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CONTENTS

Executive Summary ..................................................... 1

Introduction ............................................................. 1

New Configurations of Power in Asia ............................... 1
  Russia ......................................................................... 3
  United States ............................................................ 3
  Japan ........................................................................... 4
  China .......................................................................... 5

The Regional Dimension: The Russian Far East ................. 5

The Security Dimension .................................................. 7

The Implications of Russo-Japanese Stalemate .................. 9

Japan’s Options ............................................................ 11

Russia’s Options ........................................................... 12

Window of Opportunities ................................................ 13

Russo-Japanese Relations and the U.S. Options ................ 14

Endnotes .......................................................................... 18
EXECUTIVE SUMMARY

Russo-Japanese relations are in a state of stalemate. The major cause of this stalemate is the inability of both countries to resolve the "Northern Territories" dispute. The prevailing view in Japan, Russia and the United States is that this Russo-Japanese stalemate is basically an irritant in bilateral relations without greatly influencing international relations in Northeast Asia. This paper challenges that view and argues that the outcome of the stalemate goes far beyond bilateral relations. It will slow down, and might even derail the process of forging a stable international order in Northeast Asia.

The old order characterized by strategic triangle, patron-client relations, and alliances, has disappeared, but a new order has not emerged. Among the factors that have contributed to this flux are: 1) with the collapse of the USSR and disappearance of superpower rivalry conflicts previously contained by that contest are emerging; 2) the Sino-Russian conflict has also disappeared and China has entered the scene as a major geostrategic force, qualitatively different; 3) North Korea poses a serious issue for regional stability; and 4) all four powers dominant in the area have weak domestic political bases.

Russia will experience a long period of economic crisis well into the next century, even if its economic transition to a market economy is successful. Economic weakness will inhibit foreign policy options for any leaders who emerge after the Presidential election. The emergence of China as a threatening geostrategic power will make Russia a critical player in the reconfiguration of power. In some tacit alliance with China, or by positioning itself between China on the one hand, and the United States and Japan on the other, Russia could play a crucial role. Because of the unresolved territorial dispute, Russia and Japan are unlikely to be partners in this reconfiguration.

U.S.-Japanese economic friction that used to be confined within certain limits without spilling over onto security cooperation between the two countries can no longer be isolated from the reconfiguration of powers in Northeast Asia. The future of the U.S.-Japanese security treaty, which served as the cornerstone of the alliance between the two countries cannot be taken for granted. With the disappearance of the Soviet threat against which this treaty operated, it is inevitable that in the future the alliance will be debated in tandem with economic relations.

Like Russia, Japan is surrounded by neighbors which basically distrust it, or with which it has serious historical and/or economic conflict. Japan has been going through a major political realignment since 1955. Until this process is completed, Japan will be plagued with

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1Composed by the staff of the National Council.
weak governments whose energy will be concentrated mainly on domestic issues. Japan is not prepared, psychologically, politically, and intellectually to overcome the past legacies of colonialism, imperial expansion, and the Pacific War. And as long as the "Northern Territories" issue is unresolved, Japan's relations with Russia will remain conflictual.

China's economic success is phenomenal. In the 21st century, the economically and militarily strong China will become a decisive factor in international relations. This has both positive and negative aspects. On the one hand, in order to sustain continuing economic growth, China will have to follow a foreign policy designed to maintain stability in the region by avoiding conflict. On the other hand, however, economic power breeds military power. Since nationalism tends to supplant ideology in the post-Cold War world, militant nationalism complimented by increased military power may pose a serious threat to the stability in the region.

As concerns the regional dimension, the economic and political picture of the Russian Far East is so bleak that it is difficult to predict what consequences will follow if the precipitous downward slide continues. Its relations with three of the four powers, Moscow, China and Japan are tense. Yet it is in the best interests of all neighboring countries, and above all Japan, to craft a strategy to integrate the Russian Far East into the Asia-Pacific community as a constructive member.

