to the victory over the Nazi-fascist forces, the Soviet leader reached a position of great international prestige, sanctioned by his participation in the Conferences in Teheran, Yalta and Potsdam. The Conferences legitimized the Soviet influence in Central Europe and its military presence in Germany.⁵³ While the Soviet Union agreed to the designs outlined by the Conferences, the United States heated up their rhetoric with the Truman doctrine. The United States would have concentrated its efforts to “contain” communism. In this scenario, the years after the Second World War and immediately before Stalin’s death (March 5, 1953) were dictated by the division of the zones of influence of the globe between the Soviet Union and the United States. Following the establishment in Eastern European countries of communist regimes, Stalin replaced the ideological formula of socialism in a single country with the called “socialist camp” threatened by the forces of US imperialism: the conditions created by the Cold War served as a justification for the rigid centralization imposed on the communist parties in power.⁵⁴

Death seized Stalin while the problem of relations with the West and the new communist world (China and Yugoslavia above all) had come to a standstill. Even within the Soviet Union economic and social crisis burst, as a consequence to the iron Stalinist policy of absolute domination over industry and the peasant world.

⁵¹ Láodòng gǎizào;

⁵² L. Bianco, “La récidive: Révolution russe, révolution chinoise”, Ed. GALLIMARD, October 23, 2014;

⁵³ V. M. Zubok, “A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev”, University of North Carolina Pr, 2009;

⁵⁴ M. McCauley, “Stalin and Stalinism”, Prentice Hall, subsequent edition, March 21, 2003;

1.4 The de-Stalinization

When Stalin died, power passed into a collective leadership whose prominent exponent soon became Nikita Sergeyevich Khrushchev, elected secretary of the Communist Party in September 1953. Immediately a process of de-Stalinization began.

The term “de-Stalinization” has asserted itself in Western publications to indicate the set of attitudes and measures that, especially on the domestic level, have characterized the Soviet Union’s politics and the majority of the so-called “satellite” countries after the death of Stalin. Especially after Khrushchev’s severe criticisms of Stalin’s policy at the 20th (February 1956) and 22nd (October-November 1961) Congress of the Soviet Communist Party, which solemnly proclaimed the end of the cult of personality. Firstly, at the 20th Congress, Khrushchev presented two reports: the first publicly admitted the coexistence of capitalism and communism in a climate of competition; the second, secret, demolished Stalin’s politics because of his, according to him, non-socialist methods. Secondly, the 22nd Congress also took measures with a substantial symbolic value, such as removing Stalin’s body from Lenin’s mausoleum and the change of Stalingrad’s name to Volgograd. Moreover, the launch of the policy of peaceful coexistence with the Western camp was linked to de-Stalinization.⁵⁵ The policy sparked criticism within the Communism world, especially from the Communist Party of China, starting the Sino-Soviet dissension.⁵⁶

The reports expressed manifested Khrushchev’s essential characteristics, who boasted Stalin’s trusted man’s role. He understood that the continuous Stalinist terror could paralyze the development of Soviet society, disposing of a return to fidelity to the purest Leninism. Among the significance de-Stalinization consequences, it should mention the beginning of the dismantling of the Gulag system, the release of many political prisoners, the rehabilitation of various victims of the purges, and finally, the gradual reestablishment of “socialist legality” and the creation of a climate more open and tolerant on the cultural ground, with the so-called “thaw” season.⁵⁷ However, the Kremlin oligarchs continued to observe the world through the Stalinist lenses, and like Stalin, they saw the United States as the enemy to fight in the Cold War scenario.

Khrushchev denied the terrorist acts and limited the repressive system of the Комитет государственной безопасности (KGB).⁵⁸ Nevertheless, he had to deal with the popular discontent that exploded in Poland and Hungary, within which the powerfully oppressive character of the Stalinist regime returned for the first time. Shortly after that, the Soviet leader ousted much of the old Stalinist nomenklatura from the leadership. In domestic politics, the elimination of Beria, head of the secret police under Stalin, was the clearest sign of the party leadership’s awareness that the Stalinist regime has led the country to extreme dangerous contradictions. The point on which the Khrushchev government tries to emphasize is the fact that

⁵⁵ V. M. Zubok, “A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev”, University of North Carolina Pr, 2009;

⁵⁶ E. F. Vogel, “Deng Xiaoping and the Transformation of China”, Belknap Press, reprint edition, October 14, 2013;

⁵⁷ V. M. Zubok, “A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev”, University of North Carolina Pr, 2009;

⁵⁸ Комитет Государственnoj Bezopasnosti;

the Communist Party represents the vanguard of the working class. Rather than questioning the legitimacy of power in the Union of Soviet Socialist Republics, Khrushchev highlights Stalinism's extent with its oppressive terrorist system.⁵⁹

This program's immediate political aim is not to question the fundamental relationships between the various social stratifications present in the Soviet Union, nor to give way to the reformism of a new type, which leaves intact the power of the elite groups of Moscow. In reality, in the two years following his triumphalism, Khrushchev will face a series of failures due to the failure of economic policy, political reforms and international politics. His political program envisaged an attempt to replace terror with mass mobilization as a means of ideological affirmation. Khrushchev's intended to reform the Party from the inside, introducing the principle of periodic rotation of party posts and dividing the party committees, based on the "productive principle", into industrial and agricultural committees.⁶⁰

The economic sphere witnessed the restoration of relations based on coercion with the kolkhoz's establishment. Simultaneously, in industries, workers are not allowed to change jobs without the central management's consent. The economic incentive replaced terror and coercion, which they tried to overcome by increasing capital investment in the agricultural sector. To meet the workers' needs, Khrushchev reintroduces the right of self-dismissal, repealed by Stalin with a decree of 1940. However, the workforce's turnover, which creates a semi-free market, is forced to live with the state's structure based on central planning typically of the Stalin Era. Holder of all power, Khrushchev tried to revive the Soviet economy. However, he caused substantial internal imbalances that, together with China's growing tension, Cuba's events, and the rise of dissent against the regime, led to its dismissal.

On the contrary, Brezhnev will return to the Stalinist repression, reaffirming cynicism forms within the system.⁶¹ At the very end of the 1960s, the Soviet system ushered in the era of political stagnation enacted by the Leonid Ilyich Brezhnev government, which came to power in 1964 after the defenestration of Khrushchev. The regime seems to be the victim of substantial political immobility since the government slows down the processes of significant innovation initiated within the country. Brezhnev partially rehabilitated the figure of Stalin. In economics, the attempt to revive agriculture failed, but the standard of living of the population rose, and, in the arms sector, Moscow managed to catch up and sometimes surpass its Western rivals, particularly the United States.

In foreign policy, Brezhnev went down in history under the definition of the "Brezhnev doctrine", set out in the programmatic intervention held at the Fifth Congress of the Polish Unified Workers' Party. Brezhnev supported an aggressive policy that saw the Soviet Union as the only one entitled, as the leading state of communism, to intervene, even militarily, in the countries' internal affairs allied to the Warsaw Pact. Moreover,

⁵⁹ V. M. Zubok, "A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev", University of North Carolina Pr, 2009;

⁶⁰ Ibid;

⁶¹ V. M. Zubok, "A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev", University of North Carolina Pr, 2009;

he did not hesitate to continue in the arms race and favour the anti-Americans in any controversy involving the United States of America (Colonel Gaddafi in Libya, the Palestinians in the Middle East, and the pro-Communists of the guerrilla warfare in Afghanistan).⁶² However, concerning the United States and Western Europe, he accepted moments of relaxation on the denuclearization front, essentially continuing in the line begun by his predecessor, reporting not indifferent, although unsatisfactory results.

The secret of Brezhnev's economic policy is revealed only after his creator's death: the definitive renunciation of introducing any structural reform and the replacement of these measures with the export of raw materials, such as oil and gas, present in large quantities within the country. As a prove, the government exports raw materials in exchange for food to exploit the internal potential and the effects of the oil crisis of the 1970s. During the Brezhnev era, the Soviet Union initiated three five-year industrial development plans. Nevertheless, the new industrialization plans showed an increasingly evident slowdown in the country's economy.⁶³

When Brezhnev died (November 10, 1982), after the brief presidential interludes of Cernenko and Andropov, Mikhail Sergeyevich Gorbachev was elected secretary of the Communist Party of the Soviet Union, who started the Perestroika and chose to collaborate with the West to end the Cold War.⁶⁴

⁶² Ibid;

⁶³ T. Crump, "Brezhnev and the Decline of the Soviet Union", Ed. Routledge, November 12, 2013;

⁶⁴ M. Gorbachev, "Perestroika: New Thinking for Our Country and the World", HarperCollins; Reprint edition, December 1, 1988;

2. Economic reforms: from the 1970s to 1990s

Having concluded the purely historical comparison between Maoist China and the Soviet Union of the same years, this chapter intends to investigate the two countries' economic reforms of the immediately following years. It will focus on the fourteen years, from 1978 to 1992, which helps to understand, on the one hand, the various reforms implemented to modernize these two systems, and on the other, why the two countries took different paths and directions. In fact, since then, 1978, the Communist Party of China has made economic development the nation's top priority, a necessary condition, to claim a leading role on the world stage, definitively leaving the century of humiliation behind it. The direction of development was defined and firmly in the hands of the Communist Party of China; 1992, on the other hand, is marked by the recent dissolution of the Union of Soviet Socialist Republics (December 26, 1991) and by Deng Xiaoping's South China tour that relaunched the reforms in China. Therefore, the focus is mainly on reform policies since 1978 in China and since 1985 in the Soviet Union with the new political beginning intended to transform the authoritarian resource allocation system.

The two most prominent figures in these 14 years are undoubtedly the two countries' paramount leaders in question: Deng Xiaoping and Mikhail Gorbachev. About the first, Deng was China's leader, although the Standing Committee was composed in the early 1980s by Hua Guofeng, Chen Yun, Hu Yaobang, Li Xiannian, Zhao Ziyang, Marshal Ye and Deng Xiaoping himself. "Even without a cult or august titles—merely the positions of chairman of the party, vice-premier, and chairman of the Central Military Commission, Deng acquired effective control over the important levers of power".⁶⁵ China's model success was based on outstanding economic growth and a well-functioning state apparatus. Both are guaranteed by the incremental reforms promoted by Deng Xiaoping, which liberalized the economy and improved policymaking. The regime demonstrated to be able to find an adequate balance between centralization and decentralization of power both in politics and the economy. Within the Soviet Union, on March 11, 1985, after the dullness of the last years of the Brezhnev era and the brief mandates of Yuri Andropov and Konstantin Chernenko, Mikhail Gorbachev became secretary-general of the Communist Party of the Soviet Union at the age of 54 years old, an absolute novelty in the Soviet Union's gerontocracy.

Starting with comparing the following two leaders, protagonists of Orianna Fallaci's interview with Deng Xiaoping, the chapter will continue with two paragraphs concerning Chinese economic reforms and Soviet economic reforms. After that, the author will analyze how China perceived and codified the Perestroika promoted by Gorbachev, a fundamental step to understand the various paths trodden by both powers towards globalization.

The comparison and analysis between two economic models, the evaluation of an economic reform rather than another, are all actions that require 360-degree knowledge: the reasons that led to the

⁶⁵ E. F. Vogel, "Deng Xiaoping and the Transformation of China", Belknap Press, reprint edition, October 14, 2013, p. 463;

implementation of precise economic reforms, their implementation and their results. For a final evaluation, see the third chapter, where the economic and political results will be analyzed.

2.1 Focus on Mikhail Gorbachev and Deng Xiaoping

Mikhail Gorbachev was born on March 2, 1931, in a farming family in Privolnoye, province of Stavropol, South of the Union of Soviet Socialist Republics.⁶⁶ Gorbachev joined the Communist Party of the Soviet Union during the university years in 1952. He graduated in law and agricultural economics. Shortly after his return to Stavropol, he was offered a position in the local Komsomol youth association, which marked the born of his political career. In 1970 he was elected First Secretary of the Party Committee in the Stavropol Territory, the area's highest responsibility. In the same year, he became a member of the Central Committee of the Communist Party of the Soviet Union.⁶⁷

In 1971 he joined the Central Committee of the Communist Party of the Soviet Union. Later, he moved to Moscow joined the Secretariat in 1978. In 1980 he became part of the Politburo, the “sancta sanctorum” of power in the Soviet Union. Finally, on March 11, 1985, upon Cernenko's death, he was elected General Secretary of the Communist Party of the Soviet Union, the highest position in the Party and country hierarchy. In the same year, Gorbachev announced his future intentions and policies, among all, Perestroika and Glasnost'. On March 15, 1990, the Congress of People's Representatives of the Soviet Union, the first parliament established based on free and contested elections in the history of the Soviet Union, elected Gorbachev President of the Soviet Union.⁶⁸ Before him, the same position, the highest in a country where the State is identified with the Party, had been held by Lenin, Stalin, Malenkov, Khrushchev, Brezhnev, Andropov and Cernenko. On October 15 of the same year, he was awarded with the Nobel Peace Prize to recognize his fundamental role as a reformer and world political leader that contributed to changing the very nature of the world development process for the better.

Gorbachev, supported by Gromyko, the man who had led Soviet foreign policy for two decades, was the first General Secretary who, for age reasons, had not started his political career in the Stalinist period, but in the relatively more open one of Khrushchev. Thus, he was from a different generation than the one that participated in the October Revolution or fought in the Second World War. After the two elderly and sick people Andropov and Cernenko, the appointment of a young man (at least according to Soviet political parameters) marked the passage of power from the old Party bureaucracy to younger and more educated political generation leaders. It did not mean that the old bureaucratic apparatus had decided to step aside; it

⁶⁶ V. M. Zubok, “A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev”, University of North Carolina Pr, 2009;

⁶⁷ M. Gorbachev, “Mikhail Gorbachev: Memoirs”, Bantam; new edition, November 1, 1997;

⁶⁸ V. M. Zubok, “A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev”, University of North Carolina Pr, 2009;

was, much more simply, exhausted: three secretaries-general in office (Brezhnev, Andropov, Cernenko) had died fewer than three years. In the gerontocracy that dominated the Soviet Communist Party, Gorbachev was considered a young man with his fifty-four years. His willingness was to lead the Soviet Union towards modernization, healing a collapsing economy. However, Gorbachev's most onerous task was to tell to more than 200 million men from sixteen republics whatever united still them.

Gorbachev came to power when relations between the Soviet Union and the West reached historic lows not seen since the Cuban Missile Crisis. In Europe, in particular, the destabilizing paper had been dropped with nuclear missiles medium and intermediate-range: the Soviet Union had deployed, starting from the late 1970s, the "Pioneer" RS-10 known as the SS-20 in NATO code, capable of targeting European bases and cities with three atomic warheads from 150 kilotons and above all leaving a few minutes' notices.⁶⁹ In response, the United States deployed several missile systems, cruise or ballistic, on European soil in what is journalistically referred to as the "Euromissile Crisis".

Noteworthy, for what concern the bilateral relations with China, Gorbachev refused to involve the Soviet Union in the Western's sanctions imposed on the Asian country for the Tiananmen disturbances.

"If anything was sacred for Deng, it was the Chinese Communist Party."⁷⁰ Deng Xiaoping was born in 1904, during the last years of the Qing dynasty. Thanks to the five-year study trip in France and then the year in the Soviet Union, Deng acquired a great understanding of developments worldwide. He could see commerce and industry in modern countries. Moreover, during the French stay, Deng entered in contact with the French Communist Party and was soon on the executive committee of the Communist youth organization in Europe, though one of the youngest members. In no other European country outside China, the Chinese Communist Party played a more significant role than France. As a result, "not just Premier Zhou Enlai and Deng Xiaoping but other French returnees as well would play leading roles in New China".⁷¹

Deng Xiaoping gained an all-inclusive understanding of the Communism movement under Zhou Enlai's tutelage. From that time until his death, his life was entire dedicated to the Chinese Communist Party. After five year, due to French police persecution, Deng went to the Soviet Union to remain for one year. In the first Communist country that had tackled modernization, Deng Xiaoping saw closely how the great Soviet apparatus worked.

Finally, Deng Xiaoping came back to China and flanked comrade Mao during the civil war years. After the People's Republic of China's foundation, Mao sent Deng as the leader in Sichuan. To appoint the temporary leader in the regions, Mao usually chose leaders based on their origin region. In 1952, Deng, with the other prominent regional leaders, was transferred to Beijing. That year, the central government finally ruled the country under the wise guidance of Mao. Deng was appointed vice-premier and started his political

⁶⁹ M. Gorbachev, "Mikhail Gorbachev: Memoirs", Bantam; new edition, November 1, 1997;

⁷⁰ E. F. Vogel, "Deng Xiaoping and the Transformation of China", Belknap Press, reprint edition, October 14, 2013, p. 239;

⁷¹ Ibid, p. 53;

career within unified China. The following year, Deng worked one year as finance minister that coincided with First Five-Year Plan's first year.

In 1956 Deng became Secretary-General of the Party, gaining the Party's administration's key position and a member of the Standing Committee of the Politburo.⁷² The following year with Mao travelled towards the Soviet Union, and in August and October-November 1960, he led two Chinese delegations to Moscow, debating for more freedom for the Communist Party of China within the Communist movement.

Deng had the privilege to work closely with Mao at the centre of power in Beijing. He studied various ways of dealing with foreign countries and considering strategies for China's development. In short, in 1978, Deng has had half a century's experience in thinking about strategies for guiding the country. Despite the banishment during the Cultural Revolution (1966-1974), Deng returned to power. During these years, China was in a disastrous state. Chinese peasants, who made up 80% of the population, had an average per capita income of \$40 per year.⁷³ Some officials criticized Mao and suggested that the Great Helmsman caused the origin of China's problems. However, Deng trusted in Mao and was confident that the previous two decades' failures should not have fallen on one person. "We are all to blame,"⁷⁴ he said. In the following subsection, the thesis will analyze the interview given by Premier Deng Xiaoping to the journalist Oriana Fallaci in 1980, where the Chinese leader will explain, among other things, how he managed the Maoist legacy. The interview, paradoxically more famous in China than in Italy, turns out to be a retrospective mirror of the reform policies that have just begun in China.⁷⁵

Notwithstanding that Hua Guofeng retained his titles as premier of the government, chairman of the Party, and chairman of the Central Military Commission (CMC), Deng was the paramount leader. He retained his titles as vice-premier of the government, vice chairman of the Party, and vice chairman of the CMC. In one of the most influential principal address, Deng Xiaoping laid out the four cardinal principles (in Chinese 四项基本原则).⁷⁶ According to the Chinese premier, "writings should not challenge: (1) the socialist path, (2) the dictatorship of the proletariat, (3) the leadership of the Communist Party, and (4) Marxism-Leninism and Mao Zedong Thought."⁷⁷ Despite Deng's recognition that China could learn from the capitalist countries (at least in some areas), he denied that China's problems stemmed from socialism. In the wake of this belief, Deng promoted a much more moderate and "progressive" type of internal and external strategy than Mao's, which was called "Reform and Opening" (in Chinese 改革开放).⁷⁸ With this slogan, Deng officially sanctioned a break with his predecessor's foreign diplomacy, placing as a priority internal modernization and economic development, obtainable, according to the leader, only through a rapprochement with Western

⁷² E. F. Vogel, "Deng Xiaoping and the Transformation of China", Belknap Press, reprint edition, October 14, 2013;

⁷³ Ibid, p. 26;

⁷⁴ Ibid, p. 27;

⁷⁵ O. Fallaci, "Intervista con il potere", Segrate, Biblioteca Universale Rizzoli, December 1, 2010;

⁷⁶ Sì xiàng jīběn yuánzé;

⁷⁷ E. F. Vogel, "Deng Xiaoping and the Transformation of China", Belknap Press, reprint edition, October 14, 2013, p. 328;

⁷⁸ Gǎigé kāifàng;

countries and, in particular, with the United States. Undoubtedly, Deng opened the whole country to new ideas, science, technology, and management systems worldwide, regardless of the country's political system. The strategy "keep a low profile" (in Chinese 韬光养晦)⁷⁹ became Deng Xiaoping's summary and slogan that went down in the history of foreign policy. The message of humility, non-interference, non-interventionism and a focus on one's nation's internal economic development has been enormously successful and became part of that corpus of slogans representing the ideological basis on which the Communist Party of China relied.

As outlined above, Deng Xiaoping was a staunch supporter of Communism and firmly convinced that only one organization could have managed the situation to provide order during this rebuilding: it was (and still is) the Communist Party of China. Despite the Soviet defence minister Malinovsky encouraged Chinese leaders to overthrow Mao Zedong as the Soviets did to Khrushchev, they did not intend to betray their Great Helmsman. Deng himself gave the umpteenth confirmation in a splendid interview with the Italian journalist Oriana Fallaci. The conversation was exciting, so much so that it deserves further analysis in the following subparagraph.

2.1.1 Interview with the power

Since August 1980, the Italian journalist Oriana Fallaci's name has attracted the Chinese people's attention as she was the first foreign journalist to interview Deng Xiaoping twice. The interview lasted four hours divided into two days: Deng Xiaoping received the Fallaci on Thursday, August 21, and Saturday, August 23, in the People's Assembly Building in Beijing. The interviewer's questions were asked in English, while Deng answered in Chinese. The interpreter Shi Yanhua, the former interpreter of Mao Zedong, carefully translated the interview.⁸⁰

Although Deng Xiaoping opposed the Cultural Revolution's violence and was expelled and rehabilitated by the Communist Party of China three times until his death, he never gave up his loyalty to Mao Zedong's Thought, showing no personal resentment. Fallaci began the interview by provoking the Chinese leader with a question about the future of Mao's portrait in Tiananmen Square. Deng replied that the portraits of Mao, including the one in Tiananmen Square, will remain forever ("天安门城楼的毛主席像要永远保留下去")^{81, 82} He added that Mao made mistakes but was one of the principal founders of the Communist Party of China and the People's Republic of China. Therefore, considering his merits and mistakes, Deng believes that the latter should be placed in second place, while his merits in first. It is not just his portrait that remains in Tiananmen Square: it is the memory of a man who led the Chinese people to victory and built a country.

⁷⁹ Tāo guāng yāng huì;

⁸⁰ O. Fallaci, "Intervista con il potere", Segrate, Biblioteca Universale Rizzoli, December 1, 2010;

⁸¹ Tiān'ānmén chénglóu de máo zhǔxí xiàng yào yǒngyuǎn bǎoliú xiàqù;

⁸² 广安日报, "接受法拉奇采访", <http://cpc.people.com.cn/n1/2016/0811/c69113-28628606.html>, people.cn, August 11, 2016;

Deng continued affirming that Chairman Mao wisely combined the principles of Marxism-Leninism with the realities of Chinese history. Finally, Deng recognized the Cultural Revolution and the Great Leap Forward as two mistakes, but the responsibility was not entirely attributable to Chairman Mao; he also took the blame.

The Chinese leader admitted that the military and political leader of the Communist Party of China Lin Biao and the so-called Gang of Four (四人帮)⁸³ wanted to kill him during the Cultural Revolution. However, the Great Helmsman prevented this fate. The Gang of Four was a group consisting of Jiang Qing (Mao's wife), Yao Wenyuan, Zhang Chunqiao, and Wang Hongwen labelled as the main “counter-revolutionary forces”. They were all leading Shanghai party officials that rose to prominence during those years. As Mao's health began to deteriorate, they gained control of several government functions. After Mao's death, they were officially accused in 1981 by the Chinese government of treason and other crimes against the Chinese state. Even in the following case, Deng took partial blame and defended Mao because the Great Helmsman spoke harshly against them during his last years. Under Hua Guofeng and the rehabilitated Deng Xiaoping, China has moved away from the worst excesses of the Mao era, embracing an economic liberalization paired with firm political control.

Deng in response to the question asking whether the next Congress of the Communist Party of China would end as the 20th Congress of the Soviet Communist Party, during which Khrushchev denounced Stalin, the Chinese leader replied that by adopting a realistic behaviour, the Communist Party of China and the Chinese people would look to him as a symbol. Then, concluded the answer saying: “Write it down, we will not do to Mao Zedong what Khrushchev did to Stalin.”⁸⁴ “我要告诉你，我们决不会像赫鲁晓夫对待斯大林那样对待毛主席！”⁸⁵ The Communist Party of China indeed supports Mao Zedong's thought, which was the correct part of his life. As proof of this, the concepts to which the Communist Party of China adheres for the country's reconstruction are essentially the same as formulated at the time by Chairman Mao: to rely on one's strength and consider international assistance as a subsidiary factor. The four principles to be adhered to are the principle of socialism, the principle of the proletariat's dictatorship, the principle of Marxism-Leninism elaborated by the Thought of Mao Zedong and the principle of leadership supported by the Communist Party of China.⁸⁶

The interview then moved analysing of the relationship between China and the Soviet Union; in particular, Deng harshly criticized Khrushchev for the denunciation and condemnation of Stalin and for having “only hurt us Chinese”,⁸⁷ unlike Stalin. Stalin helped to build all the industrial complexes that have been the basis of the Chinese economy ever since. On the contrary, Khrushchev tore up all the agreements between China and the Soviet Union signed in Stalin's time.

⁸³ Sirénbāng;

⁸⁴ O. Fallaci, “Intervista con il potere”, Segrate, Biblioteca Universale Rizzoli, December 1, 2010, p. 463;

⁸⁵ Wǒ yào gào sù nǐ, wǒmen jué bù huì xiàng hè lǚ xiǎo fū duìdài sīdàlín nà yàng duìdài máo zhǔxí; 广安日报, “接受法拉奇采访”, <http://cpc.people.com.cn/n1/2016/0811/c69113-28628606.html>, people.cn, August 11, 2016;

⁸⁶ O. Fallaci, “Intervista con il potere”, Segrate, Biblioteca Universale Rizzoli, December 1, 2010; p. 476;

⁸⁷ Ibid, p. 478;



Figure 2. Oriana Fallaci interviewed Deng Xiaoping in 1982.⁸⁸

Thanks to Oriana Fallaci, the world had the opportunity to hear what the Chinese leader, a spokesman for an immense country, had to say. In this way, misunderstandings between China and the rest of the world have diminished.

2.2 Chinese reforms

Deng Xiaoping, the leading promoter of the Chinese reforms, after decades in power and after countless experiences abroad, reported: “Recently our comrades had a look abroad. The more we see, the more we realize how backward we are.”⁸⁹ Several high officials travelled and convinced themselves that Deng’s perception was correct. Their motherland had to tread a new path.

On December 16, 1978, the joint communiqué announced in Beijing the reestablishment of diplomatic relations between the People’s Republic of China and the United States. Two days later, on December 18, the third plenary session of the 11th Central Committee of the Chinese Communist Party began (by practice, the third plenary sessions dedicated to the economy), which will go down in history as the initial moment of the policies of “Reform and Opening” that have characterized China up to the present day. The plenum was purely formal ratification of what had been discussed during the Central Party Work Conference (November 10-

⁸⁸ Source: <http://www.orianafallaci.com/oriana-intervista-deng-xiaoping-nel-1982/foto.html>;

⁸⁹ E. F. Vogel, “Deng Xiaoping and the Transformation of China”, Belknap Press, reprint edition, October 14, 2013, p. 277;

December 15). Moreover, the 11th Central Committee of the Chinese Communist Party elected the 11th Politburo of the Chinese Communist Party. It was the first Politburo elected after Mao Zedong's death, and Deng Xiaoping reassured colleagues that he would not become China's Khrushchev, notwithstanding his differences with Mao. "In his notes for the first meeting with his speechwriters, Deng had listed seven topics: (1) emancipating our minds, (2) promoting inner-party democracy and the legal system, (3) reviewing the past to guide the future, (4) overcoming excessive bureaucracy, (5) allowing some regions and enterprises to get rich first, (6) clarifying assignments of responsibility, and (7) tackling new problems."⁹⁰

At the second meeting, Deng combined the several topics into one, the "Reform and Opening" mentioned above. The State contained market forces and channelled them into society to generate a capitalist class attracted by the profits made possible by the selective opening to foreign investments oriented not to the internal market (because they would have destroyed the fragile local industrial fabric) but exports. In this way, the global economic context's incentives were compatible with internal economic and political conditions. In the take-off phase, the trade-off guaranteed a "Reform without Losers",⁹¹ allowing everyone the opportunity to feel part of the success of a national development process conceived as a totalizing discourse, hegemonic in a "Gramscian" sense. All these elements, economic nationalism, a government that regulates the market, and the State's corporate organization can be traced back to the Chinese growth's forty-year experience.

There is substantial agreement on the main components that characterize the new-born "China model" (中国模式)⁹²: the pragmatism of leadership, ready to accept the introduction of market mechanisms as ideologically neutral tools for strengthening growth ("It does not matter whether a cat is black or white, as long as it catches mice", Deng Xiaoping would have said); experimentalism and gradualism, since reforms were often thoroughly tested before being extended nationwide ("cross the river by feeling the stones", again Deng); hybrid property rights, with the private sector coexisting with state-owned enterprises, which in the meantime have become "national champions" in strategic industries. Integration is "managed" in global markets, with the adoption of subsidies, market restrictions, import substitution measures and at the same time, export support policies.

The opening is instead selective to the market in specific sectors and certain geographically limited areas, the so-called Special Economic Zones (or SEZs, 经济特区).⁹³ In the Spring of 1978, the Ministry of Foreign Trade and the State Planning Commission sent officials to visit Hong Kong to estimate its potential for backing Chinese developments in a particular field such as finance, management, and industry. Hong Kong would be an export processing zone where Chinese labourers manufactured materials brought from abroad and then exported without any tariffs or other restrictions. Finally, in 1980, the State Council approved the

⁹⁰ E. F. Vogel, "Deng Xiaoping and the Transformation of China", Belknap Press, reprint edition, October 14, 2013, p. 305;

⁹¹ Lawrence J. Lau, "Reform without losers: an interpretation of China's dual-track approach to transition", https://www.jstor.org/stable/10.1086/262113?seq=1#metadata_info_tab_contents, Journal of Political Economy 108, February 2000, pp. 120-143;

⁹² Zhōngguó móshì;

⁹³ Jīngjì tèqū;

establishment of the Shenzhen Special Economic Zone. It is a current issue in 2020 because there was the 40th anniversary of Shenzhen.⁹⁴ Special Economic Zones have increased over the years. These are places where there are particular policies aimed at favouring trade. They have many advantages for foreign investors thanks to independence in the management of exchanges and the development of particular projects that aim to create structures to attract foreign capital, such as creating joint ventures between Chinese and international companies and producing products intended for export. The emphasis entirely shifted towards quantitative growth, measured in terms of Gross Domestic Product. China did not create a competitive advantage but relied on the comparative advantage of a vast pool of low-cost labour, and for this growth started from light industry, and not from the heavy industry as it happened for the Soviet Union (analyzed in the next paragraph); moreover, at the same stage of development, China was more open to foreign investment than the Soviet Union.

Furthermore, a necessary condition is the permanence of an authoritarian political system, even if “fragmented”. Since 1978, the Communist Party of China has made economic development the nation’s top priority, a fundamental condition, to claim a leading role on the world stage, leaving behind “one hundred years of humiliation”.⁹⁵

“The socialist market economy is a new style market economy which is integrated with the basic system of socialism.”⁹⁶ The creation of this new-type relationship is the key to Chinese economics’ success. With the Third Plenary Session of the First Central Committee, the country’s focus was on economic development, creating the path for reforms and opening up. Firstly, the relations and the positive interactions with the great powers, the United States above all, were enormously enhanced. Secondly, the relations between China and its adjacent neighbourly experienced significant developments. In this regard, a few years later, Deng Xiaoping proposed to “shelve disputes and seek common development.”⁹⁷ Thirdly, Beijing encouraged cooperation with developing countries. Fourthly, China’s multilateral diplomacy matured into increasingly active participation, including several major global and regional issues. The direction of development was firmly in the hands of the Communist Party of China.

The sense of development was to generate new wealth, and China had to abandon the most inefficient pockets of the socialist economy and open up to global capital. The logic was the same seen in action in the capitalist development States, albeit at a different level. In fact, in China, the State has set in motion the growth mechanisms in its local articulations (provinces, counties, villages). However, these were coordinated not by a centralized administrative body but by a hierarchically organized development agency, present throughout the territory, from the centre to the periphery: the Communist Party of China. It was the Party that gave

⁹⁴ Xinhua, “Xi Focus: China celebrates 40th anniversary of Shenzhen SEZ, embarking on new journey toward socialist modernization”, http://www.xinhuanet.com/english/2020-10/14/c_139439714_2.htm, Xinhuanet, October 14, 2020;

⁹⁵ Zheng Wang, “National Humiliation, History Education, and the Politics of Historical Memory: Patriotic Education Campaign in China”, https://www.jstor.org/stable/29734264?seq=1#metadata_info_tab_contents, Ed. Wiley, December 2008;

⁹⁶ Cheng Tianquan, translated by Yang Mifen, “The Road of China”, China Renmin University Press, January 1, 2013, p. 35;

⁹⁷ *Ibid*, p. 180;

direction to the economy, also accepting setbacks, such as the Tiananmen crisis (1989) and the “southern tour” (南巡),⁹⁸ with which Deng relaunched the reforms in 1992.

Deng Xiaoping, aware of the new policies’ problems, such as the possible future bitterness of those who would be unhappy, tried to anticipate these. The Chinese leader was conscious about the increase of the inequalities and frankly affirmed “我们的政策是让一部分人，一部分地区先富起来”，⁹⁹ (“Our policy is to let some people and some regions get rich first”), but he also added “以带动和帮助落后的地区，先进地区帮助落后地区是一个义务”¹⁰⁰ (“to promote and help the backward areas, the advanced areas must help the backward areas”).¹⁰¹

Practically, the Communist Party of China carried out the economic policies into two stages. Firstly, at the end of the Seventies, the Communist Party carried out price reform, de-collectivization of agriculture, state-owned enterprise reform, and then granted market access to the privates and opened the country to foreign investment allowing starting businesses within the country. Secondly, the following step refers to the adaption of the so-called “Socialism with Chinese characteristics” (中国特色社会主义).¹⁰² It was defined for the first time by the Communist Party of China in the 14th National Congress (1992).¹⁰³ The path of socialism with Chinese characteristics refers to a Chinese-style modernization opened under the leadership of the Communist Party of China to carry out economic construction, reform and opening, and the “revolutionary” practice; the theoretical system of it refers to the realization of the combination of Marxism and Chinese reality by the Communist Party of China. In other words, the latest theoretical achievement of the Sinicization of Marxism.

In China, central planning concentrated on strategic production (within priority sectors), so, detailed and centralized planning should have been more the exception than the rule in the reformers’ intentions. The visible trend is the increasingly diminishing function of central planners: in 1987, they had to set compulsory plans and prices for a total of only 60 final products against the 20,000 and 50,000 industrial products planned respectively by the Gosplan and by the Soviet ministries.¹⁰⁴ In October 1984, the Plenum of the Central Committee of the Communist Party of China had sanctioned the transition from imperative planning to indicative planning. The economic plan formation now took on a negotiation process’s characteristics through national and local conferences between central authorities and businesses. As part of the experiment of financial decentralization in industrial enterprises at the national level, which began in Sichuan in 1978 and gradually extended, the most relevant reform measure was the process aimed at conferring profit to enterprises.

