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# NAVAL POSTGRADUATE SCHOOL MONTEREY, CALIFORNIA



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## THESIS

THE RUSSIANS DEBATE THE KURIL ISLANDS TERRITORIAL  
DISPUTE: AN ASPECT OF RUSSO-JAPANESE RELATIONS IN  
THE POST-COLD WAR WORLD

by

Virginia B. Graf

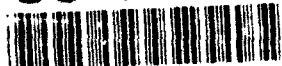
June 1993

Thesis Advisor:

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93-21786



040

Unclassified

SECURITY CLASSIFICATION OF THIS PAGE

## REPORT DOCUMENTATION PAGE

|  |       |  |   |  |                                   |
|--|-------|--|---|--|-----------------------------------|
| 1a. REPORT SECURITY CLASSIFICATION<br>Unclassified   |       |  | 1b. RESTRICTIVE MARKINGS<br>Unclassified  |  |                                   |
| 2a. SECURITY CLASSIFICATION AUTHORITY  |       |  | 3. DISTRIBUTION/AVAILABILITY OF REPORT<br>Approved for public release; distribution is unlimited. |  |                                   |
| 2b. DECLASSIFICATION/DOWNGRADING SCHEDULE  |       |  |   |  |                                   |
| 4. PERFORMING ORGANIZATION REPORT NUMBER(S)  |       |  | 5. MONITORING ORGANIZATION REPORT NUMBER(S)   |  |                                   |
| 6a. NAME OF PERFORMING ORGANIZATION<br>Naval Postgraduate School   |       | 6b. OFFICE SYMBOL<br>(If Applicable)<br>38 |   | 7a. NAME OF MONITORING ORGANIZATION<br>Naval Postgraduate School       |                                   |
| 6c. ADDRESS (city, state, and ZIP code)<br><br>Monterey, CA 93943-5000   |       |  |   | 7b. ADDRESS (city, state, and ZIP code)<br><br>Monterey, CA 93943-5000 |                                   |
| 8a. NAME OF FUNDING/SPONSORING ORGANIZATION  |       | 6b. OFFICE SYMBOL<br>(If Applicable)       |   | 9. PROCUREMENT INSTRUMENT IDENTIFICATION NUMBER                        |                                   |
| 8c. ADDRESS (city, state, and ZIP code)  |       | 10. SOURCE OF FUNDING NUMBERS              |   |  |                                   |
|  |       | PROGRAM<br>ELEMENT NO.                     |   | PROJECT<br>NO.   | TASK<br>NO.                       |
|  |       |  |   | WORK UNIT<br>ACCESSION NO.   |                                   |
| 11. TITLE (Include Security Classification) THE RUSSIANS DEBATE THE KURIL ISLANDS TERRITORIAL DISPUTE:<br>AN ASPECT OF RUSSO-JAPANESE RELATIONS IN THE POST-COLD WAR WORLD   |       |  |   |  |                                   |
| 12. PERSONAL AUTHOR(S)<br>Graf, Virginia B.  |       |  |   |  |                                   |
| 13a. TYPE OF REPORT<br>Master's Thesis   |       | 13b. TIME COVERED<br>FROM TO               |   | 14. DATE OF REP(year, month, day)<br>June 1993                         |                                   |
|  |       |  |   | 15. PAGE COUNT<br>160  |                                   |
| 16. SUPPLEMENTARY NOTATION<br>The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government.   |       |  |   |  |                                   |
| 17. COSATI CODES   |       |  | 18. SUBJECT TERMS (continue on reverse if necessary and identify by block number)                 |  |                                   |
| FIELD  | GROUP | SUBGROUP                                   | Kuril Islands, Northern Territories, Russian Federation, Russo-Japanese Relations                 |  |                                   |
|  |       |  |   |  |                                   |
|  |       |  |   |  |                                   |
|  |       |  |   |  |                                   |
| 19. ABSTRACT (Continue on reverse if necessary and identify by block number)   |       |  |   |  |                                   |
| <p>Both Japan and the Russian Federation still claim rightful ownership of a small group of islands between Japan's Hokkaido Island and the Russian Federation's Northern Kuril Islands. Russia seized the islands in the course of World War II. The disposition of the islands has prevented the two countries from signing a peace treaty. The objectives of this thesis will be to analyze Russia's political, economic, strategic, and social perspectives of the Kuril Islands debate, during 1992, as an indication of the post-Cold War international relations between Moscow and Tokyo. It is the hypothesis of this thesis that although the breakup of the Soviet Union has eased tensions between the "West" and "East," international relations between Moscow and Tokyo continue to reflect Soviet philosophies and policies. This not only hurts the Russian Federation's future development in the Pacific Rim but acts as an obstacle for cooperative, interdependent ties between all the countries of the world.</p> |       |  |   |  |                                   |
| 20. DISTRIBUTION/AVAILABILITY OF ABSTRACT<br><input checked="" type="checkbox"/> UNCLASSIFIED/UNLIMITED <input type="checkbox"/> SAME AS RPT. <input type="checkbox"/> DTIC USERS  |       |  | 21. ABSTRACT SECURITY CLASSIFICATION<br>Unclassified  |  |                                   |
| 22a. NAME OF RESPONSIBLE INDIVIDUAL<br>Claude A. Buss  |       |  | 22b. TELEPHONE (Include Area Code)<br>(408) 656-2935  |  | 22c. OFFICE SYMBOL<br>Code NS /Bx |

DD FORM 1473, 84 MAR

83 APR edition may be used until exhausted

SECURITY CLASSIFICATION OF THIS PAGE

All other editions are obsolete

Unclassified

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**The Russians Debate the Kuril Islands Territorial Dispute: An Aspect of Russo-Japanese Relations in the Post-Cold War World**

by

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Lieutenant Commander, United States Navy  
B.A., California State University, Chico, 1975

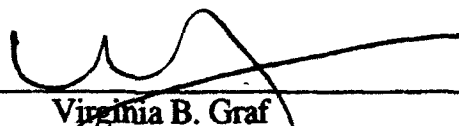
Submitted in partial fulfillment of the requirements for the  
degree of

**MASTER OF ARTS IN NATIONAL SECURITY AFFAIRS**

from the

**NAVAL POSTGRADUATE SCHOOL**  
June 1993

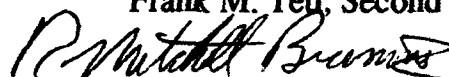
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Frank M. Teti, Second Reader

  
CDR Richard M. Brown, Chairman, Department of National Security  
Affairs

## ABSTRACT

Both Japan and the Russian Federation still claim rightful ownership of a small group of islands between Japan's Hokkaido Island and the Russian Federation's Northern Kuril Islands. Russia seized the islands in the course of World War II. The disposition of the islands has prevented the two countries from signing a peace treaty.

The objectives of this thesis will be to analyze Russia's political, economic, strategic, and social perspectives of the Kuril Islands debate, during 1992, as an indication of the post-Cold War international relations between Moscow and Tokyo. It is the hypothesis of this thesis that although the breakup of the Soviet Union has eased tensions between the "West" and "East," international relations between Moscow and Tokyo continue to reflect Soviet philosophies and policies. This not only hurts the Russian Federation's future development in the Pacific Rim but acts as an obstacle for cooperative, interdependent ties between all the countries of the world.

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| Unannounced        | <input type="checkbox"/>                   |
| Justification      |  |
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| Availability Codes |  |
| Dist               | Avail and/or<br>Special                    |
| A-1                |  |

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## EXECUTIVE SUMMARY

Both Japan and the Russian Federation still claim rightful ownership of a small group of islands between Japan's Hokkaido Island and the Russian Federation's Northern Kuril Islands. Russia seized the islands in the course of World War II. The disposition of the islands has prevented the two countries from signing a peace treaty.

The Russian Federation has shied away from official discussions concerning the islands that are; 1) a part of its strategic nuclear bastion, 2) a source of future economic development, and 3) a pawn in the internal political battle between moderates and liberals, and conservatives and nationalists. All Russians recognize that normal relations with Japan will not be possible until the island dispute is settled and a peace treaty is signed. The objectives of this thesis concentrate on the political, economic, strategic, and social importance of the Kuril Islands ownership debate among the Russians themselves as an indication of the post-Cold War international relations between Moscow and Tokyo.

Historical background of the Kuril Islands issue is provided as an introduction of the controversy. The research then turns to the political, economic, strategic, and social issues of the internal debates during 1992. The political interests and foreign policy section explores the political aspects of the debate and the internal political struggle for power in the Russian Federation. Economic perspectives are outlined in the next section followed by the strategic and security dimensions of the debate. The Russian people's view and public opinion polling information are provided in the next section. Each chapter ends with a summary of the Russian perspectives of the territorial dispute



within the context of that chapter. The conclusion includes prospects for the future and implications for the Pacific Basin countries.

At this writing, the Russian Federation and Japan have not signed a peace treaty and the South Kuril Islands remain in the hands of the Russians. After one year improvement in Russo-Japanese relations has not increased significantly but there have been signs that both sides are willing to consider compromises and that negotiations on not only the island dispute, but also economic and security issues, will continue.

This does not suggest that the territorial demarcation issue will be resolved or a peace treaty signed during this century. What the evidence does suggest are continued bilateral discussions on many important matters in an atmosphere that is seemingly cooperative and cordial, although reserved.

During 1992 both countries linked political, economic, and security issues together. For example, Russia still wants American troop levels reduced in the area and to be assured that Japan's Self-Defense Forces are not a threat to Russia's Far East. Japan is still concerned about the level of Russian military troops and equipment positioned east of the Urals throughout Siberia and the Far East.

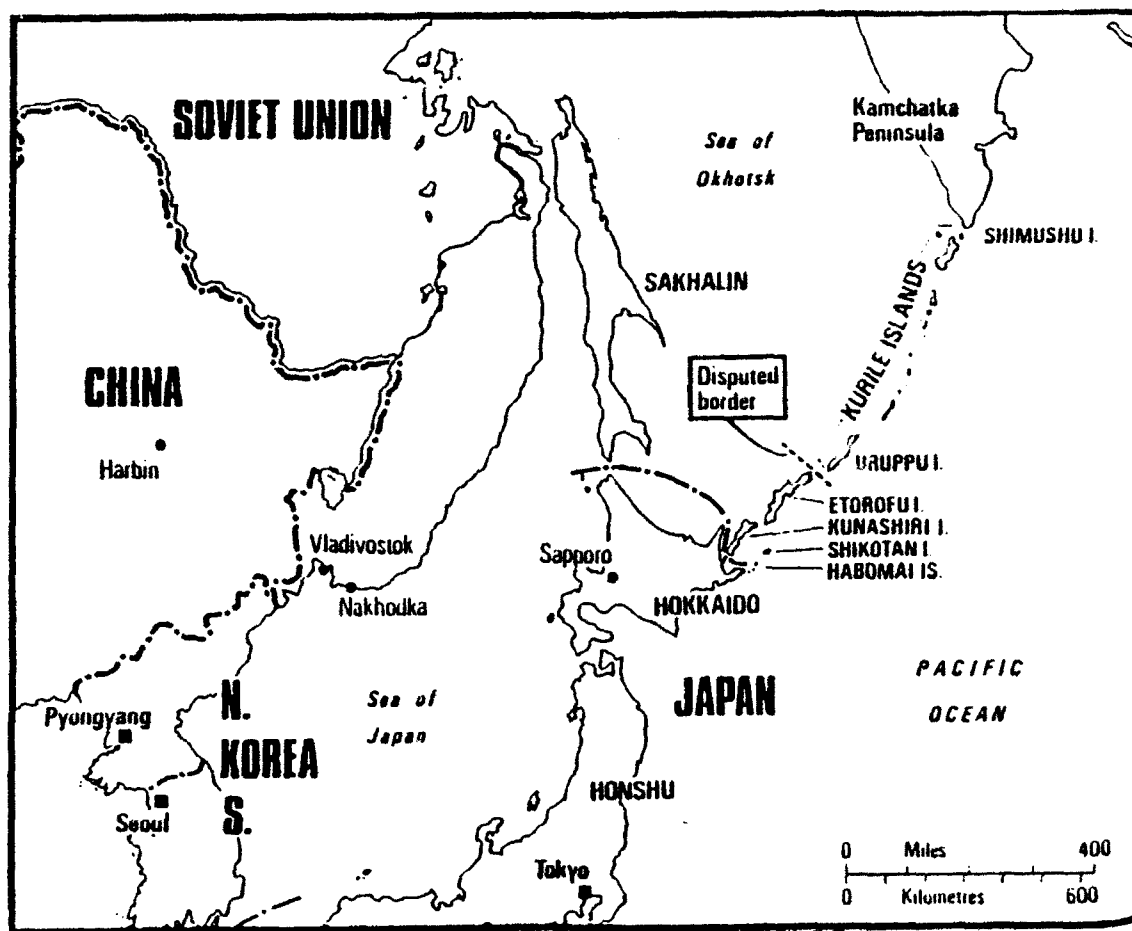
A combination of internal activities and events inside Russia will determine when and how the dispute will be settled. The rebirth of nationalism, disagreement upon the perceptions of their national interests, the battles for political power, and the new weight given to the Russian people's opinions in policy-making are still struggles that the Russian leaders have not resolved. Until these issues are resolved Japan must be patient, as she has been for the past forty-eight years. The prospects are favorable for resolving the island issue and signing a peace treaty during the first half of the next century.

## **I. INTRODUCTION**

### **A. OBJECTIVES AND METHODOLOGY**

The Russian view of the Kuril Islands dispute must be interpreted in the debate over foreign policy that was ongoing in the Russian Federation during 1992 and will continue into this year. Both Japan and the Russian Federation have historical claims to ownership of the small group of disputed islands between Japan's Hokkaido Island and the Russian Federation's Northern Kuril Islands (Figure 1). Moscow's present claim to the islands, however, is based on their occupation and retention as a consequence of an act of war. Moscow sees its presence in the Kurils as similar to the United States in Okinawa.

The Russian Federation has shied away from official discussions concerning the islands that are; 1) a part of its strategic nuclear bastion, 2) a source of future economic development, and 3) a pawn in the political battle between moderates and liberals, and conservatives and nationalists. Moderate-liberals are insistent that the new Russia must become a democratic nation accepted in the world community of nations without losing their status as a great power. Conservative-nationalists believe the territorial integrity of Russia has already been defaced by the break-up of the Soviet Union and refuse to accept giving away more Russian land. All Russians recognize that normal relations with Japan will not be possible until the island dispute is settled and a peace treaty is concluded.



Source: David Rees, Soviet Border Problems: China and Japan (London: Institute for the Study of Conflict, 1982), p. 20.

**Figure 1.** The Kuril Islands

The objectives of this research paper will concentrate on the political, economic, strategic, and social importance of the Kuril Islands ownership debate among the Russian themselves as an indication of the post-Cold War international relations between Tokyo and Moscow. Historical background (Chapter II) of the Kuril Islands issue will be provided as an introduction to the controversy as viewed by the Russians in the post-Cold War world. The paper will then turn to the political, economic, strategic, and social issues of the internal debates during 1992. The political interests and foreign policy section (Chapter III) explores the political aspects of the Kuril Islands issue and the internal political struggle for power in the Russian Federation. Economic perspectives are outlined in the next section (Chapter IV) followed by the strategic and security dimensions of the debate (Chapter V). The Russian people's views and public opinion polling information are provided in the next section (Chapter VI). The conclusion (Chapter VII) provides a summary of the Russian perspectives of the territorial dispute, prospects for the future, and implications for the Pacific Basin countries.

In this study of Russian perspectives of the Kuril Islands dispute, the weight of various aspects is uncertain due to the, yet to be decided, foundation and direction of the Russian Federation's foreign and domestic policies. The internal debates on what are their national interests, what the post-Soviet foreign policy foundation should be, and how to achieve acceptance in the world community of nations are ongoing. The debates have tilted first one way then the opposite, like a teeter-totter. Even more significant is the domestic struggle for power between

the Russian parliament and, Boris Yeltsin, the duly elected President of the Russian Federation.

The argument presented will suggest that Russia, due to her refusal to resolve the Kuril Islands issue with Japan, is clinging to political, economic, and military philosophies and policies that reflect pre-breakup Soviet policies in addressing international relations with Japan. This not only hurts Russia's future development in the Pacific Rim but acts as an obstacle for cooperative, interdependent ties between all the industrialized countries of both the West and East. Does the newly independent Russian Federation really want to become a member of the community of nations? Is it possible to become integrated into the Western state system while refusing to negotiate a settlement of the Kuril Islands territorial issue and without signing a peace treaty with Japan?

## **B. IMPORTANCE**

The impact of the relationship between Tokyo and Moscow on the stability, cooperation, and security in the Pacific Basin is of great significance. This is true for the countries surrounding the Pacific Rim and for the rest of the world. American views of the "New World Order" usually cite the Pacific Basin as one of three economic centers of the twenty-first century. "This vision may well become reality given the economic transformations and tremendous rates of

growth that have taken place across the Pacific Basin over the past 20 years."<sup>1</sup> During this period political, trade and investment, and cultural interests in the countries of the Pacific Rim, including the United States, have also grown.

In this era of a post-Cold War world, Russia is building on past relationships and seeking new partnerships, especially economic partners, to the East. Russian officials are aware that the economies of this region are the fastest growing in the world and Russia is in desperate need of trade, investment, foreign markets, aid and humanitarian assistance, and security agreements. Both Japan and the Russian Federation are potentially very powerful, economically, politically, and militarily, countries that in turn will be an important foundation for cooperation in the entire region and the world. The first step is the signing of a peace treaty and, ultimately, resolving the Kuril Islands territorial dispute to the mutual satisfaction of both countries.

### **C. LITERATURE REVIEW**

Many studies and articles, focussing primarily on the relationship between Moscow and the European capitals and the United States, direct attention to the territorial dispute concerning the Kuril Islands and the signing of a peace treaty between Moscow and Tokyo.

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1. Federal Reserve Bank of San Francisco, Twelfth District, Annual Report, 1993, p. 4.

Professor John J. Stephan, of the University of Hawaii, has written several books that deal directly with the Kuril Islands and the relationship between the Japanese and the Russians. Nearly twenty years ago Stephan wrote:

No comprehensive study of the Kuril Islands exists - but not for want of interest. Russians and Japanese have written about the arc since the seventeenth century and feel an abiding concern for it today. Yet linguistic and (more recently) ideological barriers have fragmented scholarship in general and historiography in particular. Many Russian and Japanese writers dealing with the Kurils betray an insularity characteristic of their subject. They refrain from using (or are unable to use) each other's sources. They tend to elevate their own country's claims and achievements at the expense of the other's. Some confine themselves to specialized inquiries. As a result, admirable monographs have appeared on Kuril Ainu and Kuril ornithology but no integrated treatment of the arc's past and present is available in any language.<sup>2</sup>

One study of particular interest is David Rees, The Soviet Seizure of the Kuriles.<sup>3</sup> As the title suggests, Rees work is a study of the Kurils in 1945 with specific attention given to the "decisions at Yalta." His primary hypothesis is that the Soviets illegally seized possession of the Kuril Islands at the end of World War II. He discounts the "legality" of an act of war.

Another specific work dedicated to the relations between Tokyo and Moscow is Savitri Vishwanathan's Normalization of Japanese Soviet Relations: 1945-1970.<sup>4</sup> Vishwanathan observes that "geographic closeness breeds special

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<sup>2</sup> John S. Stephan, The Kuril Islands: Russo-Japanese Frontier in the Pacific (Oxford: Clarendon Press, 1974), p. 1.

<sup>3</sup> David Rees, The Soviet Seizure of the Kuriles (New York: Praeger Publishers, 1985).

<sup>4</sup> Savitri Vishwanathan, Normalization of Japanese-Soviet Relations: 1945-1970 (Tallahassee: The Diplomatic Press, 1973).

interests between nations. Hence, even before Japan opened her doors to the West, she had to reckon with the presence of Russia."<sup>5</sup> He attempts "to determine whether in the postwar era, Japan was just a pawn in the American-Soviet conflict or whether she did try to formulate a positive policy towards the USSR on her own independent judgment."<sup>6</sup> Eight pages of the one-hundred forty-three pages in his book are devoted to the Northern Territories. Other works on the same subject reflect the same proportions.

Most of the other publications on this subject deal with the foreign policies of each country or the military-strategic issues of the Pacific Basin.<sup>7</sup> A short account of the relations between Tokyo and Moscow is provided, usually in the interest of the United States and the importance that America should place in the Pacific Rim in her own foreign policy positions. Little attention is paid to Russian points of view.

Interestingly, two student theses were found in the Dudley Knox Library at Naval Postgraduate School, Monterey dealing with the subject matter of this paper. The first one focuses on a specialized part of the relations between Tokyo and Moscow, the economic relationship. In his thesis "Japan-USSR Trade, Technology Transfer, and Implications for U.S.," David L. Trombley "delineates the affect [effect] of political, military, and socio-psychological factors on the

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<sup>5</sup> Ibid., p. vii.

<sup>6</sup> Ibid., p. viii.

<sup>7</sup> A listing of these publications is included in the bibliography of this paper.



economic foundation"<sup>8</sup> of the trade and technology transfer between the Soviet Union and Japan. Since this is a topic-specific study it is not surprising that only three pages out of one-hundred thirty-six pages of text are devoted to the Kuril Islands dispute.

The second thesis, and more relevant one to my research, completed by Michael A. Thompson (June 1982) deals directly with the issue of the Kuril Islands. In his study, "The Northern Territories: Case Study in Japanese-Soviet Relations," Thompson presents a case study of the Northern Territories, South Kuril Islands, dispute and attempts "to illuminate some of the salient differences in the national patterns of Japan and the Soviet Union."<sup>9</sup> His hypothesis focuses on the territorial problem existing due to Japan's and the Soviet Union's "radically different paradigms - disparities in their historical, economic, political, geo-strategic, and philosophical existence."<sup>10</sup>

As is evident by a review of the literature there is a void in the research of this area especially with the unprecedented occurrence in December of 1991, the breakup of the Soviet Union. There is a need to explore and examine the relationship between two potentially powerful countries of the Pacific Basin, Japan and the newly independent Russian Federation. Although less studied, Russia,

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<sup>8</sup> David L. Trombley, Captain, U. S. Army, "Japan-USSR Trade, Technology Transfer, and Implications for U.S." (June 1988), p. 4.

<sup>9</sup> Michael A. Thompson, Captain, U. S. Army, "The Northern Territories: Case Study in Japanese-Soviet Relations" (Thesis T4355, June 1982), p. 2.

<sup>10</sup> Ibid.

beyond her European ties, is also an Asian country. Russia has direct access to the Pacific Ocean and is a potential trading partner and political-military ally of all the countries of the Pacific Rim, including the United States.

## II. HISTORICAL BACKGROUND

### A. OVERVIEW

Since the end of World War II, Tokyo and Moscow have never signed a peace treaty nor have the international relations between the two countries been smooth and cooperative. A primary reason is the territorial dispute involving possession of part or all of the Kuril Islands (known by the Japanese as the Northern Territories and by the Russians as the South Kuril Islands).

The economic, strategic, political, and social interest in the Islands, which string between the southern end of Kamchatka and the northern part of Hokkaido, has been in the past and will continue to be very important to both countries. The significance of Siberia and the Russia Far East's proximity to Asian and Pacific countries creates objective conditions for extensive ties. "As Commerce Minister N. P. Rumianstev wrote Tsar Alexander I in 1803, "Nature itself, placing Russia next to Japan and affording them access to each other by sea, has given us trade advantages over all other trading states".<sup>11</sup>

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<sup>11</sup> John J. Stephan and V. P. Chichkanov, eds., Soviet-American Horizons on the Pacific (Honolulu: University of Hawaii Press, 1986), p. 40.