In the realm of security considerations there are two contradictory trends. The first reaction is to completely drop the Russian factor in the security equation in Asia. Russia does not figure prominently in important defense documents such as the 1993 White House report, National Security Strategy of the United States, or the Presidential Report to Congress. "A Strategic Framework for the Asian Pacific Rim." The second reaction, predominant among Japanese defense experts, but also echoed by some of the American counterparts, is to continue to see the Russian military threat as a potential danger, though reduced, to security of the Asia-Pacific region. Among five possible threats to Russian security listed in its new military doctrine, none is concerned with the threat from the United States and Japan. And yet, when Russian military experts discuss the military justifications for the Northern Territories, they revive a military thinking not different from the Cold War strategy, which sees a major threat in the Far East coming from the combined forces of the United States and Japan in a hypothetical global contingency.

Three factors account for the current stalemate of Russo-Japanese relations. First and foremost, neither side can find a mutually acceptable formula for the resolution of the "Northern Territories" dispute. Second, the inability and unwillingness of either side to seek an
acceptable solution to this intractable problem is rooted in the dynamics of their domestic political situation. In Russia, the domestic political situation does not favor any concessions to Japan's territorial demand. In Japan no solution, short of a pledge by the Russian government to return all four disputed islands, has a realistic possibility of being accepted without causing substantial political opposition. Third, in both countries the improvement of bilateral relations with each other is a low priority on the foreign policy agenda. For these reasons, it is unlikely that Russia and Japan, left to themselves, will achieve rapprochement by resolving the "Northern Territories" dispute in the foreseeable future. Failure to do so, however, carries potent dangers for all four powers.

Until that dispute is resolved Japan will not pledge its full support to the transition of Russia to democracy and a market economy. Russia may find it more advantageous to adopt a policy designed to isolate Japan by exploiting U.S.-Japanese economic friction and/or by courting favor with China. Russia has already exported arms to China, and this arms export is expected to grow in the future--a trend that will have a serious destabilizing impact on the region as a whole. Moreover, dissatisfied with the West, conservative political forces look to China as Russia's partner. The possibility of a conservative Sino-Russian alliance that goes beyond an alignment to use each other as a counterweight against the United States is a nightmare scenario in Asia.

In its desperate effort to salvage its troubled economy, particularly the defense sector, the Russian government will actively seek to expand its arms sales to Asian countries, facilitating a destabilizing arms race in Asia.

Continuation of the stalemate will contribute to the further political and economic deterioration of the Russian Far East, risking more ecological disaster--the possibility of a large-scale nuclear accident cannot be excluded--; plundering of the ocean, forest, and mineral resources; continuing friction over fishing violations; smuggling of illegal weapons and other contraband; and increasing connections among the criminal underworlds of the Pacific area. Moreover, continuing crisis in the Russian Far East may increase the political role of the military in the Russian Far East as the only stabilizing institution in this part of Russia. If excluded from regional security consultations, and treated with suspicion or disdain by Japan and the United States, the Russian military will reciprocate. This may push the Russian military to seek closer cooperation with China.

At the same time an opportunity, unprecedented in history, exists to forge a new international order in the area based on cooperations among its powers.
The author examines Russian and Japanese options in dealing with the stalemate together with steps they could take, but concludes that the only hope for escape lies in American policy, and that if a stable international system for the Northeast Pacific based on international cooperation is to be created, only the United States can be the crucial actor to make it happen.

Characterizing U.S. policy thus far as fragmented and not coherent, lacking a clear vision of its course and destination, the paper carries several prescriptions:

1) Formulate a strategy that incorporates Russia in the Pacific as a constructive member in the regional consultation and cooperation process.

2) Enhance its economic activity which languishes far behind the other regional powers even though the Russian Far Easterners would love to deal with Americans rather than Chinese or Japanese.