⁹⁸ Nánxún;

⁹⁹ Wǒmen de zhèngcè shì ràng yībùfèn rén, yībùfèn dìqū xiān fù qǐlái;

¹⁰⁰ Yǐ dàidòng hé bāngzhù luòhòu dì dìqū, xiānjìn dìqū bāngzhù luòhòu dìqū shì yīgè yìwù;

¹⁰¹ 党员名言 100 句, “邓小平: 让一部分人先富起来”, <http://cpc.people.com.cn/GB/34136/2569304.html>, 人民网;

¹⁰² Zhōngguó tèsè shèhuì zhǔyì;

¹⁰³ E. F. Vogel, “Deng Xiaoping and the Transformation of China”, Belknap Press, reprint edition, October 14, 2013;

¹⁰⁴ Analyzed in detail in the next paragraph;

The new approach in an informal way in 1980 and then on a national scale since 1983 was definitively sanctioned during the 12th Congress of the Communist Party of China in October 1984,¹⁰⁵ with the establishment of industrial contractual liability systems. The following system is essentially an agreement between the employees and the director of a company on the one hand and the state authorities on the other hand on the amount of taxes and profits that the company must annually pay to the State. The logic is the same as in agricultural systems of responsibility: the profit exceeding the quota agreed by the contract remains with the company, while if the realized quota is lower, the company must find the missing funds.

Moreover, the introduction of a tax system, in 1984 more than for decentralization purposes, was necessary to correct the distortions caused by the price system. Finally, a specific adjustment tax was introduced for each company, for which local authorities are responsible. Decisive in this regard is the bargaining between central financial bodies and the provinces on the amount of taxes paid to the state budget.

2.3 Soviet reforms

The Soviet Union competed with the United States for three decades. The struggle for control of the world passed through various phases, also characterized by “hot” wars like those in Korea and Vietnam. Every energy in the country was devoted to confronting the Americans. In particular, the main driver of Soviet economic growth was heavy industry. Nevertheless, after Joseph Stalin’s death with the de-Stalinization process initiated by Nikita Khrushchev and even more with Perestroika’s reforms, the so-called Iron Curtain was about to shatter definitively. Mikhail Gorbachev carried out reforms that leased land to peasants and promoted small cooperative businesses. The purpose of industrial reforms in the Soviet Union and China is to make industrial enterprises autonomous in their production choices, freeing them from the protection of bureaucratic taxation and controls.

Finally, on March 11, 1985, upon Cernenko’s death, Gorbachev was elected General Secretary of the Communist Party of the Soviet Union, the highest position in the Party and country hierarchy. On April 23, 1985, at the April plenum of the Central Committee of the Communist Party of the Soviet Union, the new Soviet leader proclaimed his reforms called “acceleration”. Later, to define economic reform, Gorbachev has increasingly stressed the need for democratization as an indispensable condition of the reform, remanding to the concepts of Perestroika and Glasnost’.

The reform program proposed and undertaken in the period 1987-90 under the leadership of Mikhail Gorbachev represented a genuinely radical change in the nature of the Soviet system. A fundamental step was the approval by the Central Committee of the Communist Party of the Soviet Union and the Supreme Soviet, in June 1987, of a new “law on state industrial enterprise” contextual to the definition of the “Principles

¹⁰⁵ E. F. Vogel, “Deng Xiaoping and the Transformation of China”, Belknap Press, reprint edition, October 14, 2013;

fundamental” of the economy.¹⁰⁶ The planning inherited from Gorbachev is divided into two fundamental functional subsystems, the first intended to plan production, the second to distribute raw materials and intermediate goods, which have been operating for decades. Gosplan (Госплан), concerning production, employs general directives (“control data”) approved by the Politburo to formulate five-year economic development plans. The plan’s objectives were based on the previous plan’s firms’ output (“levels achieved”).¹⁰⁷ The second subsystem of planning intends to allocate productive resources through an enormous bureaucratic body, the Gosstab (Госстаб).¹⁰⁸ In practice, businesses require that the inputs necessary for production and the Gosstab distribute them before each five-year plan. The inevitable shortages of distribution still increase the demand for inputs from companies and push them to create unnecessary reserves and develop collateral production to be autonomous. Attempts to improve or reform this central planning system have been numerous, and the law of June 1987 takes centre stage.

Gorbachev’s moderate reform line divided into the following points: (1) the central planners in Gosplan and the Ministries will continue to use the “control data” at the beginning of the five-year plan, but these will have an indicative and not a directive value. In other words, they will serve as an “orientation” in the construction of the autonomous production plan of enterprises. (2) Business plans will partially rely on “state orders” (Госзаказы).¹⁰⁹ Instead of the “level reached”, the unclear “regulatory planning” will be used to evaluate the productive capacities of firms and determine the share of the plan. (3) The requests for input from companies and their distribution will no longer pass through the Gosstab, but through wholesale centres managed by the Gosstab itself; (4) in non-priority sectors, and not subject to “state orders”, production should only be a function of market demand. Finally, the principles of full accounting autonomy (полный хозрасчет)¹¹⁰ and self-financing (самоокупаемость)¹¹¹ are reaffirmed.¹¹² The new law on the state enterprise also provides some decentralization measures in the hierarchical management system that currently postulates a party body at every economic administration level. Autonomy, self-financing and self-management are the foundations of enterprise reform. However, from the start, the new measures were not enough to ensure success.

Worthy of note are some critical “Fundamental Principles” of the economic reform approved in June 1987, which provided for both the company’s bankruptcy and the principle of covering the salary fund with the company’s independent income, with no more state subsidies.¹¹³ Consistent with the Gorbachevian principle of the “enhancement of the human factor” and related work policies, such as the anti-alcoholic campaign, the wage reform in force since June 1987 highlights the incentive function of wage differentials,

¹⁰⁶ M. Gorbachev, “Mikhail Gorbachev: Memoirs”, Bantam; new edition, November 1, 1997;

¹⁰⁷ M. Gorbachev, “Gorbachev: On My Country and the World”, Columbia Univ Print, November 5, 2000;

¹⁰⁸ Ibid, 2000;

¹⁰⁹ goszakazy;

¹¹⁰ polnyy khozrachet;

¹¹¹ samookupayemost;

¹¹² V. M. Zubok, “A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev”, University of North Carolina Pr, 2009;

¹¹³ M. Gorbachev, “Gorbachev: On My Country and the World”, Columbia Univ Print, November 5, 2000;

which vary according to function, professional qualification, and the work commitment demonstrated. Gorbachev's first measure is, in fact, the anti-alcoholic law (May 1985), which aimed to cut the destructive consumption of alcohol and restore discipline in the workplace. However, in addition to being unpopular, he fueled smuggling and crime.

Gorbachev certainly played a decisive game on these issues because the reform blew up the traditional distributional logic, based on the egalitarian levelling of wages and low productivity, resulting from job security. The resistances to eliminating a non-incentive, but the safe system, were mainly concentrated in the low-medium level worker's perception. These resistances are not new: they prevailed in the Kosygin reform of 1965, creating a front "unskilled workers-bureaucrats" which drowned out a partial reform, devoid of rigorous internal logic.¹¹⁴

Gorbachev's economic reforms (and the reluctance to change of the political elite) that tried to heal a dying economy were undoubtedly a determining factor in the collapse of the Soviet Union. Nevertheless, in the years leading up to the collapse of the Soviet Union, no Western scholar, politician, expert, or official foresaw the well-known fate. According to Leon Aron, the director of Russian studies at the American Enterprise Institute, "the failure of Western experts may in part be attributed to a sort of historical revisionism, call it anti-anti-communism, that tended to exaggerate the Soviet regime's stability and legitimacy."¹¹⁵ Richard Pipes, too, an advisor to US President Ronald Reagan and one of Russia's leading American scholars, called the revolution "unexpected". However, it should be emphasized that neither parameter of economic performance indicated a rapidly advancing disaster. For instance, since the French Revolution, budget deficits have been considered among the prominent warnings of a coming revolutionary crisis. In 1985, it equalled only less than 2% of GDP.¹¹⁶

The main difference from China's example was the imposition by above of these changes on an urban economy. The top-down reforms failed in the Soviet Union. Whereas in China, bottom-up reforms worked successfully.

Notably, it is the Perestroika policy and especially how China codified it that makes a difference. The new strategy introduced by Mikhail Gorbachev replaced Brezhnev's pan-communism with the new ecumenism of Perestroika.

¹¹⁴ V. M. Zubok, "A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev", University of North Carolina Pr, 2009;

¹¹⁵ L. Aron, "Everything you think you know about the collapse of the Soviet Union is wrong", <https://foreignpolicy.com/2011/06/20/everything-you-think-you-know-about-the-collapse-of-the-soviet-union-is-wrong/>, June 20, 2011, p. 1;

¹¹⁶ Ibid;

2.4 How China has coded Perestroika

In the 1980s, there was a convergence between Moscow and Beijing's policies, but they soon followed two parallel lines. Both considered the possibility of reforming the communist system politically and economically. However, Gorbachev emphasized political reforms without which Perestroika would not have been successful, while the Chinese leadership, under Deng Xiaoping's leadership, stressed the primary importance of economic reforms.

According to the Beijing government, China moved ahead of the Soviet Union in economic and political relations with the Asian states. While the Soviet Union had lost its credibility in these countries and felt a sense of threat in Asia, China had developed friendly relations based on the Five Principles of Peaceful Coexistence, especially with the United States, Japan and the newly industrialized countries of East Asia. Therefore, it was natural that the Soviets gave priority to relations with China given its function and position in Asia, thus opening a breach in Soviet isolation.¹¹⁷

The improvement of relations between Moscow and Beijing began when Brezhnev and Deng Xiaoping led the two countries.¹¹⁸ The Soviet military occupation of Afghanistan had worsened East-West détente and led to the political isolation of the Soviet Union, but it had also increased Moscow's military spending. Moreover, it added a heavy burden to the Soviet economy that was already there in difficulty. Brezhnev decided to ease Beijing's tension to break the political deadlock and prevent closer relations between the People's Republic of China and the United States of America. At the ministerial level, the talks had begun in 1982 and were held periodically every six months, alternately in Moscow and Beijing. However, normalizing relations between the two socialist countries began to bring concrete results in December 1984, with the signing of economic, scientific and technical cooperation agreements between Beijing and Moscow.¹¹⁹ In 1985 for the first time, there was an exchange of delegations at the parliamentary level, interrupted in the mid-1960s.

Unlike his predecessors, Gorbachev did not assume the presidency of the Supreme Soviet (a position equivalent to that of a head of State) immediately but was appointed the old Andrei Gromyko, foreign minister of the Soviet Union since 1957.¹²⁰ To lead diplomacy, he instead calls a trusted man, the Georgian Edvard Shevardnadze. In Geneva in November 1985 and in Reykjavik in October 1986, Gorbachev's two meetings with American President Ronald Reagan clarified how sincere the new Moscow leader was in wanting detente and disarmament, deserving the trust of the West. The United States and the Soviet Union initiated a negotiation, concluded in Washington in December 1987, to eliminate short and medium-range missiles from Europe.¹²¹ Between 1988 and 1989, Gorbachev withdrew his troops from Afghanistan (invaded by the Red

¹¹⁷ Jia Bei, "Changing Soviet Relations with Major Powers in the Asia-Pacific Region", in *Guoji Wenti Yanjiu*, No. 2, 1991, pp. 20-27;

¹¹⁸ E. F. Vogel, "Deng Xiaoping and the Transformation of China", Belknap Press, reprint edition, October 14, 2013;

¹¹⁹ *Ibid*;

¹²⁰ M. Gorbachev, "Gorbachev: On My Country and the World", Columbia Univ Print, November 5, 2000;

¹²¹ M. Gorbachev, "Perestroika: New Thinking for Our Country and the World", HarperCollins; Reprint edition, December 1, 1988;

Army in 1979) and convinced Fidel Castro to leave Angola. The policy of non-intervention archived the “Brezhnev doctrine”, allowing the governments of Eastern Europe to be architects of their political destiny.¹²²

The following policy was first inherited by Yuri Andropov, Konstantin Cernenko and then by Mikhail Gorbachev, the three secretaries of the Communist Party of the Soviet Union who succeeded Brezhnev. In particular, Gorbachev intended to create an “open and peace-loving” image of the Soviet Union. At the 27th National Congress of the Communist Party of the Soviet Union (February 1986), a revised program was adopted, which Gorbachev himself claimed was “peace and construction”.¹²³ The 12th Five-Year Plan, which came into effect that same year, also emphasized economic development and improved population well-being. Indeed, the Soviet leader had planned to renovate existing production facilities, improve the science and technology’s economic performance, and reform his management system. A peaceful international environment and peaceful borders were required for the Moscow government to implement this program.

In his speech in Vladivostok in July 1986, Gorbachev made concrete proposals about Moscow-Beijing relations.¹²⁴ In addition to emphasizing the importance of the two socialist countries in the international arena and respecting and supporting modernization in China, he was ready to construct the railway between the Xinjiang Autonomous Region and Soviet Kazakhstan, space exploration projects and cultural exchanges. Proof of Gorbachev’s goodwill was the announcement of the withdrawal of troops from Afghanistan by the end of 1986 (later formalized on April 14, 1988, in Geneva, when the Soviets signed an agreement for the withdrawal from Afghanistan within nine months). The significance of Gorbachev’s speech in the normalization process is comparable to that of Brezhnev made in Tashkent in 1982.¹²⁵

In April 1986, the eighth session of the normalization talks was held in Moscow. Gorbachev proposed a summit meeting with Deng Xiaoping to the Chinese Deputy Foreign Minister Qian Qichen, but the proposal was rejected because it was still considered unrealistic. Meanwhile, Deng Xiaoping made it known that the possible summit meeting would have taken place if the Soviets removed their troops from Mongolia. During the tenth session of the talks held in Moscow, a limited withdrawal of troops from Mongolia concluded. In February 1988, Foreign Minister Shevardnadze, replacing Andrej Gromyko, who has held the position for 28 years, visited China, meeting with Communist Party of China leader Deng Xiaoping, Prime Minister Li Peng and Foreign Minister Qian Qichen, who as deputy minister had played an essential role in the negotiations. An agreement was then reached for a summit meeting in Beijing scheduled for May 15-18, 1989, the first in thirty years.¹²⁶

¹²² M. Gorbachev, “Gorbachev: On My Country and the World”, Columbia Univ Print, November 5, 2000;

¹²³ M. Gorbachev, “Perestroika: New Thinking for Our Country and the World”, HarperCollins; Reprint edition, December 1, 1988;

¹²⁴ M. Gorbachev, “Gorbachev: On My Country and the World”, Columbia Univ Print, November 5, 2000;

¹²⁵ V. M. Zubok, “A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev”, University of North Carolina Pr, 2009;

¹²⁶ E. F. Vogel, “Deng Xiaoping and the Transformation of China”, Belknap Press, reprint edition, October 14, 2013;

Furthermore, in March 1989, the Soviet Union announced the withdrawal of 75% of its troops from Mongolia, which would begin in conjunction with Gorbachev's visit to Beijing.¹²⁷ Overnight, farmers in Kazakhstan and Xinjiang found themselves side by side as in the 1930s, with Russian fertilizers on display alongside Chinese canned and frozen beef. China had become a model for the Soviet economy, and it was up to the organ of the Communist Party of the Soviet Union to account for the 203 million tons of cement produced annually by Beijing against 139 million in Moscow, 25 million televisions manufactured in China against 10 in the Soviet Union, together with 10 million washing machines, double the Soviet 5 million.¹²⁸

When Gorbachev visited China in May 1989, a joint communiqué was issued in which the Soviet government accepted the principles of peaceful coexistence as a basis for further developing relations between the two countries. The visit's result continued with the six economic-commercial agreements signed during Li Peng's visit the following year. From now on, further progress has been made in the rapprochement process. Normalization has also led to significant strides towards a definitive resolution of the border dispute. In May 1990, Soviet Deputy Foreign Minister Rogacev announced that Beijing and Moscow had reached a consensus on about 90% of their border.¹²⁹

After a brief period of somewhat strained relations between China and the Soviet Union towards the end of 1989, due to the fall of the communist regimes of Eastern Europe, whose responsibility was attributed by the Chinese government mainly to the new process initiated by Gorbachev, there was an improvement in Sino-Soviet relations in the political, economic and security fields. The visit to Moscow in May 1991 by the Communist Party of China general secretary Jiang Zemin marked the rapprochement's culminating point between the two Communist countries.

However, from the Chinese perspective, Gorbachev was seen as a revisionist who had "completely betrayed the basic principles of Marxism-Leninism. In essence, he had denied the class struggle in the international sphere, had changed the character of the Communist Party and increased Western-style parliamentary democracy."¹³⁰

To this end, it is fundamental to grasp the guiding principles of Soviet foreign policy in the era of Perestroika that was elaborated by the Soviet intelligentsia, they were:

- (1) to ensure favourable external conditions for internal construction, the elimination of threats of wars and the strengthening of relations and cooperation of the Soviet Union with other Communist countries;
- (2) to improve its relations with western countries based on peaceful coexistence and practicality;
- (3) to develop friendly relations with Third World countries;
- (4) to strengthen its contacts with the left forces in non-communist countries.¹³¹

¹²⁷ Ibid;

¹²⁸ Lecture Professor Liu Ying, "Trilateral Relations among China, US and Russia", A. A. 2020/2021;

¹²⁹ M. Gorbachev, "Mikhail Gorbachev: Memoirs", Bantam; new edition, November 1, 1997;

¹³⁰ Garver, JW, The Chinese Communist Party and the Collapse of Soviet Communism, in *The China Quarterly*, n.133, 1993, p. 4;

¹³¹ M. Gorbachev, "Perestroika: New Thinking for Our Country and the World", HarperCollins; Reprint edition, December 1, 1988;

Conceptualization is the mental process whereby fuzzy and imprecise notions are made more specific and precise. The result of conceptualization is the concept. The term that needs to be “conceptualize” in the present work is “Perestroika” (Перестройка). Perestroika means “reconstruction” or “restructuring”. Mikhail Gorbachev first adopted it in 1985; at that time, he was the General Secretary of the Communist Party of the Soviet Union. Despite the success of Chinese reform, Gorbachev pursued his unique policy. It based on four cardinal points: firstly, the privatization of former state-owned sectors; secondly, the democratization process (noteworthy the freedom of information); thirdly, the diminishing of influence over Eastern countries; fourthly, the reset policy with the United States (in particular the nuclear disarmament). The Russian leader also tried to export Perestroika out of the Soviet bloc.¹³² Emblematic is the dry refusal received by Fidel Castro, who became the custodian of the communist revolutionary tradition in the Western world in the upheaval of roles due to Perestroika.

The term Glasnost’ (Гласность) is usually associated with the political-economic reforms typical of Perestroika. Generally, Glasnost’ means “transparency”, which indicates the advertising of political, economic and cultural media and the freedom of expression, criticism and denunciation granted by the authorities to citizens. In particular, it indicates the set of reforms implemented in the selection of cadres of the Communist Party of the Soviet Union since 1986 to combat corruption and the privileges of the Soviet political system. Together with Perestroika, it marked Gorbachev’s political line. However, conversely, to what Gorbachev believed, these initiatives led the Soviet Union and the Communist Party of the Soviet Union to dissolution.

From the Kremlin, the Gorbachev’s appointment was announced a few hours after Cernenko’s death, a clear sign that the succession had been arranged for some time. Western public opinion wondered if it had opened up in Moscow, quoting from the book by Sergio Romano, “Pandora’s box in which all the vices and contradictions of the Soviet system had accumulated”.¹³³ All over the world, in the newsrooms and the debates on TV, correspondents from Moscow and “Kremlinologists” are consulted to understand if the two keywords of Mikhail Gorbachev’s vocabulary, Perestroika and Glasnost’, will lead to a profound change in the Soviet Union. To understand how China coded Perestroika and how Beijing ended to condemn it, the author suggests testing two hypotheses.

The first hypothesis is that *the Chinese Communist Party condemns Gorbachev’s Perestroika and his apostasy of Communism creed*. To test and prove the following hypothesis, it is fundamental to summarize the thought of Chinese leaders. Firstly, Chen Yun, one of the most influential leaders of the People’s Republic of China, declared that “the weakness of Gorbachev’s ideological line is that it is pointing in the direction of surrender and retreat. Our party cannot afford to stand idly by and watch this happen”.¹³⁴ Secondly, Jiang Zemin, who served as General Secretary of the Chinese Communist Party from 1989 to 2002 and as President

¹³² Ibid;

¹³³ S. Romano, “Cinquant’anni di storia mondiale. La pace e le guerre da Jalta al terzo dopoguerra”, Milan, Ed. TEA, October 30, 1997;

¹³⁴ J. W. Garver, “China’s Quest: The History of the Foreign Relations of the People’s Republic of China”, Oxford University Press USA, March 10, 2016, p. 513;

of the People's Republic of China from 1993 to 2003, said that Gorbachev was seen as the same type of "traitor" who deviated from the socialist path.¹³⁵ These two examples highlight how the Chinese elite criticized Gorbachev and his Perestroika. Moreover, China media called the Soviet Union a future "bourgeois multiparty democracy" with a downbeat accent.¹³⁶ Excepting the media attacks, the aversion and challenge to the Soviet Union did not translate into a public struggle against Gorbachev's apostasy. However, it does not seem to falsify our hypothesis.

The second hypothesis is that *China has not implemented and is not implementing economic policies in the wake of the Perestroika model*. At that time, the Chinese Communist Party implemented its economic policies inaugurating Socialism with Chinese characteristics. The Communist Party moved from revolutionary stances to "a ruling party representing the interests of the country".¹³⁷ Thanks to the following path chosen, China wisely prevented the same fate as the Soviet Union. Firstly, through Deng Xiaoping thought, it is possible to start the test of the second hypothesis. The former chairman proposed the so-called 24-character strategy: "冷静观察、稳住阵脚、沉着应付、韬光养晦、有所作为、决不当头",¹³⁸ which means "observe the situation calmly; stand firm in your position; deal with matters calmly, hide our capabilities; maintain a low profile; never seek the leadership". Furthermore, Deng Xiaoping famously said: "不管白猫、黑猫，会捉老鼠就是好猫".¹³⁹ The meaning is "it does not matter whether a cat is black or white, as long as it catches mice". It means that as long as the economy works, it is a good economy. In other words, at that time, China did not change its already initiated policies to bring them into line with the Soviet one and did not implement the typical economic (and political) policies of Perestroika. Even the dossier of the Central People's Government of the People's Republic of China supports the hypothesis.¹⁴⁰

Focusing more on the economic issue, the Perestroika negatively affects Chinese economic: the Chinese economic reforms were the opposite of those of Perestroika. China's elite is determined to avoid the paths trodden by the Soviet Union. Nowadays, the Chinese position could be summarized by the words of the Chinese Minister: "going down the route of Perestroika or glasnost, in terms of reform and opening up, is something that is not on the cards as far as modern-day China is concerned".¹⁴¹ One of the fundamental lessons learned was undoubtedly the impossibility of loosening control. The State has not lost the centralized control; the public enterprises in difficulty were restructured and internationalized. Then, the tax system was again centralized, and the labour market deregulated.

¹³⁵ Ibid, p. 513;

¹³⁶ Ibid;

¹³⁷ Yang Yao, "The political economy causes of China's economic success", ed. Ross Garnaut, Ligang Song and Cai Fang, ANU Press, 1978-2018, p. 83;

¹³⁸ Lěngjìng guānchá, wěn zhù zhènjiǎo, chénzhuó yìngfù, tāoguāngyǎnghuì, yǒu suǒ zuòwéi, jué bù dāngtóu;

¹³⁹ Bùguǎn bái māo, hēi māo, huì zhuō lǎoshǔ jiùshì hǎo māo;

¹⁴⁰ The Central People's Government of the People's Republic of China, "中国共产党大事记 (1992 年)", http://www.gov.cn/test/2007-09/05/content_737592.htm, 1992;

¹⁴¹ House of Commons Foreign Affairs Committee, "China and the Rules-Based International System", House of Commons Sixteenth Report of Session 2017–19, April 4, 2019;

To sum up, *why does China perceive Perestroika as a wrong path to follow?* The answer is because Perestroika's policies meant the decline of the Communist ideology and the appeal of Western models of democracy. It is one of the main reasons that contributed to the collapse of the Soviet Union. Contrariwise, China never questioned it. China succeeds because the Communist Party leadership retained the Party's monopoly, especially after the 1989 Tiananmen Square protest.¹⁴² Moreover, the Chinese leadership, instead of the Soviet one, chooses gradualism for its economic reforms. Chinese leaders opposed, and oppose even today, to Perestroika. Significantly, they did not change their initial economic reforms started at the end of the Seventies. Witnessing the collapse of the Soviet Union, China perceives Perestroika as a wrong path.

Even in the international arena, the choice paid off. To paraphrase an old Chinese proverb, China has lived the experience of the crisis of many Asian countries, which began in 1997, like a "bamboo cane": it has bent, but not broken. While the famous "Asian Tigers" markets were upset by an unprecedented economic and financial crisis, China could contain the negative consequences that would inevitably affect its economy. Furthermore, thanks to the path trodden, China entered the World Trade Organization even before Russia (respectively 2001 and 2011). Joining the World Trade Organization, opened the doors to a new era for China regarding relations with the great powers and the whole world: China is no longer an observer but an increasingly present player on the international scene.

To conclude the chapter, China has learned the wrong lesson from the end of the Soviet Union that Perestroika's policies and the opening up to democratization destroy the Communist Party and the country itself; China's ruling party continues to resist substantial political changes. Notably, Russia, no more Soviet Union, under President Vladimir Putin seems to have learned the same lesson.

¹⁴² E. F. Vogel, "Deng Xiaoping and the Transformation of China", Belknap Press, reprint edition, October 14, 2013;

3. Comparative analysis of the outcomes of the different paths followed

The Soviet and Chinese economic systems have historically been based on a similar economic model in terms of development strategy and the mechanism for allocating and managing resources functional to it. Therefore, the two countries' economic reforms took the form of overcoming the constraints and obstacles posed by the traditional model on the path of transforming development from extensive to intensive.

The centralized Stalinist model, adopted in the Soviet Union in the 1930s and substantially implemented by the People's Republic of China, had the following characteristics:

- (a) the primary means of production are nationalized, and agriculture is organized collectively;
- (b) economic institutions are structured according to a hierarchical principle, which implies a concentration of decision-making power at the top, where political power replaced the administration;
- (c) the company is a simple executor of orders coming from above, unable to control neither the input nor the output side of production. The allocation of resources is therefore centralized;
- (e) the economy functions according to physical orders of production and physical flows of resources, for which it is demonetized, except for two markets, that of consumer goods and labour. Furthermore, the central authorities did not set prices;
- (f) the economy functions in international trade conditions, given the non-convertibility of the domestic currency (with consequent separation between domestic and foreign prices) and the state monopoly of foreign trade.¹⁴³

In summary, this economic model is based on the submission and instrumentality of the economy to politics. Political "voluntarism" prevails over economic "determinism". Resources are allocated freely, so the economy's expansion can only be based on a quantitative extension of the production factors. Moreover, the system itself, due to its decision-making structure, is oriented towards expansion.

Particularly in the Soviet Union, the Stalinist model's internal rigidity allowed this push towards expansion to be translated, in the first phase of socialist development, into a rapid and massive industrialization process, to the high degree of collective mobilization. Development favours heavy industry and based on the transfer of resources from agriculture to industry. The massive transfer of underemployed labour from the countryside to the cities has generated profound structural changes. The latter was less evident in China, given that between 1952-1978, agricultural employment remained virtually unchanged, and per capita income did not increase.

According to Cheng Tianquan, "at the end of 1980s, two paths were trodden for the transition of the traditional planned economy into the market economy, these are the radical reforms in the Soviet Union (and the other socialist countries in East Europe) and the progressive reforms in China."¹⁴⁴ The Chinese author believes that the Chinese reforms' economic success "lies in not only its demonstration to the world people

¹⁴³ M. McCauley, "Stalin and Stalinism", Prentice Hall, subsequent edition, March 21, 2003;

¹⁴⁴ Cheng Tianquan, translated by Yang Mifen, "The Road of China", China Renmin University Press, January 1, 2013, p. 45;

that socialism could be combined with the market economy but also its exploration, in practice, of a road or way of progressive reforms with Chinese characteristics.”¹⁴⁵ These are: the combination of up-down and bottom-up reforms that characterized the path of reforms; dual-track transition with incremental going first (the market-regulated newly-added resources’ proportion is gradually increased, in this way, a stable transition to the market economy is facilitated); overall coordination with breakthroughs in critical areas; gradualism and step-by-step advances.

According to Professor Yang Yao, three political economy explanations illustrate China’s economic success.¹⁴⁶ Firstly, a central autonomous government, which did not represent a specific social class, facilitates supporting highly inclusive economic policies that produce long-term economic growth for the whole society. Secondly, an economic decentralization with local governments that have a strong fiscal motivation to take the initiative to spread the local economy. Thirdly, a meritocratic promotion system that incentivizes local officials and counters the unfavourable consequences of decentralization, such as regionalism and corruption. “The rationale behind this explanation is that an autonomous government can adopt long-term pro-growth institutions and policies to benefit the economy; economic decentralization strongly motivates local officials to take the initiative, and a meritocratic promotion system guides these initiatives towards the development of the entire nation”.¹⁴⁷

Although several similarities can be found between them, China has proven to have built a more resilient regime while the Union of Soviet Socialist Republics ended up collapsing. Moreover, the new-born Russia did not manage the fall of the Soviet Union model correctly, and its collapse generated a presidential-centred state, with high leverage of the oligarchs and a resource-dependent economy. On the contrary, China was able to modernize the State and the economy. The outcome was a plethora but well-functioning administrative apparatus and a constant economic growth.

To comparatively analyze the outcomes of the various policies carried out by China and the Soviet Union, the dissertation will move towards a comparison of the Soviet and Chinese approaches to the reforms and the economic results, with a focus on the rural reforms, passing from the political results and the significant outcome happened, the fallen of the Soviet Union. Finally, as a crowning achievement of the economic results, the author will spotlight China’s and Russia’s entrance (not the Soviet Union anymore) into the World Trade Organization.

¹⁴⁵ Cheng Tianquan, translated by Yang Mifen, “The Road of China”, China Renmin University Press, p. 45, January 1, 2013;

¹⁴⁶ Yang Yao, “The political economy causes of China’s economic success”, https://www.jstor.org/stable/j.ctv5cgbnk.13?seq=1#metadata_info_tab_contents, ANU Press, 2018, pp. 75-92;

¹⁴⁷ Ibid. 89;

3.1 From the centrally planned economy to the market economy: a comparison of Chinese and Soviet approaches to the reforms

China and the Soviet Union were two economies that chosen planning as a development model and then had experienced the transition to the market, the former successfully and the latter not. The phenomenon of globalization, beyond membership or ideological perplexities, determines a situation in which there is an increase in the market's efficiency and effectiveness. Globalization is pervasive; it tries to drag everything and tends to satisfy needs in terms of the most efficient allocation of production factors and results in satisfying the most compelling needs. On the other hand, those who developed their economy on bases other than those of the market find themselves in the presence of a double order of difficulties:

- (1) metabolize market rules and mechanisms;
- (2) deal with those systems that have been in the market for a long time.¹⁴⁸

Countries with a centrally planned economy's fundamental equation: planning = production = consumption.

A planning authority determined these three elements, for instance, the Gosplan in the Soviet Union. Therefore, it is not the market's needs that determine production, but it is a political choice that establishes which individual and collective needs are to be satisfied, which production must be planned. Furthermore, the plan set the prices that have no market determination. Finally, abroad is seen as a moment of compensation for negative or positive surpluses between production and planning.¹⁴⁹

The Soviet Union, as the first socialist political power in the world, was faithful, in the absence of other similar experiences, to the classic Marxist conception of the market economy and, in the 1930s, gradually established a planned and highly centralized economic system.¹⁵⁰ Although this type of economy contributed to the industrialization of the Soviet Union for some time, it gradually began to lose its vitality. After the founding of the People's Republic of China, due to the blockade of capitalist countries, the Party led the people towards the socialist policy "One transformation and three reforms" (一化三改)¹⁵¹: the industrialization of the country (a transformation) and the gradual socialist transformation of agriculture, manufacturing and trade (three reforms), based on the Soviet model.¹⁵²

The early 1960s were a crucial period in China's history: the Communist Party of China studied the lessons learned after the Great Leap Forward experiment and used them to adjust the national economy and explore socialist construction.¹⁵³ Finally, after three decades of a planned economy, it was realized that in a socialist country with backward productive forces, the market was fundamental for the allocation of resources.

¹⁴⁸ V. M. Zubok, "A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev", University of North Carolina Pr, 2009;

¹⁴⁹ M. Gorbachev, "Gorbachev: On My Country and the World", Columbia Univ Print, November 5, 2000;

¹⁵⁰ V. M. Zubok, "A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev", University of North Carolina Pr, 2009;

¹⁵¹ Yī huà sān gǎi;

¹⁵² Cheng Tianquan, translated by Yang Mifen, "The Road of China", China Renmin University Press, p. 45, January 1, 2013;

¹⁵³ E. F. Vogel, "Deng Xiaoping and the Transformation of China", Belknap Press, reprint edition, October 14, 2013;

From the planned economy to the planned mercantile economy to the market economy: this is a synthesis of China's twists and turns in the economic sphere. As evidence of this, at the end of the 13th National Congress of the Communist Party of China (1987), the term "planned economy" was not mentioned in the Report.¹⁵⁴

In 1992, Deng Xiaoping delivered a famous series of speeches in Southern China in which he stressed that the planned economy was not the same as socialism and that the market economy did not mean capitalism. This idea broke the classic dogma present in socialist economic theory up to that moment, which defined economic planning and the market economy as identifying elements of socialism and capitalism. The socialist market economy was officially established to reform the Chinese economic system during the 14th National Congress of the Communist Party of China held in 1992, just as Deng Xiaoping instructed in his speeches in the South.¹⁵⁵

Between China's and Soviet's economic reforms is possible to discover similarities and dissimilarities. The first element that differentiates Deng Xiaoping and Gorbachev's reform policies is the existence or otherwise of a sufficient social pressure towards change. One of the fundamental reasons for the success of Chinese land reforms, as it will observe in the next paragraph, lies, in fact, in the strong support from the farmers. A far-reaching "bottom-up" revolution took place. Indeed, the rural world's willingness could not alone get the reforms off the ground if there was no such consequent political will, but it is equally valid that reform of such proportions would not have stabilized without popular support. On the contrary, Gorbachev's policy configures a top-down approach, "from above" precisely, towards reforms. The perception for a new course in politics and economics felt by a part of the ruling political class, and the progressive intelligentsia (economists, sociologists, and historians) was critical. These forces are strategically needed for reform, but they are still elite formations. Moreover, the reform's social bases are weak and more than the potential benefits; the adverse effects of Glasnost' in politics and Perestroika in economics stand out, understood in their whole meaning of questioning political categories and dynamization of a static and apathetic society.