## B. PRE-WORLD WAR II

Exploration of the Kuril Islands goes back to the seventeenth century when both Japanese and Russian explorers were commissioned by their governments to seek new lands. Territories that would not only feed their territorial expansionist philosophies but provide a source of revenue in resources and taxes. By 1644, the Russians reached the pacific littoral. Exploitation of the marine and natural resources of the North Pacific not only by Japan and Russia, but also several European countries and the United States, continued into the 1800s.

Three elements have dominated the encounter between Japan and Russia since the beginning of the eighteenth century. The first was the commercial/economic interest. Next came the problem of territorial delimitation. The third was the impact of the international environment, especially the behaviour of third parties, including the United States, China, Britain, France and Holland.<sup>12</sup>

Commercial and economic interests were primarily pursued by the Russians. They used the Kuril Islands as a kind of stepping stone to Japan. The Japanese showed no interest in foreign trade and continued to be a closed society, unwilling to open their doors to virtually everyone until the early part of the nineteenth century.

Experts of the Russian Ministry of Foreign Affairs wrote in an article published during August 1992 that:

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<sup>12</sup> Wolf Mendl, "Stuck in a Mould: The Relationship Between Japan and the Soviet Union," The International Relations of Japan, ed. Kathleen Newland (London: MacMillan Academic and Professional Ltd., 1990), pp. 174-5.

The Russians were assimilating the Kuril Islands from the late 17th to the early 18th centuries through Kamchatka from the north, the Japanese from the south. In this case it is clear that the primordial population nationality were the Ainu. These islands cannot be considered either native Russian or native Japanese territory. Simultaneously, colonization of the Kuriles by the two sides went on. As a result, it came about that Urup and other islands to the north were possessions of Russia, and Iturup, Kunashir, Shikotan, and Habomai belonged to Japan. There are documents that testify to the fact that in the early 19th century Russia consented to such a division of spheres of influence.<sup>13</sup>

It was not until 1855 that the first treaty, the Treaty of Shimoda, involving the Russians and the Japanese was signed laying an official basis for Russo-Japanese trade. This treaty was part of the general treaty agreement following Admiral Perry's opening of Japan. It diverted a conflict between the two countries by establishing an agreed upon border line, just south of the island of Irup, with each country receiving ownership of a specific portion of the Kurils. This agreement specified that Japan would have sovereignty over the four southernmost islands - Iturup, Kunashir, Shikotan, and the Habomai (a cluster of small islands that the Russians identify as the Little Kuril Chain). Sakhalin Island would be jointly controlled with settlers from both countries welcomed to become inhabitants with joint fishing and hunting rights.

The Treaty of Shimoda also "provided for the establishment of diplomatic relations and the opening of three Japanese ports to Russian vessels."<sup>14</sup> Three

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<sup>13</sup> "Kuril Islands Dispute Viewed: Opinions of 'MFA Experts' Considered," 924C2108A Moscow Rossiyskiye Vesti in Russian 11 Aug 92 p 2 (FBIS-USR-92-111, 30 August 1992, p. 53).

<sup>14</sup> Stephan and Chichkanov, op. cit., p. 41.

years later a commercial treaty, similar to the Harris Treaty<sup>15</sup> with the United States, was signed granting trade, extraterritorial rights for Russian citizens, and tariff schedules. Russian expectations for trade with Japan went unfulfilled. "Ignorance about each other's markets and logistic obstacles constrained the level of exchanges."<sup>16</sup>

The Treaty of St. Petersburg, signed in 1875, amended the Shimoda Treaty in several ways. The Russians had decided that their primary interests lay in Sakhalin Island. It is a large island with many resources and is closer to the Russian mainland. The Treaty of St. Petersburg granted all the Kuril Islands to the Japanese and Russia would have the sole right of ownership of Sakhalin Island.

Later in the nineteenth century, the demand for sources of energy and raw materials to feed its industrialization and militarization drove the expansion of the Japanese empire. Japan's main thrust was toward Korea, Manchuria, and China but they were also interested in the island of Sakhalin. By the Treaty of

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<sup>15</sup> The Harris Treaty (July 29, 1858) was negotiated by Townsend Harris, first U.S. consul to Japan. The document "secured commercial and diplomatic privileges for the U.S. in Japan and constituted the basis for Western economic penetration of Japan. . . it provided for the opening of six ports to U.S. trade, in addition to those opened in 1854 by the Treaty of Kanagawa; it also exempted U.S. citizens living in the ports from the jurisdiction of Japanese law and arranged for diplomatic representation and a tariff agreement between the U.S. and Japan." The New Encyclopedia Britannica (Chicago: Encyclopedia Britannica, Inc., Volume IV, Fifteenth Edition, 1982), p. 926.

<sup>16</sup> Ibid.

Portsmouth, Japan claimed the southern half of Sakhalin, together with Russian interests in South Manchuria as prizes of war. With the completion of the Trans-Siberian railway (1916) in Russia, commercial interests between Japan and Russia slightly increased. Japan's total foreign trade with Russia amounted to only a "small proportion."<sup>17</sup> Russian interests in Asia were also limited to the demands of European diplomacy and the growth of revolutionary movements within Russia.

For the Russians the economic link with Japan was far more important for meeting the needs of the Russian population scattered along the Sea of Okhotsk and the Japan Sea, and the development of Siberia. The Tsarist government took "active measures to promote peasant migration from European Russia to Siberia and Far East" <sup>18</sup> as early as the 1880s. This was the beginning of a battle between the two countries for rights over the coal and oil deposits of Sakhalin and fishing rights in the surrounding waters. Though, by 1903, bilateral trade had reached approximately \$6 million, "with Russia enjoying a favorable balance of about \$2 million."<sup>19</sup> By 1910 Russia, with less than 1 percent share of Japan's market, still was not a leading trade partner of Japan.

After the humiliating defeat of the Russians during the Russo-Japanese War in 1905 and the long period of Japanese occupation of Eastern Siberia into the

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<sup>17</sup> Mendl, op. cit.

<sup>18</sup> Stephan and Chichkanov, op. cit., p. 96.

<sup>19</sup> Ibid., p. 42.

early 1920s, the Russians began rebelling. After a raid on Japanese forces by partisans in 1920, the Japanese took control of the northern half of Sakhalin Island. By this time the Soviets were fed up and under Stalin were growing stronger, and in 1925 forced the Japanese out of northern Sakhalin. The Treaty of Portsmouth signed in 1905 was not altered. Japan retained ownership of the entire Kuril Island chain and the southern half of Sakhalin. The USSR retained ownership of the northern half of Sakhalin Island.

During World War I Russia had been supplied by Japan with "great quantities of material [primarily clothing and military ordnance] and food and had become its principal customer."<sup>20</sup> After the Bolsheviks came to power trade declined but by the end of the 1920s had increased. Disputes over fisheries and Soviet shortages of currency prevailed.

"Japan exploited Russian weaknesses during 1918-25 in more ways than intervention in Siberia alone would suggest."<sup>21</sup> With protection provided by the Imperial Navy, the Japanese fished in Russian waters. Those Japanese poachers that the Russians caught were released when Japanese warships cut tow lines and the Japanese are accused of intimidating all Soviet vessels passing through the Kurils. There was also a tremendous trade imbalance consisting of 98 percent Japanese exports.

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<sup>20</sup> Ibid.

<sup>21</sup> John J. Stephan, The Kuril Islands: Russo-Japanese Frontier in the Pacific, (Oxford: Clarendon Press, 1974), p. 130.



By the late 1920s Japanese concessions promoted the development of northern Sakhalin oil and Kamchatka fisheries. This helped to promote the region's economy and restore confidence in the bilateral trade relations between the two countries. Nevertheless fishing disputes were part of strained relations between the two countries.

Relations severely deteriorated in the early 1930s. Japan, a traditional but limited trading partner, "pursued policies which resulted in an aggravation of relations with the USSR."<sup>22</sup> Stalin ordered the Siberian and Far East areas built-up and strengthened during the Second Five-Year Plan (1933-7). Military personnel were moved into the area along with a small number of gunboats. The submarine base at Poset Bay was reactivated in 1933 and new submarine bases were opened at Vladivostok, Nikolaevsk, De Kastries, Petropavlovsk, and on the Komandorskii Islands. This relatively small and new Russian fleet could not possibly master the Imperial Navy but served as a deterrent to the Japanese fishermen and to the intimidation by the Japanese Fleet.

### C. WORLD WAR II

Once the war in the Pacific broke out, the Kurils became a matter of strategic importance with three countries vying for possession. This was the beginning of the dispute over the Kurils that still lingers between Japan and the Russian Federation. Japan and the Soviet Union signed a Neutrality Pact in 1942. The

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<sup>22</sup> Stephan and Chichkanov, op. cit., p. 120.

Pact "would encompass mutual respect for each other's territory and neutrality in the event of attack by one or more powers."<sup>23</sup> Every five years the Neutrality Pact would be reviewed and renewed "if neither signatory gave notice of cancellation during the fifth year."<sup>24</sup>

When the Soviet Union repudiated the Neutrality Pact on 9 August 1945 by declaring war on Japan, the Yalta accords, a secret agreement, had already been signed by the United States, Great Britain, and the USSR. The USSR's repudiation of the Neutrality Pact was not in accordance with the provisions agreed to by the two countries. In February 1945 at the Yalta Conference the USSR was promised possession of the Kuril Island chain in exchange for entering into the Pacific War against Japan and "Russia's claims should be 'unquestionably fulfilled' after Japan's defeat."<sup>25</sup>

The Potsdam Declarations of August 1945, which Japan accepted on 14 August, limited Japan territorial sovereignty to the four main islands of Honshu,

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<sup>23</sup> David Rees, The Soviet Seizure of the Kuriles (New York: Praeger Publishers, 1985), p. 34.

<sup>24</sup> Ibid.

<sup>25</sup> Mendl, op. cit., p. 178.

Hokkaido, Kyushu, and Shikoku and "such minor islands as we determine."<sup>26</sup>

Japan committed herself to this declaration by the Act of Capitulation.<sup>27</sup>

On 8 August the Soviet Union entered the war in the Pacific. This was after the America bombing of Hiroshima and six days before the surrender of Japan. Russians began occupying the Kurils on 18 August, after the signing of the Potsdam Declarations. Amid the confusion of secret agreements, signed by Roosevelt, and Truman's subsequent non-specific delineation of Soviet-Japanese border lines in the Kurils, the Soviet forces occupied the entire Kuril Islands.

Soviet occupation included the four islands nearest Hokkaido which had never been considered part of Russian territory in any of the earlier treaties signed by the two countries. But World War II "afforded the opportunity [for the Soviet Union] to gain by a shrewd combination of diplomacy and force what Japan would never have yielded in times of peace"<sup>28</sup> during the last two centuries.

#### **D. DURING THE COLD WAR**

On 25 February 1947 the Kurils were formally integrated as a part of the USSR. During this year approximately 17,000 Japanese who lived on the islands

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<sup>26</sup> Excerpt from Stephan, *op. cit.*, p. 245: The Potsdam Declarations - signed by China, Great Britain, the United States (26 July 1945), and by the Soviet Union (9 August 1945).

<sup>27</sup> "Kuril Islands Dispute Viewed," *op. cit.*

<sup>28</sup> Stephan, *op. cit.*, p. 198.

were deported - "driven forcibly from the Kurils."<sup>29</sup> Occupation of the islands and the deportation of the Japanese were all legal acts carried out as part of the reward for victory in war.

In 1949, the Japanese released their first official government position paper on the Islands. It said that the Yalta Agreement had no basis in international law and claimed the four southern Islands as the territory of Japan. One year later the People's Republic of China (PRC) issued a statement in support of the USSR's claim to the disputed islands. There was no agreement to these statements by the Soviets.

During the San Francisco Peace Conference of 1951 Japan agreed to "renounce all rights and claims to southern Sakhalin and the Kuril Islands."<sup>30</sup> The USSR was not a signatory of the Peace Treaty signed in San Francisco and "this treaty clearly envisages that it does not grant a nonsignatory country any rights."<sup>31</sup> Japan later claimed that the San Francisco Peace Treaty did not include the four southern islands since, in their view, these four islands had never been part of the Kuril chain.

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<sup>29</sup> Interview with Deputy Foreign Minister Georgiy Kunadze by Yuriy Makartsev; date and place not given: "Are Russian Diplomats Sinners or Saints?" 924C2206A Moscow Rabochaya Tribuna in Russian 21 Aug 92 pp 1, 3 (FBIS-URS-92-111, 30 August 1992, p. 58).

<sup>30</sup> Stephan, op. cit., p. 199.

<sup>31</sup> "Letter to Pravda" from Japanese Embassy in Russia: "From Japan's Vantage Points" - first three paragraphs are introduction: PM2707123792 Moscow Pravda in Russian 25 Jul 92 p 3 (FBIS-SOV-92-145, 28 July 1992, p. 16).

A major breakthrough in the normalization of their relations happened in 1956. A peace declaration between the two countries was signed on 19 October.

The declaration provided:

for an end of the state of war, restoration of diplomatic relations, regulation of mutual relations according to the UN Charter, Soviet support of Japan's entry in the UN, repatriation of Japanese detainees, mutual relinquishment of the right for reparations, early negotiations for concluding a Treaty of Commerce and Navigation, affirmation of the validity of the Fisheries Agreement signed on 14 May 1956, and early negotiation of a peace treaty followed by the return of Habomai and Shikotan.<sup>32</sup>

Future talks collapsed as the Soviets continued to expand the conditions of agreement and "at least in part as a result of pressure exerted on the Japanese by Washington."<sup>33</sup> By 1960, the USSR demanded that all foreign troops, the Americans, must leave Japan before negotiations could resume on the return of any of the islands and the signing of a peace treaty. Six months later the Soviets withdrew their ground troops from the four South Kuril Islands. Soviet troops returned to the islands, specifically Kunashir and Iturup, in 1978 as a show of intimidation and pressure on the Japanese to not sign a treaty with China. The Sino-Japanese Peace and Friendship Treaty was signed on 12 August 1978 in Peking. The Soviet buildup in the Far East and in the Kurils continued into the 1980s.

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<sup>32</sup> Savitri Vishwanathan, Normalization of Japanese-Soviet Relations: 1945-1970, (Tallahassee: The Diplomatic Press, 1973), p. 85.

<sup>33</sup> Stephen Foye, "The Struggle Over Russia's Kuril Islands Policy," RFE/RL Research Report, Vol. 1, No. 36 (11 September 1992), p. 35.

In 1961 Japan declared that the islands of Kunashir and Iturup are not and never were a part of the Kuril Island chain. Khrushchev responded by declaring the issue settled. The Soviets considered the Kurils a non-issue for the next twenty-five years except for a few specific gestures of reconciliation presented by both sides.

First, in 1964 "Khrushchev made plain to a visiting Japanese parliamentary delegation [that] he was reluctant to return even Habomai and Shikotan until the Americans pulled out of Japan."<sup>34</sup> Japan made plain that the Islands were a subject of negotiation along with the lure of economic collaboration.<sup>35</sup> The Soviets did not take the bait.

The second attempt occurred in 1969. Foreign Minister Aichi Kiichi, stopping in Moscow on his way to Washington, did not make a dent in the steadfast arguments of both sides. The Soviets "feared that the revision of national boundaries established during the Second World War [Great Patriotic War as the Soviets call it] in one place, might revive territorial issues elsewhere."<sup>36</sup>

The Soviet offer, in January 1972, to return the Habomais and Shikotan in exchange for Japan's renunciation of claims to Iturup and Kunashir and adherence to Brezhnev's collective security plan was rejected by the Japanese. In

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<sup>34</sup> Vishwanathan, *op. cit.*, p. 132.

<sup>35</sup> *Ibid.*, p. 133.

<sup>36</sup> *Ibid.*

recently released documents in Russia, the Russian press has reported the 1973 plan was actually "blocked by the opposition of the [Soviet] military."<sup>37</sup> The Russian article says that "Fukuda . . . promised to consider the proposal."<sup>38</sup> According to the same reference, Tokyo later "made clear its intention to agree to an intermediary settlement of the territorial dispute between the two countries, without specifying what it meant by intermediary."<sup>39</sup> However, Soviet support for this agreement was later withdrawn "probably under pressure from the military commandment."<sup>40</sup>

A year and half later, the Japanese left a Tanaka-Brezhnev summit meeting under the impression that the Northern Territories issue was still negotiable. But by 1976 Gromyko's offer to exchange Shikotan and Habomai for a Japanese promise not to sign a treaty with the PRC, containing a anti-hegemony clause, was rejected by Japan.

In 1978, the Soviets unilaterally published a proposed treaty of friendship and good neighborliness with no mention of the territorial dispute. Again the Japanese rejected the offer and two years later brought the issue before the United

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<sup>37</sup> "1973 Failure of Kurils Peace Plan Cited," LD2907105792 Moscow Itar-Tass in English 0931 GMT 29 Jul 92 (FBIS-SOV-92-146, 29 July 1992, p. 6).

<sup>38</sup> Ibid.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid., p. 7.

Nations General Assembly. This action did not bring forth any cooperation from the Soviets.

After 1945, absence of diplomatic recognition and the continued Soviet military build-up in the Far East constrained the expansion of Soviet-Japanese trade. Though, "both governments learned to be realistic and not to allow their differences on one issue to affect all aspects of their relations"<sup>41</sup> including economics.

A few specific examples are provided. Three-year trade agreements began in 1960 and, in 1966, the format was changed to five-year plans. In ten years, 1960 to 1970, the total trade increased from \$440 million (\$230 million in imports and \$210 million in exports) to almost \$3 billion.<sup>42</sup> Beginning in 1960 Japan also extended to the Soviet Union the right of deferred payments. This increase in total Japanese-Soviet trade was enhanced by the exploration of mutual needs and the exchange of information regarding trade and industry through trade fairs and visits of trade and industrial missions.

A Japan-Soviet Technical Cooperation Agreement was signed on 5 June 1967. In addition, the Japan-Soviet Economic Committee adopted a policy of "develop and import."<sup>43</sup> Plans that were considered included projects to develop the forest resources in the Soviet Far East, the development of copper mines in

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<sup>41</sup> Vishwanathan, *op. cit.*, p. 138.

<sup>42</sup> *Ibid.*, p. 99-100.

<sup>43</sup> *Ibid.*, p. 109.



Udokan and of oil fields in Western Siberia, the laying of pipelines between Western Siberia and Nakhodka, the development of natural gas on Sakhalin, and the expansion of Nakhodka and other Siberian ports.<sup>44</sup> Some of these plans were executed and a few of them were dropped from consideration.

The USSR granted facilities to Japan Airlines to fly over Siberia en route to Europe in 1967. Until 1970 only joint operation was allowed, when independent passenger flights were authorized. This was a goodwill gesture from the Soviet Union toward Japan and the Japanese line was the first foreign line to be granted such permission.

At the end of WWII Japan's access to the rich fishing areas of the Kurils and Sakhalin Island was severely restricted and the Soviets used this to their advantage to neutralize Japanese irredentists. Despite the territorial problem some Japanese fisherman collaborated with the Soviets to enter prime fishing areas.<sup>45</sup> In March 1977, both Japan and the USSR declared 200-mile economic zones. Two months later they signed the Japanese-Soviet Fisheries Agreement. But the fishing restrictions have remained a source of contention for Japan although restrictions have been lifted somewhat and several agreements signed.

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<sup>44</sup> Ibid., p. 109.

<sup>45</sup> Stephan, op. cit., p. 232.

## E. THE GORBACHEV YEARS

The Soviet Union continued denying the existence of a territorial problem up until the time of President Mikhail Gorbachev. When Gorbachev visited Japan in April 1991, he admitted that the conclusion of a peace treaty with Japan required the establishment of a state border line incorporating the "Northern Territories." Though his trip did not "bring about a breakthrough for the normalization and dramatic improvement of the bilateral relations, it provided an extremely important occasion to pursue a dramatic improvement in the Japan-Soviet relationship."<sup>46</sup>

His trip was preceded by several trips by Foreign Minister Shevardnadze, beginning in January 1986, and the Peace Treaty Working Group met seven times after February 1988. The top priority was a conclusion of a peace treaty which included the territorial issue.

As a result of Gorbachev's visit a joint statement was released on the future development of Soviet-Japanese relations as a whole with the "concept of an expanding equilibrium, which Japan had proposed in the past."<sup>47</sup> Based on this concept fifteen documents were drawn up, including agreements on persons detained in Soviet camps for prisoners of war, cooperation related to technical assistance for reform efforts for the Soviet economy, and a memorandum on

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<sup>46</sup> Diplomatic Bluebook 1991: Japan's Diplomatic Activities (Japan: Ministry of Foreign Affairs, 1991), p. 316.

<sup>47</sup> Ibid.

cooperation to alleviate the effects by the Chernobyl-disaster on the health of the local population.

The joint release included a statement that the four Kuril Islands of Habomai, Shikotan, Kunashir, and Etorofu were the subject of a territorial dispute to be settled in the peace treaty. Clearly, the territorial issue was now recognized as a problem to be resolved. The Japanese were very clear that they had "no intention of postponing the settlement of this problem" and both countries must "show courage to make a political decision . . . that would answer the interests of the peoples of both countries."<sup>48</sup>

Several items in the joint statement were eventually implemented, including exchange visits by the residents of the four islands and Japanese nationals and in the future the trips would be allowed with a visa, and the reduction of Soviet troops stationed on the four islands.

Regarding the territorial issue, the Japanese continued to demand a political decision to settle the issue, however, the Soviet delegation only indicated that the Soviet Union was prepared to continue discussions on the problem of demarcation of the territory.

Five months after Gorbachev's historical trip to Japan and one month after the coup d'etat, Acting Chairman of the Soviet Union, Ruslan Khasblatov, visited Tokyo. While there he conveyed a letter from President Yeltsin of the Russian

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<sup>48</sup> Ibid., p. 318.

Republic to Japanese Prime Minister Kaifu. The letter contained a proposal to resolve the territorial problem that included: "(1) the differentiation between the victorious and defeated countries in World War II should be abandoned, (2) the settlement of the Territorial Issue should be based on law and justice, and (3) the period of reaching such a settlement through five stages as proposed by President Yeltsin in January 1990 should be shortened."<sup>49</sup>

The Japanese had announced a suspension of all assistance to the Soviet Union immediately after the coup d'etat. By this time Yeltsin and his officials were rapidly gaining influence over many policy concerns of the Soviet Union. When they received Yeltsin's proposal the Japanese were confident that a settlement of the territorial issue would be soon. After Gorbachev's resignation in December 1991, both Japanese and Russian officials set to work on resolving the Kuril Islands territorial dispute to the satisfaction of both countries.

In May 1992, Russian People's Deputy Aleksey Surkov wrote:

The anniversary of the trip to Japan by the former president of the former USSR, M. Gorbachev, has vanished quietly and unremarked in the annals of history. Even though it is difficult to overestimate the value of that event for the subsequent development of Russian-Japanese relations. And not because it was the first visit to the Land of the Rising Sun by a representative of our country of such high rank since Tsar Nikolay II ascended the throne in 1891. The Tokyo summit meeting removed barriers in resolving the long-standing problem on concluding a peace treaty between our countries.<sup>50</sup>

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<sup>49</sup> Ibid., p. 320.