3) In security, unilateral force reduction is proceeding on both sides. dictated by economic imperatives, but these unilateral reductions are neither regulated nor coordinated. America should seek the possibility of entente involving both Japan and Russia, by which to encourage mutual restraint and timely consultation; engage Moscow in a regular and comprehensive dialogue concerning Asia-Pacific developments and issues.

4) Consider initiating a dialogue leading possibly to a multilateral mechanism involving the United States, Japan, and Russia (and possibly China and South Korea as well) to help the economic development of Russia’s Far East. Such an initiative might ease the inevitable tension that would arise if such economic cooperation were to be offered unilaterally by Japan.

The paper concludes with a discussion of how such a proactive policy could be reconciled with the U.S.-Japanese security treaty and the alliance it represents. It also suggests some minor steps Japan could take now.
RUSSIA AND JAPAN: OLD AND NEW ISSUES

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Introduction

Russo-Japanese relations are in a state of stalemate. The major cause for this stalemate is the inability of both countries to resolve the "Northern Territories" dispute. Given complex historical roots and psychological, historical, and political impediments on both sides, it is unlikely that this dispute will be resolved soon. The question to be asked is: does this matter? One way to approach this question is to answer that it does not matter much. Despite the inability of both countries to resolve the territorial dispute, Russo-Japanese relations are basically normal, unlikely to cause a serious crisis. The Russian threat in Asia has largely disappeared, and Russia is no longer a major player in Asia. Therefore the Russo-Japanese stalemate is basically an irritant of bilateral relations without greatly influencing international relations in Northeast Asia. This is basically the attitude taken by all three powers involved: Russia, Japan, and the United States.

The purpose of this paper is to challenge this prevailing view. I would like to demonstrate that the outcome of this stalemate goes far beyond bilateral relations. It will slow down, and might even derail the process of forging a stable international order in Northeast Asia. This paper attempts to put this stalemate into a broader framework of the new reality in the region that has emerged in the post-Cold War period.

New Configuration of Powers in Asia

International relations in Northeast Asia are in the state of flux. The old order characterized by strategic triangle, patron-client relations, and alliances, has disappeared, but a new order has not emerged.

Among the factors that have contributed to this flux are as follows:

(1) First and foremost, the collapse of the Soviet Union is the most important factor that contributed to the dynamic paradigm shift in power relations. The superpower rivalry that characterized most of the 70s and 80s has disappeared. The United States and Russia are no longer cardinal arch-enemies, although it does not mean they have suddenly become allies.

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With Russia's retreat from Central Europe, withdrawal from the Third World, and agreement to reduce the nuclear danger, the vital interests of Russia and the United States are no longer in collision course. It has become possible for both countries to be collaborative. The United States actively supports Russia's transition to democracy and a market economy.

(2) This means that conflicts that were previously insulated within certain limits during the Cold War, that is, the framework of the East-West global contest, have lost their mooring, and are in danger of coming unhinged.

(3) Another important development in Northeast Asia is that at the same time that the Cold War is over, the Sino-Russian conflict that lasted for more than a quarter of a century has simultaneously disappeared.

(4) Independent of the collapse of the Soviet Union, the China phenomenon assumes an important dimension of its own. With its dynamic economic growth, increased military power, and revisionist foreign policy, China has emerged as an important geostrategic force that is qualitatively different from its position in the 70s and 80s.

(5) With the collapse of the Soviet Union, Sino-Soviet rapprochement, and the ending of the Indochina conflict, the danger of military conflicts have largely diminished in Asia. The only exception is the Korean Peninsula. The question of North Korea's opening to the outside and its peaceful transition of power will become a major agenda for the stability of the region.

(6) All four major powers in Northeast Asia have weak domestic political bases. In the United States, the division between the Democratic Presidency and the Republican dominated Congress is increasingly rancorous, making it difficult to fashion a coherent foreign policy, especially in its relations with Russia and Asia. In Japan, the process of political alignment after the collapse of the LDP is not over, making the current Socialist-LDP coalition the weakest government in post-war history. In China, the succession problem for the post Deng Xiaoping regime is only beginning. In Russia, what will happen in the December election and the presidential election thereafter is an open question no one can answer. In addition to these powers, we have an uncertain future of Kim Jong Il's North Korea, while South Korea's democracy is still fragile. The fragility of domestic politics is not favorable for strong leadership to emerge and chart a new course in Northeast Asia.