A second crucial feature, this time shared, of the Chinese and Soviet reforms can be identified on more general issues of merit and method. The reforms are, in fact, far-reaching and involve not only economic relations but also political concepts (especially in the Soviet Union). The leaders themselves are the promoters of reforms themselves.

After the emphasis on the concepts of "Acceleration" (Ускорение)¹⁵⁶ proclaimed on April 23, 1985, at the April plenum of the Central Committee of the Communist Party of the Soviet Union and "Perestroika" to define economic reform, Gorbachev has increasingly stressed the need for democratization as an indispensable condition of the reform. The wide range of action of the Soviet reform is clearly and incisively outlined by the economist Abel Gyozevich Aganbegyan, a close adviser to Gorbachev, who affirms that

¹⁵⁴ Ibid;

¹⁵⁵ E. F. Vogel, "Deng Xiaoping and the Transformation of China", Belknap Press, reprint edition, October 14, 2013;

¹⁵⁶ Uskoreniye;

“restructuring” is a “global, multifaceted, complex” process. It is a question of “transforming not only the economy, but also reconstructing the political system, ideology, party work and, in a word, the entire superstructure of the economic base of society.”¹⁵⁷

A comparative evaluation of the Chinese and Soviet reforms cannot fail to consider the existence of various social and cultural attitudes, which affects the characteristics of the changes taking place. Indeed, some of these elements allow us to understand why radical reform’s possibilities are (and have been) concretely greater in China than in the Soviet Union.¹⁵⁸ At the risk of easy generalizations, one could briefly affirm that an essential distinguishing factor between the Chinese cultural tradition and the Soviet one can be identified in existence or not of a society independent of power, creative and dynamic. The spirit of openness and cultural adaptability, pragmatism and entrepreneurship distinguish the Chinese character from the Russian, which has an attitude more of closure, cultural rigidity and a lack of aptitude for risk and innovation. In Russian history, various explanatory factors of these characters can be identified: in particular, the absence of social classes distinct from the political class and the fusion of the church with the State, which has reduced the operating margins of military autonomy as a political and social determinant contrary by nature to system reforms. The Gorbachevian top-down approach is in line with the Russian tradition of the revolution of the high in the presence of a society that is usually apathetic and capable of sudden (and regular) outbursts of disorder and violence, a society, therefore, to be controlled and guided.

In terms of method, the gradualist tactic is mainly, if not solely, adopted in China. Worthy of note is the planning with which China has approached, and still approaches today, to economic reforms. In the Chinese rural reform case, the reforms’ gradualness and planning were used despite the Soviet transformation’s depth. However, the Chinese case remains a very peculiar exception because the historical evidence of the reforms of the socialist countries of Eastern Europe shows that a gradual implementation has always been functional to the sinking and weakening of changes.¹⁵⁹

In conclusion, the new management of the Chinese countryside configures a radical reform with a practical economic decentralization; instead, the partial reforms in the Chinese industry, in those years, aimed to make the production system more flexible without drastically changing the model. Whereas the Soviet reforms should have entered the natural phase of implementation in the five-year plan (1991-1995). In any case, the Soviet industrial reforms would have been, from a theoretical perspective, structural: an economic and administrative decentralization. The changes in agriculture would have been experimental, depending on industrial reforms’ evolution, therefore not endowed with autonomous life like the Chinese ones.

¹⁵⁷ A. G. Aganbegyan, “Perestroika, le double défi soviétique”, *Economica*, Paris, 1987, pp. 9-10;

¹⁵⁸ Cheng Tianquan, translated by Yang Mifen, “The Road of China”, China Renmin University Press, p. 45, January 1, 2013;

¹⁵⁹ E. F. Vogel, “Deng Xiaoping and the Transformation of China”, Belknap Press, reprint edition, October 14, 2013;

3.2 Economic results

Having exhausted the propulsive effort of the primary industrialization phase, the centralized model of socialist economies with similar connotations in all economies highlights its fundamental limit: the inability to generate a development that feeds itself thanks to efficiency contributions (intensive use) and not expansion (extensive use) of factors of production. The perception of this structural limit manifests as Peter Thomas Bauer argues, with an operational dissatisfaction by politicians, economists, and institutional actors in general, on the often irrational way of functioning of the economy, and with dissatisfaction with macroeconomic results, in terms of a fall in growth rates and with an unsatisfactory level of well-being.¹⁶⁰ In the Soviet Union, according to Aganbegyan, “in the last 15 years (1970-1985) the rate of growth of national income has decreased by 2.5 times, and there has been no economic growth from 1981 to 1985. This state of stagnation economic [is a] situation that heralds a crisis.”¹⁶¹

In 1985 and 1986, Gorbachev met with Reagan twice, giving the impression that the Soviet leader deserved trust in matters of international politics. His economic reforms, on the other hand, aroused equal interest but just as much disbelief. Firstly, Soviet government information continued to be opaque and generic, not allowing economic observers to understand the real intentions. Furthermore, his reforms also failed because they found opposition from a Soviet “deep state” in their path. For some time, the opponents worked in the shadows, but on March 13, 1988, a major newspaper, *Sovetskaya Pravda*, published the appeal of a Leningrad teacher, Nina Andreeva.¹⁶² Behind the Gorbachevian reforms, Andreeva saw the betrayal of Lenin and his teachings. The article created a heated debate that inflamed the whole country. Right from the start, it seemed clear that the operation had a director. Gorbachev himself claims that the director was Yegor Ligaciov, for a long-time secretary of Ideology in the Political Bureau of the Central Committee.¹⁶³

Moreover, in early 1986, the reforms encountered another obstacle. While Gorbachev was preparing to launch Perestroika in front of the 28th Congress of the party, the price of a barrel of oil plummeted to around ten dollars, a decrease of 40% compared to the previous year’s values.¹⁶⁴ The Soviet Union had to give up an essential part of its proceeds, and it was much more difficult for Gorbachev, from that moment on, to finance his reforms. Notwithstanding, Gorbachev made the acceleration of scientific-technical progress, growth and industrial modernization the key idea of his economic reform. However, it was a question of restarting an obsolete and jammed mechanism, no longer able to face the competition with a West in constant economic and technological growth. One of the first and obvious economic results is the reduction of the now unsustainable military spending with a new foreign policy aimed at reducing armaments.

¹⁶⁰ P. T. Bauer, “Reforming or perfecting the economic mechanism in Eastern Europe”, EUI Working Paper, n. 86/247, 1986;

¹⁶¹ A. G. Aganbegyan, “Perestroika, le double défi soviétique”, *Economica*, Paris, 1987, pp. 9-10;

¹⁶² By N. Andreeva, Letter from Leningrad. “We cannot compromise on principles”, <http://www.associazionestalin.it/andreeva.html>, AssociazioneStalin, March 13, 1988;

¹⁶³ M. Gorbachev, “Everything in its time. History of my life”, Venice, Ed. Marsilio, March 20, 2013;

¹⁶⁴ M. Galeotti, “1986-2006: Vent'anni di prezzi del petrolio”, <https://www.ice.it/it/sites/default/files/inline-files/Rapporto%20Ice%202006%20-%20Galeotti.pdf>, Ice;

In China, the management team denounced, after 1978, a series of inefficiencies connected with the centralized planning of Soviet-type. The most crucial problem was the contradiction between increasing investment and low growth rates. In short, despite the marked differences in the two countries' growth stages, the structural factors and the type of awareness, economic and political, that pushed the Soviet Union and China to reform are at the beginning very similar. In both, methodological differences between the different types of reforms deserve an appropriate definition.

Economic policy reforms are related to the modification of economic development objectives, using various tools, such as a redistribution of resources or a different labour policy, to direct, according to the chosen priorities, the growth of national income. An example is the Chinese "readjustment" (1977-1978), which involved the redefinition of accumulation policies and priorities typical of the Stalinist (and Maoist) model of development. As had happened in the Soviet Union and Eastern Europe between 1953 and 1956, in China, the policy change was expressed with an emphasis on consumption choices, the increase of light industry products, and the population's standard of living.¹⁶⁵ The crucial difference, which was lacking in the Soviet Union, was the attention to agricultural policies. Another past model of reform, common between the two countries, has the connotations of administrative decentralization. The aim is to rationalize the planning process without questioning the basic principles of the centralized model. The activation of the monetary-financial categories is minimal (local agricultural markets). This type of reform was the most widespread: administrative reforms were in Eastern Europe (except for Hungary and Czechoslovakia) in the Sixties, the Kosygin of 1965 in the Soviet Union and the Chinese reforms of 1958-1961. However, it was only under Gorbachev that the Soviet industrial enterprises passed, in two stages, to self-financing, that of the failed Kosygin reform. Profit becomes the primary indicator of business efficiency, to which investments, wages, bonuses, and employment are related. Finally, a 1989 law authorized companies to lease departments and machinery to their own workers and executives who requested it. It was a premise of the privatizations of the post-Soviet period.

Gorbachev closes with the utopia of Marx and Lenin. He plans the transition to the mixed economy, with the liberalization of prices and the market. In less than a year (1990-1991), four moderate and radical reform plans follow one another. However, it was too late: the country will fall a few months later. Noteworthy is the Perestroika policy and the subsequent political results that made a difference. In fact, radical economic reforms, like the Chinese ones, did not exist, and the few implemented did not have time to produce significant results.

As pointed out by Cheng Tianquan, the main difference between the radical reforms in the socialist countries in East Europe and the Soviet Union and the gradual reforms in China does not pose in the approaches or way of marketization adopted, but in the nature and the ultimate goal of such reforms. "China

¹⁶⁵ Cheng Tianquan, translated by Yang Mifen, "The Road of China", China Renmin University Press, p. 45, January 1, 2013;

aims at improving its socialist systems through economic reforms, while the Soviet Union and the other socialist countries in East Europe aimed to negate the socialist systems through radical reforms.”¹⁶⁶

Against such a background, Deng Xiaoping made an important speech at an outreach session of the political bureau. The topic was about the “Reform of the Party and the State Leadership”. Deng carried out a deep analysis of the “root fault” and condemned the bureaucratic misconduct of “centralized Party leadership.”¹⁶⁷ This political speech exemplified the fundamental political reforms’ guiding line during the 1980s. The author will analyze the political results in a dedicated paragraph, but it is inevitable to highlight how throughout the 1980s, economic and political reforms were synchronized.

For what concerns China, the economic reforms launched in 1978 were the key that unlocked impressive China’s economic growth. “Price reform, state-owned enterprise (SOE) reform, granting market access to the private sector and opening up to the world were the most significant elements.”¹⁶⁸ China adopted gradualism and concluded its price reform in 10 years, from 1984 to 1994. To lead the transition from a planned economy to a market economy, price reform was indispensable. SOE reform came next and, in the meantime, especially from 1980 with the establishment of four special economic zones, the open up to the international economy and the private sector. Finally, during the 1990s, China experienced the fastest pace in its growth and achieved access to the World Trade Organization in 2001. The post-WTO opening was guided by the “going abroad”, whereas the pre-WTO opening was related to bringing in foreign investment.

The following way has been called the “China model”, also known as the “Beijing consensus”. “The Beijing consensus refers to a new economic model that stands in contrast to the “Washington consensus.”¹⁶⁹ Call also socialism with Chinese characteristics, the specific emphasis of the Beijing consensus lies on the role of state-owned economic units advocating the willingness by the government of exercising a decisive intervention, contrariwise to the laissez-faire capitalism.

Lastly, according to Yang Yao, culture is one factor to explain a country’s success. “A high saving rate and a relatively high level of education are the key drivers of China’s rapid economic growth, and Chinese culture contains elements that value both.”¹⁷⁰ Even the Communist Party of China is both a product of the legacy of Chinese cultural tradition and the socialist revolution.

The explosion of Chinese exports (and, to a lesser extent, imports) that began with the country’s opening in 1978 is undoubtedly one of the dynamics that best returns the country’s growth (not only economic) and its recovery integration with the rest of the world. In 1978 the People’s Republic of China was a substantially closed country that traded very little with a small number of friendly countries. In 2013, China

¹⁶⁶ Ibid, p. 48;

¹⁶⁷ Ibid, p. 61;

¹⁶⁸ Ibid, p. 76;

¹⁶⁹ Yang Yao, “The political economy causes of China’s economic success”,

https://www.jstor.org/stable/j.ctv5cgbnk.13?seq=1#metadata_info_tab_contents, ANU Press, 2018, p. 78;

¹⁷⁰ Ibid, pp. 79-80;

exported goods and services worth about 2.354 billion US dollars, making it the world’s first exporter (against the US 2.273 billion US dollars):

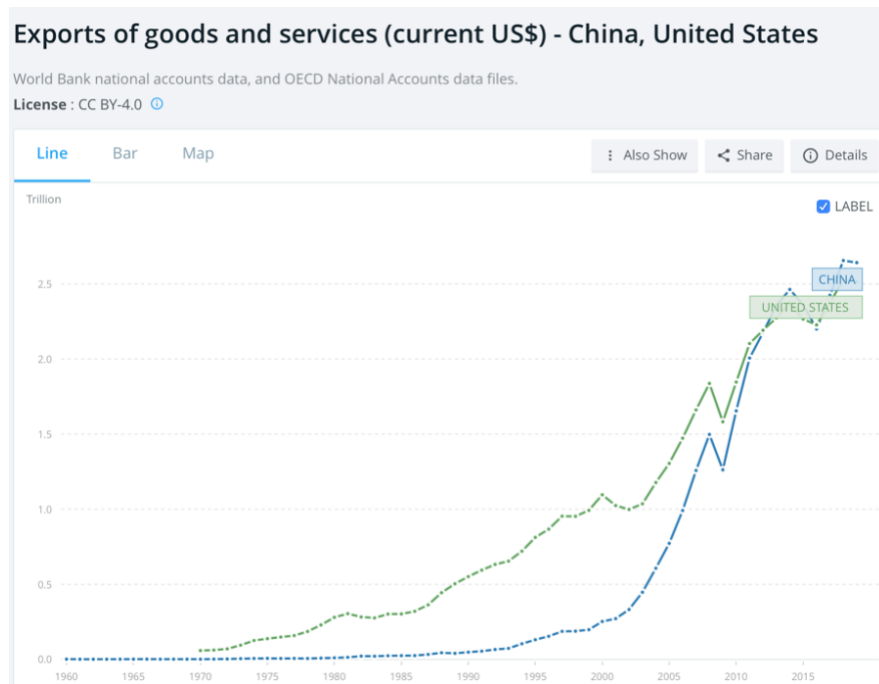


Figure 3. “Exports of goods and services (current US\$) - China, United States.”¹⁷¹

The country is also the second-largest importer in the world after the United States:



Figure 4. “Imports of goods and services (current US\$) - China, United States.”¹⁷²

¹⁷¹ Source: World Bank national accounts data, and OECD National Accounts data files. <https://data.worldbank.org/indicator/NE.EXP.GNFS.CD?locations=CN-US>;

¹⁷² Source: World Bank national accounts data, and OECD National Accounts data files. <https://data.worldbank.org/indicator/NE.IMP.GNFS.CD?locations=CN-US>;

Nevertheless, not only the volumes have changed, but the composition of exports is also very different: up to the 1990s, Chinese exports mainly were low value-added and labour-intensive products, like textiles, clothing and footwear. Today, the percentage has dropped, and electronic products and machinery replaced those exports. For many years, China was considered the factory of the world with a partially negative meaning. Nowadays, within the individual product categories, China moves towards goods with higher added value, a necessary choice that must consider the increase in internal production costs, making competitiveness based only on prices. It is also a precise 19th Communist Party of China Central Committee's willingness.¹⁷³

3.3 Rural reforms' results

Agricultural policies in the Soviet Union and the People's Republic of China have historically been subject to collectivization. In China, technologically very backward agriculture has for thousands of years the fundamental productive unit in the family; in the Soviet Union, on the other hand, the agricultural extension has posed a problem of economies of scale and the availability of industrial inputs for mechanization.

Structural constraints and historical legacies have played a decisive role in the formulation of Deng Xiaoping and Gorbachev's agricultural policies, and a large part explains their substantial diversity of approach. In 1978, the Chinese leadership had to address the issues left as a legacy by Maoist policies. For instance, the reduction of arable land, which decreased between 1957 and 1978 by 11% (from 112 million to 99 million) and the presence of extended unemployment (and underemployment) in the countryside, estimated, in 1978, on the order of 40-90 million people. Within the framework of the new development strategy and the "readjustment, restructuring, consolidation and improvement" policy, sanctioned by the third plenum of the Communist Party of China in December 1978, the choices made by Deng Xiaoping have configured a profound reform of the Chinese rural world.¹⁷⁴

The starting point coincided with the criticism of the collective labour remuneration system, based on the "points-work" calculated on the production unit's budget. The system was considered a source of disincentives due to excessive egalitarianism and was also challenging to apply, given the complexity of the required controls.¹⁷⁵ In its place was introduced the principle of evaluating peasant income based on the final production. This principle implicitly placed the family in the position of the basic productive unit. The application was still in the Commune context. However, the family responsibility system that constitutes the

¹⁷³ D. Blair, "Chinese economy transitions to higher value-added model", <https://www.chinadaily.com.cn/a/201912/16/WS5df6f8e5a310cf3e3557e698.html>, China Daily, December 16, 2019;

¹⁷⁴ CPCCHINA, "Implement the policy of readjustment, ensure stability and unity", http://cpcchina.chinadaily.com.cn/2010-10/18/content_14295051.htm, pepole.com.cn, December 25, 1980;

¹⁷⁵ Perkins-Yusuf, "Rural Development in China", chapter 5, World Bank, 1984;

backbone of the Denghist reforms was already defined in its essential lines, according to which the agricultural family unit responds autonomously to the production and sale of collected.

The reforms relating to land management, the size of farms, and the increase in state prices, progressively defined the Chinese countryside's new productive structure.¹⁷⁶ With the liability system, there is a division between ownership (state) and management of the land (family), with the provision of a lease contract for 15 and more years (up to 30 years) and the possibility of transferring the right to use not only to family members but also to external farmers. This de-collectivization is, in fact, privatization since the family-owned production assets (tools, livestock, machinery for about two thirds). Contextual to these measures was dividing the farmland, in strictly equal parts, extension and value. Furthermore, since 1985, private wholesale trade has been established for the various products and negotiated contracts are envisaged.

Between 1982 and 1984, de-collectivization led to the progressive replacement of the 54,000 municipalities with Cantonal Governments (县),¹⁷⁷ thus establishing a "separation" between the Party and the government in the local administration. A widespread private sector of small rural industrial enterprises has thus developed. It is evident that, from a simple initial measure, the reforms have spread "like wildfire" throughout the agricultural sector, generating those cumulative processes which are the most consistent effect of radical reform. Indeed, China's agricultural reform is so far the only example of effective systemic reform that has ever been implemented in a socialist economy. The profound changes were neither traumatic nor violent, and with the recourse to the conceptual distinction between ownership and management, the leadership was able to draw the new order within the canons of socialist orthodoxy. Furthermore, the reform results are undoubtedly positive: not only has food self-sufficiency been achieved, but since 1984 China has been an exporter of cereals, soybeans (to the Soviet Union) and cotton.¹⁷⁸

In the Soviet Union, agricultural policy, on the other hand, has always remained anchored to the collectivized structure imposed in the 1930s. Except for some organizational-production changes adopted in the early 1980s, it is only with Gorbachev that changes in agricultural management find their place within the reform agenda. The most critical element of the Soviet agricultural reforms is the establishment of the "brigade contract" (бригадный подряд)¹⁷⁹ in 1983, when Gorbachev, still in charge of agriculture in the Politburo, managed to get the measure that had been promised since 1960. Although the official wording is (deliberately) different, the brigade contract in practice authorizes the formation of small groups or autonomous teams (безнарядная звене)¹⁸⁰ within collective farms. This team, (звено)¹⁸¹ made up of members, even of the same

¹⁷⁶ M. Kaser, "One economy, two systems: parallels between Soviet and Chinese reform", *International Affairs*, n. 3, 1987, pp. 395-412;

¹⁷⁷ xiàn;

¹⁷⁸ V. M. Zubok, "A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev", University of North Carolina Pr, 2009;

¹⁷⁹ brigadnyy podryad;

¹⁸⁰ beznaryadnaya zvene;

¹⁸¹ zveno;

family, enters into a production contract at predetermined prices with the kolkhoz (колхоз)¹⁸² and is also paid according to the final result. The management of land materials and machinery is entrusted only for a few years.

The difficulties in finding the necessary industrial inputs (especially machines and fertilizers) hindered the production unit's development with their means concerning the kolkhoz. For these reasons, the zveno system has remained purely in the experimental phase and has remained little extended. In any case, it was not easy to hypothesize that these voluntary groups, precisely because they are not family-based, could cover all the employees of a collective farm. However, with the "Resolution on the improvement of the economic management mechanism in the national agro-industrial complex", adopted in March 1986 by the Central Committee of the Communist Party of the Soviet Union, the administrative reorganization process continues.¹⁸³

In the context of the new district structure, which was to coordinate all the production needs of the agro-industrial complex (from procurement to infrastructure), a new State Agro-Industrial Committee, called Gosagroprom (Госагропром),¹⁸⁴ was created, resulting from the merger of five ministries and a pre-existing state committee. The right to sell to the production market in excess of the contract's quota and the right to retention the profits achieved is established. A counterpart to the free provision of the surplus is given by the reintroduction of an agricultural tax (продналог)¹⁸⁵ already in force during the New Economic Policy (NEP). Since 1987, however, contracts for the supply to the state by collective farms have been signed on a long-term basis. It was believed to be an essential change (it was promised by the Kosygin reform 1965).¹⁸⁶

Except for brigade contracts, a traditional conception has excelled in which the administrative reform of the bureaucratic centre prevails over the actual decentralization measures. Although the Gosagroprom performed a function of complete agricultural production management, which was previously dispersed among many central bodies, it is still a bureaucratic body. It managed to rationalize the management by reducing the weight of the overlapping interference of several bureaucratic bodies (as it was until then), but it could not solve a problem such as that of industrial inputs, which had to be solved upstream the agriculture.

The recognition of private ownership in trade, manufacturing and services was much more explicit and extensive in China than in the Soviet Union. The political choice made in 1981 in favour of the development of employment in the private sector was sanctioned the following year by the new Constitution of the People's Republic of China, where, in art. 11, clarifies that "the individual and private sectors of the economy [...] constitute an important component of the socialist market economy."¹⁸⁷ At the end of the 1980s, private

¹⁸² kolkhoz;

¹⁸³ V. M. Zubok, "A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev", University of North Carolina Pr, 2009;

¹⁸⁴ Gosagroprom;

¹⁸⁵ prodnalog;

¹⁸⁶ V. M. Zubok, "A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev", University of North Carolina Pr, 2009;

¹⁸⁷ Constitution of the People's Republic of China;

entrepreneurs in China was higher than in the Soviet Union. Finally, joint ventures played a primary role in differences in economic results. With the law on joint ventures, even the Soviet Union, eight years after China, allowed foreign capital investment. It is also interesting to note that in the Soviet Union, the majority of the capital of the joint ventures must have been the Soviet side (at least 51%). On the other hand, in China, the mixed enterprises of the fourteen coastal cities had to be the Chinese majority, while those located in the four Special Economic Zones could have a majority (up to 100%) of the foreign capital.¹⁸⁸

In conclusion, regarding the fiscal conditions, the profit tax provided for a rate of 30% (after the first two years of exemption) in the Soviet Union, and 15%, with exemption in the case of non-repatriation of profits, for Chinese joint ventures.¹⁸⁹ In both countries, foreign capital's contribution was necessary to modernize the economy, but in China, thanks to more favourable conditions and a greater readiness to receive the same, it had a more significant impact than the Soviet Union.

3.4 Political results

Throughout the development of human history, Chinese people have been innovators and not merely imitators. Even with the reforms launched after Mao's Era, the new China's economic model has blazed the trail opening new possibilities for the other developing countries towards industrialization, marketization and globalization. On the one hand, China helped these countries achieve institutional innovations and economic development; on the other hand, it brings brightness and hopes to the revitalization of socialism and human progress. In 1987, during a meeting with a foreign leader, Deng Xiaoping famously said: "By the middle of the next century, we hope to reach the level of the moderately developed countries. [...] When we reach that goal, we shall not only have blazed a new path for the peoples of the Third World, who represent three-quarters of the world's population but importantly, more shall have demonstrated to humankind that socialism is the only path and that it is we superior to capitalism."¹⁹⁰ The Chinese political pattern's success was another outstanding contribution of the Chinese people to human civilization's progress.

In retrospect, it is customary to privilege the economic dimension of China's transformation for the era of "Reforms and Opening". It is an understandable trend: China's impressive GDP growth momentum has lifted the country to the second-largest economy's rank on the planet. The new course set by Deng Xiaoping also embodied in a set of political-institutional reforms that have defined the enabling framework for the country's economic development.

First of all, there has not been a full-blown "demaioization" in China, following the example of Khrushchev's de-Stalinization. In this context, the "Resolution on Certain Questions in the History of Our

¹⁸⁸ Cheng Tianquan, translated by Yang Mifen, "The Road of China", China Renmin University Press, January 1, 2013;

¹⁸⁹ Ibid;

¹⁹⁰ Cheng Tianquan, translated by Yang Mifen, "The Road of China", China Renmin University Press, January 1, 2013, p. 50;

Party Since the Founding of the People's Republic of China" of 1981 is still the document that makes explicit the official historical judgment on Mao's leadership. It confirms the canonization of the figure of the Great Helmsman and his Thought, which remains central to the Statute of the Communist Party of China and in the heart of Beijing, his portrait continues to face Tiananmen Square from the southern entrance of the Forbidden City. Secondly, a new Constitution was launched (1982), which in article 79 established a maximum of two terms for the President of the People's Republic. The Party-State abandoned the previous totalitarian configuration and assumed the connotations of a post-totalitarian oligarchic authoritarianism this served above all to stabilize power. However, the start of Xi Jinping's second term led, among other things, to the constitutional amendment (March 2018): the double term limit for the President of the People's Republic of China was removed.

In China, a political precondition must be added to the "techniques" of economic decentralization: only if the party-state openly supports and guarantees the reform requests, the latter have a concrete chance of success. Reforms in China and the Soviet Union are both led by the Party's top officials.

Ezra Feivel Vogel, in his book "Deng Xiaoping and the Transformation of China", dedicates an entire paragraph, called "Deng's Guidelines for Governing and Reinventing China",¹⁹¹ about Deng's guidelines for the new path undertaken. The several principles are the following:

- speak and act with authority;
- defend the Party. Having observed in Moscow the Khrushchev's attacks on Stalin in 1956 that damaged the Party's authority, Deng was convinced to defend the Chinese Communist Party at any cost;
- maintain a unified command structure. The Chinese leader did not believe in a separation of powers in China. Deng believed in a single unified command structure;
- keep a firm grip on the military. Like Mao, also Deng endeavoured to maintain personal and Party control over the military;
- promote path-breaking policies only after having built public support;
- avoid taking the blame;
- in light of long-term goals, set short-term policies;
- pursue policies to achieve long-term goals notwithstanding many new programs need to be introduced step by step;
- uncover even the unpleasant truths;
- be bold;
- push, consolidate, and push again. The most effective approach on problematic issues was to exert pressure, then wait for the consolidation, and then push again;
- strengthen unity, minimize divisions;
- avoid publicizing past grievances;

¹⁹¹ E. F. Vogel, "Deng Xiaoping and the Transformation of China", Belknap Press, reprint edition, October 14, 2013, pp. 471-482;

- sidestep conservative resistance through experimentation;
- use aphorisms to explain complex and controversial issues;
- make balanced presentations that explain underlying principles;
- avoid factionalism and select valid officials;
- study and shape the “atmosphere”.

The author added that “Deng never set out any guidelines for how to govern, but if one reads his speeches, considers the comments of his underlings, and notes what Deng did, it is possible to summarize some principles that underlay his pattern of rule.”¹⁹² Meaningful to include is Deng’s embrace of the concept of “inner-party democracy”, by which leaders would pay attention to “constructive opinions” to avoid the danger of causing severe errors. However, after making the decision, party members have to follow “democratic centralism” and implement it.

The overcoming of the economy’s subordination to politics in production processes, which implies the loss of the Party’s direct power over and the recognition of (at least partial) autonomy of economic operators, are indispensable conditions for effective economic reform. Gorbachev himself has repeatedly reiterated this concept in substance, developing it above all in a speech given to the Leningrad Party’s cadres in the summer of 1987.¹⁹³ In the same year, the Communist Party of China carried out specific planning for political reforms during the 13th National Congress in 1987. “In particular, according to the planning, the leading party groups in government departments would be cancelled [...] and the communications and dialogues between Party and emerging social organizations would be enhanced.”¹⁹⁴ The core of this political reform lies in the separation of the Party from the government, making the government more independent.

However, the real discriminating factor between Chinese and Soviet political results lies in the fact that China has built a more resilient regime than the Soviet Union, thanks to a more stable political system and a less vulnerable economy. The success of China’s model is based on outstanding economic growth and a well-functioning state apparatus. The Tiananmen Square crisis in 1989 marks a decisive watershed for China. It leads the country’s development line to move towards a horizon in which the absolute maintenance of political stability is the premise for vigorous material progress. It is not surprising that the Chinese leadership continues today to proceed in the wake of perfecting forms of governance that encourage accelerated modernization without compromising political stability.

The Communist Party of China withstood the political disturbance in 1989. Whereas other communist parties and also whole socialist countries have encountered an entirely different fate. Besides the Eastern European countries, the loudest fall was that of the Soviet Union, the first socialist country, which experienced dramatic changes. After the Berlin Wall’s demolition, the Communist Party of the Soviet Union collapsed, and the Soviet Union dissolved. These epochal events and the Chinese political disturbance in 1989 “were the

¹⁹² E. F. Vogel, “Deng Xiaoping and the Transformation of China”, Belknap Press, reprint edition, October 14, 2013, p. 472;

¹⁹³ Ibid;

¹⁹⁴ Cheng Tianquan, translated by Yang Mifen, “The Road of China”, China Renmin University Press, January 1, 2013, pp. 61-62;

turning point from “separating the Party from the government” to “strengthening the governance capability of the Party”.¹⁹⁵

Focusing more on the Soviet political results, without slipping into insignificance, the main consequences of the new reforms (merged with other past factors) was the Soviet Union’s collapse. In the following analysis, it is relevant to underline how this event is also the most significant difference between China and the Soviet Union; the former came out of the turmoil smoothly and perhaps even stronger than before, the latter fell down. The Soviet Union’s collapse deserves to be analyzed more in-depth and separately.

3.4.1 The collapse of the Soviet Union

Post-1989, China viewed the Soviet Union and its dissolution as a bugbear for the country and the Party. Indeed, from the beginning of the collapse, it became clear to the Chinese that the Union of Soviet Socialist Republics’ end was a real danger for China. Therefore, the mistakes made by Moscow were not to be repeated. With the advent of Xi, Chinese reflection on the Soviet Union took a particular fold: to not make the same mistakes, China must keep its territorial sovereignty intact and keep the West out of the country. Beijing considers the territorial dissolution and the possibility for the West, mainly the United States, to enter into Russian political events as one of the leading causes of the collapse of the Soviet bloc.

Perestroika turned out to be Pandora’s box, which, once opened, gave way to processes entirely beyond the control of those who had opened it.¹⁹⁶ The reforms implemented in the country have led to a structural crisis of absolutely extraordinary gravity, making its creator lose credibility. The system produced unpredictable effects since the reforms soon got out of hand to Gorbachev, who claimed to change a highly rigid and unfree apparatus. The relaunch of the system hoped for at the time of the reforms has instead turned into a vertical fall in its prestige, which will trigger a collapse of the communist regimes at the international level, especially in Eastern Europe. The collapse of the Soviet Union originated from a hesitant liberalization “from above”: the essence of Gorbachev’s willingness was to build a “more moral” Soviet Union. In January 1987, at the Central Committee meeting, Gorbachev declared that democratization was “not a slogan but the essence of Perestroika.”¹⁹⁷

In July 1991, Gorbachev went to the summit of the most industrialized countries in London to ask for support for his reform plan. Still, the majority of the G7 spoke out against the granting of the notable credits, which he requested to face the economic crisis and maintain control of the internal political situation (despite

¹⁹⁵ Cheng Tianquan, translated by Yang Mifen, “The Road of China”, China Renmin University Press, January 1, 2013, p. 63;

¹⁹⁶ M. Salvadori, “L’utopia caduta. Storia del pensiero comunista da Lenin a Gorbaciov”, Bari, Laterza, June 30, 1991, p. 722;

¹⁹⁷ L. Aron, “Everything you think you know about the collapse of the Soviet Union is wrong”, <https://foreignpolicy.com/2011/06/20/everything-you-think-you-know-about-the-collapse-of-the-soviet-union-is-wrong/>, June 20, 2011, p. 4;

the good intentions of Andreotti's Italy, of Mitterrand's France and also of Kohl's Germany). "In the West, decisive forces were already looking to the post-Gorbachev", explains Francesco Benvenuti.¹⁹⁸

However, according to Leon Aron, another idealistic cause primarily leads to the dissolution of the Soviet Union: Gorbachev's aversion to violence: remarkably, his obstinate refusal to resort to mass coercion. In short, the new perceptions contributed to altering the regime's attitudes and shifting the values. As a result, "the legitimacy of the political arrangements began to be questioned."¹⁹⁹ Moreover, according to Segal, the ruling party and the People's Liberation Army of China were united to fight for the existing system. Contrarywise, the Communist Party of the Soviet Union and the armed forces were deeply divided.²⁰⁰ Chinese leaders have put political instability on the dock. Chinese officials used the intricate relationship between prosperity and stability to explain why they have chosen gradualism on political reform. They learned from the Soviet experience to place political stability ahead of political reform. Chinese looked at how Gorbachev's impulsive reforms sapped the Party and State's authority. Moreover, in August 1991, Chinese military officials were aware that the Soviet armed forces would not have intervened as the People's Liberation Army did in June 1989.²⁰¹

On August 19, 1991, the conservatives of the Communist Party of the Soviet Union organized a coup d'état in Moscow, but it failed miserably.²⁰² Nevertheless, Gorbachev lost power, even though the outside world still believed him that he was in charge, as H el ene Carr ere d'Encausse wrote: "It is the rival, and initially his prot eg e, Boris Yeltsin, the man who stood on a tank, a symbol of resistance to the "Putsch", who took matters into his own hands."²⁰³ Senior Chinese military officials described August's events as the result of a precise Party's and State's weakening due to the political reforms.²⁰⁴

Gorbachev remained President until December 27, 1991, when the dissolution of the Soviet Union was decreed. Russia, which has become fully sovereign, collects the international heritage of the Soviet Union, also taking over the permanent seat on the United Nations Security Council. Yeltsin will remain in office until December 31, 1999, when he will pass the hand to Vladimir Putin, former prime minister.²⁰⁵ Here it returns for a moment to current events, with Putin still in the Kremlin after the constitutional "relay" with Dmitry Medvedev between 2008 and 2012.