<sup>50</sup> "Conclusion of Peace Treaty With Japan Urged," 924C1547A Moscow Nezavisimaya Gazeta in Russian 16 May 92 p 4 (FBIS-USR-92-067, 5 June 1992,

## F. SUMMARY

In terms of value, Japan's trade with the Soviet Union has never amounted to more than 2 percent of its total foreign trade. On the other hand, by the late 1980s "Japan was the third largest trading partner of the Soviet Union, next to West Germany and Finland."<sup>51</sup> For Japan the USSR "occupies a much lower position among Japan's trading partners."<sup>52</sup>

Soviet-Japanese trade fell during the late 1970s and early 1980s but this seems to reflect "the status of contracts under the system of compensation agreements than on the prevailing political climate."<sup>53</sup> Even during the 'Siberian boom' period, the proportion of trade with the Soviet Union in relation to Japan's overall trade never exceeded 3 percent.<sup>54</sup>

Japan has vetoed Soviet entry to the General Agreement on Tariffs and Trade (GATT), the Pacific Economic Cooperation Conference (PECC), Asia Pacific Economic Cooperation (APEC), the Asian Development Bank (ADB), and other international economic organizations. Many, inside and outside of Japan and the

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p. 3).

<sup>51</sup> Japan and the United States: Troubled Partners in a Changing World, Institute for Foreign Policy Analysis, Inc. (Washington: Brassey's (US), Inc., 1991), p. 58.

<sup>52</sup> Mendl, op. cit., p. 191.

<sup>53</sup> Ibid.

<sup>54</sup> Ibid.

USSR, believe the development of the Soviet Far East will be impossible without Japan's cooperation which they have refused to give.

Beyond economic relations, political and cultural expressions of goodwill occurred by both sides during the last twenty-five years. This suggests that although a peace treaty has never been signed and the Kuril Islands remain a territorial dispute between the two countries, Japan and the Soviet Union maintained relations on a somewhat normal but tentative basis during the Cold War period. "The restoration of diplomatic relations set the pace for the strengthening of economic ties, neither country allowing ideological differences to interfere with trade."<sup>55</sup>

Under Gorbachev, the USSR prepared a new Asian security policy but Japan "stands as a major stumbling block" for the new policy.<sup>56</sup> Until the late 1980s "the Soviets treated Japan with disdain as a second-rate country with no military significance which subserviently followed U.S. foreign policy."<sup>57</sup> Thus, Soviet policy toward Japan was merely an outgrowth of Soviet policy toward the United States.

Japan is secure in its position as long as the U.S.-Japanese Security Treaty is in effect. Basically, Japan has been in the position of being able to virtually ignore her neighbor to the north. The Japanese do not plan on making any

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<sup>55</sup> Vishwanathan, *op. cit.*, p. 144.

<sup>56</sup> Japan and the United States, *op. cit.*, p. 62.

<sup>57</sup> *Ibid.*, p. 64.

concessions regarding the territorial dispute. Japan "takes the position that it is the Soviet Union that needs Japan more than the other way around."<sup>58</sup>

Gorbachev could have made a bold concession to Japan by reinstatement of the 1956 agreement but he failed to do so. As 1991 progressed with Gorbachev's visit to Japan in April, the coup d-etat in August, and the final break up of the Soviet Union with Gorbachev's resignation on Christmas Day, the Japanese believed the territorial dispute would be settled during the next year. By contrast the newly independent Russian Federation was preparing for major political and economic battles that the Russian officials knew were forthcoming.

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<sup>58</sup> Ibid., p. 65.

### III. POLITICAL INTERESTS AND FOREIGN POLICY

#### A. OVERVIEW

During Gorbachev's term in office, he and "others in the Soviet elite have [had] set out to fashion and implement a foreign policy suitable, not for a superpower in decline, but perhaps for an injured superpower in process of retraining for future competitions, still with its eye on the gold."<sup>59</sup> As the years went by and the reforms caused great strain on the entire Soviet Union and its citizens, alternative views surfaced regarding the nature of the Soviet Union's foreign policy.

After the breakup of the Soviet Union and the newly independent Russian Federation emerged the foreign policy and political debates continued. Apparently Russian foreign policy would be different in a post-Soviet era. Author Bruce D. Porter predicted four primary sources of change.<sup>60</sup> His assumptions are that the government will continue on a path of transformation and reorganization, a civil war, antireform coup, or a return to totalitarian rule

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<sup>59</sup> Roger E. Kanet, Deborah Nutter Miner, Tamara J. Resler, eds., Soviet Foreign Policy in Transition (Cambridge: Cambridge University Press, 1992), p. 2.

<sup>60</sup> Bruce D. Porter, "A Country Instead of a Cause: Russian Foreign Policy in the Post-Soviet Era," The Washington Quarterly, Volume 15, Number 3 (Summer 1992).



will not occur, and Russia's foreign policy will tend to become more "Russian" in nature.

Porter's sources of change are, (1) Russians will abandon the Communist ideology which was the foundation of Soviet foreign policy before 1992, (2) internal political reform sustained over time will affect long-standing patterns of national character and behavior, (3) Russia's foreign policy will be more national in context due to the implications of a decentralized Commonwealth, and, (4) the movement from the 'Cold War' attitude of East against West to an "opening of transcontinental Era of Good Feelings in Europe."<sup>61</sup>

Porter's predictions have proven to be accurate with one added factor. The basis for foreign policy is focused on a country's national interests. Russian foreign policy decision-making during the past year has not been built on an agreed-upon perception of national interests, goals, or constitutional criteria since all of these were subject to domestic arguments. Nonetheless, a general foreign policy has been built upon specific objectives the Russian leaders wish to achieve. Foreign Minister Kozyrev said policy goals include preservation of a unified army, human rights, and the protection of the Russian and the Russian-speaking population in other CIS states.<sup>62</sup> Yeltsin added that it was necessary "to secure

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<sup>61</sup> Ibid., p. 46.

<sup>62</sup> Suzanne Crow, "Russian Federation Faces Foreign Policy Dilemmas," RFE/RL Research Report (6 March 1992), p. 19.

Russia's entry into the civilized world community and to enlist maximum support for efforts toward Russia's transformation."<sup>63</sup>

The result of this transformation without a clear-cut road to follow resulted in "Russia's foreign policy [to be] a hotly debated and sometimes emotional topic"<sup>64</sup> during the entire year. By November officials of the Ministry of Foreign Affairs insisted "economic imperatives are now driving the country's foreign relations."<sup>65</sup> Along with the lack of political institutions, the domestic political battles grew during the year impacting on perceptions about Russia's foreign policy. A Washington Post correspondent interpreted the events as "showing a clear and ominous pattern of retrenchment,"<sup>66</sup> by Yeltsin both domestically and in foreign policy.

How does Japan fit into this picture? Clearly both Japan and the Soviet Union regarded each other as insignificant before the late 1980s. In January 1992, Vasiliy Saplin, Deputy Director of the Russian Foreign Ministry's Pacific-Southeast Asian Nations Bureau, said the Soviets' policies "had been those underestimating Japan's position and roles" and "Japan was not given priority in the Soviet

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<sup>63</sup> Ibid., p. 15.

<sup>64</sup> Suzanne Crow, "Competing Blueprints for Russian Foreign Policy," RFE/RL Research Reports, Vol. 1, No. 50 (18 December 1992), p. 50.

<sup>65</sup> Jeff Lilly, "Russian Handicap," Far Eastern Economic Review (26 November 1992), p. 24.

<sup>66</sup> David S. Broder, 'A Chill Wind From Moscow,' The Washington Post National Weekly Review (December 28, 1992-January 3, 1993), p. 4.

Union's global policies."<sup>67</sup> Gorbachev's visit to Japan in April 1991 opened the door for negotiations toward normalization of relations and negotiations on the peace treaty and territorial dispute.

A poll of five hundred "leaders of public opinion [not clear what this means] was conducted in June 1992 by the VP service for the study of public opinion."<sup>68</sup> Japan, with 11 percent total, placed fifth to the question asking about relations with which countries should today be the subject of the government of Russia's main concern. The CIS countries were first with 82 percent, then United States (44 percent), Germany (23 percent), and other West European countries (21 percent).

Some of the comments in the Russian press regarding Japan and the East Asian countries include the following:

The political aspects of the Southern Kuril issue matters most, not from the viewpoint of lofty ideas and ideals, but in the context of Russia's realistic national interests and pragmatic aims.<sup>69</sup>

The orientation toward Western values does not mean Russia's orientation toward the West. The eastern direction of Russian policy is vitally important for Russia . . . The Eurocentrist foreign policy tradition of Moscow

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<sup>67</sup> "Foreign Ministry Changes Policy Toward Japan," OW22011234992 Moscow Radio Moscow in Japanese 1300 GMT 21 Jan 92 (FBIS-SOV-92-015, 23 January 1992, p. 26).

<sup>68</sup> "Public Opinion Poll Assesses Foreign Policy," 924C2045C Moscow Nezavisimaya Gazeta in Russian 24 Jul 92 p 2 (FBIS-USR-92-102, 12 August 1992, p. 59).

<sup>69</sup> Alexei Arbatov and Boris Makeyev, "The Kuril Barrier," New Times (42.92), p. 26.

diplomats and politicians which has taken shape has yet to be overcome, it is true.<sup>70</sup>

Unlike certain experts, who believe the United States is now the main factor in world politics, they [members of the Moscow State Institute of International Relations] believe that the world is becoming not unipolar, but multipolar (they refer to at least three centers of economic and political power - the United States, West Europe, and Japan).<sup>71</sup>

The Russian Foreign Ministry and the whole Russian Government, they are recognizing Japan's position as a world power in not only economic but also policy matters. We will be formulating our policies from this standpoint. The Russian Government has declared that it will take, in principle, a new approach on relations with Japan, and that it will not regard Japan as an enemy from the past. We have also declared that we will deal with Japan on the basis of respecting international law and principles of justice.<sup>72</sup>

The way was paved for meetings and negotiations for Tokyo and Moscow to move toward normal relations. By the end of the year very little progress was made toward signing a peace treaty or resolution of the territorial dispute.

## **B. MEETINGS AND ANNOUNCEMENTS**

Early in January the Foreign Ministry outlined Russia's foreign policy toward Japan. Not surprisingly it dealt exclusively with the peace treaty and Kuril Islands. The plan recognized the 1956 Joint Declaration that states the return of two islands, Habomai and Shikotan. This was addressed as a starting

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<sup>70</sup> "Observations on Kozyrev's Far East Tour," 924C1149A Moscow Nezavisimaya Gazeta in Russian 4 Apr 92 p 4 (FBIS-SOV-92-072, 14 April 1992, p. 18).

<sup>71</sup> "Institute Prepares Report on Foreign Policy," MK1203104092 Moscow Nezavisimaya Gazeta in Russian 12 Mar 92 p 4 (FBIS-SOV-92-050, 13 March 1992, p. 22).

<sup>72</sup> "Foreign Ministry Changes Policy Toward Japan," op. cit., p. 26-7.

point for bilateral territorial negotiations and "did not necessarily mean the immediate and automatic return of the islands."<sup>73</sup> In addition, the negotiations would address the need for "territorial demarcation based on the principles of legality and justice, and following the norms of international law."<sup>74</sup>

Another announcement said the "complex economic situation in Russia may prevent the Russian President from paying a visit [to Japan] until June or July."<sup>75</sup> It was also "objectively difficult" for Yeltsin to return all four islands due to public opposition but that it would be possible to reach an agreement within the Federation on the return. It was then reported that Yeltsin's trip would probably be in May. Shortly after that announcement it was confirmed that Yeltsin was definitely scheduled to make an official visit to Japan during the middle of September.

The Japanese government did not officially invite Yeltsin to Japan until 11 August. Yeltsin's itinerary included meeting Japan's Emperor Akihito after the official welcoming ceremony. The first round of talks would then begin with Prime Minister Kiichi Miyazawa and a second round would be held on 15 September. After that a joint statement on the results of the meetings was to be

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<sup>73</sup> "Kozyrev, Yeltsin Study Return of Japanese Lands," OW0501070992 Tokyo Kyodo in English 0647 GMT 5 Jan 92 (FBIS-SOV-92-003, 6 January 1992, p. 25).

<sup>74</sup> " 'No Progress' on Kurils During Watanabe Visit," PM1005180192 Moscow Pravda in Russian 7 May 92, p 3 (FBIS-SOV-92-091, 11 May 1992, p. 21).

<sup>75</sup> "Japan Agrees on Preparations for Yeltsin Visit," LD0301082192 Moscow Tass in English 0750 GMT 3 Jan 92 (FBIS-SOV-92-002, 3 January 1992, p. 50).

published and it was expected a series of agreements would be signed and released to the public.

On 10 September, four days before he was to be in Japan, President Yeltsin announced that he would "postpone" his trip. He said, "after taking account of a range of considerations and of the exchange of views with those in charge of the government, the Supreme Soviet, and the Security Council,"<sup>76</sup> he decided it would be best to postpone the trip. A new date for a visit to Japan was still not determined but November or December was mentioned. That was later amended to "not earlier than next year, since "relations with Japan are more complex than with other countries" and the Russian president's calendar till the end of the year is full."<sup>77</sup>

A Japanese publication, Kyodo, reported that Yeltsin "cited Japan's stance on economic assistance to Russia as one of the reasons for his decision to postpone his scheduled visit to Japan, Russian sources said."<sup>78</sup> In the same release a Russian cabinet minister, who wished to remain anonymous, said that "a "hysterical anti-Russian campaign" was developing in Japan and that the

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<sup>76</sup> "Yeltsin Postpones Visits to Japan, ROK," (FBIS-SOV-92-176, 10 September 1992, p. 1).

<sup>77</sup> "Official Calls for Japan To Help Develop Kurils," LD2009165192 Moscow Itar-Tass in English 1510 GMT 20 Sep 92 (FBIS-SOV-92-183, 21 September 1992, p. 22).

<sup>78</sup> "Yeltsin Blames Economic Aid Position," OW1009133292 Tokyo Kyodo in English 1249 GMT 10 Sep 92 (FBIS-SOV-92-177, 11 September 1992, p. 6).

president's safety during the visit could not be ensured."<sup>79</sup> Also cited were Russia's domestic and economic problems and the "poor prospect of signing documents pledging assistance to Russia."<sup>80</sup>

As was stated on Russian television, "There have been considerably more foreign than domestic commentaries on the postponement of the visit to Japan. Officials are not willing to meet with journalists . . ."<sup>81</sup> Russian officials were concerned that future aid talks and scheduled meetings on a variety of topics would be "postponed" by Japan. This did not prove to be the case as will be explained in the next section.

Between January and 10 September several meetings were scheduled between government officials of both countries. Some were held and some were not. According to the Foreign Broadcast Information Service published during that period sixteen meetings were scheduled. Five were between Foreign Minister Kozyrev and Japanese Foreign Minister Watanabe. Three of the meetings were held in Moscow and two in Tokyo, with the last one in early September in Tokyo.

Two of the meetings were held by a Russian-Japanese Working Group Commission on resolving the Kurils issue. Both were in Moscow. Three meetings were trips to Tokyo by Yeltsin aides in preparation for his September

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<sup>79</sup> Ibid.

<sup>80</sup> Ibid.

<sup>81</sup> "Filatov on 'Hysterical' Situation," LD1009181192 Moscow Teleradiokompaniya Ostankino Television First Program Network in Russian 1700 GMT 10 Sep 92 (FBIS-SOV-92-177, 11 September 1992, p. 6).

trip to Japan. The Japanese Ministry of International Trade and Industry (MITI) organization traveled to Moscow during May for an economic-political conference. The National Council of Japanese Governors made a trip to Moscow in late August. The outcomes of these meetings were words of praise by both sides about the friendly and cooperative atmosphere, the need to resolve issues for an early signing of a peace treaty, and economic issues important to both countries.

Rumors abounded with reports of three to twelve to fourteen alternative plans the Russians had come up with to resolve the territorial demarcation issue with Japan. At one point it was announced that Yeltsin would revert to a three-stage plan toward signing a peace treaty. The next month it was announced that Yeltsin would revert to his original five-stage plan that he proposed in January 1990. Civilians wrote articles proposing everything from Japanese sovereignty-Russian administration, demanding enormous economic assistance before the issue would even be discussed, to allowing the International Court of Justice resolve the issue whose decision must be mutually accepted by both countries.

Yeltsin's five-stage plan included: (1) recognition by the sides of the existence of a territorial problem (which resulted during Gorbachev's April 1991 visit to Tokyo), (2) demilitarization of the disputed islands, (3) creation of a free economic zone, (4) conclusion of a peace treaty, and (5) "a final solution to the problem to be resolved by future generations."<sup>82</sup> It appeared that this was the

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<sup>82</sup> "To Stress Economic Issues," LD3008094492 Moscow Itar-Tass World Service in Russian 0845 GMT 30 Aug 92 (FBIS-SOV-92-169, 31 August 1992, pp. 7-8).



avored plan by Yeltsin and his supporters due to the public outcry from the nationalists, communists, and conservatives who refuse to give up more 'Russian land.'

The last four scheduled meetings are the most important. One, in Moscow, was between Yeltsin and the former Japanese Prime Minister Nakasone. At the end of this unofficial visit Yeltsin "showed his strong interest in concluding a peace treaty by the year 2000"<sup>83</sup> that Nakasone had proposed to Yeltsin. Yeltsin also commented that "it would not be a good idea to raise the territorial dispute at this time since the Russian people are preoccupied with food shortages and other urgent domestic issues."<sup>84</sup>

The other three were officially scheduled meetings between Watanabe and Yeltsin in Moscow. Two of the meetings, scheduled for 27 January and 4 May, were canceled by Yeltsin citing urgent matters that had to be attended to. The last meeting was held on 2 September.

Several important internal meetings were held and announcements made during July and August before the September Yeltsin-Watanabe meeting. First, a closed meeting took place on 9 July at the White House. Present were representatives from the Supreme Soviet, the Ministry of Foreign Affairs, the

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<sup>83</sup> "Discuss Peace Treaty," OW0203151892 Tokyo Kyodo in English 1432 GMT 2 Mar 92 and "Japan's Nakasone Meets With Yeltsin in Moscow," LD0203124392 Moscow Tass International Service in Russian 1120 GMT 2 Mar 92 (FBIS-SOV-92-042, 3 March 1992, p. 21).

<sup>84</sup> Ibid., "Discuss Peace Treaty."

General Staff, the leadership of Sakhalin Oblast and Khabarovsk Kray, and unnamed experts and specialists. The meeting was "part of the preparation for open parliamentary hearings set for 28 July for discussing the constitutional, territorial, domestic and foreign political, and international aspects of the entire spectrum of Russian-Japanese relations."<sup>85</sup> The press reported that "an argument of sorts flared up at the meeting"<sup>86</sup> concerning the different scenarios presented in resolving the territorial issue. What specifically was said by whom was not reported.

Open parliamentary hearings were held as scheduled and a "verbatim account" was published in Moscow's Rossiyskaya Gazeta. Twenty-nine people from all sides of the issue presented their viewpoints, which is probably what also happened during the closed meeting held earlier in the month. On one side were those who were intent on adhering to Yeltsin's position of resolving the problem of territorial demarcation based on legality and justice. One of the opposition's points focused on national feelings citing the problem can only be resolved when the "majority of the population agrees to the solution."<sup>87</sup> Other points included

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<sup>85</sup> "Kurils Issue Argued in Closed Meeting," 924C1983A Moscow Nezavisimaya Gazeta in Russian 11 Jul 92 p 2 (FBIS-USR-92-096, 31 July 1992, p. 73).

<sup>86</sup> Ibid.

<sup>87</sup> "Verbatim Account of Closed Parliamentary Hearings on Kurils," 924C2158A Moscow Rossiyskaya Gazeta in Russian 14 Aug 92 pp 4-5 (FBIS-USR-92-112, 2 September 1992, p. 5).

questioning the legality of the 1956 Declaration, military-strategic concerns, and the question of Japanese economic assistance.

According to the Russian press the hearings had a two-fold objective. First, a democratic hearing listening to all sides with the results published were a welcomed sign of democracy. On the other side, the hearings were seen as another political battle in many political battles that the Russian people were witnesses to and experienced the results of during the last seven months. And, in reality, during the Gorbachev years.

An article submitted by V. Sobakin, Chief of the International Law Department of the Constitutional Court of the Russia Federation, discussed the hearings. Sobakin concluded his article with the following statement:

Russia is faced with an entirely definite choice in the development of relations with Japan: either a civilized renunciation of imperial ambitions and claims to territorial expansion as one further step toward the surmounting of the communist legacy and Russia's enhanced international authority, based on fidelity to the commitments that it has assumed, or continuation of the former foreign policy, pre-Gorbachevian even, and the incitement of nationalism and xenophobia, which would inevitably lead to Russia's international isolation and the world community's increased misgivings as to the authenticity of our country's democratic regeneration. False patriotism mixed, in addition, together with far-reaching personal political ambitions is a poor assistant in the adoption of decisions on the nature of which the fate of one's own country directly depends.<sup>88</sup>

On 20 July a Yeltsin spokesman said during an interview that "'public opinion in Russia must be changed completely" before a "wise political decision"

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<sup>88</sup> "Views of 'Patriots' at Parliamentary Hearings on Kurils Refuted," 924C2164A Moscow Nezavisimaya Gazeta in Russian 12 Aug 92 p 4 (FBIS-USR-92-114, 4 September 1992, p. 85).

can be made on the territorial issue."<sup>89</sup> He characterized public opinion in Russia "as being traditionally conservative regarding territorial matters."<sup>90</sup> He added that Russia would suffer heavy economic losses if the islands were returned because they are of great material value. Japan would also enjoy great profits and Japan was underestimating the economic dimension of the issue. This was the first time and one of the few comments made on economic interests of the islands themselves.

Another spokesman for Yeltsin said, during an interview in Tokyo, to resolve the issue was "an "exceedingly difficult job" due to known public sentiments in Russia . . . and the possibility of breaking the "territorial deadlock" during Yeltsin's visit would largely depend on the constructiveness of Tokyo."<sup>91</sup> He confirmed that Yeltsin had twelve alternative solutions and believed if Yeltsin arrived at the conclusion that "Japan lacks necessary understanding of Russian realities, his [Yeltsin's] stand may become tougher."<sup>92</sup>

In August, Deputy Foreign Minister Kunadze (known as pro-Japanese) "expressed hope that restraint, tact and also a respectful attitude to the partner will from now on be observed in statements by Japanese politicians on issues of

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<sup>89</sup> "Yeltsin Spokesman on Land Dispute, Japanese Aid," OW200714192 Tokyo Kyodo in English 1359 GMT 20 Jul 92 (FBIS-SOV-92-139, 20 July 1992, p. 10).

<sup>90</sup> Ibid.

<sup>91</sup> "Yeltsin Spokesman on Kurils Options," LD3108084892 Moscow Itar-Tass World Service in Russian 0355 GMT 31 Aug 92 (FBIS-SOV-92-169, 31 August 1992, p. 8).

<sup>92</sup> Ibid.

relations with Russia."<sup>93</sup> Recent statements by some Japanese politicians were perceived by the Russians to "present in the distorted light the Russian side's approach to talks on a peace treaty" and that these attempts "are made to accuse Russia ungroundlessly of "insincerity".<sup>94</sup>

Russian parliament speaker Khasbulatov, who opposed Yeltsin's call for a plebiscite, said at the end of August, "People in the Russian parliament raise both hands to vote in favour of a prompt signing of a peace treaty between our countries. It seems unnatural to me as a politician and a scholar that there is no peace treaty between Russia and Japan at the end of the 20th century."<sup>95</sup> He made no comment on the fate of the Kuril Islands.