After the collapse of the Soviet Union, none of these four powers face a primary adversary that vitally threatens their security in the immediate future. This gives a great opportunity, unprecedented in history, for forging a new international order based on cooperation of all these powers. On the other hand, none of these powers can take others for granted as one's natural ally, giving future international relations an element of uncertainty.
Russia:

In his perceptive essay, Steve Miller lists three broad strategic options in coping with the new security predicament: (1) "go it alone:" strategy; (2) great power "balance of power" games, and (3) ominidirectional friendliness. If Russia is disillusioned by the West, it could choose a "go-it-alone" policy by reestablishing Moscow's dominance over the near abroad and restoring military strength. It will reassert what it conceives to be its national interests, often countering and ignoring the West's interests and security concerns. Or, in order to avoid isolation, Moscow may opt for "balance of power" games by pitting one power against another in pursuit of its own national interests. Or the third option would be to avoid creating enemies and forge good relations with all other major powers to maximize Russia's engagement with the outside world.

In the post-Cold War world, the economy is in the driving seat, as Robert Scalapino argues, dominating both domestic and international affairs. Russia will experience a long period of economic crisis well into the next century, even if its economic transition to a market economy is successful. The economic weakness will inhibit foreign policy options for any leaders who emerge after the Presidential election. The "go-it-alone" policy would not be an attractive option for Russia, despite the rhetoric of ultra conservatives. But there will be ample opportunities for Russia to play the "balance of power" game. The emergence of China as a threatening geostrategic power will make Russia a critical player in the reconfiguration of power. Positioning itself between China, on the one hand, and the United States and Japan, on the other, Russia could play a crucial role in tipping the balance. Because of the unresolved territorial dispute, Russia and Japan are unlikely to be partners in this reconfiguration.

Russia's strategic choices outlined by Miller, however, were not unique only to Russia, but common to all four great powers in Asia.

United States:

The "go-it-alone" option cannot be ruled out for the United States, although it is unlikely. Mounting cost of foreign commitment might force the United States to withdraw from engagement in Asia, or conversely, the United States might pursue its hegemonic role unilaterally to enforce stability in the region. But Russia has ceased to be United States' No. 1 security problem. This means that the United States has an option of playing a balance of power game by cooperating with Russia against China or Japan. This possibility has direct bearings on Russo-Japanese relations.
First, U.S.-Japanese economic friction that used to be confined within certain limits without spilling over onto security cooperation between the two countries can no longer be isolated from the reconfiguration of powers in Northeast Asia.

Second, the future of the U.S.-Japanese security treaty, which served as the cornerstone of the alliance between the two countries cannot be taken for granted. With the disappearance of the Soviet threat against which this treaty operated, it is inevitable that the future alliance will be debated in tandem with economic relations. In this debate, Russia's role can no longer be excluded.

Yet, the third option the United States might pursue would be to choose omnidirectional friendliness. The ultimate goal of this policy would be to forge an international order, designed to ensure stability and prosperity in this region, and based on restraint and cooperation of all the major powers.

Japan:

Like Russia, Japan is surrounded by neighbors which basically distrust it, or with which it has serious historical and/or economic conflict. To the extent that Japan's future is tied to the continuing stability and prosperity of the region, Japan's best interests will be served by following a policy of omnidirectional friendliness, but it may not have the luxury of pursing this course. Three factors impede implementation of this policy.

First, Japan has been going through a major political alignment since 1955. Until this process is completed, Japan will be plagued with weak governments, whose energy will be concentrated mainly on domestic issues, and thus incapable of initiating bold foreign policy strategy that will clearly define Japan's role in the international community.