¹⁹⁸ F. Benvenuti, "Russia after the USSR. From 1985 to today", Rome, Carocci, January 25, 2007;

¹⁹⁹ L. Aron, "Everything you think you know about the collapse of the Soviet Union is wrong", <https://foreignpolicy.com/2011/06/20/everything-you-think-you-know-about-the-collapse-of-the-soviet-union-is-wrong/>, June 20, 2011, p. 5;

²⁰⁰ G. Segal, "China and the Disintegration of the Soviet Union", https://www.jstor.org/stable/2645075?seq=1#metadata_info_tab_contents, University of California Press, September 1992;

²⁰¹ Ibid;

²⁰² V. M. Zubok, "A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev", University of North Carolina Pr, 2009;

²⁰³ H. C. d'Encausse, "La Russie entre deux mondes", PLURIEL, April 4, 2011;

²⁰⁴ G. Segal, "China and the Disintegration of the Soviet Union", https://www.jstor.org/stable/2645075?seq=1#metadata_info_tab_contents, University of California Press, September 1992;

²⁰⁵ M. McFaul, "Putin, Putinism, and the Domestic Determinants of Russian Foreign Policy", *International Security* Vol. 45, Issue 2, The MIT Press Journals, Fall, 2020;

Before concluding the subparagraph, it is essential to notice how the political result of the dissolution of the Soviet Union generated another political result towards China. With the collapse of the Soviet Union, suddenly, the main potential external threat to Chinese security seemed to crumble. However, after careful analysis, it can be observed that “the real gains for Chinese security were made before August 1991: the Soviet Union had ceased to be an imminent threat in the 1980s, relations were normalized in May 1989, troop reductions had begun in the 1980s, and arms control talks were well underway. Border negotiations had resolved most disputes on the eastern sector, and in 1991 the Soviet Union had agreed to supply arms to China. Thus, the major gains for Chinese security predated the death of the Soviet Union.”²⁰⁶ Notably, China experienced Russia’s succession to the Soviet Union without tangible differences and the emergence in Central Asia of three new bordering states, causing a new security issue.

3.5 China and Russia’s WTO accession

The latest comparative analysis on the consequences and results of policies undertaken in the 1970s, 1980s, and early 1990s is the time difference in China and Russia’s access to the WTO.

The Communism Party of China in the 14th Congress in 1992 defined the economy with the term “market socialism with Chinese characteristics”: a term that, after the above considerations, does not appear to be an oxymoron at all. The “Beijing consensus”, as opposed to the Western “Washington Consensus”, was instrumental in generating double-digit growth in the decade of leadership of Jiang Zemin and Zhu Rongji, which brought China into the WTO in 2001.

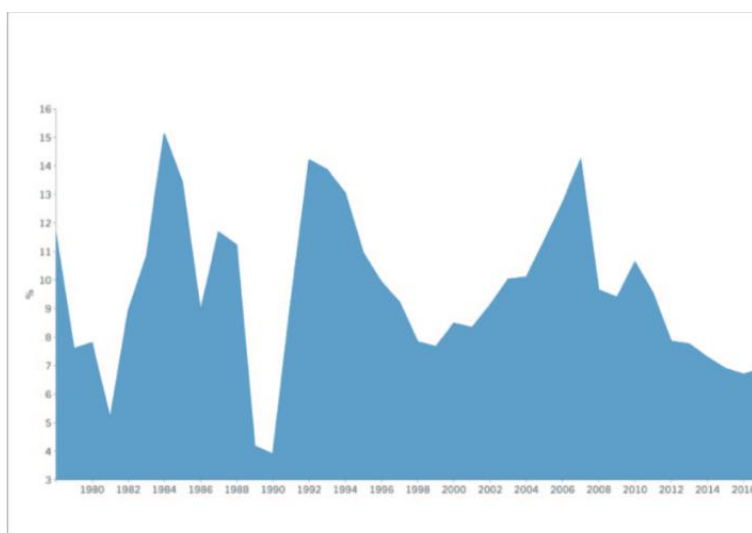


Figure 5. China GDP annual growth rates, 1978-2017 (percentage).²⁰⁷

²⁰⁶ G. Segal, “China and the Disintegration of the Soviet Union”, https://www.jstor.org/stable/2645075?seq=1#metadata_info_tab_contents, University of California Press, September 1992, p. 855;

²⁰⁷ Source: World Bank - World Development Indicators (WDI);

1992 was also the year that saw the take-off of foreign direct investments:

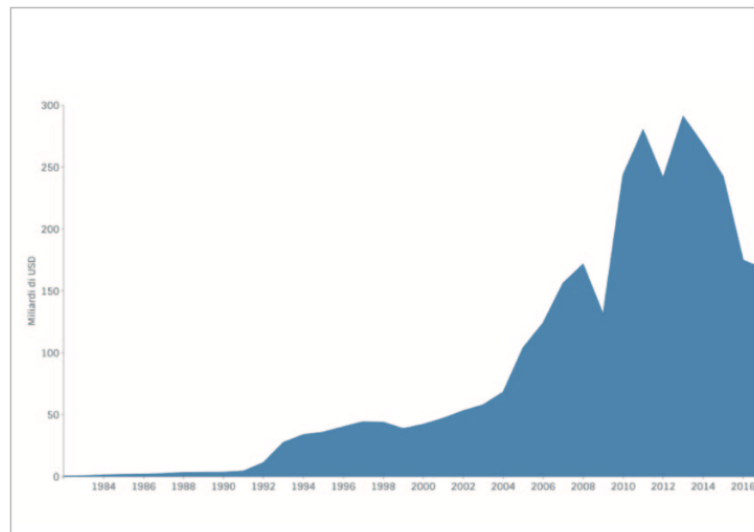


Figure 6. The net flow of foreign direct investment in China, 1982-2016 (current us dollars).²⁰⁸

The People’s Republic of China thus became the first Leninist State capable of distributing abundant resources, and this was not understood for a long time by the West, accustomed to the bankruptcy experience of the other great Leninist State, the Soviet Union, which for a while relied on the distribution of scarce resources, unsustainable in the long run. Finally, the internal economic structure was radically changing, property rights were changing, and competition (but also collaboration) between state industries, collective industries and private companies increased. In China, the opening of Western markets and the collapse of the Soviet Union were all factors that gave Beijing’s leadership no choice but to graft onto the globalized order, as demonstrated by the exponential increase in exports.

Contrary to the “Washington Consensus” prescriptions, in the Chinese development stage, the state and the market are not separate but linked to each other by a virtuous partnership.²⁰⁹ State and market interacted in such a way as to empower both the state and society in the process of mutual reinforcement. The growth was the combined effect of the multiplication of entrepreneurial activities from below and top-down management of the economy, giving rise to the corporate “Sino-capitalism” of which Christopher McNally speaks.²¹⁰

In April 1994, the General Agreement on Tariffs and Trade (GATT) ministerial conference held in Morocco officially decided to create the World Trade Organization (WTO). The WTO was founded on January 1, 1995, to promote economic and commercial development, raise the standard of living, ensure full employment and guarantee real income and an increase in effective demand. It uses the world’s resources

²⁰⁸ Source: World Bank - World Development Indicators (WDI);

²⁰⁹ G. R. D. Underhill, Xiaoke Zhang, “The state-market condominium approach”, Asian States, Routledge, 2005

²¹⁰ C. A. McNally, “SINO-CAPITALISM: China’s Reemergence and the International Political Economy”, https://www.jstor.org/stable/41683132?seq=1#metadata_info_tab_contents, Cambridge University Press, October 2012;

rationally and expands the production of goods and services according to the sustainable development objectives. Moreover, WTO reaches mutual benefit agreements and eliminates customs, other trade barriers and discrimination in international trade. The WTO is now made up of 157 members who account for more than 97% of world trade, with headquarters in Geneva.²¹¹

Since advancing the recovery of its position as a GATT signatory country in 1986, China has continually striven to join the Organization. After eight years, on November 15, 1999, China received the “ticket to the world”, reaching an agreement with the United States under which the latter would support its entry into the WTO. The agreements signed with the United States and the European Union in 2000 provided the go-ahead for membership. From January to September 2001, the Chinese WTO working group held four conferences, during which it negotiated multilateral negotiations on China’s entry into the Organization and approved the legal entry document. The fourth ministerial conference of the WTO held in Doha, Qatar’s capital, from November 9 to November 14 of the same year, was attended by the Minister of Economic Cooperation and Foreign Trade Shi Guangsheng at the head of the Chinese delegation. On November 10, 2001, in Doha, the Protocol of Accession of China was adopted by the fourth Ministerial Conference of the WTO and was signed by the country the following day. Thus, on November 11, China signed the entry protocol. From December 19 to December 20, China attended the WTO General Council as an official organization member.

China’s accession to the WTO represented a turning point for the country itself and international trade. By joining the Organization, China first had to respect the trading system’s principles and rules and committed to open its markets to foreign investments in the financial sector, telecommunications, and services. The Chinese economy and trade volume are so large that the expansion of Chinese economic production and trade resulting from joining the WTO has affected the growth of world trade and, consequently, global production’s growth rate. Jiang Zemin’s theory of “The Three Represents” (三个代表),²¹² embedded in the Constitution in 2002, is nothing but the culmination of the process of co-opting the capitalist class into the Communism Party of China, after having joined the WTO.

To sum up, thanks to a titanic effort, “since the reform and opening up, China has established the basic national policy of opening up, and along the road of large-scale “bringing in” to “going abroad”, achieved, in an active, progressive and controllable way, the historical transition from being closed, semi-closed to being opened in all aspects, starting from building special economic zones to opening coastal areas, the areas along the rivers or close to the border and inland areas, then to joining WTO.”²¹³

The most protracted and most challenging negotiation in World Trade Organization history: Geneva’s technicians defined Russia’s accession to the WTO with these words. The working group in charge of evaluating the Russian candidacy took office back in 1993, after the dissolution of the Soviet Union when the WTO was still called GATT and Russia was a former superpower on the verge of default seemed to have

²¹¹ Understanding the WTO: https://www.wto.org/english/thewto_e/whatis_e/who_we_are_e.htm;

²¹² sān gè dài biǎo;

²¹³ Cheng Tianquan, translated by Yang Mifen, “The Road of China”, China Renmin University Press, January 1, 2013, p. 42;

inexorably taken the avenue of the sunset. After China's entry, Russia was the only major country excluded from the Geneva organization.

Announced on November 9, 2011, on December 17 of the same year, Russia's entry into the WTO was made official in Geneva, closing the lengthy negotiations. According to analysts, this was the most important result achieved by the WTO after China's entry. The situation unblocked by the agreement between Russia and Georgia reached thanks to Swiss mediation. A member of the international organization since 2000, Georgia had vetoed the acceptance of the Russian request since 2004, stiffening its position after the "5 days of war", which in August 2008 had led to the breakdown of relations between the two countries. The obstacle was also overcome thanks to the pressure exerted on Tbilisi by the European Union and, above all, by the United States of America. By joining the WTO, Russia has pledged to lower import tariffs, reduce subsidies to domestic sectors (especially agriculture), defend intellectual property, and open its banking sector to foreign capital. However, the agreement did not affect the Russian economy's strategic sector, the extraction of oil and gas.

It is interesting to observe how the faction of the Communist Party of the Russian Federation led by Gennady Zyuganov declared itself opposed to Russian accession to the WTO. It organized mass protests in the summer of 2012 in several cities of the Federation such as Balakovo, Chvalynsk, Marks and Saratov. The most impressive took place in Moscow's centre to the sound of slogans. The most significant are the following:²¹⁴

- "ВТО - это билет на Титаник"²¹⁵ (WTO is a ticket to the Titanic);
- "ВТО - смерть русской нации"²¹⁶ (WTO is the death of the Russian nation);
- "Вступление в ВТО - необъявленная война против России"²¹⁷ (Accession to the WTO is an undeclared war against Russia);
- "Вступил в ВТО - стал рабом Запада"²¹⁸ (Joined the WTO - became a slave of the West).

The Communist Party of the Russian Federation, starting from a criticism of the government and the current state of things, also insisted on the fear of losing sovereignty due to joining the WTO. However, the benefits that Russia has obtained by joining the WTO are manifold. In particular, internal economic growth due to foreign investment has allowed Moscow to improve its economy.

²¹⁴ Пресс-служба ЦК КПРФ, "Вступление в ВТО – это гибель России! Массовая акция протеста в Москве", <https://kprf.ru/actions/107942.html#related>, ЦК КПРФ, July 3, 2012;

²¹⁵ ВТО - это билет на Титаник;

²¹⁶ ВТО - смерть русской нации;

²¹⁷ Вступление в ВТО - необъявленная война против России";

²¹⁸ Вступил в ВТО - стал рабом Запада;

4. China-Russia towards stability?

In 1991 the collapse of the Soviet system changed the course of economic policies in China, forcing the conservative wing to reach a compromise with Deng Xiaoping. The major political decisions taken by the 14th Congress of the Communist Party of China in 1992 resulted from a compromise reached between reformists and conservatives. China definitively freed itself from the Soviet-style planning system: the party and the state continued to exercise their control over the largest companies in the country but opened up to the definite possibility of privatization of small and medium-sized enterprises already in public hands (SMEs). The tax system was again centralized, and the labour market was deregulated through the dismantling of the system known as the “iron bowl of rice” (铁饭碗).²¹⁹

Moreover, the fiscal reform of 1994 redefined the balance of power, in terms of taxation and spending capacity, of Beijing and the provinces by redirecting tax revenues towards the central administration to the detriment of local authorities. At the macroeconomic level, this process coincided with the emergence, in the late 1990s, of a new growth regime based increasingly on investment at the expense of consumption. The collapse of the “iron bowl of rice” system also paved the way in 1998 to privatize urban housing and a massive transfer of state ownership to families.

“In China Gorbachev is seen not as far-sighted reformer but as a disastrous failure, a man who led his country, and his party, to national calamity.”²²⁰ The blame was to have embraced Western values. As a result, in the Soviet collapse’s aftermath, the policies of China’s autonomous regions tightened. When Xi Jinping became the country leader, he uttered clear words about the difference between him and Gorbachev: many analysts had previously approached the two figures, following the name of “reformer” of the new Chinese leader.²²¹ The reality has shown something else: the reforming spirit of Xi Jinping has moved on very different coordinates from those of the Perestroika leader: Xi ended up squeezing the party into his dominion, conquering offices and power, using the heavy hand against all forms of dissidence, thus guaranteeing the Communist Party of China existence as the central fulcrum of Chinese politics.

The situation in Russia did not change completely. Despite Gorbachev and Yeltsin dismantled the empire, the imperial thinking’s legacy of millions of Russians has since made them favourable to neo-authoritarian Putinism. Although far behind Beijing and Washington, Moscow still shows impressive power capabilities. Putin guided the country towards a unique path that played a determinant role in foreign policy. Especially in the period 2000-2008, Putin first and second term, Russia’s economy revived, and the domestic political order was rebuilt. The brief bracket of Medvedev’s presidency is marked by the so-called reset with the United States. The US-Russian diplomatic dialogue was officially “reset” in 2009 under US President

²¹⁹ tiě fǎnwǎn;

²²⁰ J. Palmer, “What China didn’t learn from the collapse of the Soviet Union”, <https://foreignpolicy.com/2016/12/24/what-china-didnt-learn-from-the-collapse-of-the-soviet-union/>, 24 December 2016, p. 1;

²²¹ D. A. Bertozzi, “Xi Jinping: non faremo la fine dell’Urss”, <http://www.marx21.it/index.php/internazionale/cina/21816-xi-jinping-non-faremo-la-fine-dellurss>, Marx21.it, February 19, 2013;

Obama and his Russian counterpart Medvedev. The foreign ministers (Clinton and Lavrov) of the respective countries even pressed a symbolic red reset button at a press conference in Moscow. However, Vladimir Putin's return at the helm of the Russian state stopped further rapprochement in its tracks.

To summarize, the challenge towards globalization has been won by China and lost by the Soviet Union. The two paths trodden by China and the Soviet Union towards globalization were different, and only after the collapse of the latter, newborn Russia succeeded to embrace globalization. In fact, under Putin's presidency, Russia was able to enter into the globalized world in full swing, entering into WTO in 2011. With the difference in time between China and Russia's entrance, the latter is the last consequence of the different paths towards globalization. As a result, globalization served Chinese and Russian growth so well, for instance, relaunching Moscow among the great powers.

Even in the globalized world, there is a challenge towards globalization, which is to stay within and in step with the world mentioned above. The following chapter addresses today's bilateral relations (after the report of the Sino-Soviet bilateral relations), with a focus, following the thesis' red thread, on the economic side. Moreover, it is essential to analyze the China-United States-Russia trilateral relations that had played a pivotal role in shaping the international pattern. Expressly, the "de-dollarization" conducted by Russia and China is an explicit example of the war against the US hegemony. Then, the thesis illustrates the sprawling "Belt and Road Initiative" in all its aspects, always with focusing on the implications of it among the relations between China and Russia.

4.1 The Sino-Soviet relationship's history

The long history between China and Russia (and the former Soviet Union) is challenging to evaluate. The Economist, for example, refers to the two countries as "frenemies", highlighting the mutual suspicion and hostility.²²²

After the People's Republic of China proclamation, the Soviet Union and the other socialist states were, with a few exceptions, the only countries to recognize the new regime. Amid the Cold War, the new Republic's fundamental task was to guarantee security within an international situation that was particularly hostile to it and, at that moment, this could only happen at the cost of its dependence on its Soviet great neighbour. The signing of the Sino-Soviet alliance treaty on February 14, 1950, answered this priority. It was the Soviet foreign policy's most remarkable success for many years. Notwithstanding, the treaty laid the ground for the future Sino-Soviet rivalry: Mao felt humiliated by Stalin because he refused to treat China as an equal partner. The will for independence pushed the Chinese government to prudence. In the first years of its existence, the People's Republic of China appears on the world stage as its most important partner in the socialist bloc (not

²²² The Economist, "Best frenemies", <https://www.economist.com/leaders/2014/05/22/best-frenemies>, The Economist, May 22, 2014;

as a Soviet satellite). Rather than sealing a profound alliance between two socialist states, this agreement represented a temporary *modus vivendi* accepted by Moscow and Beijing, considering their respective national interests at the time. More than translating into international terms of a “proletarian solidarity” that did not exist between Moscow and Beijing, the Sino-Soviet alliance was above all the symbol of the joint opposition to the Asian politics of the United States and its allies. Moreover, as the world’s oldest civilization and most populous country, China refused to accept a subordinate position in the international Communist movement.

After Stalin’s death, relations between the two socialist states remained good.²²³ The Union of Soviet Socialist Republics abandoned its last resistances in China and became more involved in the Chinese Economic Development Plan. This decision put an end to everything that could seem “unequal” in relations between the two countries and could indeed be seen as a new starting point for the Sino-Soviet alliance. The text of the agreement signed in Moscow on April 27, 1955, on cooperation for the peaceful use of atomic energy will still see this impression confirmed. Nevertheless, from this moment, on the contrary, the alliance will come more and more crumbling due to national interests that by now substantially diverged from those on which the alliance itself was built. In fact, since 1956, when de-Stalinization was carried out in the Soviet Union, the Chinese and Soviets began to clash on various political, military, economic and ideological questions. The Chinese government’s desire for independence did not fit in well with the Soviet leadership. A different interpretation of “peaceful coexistence”, China’s willingness to participate with Moscow defining a general policy of the socialist camp, the aspiration to possess a national atomic weapon like the Soviet Union and other reasons led the two countries to break up at the end of the 1950s.

It was the de-Stalinization carried out by Khrushchev that marked the beginning of the deterioration of Sino-Soviet relations. Khrushchev had acted unilaterally without any consultation with the “brother countries”.²²⁴ The question of evaluating Stalin’s work was, on the other hand, of common interest. De-Stalinization could only weaken the leaders in power by threatening to start the crumbling of the Soviet monolithic bloc, as the events in Poland and Hungary will demonstrate. China was persuaded to seek a new and proper path by freeing itself from the cumbersome Soviet giant. Beijing began to weave its links with other Communist countries directly. Noteworthy is the relationship between Beijing and Tirana, between Mao Zedong and Enver Hoxha. The Albanian Communist leader was the only one who followed the Grand Helmsman in his break with the “revisionist” Soviet Union to hold up the red flag of the revolution in reaction to the start of the de-Stalinization process undertaken by Khrushchev. A peculiar alliance was born between two geographically and culturally poles apart, almost totally devoid of mutual knowledge, but which turned out to be deeply united in the anti-Khrushchevian and anti-imperialist struggle.²²⁵

The contrast between the Chinese thesis that stressed the need for a decisive anti-imperialist and anti-colonialist struggle and the Soviet one that saw the possibility of a “parliamentary way” was a contradiction

²²³ See paragraph 2.1.1 “Interview with the power”;

²²⁴ F. Joyaux, “La politique extérieure de la Chine Populaire”, Paris, Ed. Que Sais Je, December 1, 1993;

²²⁵ E. Biberaj, “Albania And China: A Study Of An Unequal Alliance”, Ed. Routledge, June 4, 1986;

“within the people”, but it was possible to reduce it through negotiations. Mao himself led the Chinese delegation to the Conference of Communist Parties in Moscow in November 1957. Although he disagrees with Khrushchev’s argument about the possibility of a peaceful transition to Communism, he accepted the joint draft declaration presented by the Communist Party of the Soviet Union after the conference. Mao also declared at the conference that the main danger at the time was revisionism or, in other words, right-wing opportunism.²²⁶ However, Khrushchev did not show that he wanted to go back from his position publicly taken at the 20th Congress. True to this spirit, Khrushchev refused to actively respond to the intervention of the American marines in Lebanon or to support the Chinese when they began bombing the island of Quemoy still occupied by Jiang Jieshi’s troops and also made it clear later that the Soviet Union would never have supplied a nuclear bomb prototype to the Chinese.²²⁷

However, the fact is that de-Stalinization, in itself and its consequences, offered Beijing an opportunity to acquire greater weight and greater prestige within the “socialist community”. To exploit this opportunity, Beijing proved anything but hesitant, even if it acted in the sense of conditioning Moscow but not yet replacing it; nor did Moscow at that time ever show that it interpreted Chinese action in an anti-Soviet sense. The Chinese accepted that, at the time, the Soviets were the only protective shield against the threat of a possible nuclear attack from the United States, an issue that became particularly important in 1957, when the latter announced that it would deploy its Matador missiles in Taiwan.²²⁸ On the Soviet’s part, the desire to strengthen the bilateral relations was so strong that the Kremlin offered military, political, and economic support to China during the second Taiwan crisis (1958).²²⁹

However, the tension in the Sino-Soviet alliance reached a breaking point in 1959-1960 as a result of several factors: Khrushchev’s meeting with Eisenhower at Camp David, Moscow’s public neutrality in the Sino-Indian border dispute, Beijing’s provocation to the ideological leadership of the Kremlin, the controversial exchanges during the conferences of the Communist Parties held in Bucharest and Moscow and the withdrawal of Soviet economic aid. Furthermore, at the beginning of 1961, similar to what had already happened a year earlier for China, Soviet specialists and technicians working in the Albanian industry were officially recalled to their homeland. However, Albania did not suddenly find itself without economic aid. In fact, for some years already, China had begun to provide the future Balkan ally with substantial aid both in the technical and economic fields. Furthermore, the economic aid that China allocated to Albania was interest-free and should only have been repaid when Albania could have afforded it. This did nothing but bring the two countries closer and, at the same time, move them away from the Soviet Union.²³⁰

²²⁶ J. K. Fairbank and M. Goldman, “China. A new history”, Belknap Press: An Imprint of Harvard University Press; 2nd Revised & enlarged edition, April 30, 2006;

²²⁷ J. D. Spence, “The Search for Modern China”, WW Norton & Co Inc Reprint edition, October 17, 2001;

²²⁸ J. K. Fairbank, “The United States and China”, Harvard University Press, 4th enlarge edition, January 1, 1983;

²²⁹ V. M. Zubok, “A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev”, University of North Carolina Pr, 2009;

²³⁰ E. Biberaj, "Albania And China: A Study Of An Unequal Alliance", Ed. Routledge, June 4, 1986;

Furthermore, other tensions were also profoundly weakening this now weak alliance. Support for the Communist uprising in Burma and the wars of independence in African countries and the opposition to the American commitment to the anti-Communist regimes in Laos and, later, Indonesia proved that Beijing's will was to support the "people's war". Thus, the theoretical and ideological formulations led to substantial political differences with Moscow on the general line adopted within the socialist bloc and the international communist movement.

In 1962-1963, on the other hand, the ideological elements had assumed a preponderant character. Eager calls for a compromise from concerned Communists in Asia and Europe prompted both sides to agree on a meeting held in July 1963. Nevertheless, on July 15, 1963, during the Sino-Soviet talks, Khrushchev began to negotiate with the United States and Great Britain to prohibit nuclear tests in the atmosphere. On July 21, it was decided to postpone the Sino-Soviet talks, and on July 25, the treaty banning nuclear tests was signed.²³¹ Khrushchev could not have been more provocative, especially in the choice of time, and Beijing responded accordingly. The press on both sides documented the allegations of ideological heresy, political treason and direct threats to national interests, including both countries' security.

In March 1963, Beijing began to reclaim that part of the Chinese territory which it claimed had been lost during 19th-century imperialism with the "Unequal Treaties", with which Russia had obtained vast expanses of territory in the West, North and Northeast.²³² The Beijing government also accused Moscow of inducing and forcing several tens of thousands of Chinese citizens to go to the Soviet Union while developing subversive actions in Xinjiang. Moscow responded by claiming that during the early 1960s, Chinese citizens had systematically violated the Soviet border. The Soviet Union accused the Chinese of falsifying the history of the two countries' border areas and rejecting the Leninist doctrine of the nation's self-determination as the basis for resolving territorial issues.

When Moscow signed the nuclear testing ban treaty with Washington, Beijing, in response, detonated its first atomic bomb. The explosion of the first Chinese atomic bomb, a testimony of a serious but also surprising effort by a backward country, is the more or less direct consequence of the political break with the Soviet Union and the divergence concerning the two countries' atomic policy. The Sino-Soviet split was a shock for soviet public opinion; moreover, it contributed to putting in a bad light Khrushchev's foreign policy.

The fall of Khrushchev did not bring significant improvements in relations between the two countries. It further proved that the conflict stemmed from fundamental differences of interest and the "Khrushchev clique" revisionism. The direction of Soviet affairs passed to Brezhnev, head of the Party, and Kosygin, head of the government.²³³ Notably, bilateral relations deteriorated due to the continual border disputes. "After Brezhnev took office, he made a break from the past practices of Stalin and Khrushchev, sent more troops,

²³¹ V. M. Zubok, "A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev", University of North Carolina Pr, 2009;

²³² See paragraph 4.1.1;

²³³ V. M. Zubok, "A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev", University of North Carolina Pr, 2009;

one million in the peak, to the border areas between China and the Soviet Union, and kept a posture of threatening its armaments".²³⁴ Consequently, the Communist Party of China refused to attend the 23rd Congress of the Communist Party of the Soviet Union, marking a complete rupture.

The controversy was relaunched with the Chinese Cultural Revolution outbreak, causing incidents both in China and the Soviet Union. Starting from August 1966, the Soviet embassy in Beijing became the theatre of continuous "anti-revisionist" demonstrations. In January-February 1967, the families of Soviet diplomats in China were recalled to their homeland while, this time, it was the Chinese embassy in Moscow that was the object of tremendous demonstrations of hostility by the Soviet people. Demonstrations against China were organized throughout the Union of Soviet Socialist Republics, in particular in Vladivostok, Tashkent and Leningrad.²³⁵ In the summer of 1967, the situation became more intense when military incidents broke out on the Ussuri, leading to the breakdown of negotiations between the two states regarding navigation along the water borders. Added to this was an incident in Dairen in August between local Chinese demonstrators and the crew of a Soviet freighter. The invasion of Czechoslovakia in August 1968 only increased the fears of Chinese leaders, which saw the hypothesis of armed intervention in China by the Soviet Union and confirmed its thesis of the strongly social-imperialist character of the Soviet Union. The Chinese government's will to develop a national nuclear arsenal as soon as possible confirmed the desire for ideological, political and military independence that China was increasingly acquiring in the late 1960s. The Zhenbao Island Incident (March 2, 1969) was a watershed for Moscow and Beijing's relations. The violent outburst pushed the confrontation to its height. After the incident, both sides changed their policies, one trying to isolate the other.²³⁶ Beijing adopted a friendly policy towards the United States and other Western countries, worrying Moscow by forming a united front with the United States and Japan against their adversary in the north. To counterbalance Beijing's move, Moscow proposed a so-called "Asian Collective Security System" to isolate China.²³⁷

The two sides, having had various courses in their economic and social development, different revolutionary aims, were competing for the leadership of the international communist movement. In particular, Communist China was extremely nationalist and opposed Soviet imperialism. From the Kremlin's point of view, a subjugated China to Moscow could better serve the interests of the Soviet Union, guaranteeing its security in the East and allowing it to exploit the natural resources of the Chinese territory. Under these circumstances, it would have been impossible for China to threaten the security of the Soviet Union. So, an asserting, united China with a robust anti-Soviet character was against Moscow's interests.

²³⁴ Cheng Tianquan, translated by Yang Mifen, "The Road of China", China Renmin University Press, January 1, 2013, p. 172;

²³⁵ V. M. Zubok, "A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev", University of North Carolina Pr, 2009;

²³⁶ Cheng Tianquan, translated by Yang Mifen, "The Road of China", China Renmin University Press, January 1, 2013, p. 172;

²³⁷ V. M. Zubok, "A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev", University of North Carolina Pr, 2009;

It was only in October 1977 that Communist China and the Soviet Union reached an agreement on river borders. Under this agreement, Chinese vessels were allowed to sail along the Khabarovsk route to the junction of the Amur and Ussuri. Although this was only a technical agreement, the Western press saw it as the first sign of a close friendship between the two Communist powers.²³⁸ The first round of negotiations on the normalization of relations was instead held on September 27, 1979. However, China suspended them following the Soviet invasion of Afghanistan in December 1979 and used this situation to continuously approach to the West, particularly to the United States. Subsequent events demonstrated Soviet politics and the Soviet army's weakness by failing to impose itself on Afghanistan. The Soviet Union had felt uneasy after President Nixon's 1972 visit to China and, more importantly, feared the latter would herald a united anti-Soviet front in the form of a coalition. The Soviet Union would therefore have tried to break this coalition by calling for an improvement in relations between Beijing and Moscow. It was now evident that Moscow had to change its policy not to risk being isolated internationally. On March 24, 1982, Leonid Brezhnev gave a speech in Tashkent in this direction.

China wanted to get more economic and military aid from the United States and Japan. Indeed, the Beijing government was disappointed when Western countries were unwilling to offer large amounts of economic aid while at the same time using the "Chinese card" in their global anti-Soviet strategy. Great was the sense of frustration when the United States Congress refused to consider Communist China a friendly country. Undeniable proof came when President Reagan put aside the nuclear energy cooperation agreement between the United States and China. The China government expected the United States to stop arms sales to Taiwan and resolve the "Taiwan problem" after the normalization of diplomatic relations between Beijing and Washington. Both the Carter and Reagan administrations rejected this request.

In light of these complex events, it is difficult to make a value judgment on bilateral relations between China and the Soviet Union. Indeed, it can be said that the reality is that Russia and China have, for obvious reasons of history, culture, and, above all, geography, faced through most of their history in different directions: China towards Asia and Russia towards Europe.

4.1.1 Unequal Treaties

The Unequal Treaties are an unresolved issue that has been going on for centuries between China and the Western powers. The border treaties imposed by the Tsars on the Chinese empire are condemned with particular bitterness because they are the only ones of this type still in force. The paragraph considers, following the dissertation, the conventions between China and Tsarist Russia.

²³⁸ Lee Deng-ker, "The Prospect for Peking-Moscow Relations", in *Issue & Studies*, vol. XIX, n. 2, February 1983, pp. 25-38;

At the time of European expansion and the international community's consequent enlargement, the European legal order was extended and imposed on other states. The Chinese empire, and other countries, are not considered to be on an equal level of civil development with Europe's states and, thus, an institutional subordination to the latter was theorized for them. The colonial powers believed they had the right to ask the governments of these countries, considered inferior due to their weak internal structure, for numerous commitments and guarantees.

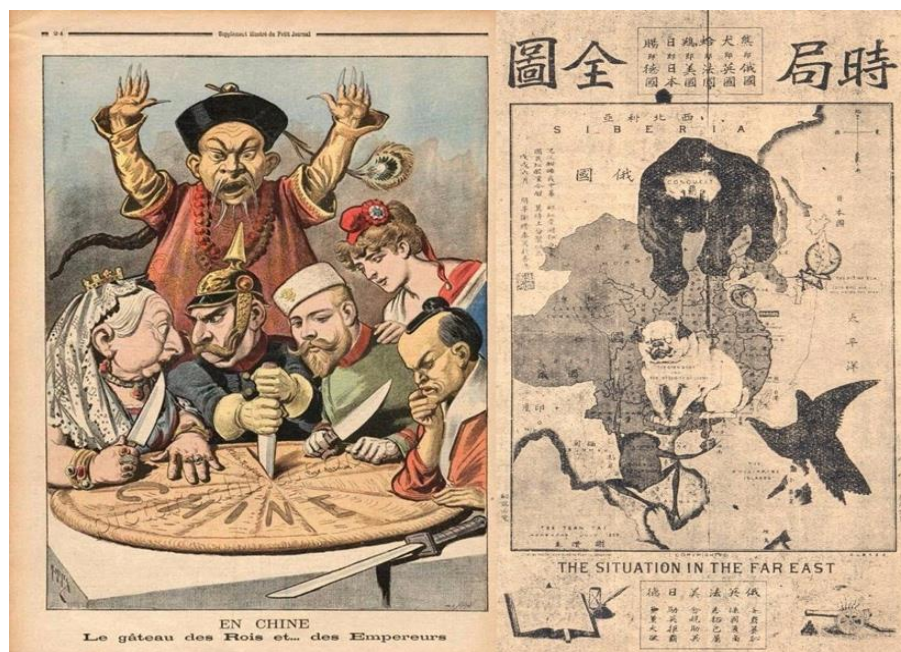


Figure 7. “En Chine. Le gâteau des Rois et... des Empereurs.”²³⁹

The notion of the unequal treaty indicates an international agreement characterized by a significant disproportion in the rights and obligations mutually assumed by the contracting parties. Disproportion can even entail a total one-sidedness of advantages obtained by a contracting party by relying on greater contractual strength. A complete definition is given by the Dutch jurist Hugo Grotius in “*De iure belli ac pacis*” (1646)²⁴⁰, who starts from the consideration of equal treaties as those in which there is absolute equality or whose conditions are equally advantageous for both parties. Thus, he deduces the meaning of unequal treaties: the inequality of stipulations can occur both from the side of the more consistent power and from the lower one. The first case is when someone in a higher position promises helps to the other, not expecting any from that one, or when the help it promises is more consistent than what the other demands. Inequality on the lower power side occurs when the other power demands disadvantageous or too unreasonable conditions. Such treaties may also entail prejudices to the sovereignty of the lower power. This definition essentially corresponds to those proposed in contemporary times, and in particular to China by Western powers.