Yeltsin's announcements after the Yeltsin-Watanabe meeting of 2 September clarified what he wanted to express to the Japanese and to his fellow Russians. His statements reflected the same tone as earlier statements by other government officials. In an article in Kyodo Yeltsin is quoted as saying, "Japan has been putting pressure on Russia economically, politically and psychologically. Given this situation, it is difficult to resolve the territorial dispute."<sup>96</sup> He supposedly

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<sup>93</sup> "Criticism of 'Tendentious' Japanese Statements," LD0408173692 Moscow Itar-Tass in English 1637 GMT 4 Aug 92 (FBIS-SOV-92-151, 5 August 1992, p. 28).

<sup>94</sup> Ibid.

<sup>95</sup> "Khasbulatov Views Ties With Japanese Governors," LD2408132992 Moscow Itar-Tass in English 1301 GMT 24 Aug 92 (FBIS-SOV-92-165, 25 August 1992, p. 13).

<sup>96</sup> "Yeltsin Remarks on Timing of Return," OW0209110492 Tokyo Kyodo in English 1052 GMT 2 Sep 92 (FBIS-SOV-92-171, 2 September 1992, p. 5).

also suggested that "Japan's stance on the bilateral territorial dispute over the past year has overheated public opinion in both Japan and Russia, making it difficult to resolve"<sup>97</sup> the dispute. This report was followed by a similar report on Moscow Russian Television.<sup>98</sup> After comments made during July and August and then Yeltsin's comments in early September it should not have surprised anyone when, eight days later, he "postponed" his trip to Tokyo.

### C. THE OPPOSITION

It is important to clarify several points. First, no one appears opposed to Japan and Russia signing a peace treaty. All the resources and comments analyzed suggest that the Russian people favor signing a peace treaty when possible. Second, regarding the territorial issue the opinions vary from believing there is no issue to be resolved and that it should not even be discussed, to opposition to Yeltsin's methods and plans of resolving what is an actual territorial dispute.

Opposition views fall into five main categories.

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<sup>97</sup> Ibid.

<sup>98</sup> "Yeltsin Rejects Japanese 'Pressure'," LD0209110192 Moscow Russian Television Network in Russian 1000 GMT 2 Sep 92 (FBIS-SOV-92-171, 2 September 1992, p. 5).

(1) Economics "The ruling regime is in an unstable position. Help us, that is, the regime now and we will settle up later. Maybe with the islands."<sup>99</sup> This is the view many hold that Japan has not been forthcoming with enough economic assistance and aid and if she does she may be given the islands. In keeping with that theme, Vice-president Rutskoy suggested "it would be desirable to improve the infrastructure, especially in the Far East and Siberia . . . Japan could become a remarkable business partner of Russia and after such mutual exchanges, it will [then] be possible to effectively solve the territorial dispute."<sup>100</sup>

(2) Political The opposition parliamentary bloc "Russian Unity" is concerned with "the efforts to speed up [a] solution to the territorial dispute in favor of Japan."<sup>101</sup> There are those who perceived that Yeltsin was trying to hurry up the entire process without regard to the parliament and public opinion. In a sense they felt he was moving into an authoritarian mode instead of relying upon the new democratic principles that have been adopted. In addition, people in this category also thought secret meetings and agreements were happening between Yeltsin, Kozyrev, and Japanese officials. The "Russian Unity" was the

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<sup>99</sup> "Kozyrev's Japan, PRC Visits Assessed," PM2503142192 Moscow Komsomolskaya Pravda in Russian 24 Mar 92 p 5 (FBIS-SOV-92-059, 26 March 1992, p. 24).

<sup>100</sup> "Rutskoy Remarks on Yeltsin's Visit to Japan," OW2607211102 Tokyo Yomiuri Shimbun in Japanese 25 Jul 92 Morning Edition p 2-FOR OFFICIAL USE ONLY (FBIS-SOV-92-152-A, 6 August 1992, p. 3).

<sup>101</sup> "Japan Territories Dispute Still Under Study," OW1505134792 Moscow Interfax in English 1309 GMT 15 May 92 (FBIS-SOV-92-096, 18 May 1992, p. 17).

main force behind calling for open parliamentary hearings on the issue that were eventually granted by the government.

(3) Referendum The Democratic Party of Russia (DPR) issued a statement in early August proposing to build relations with Japan as an important goal but refuted the official Japanese position of no islands - no peace treaty. The DPR document stated, "Russia is not a country to speak with by means of ultimatums"<sup>102</sup> and that any changes of the Russian borders can only be done by an all-nation referendum. This group also believed secret meetings were being held, specifically between Russian Foreign Ministry officials and Japanese officials.

(4) Legal "A political decision adopted without negotiations is unacceptable for Russia for two reasons. Firstly, it would be authoritarian, based on the force of power and not on the arguments of international law."<sup>103</sup> Secondly, public opinion would not accept this outcome. "Russia needs a legal, not a political solution . . . the dispute should be considered by The Hague international court. The sides have to pledge to abide by its decision."<sup>104</sup>

(5) Non-Issue The people in this category refuse to acknowledge that a territorial dispute between Japan and Russia exists. All Russian lands, including the entire Kuril chain of islands, are native lands. Territorial concessions to

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<sup>102</sup> "Democratic Party Issues Statement on Kurils," OW0408195692 Moscow Interfax in English 1826 GMT 4 Aug 92 (FBIS-SOV-92-151, 5 August 1992, p. 28).

<sup>103</sup> "Izvestiya Explains Position on Kuril Islands," LD1408195992 Moscow Itar-Tass in English 1725 GMT 14 Aug 92 (FBIS-SOV-92-159, 17 August 1992, pp. 8-9).

<sup>104</sup> Ibid.



anyone are against common sense and history. Those who favor acknowledging that a dispute exists are under delusions and unpatriotic. Territorial bargaining for economic aid or any other reason is completely unjustified and equal to treason. "A peace treaty with Japan, as the development of Russian-Japanese good-neighborliness in general, should be the result of both countries' recognition of the stable and precise borders which took shape as a result of World War II."<sup>105</sup>

From January through September, until Yeltsin "postponed" his trip, passions were flaring, then dying down, then flaring again over the Kuril Islands' discussions. Some government officials were accused of purposefully "whipping up emotions in parliament or on the islands themselves" instead of reaching a compromise that "requires political will and political solutions."<sup>106</sup>

#### D. THE AFTERMATH

On 7 October Yeltsin "stressed that his decision to postpone the visit was made "because of our inability to surrender the four islands, and to make the visit and not achieve any results would have been too costly".<sup>107</sup> The Russian press

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<sup>105</sup> "Scholars Urge Yeltsin Not To Yield Kurils," 924C2330A Moscow Sovietskaya Rossiya in Russian 8 Sep 92 p 2 (FBIS-USR-92-119, 18 September 1992, p. 66).

<sup>106</sup> "Kozyrev Views Moscow's Foreign Policy Agenda," PM0104101592 Moscow Izvestiya in Russian 1 Apr 92 Morning Edition p 6 (FBIS-SOV-92-063, 1 April 1992, p. 58).

<sup>107</sup> "Yeltsin Discusses Japan Visit, Baltics, Abkhazia," OW0710195892 Moscow Interfax in English 1937 GMT 7 Oct 92 (FBIS-SOV-92-196, 8 October 1992, p. 12).

reported that Yeltsin "has expressed absolute certainty that he acted correctly when he decided to postpone his planned"<sup>108</sup> trip to Tokyo. Yeltsin said "the visit to Tokyo could take place"<sup>109</sup> if the two sides recognized the 1956 Declaration, returning two islands, after signing of an agreement. Deputy Foreign Minister Kunadze said "postponing it [the trip] was a political decision which we in the Foreign Ministry respect and understand. There was no internal nonacceptance of this decision."<sup>110</sup>

The Russian media reported on 7 October that the Russian leadership had unofficially offered Japan to freeze the talks on the territorial dispute for two years. This was not confirmed.

Reports as to the date for a future trip went from late this year or early next year, then definitely not in December but certainly early next year. At the end of November Kozyrev announced that "Yeltsin's visit to Japan is scheduled for the next year."<sup>111</sup>

In early December Miyazawa sent a personal message to Yeltsin saying he favored the "prompt beginning of preparations for a successful trip by the Russian

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<sup>108</sup> Ibid.

<sup>109</sup> Ibid.

<sup>110</sup> "Foreign Ministry Official on Japanese Ties," MK0710145292 Moscow Nezavisimaya Gazeta in Russian 7 Oct 92 p 2 (FBIS-SOV-92-196, 8 October 1992, p. 12).

<sup>111</sup> "Kozyrev Discusses Yeltsin Visit to China, Japan, Congress," OW2411194992 Moscow Interfax in English 1922 GMT 24 Nov 92 (FBIS-SOV-92-228, 25 November 1992, p. 8).

president to Tokyo."<sup>112</sup> This message was sent in response to a letter from Yeltsin in November. Supposedly, neither Yeltsin's letter nor Miyazawa's message contained any reference to the territorial issue.

This was followed by the Working Group beginning consultations again on 16 December. The meeting was the first scheduled after the postponement of Yeltsin's trip. "The postponement brought about a temporary pause in the diplomatic dialogue between Moscow and Tokyo"<sup>113</sup> but, by the end of 1992, it looked as though both countries were willing to try again.

#### **E. SUMMARY**

After the collapse of the Soviet Union the first democratically elected Russian President made foreign tours to all of the "big seven" countries except Japan. Yeltsin has also visited Japan's immediate neighbors, China and South Korea. The only meeting attended by both Yeltsin and Japanese Prime Minister Miyazawa was the G-7 summit meeting held in Munich during July.

Events within the Russian Federation have prevented a complete normalization of relations as has the perceived Japanese approach of inflexibility and linking economics with politics. Though by the end of the year the Japanese

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<sup>112</sup> "Japan's Miyazawa Sends Message to Yeltsin on Visit," LD0712115692 Moscow Itar-Tass in English 1104 GMT 7 Dec 92 (FBIS-SOV-92-235, 7 December 1992, p. 5).

<sup>113</sup> "Talks With Japan To Confront Territorial, Bilateral Talks," LD0812120192 Moscow Itar-Tass in English 1116 GMT 8 Dec 92 (FBIS-SOV-92-236, 8 December 1992, p. 7).

were demonstrating a more flexible approach to the negotiations, if not their demands of the return of all four islands. This is a positive sign for the Russians who are learning how to live in an open society with a free market, demilitarization, and privatization. "Whatever the intrinsic merits of the case may be, one has to reckon with the new domestic sentiment when pursuing a democratically based foreign policy."<sup>114</sup>

No clear solution to the dispute is in sight for the Russians which is evident when Yeltsin said he had twelve approaches to the problem. The many meetings between the countries are a good sign of continued discussions and a summit meeting will probably take place in Tokyo this year. This does not mean that a peace treaty will be signed or the territorial dispute will be resolved in the future. An agreement may be signed based on Nakasone's suggestion of waiting until the year 2000 for the signing of a peace treaty.

Russia's domestic politics has continued to be a battle between Yeltsin's way of resolving problems and opponents who have another way. The Kuril Islands issue was another political struggle for power not necessarily based on a true desire to keep the islands but on a desire "to make this into the main trump card in their [the opposition] fight against the president."<sup>115</sup> This is a good issue to stir up the people against the leader in power thereby establishing a more

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<sup>114</sup> Vladimir P. Lukin, "Our Security Predicament," Foreign Policy, Number 88 (Fall 1992), p. 61.

<sup>115</sup> "Foreign Ministry Official on Japan Ties," op. cit.

powerful place for the opposition on the political hierarchy. The territorial dispute is just one more issue in many issues that Yeltsin chose not to use all his political weight to settle.

Exploitation of the problem became commonplace during the year but educating the public as to the entire picture was also commonplace. This represents a democracy, two or more sides presenting their views to the public. The "democratic forces in Russia are powerful but not unified or systematic"<sup>116</sup> yet. Based on the outcome of the legal aspects of the case the Russian people may vote to decide the fate of the Kuril Islands. But it would be foolish to expect people to vote before they are presented all the facts and then can make up their own minds based on all the information. Continued education programs and debates are necessary not only regarding this issue but for all the problems confronting the Russian government and the Russian people during this period of transformation.

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<sup>116</sup> "Shevardnadze Meets Nakasone," OW0303120582 Tokyo Kyodo in English GMT 3 Mar 92 (FBIS-SOV-92-042, 3 March 1992, p. 22).

#### IV. ECONOMIC INTERESTS

##### A. OVERVIEW

Mikhail Gorbachev officially announced his resignation as the Soviet Union's General Secretary on Christmas Day 1991. With his resignation the world was introduced to a newly independent country called the Russian Federation with President Boris Yeltsin at the helm. It was proclaimed that the Russian economy would move from central planning and socialism toward a market economy, privatization, and capitalist policies. The world was shocked, apprehensive, and, for most in the West, ecstatic. But after one year of "shock therapy" and tentative reforms, Russia did not advance as far as was hoped. "Shock therapy" or as one Professor of Economics has called it, "Shock without therapy,"<sup>117</sup> was undertaken by Yeltsin "in an effort to revitalize the disintegrating economy bequeathed by the Soviet Communist regime."<sup>118</sup>

Expectations were not based on reality. A country cannot convert an entire political and economic program that was based on militarization to a free flowing market economy in such a short time. And now the reforms begun during 1992

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<sup>117</sup> Thomas A. Weisskopf, "Russia In Transition: Perils of the Fast Track to Capitalism," Challenge (November-December 1992), p. 32.

<sup>118</sup> Ibid.

are waning as the political battles between Yeltsin's moderate democrats and Congress's conservative hard-liners are intensifying.

By mid-1992 Russia was in a great depression, "with the GNP expected to decline by over 40% during the period 1990-1993, hyperinflation is looming," and "the budget deficit, using the IMF definitions, is equivalent to well over 10% of the GNP."<sup>119</sup> It was predicted that an entire reorganization of the economic program would be implemented for the remainder of 1992. "Several measures were taken to liberalize foreign commercial activity"<sup>120</sup> and after June the government established medium term goals instead of the "shock therapy" agenda advocated by the International Monetary Fund (IMF).

A law was passed on currency regulations providing more freedom in foreign-exchange transactions, including moving capital in and out of the country. As a result it is estimated that "almost \$18 billion belonging to companies and private citizens has left Russia [since 1989] and turned up in foreign bank accounts."<sup>121</sup> Price liberalization and expansion of enterprises' financial rights has enabled foreign economic reform to move slowly ahead. "However, the key

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<sup>119</sup> Keith Bush, "An Overview of the Russian Economy," RFE/RL Research Reports, Vol. 1, No. 25 (19 June 1992), p. 53.

<sup>120</sup> Eric Whitlock, "Russia's Progress Toward an Open Economy," RFE/RL Research Reports, Vol. 1, No. 47 (27 November 1992), p. 40.

<sup>121</sup> Jeffrey Barrie, Vladimir Mikheyev, and Gordon Feller, "Kremlin Kingmaker," World Monitor, Vol. 6, No. 3 (March 1993), p. 33.

ingredient in domestic reform - financial stabilization - is missing."<sup>122</sup> By the fall of 1992 continued economic plight from an overly depreciated ruble, flight of capital, and chronically low international reserves led to a major confrontation between Yeltsin and the Russian Parliament in December.

Russia's VII Congress of People's Deputies met in December. It was predicted that these meetings would be a showdown between Yeltsin and his appointed officials, and the members of parliament. The Congress demanded the resignation of Yeltsin's young market-oriented economist, Prime Minister Yegor Gaidar, and after a political struggle Yeltsin conceded to the parliament. This political battle was not an issue of central planning versus market economics. It was a battle between "shock therapy," Yeltsin and Gaidar's vision of rapid reform, or to proceed with economic reform in a much slower manner as most conservatives have demanded.

Upon Gaidar's resignation Viktor Chernomyrdin was appointed to replace Gaidar. Chernomyrdin is a close affiliate and member of the Union of Industrialists and Entrepreneurs and the political organization, Civic Union. One of his successes includes managing the only state-owned firm, the Gazprom Oil and Gas Corporation, "not affected by the industrial slump."<sup>123</sup> Gaidar is not out of the picture since Yeltsin has named him his Special Economic Advisor to

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<sup>122</sup> Whitlock, op. cit.

<sup>123</sup> Barrie, op. cit.



the President. This will act as a check and balance system for the economic agenda planned for this year.

The economics confrontation was one aspect of a much larger political power struggle. Russia's political instability has led to chaos in all other sectors of the Russian fight for independence, economics, strategic concerns, foreign policy, and social upheaval. Now in 1993 Yeltsin is still President, the Russian Parliament is still composed primarily of conservatives, and all are poised for yet another political battle beginning in April. Russia's supreme legislature, the Congress of People's Deputies is scheduled for their next meeting to begin on 3 April. The President and Congress "have agreed to an April referendum on a new constitution that may move Russia away from its current stalemate, in which a new nation is being built on obsolete institutions from a now-deceased country - and, in many cases, by obsolete politicians."<sup>124</sup>

Three major economic programs emerged as central to the battle for political power. One favors a return to dictatorship with fixed wages and prices, a totally centralized economy and the elimination of free enterprise and economic ties with the West. This position is advocated by the coalition of unreconstructed Communists and right-wing nationalists.

The second group, allies of Yeltsin and Gaidar, favor a rapid transition to market relations, privatization of state-owned property, a mixture of private and

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<sup>124</sup> Fred Hiatt, "For Russia, Surviving Is A Plus Sign," The Washington Post National Weekly Edition (January 4-10, 1993), p. 18.

collective farming, and encouragement of foreign investment and ties with the West and the East. This group is losing popularity with most of the Russian public as the suffering continues to mount.

The last group, primarily centrists and industrial managers labeled as conservatives, "proclaims its belief in free-market reforms but argues for a slower transition with more government subsidies to inefficient state-owned firms to prevent massive unemployment."<sup>125</sup> As Gaidar's radical reform program has lost popularity and may now be slowed, he succeeded "in creating new socioeconomic realities in Russia that make a return to the past unlikely."<sup>126</sup>

No matter what the disputes are regarding the economy Yeltsin remains the "dominant source of power in Russian politics."<sup>127</sup> Yet the struggle continues with no clear agenda for economic reforms, foreign policy, national interests or political mandates. These factors play major roles in the international relationships Russia has established with the other nations of the world, including Japan. Japan remains the only major power and immediate neighbor that Russian President Yeltsin has not visited, officially or unofficially. Diplomatic relations are at a stalemate, as they were before the breakup of the Soviet Union, due to the territorial question involving the Kuril Islands. Russians

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<sup>125</sup> Ibid.

<sup>126</sup> Alexander Rahr, "The First Year of Russian Independence," RFE/RL Research Reports, Vol. 2, No. 1 (1 January 1993), p. 55.

<sup>127</sup> Massimo Calabresi, "Two Steps Back," National Review (January 18, 1993), p. 24.

accuse and condemn the Japanese for tying political relations to economic relations.

The Japanese believe the Russians have reneged on their promise to resolve the territorial issue in a manner of cooperation, justice, and international law. The Kuril Islands issue has become a major debate between the Russians themselves, as all aspects of their domestic and foreign policies are, and as a result a resolution with Japan is not forthcoming in the near future but trade and economics continues to tie the two countries together.

#### **B. RUSSIA'S GEOPOLITICAL POSITION**

Russia's political, economic, and geographical position have "greatly deteriorated" but "has untapped potential for the solution of complex problems, geopolitical included."<sup>128</sup> Some analysts believe that these "complex problems" have created opportunities that could alleviate the crisis in Russia. Of significant importance is Russia's relationship with Japan.

Russia inherited the Kuril Islands problem from the Soviet Union but is faced with resolving the issue one way or the other. If Russia chooses to prolong a settlement, economic expansion toward the Far Eastern countries and countries of the Pacific Rim may be jeopardized. However, as Russia moves toward a market-oriented society and joining the "community of nations" the outlines of

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<sup>128</sup> Sergei Rakovsky, "New Neighbors, New Problems," New Times (34.92), p. 19.

new political, economic, and geographic, including strategic, positions are increasingly necessary.

What is different between Russia's new geographic borders with the former republics of the Soviet Union and the interrelationship with Japan? The difference is that relations with Japan have not changed nor have the political and economic realities of the past fifty years. Russia has territorial interests in the Pacific and Arctic Oceans, and the Northern sea route. All are extremely crucial for economic expansion into the Pacific Rim. Positive political relations with Japan are imperative if Russia continues to seek cooperation with the prosperous Pacific Basin countries.

When making a push toward cooperation with the Pacific nations during 1992, Moscow has intentionally left Japan out of the picture to avoid premature negotiations on the Kuril Islands. Though economic cooperation with Japan is highly desirable and invaluable in getting a foothold into the Pacific, Moscow continues to debate and struggle over the Kuril Islands issue. Domestic politics has continued to override the important objectives of Moscow pursuing an active policy in the Pacific, particularly with Japan.

In essence, lack of consensus has created an economic and political vacuum for Russia toward the countries of the Pacific Rim. Additionally, the political situation in Russia is beginning to feel the upsurge in national, religious, and ethnic conflicts with public organizations growing in support and cooperation.

This is especially true regarding the territorial integrity of the Russian Federation borders including the Kuril Islands.

On 9 January 1993 Yeltsin stated, "Our national interests and our geopolitical situation make inevitable the steady presence of our country in Asia."<sup>129</sup> He noted that a priority of Russia's foreign policy is cooperation with Asia due to "Russia's "Eurasian" identity" and "we seek a strong balance in our relationship with both the East and the West."<sup>130</sup> Yeltsin's statement suggests that Russia understands the importance of close cooperation and economic ties with the "East" but due to the political struggle in Moscow Yeltsin lacks the support to make it happen.

#### **C. THE IMF, WORLD BANK, AND THE GROUP OF SEVEN (G-7)**

Russian-Japanese trade talks were held in Tokyo during the early part of 1993. It was announced at the talks that Russia's estimated external debt in January 1993 amounted to \$75.8 billion and had appropriated \$16.6 billion to service its debts in 1992.<sup>131</sup> On the credit side, Deputy Prime Minister Aleksandr Shokhin "told a news conference in Moscow on 20 January that the debts owed to the former Soviet Union [mostly insolvent client states and other

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<sup>129</sup> Quoted in Suzanne Crow, "Yeltsin Wants Partnership With Asia," RFE/RL Research Report Supplement, Vol. 2, No. 7 (1-5 February 1993), p. 2.

<sup>130</sup> Ibid.

<sup>131</sup> Keith Bush, "Russia's External Debt," RFE/RL Research Report Supplement, Vol. 2, No. 4 (25-29 January 1993), p. 2.

third-world countries] totaled \$146 billion at the official exchange rate in 1991."<sup>132</sup> After this announcement many debtor nations proposed that current exchange rates be used to assess the debt.

The good news is that trade talks between Tokyo and Moscow have been held during 1992 and continue to be held. As early as 16 May the Japanese Ministry of International Trade and Industry and the Russian Bank for Foreign Trade agreed to defer the repayment of hard-currency debts owed by the former Soviet Union. Japan agreed to grant a maximum six-month deferral of principal repayments for medium- and long-term debt due in 1992. This was a goodwill gesture by Japan in anticipation of Yeltsin's scheduled visit in Tokyo the following September.

As of 1 April Russia had already received pledges of \$4.5 billion in IMF and World Bank aid from the G-7 industrialized countries of which Japan is a member. Upon admittance to the IMF, Russia would also benefit from other forms of G-7 consideration, including a \$6-billion-ruble stabilization fund, \$2.5 billion in debt referral, and \$11 billion in government-to-government aid.<sup>133</sup> Therefore the scale of and potential for possible support was in place, with Japan's full cooperation and no resolution of the territorial issue between Tokyo and Moscow was necessary.