Second, Japan is not prepared, psychologically, politically, and intellectually to overcome the past legacies of colonialism, imperial expansion, and the Pacific War—a precondition for Japan's more assertive role in the region.

Third, as long as the "Northern Territories" issue is unresolved, Japan will not be expected to follow an omnidirectional foreign policy, since its relations with Russia will remain conflictual. This means that if Japan were to opt for a "balance of power" game, it must seek the United States and/or China as a partner of alliance. This will necessarily put Japan in a disadvantageous position. The most disadvantageous, and therefore, the most unlikely scenario for Japan is to adopt a "go-it-alone" policy. This would happen only if the U.S.-Japanese security alliance collapsed. Once Japan is forced out of the American nuclear umbrella, Japan will almost definitely acquire nuclear capability. No one favors this option, and therefore, both
Russia and China accept the U.S.-Japanese security alliance as a stabilizing factor in the Asian Northeast security equation.

China:

In contrast to Russia, China's economic success is phenomenal. In the 21st century, the economically and militarily strong China will become a decisive factor in international relations. This has both positive and negative aspects. On the one hand, in order to sustain continuing economic growth, China will have to follow a foreign policy designed to maintain stability in the region by avoiding conflict. On the other hand, however, economic power breeds military power. Since nationalism tends to supplant ideology in the post-Cold War world, militant nationalism complimented by increased military power may pose a serious threat to the stability in the region. To maximize its international position and to avoid isolation, China will rely on the "balance of power" strategy, as it has skillfully exploited the divisions of the outside powers in the past. Yet, one cannot exclude two opposite poles of possibilities of either China's being forced to adopt a "go-it-alone" policy faced by international isolation in the event of its use of force in domestic or in foreign conflicts, or China's being induced to adopt an omnidirectional policy for the sake of ensuring stability in the region.

It is the contention of this author that it is in the best interests of each and all powers, as well as of the region as a whole, that all powers are induced to seek omnidirectional friendliness. Yet, a nation pursues its national interests, and these powers have conflicting national interests and national agendas. The danger of one or more powers opting for a "go-it-alone" policy or a "balance of power" game cannot be excluded.

The Regional Dimension: the Russian Far East

One of the most dynamic developments since the collapse of the Soviet Union is the importance of regionalism as a key factor in Russia's domestic politics. When we discuss Russia's role in Asia, we should always take the Russian Far East into consideration. Several features of the Russian Far Eastern developments since the collapse of the Soviet Union should be kept in mind in the context of Russo-Japanese relations.³

First, the Russian Far East as a whole is experiencing a serious economic crisis, more serious than any region in Russia. Soaring transportation costs, hyperinflation, loss of central government subsidies, and a weak industrial base that relied heavily on military industry all contributed to this crisis. The Russian Far East is quickly dropping out of the Russian
economic space, and as a matter of survival, not as a matter of choice, it is forced to seek integration with the Asia-Pacific region. The manner in which the Russian Far East is being integrated into this region is, however, not entirely positive for the economic development of this region.

Economic integration with the Asia-Pacific region has created political and psychological tensions. This is contributing to a rise in nationalism and xenophobia. Anti-Chinese feelings in Khabarovsky and Primorski Krai led to the impositions of tighter immigration control, contributing to a sharp decline in border trade with China, while the local opposition to the territorial concessions to China in these two krais might derail the implementation of the agreement on the territorial settlement. In Sakhalin oblast, which includes the Kurils, the gravitation of the local economy to Japan’s magnet has heightened the opposition to any territorial concessions to Japan over the disputed islands. Friction, involving violent shooting incidents, has increased with Japanese fishing vessels in what the Russian government claims to be its own territorial waters around the Kurils.