²³⁹ Source: “In China. The cake of Kings and ... Emperors.” Source: <https://twitter.com/WorldofChinese/status/1031903753488613378>;

²⁴⁰ H. Grotius, “The rights of war and peace”, http://files.libertyfund.org/files/1425/1032-01_LFeBk.pdf, Liberty Fund, Inc., 2005;

The position of the People's Republic of China regarding the Unequal Treaties is firm and consistent. The Chinese government has continuously affirmed the *ab initio* nullity of treaties imposed with any violence and where there is no full equality and reciprocity of advantages between the parties, identifying in these characteristics the expression of principles of international law necessarily common to all States, whatever their political order.

The Western powers imposed relations between imperial China with the Treaty of Nanking of 1842, following the opium war.²⁴¹ A series of agreements with numerous states were soon added: the content is often similar, and they refer to each other, thanks to the functioning of the most favoured nation clause. Severe limitations on China's sovereignty, and territories' losses are the consequence of the treaties, all marked by various war events to which the Chinese State is subject.

The repression of the Boxer revolt in 1901 was an opportunity to demand new security guarantees: the Western powers imposed their military garrisons in the legation district in Beijing (in 1900, the revolting Boxers besieged them). Other garrisons were then allowed to defend the Russian railway lines given in Manchuria's concession on the communication routes between the capital and the sea.

Later, from the end of the First World War, the development of international law and the world organization, together with the decolonization process and the affirmations of equality between states with different systems and various degrees of development, led to overcoming the concepts that seemed to justify the Unequal Treaties. They also led to the search for guarantees so that the differences in the positions of strength between the States did not translate into the imposition, albeit contractual, of heavy burdens on the weaker States or conditioning and limitations on their sovereign independence. However, this process was slow to implement.

After the 1917 Revolution, Lenin had promised (Karakhan declaration of 1920) the return of the territories acquired by the former Tsarist imperialism. In 1924 the Soviets repudiated the Unequal Treaties imposed on China by the Tsarist empire, proposing to replace them with new agreements inspired by the principles of equality and equity; however, no practical revision was achieved due to the slowness and inconclusiveness of the work of the conference which should have brought about the revision. Indeed, the conference was definitively updated in 1930. Moreover, Lenin died shortly after, and under Stalin and his successors, the promise was never kept.²⁴² Finally, when the Soviet Union intervened in the last phase of the allied conflict against Japan, the Chinese nationalist government condescended to restore Russian rights on the Manchu railways and in the ports of Port Arthur (Lüshun) and Dairen (Dalian): these were rights that Tsarist Russia had ceded to Japan with the Portsmouth Peace of 1905. The Russian-Chinese Treaty of Friendship and Alliance of 1945, in fact, provided that Port Arthur became a joint Sino-Russian naval base

²⁴¹ Lecture Professor Liu Ying, "Trilateral Relations among China, US and Russia", A. A. 2020/2021;

²⁴² V. M. Zubok, "A failed empire: the Soviet Union in the Cold War from Stalin to Gorbachev", University of North Carolina Pr, 2009;

entrusted for the defence of the Soviet Union and that a port concession for Russian trade was established in Dairen.

With the Communist Party of China country's definitive stability, the question of borders returns to the fore. In 1950, when establishing relations with the Soviet Union on a new basis, the Chinese government obtained the renunciation of these concessions, with the commitment to abandon the two bases at the time of peace with Japan. By delaying this treaty, even these residual limitations on Chinese sovereignty were eliminated in 1952-1954 by mutual agreement between the People's Republic of China and the Soviet Union. In the following years, a series of treaties with Burma (1960), Nepal (1961), Mongolia (1962), Afghanistan (1963) and Pakistan (1963) allowed the People's Republic of China to implement its negotiated border delimitation program.²⁴³ However, corresponding bilateral agreements are still lacking regarding the Sino-Russian Unequal Treaties (of Aigun, 1858, and of Beijing, 1860) and the borders with India, set by the British colonial authority (Mac Mahon line). The Soviet Union's refusal in autumn 1969 to admit the "injustice" of the Sino-Tsarist treaties remained the main obstacle to the conclusion of a border agreement. In 1969, China's main enemy was the Soviet Union and not Washington anymore. Its imperialistic conduct along borders in Vietnam and Afghanistan alarmed China. "Therefore, China should form a "single line" (一条线),²⁴⁴ uniting with other countries at the same latitude, the United States, Japan, and northern Europe, against the Soviet Union."²⁴⁵

Even today, the issue of the Sino-Russian borders remains subject of debate. China relies on the United Nations Charter and the 1969 Vienna Convention on the Law of Treaties, which enunciates a principle accepted by positive law on the invalidity of agreements obtained with the exercise or threat of military force against the State's integrity. There is also intense pressure from Afro-Asian countries to condemn the use of force to extend political and economic pressures.

Concluded the chapter about the historical comparison, the following two chapters outline the history of relations between the two countries from the 1970s until the fall of the Soviet Union through economic and political reforms.

4.2 The bilateral relations

After the Soviet Union's dissolution, the relationship between the People's Republic of China and the Russian Federation has changed from a marriage of convenience into an enduring strategic value as proved by tighter economic, diplomatic, and security links. Frictions and tensions with the US accelerated this trend. In 1996, the countries proclaimed a strategic cooperative partnership, which was subsequently confirmed with

²⁴³ H. Kissinger, "On China", Penguin Group USA; Reprint edition, April 24, 2012;

²⁴⁴ yītiáo xiàn;

²⁴⁵ E. F. Vogel, "Deng Xiaoping and the Transformation of China", Belknap Press, reprint edition, October 14, 2013, pp. 335-336;

the Treaty of Good Neighbourliness, Friendship, and Cooperation signed in 2001 (it went into effect in 2008). In 2011, the relationship's nature elevated to a "comprehensive strategic and cooperative partnership". Since 2001, China and Russia have signed more than 50 ancillary bilateral agreements.²⁴⁶ However, China views the Sino-Russian relationship mainly as a valuable counterweight to US power. Moreover, Beijing does not seem to aspire to evolve the relationship with Moscow into a formal alliance: China and Russia remain close but not allies.

Their extensive defense ties cover a reciprocal "no first use" nuclear weapons posture, mutual consultations, and cooperation against terrorism, separatism, and religious extremism. Although the 2001 Treaty promotes security ties, it lacks a mutual defense clause. Whereas the Treaty signed by the People's Republic of China and the Soviet Union on February 14, 1950, covered it.²⁴⁷ However, the recent Treaty stresses non-interference, respect for national sovereignty, mutual nonaggression, peaceful coexistence, antiterrorism, and territorial integrity. Diplomats deny that they consider each other as a military threat.²⁴⁸ Undoubtedly, good neighbourliness and win-win cooperation (even though it is more beneficial to China) characterize their bilateral relations.

In May 2015, Chinese President Xi Jinping visited Moscow to participate to the celebrations of the 70th anniversary of the victory in the Great Patriotic War. In September 2015, Russian President Vladimir Putin visited Beijing, where he attended the commemorative events dedicated to the 70th anniversary of the victory in the Chinese People's War of Resistance against Japanese aggression. In June 2019, Xi Jinping and Putin announced projects to develop "China-Russia comprehensive strategic partnership of coordination for a new era".²⁴⁹ As outlined above,²⁵⁰ communication between China's and Russia's leaders plays a leading role in promoting their bilateral relations. Beijing and Moscow are carrying out a high-level dialogue. As prove, Chairman Xi Jinping declared: "President Putin and I have jointly announced plans to develop China-Russia comprehensive strategic partnership of coordination for a new era, to guide Sino-Russian relationship towards the goal and direction of mutual support, in-depth integration, continuous innovation and mutual benefit."²⁵¹ Putin sealed the agreement explains how "in recent years, Russia-China relations have reached an unprecedentedly high level. Win-win cooperation in various aspects is booming."²⁵²

Cooperation between these two giants is considered an important engine that drives world economic growth. The United Russia Party and the Communist Party of China want to strengthen their coordination to

²⁴⁶ P. J. Bolt, "Sino-Russian Relations in a Changing World Order", https://www.jstor.org/stable/26270816?seq=1#metadata_info_tab_contents, Air University Press, 2014, pp. 47-69;

²⁴⁷ See paragraph 4.1;

²⁴⁸ R. Weitz, R. Sutter, J. S. Roy, E. Rumer, M. S. Chase, and E. S. Medeiros, "Russia-China Relations. Assessing Common Ground and Strategic Fault Lines", <https://www.nbr.org/publication/russia-china-relations-assessing-common-ground-and-strategic-fault-lines/>, The National Bureau of Asian Research, July 10, 2017;

²⁴⁹ Miao Tiantian, "China-Russia relations for a new era: experience sharing and strategic cooperation between ruling parties", From Bureau of Eastern European and Central Asian Affairs, International Department, CPC Central Committee, 2020, pp. 34-36;

²⁵⁰ See paragraph 1.2;

²⁵¹ Miao Tiantian, "China-Russia relations for a new era: experience sharing and strategic cooperation between ruling parties", From Bureau of Eastern European and Central Asian Affairs, International Department, CPC Central Committee, 2020, p. 34;

²⁵² Ibid, p. 35;

forge a multipolar world. Nevertheless, all these acceptable words could mask a different reality. Marc Ozawa wonders if the bilateral relations between China and Russia are a stable strategic partnership or an axis of convergence.²⁵³ Between Russia and China are solid mutual interests and growing cooperation, but the obstacles in establishing an alliance are several and more significant. Notably, the lingering distrust and the power asymmetry are increasingly and difficult to ignore. The author will propose the idea of the Belt and Road Initiative as a connecting tool. The Initiative could be foster the development of bilateral relations. As explained in paragraph 4.4, the Power of Siberia Gas Pipeline project is perhaps the best illustration of the potential of the Sino-Russian alliance.

However, although cooperation stands out over the current bilateral relation, the latter is still fragile. Always according to Senior Researcher Ozawa, the significant interests that bring together Russia and China are “aspirations for change in the international system, challenging the supremacy of the dollar,²⁵⁴ trade in strategic goods (arms and technology), and deepening political-economic a cooperation.”²⁵⁵

Both have a veto within the United Nations Security Council, but regarding world order, Beijing and Moscow aspire to end the United States hegemony and to establish a more multipolar system. China and Russia wish to undermine another current world’s element that is the democratic and liberal emphasis on human rights, especially minority self-determination. The resulting sovereignty’s erosion that this entails is a wake-up call for China and Russia. They believe that those topics are an issue for state governments and not for the world community. Generally, the two countries desire to reform international institutions. In addition to the United Nations, the International Monetary Fund and the World Bank are the most prominent examples. In this framework should be understood the development and the strengthening of multilateral organizations that exclude the West.

Nevertheless, Beijing and Moscow’s world order view significantly diverge. The former envisions a more assertive international position that could undermine Russian interests. Putin does not want to be a junior partner and demands that Russia be considered a great power. However, world order is predominantly driven by power, and the Chinese one is increasing at a pace faster than Russia. It is not easy to imagine that one side may tolerate being treated like a junior partner. Asymmetry between China and Russia will become more apparent. Nevertheless, so far, mutual interests have masked the differences and have encouraged good behaviour. It remains the question of how long China will continue to treat Russia as an equal. Despite Putin’s narrative, signs that Russian leadership has accepted the junior role in the partnership exist. The most unmistakable evidence is Russia’s deafening silence towards China’s growing presence in Central Asia. The region is a historic Russian sphere of influence, the so-called “near abroad” (ближнее зарубежье).²⁵⁶

²⁵³ M.Ozawa, “Russia and China: “axis of convenience” or “stable strategic partnership”?”, <https://www.ndc.nato.int/news/news.php?icode=1342#>, Nato Defense College Policy Brief 16-19, July 29, 2019;

²⁵⁴ See paragraph 4.2.1 and paragraph 4.3;

²⁵⁵ M.Ozawa, “Russia and China: “axis of convenience” or “stable strategic partnership”?”, <https://www.ndc.nato.int/news/news.php?icode=1342#>, Nato Defense College Policy Brief 16-19, July 29, 2019, p. 1;

²⁵⁶ blizhneye zarubezhye;

At the time of the thesis's writing, the latest example of the two countries' rapprochement is the sanctions imposed by the European Union on China and Russia. The former protested against the unilateral European Union sanctions' imposition for the alleged human rights violations against Uyghurs, the Muslim ethnic minority living in the Xinjiang region. Beijing summoned the Brussels ambassador, Nicolas Chapuis, to criticize the sanctions and replied by sanctioning European personalities accused of spreading disinformation and lies. Even the United States, the United Kingdom and Canada imposed similar measures against China. European relations with Russia are worse than those with China. For several years European Union is launching sanctions against the country and some Russian officials. After a meeting in China, Sergej Lavrov and Wang Yi, the Russian and Chinese Foreign Ministers, described the European sanctions as unacceptable and based on deliberately false information.

The dissatisfaction against the US-led world order is the main reason for the Chinese-Russian strategic partnership. However, this may erode and limit it in the long term, as seen after Russia's annexation of Crimea in March 2014. The following action illustrates the tensions between China and Russia's worldviews. China's foreign policy declarations rejected outside interference in any state's internal affairs. Beijing has often criticized Washington for violating this principle, and Moscow, in the Chinese perspective, violated the non-interference principle in Ukraine. Besides China's significant interests in Ukraine (especially the import of weapons and military technology), the Crimean referendum provides an undesirable precedent: the people of Taiwan, Tibet, Xinjiang could refer to call similar referenda. In the end, China abstained from a United Nations Security Council draft resolution denouncing the Crimean referendum. Beijing issued weak and vague statements that tried to do not to offend Ukraine and Russia.

In conclusion, according to Paul J. Bolt, "in politics, economics, and security, the Sino-Russia "comprehensive strategic and cooperative partnership" is driven by mutual interests, not mutual affection."²⁵⁷ Mainly, secure the Russian-Chinese border is imperative for both sides.

4.3 USA as a third actor in the trilateral relations

Nowadays, when it comes to Russia and China, their relations with the United States of America cannot be ignored. The trilateral relationship between China, the United States, and Russia showed new features after the Cold War. The current relation among the three powers is called "trilateral", not "triangle" because the structure is not zero-sum or two vs one.²⁵⁸

²⁵⁷ P. J. Bolt, "Sino-Russian Relations in a Changing World Order", https://www.jstor.org/stable/26270816?seq=1#metadata_info_tab_contents, Air University Press, 2014, p. 51;

²⁵⁸ Lecture Professor Liu Ying, "Trilateral Relations among China, US and Russia", September 23, 2020;

As pointed out by several academics, the US-China-Russia strategic relationship will dominate the geostrategic scene in the coming decade.²⁵⁹ The relationship among the following three countries showed new features after the end of the Cold War. It will be out of keeping with times if one continues to view the trilateral relationship through the conventional prism. The deterioration of Sino-US and Russian-US relations is changing, and it will continue to change the structure of the trilateral relationship.

The United States, under Trump and in these first months of Biden presidency, has shown the desire to remain the dominant power, but it will have less desire to intervene in world issues. Contrariwise, China will continue its efforts to overcome the United States as the first economy in the world, and the Covid-19 crisis seems to have shortened the time.²⁶⁰ Beijing will continue to increase its firepower and its influence on the international scene. For what concern Russia, Moscow will not stand by and let Washington and Beijing characterize it as a marginal tier player. The rise in Russia's military power and the intrusions in the internal affairs of other countries have proved its interest in shaping the world order and hindering the United States.

Significantly, China and Russia are developing strategic partnerships because they share the same viewpoints in terms of international orders and want to cooperate in fighting against the unipolar world dominated by US hegemony. As a matter of fact, cooperation between China and Russia is not only economical, but it has also become political. For instance, on the Syrian issue, China backed Russia six times with vetoes at the United Nations Security Council, but also on North Korea, Afghanistan, and the Iran nuclear agreement, there was mutual support. Significantly, "Putin as a leader and Putinism as an analytic framework played an identifiable causal role in the Russian decision to intervene in Syria."²⁶¹ Beijing and Moscow also agreed to ramp up military cooperation, and the military exercises are growing every year.²⁶²

Before his death, Zbigniew Brzezinski was forced to confess the failure of his concept. The Polish-American diplomat was convinced that "at the expense of Russia, on the ruins of Russia and against Russia", it would be built the new world order.²⁶³ Since the new reality is different, Brzezinski modified his thought in his last article in 2017. On the eve of Western liberalism's demise and the ruins of a unipolar world, he predicted the emergence of trilateral relations between China, the United States, and Russia in the world political arena.²⁶⁴ Even the former United States Secretary of State, Henry Kissinger, acknowledges the new political world forces' alignment. In his article "The Coronavirus Pandemic Will Forever Alter the World

²⁵⁹ V. Danilov, "The US-Russia-China Triangle's Key Role in Global Politics", <https://journal-neo.org/2020/07/06/the-us-russia-china-triangle-s-key-role-in-global-politics/>, New Eastern Outlook, July 6, 2020;

²⁶⁰ La Repubblica, "Gli effetti del Covid: la Cina sarà presto la prima economia al mondo. Italia fuori dalla top ten a fine decennio", https://www.repubblica.it/economia/2020/12/26/news/gli_effetti_del_covid_la_cina_sara_presto_la_prima_economia_al_mondo_italia_fuori_dalla_top_ten_a_fine_decennio-279951279/, la Repubblica, December 26, 2020;

²⁶¹ M. McFaul, "Putin, Putinism, and the Domestic Determinants of Russian Foreign Policy", *International Security* Vol. 45, Issue 2, The MIT PressJournals, Fall, 2020, p. 132;

²⁶² L. Sherwood, "Russia, China & US Geopolitics Cooperation & Competition", <https://trendsresearch.org/insight/russia-china-us-geopolitics-cooperation-competition/>, Trends, April 12, 2017;

²⁶³ Z. Brzezinski, "The Grand Chessboard: American Primacy and Its Geostrategic Imperatives", Basic Books, August 28, 1998;

²⁶⁴ V. Danilov, "The US-Russia-China Triangle's Key Role in Global Politics", <https://journal-neo.org/2020/07/06/the-us-russia-china-triangle-s-key-role-in-global-politics/>, New Eastern Outlook, July 6, 2020;

Order”, Kissinger declares that after the Covid-19 pandemic, the world will not be the same. The chief objective is to establish a new world order, and the proposed prism to look at world events is the emerging triumvirate: the United States, China and Russia.²⁶⁵ The belief that the world order will change after the coronavirus pandemic is also illustrated in the South China Morning Post. This will be accomplished by Russia, China and the US, considered the three leading world powers.²⁶⁶

Under the Obama presidency, the approach towards the Kremlin was to attempt integrating Russia into the US-led international order. In 2009, both countries launched the “reset” policy. The latter provided the foro where to achieve a breakthrough on several controversial issues, including the new Treaty about arms reduction. Moreover, the “reset” policy had the goal to foster partnership relations between Washington and Moscow. In this too enthusiastic scenario, the former Secretary of State Hillary Clinton donated a symbolic red button with the label “reset” to the Russian Foreign Minister Sergej Lavrov.²⁶⁷

Nevertheless, the cooperation between the US and Russia is more the exception than the norm. As a result, after domestic turning points occurred within Russia, the bilateral relations regularly are back to being competitive: “restart” instead of “reset”. Putin returned to power negatively affected the bilateral relations. Although Trump’s rhetoric on discontinuity, the shift from cooperation to competition has reached even the American domestic sphere with the so-called “Russiagate” and the last Russian interferences during the 2020 US presidential elections. Putin wants that the United States treat Russia as it were the Soviet Union. It means recognizing the country as a completely sovereign great power whose smaller neighbours enjoy only limited sovereignty and America’s equal partner whose legitimate interests must be respected.

Russia’s actions in Crimean and Donbas are considered aggressive by the international society; nevertheless, in Russia’s logic, these are stemming from defensive considerations. According to the Kremlin, after the Soviet Union’s dissolution, the United States has reinforced its position in Europe and has expanded its influence towards Eastern Europe. In short, the US would have shrunk Russia’s sphere of influence. The fear of losing vital space and Russia’s orbit is perceived by Russia as unacceptable and a geopolitical weakness. Thereby, Moscow is trying to counterbalance behaviour to preserve its control in its traditional sphere of influence.

When the thesis is written, during the last weeks, Russia has reportedly deployed more than 100,000 Russian armed forces along the border with Ukraine and Crimea.²⁶⁸ It is difficult to confirm the numbers described by the European official. However, what is certain is that currently, the Kremlin has decided to show NATO, and in particular the United States, that it is unwilling to back down in the face of a possible escalation

²⁶⁵ H. A. Kissinger, “The Coronavirus Pandemic Will Forever Alter the World Order”, <https://www.wsj.com/articles/the-coronavirus-pandemic-will-forever-alter-the-world-order-11585953005>, The Wall Street Journal, April 3, 2020;

²⁶⁶ V. Danilov, “The US-Russia-China Triangle’s Key Role in Global Politics”, <https://journal-neo.org/2020/07/06/the-us-russia-china-triangle-s-key-role-in-global-politics/>, New Eastern Outlook, July 6, 2020;

²⁶⁷ Associated Press, “U.S. Gift to Russia Lost in Translation”, <https://www.youtube.com/watch?v=0GdLCIHAMB0>, YouTube, March 7, 2009;

²⁶⁸ Euronews, “EU foreign affairs chief: 100,000 Russian troops at Ukraine border”, <https://www.euronews.com/2021/04/19/eu-foreign-affairs-chief-150-000-russian-troops-at-ukraine-border>, Euronews, April 20, 2021;

of the conflict in the territory of eastern Ukraine. Furthermore, it is a decision on which Vladimir Putin certainly cannot go back: simply because in that war in Ukraine, perhaps a large part of his strategy was played out and continues to be played out on the European continent and in relations with neighbouring countries.

Moreover, “the three-way relations have been completely reshaped.”²⁶⁹ It is now primarily between the US and China. It is not a secret that many academics define the new relations between Washington and Beijing as on the brink of a New Cold War. The relations have reached their lowest point. President Donald Trump identified China as a “revisionist” power while Xi Jinping’s China looks for replacing the US’ role in the Indo-Pacific region. The US primary reason for opening to China was the conviction for conducting the country towards democratic and liberal values. The United States hoped that China would have changed over time. However, the hegemon had miscalculated. Chinese assertion of sovereignty over some disputed islands in the South China Sea and the US THAAD system’s deployment are two examples of a possible escalation of violence in the region.

In his book “Destined for war”, American political scientist Graham Allison illustrates the so-called Thucydides’ Trap.²⁷⁰ It is the inevitable upset that generates when a rising power threatens to depose the dominant power. Over the past 600 years of history, the world has witnessed sixteen situations in which an emerging power challenged the hegemon. The two challengers have avoided an armed conflict escaping from the Thucydides’ Trap only on four occasions. The challenge of our time is the contraposition between the United States (the dominant power) and China (the rising power). The United States does not want to lose its leading position, while China aspires to recover a historically central role already in the availability of the Celestial Empire, at least at a regional level. Thanks to its extraordinary economic growth, the challenger is transforming itself into a formidable military and political rival. Allison’s crucial question is if China and the US may escape Thucydides’ Trap. The trade confrontation that the Republican administration of Donald Trump has initiated against China could be seen as one of the first signs of the Thucydides’ Trap, a general hysteria of the Washington establishment towards Beijing, afraid of losing the primacy of global superpower. In the book, there is a scenario in which a possible trade war would risk turning into a war confrontation.

Part of the tensions the United State is experiencing today results from the disappointment of many foreign companies and many states regarding the process of China’s accession to the WTO. After many years it was expected a much more open Chinese internal market, more excellent protection of intellectual property rights, a lesser role of the state in the national economy and perhaps countries did not imagine such rapid growth and that Chinese companies closed so quickly the technological gap with the market leaders. The Trans-Pacific Partnership, a free trade agreement between the countries bordering the Pacific Ocean and which excluded China precisely by the distorting effects of the excessive presence of the state in the national economy,

²⁶⁹ Zheng Yu, “A Look at the China-US-Russia Triangle”, <https://www.chinausfocus.com/foreign-policy/a-look-at-the-china-us-russia-triangle>, China US Focus, March 4, 2020;

²⁷⁰ Graham Allison, “Destined for War: Can America and China Escape Thucydides’s Trap?”, Mariner Books, Reprint Edition May 30, 2017;

was the latest attempt by the American side to leverage multilateral institutional solutions to face the Chinese challenge with constructive containment policies. Signed in 2015, the agreement was rejected by President Donald Trump shortly after taking office, paving the way for the zero-sum bilateral negotiations witnessed.

As pointed out by the scholar William H. Overholt, “the important issue is that China has a national strategy, the Belt and Road Initiative, combining economic, military and diplomatic means, while the US, which once had the most successful national strategy in world history, now just has a failing military strategy.”²⁷¹ From here, the consideration to reviving the strategy based on economic and diplomatic components. Another aspect that is difficult to predict: in a world that is starting to be bipolar, who is with whom? Today China is the first trading partner of many countries. It is not only a major exporter but also a significant buyer and an increasingly influential investor. The Belt and Road Initiative had and still has the purpose of connecting more and more countries to Beijing. It may be that, in the face of facts, the United States finds itself having fewer friends than it thinks. The tentacular strategy will be discussed in the following dedicated paragraph.

4.3.1 War against the dollar!

The dollar has been the international reserve currency since World War II. Most foreign trade is in dollars, as well as the vast majority of outstanding financial securities. This is due to the supremacy and commercial grandeur of the United States over the past century and the dense network of political alliances with other countries, whose central banks have accumulated large reserves in dollars.

Notwithstanding, the recent data points refer to China as the most extensive official creditor globally, surpassing even the IMF and the World Bank.²⁷² The financial pillar of the BRI and the internalization of the renminbi are often underestimated or even ignored by most scholars. However, both strategies have been promoted by China to increase its integration into the world economy.

Thanks to the vehicle of ample financial resources from many countries, China has been able to finance the BRI. At the end of 2015, fundamental was the establishment of a specially designated multilateral development bank, the Asian Infrastructure Investment Bank (AIIB), based in Beijing. In the Chinese dragon view, more excellent international circulation of the renminbi is imperative for the completion and smooth functioning of the BRI. Beijing needs to increase the area of circulation of its currency to reduce its dependence on the dollar: dependence both financial and political. By increasing Chinese trade and investment in partner countries, the BRI significantly increases the demand for renminbi outside China. Beijing’s ultimate goal is to create an international circulation area of the renminbi, at least parallel to that of the dollar. The “dollar

²⁷¹ W. H. Overholt, “US-China Relations: Manageable Differences Or Major Crisis?”, https://www.ncafp.org/2016/wp-content/uploads/2018/11/NCAFP-2018-Edited-Volume_US-China-Relations.pdf, National Committee on American Foreign Policy, p. 29;

²⁷² A. Amighini, “Finanza e Potere lungo le Nuove Vie della Seta”, Milan. Università Bocconi Editore, January 14, 2021;

constraint” has undoubtedly reduced the room for manoeuvre for China’s financing of BRI projects. Every commercial transaction that takes place in the world involving the US dollar at some point must be authorized through a US bank, and this puts counterparties at risk that the US government may prevent some of them. Reducing the use of the dollar as a currency used in payments thus ensures against the risk of sanctions by the United States.

In the meantime, the “people’s currency” is becoming the instrument and vehicle of a growing power that China exercises over economic powers. Beyond the BRI, the renminbi is used as a tool to persuade, attract and co-opt other countries to use the Chinese currency, which becomes a vehicle of soft power not only financially but also politically. A real “renminbization” is underway in Southeast Asia, of which the most interesting case is that of Indonesia.²⁷³ However, today the renminbi is a non-convertible currency that does not circulate freely outside China’s borders.

In the trilateral relationship, an economic and financial alliance has developed between Russia and China to counter US hegemony. Dethroning the dollar as an international reserve currency is unthinkable in the short term. However, it is undoubtedly possible to disengage from it, and China and Russia seem to be moving in this direction. As already highlighted, relations between the US and the other two great powers are in pitiful conditions. As if that were not enough, tensions between Brussels and Beijing and Moscow are also worsening. The multilateral context is now compromised on several fronts: the European Union with China and Russia are sanctioning a negative turn, with an escalation of reciprocal personal sanctions. The geopolitical balance is falling apart to the point that the United States president has publicly called the Russian one a killer, to the point that the rehearsals of dialogue staged in Anchorage, Alaska, between the United States and China ended in a verbal brawl.

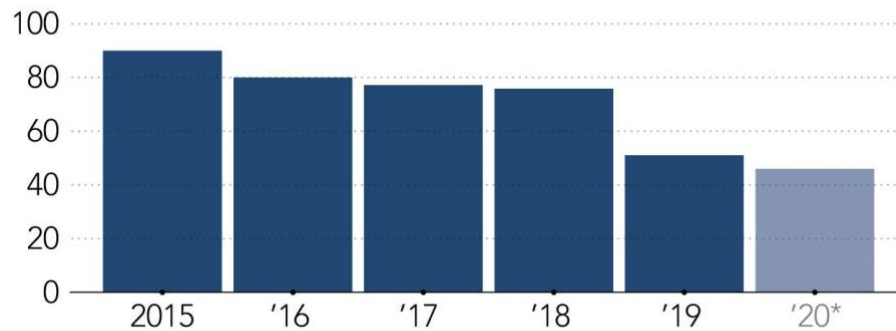
Beijing, more than Moscow, wants to concretely show the West that the use of sanctions is about to become a blunt weapon. It is under this lens that Sino-Russian collaboration to reduce their dependence on the dollar must be seen. It is a natural “financial alliance”, a phenomenon of “de-dollarization” in an advanced state. After the economic and political consequences of the annexation of Crimea and the outbreak of the trade war between the United States and China, the two countries have drastically reduced the use of the dollar in bilateral trade. In recent years, bilateral transactions in dollars have decreased from 90 per cent to 51 per cent in 2019.²⁷⁴

²⁷³ M. Z. Rakhmat, “The Internationalization of China’s Currency in Indonesia”, <https://thediplomat.com/2020/07/the-internationalization-of-chinas-currency-in-indonesia/>, The Diplomat, July 31, 2020;

²⁷⁴ D. Simes, “China and Russia ditch dollar in move toward financial alliance”, <https://asia.nikkei.com/Politics/International-relations/China-and-Russia-ditch-dollar-in-move-toward-financial-alliance>, Nikkei Asia, August 6, 2020;

Dollar's share of China-Russia trade settlements

(In percent)



*As of Q1

Source: Russia's Central Bank and Federal Customs Service, *Izvestia*

Figure 8. "Dollar's share of China-Russia trade settlements."²⁷⁵

The process has been facilitated since 2014 by a three-year bilateral currency swap agreement worth 150 billion yuan (\$24.5 billion), which allowed each country to access the other's currency without having to buy it on the foreign exchange market. In 2017, the agreement was extended for three years. Another crucial milestone came during Chinese President Xi Jinping's visit to Russia in June 2019, when Moscow and Beijing concluded a formal agreement to replace the dollar with national currencies for bilateral trade transactions. The agreement also allows the two countries to develop alternative payment mechanisms to the US-dominated Swift network and manage the trade in rubles and yuan.²⁷⁶ The weight that a financial alliance between Russia and China could exert on de-dollarization is one factor that potentially pushes down the demand for American currency. Attempts to bolster the struggling economy prompted the US Federal Reserve to print money and inject it into the commercial banking system.

In addition to trading in national currencies, Russia quickly built up yuan reserves at the dollar's expense. In early 2019, Russia's central bank said it had cut its dollar reserves by \$101 billion, equivalent to more than half of its assets in that currency. One of the biggest beneficiaries of the move was the yuan, which saw its share of Russian foreign exchange reserves jump from 5 per cent to 15 per cent after the central bank invested \$44 billion in the Chinese currency.²⁷⁷ As a result of this shift, Russia acquired a quarter of the world's yuan reserves.²⁷⁸ Finally, in early 2020, the Kremlin granted the Russian sovereign wealth fund permission to start investing in Chinese yuan and government bonds. Russia's drive to accumulate yuan is not just about diversifying its foreign exchange reserves. Moscow also wants to encourage Beijing to become more assertive in challenging Washington's global economic leadership. During a recent two-day visit, the Russian Foreign

²⁷⁵ Ibid;

²⁷⁶ Lecture Professor Liu Ying, "Trilateral Relations among China, US and Russia", A. A. 2020/2021;

²⁷⁷ By Bloomberg, "Russia Dumps \$101 Bln From Dollar Reserves in Pivot to China",

<https://www.themoscowtimes.com/2019/01/10/russia-dumps-101-billion-from-dollar-reserves-in-pivot-to-china-a64092>, The Moscow Times, January 10, 2019;

²⁷⁸ N. Doff and A. Andrianova, "Russia Buys Quarter of World Yuan Reserves in Shift From Dollar",

<https://www.bloomberg.com/news/articles/2019-01-09/russia-boosted-yuan-euro-holdings-as-it-dumped-dollars-in-2018>, Bloomberg, January 10, 2019;

Minister Sergey Lavrov spoke to Chinese state media claiming to work together to stand up American sanctions and move away from the US dollar hegemony.²⁷⁹ If China were to start doing the same, the dollar would at least falter.