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<sup>132</sup> Ibid.

<sup>133</sup> "The Scale of Possible Support," RFE/RL Research Reports, Economic and Business Notes, Vol. 1, No. 19 (8 May 1992), p. 43.

Along with the pledges of support Russia was warned "not to stray from its rigorous economic regimen."<sup>134</sup> Even as early as April Yeltsin's government was under extreme pressure to slow the reforms but Yeltsin and Gaidar had to continue the reforms by following the world organization's prescribed method of transitioning to a market economy. If Russia remained in the "shock therapy" mode the IMF said that the money "could be in the pipeline by early summer."<sup>135</sup> Reforms included freeing prices, eliminating subsidies, bringing the budget deficit under control, and stopping the explosive growth in the money supply.

The pressure from the outside world to continue the radical reforms and the pressure to soften the reforms from the Russian parliament collided in June. The road to "soften" the reforms began but by December had still not eased the tremendous burdens placed on the Russian society.

In mid-May an IMF observation team reported that progress to date was slow in such areas as reduction of the budget deficit and control over the money supply and did not recommend approval for membership. But on 1 June Russia was formally accepted as a member of the IMF. A quota was set at \$2.876 billion in special drawing rights, which would enable \$4 billion to be borrowed in 1992 if she carried out the stabilization policy approved by the IMF.

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<sup>134</sup> Steven Mufson, "The IMF Gives Russia a New Leash on Life," The Washington Post National Weekly Edition (May 4-10, 1992), p. 21.

<sup>135</sup> *Ibid.*

Simultaneously the world economy was in a downward spiral with Germany, Japan, and the United States experiencing sub-par growth, rising unemployment, lagging or declining productivity, and financial turmoil. Their own economic difficulties created a constraint on the number of resources that could be used to help not only the Russian Federation but many other countries of the world. Despite their own lagging economies and Moscow's move to slow the economic reforms the IMF, World Bank, and G-7 had made their Spring pledges to Russia and accepted her as a member of the IMF.

But Russia failed to continue the radical reforms requested by the IMF. This did not prevent the members of the G-7, during their summit from 6 to 8 July in Munich, to offer a modest set of incentives: Russia received endorsement of the IMF offer of \$1 billion in credits, conditional assurances on the rest of the \$24 billion package, encouraging statements on debt rescheduling, a promise of coordinated aid on nuclear safety, pledges of the granting of most-favored-nation (MFN) status, and the unlocking of a \$500 million export cover commitment by the United Kingdom.

Yeltsin was extended these concrete pledges of help to motivate him to continue to implement free-market economics and democratic politics to his country. But the Japanese delegation also achieved another coup during the summit. Japan insisted that the G-7 officially recognize the Kuril Islands as a territorial dispute that must be on the negotiating table and eventually resolved to the satisfaction of both countries involved. The Russian press reported that "in



internationalizing the dispute for the first time, Miyazawa [Japan's G-7 representative] has carried out a very cunning move to open the way to aid being given to Russia."<sup>136</sup>

Japan's decision to internationalize the territorial dispute and Russia's reaction are reminiscent of the vents of 1964 and 1970. In 1964 Japan raised the territorial issue in the United Nations General Assembly several times and in 1971 the Japanese's Prime Minister delivered a plea for the return of the islands in a speech at the U.N.'s twenty-fifth anniversary celebration. "Russians resent involvement of third parties in Japan's irredentist claims and profess to see ulterior motives ranging from opportunism to racism lurking behind outside concern" and "Moscow dislikes the Kurils getting publicity in a forum."<sup>137</sup>

Yeltsin had been invited to the July summit and, while at the summit, pleaded for the G-7's unconditional support. On Russia's side, Yeltsin offered to trade Russia's foreign debt for equity - mineral and mining rights, oil leases, industrial plants, factories, warehouses, and land. He also pledged to pursue the path of radical economic reform.

This was a difficult pledge to make since the basic framework of a modern capitalist state did not exist and is only beginning to emerge in Russia.

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<sup>136</sup> "Comments on 1956 Declaration," LD05081715192 Moscow Russian Television Network in Russian 1600 GMT 5 Aug 92 (FBIS-SOV-92-152, 6 August 1992, p. 16).

<sup>137</sup> Stephan, op. cit., p. 207.

Much of the current wave of reform . . . is not merely about giving Russia better economic policies or a more representative political system. It is also about creating a state within which better government and a more efficient economy are possible. Many of the reversals have been caused not by faults in policy design, but by the difficulty in implementing any policy in a country that lacks some of the essential features of statehood.<sup>138</sup>

A system for paying bills or determining interest rates did not exist. Bankruptcy courts and bankruptcy laws did not exist. To meet the ambitious targets of the IMF proposals were impossible without astronomically high levels of unemployment. Russian officials had earlier in the year, during March, relaxed draconian credit restrictions to prevent the closing of thousands of virtually bankrupt state-owned factories.

It was evident that after six months of attempting "shock therapy" that things were not going well. Rumors circulated in both the West and the East that Yeltsin was contemplating "a return to both authoritarian rule and reliance on state planning to effect a more gradual and orderly transition to economic reform."<sup>139</sup>

Some Western analysts argued that a move such as this would have political consequences and considered it economically self-contradictory.<sup>140</sup> Yeltsin was caught in a Catch-22 situation. Damned if he continued - members of the Russian parliament, one of the obstacles to private sector growth, would accentuate the

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<sup>138</sup> "Rebirth of a State," The Economist (December 5th 1992), p. 26.

<sup>139</sup> "Yeltsin's Way," National Review (August 3, 1992), p. 13.

<sup>140</sup> *Ibid.*

deteriorating situation in the areas of unemployment and prices. And damned if he didn't continue - the Western and world financial organizations would withdraw their pledges of help.

By the end of July the major Western governments approved a loan to help Russia pay its membership dues to the IMF. It was impossible for Russia to come up with the hard-currency portion of its dues, amounting to about \$940 million. Without paying the dues Russia, as an IMF member, would not be able to obtain credit allocations from the fund. Again, Japan was one of the few countries to help Russia in yet another financial crisis.

At the same time the World Bank was preparing to give or lend Russia \$600 million. Part of the money was targeted for equipment for the agriculture-industrial, energy, and health sectors. The other half would be available to the private sector to finance imports. The World Bank was expected to authorize an additional \$1 billion during the next fiscal year.

All the major world financial organizations, the IMF, World Bank, and the G-7, were chipping in to do what they could. Japan and Germany were the two most responsible countries in ensuring that Russia received continued support. Out of the \$24 billion G-7 aid package agreed to in July, Japan's contribution was \$2.6 billion. This was in addition to the debt repayment plans for Russia extended earlier in the year.

Russia again sought debt rescheduling in late August during a meeting between Russian officials and G-7 representatives in Moscow. Even after the

rescheduling already granted in 1992, "the servicing due this year was two to three times as high as hard-currency earnings anticipated from Russia's exports."<sup>141</sup> At mid-year Russia's total hard-currency debt was estimated to be about \$74 billion with principal and interest payments originally due in 1992 amounting to about \$20 billion.

But no decisions were made during August concerning this new rescheduling request. Western officials were divided over Russia's proposals for long-term rescheduling. The United States was reportedly more receptive than either Germany and Japan at this point. Doubts were raised about Russia's "commitments to tough economic reform policies, questionable estimates of its capacity to service its foreign debt, and Russia's recent offer to assume other republic's [CIS republics] shares of the former debt of the Soviet Union."<sup>142</sup> A decision was expected by the end of September, after Yeltsin's scheduled trip to Japan during the third week in September.

By October the Russian Parliament had agreed to a renewal of subsidies for the industrial sector, the coal miners, and the agricultural sector. This among other items was not in compliance with the criteria, measurements, and methodology established by the IMF. Once again, Russia was diverting from

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<sup>141</sup> "Debt Rescheduling Sought," RFE/RL Research Reports, Economic and Business Notes, Vol. 1, No. 35 (4 September 1992), p. 38.

<sup>142</sup> "Creditors Undecided Over Debt Relief," RFE/RL Research Reports, Economic and Business Notes, Vol. 1, No. 40 (9 October 1992), p. 42.

"shock therapy" to a slower economic reform program. But the IMF, World Bank, and the G-7 were still providing as much assistance as they believed they could.

A report on Western aid to Russia, prepared by three German economic institutes, was released on 13 October. The principal conclusion of the report was "that Western aid to Russia must be strictly targeted and that united aid should no longer be given."<sup>143</sup> Since Russia had been unsuccessful in putting its reforms into practice, primarily due to barriers at lower political levels, legal reforms, reductions of internal economic obstacles, and safeguards for foreign investment were nonexistent. This report was recognized as a significant study, which was used by the major world financial institutions and Western countries to determine their next steps. Economic assistance was not readily forthcoming in the succeeding months by the major institutions or individual countries.

For the fourth time in 1992, Western creditor banks did grant a three-month extension to all the former Soviet republics in repaying outstanding debt. In December 600 banks agreed that payments on principle falling due during the first quarter of 1993 and all payments delayed so far would be postponed. The agreement was made in response to a Club of Paris<sup>144</sup> proposal in November. At the end of 1991 the external debt of the former USSR was approximately \$65.3

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<sup>143</sup> "A German Study on Western Aid to Russia," RFE/RL Research Reports, Economic and Business Reports, Vol. 1, No. 42 (23 October 1992), p. 39.

<sup>144</sup> The Club of Paris is a International Monetary Fund (IMF) committee that analyzes the debts of debtor countries as one total package to provide information to the major lender nations.

million and had risen to \$70.7 million by May 1992. Russia had assumed responsibility for the entire debt.

The IMF released a report at the end of 1992 that predicted the following statistics for 1993:<sup>145</sup>

|                             |                      |
|-----------------------------|----------------------|
| Real Gross Domestic Product | Falling by 7.6%      |
|                             | 1992 = 18.6% Decline |
| Export Volume               | Rise by 17%          |
| Current Account Balance     | Dropping 20.4%       |

The report was critical of the relaxation of monetary policy in the region but was enthusiastic about hardening budget constraints on enterprises. Not an optimistic report but Russia was finally able to draw down the IMF credit of about \$1 billion by the end of December. Part of the restrictions placed on this loan was that it must be added to Russia's hard-currency reserves and not used to finance imports. The IMF was now dictating specific policy lines instead of general policy guidance.

#### D. JAPANESE ECONOMIC ASSISTANCE

On 3 April Japanese Foreign Minister Michio Watanabe announced Japan's intentions to press for reductions in Russia defense spending as a condition for economic aid. He said that Japan could not agree to providing large-scale financial aid as long as Russia maintained its present level of military spending. An additional concern was the movement of Russian armory and weapons east

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<sup>145</sup> Eric Whitlock, "IMF Releases Forecast for Former Soviet Union," RFE/RL Research Report Supplement, Vol. 2, No. 3 (28 December-8 January 1993), p. 2.

of the Urals in compliance with the CFE Treaty, no reductions of military troops and equipment in the Far East and, specifically, from the Kuril Islands.

In early May Yeltsin met with Japanese Foreign Minister Michio Watanabe. During this meeting Yeltsin "suggested that the timetable for the military pullout might be accelerated considerably and that all the troops could be out by 1994."<sup>146</sup> The next day the Russian Ministry of Foreign Affairs announced that all 7,000 soldiers on the Islands would soon be withdrawn.<sup>147</sup> By 19 May, the newly appointed Russian Minister of Defense General Pavel Grachev told a press conference that there would be no military withdrawal from the Kurils. This was consistent with his hard-line policy of supporting the Russians living in the Dneister region of Moldova. Ten days later Grachev recanted his statement and said all troops would be removed from the islands within one or two years. This is evidence of the continuing struggle between Yeltsin and the conservatives over both domestic and foreign policies.

An additional Japanese concern focused on the controversy over Sakhalin's offshore oil and gas deposits and Sakhalin officials pursuing the designation of the Sakhalin area, which includes the Kuril Islands, as a free economic zone. As early as February, Sakhalin officials said that Sakhalin required the status of free

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<sup>146</sup> Stephen Foye, "The Struggle Over Russia's Kuril Islands Policy," RFE/RL Research Reports, Vol. 1, No. 36 (11 September 1992), p. 37.

<sup>147</sup> Ibid.

economic zoning to be able to negotiate the future of Sakhalin's offshore oil and gas deposits. The Japanese believed the Kuril Islands would be next.

In 1975 Japan and the Soviet Union concluded a general agreement on "prospecting for oil and/or gas deposits in the shelf of Sakhalin, the construction of field facilities, and oil and gas recovery in the area concerned."<sup>148</sup> This was considered a positive joint development and was one deal that could have benefitted both countries. It was predicted that Japan could buy oil and gas cheaper from Sakhalin than the Middle East and the USSR would be able to expand its export industry.

During the last seventeen years two large oil and gas deposits were discovered under this agreement. Unfortunately, the oil and gas were not cheap to recover from the seabed. Conditions in this area are very severe especially compared to the relative accessibility of the oil in the Middle East.

During the 1980s the projects were at a standstill. When, and if, Japanese banks decided to give credits of a lower interest rate than usual continued development with new technology could begin. The Japanese said they were waiting for fuel prices to rise but Moscow believed that since Japan did not need the deposits then and, until the Kuril Islands issue was resolved in Japan's favor, Japan would not continue the credits.

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<sup>148</sup> Quoted in "Rivalry for Sakhalin's Shelf," New Times (7.92), p. 13.



Four years ago the projects gained outside interest. A decision was made to form a joint enterprise with an American company, McDermitt International. McDermitt formed a consortium with another American company, Marathon Oil, and the Japanese trade company Mitsui Corporation. A protocol of intentions was signed with Moscow. However, the deal was delayed due to a new arrival on the scene. The South Korean company Palmco had dealt directly with Sakhalin officials, bypassing Moscow.

Last year (1992) a court battle ensued with Moscow granting the consortium full rights on 1 April. But Sakhalin officials would not adhere to Moscow's decision of allowing the consortium to proceed with the development project. Sakhalin Governor Valentin Fyodorov and his officials refused to allow this to happen. They only wanted to allow a company to proceed that could meet their full demands - the Palmco Company. The controversy and debate in Russia are continuing into 1993. A dangerous political game has emerged between Moscow and Sakhalin, a game that would not have been permitted to continue before 1992. The unique political battle has great impact on the Kuril Islands issue as well.

This has hurt not only the workers in the Sakhalin area, the people of Russia who depend on the oil, but also the relationship with Japan. The Japanese government and businessmen believe the Sakhalin officials, and especially the Governor of the area, Fyodorov, of favoritism and continued exploitation of areas that the Japanese have legal access to due to the 1975 and 1988 agreements.

"Russian authorities are worrying about an undesired spin-off of deepening Japanese involvement in the economy of regions to the east of the Urals."<sup>149</sup> This is a complete reversal of decision-making from the 1970s when Japan was encouraged to develop strong economic ties to the Soviet Far East. No other eligible partners were available twenty years ago. The USSR was engaged in an ideological feud with China, "virtually ignored"<sup>150</sup> South Korea, and the East Asian countries were only at the beginning of their economic development projects.

Immediately after the announcement postponing Yeltsin's trip to Japan, Japan said it would continue to provide the promised 2.65 billion dollars in aid to Russia. In addition, more agreements on aid and economic assistance were accomplished after September. This is in spite of comments from hardliners such as Yuriy Skokov who strongly objected to Yeltsin's visit. Skokov said "Japan's negative stance on massive economic aid to Russia"<sup>151</sup> was a good reason why Yeltsin should not go to Japan. But the facts do not warrant this type of complaint.

Japan released a White Paper on overseas aid in early October. The Paper stressed that disbursements of Official Development Assistance (ODA) "will be

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<sup>149</sup> Leonid Mlechin, "The Contest Over the Continental Shelf Is On," New Times (9.92), p. 12.

<sup>150</sup> Ibid.

<sup>151</sup> " 'Heated' Discussion Precedes Decision," OW1009034592 Tokyo Kyodo in English 0330 GMT 10 Sep 92 (FBIS-SOV-92-176, 10 September 1992, p. 8).

linked more closely to recipient countries' records on military spending, arms sales, democracy and market reforms."<sup>152</sup> Principles discussed in the White Paper were tentatively made public in April 1991. By officially publishing their accords, the Japanese government said they would be able to "highlight the need of Tokyo to explain to the world why and how it is spending its aid money."<sup>153</sup>

This caused more arguments and debates in Moscow. Nothing new was outlined in the White Paper but since Russia had resorted to selling arms, cruisers, submarines, and other military equipment abroad in an effort to obtain hard currency, Russian officials interpreted this move to mean that future Japanese aid and assistance would not be forthcoming. Although Japan had supplied several million-dollars worth of medical aid in the Spring of 1992 followed by \$100 million package of food aid directly to the Kuril Island residents Moscow officials remained skeptical. Also, in June bilateral talks led to an agreement to send 2-3 Japanese engineers to work on board Russian nuclear-powered ships operating in the Arctic Ocean. This would provide an opportunity for the Japanese Nuclear Energy Research Institute to familiarize Japanese specialists with Russian experience in the area.

The idea of establishing the Sakhalin Oblast and Kuril Islands a free economic zone surfaced over a year ago. This was while Moscow's local

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<sup>152</sup> Louise de Rosario, "Flexible Principles," Far Eastern Economic Review (15 October 1992), p. 20.

<sup>153</sup> Ibid.

authorities were considering the possibility for the Russian Capitol. The purpose of free economic zones was to attract foreign investment by offering investors tax incentives, convenient geographical locations, and skilled but cheap local labor. Russian officials slowly opened areas as free economic zones during the course of the year.

By November 1992 thirteen such zones had been established. The Sakhalin region but not the Kuril Islands was one of the original thirteen. The Japanese were vehemently opposed to the idea that the Kuril Islands be opened for this would jeopardize the possibility of the return of the four southern Islands to Japan. This is similar to the Israelis building settlements as quickly as possible in the occupied territories to use later as a basis for staying instead of giving up the occupied lands.

But economic discussions continued. On 24 November it was announced that Japanese and Russian officials began talks on increasing Russian uranium sales to Japan. Joint training projects to upgrade the safety of Russian nuclear reactors and other areas of technical cooperation were also part of the talks. In addition, Japan has offered to help in converting defense industries located in the Russian Far East to electronics industries that could serve as peacetime industries such as Japanese Television manufacturers.<sup>154</sup>

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<sup>154</sup> Stated by Dr. Clay Moltz in a presentation to NPS NSA students on 15 October 1992. Dr. Moltz argued that "the disintegration of the Soviet Union really made the return of the Islands much less likely from the Russian perspective than much more likely. For Russian conservatives the Kuril Islands had really become

Another Russo-Japanese project was announced in January 1993. Japan has agreed to assist with Russia's nuclear waste disposal. Radioactive waste (but not fissile materials) from dismantled nuclear warheads will be disposed of with Japan's aid. Due to Russia's lack of funds and technology Japan has agreed to provide most of the aid and technology necessary for this project.

At the same time Japan was reported as reluctant to assist Ukraine and Germany with the same type of project. This is just one more example of Japan offering aid and assistance to Russia even though the Kuril Islands remain in the hands of the Russians. Humanitarian and economic issues are always tied to political ones even issues that are not resolved but bargaining chips must be extended and have been by both countries.

#### **E. SUMMARY**

On 29 January 1993, speaking before the Indian parliament during a visit, Yeltsin said, "Our national interests and our geopolitical situation make inevitable the steady presence of our country in Asia."<sup>155</sup> He said that Asia is a priority

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a symbol. There was really a last stand to halt the disintegration of what had once been a mighty, great power." I agree with Dr. Moltz's suggestion as a short-term hypothesis but not as the long-term solution. As long as the parliament consists of hard-liners from the Communist regime the issue will remain stagnant. But if the elections scheduled for 1996 do occur the odds are that the parliament will have new faces, specifically more moderates and democrats, who want the market economy and capitalist policies to continue to further enhance their successes and bank accounts.

<sup>155</sup> Crow, op. cit., p. 2.

in Russian foreign policy owing to Russia's "Eurasian" identity. Yeltsin made it clear that ties to both the West and the East were essential and that Russia seeks "a strong balance in our relationship with both the East and the West."<sup>156</sup>

Fyodorov was elected by the residents of the Sakhalin Oblast on a platform of economic reform and development. An economist from Moscow, he has achieved some successes<sup>157</sup> in the area but has refused to discuss the Kuril Islands territorial dispute. To him there is no issue - all of the Kuril Islands are and will remain part of Russia. "The islands are ours and will remain ours!"<sup>158</sup> He blames those in Moscow who want to discuss and settle the issue with Japan as "capitalists and traitors."<sup>159</sup> This is the same argument the Soviets used from the early 1960s until the late 1980s.

Residents of the area are divided. Half choose to allow Japan to regain ownership of the South Kuril Islands, proceed with economic development in the entire Russian Far East, and for Tokyo and Moscow to sign a peace treaty. They believe this will provide the economic stimulus and employment that are desperately needed in the area.

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<sup>156</sup> Ibid.

<sup>157</sup> Sophie Quinn-Judge, "Rush for Oil and Gas," Far Eastern Economic Review (12 March 1992), p. 17.

<sup>158</sup> Sophie Quinn-Judge, "Waiting for Moscow," Far Eastern Economic Review (12 March 1992), p. 17.

<sup>159</sup> Ibid.

The other half is on Fyodorov's side. Strong nationalist and patriotic feelings have emerged during the last year. Many Russians believe that Moscow is just giving away Russian lands. Those who believe in this position are usually the older generation who have always received their jobs, stipends, and subsidies from the government . . . and still fear the imperialists and capitalists.

Contrary to the Soviet and Russian conservative-nationalist belief that Japan desperately needs access to the natural resources of the Russian Far East and Siberia, Japan "isn't dependent on Russian natural gas and oil."<sup>160</sup> For Japan the issue of the islands is not solely dependent on economics. Traditional, political, and social interests are equally important in their decision to fight this battle since 1945.

Japan has used the economic-political link as a way to keep the Russians at the negotiating table instead of withdrawing from discussions completely. "Overall political and strategic considerations dominate Japan's economic relations"<sup>161</sup> with the Russian Federation as they did with the Soviet Union. One thing the Japanese want to avoid completely is having the Russians return to the early Soviet policy of the islands as a non-issue. On the positive side, since the Gorbachev years and during 1992 Japan has consistently supported Russia's

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<sup>160</sup> Mlechin, op. cit., p. 12.

<sup>161</sup> Wolf Mendl, "Stuck in a Mould: The Relationship Between Japan and the Soviet Union," in Kathleen Newland, ed., The International Relations of Japan (London: MacMillan Academic and Professionals Ltd, 1990), p. 192.

moves toward democratization, liberalization and transformation to a market economy.

Russian authorities have continued to link economics and political decision-making with the islands when dealing with Tokyo. But the leaders in Moscow are well aware of their many crises, especially in the economic arena.

[The] historical kinship between the two nations as late modernizers is one reason why Russia is beginning to turn enormous attention to Japan. Having rejected socialism and the Soviet system, Russians now find Japan's market economy and the remarkable economic growth it achieved attractive. In their efforts to build a new and workable system out of the ruins of the old, Russians are looking to Japan for clues.<sup>162</sup>

And as the evidence suggests the Russians continue to look toward Japan for economic aid and assistance to help them transition to a market economy, capitalist policies, and to become an accepted member of the community of nations.