Furthermore, faced with the struggle for survival, all the decisions in this region are made as stop-gap measures without any considerations for long-term consequences. Foreign capital is intruding into the Far East to plunder their natural resources, yielding little gain to the majority of the population. Ecological concerns have been sacrificed to short-term gains, as nuclear waste, and untreated human and industrial waste, have been dumped in the rivers, ports, and ocean. Chronic shortages of energy have led various Far Eastern regional governments to seriously plan to construct nuclear energy plants.

One important factor contributing to the economic crisis in the Russian Far East is the absence of coordination between Moscow and the region, and among the local governments in the region. The central government in Moscow has no comprehensive economic strategy for the region, preferring to court the regional leaders separately for short-term political gains, whereas the local leaders also compete with each other is separate negotiations with Moscow in order to exact a better deal from Moscow at the expense of others. In fact, there is no political and economic entity called the Russian Far East. What prevails in the region is not regionalism, but localism.4

The economic and political picture of the Russian Far East is so bleak that it is difficult to predict what consequences will follow if the precipitous downward slide continues. It follows from this that it is in the best interests of all neighboring countries, and above all Japan, to craft a strategy to integrate the Russian Far East into the Asia-Pacific community as a constructive member.

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The Security Dimension

On the surface, the Russian threat appears to have disappeared in Northeast Asia. The number of troops in the region has been halved from the 1987 level, while the budget cut, and the difficulty with fuel supply and maintenance have resulted in a considerable reduction in deployment of the Pacific Fleet. By the end of 1992 the time warships spent at sea was reduced by half, while more than 100 nuclear submarines were decommissioned. By the year 2000, the Pacific Fleet will need to dispose of around 160 submarines with 300 reactors. Two aircraft careers, Minsk and Novorossisk, were withdrawn, and quietly sold to South Korea. The construction of a new carrier, expected to enter service in 1995, has stopped due to lack of funds, while another aircraft carrier under construction in the Ukrainian yard, was dismantled on the orders of the Ukrainian government. The Pacific Fleet, which intended to have three carriers by 1995 and a fourth around 2000, is now left with no carrier. The situation in aircraft is no better. Although the number of missile strike aircraft will remain at the current level, the lack of supplies of fuel, lubricants and liquid gas has been so severe that practice flights have had to be drastically reduced.\(^5\)

It is important to make two points, however. First, Russia continues to be a nuclear superpower, possessing a sizable strategic force. The strategic competition between the two nuclear superpowers is by no means over. Although the Presidents of both nuclear superpowers can pledge that their nuclear weapons are no longer targeted at each other, the nuclear strategists in both countries still continue to calculate their nuclear force in terms of deterring each other. But eventually the military balance in Northeast Asia may be drastically altered by the consequences of START 2. Under the provisions agreed upon by START-2 the Russians are committed to reduce the number of their nuclear warheads allowed on SLBM from the current 3620 to 2,160 by the year 2000 and to 1,700-1750 by 2003. The question is how the Russian military will achieve the necessary reduction of warheads. In 1992 the Russian Navy has 61 SSBNs, 37 based in the Northern Fleet in Murmansk, and 24 in the Far East. Of these, 12 were of the old "Yankee" class with 1500 nautical mile range, which will be most likely to be scrapped or converted into attack submarines. According to Jukes the Russians will have to reduce the number of the existing SSBNs (6 Typhoon, 18 Delta I, 4 Delta II, 14 Delta III and 7 Delta IV) plus 5 more Delta IVs under construction to 24 by 1999, and further to 18 to 20 boats by 2003. The question is "whether to concentrate the entire force in the north or continue to maintain part of it in the east, and if the latter, whether to keep them at Petropavlovsk or move them to Vladivostok."\(^6\) Both Zagorsky and Jukes argue that the Russian military planners will concentrate all SSBNs in the Kola peninsula, and scrap the strategic base
in Kamchatka If this speculation is correct, by the beginning of the next century the nuclear threat posed by the Russian strategic force in Asia will be eliminated, and the bastion strategy, which was cited as one of the most important motivations for Soviet military buildup in the Far East in the 1970s and the first half of the 1980s, will be abandoned. And yet, there are still others, particularly among Japanese defense specialists, who believe that Russia will maintain at least some of its SSBNs in Kamchatka. If so, the need to protect the reduced number of its SSBNs will become more important, and hence, we can expect a more active force posture and deployment in the Pacific Fleet.