To sum up, dethroning the dollar is unthinkable in the short term, but disengaging from its use is possible, and it could erode US supremacy.²⁸⁰

4.4 The two economies today

After Beijing entry into the WTO and the co-optation of Chinese entrepreneurs within the Communist Party of China following the “thought of the three representations”, the decade of Hu Jintao and Wen Jiabao (2002-2012) began in China. From the first part of the new administration, the limits of the policies implemented to favour growth that were more sustainable from an environmental perspective and more based on internal consumption and less export-driven appeared clear. It was then that, internally, the first misalignment between the incentives of the central state and local authorities appeared, the alignment of which had instead allowed the success of the first development phase. In fact, the highly quantitative growth model continued to be favoured at the local level, which no longer met the needs of the central government, which had sensed the limits and criticalities of purely quantitative development. Nevertheless, it was the great world recession that began in 2007-2008 with the consequent contraction of the US market and the European market that reduced the space for absorption of Chinese exports, causing a dizzying fall in growth rates. In particular, the willingness of the United States, as a hegemonic power, to receive the goods produced by China failed. Beijing resorted to a massive publicly funded economic stimulus plan amounting to RMB 4 trillion (over \$580 billion).²⁸¹

The relaunch of the construction of large infrastructures, particularly the road and rail networks, and the abundance of easy credit soon brought China back to double-digit growth. However, the costs in terms of inefficiency, indebtedness and overproduction are now transparent. Indeed, according to many rumours, the Chinese aggregate debt constitutes the true Achilles heel of the Chinese economy, the poisoned fruit of the “Ten-year hangover”.²⁸² From this point of view, the financial crisis was a missed opportunity: the injection of public money into the economy has delayed painful but necessary choices over time. Finally, from a

²⁷⁹ L. Zhou, "Russia, China can reduce sanctions risks by moving away from US dollar, Sergey Lavrov says", <https://www.scmp.com/news/china/diplomacy/article/3126466/russia-china-can-reduce-sanctions-risks-moving-away-us-dollars>, South China Morning Post, March 22, 2021;

²⁸⁰ A. Amighini, “Finanza e Potere lungo le Nuove Vie della Seta”, Milan. Università Bocconi Editore, January 14, 2021;

²⁸¹ China Briefing, “The Chinese economy grew by 8.7% in 2009”, <https://www.china-briefing.com/news/l'igianato-cinese-e-cresciuta-dell'87-nel-2009-2/>, China Briefing, January 21, 2010;

²⁸² The Economist, “What China talks about when it talks about stimulus”, <https://www.economist.com/finance-and-economics/2018/11/15/what-china-talks-about-when-it-talks-about-stimulus>, The Economist, November 17, 2018;

structural point of view, the stimulus further strengthened state-owned companies to the detriment of the private sector (a phenomenon known in China as 国进民退).²⁸³

With Xi Jinping's rise to power in 2013, it soon became apparent that a new phase in China's development path was about to open. The campaign against corruption, the launch of the Belt and Road Initiative, the announcement of a "new normal" in the 13th five-year plan 2016-2020 (represented by the calm acceptance of growth rates down to 6-7%), the proclamation, in the 19th National Congress of the Communist Party of China in 2017, of "socialism with Chinese characteristics for a new era", and the approval of the grandiose new industrial policy plan Made in China 2025 are all signs of change and new incentives domestic and international impose on China. The main objectives are reducing income inequalities, disparities between cities and countryside and between provinces, the shortcomings of the welfare system in the health, school and pension sectors, and environmental pollution. However, fully implementing these guidelines would have involved the disruption of the Leninist system, a price that the Communist Party of China did not intend and does not intend to pay.²⁸⁴

Internally, the difficulties already encountered by his predecessor Hu Jintao have been faced by President Xi with centralization of power in his own hands. The mercantilist turns of the Trump presidency brought the curtain down on nearly forty years of mutual economic collaboration. Suddenly, the US hegemon signals that it wants to reduce the structural trade deficit with Beijing by limiting imports tariffs and other restrictive measures.

The historical experience of the developing states suggests that without the outlet of foreign markets, the paradigm enters into crisis: the Plaza agreements (1985), which revalued the yen, and the Voluntary Export Agreements were the beginning of the recession for Japan; the 1997 Korean meltdown allowed the Monetary Fund and the Washington government to dismantle the political economy apparatus that had sustained Seoul's growth; Taiwan, for its part, has remained afloat thanks above all to the Chinese market, often playing a bridging role with American business. Someone even wonders if the Chinese economy will go the same way as the Japanese one, which has recorded low or zero growth rates for decades.²⁸⁵ For this reason, Xi Jinping periodically appears at the World Economic Forum in Davos, appearing as the new defender of globalization that has served Chinese growth so well.

Besides, much of China's exports originate from companies produced in China but are controlled by non-Chinese companies. These possibilities have been fundamental for the companies that have exploited the low cost of labour and China by bringing technologies and know-how, without which Beijing would not have been able to grow at a dizzying rate. Today, China is deeply integrated into the Global Value Chains,

²⁸³ guójìn míntuì;

²⁸⁴ F. Santelli, "Cina, Xi Jinping celebra i 40 anni delle riforme del mercato", https://www.repubblica.it/esteri/2018/12/18/news/cina_xi_ping_celebra_i_40_anni_delle_riforme_del_mercato-214520273/?ref=RHPPBT-BH-I0-C4-P1-S1.4-T1, la Repubblica, December 18, 2018;

²⁸⁵ L. Lewis, T. Mitchell and Yuan Yang, "Is China's economy turning Japanese?", <https://www.ft.com/content/a3564812-363c-11e7-99bd-13beb0903fa3>, Financial Times, May 28, 2017;

committed to improving its position within them. The policy package that best interprets this strategy is the “Made in China 2025” program. As highlighted by Branko Milanovic, for the first time since the industrial revolution, incomes in the three continents (North America, Europe and Asia) are reconnecting to return to more or less the same relative levels that characterized them before the industrial revolution (even if now at a higher absolute income level).²⁸⁶

Before moving on to the analysis of the Russian economy, the thesis intends to try to answer the most popular question of recent years: is China capitalist? It is helpful to start from the standard definition of capitalism of Marx and Weber: to be capitalist, a society must be such that most of the production is carried out using private means of production (capital and land), where most of the workers are waged (they must not, for example, be legally tied to the land), and most of the decisions on production and prices are taken in a decentralized way (that is without anyone imposing them on companies). China is decidedly capitalist on all three fronts. Before 1978, the share of state-owned enterprise industrial production in China was close to 100 per cent, as the industries mainly were state-owned. They worked under a central plan which, while being more flexible and covering a much more limited number of assets than the Soviet Union, still included all major industrial products. By 1998, the state’s share in industrial production had already halved to just over 50 per cent. Since then, it has steadily declined year after year; today, it is just over 20 per cent..²⁸⁷ Moreover, the contrast between the socialist and capitalist modes of production is manifested in decentralized decisions on production and prices. At the beginning of the reforms, the state fixed the prices of agricultural products, industrial products and retail products. In the mid-1990s, the proportions reversed: the market largely determined prices.²⁸⁸

The leading economic exchange between China and Russia involves energy. Moscow is a relevant energy exporter, while Beijing’s imports grow each year. However, both countries have been sharply divided on the gas’ price, and the asymmetry’s constant growth will inevitably provoke an imbalance towards China. Since 2010, China is Russia’s biggest trade partner, and Moscow’s Micex exchange began trading the ruble and yuan due to both willingness to reduce dependence on the dollar. However, in China’s overall trade, Russia’s place is still modest.²⁸⁹ Moscow is China’s 14th state trading partner, and it is more dependent than Beijing on mutual trade.²⁹⁰ Thus, in Russia, prevail the “China threat” thought. Moreover, for Beijing, the Western sanctions on Russia were a welcome buying opportunity. Russia needed an outlet and a way to generate economic activity. China happily provided this outlet but “requested” friendship prices.

One of the most prominent examples of cooperation between China and Russia within the international arena is the economic and political regional organization BRICS. BRICS is the acronym used by economists

²⁸⁶ B. Milanovic, “Capitalismo contro capitalismo. La sfida che deciderà il nostro futuro”, Bari, Ed. Laterza, October 22, 2020;

²⁸⁷ Ibid, pp. 98-99;

²⁸⁸ Pei Minxin “China’s Trapped Transition”, Harvard University Press, 2006, p. 125;

²⁸⁹ P. J. Bolt, “Sino-Russian Relations in a Changing World Order”,

https://www.jstor.org/stable/26270816?seq=1#metadata_info_tab_contents, Air University Press, 2014;

²⁹⁰ L. Sherwood, “Russia, China & US Geopolitics Cooperation & Competition”, <https://trendsresearch.org/insight/russia-china-us-geopolitics-cooperation-competition/>, Trends, April 12, 2017;

to indicate a nucleus of five large countries in rapid economic growth or with significant political influence: Brazil, Russia, India, China and South Africa. Initially, this grouping did not include South Africa, and in fact, the acronym, coined in 2001 by Jim O'Neill, an economist at Goldman Sachs, was BRIC. To transform the BRIC into a permanent and more structured club, the first summit of the heads of state of the adhering countries was agreed for June 16, 2009, in the Russian city of Ekaterinburg, which ended with the approval of a final declaration in favour of the establishment of a new and fairer multipolar world order. It was also decided to give these summit meetings at least once a year.

The admission of South Africa to this forum dates back to December 24, 2010. Consequently, from the following year, the grouping meetings took place in a larger format: a reality that in 2014 represented about 42% of the world population and 22% of the global economy.²⁹¹

The BRICS group of countries has significantly increased its share of world gross domestic product over the past 15 years.

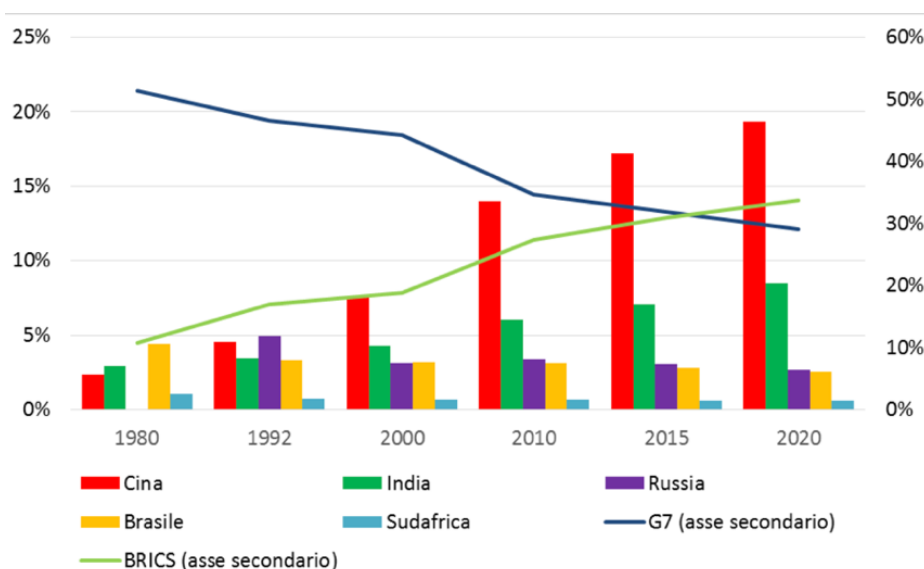


Figure 9. GDP in purchasing power equality (% of world GDP).²⁹²

Figure 9 shows the share of world GDP, measured at purchasing power parity, of the BRICS and the G7 countries over time and forecasts for the near future. As can be seen, the weight of the advanced countries of the G7 is steadily decreasing to this day in the face of a significant increase in the share of the BRICS.

However, the BRICS are not in good health. With Jair Bolsonaro, Brazil has re-joined the United States of Donald Trump. The Pax Sinica with Russia does not take off. Added to this are the tensions in the Pacific, those on the border between China and India, the efforts of the Indian government to make itself less dependent on Chinese value chains and the anti-Beijing axis formed by New Delhi with Tokyo and Canberra (with the approval of Washington).

²⁹¹ BRICS Information Portal: <https://infobrics.org>;

²⁹² Source: IMF, World Economic Outlook Database, October 2015;

For what concerns the Russian economy, since the collapse of the Soviet Union in 1991 and its command economy, Moscow has a mixed economy today. The government only holds the oil and gas industries.²⁹³ Despite the reforms desired in recent years by President Vladimir Putin, Moscow's economy is still too tied to the price of hydrocarbons and is currently experiencing an insurmountable distance from other powers.

In the first decade of 2000, Putin launched a final modernization initiative. The intent is always to build a capitalist system capable of entering the international division of labour. The enormous energy resources available to Russia are, as always, the comparative advantage from which attempts to transform the economy into an efficient industrial system capable of incorporating technological progress and a non-parasitic tertiary sector. The Russian ruling class thought it was possible to build the new structurally interconnected Russian capitalism but still retain a considerable economic, political, and independence degree. However, the 2008 global financial crisis demonstrated how illusory it was for Russia to think that it is not dependent on world markets. The economic sovereignty pursued by the 2014 crisis is fragile, and that the attempt to create a "Russian fortress" capable of isolating the economic system from world trends has not been successful. Furthermore, the ruble is anything but a stable and reliable currency as it is subject to a continuous loss of value due to structural problems that cannot be solved in the short term. Nevertheless, the undervaluation of the ruble can fuel a growing interest in the foreign investment sector. According to the Big Mac index (which compares the price of a Big Mac worldwide), the ruble is considered the most undervalued currency on a global scale.²⁹⁴

In 2021, as China, Russia remains a promising destination for investors, thanks to the presence of economic zones, special investment contracts, technological and industrial parks and other mechanisms aimed at stimulating endogenous and internal investments. Russia boasts a sizeable number of unused facilities and sites, even in its European part, waiting for investors to come. However, the whole Russian economy depends on the price of energy resources; dependence has not diminished in the last twenty years of Putin administration. The trend in Russian national income is closely related to the price of oil: if the price of oil falls, Russia's economy goes into crisis. In addition, the US has achieved self-sufficiency by transforming itself from importer to exporter on the world oil and natural gas market. If they were to start exporting to Europe, the impact on Russia's exports and the economy would be devastating (75% of Russian natural gas exports go to the EU).²⁹⁵

Russia's economic growth is weaker than expected. In 2016 it was 0.3%, in 2017 1.6% and in 2018 2.2%.²⁹⁶ Moreover, the share of the Russian economy in the world has been decreasing steadily since 2012.

²⁹³ K. Amadeo, "How Russia's Pipeline Politics Holds the EU Hostage", <https://www.thebalance.com/russian-economy-3306352>, The balance, November 30, 2020;

²⁹⁴ The Economist, "The Big Mac index shows currencies are very cheap against the dollar", <https://www.economist.com/graphic-detail/2019/01/12/the-big-mac-index-shows-currencies-are-very-cheap-against-the-dollar>, The Economist, January 12, 2019;

²⁹⁵ Lecture Professor Angelo Maria Taraborrelli, "National energy scenarios", A. A. 2020/2021;

²⁹⁶ S. Efremov, "The Challenges of Russia's Economy: An Overview", <https://www.ispionline.it/it/pubbbblica/challenges-russias-economy-overview-24314>, ISPI, November 4, 2019;

This process is due to the low growth rate of the Russian economy and the ruble's devaluation. "The share of Russia's economy in the global economy is still low. Under the Soviet Union, the country's share varied from 5% to 12% of the global economy; today, Russia's share is below 2%, at the same level as South Korea, whereas China, India, and Brazil are largely outpacing Russia, despite its richness in natural resources and land."²⁹⁷

It is tough to think that such a marginal economy can exercise an effective policy of sovereignty over real and world financial flows apart from the energy sector. In addition to the shallow growth, the economic policy followed since 2014 has had the further effect of leaving the per capita income of Russian citizens at the same level as in 2012.

What Future? BRI as a connecting tool

In September 2013, during a visit to Kazakhstan, Chinese President Xi Jinping put forward the proposal for an innovative model of regional economic cooperation to foster collaboration in the countries crossed by the ancient Silk Road. In October of the same year, during his speech to the Indonesian Parliament in Jakarta, Xi Jinping proposed, as an extension of the territorial road, a new Maritime Silk Road, echoing the historic Maritime Silk Road that connected China to the Mediterranean. A significant infrastructure investment program aimed at increasing connectivity between China and the entire Eurasian continent.²⁹⁸ Furthermore, the opening of New Silk Roads offers China the opportunity to address, with more tools at its disposal, the question of the supply of resources and energy that has become the priority for a Chinese ruling class called to dominate the extraordinary development socio-economic and environmental and territorial transformations of the last decades.

In Chinese, the Initiative is called 一带一路.²⁹⁹ Its literary translation into English is One Belt, One Road (or OBOR), but as the Initiative ended up including "many belts" and "many roads" and the translation was unpleasant,³⁰⁰ the official name of the Initiative has been changed in the Belt and Road Initiative (BRI). Far beyond transport infrastructure, the BRI is an ambitious strategy to enhance connectivity between Asia and Europe. Its goal is to promote China's integration into the global economy. The fundamental principles are openness and cooperation, harmony and inclusion, shared benefits and activities inspired by market principles. Since October 2017, the BRI has become a state objective of the People's Republic of China, fully included in its Constitution, proof of the enormous importance that the Initiative has among the country's political objectives. For China, the President has chosen the metaphor of a "peaceful, lovable and civilized

²⁹⁷ Ibid;

²⁹⁸ 习近平说, "习近平在哈萨克斯坦纳扎尔巴耶夫大学的演", http://www.gov.cn/ldhd/2013-09/08/content_2483565.htm, 中央政府门户网站, September 8, 2013;

²⁹⁹ Yīdài yīlù;

³⁰⁰ A. Amighini, "Finanza e Potere lungo le Nuove Vie della Seta", Milan. Università Bocconi Editore, January 14, 2021;

lion”, thus specifying the absolutely harmless intentions towards the international community.³⁰¹ The official narrative of the Belt and Road Initiative is contained in these three adjectives that summarize the wide-ranging strategy of the project, which provides for osmosis between the interests of China and neighbouring countries and beyond.

To carry out its strategy, China has concluded from the beginning a series of state agreements with a few dozen countries, including Russia. All these agreements are very different from international treaties that have real legal value. They take the form of agreements, usually of a temporary duration, called “Memorandum of Understanding” (MoU) for cooperation in implementing various aspects of the BRI within the territories of the signatory countries. Over time, China’s diplomatic activity to expand the range of BRI partner countries has intensified rapidly, and to date, more than 130 countries have signed these forms of agreement.³⁰² This intense diplomatic action was accompanied by an equally vigorous activity of state loans disbursed to a growing number of low- and middle-income countries, investment by Chinese companies abroad and strengthening trade ties with partner countries. In general, the areas affected by the BRI consist mainly of poor and developing regions, located between the East Asian economy and the developed economies of Europe, across three continents, with enormous potential for economic development in the next future. Some BRI participating countries may develop economic dependence on China, often due to over-reliance on Chinese capital. Some BRI investments could create potential military advantages for China: Beijing can require access to selected foreign ports to place the necessary logistical support to back naval deployments in distant waters such as the Indian Ocean, the Mediterranean Sea and the Atlantic Ocean to protect its growing interests.

With the MoU signed in Rome in March 2019, Italy also became part of China’s shortlists of partners in the BRI project. Italy is the first and only G7 member country to have signed an MoU.³⁰³

The BRI could be a connecting tool between China and Russia, and it could be foster the development of the bilateral relations. Overall, at the end of the first half of 2020, Russia maintained its place as the largest beneficiary of the BRI.³⁰⁴ The Power of Siberia Gas Pipeline project is perhaps the best illustration of the potential of the Sino-Russian alliance. Russia’s Gazprom is building a 3,000 km natural gas pipeline for this project capable of transporting 38 billion cubic meters per year (and for 30 years).³⁰⁵ The 55 billion dollars project is one of the largest in the BRI.

³⁰¹ G. B. Andornino, “Cina: Le nuove “Vie della Seta”, Osservatorio di politica internazionale, n.140, October, 2018;

³⁰² C. N. Wang, “2020 年中国“一带一路”投资报告”, <https://green-bri.org/zh-hans/category/bri-guojia/>, Green Belt and Road Initiative Center, April 21, 2021;

³⁰³ Open, “Meeting between Xi Jinping and Giuseppe Conte: Memorandum of Understanding signed”, <https://www.open.online/2019/03/23/incontro-tra-xi-jinping-e-giuseppe-conte-signed-the-memorandum-of-understanding/>, Open.online, March 23, 2019;

³⁰⁴ A. Amighini, “Finanza e Potere lungo le Nuove Vie della Seta”, Milan. Università Bocconi Editore, January 14, 2021;

³⁰⁵ Gazprom, “Power of Siberia”, <https://www.gazprom.com/projects/power-of-siberia/>, Gazprom;

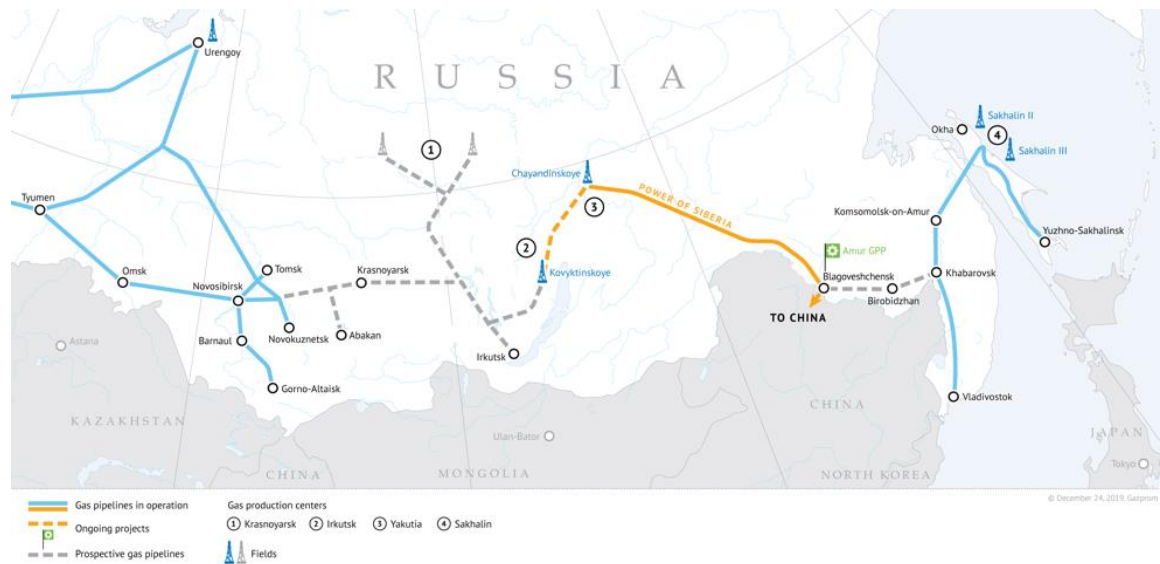


Figure 10. “Developing gas resources and shaping gas transmission system in eastern Russia.”³⁰⁶

In December 2019, the first phase of Power of Siberia was put into operation, and the first supplies of Russian gas to China through the pipeline were started. This step brings the Russian-Chinese strategic cooperation in the energy sector to the fulfilment of bringing bilateral trade between the two countries to 200 billion dollars by 2024. Furthermore, the agreement will make China the second Russian gas customer, after Germany.

However, the Kremlin is suspicious of the implementation of the BRI. In June 2020, China held a high-level virtual meeting with 25 foreign ministries. Nevertheless, Sergey Lavrov was missing.³⁰⁷ Moscow and Beijing claimed a close commitment and relationship to the project, but Russia is an absent partner. According to Igor Denisov: “Russia is not part of the BRI. It is only a supporter of Chinese global outreach as long as it is in Russia’s interests.”³⁰⁸ This standpoint challenges the official narratives about the Belt and Road Initiative. The Kremlin fears that China is acquiring access to Russia’s key strategic sectors, which was inconceivable a decade ago. Moreover, Beijing continues to develop investment and infrastructure in Russia’s backyard undermining its influence in the former Soviet Union. The interest in Central Asia has been an essential element in Chinese politics since the early 1990s when, with the political fragmentation of the Soviet space and the emergence of new state entities, the Beijing government began to ask itself the problem to build a neighbourhood policy such as to avoid the emergence of problems at their borders. Therefore, the search for stability has always been the leitmotif of the People’s Republic’s posture towards a region considered particularly sensitive due to its geographical proximity and ethnographic commonality with the turbulent western province of Xinjiang. However, the interpretation given by the Chinese authorities to this priority has enormously evolved. If at first the commitment sought by the Chinese leadership was purely diplomatic-

³⁰⁶ Source: Gazprom, “Power of Siberia”, <https://www.gazprom.com/projects/power-of-siberia/>, Gazprom;

³⁰⁷ A. Shah, “Russia Loosens Its Belt”, <https://foreignpolicy.com/2020/07/16/russia-china-belt-and-road-initiative/>, Foreign Policy, July 16, 2020;

³⁰⁸ Ibid;

military, focused on the creation of bilateral or multilateral agreements for the realization of common objectives of a mostly security nature, over time, the economic and commercial aspect became more and more central, and Beijing began to develop aspirations for influence over these countries. In parallel, under the acquired economic and financial strength, the Chinese government has begun to elaborate a new political strategy, aimed at changing the international order that emerged from the Second World War and United States-centric, to adopt a new model of global governance, more representative of the new balances and expression of multilateral management of relations between states. The Chinese influence in Central Asia is at the expenses of Russia.

To understand the BRI's relevance is fundamental to separate the various Silk "Roads". The thesis intends to illustrate the more familiar Silk Road Economic Belt (丝绸之路经济带),³⁰⁹ which is terrestrial, and the Maritime Silk Road (海上丝绸之路),³¹⁰ but also the less famous Polar Silk Road (冰上丝绸之路),³¹¹ Digital Silk Road (数字丝绸之路)³¹² and Health Silk Road (健康丝绸之路)^{313, 314}

The Silk Road Economic Belt (SREB) aimed to link China with Europe passing through Central Asia and Russia. The opening of new land routes in Central Asia would constitute an alternative to the longest maritime trade route that passes through the Suez Canal and allow the Chinese ports to be decongested. The cooperation with Russia, Kazakhstan, the other ex-Soviet republics of Central Asia and Iran, in the Belt and Road Initiative, is giving good results; logistic cooperation between states is strengthening, and the flow of goods transported is increasing. However, the political instability of countries such as Afghanistan and Pakistan weigh negatively, as they do not allow the opening of New Silk Roads in this direction at the moment.³¹⁵ For a careful analysis, it is helpful to consider the strategic role that the Central Asian area plays, on the one hand, in connecting China and Europe and, on the other, in guaranteeing an increasingly necessary and conspicuous energy supply to the Asian giant. As a natural geographical bridge located at the centre of the enormous Eurasian mass, Central Asia has seen Chinese investments in the infrastructure sector grow internally, specifically rail transport. However, as Yuan Li points out, one of the most shining examples of Sino-European cooperation along the land routes of the SREB is Duisburg, in Germany: a critical mining centre in the Ruhr region, in 2010 sees the completion of the Yuxinou Railway, which guarantees a direct relationship between the German and Chinese reality of Chongqing.³¹⁶

Even for the maritime rib of the BRI, it is possible to draw a parallel with some routes that formerly expert merchant-navigators ploughed, especially along the Indian Ocean, to trade valuable goods and artefacts

³⁰⁹ Sīchóu zhī lù jīngjì dài;

³¹⁰ Hǎishàng sīchóu zhī lù;

³¹¹ Bīng shàng sīchóu zhī lù;

³¹² Shùzì sīchóu zhī lù;

³¹³ Jiànkāng sīchóu zhī lù;

³¹⁴ Among scholars, it is taking off also the so-called "Space Silk Road" (太空丝绸之路, Tàikōng sīchóu zhī lù)

³¹⁵ D. Gavinelli, "One Belt One Road: la riapertura delle Vie della Seta o un nuovo percorso geopolitico per la Cina?", <https://core.ac.uk/download/pdf/187987131.pdf>, Università degli Studi di Milano, 2018;

³¹⁶ The China Railway Express, <https://yuxinou.de/en/company/china-railway-express/>, Yuxinou Germany;

between East and West. The Maritime Silk Road (MSR) runs from Chinese coastal ports across the South China Sea to the Indian Ocean, extending to Africa and Europe. The Initiative reaches at least 60 countries, representing 64% of the world population and 30% of global GDP.³¹⁷ The ultimate goal is to create a continuous and dynamic link between the east coast of China and the main European hubs. The project concerns both the construction of the so-called “hard infrastructures” (construction of ports and airports, railway and motorway connections, industrial parks, telecommunications systems, energy connections) and the development of “soft infrastructures” (free trade agreements, bilateral treaties investment, removal of customs barriers). The key to strategic supremacy is fueled by actual Chinese actions (acquisitions of crucial ports such as Gwadar in Pakistan, Obock in Djibouti, Hambantota in Sri Lanka).

The two main threats that weigh heavily on the maritime routes of the Belt and Road Initiative are piracy (the case of Somalia is exemplary) and the significant presence of the US Navy. The critical issues of various kinds, although not negligible, do not affect the possible success of the Belt and Road Initiative as a whole to date.

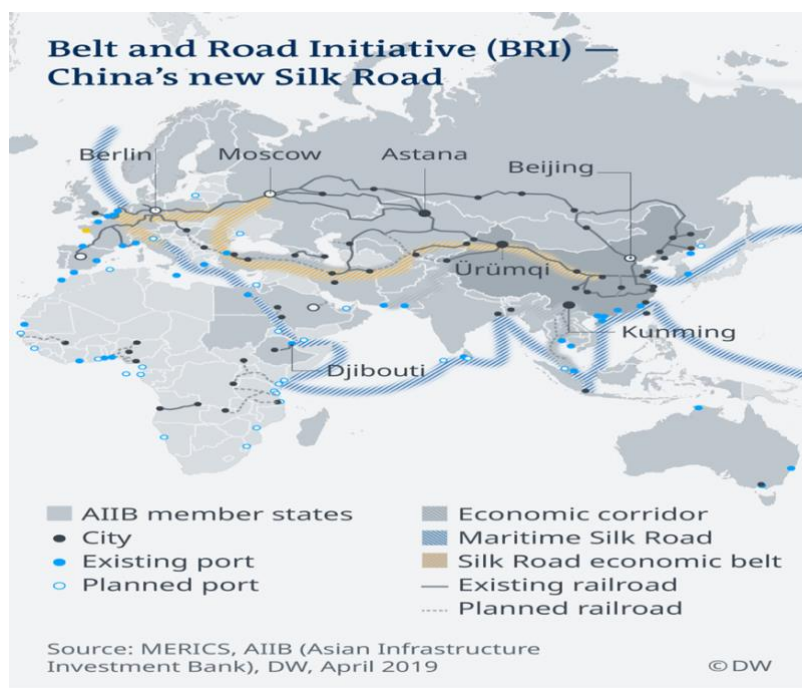


Figure 11. “Belt and Road Initiative”.³¹⁸

The most remarkable consequences of continuing global warming are recorded in the Arctic: rising temperatures have opened previously inaccessible routes and increased the possibility of exploiting the region’s hydrocarbon, mineral and fishing resources. However, the conflict between states to grab such natural riches has also inevitably increased, and the level of aggression has risen in claiming new areas of sovereignty. To symbolize the importance of the Arctic, non-riparian countries (read China) are showing a growing

³¹⁷ A. Amighini, “Finanza e Potere lungo le Nuove Vie della Seta”, Milan. Università Bocconi Editore, January 14, 2021;

³¹⁸Source: A. Pandey, “Coronavirus could force China to rein in Belt and Road ambitions”, <https://www.dw.com/en/coronavirus-could-force-china-to-rein-in-belt-and-road-ambitions/a-53159033>, DW, April 17, 2020;

strategic interest in the most inhospitable region on Earth. The North Pole is a prime example of competition between major global players. Russia, whose economy is based on the hydrocarbon and mining industries, needs to develop infrastructures and production systems in the region to survive and avoid financial collapse and consequent instability. The Kremlin has developed the “Pivot to Arctic” policy responding to the need to secure what will be the beating heart of Moscow’s economic and strategic resources in the future.³¹⁹ Indeed, in the Arctic context, the most militarily active actor is Russia. China’s military and security approach are different. As a non-riparian country and not vitally dependent on hydrocarbon and mineral resources in the Arctic, Beijing does not need to set up a massive military device in the region.

For China, the Arctic region represents a jumble of leading economic and political opportunities, not only for energy supply but also for commercial projection and access to rare earth deposits. To consolidate its presence in the far north of the world, Beijing has so far followed a flexible and varied strategy that, despite having one of the main hubs in its relationship with Russia, does not disdain dialogue with other partners between the coastal countries. The Arctic is of primary importance for China, as evidenced by the numerous investments in energy projects related to gas extraction and an international posture that underlines that the far north of the planet should not be subject to any division by the riparian states but to be available to all countries.

From a strategic point of view, the Chinese projection in the Arctic is made explicit with the so-called Polar Silk Road theorization. This is a strategic concept published in January 2018 and which is configured as an integration to the broader Belt and Road Initiative. From a geostrategic point of view, the development of an Arctic maritime silk road reflects Beijing’s concern for the “Malacca Dilemma”, that is, the fear that one day a political incident or conflict could block maritime energy supply routes through which transit about 60% of Chinese imports of oil and gas from the Middle East.³²⁰ For this reason, the protection of the Polar Silk Road has become an explicit primary security objective of the People Liberation Army (PLA).

Since 2019, a second icebreaker ship, the Xue Long 2, built by the China State Shipbuilding Corporation in collaboration with the Finnish shipbuilding industry Aker Arctic, has joined her sister ship for Arctic operations.³²¹ With two fully operational icebreakers, China thus reaches the capacity of the United States and Russia without being an Arctic state. Furthermore, scientific explorations are a parallel and collateral activity to the most important economic activities carried out in collaboration with Russia and other coastal countries.

However, the Russian-Chinese cooperation is essentially focused on exploring energy fields and the development of infrastructures for the supply of gas. The emblematic example is the aforementioned Power of Siberia gas pipeline. In addition to the Power of Siberia, Russian-Chinese cooperation in the Arctic is

³¹⁹ M. Bodner, “Russia’s Polar Pivot”, <https://www.defensenews.com/home/2015/03/11/russia-s-polar-pivot/>, DefenseNews, March 11, 2015;

³²⁰ T. Marshall, “Le 10 mappe che spiegano il mondo”, Ed. Garzanti, June 8, 2017;

³²¹ Xue Long 2, <https://akerarctic.fi/en/reference/xue-long-2/>, Aker Arctic;

manifested through investments in the Yamal 1 and Yamal 2 projects for the extraction, liquefaction, and transport of Liquefied Natural Gas (LNG).³²² The Chinese presence also has the propaganda purpose of underlining the global calibre of Beijing’s power and demonstrating the technical abilities to operate even in areas very far from the national territory.

Moreover, the Arctic is an essential region for the future triangular balancing among China, Russia and the US.³²³ As pointed out by Beixi Deng: “There is the tendency for US-China Arctic relations to gradually shift from limited cooperation to a zero-sum game.”³²⁴ The growing tendencies towards rearmament represent the partial return to a security architecture inherited from the Cold War: positional and built on precise rules and customs centred on the strength of deterrence.