The Kuril Islands territorial dispute is no closer to being resolved but it is still on the negotiating table. This is a sign for the continued positive and cooperative relations between the two countries. An immediate settlement is not likely as were the overly enthusiastic expectations of Russia's transition to democracy. With continued support, encouragement, and assistance a successful transition and a resolution to the dispute may occur within the next several decades. Economic incompatibility is still an obstacle to overcome if economic

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<sup>162</sup> Saito Minoru, "Japanese and the Russian Struggle Toward a New System," Japan Quarterly, Vol. XXXIX No. 2 (April-June 1992), p. 182.



relations are to grow between the two countries. It is apparent that the Russian Federation still needs the cooperation and assistance from Japan much more than Japan needs help from the former Soviet Union.

Windows of opportunity have opened for continued negotiations and continue to be opened and shut by one country or the other. Until the Russian Federation government achieves an agreement on the direction of their foreign policy, what their national interests are, and on an economic program the internal struggles and debates on the direction the entire country should move, backward or forward, will receive the most attention.

## V. STRATEGIC AND SECURITY INTERESTS

### A. OVERVIEW

As part of the post-Soviet policies announced by Russian Federation officials in January 1992, the Asian-Pacific region would also receive a reassessment of policies with newly identified interests. As the legal successor to the USSR all treaties and agreements concluded with the Asian-Pacific countries would be fulfilled. Reassessments were undertaken with "certain positive results" but "failed to overcome much of what was in the way of the policy."<sup>163</sup> As Aleksandr Losyukov, Head of the Asian-Pacific Department of the Russian Foreign Ministry said:

First of all the obsessive ideological orientation of the policy [one of the factors to overcome]. That factor made it difficult to realize the principles of new thinking the leaders of the former Union themselves proclaimed. This obstacle has been removed. We feel that our foreign policy should be free of ideological elements. . . . The present policy is aimed at developing cooperation with its former adversaries while preserving normal relations with the countries it called and calls its friends. . . . Russia gives priority to the improvement of relations with its immediate neighbors and also countries located not far from its borders. A stable, peaceful situation along the perimeters of our borders is a normal condition for economic progress within our country, for our trade with surrounding nations and for our integration into the economy of the Asian-Pacific region. Only progress along this road will ensure our country a worthy place in the region. We have given up the former policy of the military build-up in the Pacific-Basin in favor of the other, peaceful goals. We want to develop political

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<sup>163</sup> "Importance of Asia, Pacific Policies Noted," LD0602213992 Moscow Radio Moscow World Service in English 0910 GMT 5 Feb 92 (FBIS-SOV-92-030, 13 February 1992, p. 26).

cooperation and trade with all Asian-Pacific countries, both with immediate neighbors, and with those that are far away from us geographically.<sup>164</sup>

This is a typical diplomatic statement by a foreign ministry official. The Ministry of Foreign Affairs was careful to avoid confrontation with the Ministry of Defense. Kozyrev said, "We will have to learn to take account not just of Russia's military-political interests but, above all, of its economic interests."<sup>165</sup> He was interested in attracting business investments into the country, especially in the Far East. He insisted that the "investments can only help the state take the worthy place in world society that history has decreed for Russia."<sup>166</sup> The time had come, Kozyrev believed, to apply the idea of closing military facilities instead of the Soviet concept of a closed society and closed regions.

During a meeting with foreign ministers of the ASEAN countries Kozyrev cited several security ventures<sup>167</sup> that should be accomplished for the Asian-Pacific region:

(1) An introduction of restrictions on the scale of naval exercises in the area and a renouncement of naval exercises in international waters and zones of intensive navigation and fishing.

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<sup>164</sup> Ibid.

<sup>165</sup> "Kozyrev Comments on ASEAN Participation," PM2107152592 Moscow Krasnaya Zvezda in Russian 21 Jul 92 p 3 (FBIS-SOV-92-141, 22 July 1992, p. 13.)

<sup>166</sup> Ibid.

<sup>167</sup> Outlined in "Notes Need for 'Trust'," LD2207090292 Moscow Itar-Tass World Service in Russian 0755 GMT 22 Jul 92 (FBIS-SOV-92-141, 22 July 1992, p. 14).

(2) A multilateral dialogue to start immediately for the creation of a system for crisis settlement in the Asiatic Pacific Ocean region. This was aimed at preventing an increase in military tension.

(3) An agreement should be reached on the formation of international naval forces to guarantee the freedom of navigation for the purposes of trade.

Kozyrev also expressed Moscow's "readiness to develop military and technical cooperation with the ASEAN states, aimed at maintaining their security at a level of reasonable sufficiency."<sup>168</sup> The term "reasonable sufficiency" has been the foundation of Soviet military policy for the past decade.

Kozyrev concluded his remarks with the following statement:

Our aspiration and firm determination to bring our military parameters into conformity with the criteria of reasonable sufficiency does not mean that we are withdrawing from the region and that we are completely disintegrating. So, we must also find a worthy place for our naval presence.<sup>169</sup>

What was the view of the Ministry of Defense and senior military leaders? The Soviet Far East military buildup started during the mid- to late 1970s to the consternation of the Japanese and officials of other bordering countries. The Soviet Army always took priority in spending and policy-making. Post-Soviet views were not welcomed by many in the military establishment.

The American-Japanese security alliance has concerned the Soviet (now Russian) military leaders since 1961. Even in the post-Cold War environment this

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<sup>168</sup> Ibid.

<sup>169</sup> "Grants Interview on Far East Tour," LD2607170892 Moscow Programma Radio Odin Network in Russian 1030 GMT 26 Jul 92 (FBIS-SOV-92-144, 27 July 1992, p. 12).

alliance "substantially complicates the entire military-political situation in the region and is the principal brake in the path of accomplishing Asiatic security tasks."<sup>170</sup> Only through multilateral disarmament agreements would stability and cooperation occur throughout the region.

The security debate continued through the year (1992) as did the political, economic, and social debates. During his trip to South Korea in November, Yeltsin outlined his proposed security policy for the Asian-Pacific area. The proposal included establishing a multinational security consultative body in Asia but did not specify which countries should be included. He also suggested Asian nations launch working-level councils to address topics such as arms reduction and the specifics regarding the multinational group. Yeltsin also offered to reduce strategic and other weapons deployed in Asia.

Miyazawa's reaction to these proposals was one of interest and he expressed a desire to learn more of the details. Yeltsin's plan was very similar to the one outlined by Miyazawa a month earlier when he "proposed that the United States and other Asia-Pacific nations consider a framework to address regional security issues."<sup>171</sup>

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<sup>170</sup> "The Asiatic-Pacific Region: To a Level of Defense Sufficiency and Stability," 92UM0060J Moscow Voyennaya Mysl in Russian No 9, Sep 91 (signed to press 19 Sep 91) pp 74-80-FOR OFFICIAL USE ONLY (JPRS-UMT-92-001-L, 7 January 1992, p. 40).

<sup>171</sup> "Miyazawa Comments on Yeltsin's Security Proposal," OW2011030192 Tokyo Kyodo in English 0250 GMT 20 Nov 92 (FBIS-EAS-92-226, 23 November 1992, p. 2).

In May the Japanese government endorsed a plan to establish cooperation between the Japanese and Russian Defense Ministries. This was an unprecedented plan for both countries. The cooperation between the two countries would help to carry out confidence-building measures, the first of which focused on incidents at sea. The first-ever bilateral policy planning meeting was conducted in June. During the two-day meeting in Moscow discussions included addressing the military situation in the Far East Asian region and security conditions following the end of the Cold War.

The Kuril Islands debate was one concern of the Russian military leaders. They favored the Asiatic-Pacific region security issues addressed by Yeltsin but many did not agree with their Russian colleagues on the level of importance applied to the strategic and security interests related to the Kurils.

## **B. THE TROOP WITHDRAWAL DISPUTE**

The year began with a battle between Yeltsin and Russian military leaders over whether the Russian troops will be removed from the Kurils and when the move would begin. By March some troops had been transferred from the Islands but the Japanese said they did not believe any significant withdrawal had begun. They were reacting to Kozyrev's February announcement that the 1991 plan on a 30 percent reduction in the troop level on the Kurils had been carried out.

According to the Russians 7,000 troops were deployed in the South Kuril Islands not counting the border guards. The Japanese estimated 10,000 troops

remained and believed "partial reductions in troops on the South Kurils are nonsensical, and that all troops must withdraw from the islands."<sup>172</sup>

In April, Commonwealth Unified Army Forces (UAF) Head, Major General Zakomin said he favored the 30 percent reduction of forces and that the troop withdrawal is already underway. By May, a Foreign Ministry official announced that all 7,000 troops will be withdrawn soon not including the border guards. This was suggested to be a move to reduce the surplus military presence in Russia instead of related to the territorial demarcation issue.

Yeltsin made an unlikely move in May by appointing Russian hard-liner Pavel Grachev as the Ministry of Defense. One of Grachev's first speeches included the prospect of "stationing of army subunits in the South Kurils and that the troops will not be withdrawn" from the islands.<sup>173</sup> The newly appointed commander of the Pacific Frontier District, Major General Bladimir Boruchenko emphasized that "the Kurils will continue to belong to Russia. Otherwise historic justice will be abused, and a dangerous precedent will be created for other territorial claims."<sup>174</sup>

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<sup>172</sup> "Japan Disputes Troops Withdrawal From Kurils," LD2503181892 Moscow Tass International Service in Russian 0245 GMT 24 Mar 92 (FBIS-SOV-92-060, 27 March 1992, p. 20).

<sup>173</sup> "Grachev Remarks on Kurils Cause 'Mild Shock'," PM2205111892 Moscow Izvestiya in Russian 22 May 92 Morning Edition p 6 (FBIS-SOV-92-100, 22 May 1992, p. 16).

<sup>174</sup> "Further on Military Withdrawal From Kurils," OW 2705140192 Moscow Interfax in English 1323 GMT 27 May 92 (FBIS-SOV-92-103, 28 May 1992, p. 18).

Both statements contradicted Yeltsin's earlier comments regarding troop withdrawal within two or three years and implementation of the five-stage plan (which item three states all troops will be withdrawn) of returning the islands to Japan. Several days later Grachev said "that his remarks on withdrawing the troops had been misinterpreted, but he provided no further details on his views."<sup>175</sup>

On 21 June Marshal Shaposhnikov, Supreme Commander of the CIS forces, said Russian troops could not be withdrawn from the Kuril Islands over the next two years, as Yeltsin had promised in May. He reportedly said that "Russia had not become "so weak or puny" that it should start "trading [Russian] land for some kind of temporary successes."<sup>176</sup> In addition he believed there was a strong feeling among the Russian people and the military against returning the islands and warned "the issue could provoke a new cold war between the two countries."<sup>177</sup> In a recorded statement he allegedly said:

What statements we have heard from the Japanese! They have said, for example: We will lock up the Soviet Union's Pacific Fleet in the Sea of

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<sup>175</sup> "Japan Upset By Remarks On Kuril Islands," RFE/RL Research Reports, Military and Security Notes, Vol. 1, No. 23 (5 June 1992), p. 56.

<sup>176</sup> "Shaposhnikov On Kurils," RFE/RL Research Reports, Military and Security Notes, Vol. 1, No. 28 (10 July 1992), p. 63.

<sup>177</sup> Ibid.



Okhotsk! As long as such talk is heard from Japan, we will come to no understanding whatsoever on any issue.<sup>178</sup>

The contradictory policy statements continued throughout the summer between the Russian military commanders and Yeltsin and his foreign ministry officials. Yeltsin announced at mid-August that the troops would be withdrawn by the middle of 1995 and planned to sign an agreement with Japan to that effect during his September visit to Tokyo. The next day presumably the Russian General Staff issued an order to reinforce the military units stationed on the islands. This was not confirmed nor did this report receive any further press coverage.

Japan's Kyodo news service reported on 30 September that the Russian government had reaffirmed its commitment to withdraw all Russian troops from the disputed Kuril Islands. Kyodo also reported that Grachev had announced that the withdrawal would start after a decision by the politicians. Yeltsin had earlier outlined his plan to have all the troops withdrawn by mid-1995 citing political, economic and military circumstances as the factors preventing an immediate withdrawal. Troops returning from Eastern Europe were already facing unemployment and a lack of housing. Morale within the Russian army was at an all time low by mid-year.

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<sup>178</sup> "Shaposhnikov on Russian Withdrawal From Kurils," OW2106120992 Tokyo NHK General Television Network in Japanese 1000 GMT 21 Jun 92 (FBIS-SOV-92-122, 24 June 1992, p. 24).

Shaposhnikov said during an interview on 17 October that Russia "might reconsider its earlier pledge to withdraw all its troops" since a "withdrawal would be "meaningless".<sup>179</sup> Russia would only have to reinforce the area with more border guards if the area were demilitarized. He suggested that "the way could be opened for a settlement of the island issue if Japan were to provide more economic assistance to Russia and if the new generation Russian politicians came to understand that Japan was not an enemy."<sup>180</sup> This was a much softer approach than his comments expressed five months earlier and he did not refer to any Japanese comments of wanting "to lock up the Soviet Union's Pacific Fleet."

### C. RUSSIAN MILITARY LEADERSHIP

On 4 August 1992, LTC James F. Holcomb, SHAPE Central and East European Defense Studies, released an analysis of Russian military doctrine that included a short case study of the Kuril Islands.<sup>181</sup> In his assessment, Holcomb summarized five reasons<sup>182</sup> why the Russian military commanders believe a surrender of the Kurils is unacceptable:

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<sup>179</sup> "Shaposhnikov Pessimistic Over Kurils," RFE/RL Research Reports, Military and Security Notes, Vol. 1, No. 43 (30 October 1992), p. 61.

<sup>180</sup> Ibid.

<sup>181</sup> James F. Holcomb, LTC, Special Advisor for Central and Eastern European Affairs, SHAPE, "Current Russian Military Thinking," 4 August 1992.

<sup>182</sup> Ibid., p. 9 (as stated in Holcomb's analysis).

1. It violates the principles of inviolability of post-war borders.
2. It will give the Japanese a pretext for further, much larger claims.
3. It would cause a chain reaction among other states with territorial claims against Russia, notably China.
4. The economic importance of the Kurils to Russia.
5. It would allow foreign intelligence operations, disrupt the unified radar net across East Russia, reduce the survivability of the anti-invasion forces, and prohibit sea and air communications with Kamchatka if threatened.

The report served as a view to the "current General Staff perceptions of the threat to the homeland and as an example of the practical application of a particular world view."<sup>183</sup>

Out of the five reasons cited by Holcomb only the last one was emphasized by the military representatives at the closed parliamentary hearings on the Kuril Islands that were held in July 1992. The first three were addressed minutely by other parliament and government officials. The economic issues were of greater importance than the other discussions except the legality and justice of the entire territorial demarcation issue.

At the hearings Yu.A. Kaysin, Rear Admiral of the Russian Federation Navy, highlighted the strategic importance of the islands as an assurance of the country's defense capability in the Far East. He said:

These strait zones afford us an opportunity to monitor the operations of the naval forces of America and Japan in the Sea of Okhotsk. The loss of even

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<sup>183</sup> Ibid.

part of the Kuril Islands would lead to disruptions of the military infrastructure and the integrity of the unified strategic defenses in the Far East, and would sharply lower the ability of our strategic forces to stand up in combat.<sup>184</sup>

The admiral was concerned about the continuing American presence in the area and the Japanese-American exercises that "have not diminished in the least in the past two years but, on the contrary, have been increasing."<sup>185</sup> Also of concern is the fact that the Kuril Islands (both Northern and Southern) provide the only thoroughfare into the Pacific region during the winter.

After a question from the floor about what extent the Russian Pacific forces are prepared in terms of combat readiness to confront the American Navy, Kaysin replied:

I know what you are getting at. The fact that our Pacific Fleet is weaker than the American's is no secret, and we have never concealed it. But proceeding from the defensive strategy that our country has adopted, we are maintaining that fleet in the quantity capable of providing for the defense of our borders, not conducting any offensive operations.<sup>186</sup>

The next questioner asked, "What, do you have information that Japan is intending attacking our state?" Kaysin said, "No, I do not have such information. I do not have information that America is about to attack us [either]."<sup>187</sup> One

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<sup>184</sup> "Verbatim Account on Closed Parliamentary Hearings on Kurils," 924C2158A Moscow Rossiyskaya Gazeta in Russian 14 Aug 92 pp 4-5 (FBIS-USR-92-112, 2 September 1992, p. 7).

<sup>185</sup> Ibid.

<sup>186</sup> Ibid.

<sup>187</sup> Ibid.

official summed up the discussion by saying that the American forces were being cut back rapidly and that Japan, as an independent military force, was not capable of posing a threat to Russia at all.

V. P. Zalomin, General Staff of the Defense Ministry of Russia, employed a different view. Zalomin focused on a three-part plan regarding the area. First, a reduction in Russian, Japanese, and American forces should occur as part of a joint effort. Second, The idea of being "locked in" during the winter months must be evaluated and resolved so that troops would not be put in the position of not being able to accomplish their missions. Third, the people who lived on the Kurils must be rendered effective economic assistance and solutions must be adopted in order that people might live there in a civilized manner.

The hearings centered on the security interests and the 'legitimate' interests of the military staff regarding a revision of status of the Kuril Islands or part of them. The consensus was to address all the issues in one package as part of the negotiation process. Even within the military assessments of the true significance of the four disputed islands varied. Some military leaders believed it was an issue to address politically as part of a national and regional security plan in the interests of the state.

All agreed that the United States "needs to be confronted with the question of the limitation and termination even of antisubmarine activity on its part in

peacetime in the area of the Sea of Okhotsk and the adjacent zone."<sup>188</sup> It was believed that both Japan and the U.S. must consider the legitimate security interests of Russia when addressing the Kuril Islands issue. The hearings suggest that the military was included as part of the internal and external policy process not as the sole decision-maker.

After the hearing the Russian Nezavisimaya Gazeta published a document that the newspaper claimed had been distributed to the Russian parliament by the General Staff on 28 July. The document:

Urged in the strongest terms that no concessions be made to Tokyo on the islands, claiming that the presence of Russian forces on the islands was the main factor deterring Japan from forcefully pursuing territorial pretensions and that the southernmost island served as the main Japanese-US springboard for a potential attack on the Russian mainland. They stated their belief that concessions could not only lead to other countries to make further territorial claims [which was already happening anyway] on Russia but could also undermine support for the government throughout the region and lead ultimately to the formation of a secessionist republic on Russia's far eastern territory.<sup>189</sup>

This document received very little press at the time and no comments in the press were found for the period following 28 July. It is with suspicion that the document is reported to have even existed.

The Pacific Fleet commander told Kyodo on 1 August "that reductions in Japan's Self-defense Forces would help the negotiations over the ownership of the

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<sup>188</sup> Ibid, p. 8.

<sup>189</sup> "Defense Ministry Opposed To Concessions," RFE/RL Research Reports, Military and Security Notes, Vol. 1, No. 32 (14 August 1992), p. 44.

Kuril Islands."<sup>190</sup> He could not understand why Japan would not study disarmament, instead "continuing a qualitative buildup of its fleets despite substantial cuts in the Russian Pacific Fleet."<sup>191</sup> This was a very different approach than the one he outlined during the parliamentary hearings just two weeks earlier.

By the fall of 1992 the Russian military leadership advocated that the Kuril Islands issue was a political decision and the Russian military would act according to whatever political decision was made. They insisted that the strategic and security analyses that they provided to the political leaders were part of their job based on the objective military and geopolitical realities based on a worst case scenario. Military leaders are expected to outline worst case scenarios and responses to such scenarios.

In the Kurils, the primary factor of strategic and security integrity was to ensure the stability of the military infrastructure network throughout the Far East including the airspace surveillance system. In addition, easy and quick access to the Pacific during the winter can only be achieved through the Kuril Islands. The arguments of the Russian military leadership were based, they believed, on strictly coastal defense instead of power projection.

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<sup>190</sup> "Admiral Calls For Japanese Defense Cuts," RFE/RL Research Reports, Military and Security Notes, Vol. 1, No. 32 (14 August 1992), p. 44.

<sup>191</sup> "Pacific Fleet Chief on Cutting Japan's SDF," OW010814692 Tokyo Kyodo in English 1353 GMT 1 Aug 92 (FBIS-SOV-92-150, 4 August 1992, p. 15).

As is typical for military planners and leaders, in order to spend more money on high technology weapons and on defense, in general, justifications must be made to influence the votes in their favor. The Russian military leadership is now experiencing this new environment.

#### **D. SUMMARY**

The Russian military leadership is learning to adjust to a post-Cold War world. Morale, readiness, and prestige have dramatically decreased during the past year. By presenting their viewpoints for not returning the islands to Japan they soon realized their argument was weak regarding concerns over what Japan or the Americans may do militarily. They soon focused on strictly strategic guidelines such as the Far East surveillance infrastructure network and the access route to the Pacific Ocean. These arguments were much better received and analyzed by the government policy-makers.

The military leadership was careful to point out that the people must decide the island's outcome. In this respect they played to the nationalist feelings that were running rampant in Russia during 1992. Understandably, most of the military leadership has supported statements and actions associated with the extreme Russian nationalists and hard-line conservatives. On the other hand, they advocate that they will abide by whatever political decision is made.

In a closed session on 5 December, the Congress of People's Deputies heard a report from the Minister of Defense Grachev. Grachev called for "a moratorium



on the army's involvement in politics for the sake of stabilization and Russia's revival. The army has been and will be on the side of the people, law, and the constitution. The army serves the fatherland, it is an instrument and attribute of the state, and that says everything."<sup>192</sup>

His statement can be interpreted in several ways. First, the army really will abide by all political decisions no matter who is in power or the army will decide when they will abide by the politician's decisions depending on the policy dictated. Regarding the Kuril Islands, a decision has not been made yet nor is one likely in the future. For the time being the military leadership may be softening toward the prospect of at least negotiating an agreement to the satisfaction of both countries.

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<sup>192</sup> "Grachev Addresses Congress On Russian Security Policy," RFE/RL Research Reports, Military and Security Notes, Vol. 1, No. 50 (18 December 1992), p. 66.

## VI. THE PEOPLE AND SOCIAL INTERESTS

### A. OVERVIEW

After the breakup of the Soviet Union the media was set into a new direction. "Free media" is still attempting to emerge in a post-communist Russia. Though the Russian press is working hard to overcome the old obstacles, more education and training are required. Old habits are dying hard and "a more dangerous type of excess needs curbing if the profession is to be taken seriously and make its contribution to public life."<sup>193</sup> According to Brown, opinion over fact in the media is the excess. But "there are cases of excellence and progress . . . most notably in Russia."<sup>194</sup>

During perestroika the Soviet press "had an unprecedented impact on the population."<sup>195</sup> By 1991 interest and, more important, trust in the media started to decrease which was the opposite of the public's reaction during the late 1980s. Biases toward commentaries, opinionated news coverage, and a tendency toward sensationalism were acceptable before 1991. However, by the early 1990s, the "openness in the media was no longer a novelty and politics had moved on from

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<sup>193</sup> J. F. Brown, "Democracy in the Media," RFE/RL Research Reports, Vol 1., No. 39 (2 October 1992), p. 2.

<sup>194</sup> Ibid., p. 3.

<sup>195</sup> Vera Tolz, "Russia," RFE/RL Research Reports, Vol. 1, No. 39 (2 October 1992), p. 8.

words to deeds"<sup>196</sup> which helped to push the media into a declining role in society. The Russian media is still struggling to find its role in society and "the government has yet to learn how to live with true freedom of the press."<sup>197</sup>

Public opinion polls are not new to the Russian people. Before Gorbachev's time in power, results were taken with a grain of salt since the Communists controlled what information was printed. During perestroika barriers were broken down but few people were trained in the science and accuracy of conducting public opinion polls. In 1992 the problem seems to still exist.