Even if we accept the argument that eventually the Russian strategic force will be withdrawn from the Far East, a sizable force is expected to remain in the Far East for the defense of the homeland. The problem of the Russian military in the Far East may not be its threat to the external world, but rather its internal role. As the Far East plunges into political and economic crisis, the military will be the only unified organization that can maintain cohesion in the region.

American and Japanese defense analysts have not developed a coherent concept of the Russian military in the Far East after the collapse of the Soviet Union. Two somewhat contradictory reactions are observable. The first reaction is to completely drop the Russian factor in the security equation in Asia. Noting that Russia does not figure prominently in important defense documents such as the 1993 White House report, National Security Strategy of the United States, or the Presidential Report to Congress, "A Strategic Framework for the Asian Pacific Rim," which devotes no more than passing reference to Russia, Vladimir Ivanov comments: "for American politicians and the public, the status of Russia in the Pacific remains one of irrelevance." The second reaction, predominant among Japanese defense experts, but also echoed by some of the American counterparts, is to continue to see the Russian military threat as a potential danger, though reduced, to security of the Asia-Pacific region. In this view, Russia continues to be the main adversary of the U.S.-Japanese alliance, and should be treated with distrust and suspicion. Both views are influenced mostly by the inertial thinking left over from the Cold War days.

The inertial thinking is also observable on the Russian side. Among five possible threats to Russian security listed in the new military doctrine, none is concerned with the threat from the United States and Japan. And yet, when the military experts discuss the military justifications for the Northern Territories, they revive a military thinking not different from the Cold War strategy, which sees a major threat in the Far East coming from the combined forces of the United States and Japan in a hypothetical global contingency.
I would submit that the inertial thinking that characterize both Russian and American/Japanese thinking on the military balance in Northeast Asia hinders the development of a more stable international security system in the region. We must fashion more creative thinking, free from the legacies of the Cold War, in such a way to draw the Russian military into a constructive membership of the security arrangement in Northeast Asia.

Implications of Russo-Japanese Stalemate

Despite optimism after the collapse of the Soviet Union about the prospect for resolving the "Northern Territories" dispute, Yeltsin's abrupt cancellation of his trip to Tokyo in September 1992 pushed Russo-Japanese relations to nadir. But the Japanese government wisely attempted to diffuse the crisis, and patiently waited for an opportune moment to repair the damage. Throughout the critical period of uncertainty, the Japanese government continued to pledge support for Russia's reform process. Japanese patience paid off, resulting in a successful summit between Hosokawa and Yeltsin, which produced the Tokyo Declaration. Yeltsin not only referred to the four disputed islands as open to negotiations, as Gorbachev had done before, but also made a commitment that the Russian Federation as the Soviet Union's successor state will abide by all treaty obligations made by the Soviet Union, thus, signalling the Russian government's willingness to make the 1956 Joint Declaration the basis for further negotiations on the territorial dispute.

The momentum for improvement was dashed away, however, by domestic political developments both in Russia and Japan. The Russian voters sent a conservative majority to the newly elected Duma, dealing a crushing defeat to Yeltsin and the reforming parties. This led to the conservative swing of the Yeltsin government itself, which began to backtrack on various aspects of the agreements at the summit. On the Japanese side, the Hosokawa government fell, and a new coalition of unlikely partners--Socialists and the LDP--took power. The Murayama government, a product of the marriage of convenience, has not come up with any new ideas in Japan's foreign policy.