Thus, the Arctic is a hot topic for study trilateral relations. It might manifest as a critical issue in the relationship. Although less “publicized” in the media than the traditional routes of the Belt and Road Initiative, the Polar Silk Road is not a project to be underestimated to fully and adequately evaluate Chinese ambitions on a global level. The partnership with Russia in the Arctic region is, at the same time, a picklock to permanently enter a place in the world significantly distant from the Chinese borders and a showcase to show other potential partners the goodness in doing business with Beijing. China’s strength also lies in this flexible multilateralism based on the immediate effectiveness of economic investments that well hide the consequent ganglia of political influence.

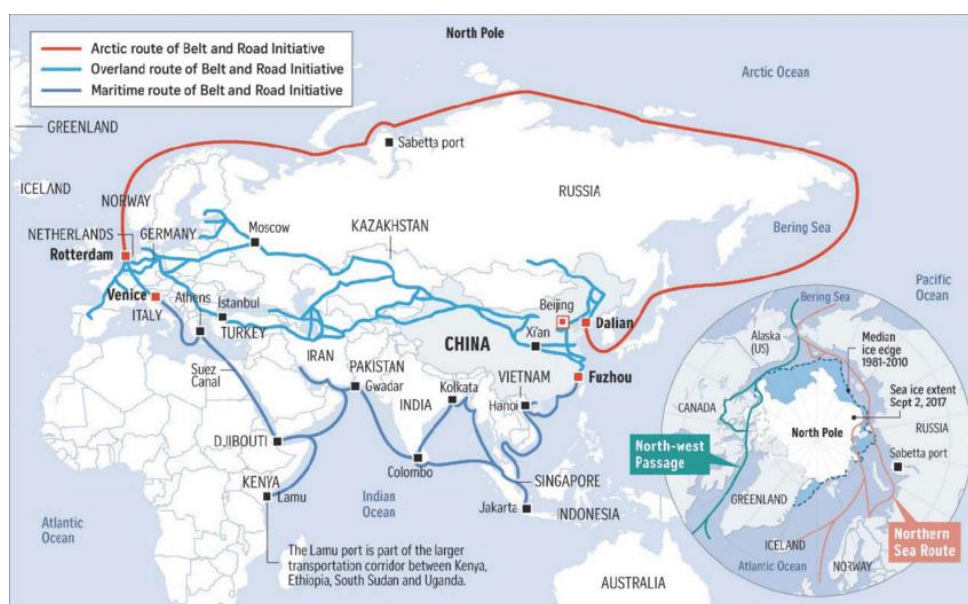


Figure 12. Map of existing and developing routes included in “Polar Silk Road”.³²⁵

³²² Lecture Professor Liu Ying, “Trilateral Relations among China, US and Russia”, December 16, 2020;

³²³ R. Pincus, “Three-Way Power Dynamics in the Arctic”, https://www.airuniversity.af.edu/Portals/10/SSQ/documents/Volume-14_Issue-1/Pincus.pdf, Air University Press, Spring 2020, pp. 40-63;

³²⁴ Beixi Deng, “New Trends of Geopolitical Dynamics in the Arctic and China’s Relations with the Major Arctic Players”, https://www.jstor.org/stable/resrep23141.8?seq=1#metadata_info_tab_contents, Center for Strategic and International Studies, January 1, 2017, pp. 16-19;

³²⁵ Source: A. Kovalenko, “Map of existing and developing routes included in Polar Silk Road”, https://www.researchgate.net/figure/Map-of-existing-and-developing-routes-included-in-Polar-Silk-Road-36_fig4_330643092, ResearchGate, August 2018;

Among the many ethical issues related to Artificial Intelligence (AI), facial recognition, and machine learning technologies, one of the most relevant is their internal surveillance purposes. This phenomenon places the issue of fundamental rights at the centre of the digital security scene. In 2019, the Artificial Intelligence Global Surveillance Index (AIGS), developed by the Carnegie Institute, highlighted how globally, at least 75 countries out of 176 use AI technologies in internal surveillance.³²⁶ Among these countries, there are numerous liberal democracies present in this study (51% of countries classified as “liberal democracies”). The report also highlighted the China’s role as a major player in the use and exports of these technologies. The Digital Silk Road (DSR) was introduced in 2015 by an official Chinese government white paper as a component of the Beijing Belt and Road Initiative, which aims to improve global digital connectivity and facilitate China’s rise as a global technological superpower. The DSR provides foreign investments in digital infrastructures and domestic investments in the development of advanced dual-use technologies, particularly artificial intelligence, quantum computing and global satellite technology, in smart cities. The creation of digital free trade zones is also planned, integrated with the expansion of Chinese digital payment platforms abroad. DSR is not only economical but also political, as it aims to increase Chinese soft power in the international cyber-arena and export its vision of cyberspace governance in the context of multilateral institutions and diplomatic engagement, which is mainly focused on promoting the principle of cyber sovereignty. Africa has excellent development potential in the digital economy, as underlined in the China-Africa Cooperation Forum of the Beijing Action Plan (2019-2021).³²⁷

Despite debates raised about the DSR, Beijing will keep continuing forward. China has spent an estimated 79 billion dollars on Digital Silk Road’s related projects, and the relative assistance will grow substantially throughout the following years. China has promoted the DSR as a priority within the main China-sponsored international summits like the World Internet Conference.³²⁸

³²⁶ S. Feldstein, “The Global Expansion of AI Surveillance”, <https://carnegieendowment.org/2019/09/17/global-expansion-of-ai-surveillance-pub-79847>, Carnegie Institute, September 17, 2019;

³²⁷ Forum on China-Africa Cooperation, “Forum on China-Africa Cooperation Beijing Action Plan (2019-2021)”, http://www.focac.org/eng/zywx_1/zywj/t1594297.htm, 中非合作论坛, September 12, 2019;

³²⁸ J. Kurlantzick, “China’s Digital Silk Road Initiative: A Boon for Developing Countries or a Danger to Freedom?”, <https://thediplomat.com/2020/12/chinas-digital-silk-road-initiative-a-boon-for-developing-countries-or-a-danger-to-freedom/>, The Diplomat, December 17, 2020;

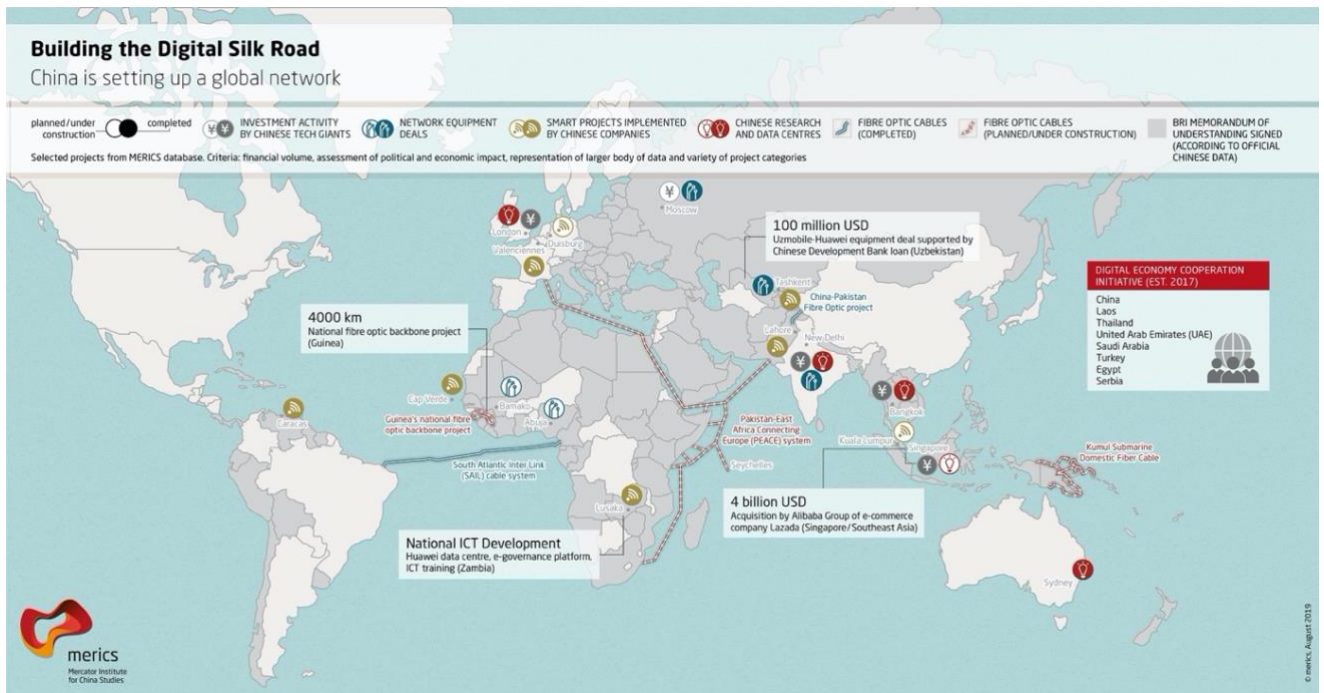


Figure 13. “Building the Digital Silk Road.”³²⁹

China’s Covid-era diplomacy is turning around the Health Silk Road (HSK) that takes pride. This strategy shows China’s efforts to engage in global health leadership. Worldwide media zeroed on the concept when President Xi Jinping mentioned the HSR after a phone call with Italian Prime Minister Giuseppe Conte in March 2020.³³⁰ At first glance, the HSR seems to represent a redirection of the BRI’s energies rather than a substantive transformation. Moreover, China desires to modify the widespread narrative on the Covid-19 that sees China as the origin’s country of the Covid-19. The former President of the United States, Donald Trump, publicly denounced the “Chinese virus” indicating it came from a laboratory in Wuhan. At the same time, Beijing pushed theories about the western virus origination. With the “America first” policy and the unilateral termination of its relationship with the World Health Organization, Trump left the stage to Xi Jinping. The Chinese President’s willingness is to develop the Davos’ optics, in which China championing multilateralism and guides the ideological battle amid Western decline and disfunction. Above all, Beijing wishes to be perceived as a responsible great power.

Starting in March 2020, China has publicly dispatched personal protective equipment and medical teams. However, Beijing stipulated commercial contracts in return for “charitable” activity. As remarked by Moritz Rudolf: “in realizing the Health Silk Road, as in all other areas of the BRI, Beijing acts strategically, flexibly and at several levels simultaneously (bilateral and multilateral, regional, and global).”³³¹ At the time of the thesis’s writing, the pandemic situation in India is out of control due to the new variant. Wang Wenbin,

³²⁹ Source: T. S. Eder, R. Arcesati and J. Mardell, “Networking the “Belt and Road” - The future is digital”, <https://merics.org/en/tracker/networking-belt-and-road-future-digital>, Mercator Institute for China Studies, August 28, 2019;

³³⁰ J. Mardell, “China’s “Health Silk Road”: Adapting the BRI to a pandemic-era world”, <https://merics.org/en/short-analysis/chinas-health-silk-road-adapting-bri-pandemic-era-world>, MERICS, November 25, 2020;

³³¹ M. Rudolf, “China’s Health Diplomacy during Covid-19”, <https://www.swp-berlin.org/10.18449/2021C09/>, German Institute for International and Security studies, January 2021;

the spokesman for the Foreign Ministry, declared that the Chinese government would offer its help to India in countering the new severe wave of Covid-19 as soon as possible.³³²

Many countries criticized the poor quality of the Chinese equipment and directly the alleged Beijing’s disinformation. Nevertheless, elsewhere in Europe, mask diplomacy had more success. For instance, in Serbia, President Alexander Vucic, to thank China’s aid, kissed the Chinese flag. In short, the HSK seems to do not win new friends; however, it has strengthened existing ties and tensions. The following HSK’s map helps to understand the strategy’s magnitude.

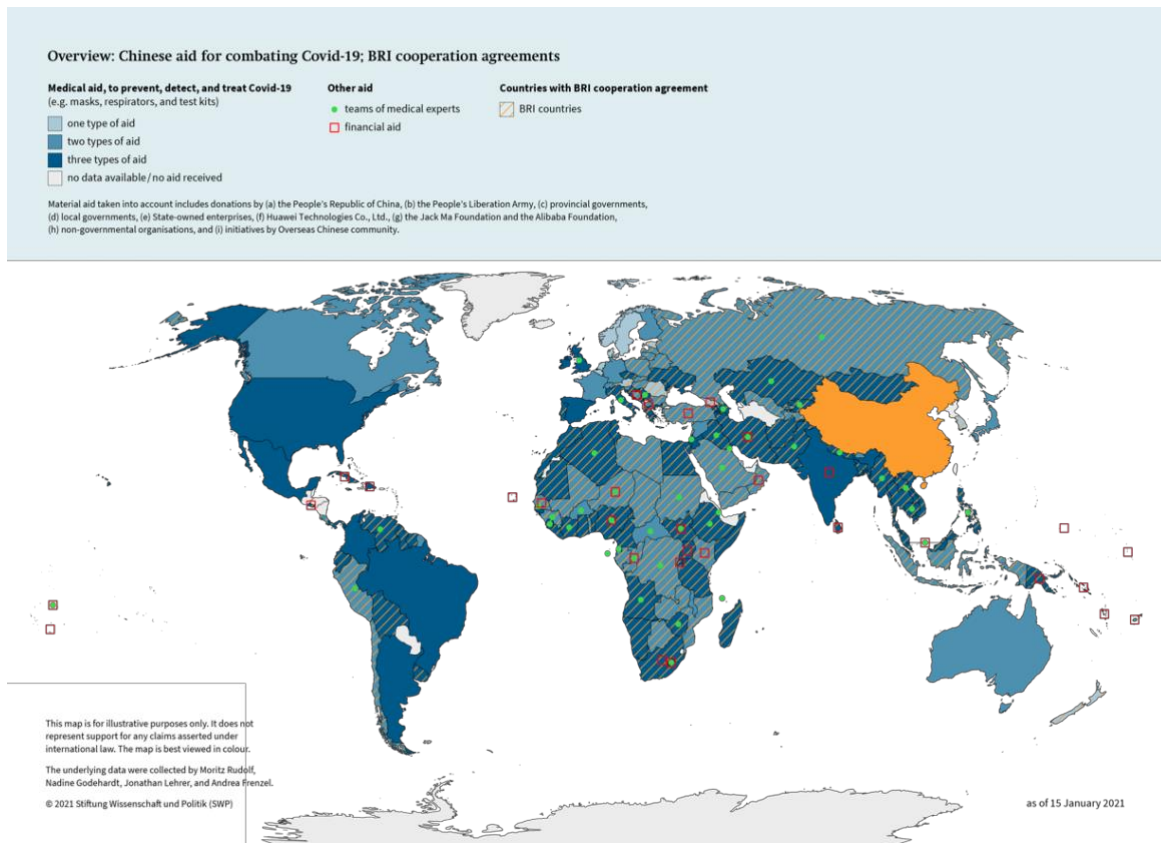


Figure 14. “Overview: Chinese aid for combating Covid-19; BRI cooperation agreements.”³³³

³³² Ambasciata della Repubblica Popolare Cinese in Italia, <https://www.facebook.com/chineseembassyitaly>, Facebook, April 26, 2021;

³³³ Source: M. Rudolf, “China’s Health Diplomacy during Covid-19”, <https://www.swp-berlin.org/10.18449/2021C09/>, Stiftung Wissenschaft und Politik, January 2021;

Conclusions

China and the Soviet Union's economic reforms were a complex revision of the system of "the centrally planned economy", which was believed to have reached its historical limits. Economic reforms aimed to resolve the incompatibility between collective ownership and planning on the one hand and the principles of a market economy on the other. The reforms' modalities appear enormously different in the degree of implementation and in the much more advanced, planned and gradual approach in China. However, the willingness of the reforming political leaders to overcome an economic system linked to the "extensive" development was the same: the two economies were unable to stimulate the technological change that was assuming increasing rates.

The analysis began with a historical comparison of the two countries and an account of their bilateral relations. The mutual suspicion and hostility's long history between China and Russia are full of tension and rapprochement stages. The term "frenemies" precisely describes China and Russia's relationship as friends with weak ground. The rivalry, first ideological, then geopolitical, is a karst river that emerges with force at more or less regular intervals. It is no coincidence that the first official contacts began with border clashes in the 1680s (concluded with the Treaty of Nerchinsk in 1689).³³⁴ The period of détente due to ideological commonality lasted until Stalin's death. With Khrushchev, relations broke down: the Soviet leader demolished Stalin's politics and ended up with the withdrawal of Soviet advisers and economic assistance. In response, the Communist Party of China stood as a defender of Marxist-Leninist orthodoxy against Soviet revisionism. Moreover, there was not a full-blown "demaioization" in China, following the example of Khrushchev's de-Stalinization. Deng Xiaoping observed that Khrushchev's attacks on Stalin in 1956 damaged the Party's authority; the Chinese leader was convinced to defend the Party at any cost.

The historical investigation is fundamental to understand the reasons (not only economic) that have led two (apparently)³³⁵ similar countries to distance themselves enormously: an ideological, cultural, social and economic distancing. On the latter, the author has dedicated the remaining three chapters, as the economy is the primary vector of the adhesion to the globalization of the two countries. Thus, the so-called "double comparison", therefore also considering an economic composition, is essential to understand the various paths trodden by China and the Soviet Union towards globalization.

On December 18, the third plenary session of the 11th Central Committee of the Communist Party of China began, which will go down in history as the initial moment of the policies of "Reform and Opening" that characterized China until today. Deng Xiaoping could be considered the founding father of Chinese modern political capitalism, an approach rather than an ideology in which the dynamism of the private sector, an efficient government of the bureaucracy and a one-party political system are combined.³³⁶

³³⁴ Lecture Professor Liu Ying, "Trilateral Relations among China, US and Russia", A. A. 2020/2021;

³³⁵ See the "Communisms" issue at page 2.

³³⁶ B. Milanovic, "Capitalismo contro capitalismo. La sfida che deciderà il nostro futuro", Bari, Ed. Laterza, October 22, 2020;

According to Shaoguang Wang, China's vision of the new economy is based on the consideration that "the market is necessary, but it must be embedded in society. Moreover, the State must play an active role in the market economy to prevent a disembedded and self-regulating market from dominating society."³³⁷ Thus, China changed its moral economy into a market society in three stages. Firstly, with the markets' birth (1979-1984); secondly, with the emergence of market systems (1985-1992); thirdly, with the building's conclusion of market society (1993-1999).³³⁸ After an economic crisis, China substituted the "market society" with the new "social market". Shaoguang Wang defines the "social market" as the market where it "is still the primary mechanism of resource allocation but the government employs redistributive instruments to conduct "decommodification" in areas concerning people's rights of existence."³³⁹

For Deng, economic reform consisted of "learning from the facts" and giving ample space to the private sector, but never so large and unrestricted as to allow it to dictate its preferences to the State and the Communist Party. In the economic field, Deng's point of view was not significantly different from that of the senior conservative Chen Yun, who used the metaphor of a caged bird to explain the primary role of the private sector: if it is controlled too strictly, like an imprisoned bird, it will suffocate; if it is left entirely free, it will fly away.³⁴⁰ Deng's approach is similar to what Giovanni Arrighi calls the "natural" development of the market in the Smithian sense, where the interests of the capitalists can never reign supreme, and the State maintains a significant autonomy to follow policies of national interest and, if necessary, moderate the private sector.³⁴¹ In a certain sense, it could be argued that the political superstructure is not a reflection of the country's economic base but its creator.

For what concern the Soviet Union, the new strategy introduced by Mikhail Gorbachev replaced Brezhnev's pan-Communism with the new ecumenism of Perestroika. However, Gorbachev's economic reforms that tried to heal a dying economy were undoubtedly a determining factor in the collapse of the Soviet Union. The main difference from China's example was the imposition by above of these changes on an urban economy. The top-down reforms failed in the Soviet Union. Whereas in China, bottom-up reforms worked successfully. Moreover, Gorbachev emphasized political reforms without which Perestroika would not have been successful, while the Chinese leadership, under Deng Xiaoping, stressed the primary importance of economic reforms. Perestroika's policies, criticized by Chinese leaders, meant the decline of the Communist ideology and the appeal of Western models of democracy in the Soviet Union. It is one of the main reasons that contributed to the collapse of the country. Contrariwise, China succeeds because the Communist Party leadership retained the Party's monopoly, especially after the 1989 Tiananmen Square protest. China has

³³⁷ Shaoguang Wang, "Double Movement in China", <https://www.jstor.org/stable/pdf/40278334.pdf>, *Economic and Political Weekly*, December 27, 2008-January 2, 2019, p. 58;

³³⁸ *Ibid*;

³³⁹ *Ibid*, p. 59;

³⁴⁰ J. W. Garver, "China's Quest: The History of the Foreign Relations of the People's Republic of China", Oxford University Press USA, March 10, 2016;

³⁴¹ G. Arrighi, "Adam Smith in Beijing: Lineages of the Twenty-First Century", Ed. Verso, January 5, 2009;

learned the wrong lesson from the end of the Soviet Union that Perestroika's policies destroy the Communist Party and the country itself.

The third chapter is entirely dedicated to the comparative analysis of the economic reforms' outcomes in both countries. Firstly, the author analyzed the evolution of the centrally planned economy into the market economy. The thesis highlighted the Chinese and the Soviet different approaches to the reforms. As a consequence, the most evident results lay within the economic performances. The latter will lead China and Russia into the World Trade Organization. After the analysis, substantial differences emerged in the results obtained with the rural reforms.

Moreover, it is seen how the foreign capital's contribution was necessary to modernize the economy, and in China, thanks to more favourable conditions and a greater readiness to receive the same, it had a more significant impact than in the Soviet Union. The real discriminating factor between Chinese and Soviet political results lies in the fact that China has built a more resilient regime, thanks to a more stable political system and a less vulnerable economy. The success of China's model is based on outstanding economic growth and a well-functioning state apparatus. The Tiananmen Square crisis in 1989 marks a decisive watershed for China. It leads the country's development line to move towards a horizon in which the absolute maintenance of political stability is the premise for vigorous material progress. The Party-State abandoned the previous totalitarian configuration to assume the connotations of post-totalitarian oligarchic authoritarianism that served above all to stabilize power.

For what concerns the main Soviet political results was its dissolution. Chinese looked at how Gorbachev's impulsive reforms sapped the Party and State's authority and avoided the same fate. In contrast, today, "in the over 30 years after the reform and opening up, China has gradually created and got the objective and subjective conditions for actively carrying out multilateral diplomacy and experienced the role reversal from "general participant" to "important builder" to "a big responsible country"."³⁴²

The author aimed was to illustrate the Chinese and Soviet different responses to the challenge of globalization. Moreover, although several similarities can be found between them, China has proven to have built a more resilient country. At the same time, Russia did not manage the fall of the Soviet Union properly, and its collapse generated a presidential-centred state, with high leverage of the oligarchs and a resource-dependent economy. On the contrary, China was able to modernize the State and the economy. The outcome was a plethoric but well-functioning administrative apparatus.

After analyzing the two different paths that led China and the Soviet Union (Russia to be more precise) towards globalization, the fourth and final chapter investigates on Sino-Russian relations in a globalized world. Relations between the two countries are experiencing a period of strong rapprochement dictated more by external factors than by a genuine desire for collaboration. Weighing the approximately 100 years of history dealt with in this work, the term "frenemies" still seems to be the most suitable to describe the bilateral

³⁴² Cheng Tianquan, translated by Yang Mifen, "The Road of China", China Renmin University Press, January 1, 2013, p. 182;

relations between the two countries. Furthermore, it is not easy to imagine that one side may tolerate being treated like a junior partner, but the asymmetry will become more apparent. It remains the question of how long China will continue to treat Russia as an equal. Despite Putin's narrative, Russia should accept the junior role in the partnership.

The external factors pushing the two countries to come closer are the hegemon of the United States and the sanctions coming from the Western world. China and Russia are attempting a "de-dollarization" to free themselves from US financial and political influence. Moreover, Beijing and Moscow promote a multilateral vision in contrast with the Western liberal and democratic vision.

From an economic point of view, with the entry into the WTO, the two economies benefited from the phenomenon of globalization and contributed to an increase in global well-being. However, China has "grown better" between the two and appears to have more to challenge US hegemony. Moscow's economy is still too tied to the price of hydrocarbons and is currently experiencing an insurmountable distance from other powers. Instead, thanks to its economic planning, China has grown and continues to grow at a formidable pace.

Finally, Moscow and Beijing cooperate in the international arena by supporting each other and developing economic and political regional organizations, such as BRICS.

With the sprawling Belt and Road Initiative, China intends to bring Russia under its wing. The author presented the main BRI "routes" (the Silk Road Economic Belt, the Maritime Silk Road, the Polar Silk Road, the Digital Silk Road and the Health Silk Road) and their implications for Russia. These are not only positive from the Russian perspective, as the Chinese influence in Central Asia shows. To sum up, BRI could be a connecting tool that will help Beijing and Moscow to come even more in contact, despite various pitfalls. An admonishment for the West.

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Summary

The thesis intends to explain why and how China and the Soviet Union gave two different responses to globalization's challenge. Moreover, with the fourth chapter, the author aims to elucidate today's bilateral relations between China and Russia during the globalization era. The red thread that crosses the thesis is what the author has called "double comparison": historical and economic comparisons. This way is essential to understand the various paths trodden by China and the Soviet Union (and then Russia) towards globalization. Furthermore, the thesis follows a chronological order from the 1920s to the present time.

The first chapter is a historical comparison taking into account the years from the 1920s to the 1970s. Whereas, the second chapter is an economic comparison of the two countries' economic reforms carried out from the 1970s to 1990s. Later, the third chapter compares the outcomes of the recent reforms. Most notably, the focus is on economic and political results. The chapter ends with the analysis of China's and Russia's WTO accession, as the most stunning example of globalization's challenge. Finally, as outlined above, the fourth chapter analyzes China and Russia bilateral relations in the present time. Always following the "double comparison", the author aims to explain the geopolitical dimension of their relationship.

The Chinese Revolution is the transformation of the Chinese political order that brought the Communist Party to power in 1949. Begun in the early 1920s, the revolutionary process ended about thirty years later with the defeat of the Nationalists and the victory of the Communists. The peasant-based Party with Mao Zedong as the undisputed leader restored China's unity and created a great power in which the peasant masses were the primary economic development force. The Great Helmsman, identifying the peasant masses as the most significant revolutionary force, set up communist bases in the rural areas of the South with their armed forces to support peasant action against the owners and repel government offensives. Difference from the Soviet experience, the arrival time to power is dissimilar: the Soviet did so at the beginning of the revolution, while the Chinese after many years. Contrariwise the Soviets, the Chinese Communist leaders had a role model, even though they were wise to apply the communist revolution to Chinese characteristics. They were seasoned politicians and not fresh utopian revolutionaries like the Soviets. However, the Chinese Communists were undoubtedly Marxist-Leninists: the Party was Leninist, the program was Marxist, and the Party's devotion was unquestioned.

After the Japanese invasion (1937) of China, communists and nationalists returned to unite to repel the aggressors while maintaining their autonomy of action. At the end of the Second World War, after the Japanese surrender, the failed attempts of an agreement between the parties led to the civil war's burst again. The Guomindang had the support of the United States, and also it concluded a comprehensive Treaty with the Soviet Union (the Sino-Soviet Treaty of 1945) to isolate the Communists and prevent a revolution in China. Due to the new-born Cold War, multiple alliances were not possible: in the end, Jiang Jieshi decided to stay alongside the United States, whereas the Chinese Communists finally established a coalition with the Soviet Union. From Beijing's perspective, the Soviet Union was ideologically one of the socialist road cradles ahead.

The October Revolution in 1917 had been a lantern to follow and adapt to China's social (rural) reality. Many Chinese revolutionaries, such as Deng Xiaoping, studied and worked in the Soviet Union. Hence, the need to establish a close alliance with Moscow was necessary and evident.

On October 1, 1949, Mao established the government in Beijing and announced the People's Republic of China's birth, which marked the end of the revolution and civil war. The Chinese revolution sought to build the human being and society from below and within. In contrast, many developing and modernizing regimes worldwide followed a different way: the top-down administrative transformations. Then, after its founding, China gradually created a highly-centralized planned economy similar to the example of the Soviet Union. Thanks to an agreement reached, the old Sino-Soviet Treaty signed on August 14, 1945, would be replaced by the new one on February 14, 1950. The value of this replacement had a significant implication: the Soviet Union delegitimized Jiang Jieshi's China, and it recognized a single China, the new and socialist one, the People's Republic of China. Despite theoretical adherence to Stalin and the Comintern's instructions, and although ideologically and in their programs for the State's future organization, they were Stalinists, Mao and the Communist Party of China pursued a national revolution with very little to do with Moscow and much less with internationalism. The importance attached to the role of the peasantry vis-à-vis the urban working class as the main engine for bringing about the socialist revolution was not only unorthodox in the Marxist sense but ran counter to the established policy of the Comintern. Even for this, in foreign policy, Mao's China was "anti-Western", that is, to be opposed to capitalism and imperialism typically of the past West's attitude towards Asia.

In 1949, after the founding of the People's Republic of China, Jiang Jieshi took refuge on Taiwan's island. In August of the same year, the Americans recognized the nationalist government as the legitimate Chinese government. The People's Republic of China secured diplomatic relations with the socialist countries, especially the Soviet Union, the Asian countries, and then some European countries. The Great Helmsman's Era started with some fundamental laws. In 1950, the law on the family (on April 30) and the land reform (on June 30) were promulgated. In 1952, the Communist Party of China nationalized commerce and banking. The same year, thanks to friendly relations with the Soviets, the Trans-Manchurian railway returned to China. Two years later, the First National People's Assembly passed the first Constitution of the People's Republic of China (September 20, 1954). In the new international arena, China proposed the Five Principles of Peaceful Coexistence. These caused a great eco in the world. Their first formal codification at the Geneva Conference and Bandung Conference marked the Chinese government's principles in treating with nationalist countries and other countries' paths in foreign affairs.

From 1953 to 1957, The First Five-Year Plan witnessed the complete reorganization of the economy and the start of planned industrial development. Besides the Soviet model, a distinctive feature of Chinese policy was proceeding gradually and cautiously, also thanks to the history of Soviet mistakes. However, a bracket in recent Chinese history opened when the "great leap forward" overcame the gradual approach in economics. In 1958 coinciding with the Second Five-Year Plan launch, Chairman Mao Zedong carried out the

Great Leap Forward to encourage an increase in agricultural and industrial production, relying on its strength. It was a question of producing everything, immediately and in large quantities. It was an attempt at rapid forced industrialization. At the same time, Mao continued the ideological battle against the Soviet Union. The Chinese Party stands as a defender of Marxist-Leninist orthodoxy, highlighting how Soviet co-religionists suffer from the bourgeoisie and are no longer the proletarian revolutionary Party that serves the world-class struggle. In this theoretical dispute, China declared itself the only authentic and depositary source of Marxist-Leninist thought. The guide of the world proletariat on the path towards socialism, the beacon that illuminates the route to follow, has passed from Moscow to Beijing. As a demonstration of its strength and lack of need for Soviet support, China detonated its first atomic bomb in Xinjiang (October 16, 1964). China highlighted the criticism over the Soviet Union's modern revisionism, but the primary enemy during the 1960s was still the imperialistic United States of America. As a result, China worked to build an international united front anti-US. The Great Helmsman proposed that in the following situation, China must fight against the Soviet Union's modern revisionism and, in the meantime, fight against the United States imperialism. The struggle against revisionism had its peak when the Soviet invaded Czech in 1968. China sharply condemned the invasion.

Moreover, throughout the Sixties, the relations between both countries deteriorated due to continual border disputes. In 1969 China and the United States, trading partners for two centuries, World War II allies, and Cold War enemies, began to rekindle a diplomatic relationship. Mao suspected a Soviet invasion after the 1969 border clashes. The two politicians assigned to carry on the negotiations were Zhou Enlai and Henry Kissinger. On February 21, 1972, US President Richard Nixon visited China laying the foundations for bilateral relations' normalization. The choice must be framed by the Chinese diplomatic strategy's willingness to build a country independent and prosperous, pursuing its revival's historical achievements as a great power. This great diplomatic move entered right into the extraordinary legacy that Mao Zedong left to China. The Grand Helmsman passed away in Beijing on September 9, 1976.

During the civil war, to cope with supply difficulties, the Bolshevik government implemented an authoritarian economic policy, defined as war communism, which suppressed free trade. Land and industries came under complete state control. War communism lasted until 1921 and undermined the alliance between peasants and Bolsheviks, which guaranteed the latter's success in the revolution. In the economic field, the NEP was launched: peasants could keep part of the harvest for themselves and sell the surplus in private markets, after having delivered part of the harvest to the State; petty private trade was legalized; and finally, a mixed industrial system was created, where large industries remained under state control, while smaller ones could be privately run. A brain disease struck Lenin that led to his death in 1924. Thus, began a period of struggle for the succession of which two men were protagonists: Stalin and Trotsky. Stalin emerged victorious from the confrontation. Reversing his previous positions, Stalin repudiated the NEP accusing it of having favoured the countryside, trade and small industry to the detriment of extensive industry and urban proletariat. Therefore, the Soviet leader decided to industrialize the country as soon as possible and achieve complete

control of the State's economy. In 1928, Stalin launched the first Five-Year Plan that established the objectives for industrial growth. In particular, the development of heavy industry was privileged. The State took complete control of the countryside by expropriating the small owners, and all the peasants were forced to become part of the large collective farms. In the late Thirties, thanks to the creation of collective companies, the state controlled the countryside entirely.

On the international level, in 1939, Stalin promoted an alliance with Nazi Germany, which brought Russia back to an expansionist policy. Notwithstanding the alliance, the Soviet Union fought against Nazi Germany, repelling the invasion. Thanks to the victory of the Second World War, the Soviet leader reached a position of great international prestige, sanctioned by his participation in the Conferences in Teheran, Yalta and Potsdam. The Conferences legitimized the Soviet influence in Central Europe and its military presence in Germany. Following the establishment in Eastern European countries of communist regimes, Stalin replaced the ideological formula of socialism in a single country called a "socialist camp". Death seized Stalin (March 5, 1953) while the problem of relations with the West with the new communist world (China and Yugoslavia above all) had come to a standstill.

When Stalin died, power passed into a collective leadership whose prominent exponent soon became Khrushchev, elected secretary of the Communist Party in September 1953. Immediately a process of de-Stalinization began. The term "de-Stalinization" has asserted itself in Western publications to indicate the set of attitudes and measures that, especially on the domestic level, have characterized the Soviet Union's politics and the majority of the so-called "satellite" countries after the death of Stalin. Especially after Khrushchev's severe criticisms of Stalin's policy at the 20th (February 1956) and 22nd (October-November 1961) Congress of the Soviet Communist Party. The choice sparked criticism from the Communist Party of China, starting the Sino-Soviet dissension. Khrushchev understood that the Stalinist terror could paralyze the development of Soviet society, disposing of a return to fidelity to the purest Leninism. However, he had to deal with the popular discontent that exploded in Poland and Hungary, within which the powerfully oppressive character of the Stalinist regime returned for the first time. Holder of all power, Khrushchev tried to revive the Soviet economy. However, he caused substantial internal imbalances that, together with China's growing tension, Cuba's events, the rise of dissent against the regime, led to its dismissal. At the very end of the 1960s, the Soviet system ushered in the era of political stagnation enacted by the Brezhnev government, which came to power in 1964 after the defenestration of Khrushchev.