During an interview in April 1992, the head of the UR (Russian) Service for the Study of Public Opinion said, due to the "widespread demand for information . . . a vast number of services, centers, and associations which conduct so-called sociological polls"<sup>198</sup> has increased dramatically and do more harm than good. Polls are usually restricted to the people of Moscow. Few rural residents can be contacted since they do not have telephones and many people work not only during the day but during the night. Questions asked are often misleading, are not objective, and are incomplete. Interpretation of the results are usually conducted by people with no training. Polls directed at a select, localized

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<sup>196</sup> Ibid., p. 9.

<sup>197</sup> Ibid.

<sup>198</sup> "Accuracy of Public Opinion Polling Examined," Interview with Professor B. Grushin, head of the UR Service for the study of Public Opinion, by L. Kononova: "Problems and a Telephone Poll During the Day," 924C1229B Moscow Kultura in Russian No 11, 4 Apr 92 p 2 (FBIS-USR-92-046, 24 April 1992, p. 62).

population, such as the residents of the Kuril Islands, are usually much more accurate than widespread polls.

These are important points to keep in mind when discussing the opinions of the Russian people and, specifically, the residents of the Kuril Islands. Misinformation due to a lack of professionalism, in essence a lack of training, may lead not only the public but also the government in directions which do not reflect the entire society. In the long term "the truth will be crystallized, professionalism will prevail objectively, and all the rubbish, all the extraneous material, will be sifted out"<sup>199</sup> as media polling organizations, and the Russian people gain more knowledge and experience of a post-communist society.

## **B. THE KURIL ISLANDS**

"The Far East. These words evoke in Soviet citizens twin associations - distance and romance."<sup>200</sup> Distance because the islands are so remote from the main population centers of the Russian Federation and romance because the islands are known for their exotic beauty. The Kurils are mostly volcanic outcrops, as a part of the Pacific's "rim of fire," that are subject to earthquakes, seaquakes, typhoons, and tsunamis. Summer humidity is very high and the

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<sup>199</sup> Ibid., p. 63.

<sup>200</sup> E. B. Kovrigin, "The Soviet Far East," in John J. Stephan and V. P. Chichkanov, eds., Soviet-American Horizons on the Pacific (Honolulu: University of Hawaii Press, 1986), p. 1.

humidity in the Kurils usually "assume the form of thick fogs that blanket the islands for weeks, making navigation treacherous."<sup>201</sup>

Fishing is a big business on the islands though only 21 percent of the population is "directly connected to the fishing industry."<sup>202</sup> Oilers make up the administrative and managerial positions or are the families of servicemen. The Pacific and adjacent seas supply 40 percent of the country's fish, such as herring, cod, flounder, halibut, mackerel, and mollusks. Only 2 percent of the catch remains on the islands. Nearly 100 percent of the country's supply of crab and salmon comes from the Kuril waters. Kelp plantations are plentiful in this area also. As part of a bilateral agreement, Japanese fishermen harvest kelp in the Russian waters around the southern Kurils.

The Kuril Islands are nesting areas for hundreds of types of migratory birds. "Protection of migratory birds such as the Siberian crane has been coordinated between the Soviet Union and Japan by a special government convention concluded in 1973."<sup>203</sup>

The original inhabitants of the Kuril Islands, the Ainu, no longer reside on the Islands.<sup>204</sup> Of the approximately 22,000 Ainu in the world, most live in

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<sup>201</sup> Ibid., p. 7.

<sup>202</sup> Oleg Bondarenko, "The Kuril Syndrome," New Times (22.92), p. 11.

<sup>203</sup> Ibid., p. 13.

<sup>204</sup> The Ainu may be descendants of early Caucasoid peoples once widely spread over northern Asia. Another theory is the migration of a Turkic people through central Asia eastward to the Pacific and Arctic oceans. Stephan (op. cit., p. 21)

northern Japan and on the island of Hokkaido. The islands' 1983 population, including Sakhalin Island, was 679,000. The Kuril population now numbers 25,000-30,000 people and most of the population are Russians who moved there during the Communist years primarily after World War II. People were offered larger salaries to move east and settle the Siberian and Far East areas. Migration to the Kurils after the 1945 Soviet occupation of the islands was encouraged by the Soviet officials once Stalin had deported 17,000 Japanese who were living on the islands at the end of the war. The Habomais Islands now have no inhabitants except a few guard posts.

### **C. THE ISLANDS' RESIDENTS AND THE PUBLIC AT LARGE**

As early as January 1992, the Kuril government urged the United Nations to take the islands under its aegis. They wanted the UN to send a commission of experts to the southern Kurils to work out development plans. The parliamentarians also suggested turning the islands into an international park and a center of ecological tourism. This was proposed as a way to overcome the obstacle between Russian-Japanese relations. The Ministry of Foreign Affairs was skeptical of these plans as an effective method of settling the territorial dispute and establishing cooperative relations with the Japanese. It was also announced

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warns that "Kuril prehistory is shrouded in uncertainty. No one has been able to date man's first appearance on the islands or identify the earliest inhabitants. Contrasting hypotheses have vied for attention, but none have gained universal acceptance. Consequently, much of what is being said about the subject should be regarded as informed speculation."

at this time that Yeltsin was scheduled to visit Japan sometime during the coming summer.

A poll released on 18 January showed 71 percent of the Russians questioned who were not Kuril residents, said that Russia should not return to Japan the four Kuril Islands annexed to the USSR in 1945.<sup>205</sup> The people in favor of returning the islands included younger people, as well as the most educated people. The main opponents included residents of the Volga-Vyatsk region and the Far East.

The problem with this poll is that the question is misleading. "Should the four Kurile Islands annexed to the USSR in 1945 be returned to Japan?" This implies that Russians know the full story of the islands. This is improbable since the Communists were very careful in deciding what Soviet citizens were allowed to have knowledge of. "There is no competent public opinion in Russia today on the problem of the "northern territories," since the public at large is only superficially familiar with the heart of the matter."<sup>206</sup>

By the end of January the Kuril Islanders were nervous about the territorial issue. The Kurils were already a subject of heated discussions and debates by the public and the politicians. Though exchanges of delegations with the Japanese, Japanese humanitarian aid was being provided, and numerous joint enterprises

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<sup>205</sup> "Retention of Kuriles Favored in Opinion Poll," 924C0426B Moscow Rabochaya Tribuna in Russian 18 Jan 92 p 2 (FBIS-USR-92-014, 13 February 1992, p. 117).

<sup>206</sup> Vladimir Yerechin, "Moscow Won't Have to Make Concessions," New Times (23.92), p. 25.

(with Japanese capital) were a regular occurrence, the residents were unsure of the outcome of the territorial discussions.

It did not help when Russian television announced on 1 April that the Kuril Islands had been transferred to Japan. Supposedly the islands' residents were gripped with "panic and confusion."<sup>207</sup> This April Fool's Day "joke" was taken seriously by a "population who has minimal information on the course of Russian-Japanese negotiations."<sup>208</sup>

After seven months of debate and many articles in the press a survey of the Kuril residents was broadcast on a local Moscow television station. The survey showed that 33 percent opposed returning the islands to Japan, 33 percent supported returning the islands, and the last one-third were undecided.<sup>209</sup> This was the first released poll of the residents themselves and was very different from the poll of the public at large conducted in January. The Governor of the Sakhalin Oblast, Fyodorov, said that the one-third who favored the idea "only do so because they believe they would have a better standard of living if

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<sup>207</sup> "Fedorov Seeks Recompense for Kurils 'Joke'," 924C1108A Moscow Rabochaya Tribuna in Russian 3 Apr 92 p 1 (FBIS-USR-92-044, 20 April 1992, p. 41).

<sup>208</sup> Ibid.

<sup>209</sup> "Sakhalin Governor Opposes Visit," OW0208094192 Tokyo Kyodo in English 0918 GMT 2 Aug 92 (FBIS-SOV-92-149, 3 August 1992, p. 12): It is not clear whether the residents of the Kuril Islands have access to Moscow television broadcasts or not. See also Kathryn Brown, "Sakhalin's Valentin Fedorov Makes Nationalist Allies," RFE/RL Research Reports, Vol. 1, No. 38 (25 September 1992), p. 37.



incorporated into Japanese territory."<sup>210</sup> He said this without the benefit of any poll.

Another poll of 515 responding residents of the islands of Iturup, Shikotan and Kunashir was released before the television broadcast. A majority of the respondents supported Yeltsin and the government in their resolution of the territorial dispute "with the condition that the governments of the two countries - Russia and Japan - offer guarantees of their social protection."<sup>211</sup> The residents did not indicate what type of resolution should occur but did indicate support for Yeltsin to negotiate a resolution and sign a peace treaty.

During closed parliamentary hearings on the Kurils, the Deputy Foreign Minister released results of a poll that, in his opinion, was "the sole scientific public opinion poll - that is known to me."<sup>212</sup> Seventy-seven regions and localities were polled. More than half of the regions were located in the Far East. According to the data 4.6 percent of the respondents said that there was no territorial problem regarding the Kurils. Close to 84 percent believed that an improvement in relations with Japan was essential for Russia and 51 percent were aware that relations between the two countries were being impeded by the

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<sup>210</sup> Ibid., "Sakhalin Governor Opposes Visits."

<sup>211</sup> "South Kurilians Support Initiative on Resolving Territory Issue," 924C2946B Moscow Rossiyskaya Gazeta in Russian 20 Jul 92 p 1 (FBIS-USR-92-102, 12 August 1992, p. 60).

<sup>212</sup> "Verbatim Account of Closed Parliamentary Hearings on Kurils," 924C2158A Moscow Rossiyskaya Gazeta in Russian 14 Aug 92 pp 4-5 (FBIS-USR-92-112, 2 September 1992, p. 3).

absence of a peace treaty and the problem of territorial demarcation. The majority, 61 percent, were convinced that if the problem is settled relations with Japan would improve and 67 percent believed that relations would deteriorate if the issue was not resolved.

The results of this poll display a high level of awareness of a foreign policy and domestic problem. It also suggests many people living in the Far East believe Japan to be an important country to have normal relations with. On a larger scale dealing with foreign policy, a poll released in July, 11 percent of the respondents answered that Japan should be a main concern in establishing relations with.<sup>213</sup> Countries receiving a higher percentage are - CIS countries, 83%; United States, 44%; Germany, 23%; Other West European countries, 21%. The rest of the results were - Near East countries, 5% and China, 4%.

The most in-depth poll of the public at large was released after Yeltsin's trip to Japan in September was "postponed." This poll was released on 6 November 1992 but included results of two earlier polls. The November 1991 poll included 1,917 Russians while the August 1992 one included 1,917 people. Results from the November 1991 and August 1992 polls are outlined below:<sup>214</sup>

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<sup>213</sup> "Public Opinion Poll Assesses Foreign Policy," 924C2045C Moscow Nezavisimaya Gazeta in Russian 24 Jul 92 p 2 (FBIS-USR-92-102, 12 August 1992, p. 59).

<sup>214</sup> "Public Opinion on Kurils Handover Hardens," 934C0Z02A Moscow Nezavisimaya Gazeta in Russian 6 Nov 92 (FBIS-USR-92-146, 14 November 1992, pp. 75-6).

**\*\*Would you agree to transfer the Kuril Islands to Japan?**  
(percentage of total number of those polled)

|          | November 1991 | August 1992 |
|----------|---------------|-------------|
| Agree    | 14            | 13          |
| Disagree | Remainder     | Remainder   |

**\*\*Why should the Kuril Islands be transferred to Japan? (8/92)**  
(percentage of those who agree to transfer the islands)

|  |    |
|--|----|
| These are ancestral Japanese lands           | 33 |
| In order to receive financial aid from Japan | 21 |
| In order to sign a peace treaty              | 17 |
| Residents of islands wish to live in Japan   | 13 |
| Japan lacks living space                     | 9  |
| In keeping with international treaties       | 8  |

**\*\*Why should the Kuril islands not be transferred to Japan?**  
(percentage of those who do not agree to transfer the islands)

|  |    |
|--|----|
| Our fellow citizens live there                                   | 21 |
| These are ancestral Russian lands                                | 20 |
| The prestige of Russia will suffer                               | 18 |
| Proceeding from the principle of the<br>inviolability of borders | 16 |
| In keeping with international treaties                           | 11 |
| In view of our economic interests                                | 10 |
| Proceeding from our strategic interests                          | 9  |

By mid-year several organizations had formed specifically recognizing the Kuril Islands issue as their main focus. The Russian Committee for Protection of the Kurils held a rally on 10 September in Moscow. Their rally was a victory campaign in recognition of the cancellation of Yeltsin's trip to Japan.

The rally's leader called on the participants to "continue their struggle for civil rights and preservation of the territorial integrity of the USSR."<sup>215</sup> He also "expressed hope that Japanese will show understanding to the sentiments of the Russian people defending their islands and retain friendly relations with them."<sup>216</sup> Evidently, by the desire for "territorial integrity of the USSR," participants of this Committee and rally fall into the nationalist camp and wish to 'go back to the way it was' but proceed with friendly relations with Japan.

Cossacks entered the picture at the request of Sakhalin Governor Fyodorov. He stated in June that:

We have currently begun something interesting in the Kurils: we are moving Cossacks into the southern islands. And we want everyone to know that this is Russian land - from this day forth and forever. These people will simply not give that land back to anyone. . . . The society has perceived morbidly the appearance of Cossacks in the Kurils. But I am convinced, and I repeat once again, that in this situation it is the Cossacks - the primordial tillers of the land and guardians of the Russian borders -who are capable guaranteeing the stability in this region.<sup>217</sup>

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<sup>215</sup> "Rally Speakers See Delay as 'Victory'," OW1009184592 Moscow Interfax in English 1757 GMT 10 Sep 92 (FBIS-SOV-92-177, 11 September 1992, p. 7).

<sup>216</sup> Ibid.

<sup>217</sup> "Fedorov Counts on Cossacks To Maintain Russian Claim on Kurils," 924C1770B St. Petersburg Sankt Peterburgskkiye Vedomosti in Russian 9 May 92 p 2 (FBIS-USR-92-087, 11 July 1992, pp. 17-8).

Where the millions of rubles were coming from for the Cossacks to move to and develop the islands, no one knew, not even Fyodorov.

Five weeks later a radio broadcast said that the Cossacks had obtained 10,000 Khabarovsk and Maritime Kray resident (Far East areas but not residents of the Kurils) signatures in support of the Kuril and Sakhalin residents' demands. Signatures "included not only Cossacks but also post workers, sailors, shipwrights, fishermen, and peasantry and intelligentsia representatives."<sup>218</sup> The petition was to be taken to the Russian government in Moscow by the Cossack delegation.

One group unhappy about Fyodorov's idea of settling Cossacks on the islands are the people living on the island of Kunashir. They collected more than 1,600 signatures on a petition that was eventually sent to Yeltsin demanding a halt to any settling of Cossacks in the Kurils. This from the residents of the Kurils themselves.

#### **D. KURIL ISLANDERS AND THE RUSSIAN GOVERNMENT**

At the same time that Fyodorov was drumming up support for his cause of blocking the Russian government from returning any islands, the Russian media announced that the Japanese government "has already worked out plans for settling these problems (faced by the Kuril residents for whom the islands have

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<sup>218</sup> "Petition on Kurils Signed," OW1607063592 Vladivostok Radio Vladivostok Network in Russian 0220 GMT 14 Jul 92 (FBIS-SOV-92-137, 16 July 1992, p. 11).

become home) once the islands are returned."<sup>219</sup> Japan was "studying the possibility of offering special status to the residents of the southern Kurils to guarantee their permanent residence and housing."<sup>220</sup> They did not plan to expel the islands' residents as Stalin had expelled the 17,000 Japanese residents after WWII.

Immediately after the radio broadcast a "Resolution of Inaugural Congress of the Russian National Assembly on the Southern Kuriles" was released. The resolution protested the "mass information media and Russian radio and television, having been seized by the radical-perestroika forces, [that] are waging a massive pro-Japanese [sometimes referred to as "Japanophilia"] political campaign among the populace."<sup>221</sup>

The government resolution supported Fyodorov in claiming that the southern Kurils are an inseparable part of the Russian territory. Additionally, the resolution called for the Russian government to "take concrete steps to supply the populace of the Kuriles with food and fuel, and to put into operation the only airport on the Southern Kuriles in the settlement of Mendeleevo."<sup>222</sup> Rumors

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<sup>219</sup> "Territorial Issue Viewed," OW1102112892 Moscow Radio Moscow in Japanese 1000 GMT 6 Feb 92 (FBIS-SOV-92-028, 11 February 1992, p. 23).

<sup>220</sup> Ibid.

<sup>221</sup> "National Assembly Resolution on Kurils," 924C1047B Moscow Obzrevatel in Russian No. 2, Feb 92 p 26 - FOR OFFICIAL USE ONLY (FBIS-USR-92-003-L, 13 April 1992, p. 35).

<sup>222</sup> Ibid.

began circulating that many Islanders were ready to accept any Japanese compensations that were offered to them to leave the islands.

The National Assembly also called upon all Russians to support a resolution of the Sakhalin government officials who wanted to observe "Southern Kuriles Day" throughout Russia on 6 June 1992. This in response to the Japanese observation of Northern Territories Day celebrated on 7 February during the past twenty years. The resolution also declared, "No confidence in President Yeltsin, who has not carried out his promises, which he made to the voters on the problems of the Southern Kuriles, and consider him incapable of defending the national interests of Russia!"<sup>223</sup> This happened only two months after Gorbachev's resignation but after the Kuril Islands' residents have suffered a very hard life-style for many years, virtually forgotten by the Soviet government.

During an interview with Deputy Foreign Minister Kunadze in August he said:

I was in the Kurils and am able to judge: During these 47 years that we have been on the islands no one raised a finger to bring these islands up to at least some kind of decent economic level. There are no roads there, none. The islands are, if you will, our national disgrace.<sup>224</sup>

The villages and towns often remain without electricity, the price of goods is now among the highest in the country, and transport communication is

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<sup>223</sup> Ibid., p. 36.

<sup>224</sup> "Kunadze Views Kurils Legal Suit, Debate," 924C2108C Moscow Rossiyskiye Vesti in Russian 11 Aug 92 p 2 (FBIS-USR-92-111, 30 August 1992, p. 58).

continually interrupted which is so important in delivering supplies with the airport closed down. To add fuel to the fire, unemployment has skyrocketed. Regardless, the National Assembly thought it appropriate to call for a celebration day that was originally called the Day for Protection of the South Kurils.

By May a government official, People's Deputy of Russia Aleksey Surkov, in favor of returning the islands to Japan commented:

Perhaps when they looked into the essential nature of the problem, the Kuril Islanders themselves, understanding the true intentions of the latter-day keepers of the national pride, are reluctant to be a blind instrument of their game. So when Mr. Baburin [a member of the Supreme Soviet] tried to scare the Kuril Islanders with the thought that "under the Japanese" they would become "second-class" people, the response he received was unexpected: "But we are second-class people already".<sup>225</sup>

After Baburin's trip to the Kurils he said that "the social and economic situation on the Kuril islands is very complicated: shipments of food, consumer goods, and building materials are very light."<sup>226</sup> He encouraged a resolution be passed by the government and parliament on the development of the Kurils and believed Japan "is trying to turn the Far East into its "raw material adjunct".

Baburin is the leader of the "Russian Unity" a group of parliamentary opposition to changing Russia's borders without approval of the Russian people in a general referendum. Their view is in accordance with Article 8 of the

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<sup>225</sup> "Conclusion of Peace Treaty With Japan Urged," 924C1547A Moscow Nezavisimaya Gazeta in Russian 16 May 92 p 4 (FBIS-USR-92-067, 5 June 1992, p. 3).

<sup>226</sup> "Opposition Over Kuril Islands' Future Noted," OW11061937 92 Moscow Interfax in English 1600 GMT 11 Jun 92 (FBIS-SOV-92-114, 12 June 1992, p. 23).



Russian Federation's Declaration of State Sovereignty that says Russian territory cannot be altered without a nationwide referendum.

Kamchatka officials, the territory located just north of the Kurils and part of the Russian Far East, voted 50-50 on returning-not returning the islands to Japan. Primyak, the Kamchatka Soviet Chairman, said that "however, I must tell Far East residents that we must not proceed from some political or subjective interests. . . No matter what favorable conditions Japan offers them [the Kuril residents], we can not [cannot] relocate people to other territories just because a foreign country wishes it."<sup>227</sup>

A month later Vice-Chairman of the Russian Government Minister for the Press and Information, Mikhail Poltoranin, stressed the need to carefully consider the interests of the Kuril Islanders. He said, "If we get a number of dislodged and homeless people, this may exhaust the people's patience and provoke a social explosion."<sup>228</sup>

This was followed by a poll that showed that Russians were living difficult times but were not ready for any social explosions. Most expressed hope and rationality. The mood of hopelessness appeared unanimous in the 60-70 age

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<sup>227</sup> "Kamchatka Soviet Chairman on Returning Kurils," OW0508010892 Vladivostok Radiostantsiya Tikhoy Okean Maritime Service in Russian 0715 GMT 29 Jul 92 (FBIS-SOV-92-151, 5 August 1992, p. 29).

<sup>228</sup> "Claims No Kurils-U.S. Link," LK0508143792 Moscow Itar-Tass in English 1330 GMT 5 Aug 92 (FBIS-SOV-92-152, 6 August 1992, p. 15).

group though. The poll did not specify whether Kuril Islanders were included in the poll at all and probably they were not.

During the closed parliamentary hearings on the Kurils conducted in July, the Sakhalin Oblast Soviet of People's Deputies said the "inhabitants of the Kurils are today in despair."<sup>229</sup> Another official, the General Staff of the Defense Ministry, expressed concern that "under the conditions in which our people on the Kurils live, we need either to adopt some solutions or to render effective assistance in order that our people might live there."<sup>230</sup>

It was not until September that Yeltsin signed a resolution concerning a program of socioeconomic development for the Kurils. Specifics were not mentioned in this information release. In October the parliament discussed a Kuril Islands development program. Again, there were no specifics outlined. By this time Fyodorov demanded that the Kurils be made a free economic zone that he said Yeltsin had promised. Again, no action by the officials in Moscow.

The discussions continued. On October 26 a draft plan was submitted calling for the entire Sakhalin region be made into a free economic zone. The proposal outlined the Kurils as a "sub-zone" that was expected to be "granted tax and customs privileges in order to attract more Russian and foreign investors to

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<sup>229</sup> "Verbatim Account of Closed Parliamentary Hearings on Kurils," *op. cit.*, p. 6.

<sup>230</sup> *Ibid.*

it."<sup>231</sup> This was a long-term project but in the mean time the residents were still suffering.

Fyodorov's demand for a free economic zone was in conjunction with a possible deal with a Hong Kong company, owned by a Japanese citizen, to develop an amusement park on the Kurils. Why Fyodorov, who opposes returning the islands, would favor a company owned by a Japanese is unknown. Also, in the works was a South Korean businessman's offer to lease the Kuril Islands. This offer was followed by the proposal, by a Russian Professor, to lease the southern Kurils to the Japanese for 50 years or more. It seems as though the plan to lease the land was a "political ploy" by Fyodorov to 'jumpstart' the Moscow officials into action and it worked.

The plan by the Sakhalin officials made on 28 October said that Russia would carry out a development plan as part of a program for a free economic zone in the Kurils. The plan included introducing capital and technology from leading developed countries, including Japan.

Within days the Supreme Soviet approved a plan to develop the Kurils as part of a Sakhalin Free Economic Zone and on 17 November it was signed by Yeltsin. But the plan would not be adopted until sometime in 1993 after

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<sup>231</sup> "Kuril Islands Development Plan To Be Submitted," OW1310161492 Moscow Interfax in English 1434 GMT 13 Oct 92 (FBIS-SOV-92-202, 16 October 1992, p. 37).

government committees "consider necessary revisions."<sup>232</sup> The final plan is to include "four regions according to purposes such as conservation, and promotion of fisheries and the tourism industry centering on base cities."<sup>233</sup> The plan also stipulated that "local soviets [have] the right to issue 99-year leases on land on the islands to foreign investors."<sup>234</sup> There was still no progress on meeting the immediate needs of the residents.

#### E. RUSSIAN CITIZENS AND THE JAPANESE

It was announced in January by the Japanese government that Japan intended on rendering urgent aid to the residents of the South Kuril Islands. The food situation on the islands was worsening and the government of Japan and the Japanese Red Cross would send 25 million yens by the end of the month.

The Russian Far East communities of Khabarovsk and Irkutsk both received supplies and humanitarian assistance from their Japanese "Sister Cities" during early February. Khabarovsk was sent 35 tons of humanitarian aid for 1,300 low-income families by its Sister City, Niigata. Transportation, once the aid arrived on Russian soil, was provided by the Far Eastern military. Irkutsk received a

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<sup>232</sup> "Moscow To Develop Kuril Islands as Free Economic Zone," OW2710043492 Tokyo Kyodo in English 0418 GMT 27 Oct 92 (FBIS-SOV-92-210, 29 October 1992, p. 49).

<sup>233</sup> Ibid.

<sup>234</sup> "Draft Edict Approves Leasing of Kuril Islands Land," MK0412163592 Moscow Kommersant-Daily in Russian 2 Dec 92 pp 1-2 (FBIS-SOV-92-235, 7 December 1992, p. 14).

shipment of medical supplies for the Irkutsk Children's Hospital. Supplies included diagnosing equipment, baby food, bandages, and other medical material.

Japan announced that from 8-10 February humanitarian aid worth \$320,000 U.S. dollars would arrive for three different Far East communities, including supplies for old people's home, hospitals, and children's residential homes. This was the first shipment of a 52 million-dollar aid program for the Far East peoples. An agreement for a credit of \$100 million was also underway between Tokyo and Moscow. Future negotiations included a discussion of credits of \$500 million.

"The Japanese do not wish to link this aid to Japan's special economic interests in the Far East,"<sup>235</sup> the Japanese Embassy said. The receiving sites were supposedly determined by a "matter of geographical proximity and the practical implementation of the scheme."<sup>236</sup>

When the embassy official was asked: "Mr. Kawato, \$50 million is a comparatively small amount for a country as economically powerful as Japan. Do you agree?" Kawato replied:

Well, it is said that you should not look a gift horse in the mouth. But seriously, this is not a small total for humanitarian aid given free of charge. It should also be kept in mind that there are countries in Africa and Asia which have a greater need for aid than the CIS countries. Furthermore, I should point out that the aid we are giving has been coordinated with other Western countries. For instance, part of this consignment is to be delivered

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<sup>235</sup> "Japan Sends Aid to Vladivostok," LD0702215892 Moscow Russian Television Network in Russian 1700 GMT 7 Feb 92 (FBIS-SOV-92-028, 11 February 1992, p. 22).

<sup>236</sup> Ibid.

to the countries of Central Asia by American military aircraft from Turkey. It will have a greater effect than it may appear.<sup>237</sup>

This was followed by a report that the Russian and Japanese governments had agreed on visa-free travel for the residents of Sakhalin and the Kurils beginning in April. Japanese citizens could also visit the southern Kuril Islands without a visa beginning in May.

Russian and Japanese businessmen agreed to establish a mutual medical fund for the areas of Siberia in April. Plans included joint ventures in building medical centers and producing state of the art medical equipment and pharmaceuticals. Two computerized tomography units (a type of X-ray machine) had already been established on the grounds of a defense industry plant.

On a different level, Japan sent a group of specialists to the Ukraine to assist in the safety and operation of nuclear power plants. The Japanese government plans included sending specialists to the many nuclear plants in the former Soviet Union to try to prevent Chernobyl-type disasters.

By May Japan had sent an additional shipment of humanitarian aid worth 1.45 million yen to the south Kurils and other areas of the Russian Far East. The shipment to the Kurils included 1.8 tons of medicine and 60 tons of food products.

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<sup>237</sup> "Official Interviewed on Aid," LD1002093892 Moscow Russian Television Network in Russian 1249 GMT 9 Feb 92 (FBIS-SOV-92-028, 11 February 1992, p. 22).

By mid-year numerous articles and broadcasts regarding the Kuril issue had appeared in the Russian press and television and radio stations. During an interview of the Ambassador of Japan in Russia, the Japanese said, "If the Russian side recognizes our sovereignty over the islands, the Japanese government will adopt a respectful attitude toward the rights, interests, and wishes of the present inhabitants, including those who wish to remain."<sup>238</sup>

By this time most of the Islanders were receiving much more aid and assistance from Japan than from their own government. The Russian government was in the middle of their debates over resolving the territorial issue and deciding how to influence Japan to contribute a large sum toward the country's economic reforms.

The Japanese were patiently promoting their own program by sending the aid and influencing the people to be in favor of returning the islands. Before Yeltsin's trip to Japan was "postponed" Japan's Prime Minister Miyazawa said, "It is particularly noteworthy that there has been great progress in the sphere of human contacts and cultural ties. I would like the Russian people to realize that as a result of these achievements, Japan is sincere in its desire to create long-term friendly relations with Russia."<sup>239</sup>

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<sup>238</sup> "Opposing Views on Kuril Islands Compared," 924C1990A Moscow Argumenty I Fakty in Russian No 27, Jul 92 p 4 (FBIS-USR-92-099, 5 August 1992, p. 75).

<sup>239</sup> "Japan's Miyazawa Assesses Prospects for Ties," PM0909094192 Moscow Komsomolskaya Pravda in Russian 8 Sep 92 p 3 (FBIS-SOV-92-174, 8 September

Concern was expressed by the Russian interviewer about how to dispel the doubts "held by many of my fellow citizens - who believe that, as soon as it gets what it wants, Japan will coldly turn its back on Russia."<sup>240</sup> Miyazawa replied that a resolution of the territorial dispute and conclusion of a peace treaty would "create an atmosphere of genuinely mutual trust"<sup>241</sup> between the two countries. Miyazawa explained that in this world that is "multipolar politically" and "without state borders economically" that it was in the interest of all countries to proceed from a base of mutual trust. But Japan could not be totally giving in an atmosphere of mutual distrust that the two countries were trying to resolve to the satisfaction of both.

During this interview Miyazawa was very complimentary to the Russia people and optimistic about the future of Russia:

. . . I believe that the Russian people have many assets when it comes to development. Needless to say, these are their high educational and scientific standards, and moreover, the desire in many citizens to work hard. I have heard how well Russian people can work if given the conditions to do a meaningful job and show initiative. Russians have rich creative imaginations. These factors will make themselves fully felt as long as an environment guaranteeing free economic activity is provided. In this environment, the young people currently growing up under democratic conditions and burning with a desire to do business will undoubtedly play a great role in building a new society in Russia.<sup>242</sup>

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1992, p. 11).

<sup>240</sup> Ibid., p. 12.

<sup>241</sup> Ibid.

<sup>242</sup> Ibid., p. 13.



Before Yeltsin's trip was "postponed," the Russian media published an article concerning an appeal made to the Constitutional Court regarding the Japanese Embassy issuing a brochure titled "Northern Territories of Japan." The appeal's author believed it was imperative that the Court examine and explain the action of the Japanese Embassy that the appeal said was illegal.

The Japanese Embassy had released the brochure, about 60,000 copies, to the Russian public to educate the people about both sides of the issue. They believed many people were not aware of the whole story. The results of the appeal are not known but the Japanese Embassy achieved their goal if only in a small way.

After Yeltsin's trip was "postponed" the Japanese export-import bank, financed by the Japanese government, released documents granting a 100 million U.S. dollar credit that had been approved two years earlier. Credit documents were expected to be signed by Yeltsin during his visit but were eventually signed in Moscow. The credit would be used to pay for goods already delivered from Japan including medicines, medical equipment, food and wrapping.

In addition, plans went forward for a scheduled aid meeting between Tokyo and Moscow on 29-30 October. One important item to be discussed at this meeting was the protection of aid shipments to all the CIS countries. Black marketeers were stealing part or all of the shipments (from all the CIS countries) for their own use. This problem has not been resolved yet. In his opening remarks at the meeting Watanabe announced that the CIS countries, excluding the

Baltics, will receive 100 million dollars in gratis humanitarian aid from the Japanese government.

Tokyo planned to give priority to the Far Eastern areas for most of the aid (60%). Sometime in the future the aid would be supplied to the other parts of the former Soviet Union, especially the Central Asian republics. Technical assistance would also be provided to the Central Asian republics to train 300 engineers and experts in Japan over the next three years.

By the end of the year Tokyo and Moscow had also agreed to expand flights between Japan and Europe via Siberia. In addition, flights between Niigata, a Japanese city along the Sea of Japan, and Vladivostok in the Russian Far East and a new route between Hakodate, on Hokkaido island, and Yuzhno-Sakhalinsk in the Far East would be opened.

Regarding the visa-free travel between Hokkaido and the Kurils, the length and scope of the visits were expanded by mutual agreement. The visa-free exchanges are a way to promote friendship and cooperation between the two countries' citizens. They also agreed to allow visitors to stay in hotels than on board ships, to seek ways to include children's groups in the exchanges, and to use helicopters for making the visits.

#### **F. SUMMARY**

Apparently the residents of the Kurils Islands are under a tremendous hardship even more than they were when the Communists were in power.

Though it is not clear if most of the population of the Kurils or, for that matter, the Russian Federation agrees about how to solve the territorial dispute with Japan. It is not evident whether the interests of the residents or Russian citizens are important to the Russian government until public pressure forces them into some action. This action, by the end of the year, was only verbal nothing in the form of deeds.

On the other hand Japan is playing its card in winning the support of the Russian population and the Far Easterners and Kuril Islanders, in particular. Japan may be betting that once things settle down in Moscow Article 8 of the Constitution may be administered - a vote of the people to decide any possible changes in the territorial integrity of the Federation. The Japanese government may believe the issue may be settled this way since both, the Russian people and Moscow officials, are feuding as to the legality and justice of the issue in regards to international law. Either way the Japanese citizens and government are pursuing both ends of the spectrum just in case.

Until the larger issues of reform are settled between Yeltsin and the parliament, the Kuril Islanders, the Russian people, and the Japanese will all have to wait for this issue to be resolved. And this may take more years than the residents can bear. The media, officials in Moscow and in the Far East, and the public at large seem content to debate the issue endlessly. They tend to use this issue as a stepping stone to what they consider more critical issues for the Russian Federation to tackle.

All sides shrewdly used the method of appealing to public opinion with no one side coming out the winner. What was achieved was postponing the adoption of a decision. What is still apparent to some Russia citizens, in a post-Soviet climate, "public opinion is still "made" with the help of propaganda media no less successfully than in the totalitarian Union, and for this reason its significance should not be exaggerated."<sup>243</sup>

It goes back to a larger debate happening in the Russia during 1992 and into this year. Conservative-nationalists, including Governor Fyodorov, who believe "Russia is on the verge of a major political scandal caused by officials who are guided by self-interest"<sup>244</sup> and democrat-liberals, such as Foreign Minister Kozyrev and Yeltsin, who want to resolve the issue based on "legality and justice" to enable Russia to become a respected member of the community of nations. Who is caught in between or, more accurately, out in the cold - the Kuril Islanders.

In January 1992, immediately after Gorbachev's resignation and before the Kuril Island debates became heated within the government and the public, a Russian journalist wrote, "In Russia's present situation none of its citizens will feel

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<sup>243</sup> "Lack of Russian 'Concrete Political Decisions' on Kurils Noted," 924C1450A Moscow Nezavisimaya Gazeta in Russian 6 May 92 pp 1-2 (FBIS-USR-92-063, 29 May 1992, p. 1).

<sup>244</sup> "Opposition Demands Investigation of MFA [Ministry of Foreign Affairs] Activities," 924C2108C Moscow Rossiyskiye Vesti in Russian 11 Aug 92 p 2 (FBIS-USR-92-111, 30 August 1992, p. 55).

bitter if the President [Yeltsin] leaves the decision of the territorial dispute to our future generations."<sup>245</sup> This journalist reasoned, why give the nationalists another opportunity to attack Yeltsin when the democrats were in the process of carrying out difficult economic and political reforms.

The debates shifted from a primarily military significance to one of concern for the fate of the citizens. But the government did nothing to make the fate of the citizens any better and are no closer to an internal compromise or a resolution with Japan. Mlechin continued, "If the Russian government intends to devise a *formula for avoiding the answer to this question [of returning or not returning the islands]* it is better not to go to Japan at all."<sup>246</sup>

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<sup>245</sup> Leonid Mlechin, "A Hard Nut to Crack," New Times (3.92), p. 25.

<sup>246</sup> Ibid.

## VII. CONCLUSION

### A. PROSPECTS FOR THE FUTURE

At this writing, the Russian Federation and Japan have not signed a peace treaty and the South Kuril Islands remain in the hands of the Russians. After one year improvement in Russian-Japanese relations has not increased significantly but there have been noticeable changes. There are signs that both sides are willing to consider compromises and that negotiations on not only the island dispute, but also economic and security issues, will continue.

This does not suggest that the territorial demarcation issue will be resolved or a peace treaty signed during this century. What the evidence does suggest are continued bilateral discussions on many matters important in an atmosphere that is seemingly cooperative and friendly, although reserved.

"A history of the territorial dispute between Japan and the Soviet Union shows that the Soviet position has not been uniform and has shifted depending upon the results it wanted to gain from Japan."<sup>247</sup> The foreign policy of the successor of the Soviet Union, the Russian Federation, has used the same tactics during its first year of independence.

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<sup>247</sup> Pushpa Thambipillai and Daniel C. Matuszewski, The Soviet Union and the Asia-Pacific Region (New York: Praeger Publishers, 1989), p. 28.

In the beginning of 1992 Russia accused Japan of tying political and economic policy into one inseparable package. Russians insisted the two must be divided and treated as individual issues between the two countries. By the end of the year, the Russians hinted that if Tokyo would come forth with even more economic assistance then Moscow might consider discussing the island issue.

Never have the Russians negotiated the possible return of all four islands. They have specifically mentioned, as a basis for negotiations, only the two southernmost islands that were agreed to in the 1956 Declaration. Conservative government and military officials in Moscow hinted that economic assistance from Japan could provide a basis for continued negotiations on a peace treaty.

One other issue was important to both the Japanese and Russians, demilitarization of the entire area. This implies that American troop levels must be reduced to assure mutual feelings of border integrity and security. The Russian military leadership is also concerned about the increase of the Japanese self-defense program.

The Russians have continued the Soviet policy of shifting positions on further negotiations depending on what they wanted Japan to do. If Japan complies, negotiations may move from the discussion stage to signing mutual agreements. Japan has already offered more economic assistance and has affirmed their position of multilateral support as a member of the Group of Seven.

Russian officials will not forget that Japan internationalized an issue that, they believe, should have continued as a bilateral discussion only. On the other hand, Russia is counting on Western support, especially from the G-7, more than she was this time last year.

The territorial dispute goes much further than these surface level analyses. Historical and cultural barriers are not expected to be broken down during one year of discussions and it is highly probable that the last step in Yeltsin's five-stage plan will happen. His fifth step includes leaving the territorial discussions for future generations to resolve. Thompson argued in his thesis over ten years ago:

The territorial issue is only a symptomatic manifestation of the basic disparities of their national paradigms. . . . if the Northern Territories did not exist, there would most likely be some other issue that would prevent closer relations. But the biggest obstacle to improving Japanese-Soviet relations is the legacy of their historical experiences. The Soviets remember the Japanese surprise attack on their naval bases at Port Arthur and the Russian people's shameful defeat by an Asian nation; they remember the Siberian Intervention led by the Japanese and Tokyo's early anti-bolshevism; they remember the Manchurian border clashes of the late 1930's and the rise of Japanese militarism; they are concerned over the massive economic, technological, and increasing (from their perspective) military power that is displayed in Japan; and they understand the significance of the Sino-Japanese Peace and Friendship Treaty and its anti-hegemony clause.<sup>248</sup>

There is a light at the end of the tunnel. The Cold War is over and the newly independent Russian Federation is moving toward democracy, free market economics, and a social transformation. Yeltsin may have made the same mistake

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<sup>248</sup> Michael A. Thompson, "The Northern Territories: Case Study in Japanese-Soviet Relations," (Master's Thesis, T4355) Naval Postgraduate School, June 1982.



as Gorbachev did by "trying to transform the political and economic systems simultaneously"<sup>249</sup> when the political structures and institutions are too weak to support such reforms. The parliament still holds more power than the President and the struggle for power are the most crucial battles right now for the Russians. Until the political arena is stabilized and reforms are moving smoothly along the Japanese may as well bide their time as patiently as they have for the past forty-seven years.

Another reform that must be moved along is the education and training of people in many unfamiliar areas. Democratic principles, capitalism, principles of law, and even a new approach to the discipline of history must be included in a revised education program:

The time has come for considered and competent analysis rather than emotion. The general public should first and foremost be made aware of historical facts and diplomatic documents determining mutual relations with Japan, rather than the views of various figures. This is important, since the final decision on the fate of the Kurils must without fail be made and approved by the people. And primarily by those who live on the Kurils. Furthermore, they should express their agreement or disagreement only on the basis of profound understanding of the essence of the problems.<sup>250</sup>

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<sup>249</sup> Alexander Rahr, "The First Year of Russian Independence," RFE/RL Research Reports, Vol. 2, No. 1 (1 January 1993), p. 50.

<sup>250</sup> Article by Vice-Admiral of the Research Yu. Bystrov under the "Problems and Opinions" rubric: "Islands of Contention," "Kuril Islands 'Fate' Rests With People," PM2502115792 Moscow Krasnaya Zvezda in Russian 20 Feb 92 p 3 (FBIS-SOV-92-038, 26 February 1992, p. 32).

The people may vote sometime in the future on a referendum on adjusting the territorial border of the country, specifically the border line between the Kurils and Japan. This vote is not likely to occur until the next century.

The end of the Cold War has seen more than a rebirth of nationalism. Nationalism has risen to the surface where before it was suppressed, usually by fear. This, in combination with a protectionist attitude, has made it difficult for the Russians to define their national interests to fit the new world order. The internal political struggles to define national interests, to listen to the people's voices, and the battles for power are some struggles that the Russians are becoming more familiar with. Political ineptitude will continue for several years due to the lack of a solid foundation of laws and a court system.

This transformation is not an easy one for a postcommunist society and the world should not expect overnight miracles. The process will take many years, if not several generations. Government gridlock makes it impossible to carry out economic and political reforms. The relationship with Japan and other countries will take second place behind the internal struggles. The key will be to continue support for democratic processes that have emerged during the past year. Japan has realized that she must extend that support in verbal commitments followed by economic, security-related, and cultural deeds. It is not in Tokyo's interest for the anti-democratic and anti-Western Russians to win the political struggle.

It seems as though one common thread holds all the Russians together: This is the desire to be a world power. Without continued and consistent economic

and political reform this will not be possible. Without Western support economic and political reform in the Russian Federation may or may not be possible. The Russians realize that they must transform their own country into whatever model they choose since the ultimate outcome is a country considered a world power.

For many that means a friendly, cooperative member of the world community not a return to the Cold War or totalitarianism. Russia is still struggling with the basics in deciding its identity, its national interests, and its place in the world. The Russians can negotiate with the Japanese when they are on an equal footing, from a position of strength, not while they are struggling for their existence and feel humiliated and manipulated.

#### **B. IMPLICATIONS FOR THE PACIFIC BASIN**

The lessening of tensions between Moscow and Tokyo creates a lessening of tensions in the entire Pacific Basin. The other countries of the Pacific Rim are watching Tokyo and Moscow carefully. They are also watching the relationship between Japan and the United States carefully. Washington intends to reduce the level of American troops in the Pacific and have encouraged Japan to take more responsibility for its own self-defense. Japan's neighbors are not happy about this proposal. All the countries seem wary of Japan's possible militarization especially with the reduced Soviet threat in the Pacific.

As General Colin L. Powell wrote in his 1993 Report on the Roles, Missions and Functions of the Armed Forces report:

Asia represents a remarkable US foreign policy success. American commitments to mutual defense treaties, forward military presence, security assistance and education programs - for example - have helped produce a region of stability. Democracy now blooms in areas where only a few years ago we wondered if the idea could ever take root. Newly empowered citizens are forcing governments to change in ways once unimaginable. **Political and economic success in Asia make it possible for friends and allies like Japan to take on a larger share of regional security responsibilities.** But challenges to American interests and ideals also exist across the Pacific. Communist regimes remain in power in China, North Korea, Laos, and Vietnam. While leadership and generational changes underway in these states offer grounds for optimism, the outcome of these transitions is far from certain. **American involvement in Asia and the Pacific is essential for promoting stability and nurturing constructive change.**<sup>251</sup>

The fact that Tokyo and Moscow have continued discussions and plan to resume negotiations is a positive sign for the entire Pacific Basin. Discussions on security-related issues and economic partnerships are desired and needed by the regions' countries, including the United States. Moscow has proposed collective security arrangements consummated in a multilateral treaty. This would be a more effective system than the current situation of many bilateral arrangements. Powell's view is different: "In the Pacific region, the key to our forward presence has been **and will remain** a network of largely bilateral security alliances with Japan, the Republic of Korea, Australia, the Philippines, and Thailand - and cooperation with other friendly nations."<sup>252</sup>

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<sup>251</sup> Colin L. Powell, Chairman of the Joint Chiefs of Staff, "1993 Report on the Roles, Missions and Functions of the Armed Forces," Washington, D. C. (10 February 1993), p. I-5 (bold added by the author).

<sup>252</sup> Ibid, p. III-33; New Zealand was not included in Powell's comment (bold added by the author).

Powell says that "despite the breakup of the Soviet Union, our presence there remains a vital aspect of our forward deployed posture."<sup>253</sup> He then seems to contradict himself: "Given the great distances associated with the Pacific theater, **forces maintained in Japan could deal with a wide range of local and regional contingencies.**"<sup>254</sup> It is unsure whether American troop presence in the Pacific will or will not be reduced. The Russians have implied that a lower troop presence in the Pacific northwest, including Japan, will help with the negotiations toward the peace treaty and resolution of the territorial dispute. It is unclear whether their wishes will be granted.

Cultural differences present another problem that can be overcome, as they have been to a certain extent. The Chinese and the Russians have settled their border dispute and signed a mutual agreement package as has Moscow with South Korea. Kozyrev was invited and did attend the ASEAN meeting in Manila last summer. All these steps are positive outcomes of one year's hard work of the Russian Foreign Ministry.

A reconciliation and normalization of relations between Japan and the Russian Federation will be the most positive steps toward common security arrangements and stability in the region as a whole. When this time comes, the

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<sup>253</sup> Ibid.

<sup>254</sup> Ibid. (bold added by the author).

prophecy of the Century of the Pacific and the age of interdependence will be fulfilled.

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