Brezhnev returned to the Stalinist repression, reaffirming cynicism forms within the system. The regime seems to be the victim of substantial political immobility since the government slows down the processes of significant innovation initiated within the country. In foreign policy, he did not hesitate to continue in the arms race and favour the anti-Americans in any controversy involving the United States of America. The secret of Brezhnev's economic policy is revealed only after his creator's death: the definitive renunciation of introducing any structural reform and the replacement of these measures with the export of raw materials, such as oil and gas, present in large quantities within the country. When Brezhnev died, after

the brief presidential interludes of Cernenko and Andropov, Gorbachev was elected secretary of the Communist Party of the Soviet Union, who started the Perestroika and chose to collaborate with the West to end the Cold War.

The second chapter analyzes the fourteen years, from 1978 to 1992, comparing the economic reforms carried out by China and the Soviet Union. It helps to understand, on the one hand, the various reforms implemented to modernize these two systems, and on the other, why the two countries took different paths and directions.

The two most prominent figures in these 14 years are undoubtedly the two countries' leaders: Deng Xiaoping and Mikhail Gorbachev. Starting with comparing the following two leaders, the chapter will continue with two paragraphs concerning Chinese economic reforms and Soviet economic reforms. After that, the author will analyze how China perceived and codified the Perestroika promoted by Gorbachev, a fundamental step to understand the various paths trodden by both powers towards globalization.

Gorbachev was the first Soviet leader who guided the country to be part of a different generation than the one that participated in the October Revolution or fought in the Second World War. After the two elderly and sick people Andropov and Cernenko, the appointment of a young man (at least according to Soviet political parameters) marked the passage of power from the old Party bureaucracy to younger and more educated political generation leaders. Gorbachev came to power when relations between the Soviet Union and the West reached historic lows not seen since the Cuban Missile Crisis. In contrast, Deng Xiaoping was a leader of the old guard. Thanks to the five-year study trip in France and then the year in the Soviet Union, Deng acquired a great understanding of developments worldwide. Once back in China, the Chinese leader started his political career under Mao's wing. Despite the banishment during the Cultural Revolution (1966-1974), Deng returned to power. Some officials criticized Mao and suggested that the Great Helmsman caused the origin of China's problems. However, Deng trusted in Mao and was confident that the previous two decades' failures should not have fallen only on one person. Notwithstanding that Hua Guofeng retained his titles as premier of the government, chairman of the Party, and chairman of the Central Military Commission, Deng was the paramount leader.

Subparagraph 2.1.1 illustrates the exciting interview given by Premier Deng Xiaoping to the journalist Oriana Fallaci in 1980. Although Deng Xiaoping opposed the Cultural Revolution's violence and was expelled and rehabilitated by the Communist Party of China three times until his death, he never gave up his loyalty to Mao Zedong's Thought, showing no personal resentment. In the end, the interview then moved on to the analysis of the relationship between China and the Soviet Union: Deng harshly criticized Khrushchev for the denunciation and condemnation of Stalin. Thanks to Oriana Fallaci, the world had the opportunity to hear what the Chinese leader, a spokesman for an entire country, had to say. In this way, misunderstandings between China and the rest of the world have diminished.

On December 16, 1978, the joint communiqué announced in Beijing the reestablishment of diplomatic relations between the People's Republic of China and the United States. Two days later, on December 18, the

third plenary session of the 11th Central Committee of the Chinese Communist Party began, which will go down in history as the initial moment of the policies of “Reform and Opening” that have characterized China up to the present day. It was the first Politburo elected after Mao Zedong’s death, and Deng Xiaoping reassured colleagues that he would not become China’s Khrushchev, notwithstanding his differences with Mao. The State contained market forces and channelled them into society to generate a capitalist class attracted by the profits made possible by the selective opening to foreign investments oriented not to the internal market but exports. All these elements, economic nationalism, a government that regulates the market, and the State’s corporate organization can be traced back to the Chinese growth’s forty-year experience. The main components that characterize the “China model” are the pragmatism of leadership, ready to accept the introduction of market mechanisms as ideologically neutral tools for strengthening growth; experimentalism and gradualism, since reforms were often thoroughly tested before being extended nationwide; hybrid property rights, with the private sector coexisting with state-owned enterprises. Integration is “managed” in global markets, with the adoption of subsidies, market restrictions, import substitution measures and at the same time, export support policies. Instead, the opening is selective to the market in specific sectors and certain geographically limited areas, the so-called Special Economic Zones (or SEZs). Special Economic Zones have increased over the years. These are places where there are particular policies aimed at favouring trade. They have many advantages for foreign investors thanks to independence in the management of exchanges and the development of particular projects that aim to create structures to attract foreign capital, such as creating joint ventures between Chinese and international companies and producing products intended for export.

The emphasis entirely shifted towards quantitative growth, measured in terms of GDP. Since 1978, the Communist Party of China has made economic development the nation’s top priority, a fundamental condition, to claim a leading role on the world stage, leaving behind “one hundred years of humiliation”. China did not create a competitive advantage but relied on the comparative advantage of a vast pool of low-cost labour, and this growth started from light industry not from the heavy industry as it happened for the Soviet Union. In China, the State has set in motion the growth mechanisms in its local articulations (provinces, counties, villages). However, these were coordinated not by a centralized administrative body but by a hierarchically organized development agency, present throughout the territory, from the centre to the periphery: the Communist Party of China. Practically, the Communist Party of China carried out the economic policies into two stages. Firstly, at the end of the Seventies, the Communist Party carried out price reform, de-collectivization of agriculture, state-owned enterprise reform, and then granted market access to the privates and opened the country to foreign investment allowing starting businesses within the country. Secondly, the following step refers to the adaption of the so-called “Socialism with Chinese characteristics”. The theoretical system of it refers to the realization of the combination of Marxism and Chinese reality by the Communist Party of China. In other words, the latest theoretical achievement of the Sinicization of Marxism.

Every energy in the Soviet Union was devoted to confronting the Americans. In particular, the main driver of Soviet economic growth was heavy industry. Nevertheless, after Joseph Stalin’s death with the de-

Stalinization process initiated by Nikita Khrushchev and even more with Perestroika's reforms, the so-called Iron Curtain was about to shatter definitively. Mikhail Gorbachev carried out reforms that leased land to peasants and promoted small cooperative businesses. The purpose of industrial reforms in the Soviet Union and China is to make industrial enterprises autonomous in their production choices, freeing them from the protection of bureaucratic taxation and controls. The planning inherited from Gorbachev divided into two fundamental functional subsystems, the first intended to plan production, the second to distribute raw materials and intermediate goods, which have been operating for decades. Gorbachev's moderate reform line is divided into the following points: (1) the central planners in Gosplan and the Ministries will continue to use the "control data" at the beginning of the five-year plan, but these will have an indicative and not a directive value. In other words, they will serve as an "orientation" in the construction of the autonomous production plan of enterprises. (2) Business plans will partially rely on "state orders". Instead of the "level reached", the unclear "regulatory planning" will be used to evaluate the productive capacities of firms and determine the share of the plan. (3) The requests for input from companies and their distribution will no longer pass through the Gosplan, but through wholesale centres managed by the Gosplan itself; (4) in non-priority sectors, and not subject to "state orders", production should only be a function of market demand. Finally, the principles of full accounting autonomy and self-financing are reaffirmed. Gorbachev's economic reforms that tried to heal a dying economy were undoubtedly a determining factor in the collapse of the Soviet Union.

The main difference from China's example was the imposition by above of these changes on an urban economy. The top-down reforms failed in the Soviet Union. Whereas in China, bottom-up reforms worked successfully. Noteworthy is the Perestroika policy and especially how China codified it that makes a difference. The new strategy introduced by Mikhail Gorbachev replaced Brezhnev's pan-communism with the new ecumenism of Perestroika.

In the 1980s, China and the Soviet Union considered the possibility of reforming the communist system politically and economically. However, Gorbachev emphasized political reforms without which Perestroika would not have been successful, while the Chinese leadership, under Deng Xiaoping's leadership, stressed the primary importance of economic reforms. The improvement of relations between Moscow and Beijing began when Brezhnev and Deng Xiaoping led the two countries and then continued under Gorbachev's presidency. After a brief period of somewhat strained relations between China and Russia towards the end of 1989, due to the fall of the communist regimes of Eastern Europe, whose responsibility was attributed by the Chinese government mainly to the new process initiated by Gorbachev, there was an improvement in Sino-Soviet relations in the political, economic and security fields. However, Gorbachev was seen as a revisionist betraying the principles of Marxism-Leninism. The fundamental reasons could be traced to the Perestroika. The author used the conceptualization to analyze "Perestroika" and "Glasnost" terms. Then, to understand how and why China condemned Perestroika, the author suggests testing two hypotheses. The first hypothesis to test is that the Chinese Communist Party condemns Gorbachev's Perestroika and his apostasy of Communism creed. The second hypothesis is that China has not implemented and is not implementing economic policies in the wake

of the Perestroika model. Testing both hypotheses, the evidence shows why China perceives Perestroika as a wrong path to follow: Perestroika's policies meant the decline of the Communist ideology and the appeal of Western models of democracy. It is one of the main reasons that contributed to the collapse of the Soviet Union. Contrariwise, China never questioned it. Moreover, the Chinese leadership, instead of the Soviet one, chooses gradualism for its economic reforms. Chinese leaders opposed, and oppose even today, to Perestroika. Significantly, they did not change their initial economic reforms started at the end of the Seventies. Witnessing the collapse of the Soviet Union, China perceives Perestroika as a wrong path. China has learned the wrong lesson from the end of the Soviet Union that Perestroika's policies and the opening up to democratization destroy the Communist Party and the country itself; China's ruling Party continues to resist substantial political changes. Notably, Russia, no more Soviet Union, under President Vladimir Putin seems to have learned the same lesson.

The Soviet and Chinese economic systems have historically been based on a similar economic model in terms of development strategy and the mechanism for allocating and managing resources functional to it. Therefore, the two countries' economic reforms took the form of overcoming the constraints and obstacles posed by the traditional model on the path of transforming development from extensive to intensive. In summary, this economic model based on the submission and instrumentality of the economy to politics. At first glance, later confirmed by evidence, Chinese reforms' economic success thanks to several factors, the most important are:

- 1) the combination of up-down and bottom-up reforms that characterized the path of reforms;
- 2) dual-track transition with incremental going first; overall coordination with breakthroughs in critical areas;
- 3) gradualism and step-by-step advances.

Moreover, three political economy explanations could illustrate China's economic success. Firstly, a central autonomous government, which did not represent a specific social class, facilitates supporting highly inclusive economic policies that produce long-term economic growth for the whole society. Secondly, an economic decentralization with local governments that have a fiscal solid motivation to take the initiative to spread the local economy. Thirdly, a meritocratic promotion system that incentivizes local officials and counters the unfavourable consequences of decentralization, such as regionalism and corruption.

Although several similarities can be found between them, China has built a more resilient regime while the Union of Soviet Socialist Republics ended up collapsing. Moreover, new-born Russia did not manage the fall of the Soviet Union model correctly, and its collapse generated a presidential-centred state, with high leverage of the oligarchs and a resource-dependent economy. On the contrary, China was able to modernize the State and the economy. The outcome was a plethora but well-functioning administrative apparatus and constant economic growth.

China and the Soviet Union were two economies that chosen planning as a development model and then had experienced the transition to the market, the former successfully and the latter not. The new management of the Chinese countryside configures a radical reform with a practical economic decentralization; instead, the

partial reforms in Chinese industry, in those years, had the aim of making the production system more flexible without drastically changing the model. The Soviet reforms should have entered the natural phase of implementation in the five-year plan (1991-1995). In any case, the Soviet industrial reforms would have been, from a theoretical perspective, structural: an economical and administrative decentralization. The changes in agriculture would have been experimental, depending on industrial reforms' evolution, therefore not endowed with autonomous life like the Chinese ones.

Gorbachev's economic reforms aroused disbelief. Firstly, Soviet government information continued to be opaque and generic, not allowing economic observers to understand the real intentions. However, his reforms failed because they found opposition from a Soviet "deep state" in their path and isolation within the international arena. Notwithstanding, Gorbachev made the acceleration of scientific-technical progress, growth and industrial modernization the critical idea of his economic reform. However, it was a question of restarting an obsolete and jammed mechanism, no longer able to face the competition with a West in constant economic and technological growth. One of the first and obvious economic results is the reduction of the now unsustainable military spending with a new foreign policy aimed at reducing armaments. Gorbachev closes with the utopia of Marx and Lenin. He plans the transition to the mixed economy with the liberalization of prices and the market. In less than a year (1990-1991), four moderate and radical reform plans follow one another. Nevertheless, it is too late. The country will fall a few months later. Noteworthy is the Perestroika policy and the subsequent political results that made a difference. In fact, radical economic reforms, like the Chinese ones, did not exist, and the few implemented did not have time to produce significant results.

The main difference between the radical reforms in the socialist countries in East Europe and the Soviet Union and the gradual reforms in China does not pose in the approaches or way of marketization adopted, but in the nature and the ultimate goal of such reforms: the firsts aim to deny the socialist systems, the latter aim to improve its socialist system with economic reforms. The economic reforms launched in 1978 were the key that unlocked impressive China's economic growth. China adopted gradualism and concluded its price reform in 10 years, from 1984 to 1994. To lead the transition from a planned economy to a market economy, price reform was indispensable. SOE reform came next and, in the meantime, especially from 1980 with the establishment of four special economic zones, the open up to the international economy and the private sector. Finally, during the 1990s, China experienced the fastest pace in its growth and achieved access to the World Trade Organization in 2001. The post-WTO opening was guided by the "going abroad", whereas the pre-WTO opening was related to bringing in foreign investment. The explosion of Chinese exports (and, to a lesser extent, imports) that began with the country's opening in 1978 is undoubtedly one of the dynamics that best return the country's growth (not only economic) and its recovery integration with the rest of the world. Nevertheless, not only the volumes have changed, but the composition of exports is also very different: up to the 1990s, Chinese exports mainly were low value-added and labour-intensive products, like textiles, clothing and footwear. Today, the percentage has dropped, and now electronic products and machinery replaced those exports.

Agricultural policies in the Soviet Union and the People's Republic of China have historically been subject to collectivization. Structural constraints and historical legacies have played a decisive role in the formulation of Deng Xiao Ping and Gorbachev's agricultural policies, and a large part explains their substantial diversity of approach. Remarkably, the choices made by Deng Xiao Ping have configured a profound reform of the Chinese rural world. The principle of evaluating peasant income based on the final production implicitly placed the family in the position of the basic productive unit. Moreover, the reforms relating to land management, the size of farms, and the increase in state prices, progressively defined the Chinese countryside's new productive structure. Between 1982 and 1984, de-collectivization led to the progressive replacement of municipalities with Cantonal Governments, thus establishing a "separation" between the Party and the government in the local administration. China's agricultural reform is so far the only example of effective systemic reform that has ever been implemented in a socialist economy. The profound changes were neither traumatic nor violent, and with the recourse to the conceptual distinction between ownership and management, the leadership was able to draw the new order within the canons of socialist orthodoxy.

In the Soviet Union, agricultural policy, on the other hand, has always remained anchored to the collectivized structure imposed in the 1930s. Except for some organizational-production changes, adopted in the early 1980s, it is only with Gorbachev that changes in agricultural management find their place within the reform agenda. The most critical element of the Soviet agricultural reforms is the establishment of the "brigade contract". Although the official wording is different, the brigade contract in practice authorizes the formation of small groups or autonomous teams within collective farms. The difficulties in finding the necessary industrial inputs (especially machines and fertilizers) hindered the production unit's development with their means concerning the kolkhoz. For these reasons, the zveno system has remained purely in the experimental phase and has remained little extended. In any case, it was not easy to hypothesize that these voluntary groups, precisely because they are not family-based, could cover all the employees of a collective farm. Except for brigade contracts, a traditional conception has excelled in which the administrative reform of the bureaucratic centre prevails over the actual decentralization measures. Although the Gosagroprom performed a function of complete agricultural production management, which was previously dispersed among many central bodies, it is still a bureaucratic body.

In the end, the recognition of private ownership in trade, manufacturing and services was much more explicit and extensive in China than in the Soviet Union. Finally, joint ventures played a primary role in differences in economic results. With the law on joint ventures, even the Soviet Union, eight years after China, allowed foreign capital investment. It is also interesting to note that in the Soviet Union, the majority of the capital of the joint ventures must have been the Soviet side (at least 51%). On the other hand, in China, the mixed enterprises of the fourteen coastal cities had to be the Chinese majority, while those located in the four special economic zones could have a majority (up to 100%) of the foreign capital. Reforms in China and the Soviet Union are both led by the Party's top officials. A political precondition must be added to the "techniques"

of economic decentralization: only if the party-state openly supports and guarantees the reform requests, the latter have a concrete chance of success.

In retrospect, it is customary to privilege the economic dimension of China's transformation for the era of "reforms and opening". It is an understandable trend: China's impressive GDP growth momentum has lifted the country to the second-largest economy's rank on the planet. However, the new course set by Deng Xiaoping also embodied in a set of political-institutional reforms that have defined the enabling framework for the country's economic development. First of all, there has not been a full-blown "demaioization" in China, following the example of Khrushchev's destalinization. Secondly, a new Constitution was launched (1982), which in article 79 established a maximum of two terms for the President of the People's Republic. The Party-State abandoned the previous totalitarian configuration and assumed the connotations of post-totalitarian oligarchic authoritarianism; this served above all to stabilize power. However, the start of Xi Jinping's second term led, among other things, to the constitutional amendment (March 2018). The double term limit for the President of the People's Republic of China was removed. Finally, meaningful to include is Deng's embrace of the concept of "inner-party democracy", by which leaders would pay attention to "constructive opinions" to avoid the danger of causing severe errors. However, after making the decision, party members must follow "democratic centralism" and implement it.

According to Gorbachev, overcoming the economy's subordination to politics in production processes, which implies the loss of the Party's direct power over and the recognition of (at least partial) autonomy of economic operators, are indispensable conditions for effective economic reform. However, the real discriminating factor between Chinese and Soviet political results lies in the fact that China has built a more resilient regime than Russia, thanks to a more stable political system and a less vulnerable economy. The success of China's model based on outstanding economic growth and a well-functioning state apparatus. The Tiananmen Square crisis in 1989 marks a decisive watershed for China. It leads the country's development line to move towards a horizon in which the absolute maintenance of political stability is the premise for vigorous material progress.

Focusing more on the Soviet political results, without slipping into insignificance, the main consequences of the new reforms (merged with other past factors) was the Soviet Union's collapse. Subparagraph 3.4.1 analyzes the Soviet Union dissolution. Perestroika turned out to be Pandora's box, which, once opened, gave way to processes entirely beyond the control of those who had opened it. The reforms implemented in the country have led to a structural crisis of absolutely extraordinary gravity, making its creator lose credibility. The system produced unpredictable effects since the reforms soon got out of hand to Gorbachev, who claimed to change a highly rigid and unfree apparatus. The relaunch of the system hoped for at the time of the reforms has instead turned into a vertical fall in its prestige, which will trigger a collapse of the communist regimes at the international level, especially in Eastern Europe. Gorbachev remained President until December 27, 1991, when the dissolution of the Soviet Union was decreed. Russia, which has become fully sovereign, collects the international heritage of the Soviet Union, also taking over the permanent seat on

the United Nations Security Council. Yeltsin will remain in office until December 31, 1999, when he will pass the hand to Vladimir Putin, former prime minister.

The latest comparative analysis on the consequences and results of policies undertaken in the 1970s, 1980s, and early 1990s is the time difference in China and Russia's access to the WTO. After eight years, on November 15, 1999, China received the "ticket to the world", reaching an agreement with the United States under which the latter would support its entry into the WTO. The agreements signed with the United States and the European Union in 2000 provided the go-ahead for membership. On November 11, China signed the entry protocol. From December 19 to December 20, China attended the WTO General Council as an official organization member. China's accession to the WTO represented a turning point for the country itself and international trade. The most protracted and most challenging negotiation in World Trade Organization history: Geneva's technicians defined Russia's accession to the WTO with these words. The working group in charge of evaluating the Russian candidacy took office back in 1993, after the dissolution of the Soviet Union when the WTO was still called GATT. On December 17, 2011, Russia's entry into the WTO was made official in Geneva, closing the lengthy negotiations. By joining the WTO, Russia has pledged to lower import tariffs, reduce subsidies to domestic sectors (especially agriculture), defend intellectual property, and open its banking sector to foreign capital. However, the agreement did not affect the Russian economy's strategic sector, oil and gas extraction. The entrance into WTO was the last consequence of the challenge towards globalization. The long history between China and Russia (The Soviet Union) is challenging to evaluate. The Economist, for example, refers to the two countries as "frenemies", highlighting the mutual suspicion and hostility.

After the People's Republic of China proclamation, the Soviet Union and the other socialist states were, with a few exceptions, the only countries to recognize the new regime. The new Republic's fundamental task was to guarantee security within an international situation that was particularly hostile to it, and, at that moment, this could only happen at the cost of its dependence on its Soviet neighbour. However, Mao felt humiliated by Stalin because he refused to treat China as an equal partner. In the first years, the People's Republic of China appears on the world stage as its most important partner in the socialist bloc (not as a Soviet satellite). Moreover, as the world's oldest civilization and most populous country, China refused to accept a subordinate position in the international Communist movement. After Stalin's death, relations between the two socialist states started to worsen due to the Chinese leadership's aversion to Khrushchev's de-Stalinization. China was persuaded to seek a new and proper path by freeing itself from the cumbersome Soviet giant. Beijing began to weave its links with other Communist countries directly. Noteworthy is the relationship between Beijing and Tirana, between Mao Zedong and Enver Hoxha. At the same time, Khrushchev did not show that he wanted to go back from his position publicly taken at the 20th Congress. True to this spirit, Khrushchev refused to actively respond to the intervention of the American marines in Lebanon or to support the Chinese when they began bombing the island of Quemoy still occupied by Jiang Jieshi's troops and also made it clear later that the Soviet Union would never have supplied a nuclear bomb prototype to the Chinese.

However, the fact is that de-Stalinization, in itself and its consequences, offered Beijing an opportunity to acquire greater weight and greater prestige within the “socialist community”.

However, the tension in the Sino-Soviet alliance reached a breaking point in 1959-1960 as a result of several factors: Khrushchev’s meeting with Eisenhower at Camp David, Moscow’s public neutrality in the Sino-Indian border dispute, Beijing’s provocation to the ideological leadership of the Kremlin, the controversial exchanges during the conferences of the Communist Parties held in Bucharest and Moscow and the withdrawal of Soviet economic aid. In 1962-1963, on the other hand, the ideological elements had assumed a preponderant character. In March 1963, Beijing began to reclaim that part of the Chinese territory which it claimed had been lost during 19th-century imperialism with the three “Unequal Treaties” with which Russia had obtained vast expanses of territory.

The Sino-Soviet split was a shock for soviet public opinion; moreover, it contributed to putting in a bad light Khrushchev’s foreign policy. However, the fall of Khrushchev did not bring significant improvements in relations between the two countries. Notably, the bilateral relations deteriorated due to the continual border disputes. Finally, the events in Czechoslovakia in August 1968 only increased the fears of China, which saw the hypothesis of armed intervention by the Soviet Union and confirmed its thesis of the strongly social-imperialist character of the Soviet Union. The Zhenbao Island Incident (March 2, 1969) was a watershed for Moscow and Beijing’s relations. The violent outburst pushed the confrontation to its height. Beijing adopted a friendly policy towards the United States and other Western countries, worrying Moscow by forming a united front with the United States and Japan against their adversary in the north. To counterbalance Beijing’s move, Moscow proposed a so-called “Asian Collective Security System” to isolate China. In October 1977 that Communist China and the Soviet Union reached an agreement on river borders. The first round of negotiations on the normalization of relations was instead held on September 27, 1979. However, China suspended them following the Soviet invasion of Afghanistan in December 1979 and used this situation to continuously approach the West, particularly to the United States. The Soviet Union would therefore have tried to break this coalition by calling for an improvement in relations between Beijing and Moscow. It was now evident that Moscow had to change its policy not to risk being isolated internationally.

The so-called “Unequal Treaties” between China and Russia is an unresolved issue. The Unequal Treaties are an unresolved issue that has been going on for centuries between China and the Western powers. The border treaties imposed by the Tsars on the Chinese empire are condemned with particular bitterness because they are the only ones of this type still in force. At the time of European expansion and the international community’s consequent enlargement, the European legal order was extended and imposed on other states. The Chinese empire, and other countries, are not considered to be on an equal level of civil development with Europe’s states and, thus, an institutional subordination to the latter is theorized for them. The colonial powers believed they had the right to ask the governments of these countries, considered inferior due to their weak internal structure, for numerous commitments and guarantees. The position of the People’s Republic of China regarding the Unequal Treaties is firm and consistent. The Chinese government has

continuously affirmed the ab initio nullity of treaties imposed with any violence and where there is no full equality and reciprocity of advantages between the parties, identifying in these characteristics the expression of principles of international law necessarily common to all States, whatever their political order. After the 1917 Revolution, Lenin had promised (Karakhan declaration of 1920) the return of the territories acquired by the former Tsarist imperialism. In 1924 the Soviets repudiated the Unequal Treaties imposed on China by the Tsarist empire, proposing to replace them with new agreements inspired by the principles of equality and equity; however, no practical revision was achieved due to the slowness and inconclusiveness of the work of the conference which should have brought about the revision. With the Communist Party of China country's definitive stability, the question of borders returns to the fore.

However, corresponding bilateral agreements are still lacking regarding the Sino-Russian Unequal Treaties (of Aigun, 1858, and of Beijing, 1860) and the borders with India, set by the British colonial authority (Mac Mahon line). The Soviet Union's refusal in autumn 1969 to admit the "injustice" of the Sino-Tsarist treaties remained the main obstacle to the conclusion of a border agreement. Even today, the issue of the Sino-Russian borders remains the subject of debate. China relies on the United Nations Charter and the 1969 Vienna Convention on the Law of Treaties, which enunciates a principle accepted by positive law on the invalidity of agreements obtained with the exercise or threat of military force against the State's integrity.

After the Soviet Union's dissolution, the relationship between the People's Republic of China and the Russian Federation has changed from a marriage of convenience into an enduring strategic value as proved by tighter economic, diplomatic, and security links. Frictions and tensions with the US accelerated this trend. The dissatisfaction against the US-led world order is the main reason for the Chinese-Russian strategic partnership. It was confirmed with the Treaty of Good Neighbourliness, Friendship, and Cooperation signed in 2001. Undoubtedly, good neighbourliness and win-win cooperation (even though it is more beneficial to China) characterize bilateral relations. Moreover, the United Russia Party and the Communist Party of China want to strengthen their coordination to forge a multipolar world. China and Russia wish to undermine another current world's element that is the democratic and liberal emphasis on human rights. Although the cooperation stands out over the current bilateral relation, the latter is still fragile. In this sense, the author will propose the idea of the BRI as a connecting tool in the future. The Initiative could be foster the development of bilateral relations. Asymmetry between Russia will become more apparent. Nevertheless, so far, mutual interests have masked the differences and have encouraged good behaviour. It remains the question of how long China will continue to treat Russia as equals. At the time of the thesis's writing, the latest example of the two countries' rapprochement is the sanctions imposed by the European Union on China and Russia.

As outlined above, nowadays, when it comes to Russia and China, their relations with the United States of America cannot be ignored. The trilateral relationship among China, the United States, and Russia showed new features after the Cold War. The current relation among the three powers is called "trilateral", not "triangle" because the structure is not zero-sum or two vs one. The US-China-Russia strategic relationship will dominate the geostrategic scene in the coming decade. Significantly, China and Russia are developing

strategic partnerships because they share the same viewpoints regarding international orders want to cooperate in fighting against the unipolar world dominated by US hegemony. As a matter of fact, cooperation between China and Russia is economical, but it has also become political on foreign policy. Both countries are fighting against US hegemony.

The cooperation between the US and Russia is more exceptional than the norm. As a result, after domestic turning points occurred within Russia, the bilateral relations regularly are back to being competitive: “restart” instead of “reset”. Putin returned to power negatively affected the bilateral relations. Whereas many academics define the new relations between Washington and Beijing as the brink of a New Cold War. For instance, Graham Allison’s crucial question considers if China and the US may escape the so-called Thucydides’ Trap. The trade confrontation that the Republican administration of Donald Trump has initiated against China could be seen as one of the first signs of the Thucydides’ Trap, a general hysteria of the Washington establishment towards Beijing, afraid of losing the primacy of global superpower.

A joint attempt to counterbalance US hegemony is the war against the dollar explained in subparagraph 4.2.1. An economic and financial alliance has developed between Russia and China to counter US hegemony in the trilateral relationship. Dethroning the dollar as an international reserve currency is unthinkable in the short term. However, it is undoubtedly possible to disengage from it, and China and Russia seem to be moving in this direction. As already highlighted, relations between the US and the other two great powers are in pitiful conditions.

After Beijing entry into the WTO and the co-optation of Chinese entrepreneurs within the Communist Party of China following the “thought of the three representations”, the decade of Hu Jintao and Wen Jiabao (2002-2012) began in China. With Xi Jinping’s rise to power in 2013, it soon became apparent that a new phase in China’s development path was about to open. The campaign against corruption, the launch of the Belt and Road Initiative, the announcement of a “new normal” in the 13th five-year plan 2016-2020, the proclamation, in the 19th National Congress of the Communist Party of China in 2017, of “socialism with Chinese characteristics for a new era”, and the approval of the grandiose new industrial policy plan Made in China 2025 are all signs of change and new incentives domestic and international impose on China. In light of this, the author answers the question of whether China is a capitalist state. The answer is “yes”, China is decidedly capitalist.

The leading economic exchange between China and Russia involves energy. Moscow is a relevant energy exporter, while Beijing’s imports grow each year. One of the most prominent examples of cooperation between China and Russia within the international arena is the economic and political regional organization BRICS. For what concerns the Russian economy, since the collapse of the Soviet Union in 1991 and its command economy, Moscow has a mixed economy today. The government only holds the oil and gas industries. Despite the reforms desired in recent years by President Vladimir Putin, Moscow’s economy is still too tied to the price of hydrocarbons and is currently experiencing an insurmountable distance with other powers: the whole Russian economy depends on the price of energy resources.

Finally, worthy of notion is the Belt and Road Initiative. Far beyond transport infrastructure, the BRI is an ambitious strategy to enhance connectivity between Asia and Europe. Its goal is to promote China's integration into the global economy. To carry out its initiative, China has concluded from the beginning a series of state agreements with a few dozen countries, including Russia. All these agreements are very different from international treaties that have real legal value. They take the form of agreements, usually of a temporary duration, called "Memorandum of Understanding" (MoU) for cooperation in implementing various aspects of the BRI within the territories of the signatory countries.

The BRI could be a connecting tool between China and Russia, and it could be foster the developing of bilateral relations. Overall, at the end of the first half of 2020, Russia maintained its place as the largest beneficiary of the BRI. The Power of Siberia Gas Pipeline project is perhaps the best illustration of the potential of the Sino-Russian alliance. However, the Kremlin is suspicious of the implementation of the BRI. The Kremlin fears that China is acquiring access to Russia's key strategic sectors. Moreover, The Chinese influence in Central Asia is at the expenses of Russia. In the end, the author analyzes all the BRI sides separating the various Silk "Roads". The thesis illustrates the more familiar the Silk Road Economic Belt, which is terrestrial, and the Maritime Silk Road, but also the less famous Polar Silk Road, Digital Silk Road and Health Silk Road.

The Silk Road Economic Belt (SREB) aimed to link China with Europe passing through Central Asia and Russia. The opening of new land routes in Central Asia would constitute an alternative to the longest maritime trade route that passes through the Suez Canal and allow the Chinese ports to be decongested. Even for the maritime rib of the BRI, it is possible to draw a parallel with some routes that formerly expert merchant-navigators ploughed, especially along the Indian Ocean, to trade valuable goods and artefacts between East and West. The Maritime Silk Road (MSR) runs from Chinese coastal ports across the South China Sea to the Indian Ocean, extending to Africa and Europe. The critical issues of various kinds, although not negligible, do not affect the possible success of the Belt and Road Initiative as a whole to date.

The most remarkable consequences of continuing global warming are recorded in the Arctic: rising temperatures have opened previously inaccessible routes and increased the possibility of exploiting the region's hydrocarbon, mineral and fishing resources. To symbolize the importance of the Arctic, non-riparian countries (read China) are showing a growing strategic interest in the most inhospitable region on Earth. From a strategic point of view, the Chinese projection in the Arctic is made explicit with the so-called Polar Silk Road theorization. The North Pole is a prime example of competition and competition between major global players. Russia, whose economy is based on the hydrocarbon and mining industries, needs to develop infrastructures and production systems in the region to survive and avoid financial collapse and consequent instability. The Russian-Chinese cooperation is essentially focused on exploring energy fields and developing of infrastructures for the supply of gas. The emblematic example is the aforementioned Power of Siberia gas pipeline. Thus, the Arctic is a hot topic for study trilateral relations. Although less "publicized" in the media than the traditional routes of the Belt and Road Initiative, the Polar Silk Road is not a project to be

underestimated to fully and adequately evaluate Chinese ambitions on a global level. The partnership with Russia in the Arctic region is, at the same time, a picklock to permanently enter a place in the world significantly distant from the Chinese borders and a showcase to show other potential partners the goodness in doing business with Beijing. China's strength also lies in this flexible multilateralism based on the immediate effectiveness of economic investments that hide the consequent ganglia of political influence. The Digital Silk Road (DSR) was introduced in 2015 by an official Chinese government white paper as a component of the Beijing Belt and Road Initiative (BRI), which aims to improve global digital connectivity and facilitate China's rise as a global technological superpower.

China's Covid-era diplomacy is turning around the Health Silk Road (HSK) that takes pride. This strategy shows China's efforts to engage in global health leadership. Starting in March 2020, China has publicly dispatched personal protective equipment and medical teams. However, Beijing stipulated commercial contracts in return for "charitable" activity.

With the sprawling BRI, China intends to bring Russia under its wing. The author presented the main BRI "routes" and their implications for Russia. These are not only positive from the Russian perspective, as the Chinese influence in Central Asia shows. To sum up, BRI could be a connecting tool that will help Beijing and Moscow to come even more in contact, despite various pitfalls. An admonishment for the West.