Three factors account for the current stalemate of Russo-Japanese relations. First and foremost, neither side can find a mutually acceptable formula for the resolution of the "Northern Territories" dispute. Second, the inability and unwillingness of either side to seek an acceptable solution to this intractable problem is rooted in the dynamics of the domestic political situation. In Russia, the domestic political situation does not favor any concessions to Japan's territorial demand. In Japan, no solution short of a pledge by the Russian government to return all four disputed islands, has a realistic possibility of being accepted without causing
substantial political opposition. Third, in both countries the improvement of bilateral relations with each other is placed in a low priority on the foreign policy agenda. For these reasons, it is unlikely that Russia and Japan will achieve rapprochement by resolving the "Northern Territories" dispute in the foreseeable future.

Nevertheless, the Russo-Japanese stalemate will have serious negative consequences for future stability in Northeast Asia. Russia’s successful transition to democracy and a market economy would not only contribute to the stability of the world in general and the stability of the Asia-Pacific region in particular, it would provide an important precondition for Japan’s sustained economic growth. Until the Northern Territories dispute is resolved, however, Japan will not pledge its full support for the transition process.

In the reconfiguration of major powers in Northeast Asia, the continuing Russo-Japanese stalemate will impede the process of forging an international order based on cooperation by all major powers. Obviously Russia will not be able to seek "omnidirectional friendliness." if one of the powers is not willing to reciprocate friendliness. Instead, Russia will find it more attractive and advantageous to opt for a "balance of power" policy designed to isolate Japan by exploiting U.S.-Japanese economic friction and/or by courting favor with China. Russia has already exported arms to China, and this arms export is expected to grow in the future--a trend that will have a serious destabilizing impact on the region as a whole. Moreover, dissatisfied with the West, conservative political forces look to China as Russia’s partner. The possibility of a conservative Sino-Russian alliance that goes beyond an alignment to use each other as a counterweight against the United States is a nightmare scenario in Asia.

China is not the only country that benefits from a Russia eager to sell arms in an attempt to salvage the declining defense industry and earn foreign currency. In its desperate effort to salvage its troubled economy, particularly the defense sector, the Russian government will actively seek to expand its arms sales to Asian countries, facilitating a destabilizing arms race in Asia.

Another serious consequence of the continuing Russo-Japanese stalemate will be further political and economic deterioration of the Russian Far East. It will mean the emergence of a large unstable, economically backward territory right on Japan’s doorstep. Further ecological disaster--the possibility of a large-scale nuclear accident cannot be excluded--remains, plundering of the ocean, forest, and mineral resources, continuing friction over fishing violations, smuggling of illegal weapons and other contraband, and increasing connections between the criminal underworlds in both countries, will directly harm Japan’s interests.
Furthermore, the continuing crisis in the Russian Far East might increase the political role of the military in the Russian Far East as the only stabilizing institution in this part of Russia. Clearly, the Russian military, though reduced in strength, will continue to remain in the Far East. If excluded from regional security consultations, and treated with suspicion and disdain by Japan and the United States, the Russian military in the Russian Far East will reciprocate its hostility toward these advanced industrialized countries. This may push the Russian military to seek closer cooperation with China.

Japan’s Options

It is clear from the above that it would serve Japan’s best interest to improve its relations with Russia. Nevertheless, there is little possibility that Japan will overcome what I call "the Northern Territories syndrome," and fashion a more imaginative, and constructive Russian policy designed to achieve rapprochement by offering a mutually acceptable compromise to the territorial dispute. This syndrome is too deeply rooted in their collective historical memory to be expunged easily in a short time. We must assume that the Japanese will continue to be preoccupied with the "Northern Territories" problem.

It follows from this that without the resolution of this dispute ultimate rapprochement between Russia and Japan would be impossible. This does not mean, however, that relations of both countries are fated to remain in the current stalemate. Despite its obsession with the territorial question, the Japanese government has adjusted its policy, albeit too gingerly, to the changing circumstances. If the Japanese government adhered to an inflexible "exit approach" [deguchiron] until 1989, it gradually shifted gears by adopting the policy of "balanced expansion" [kakudai kinkt]. After the cancellation of Yeltsin’s trip to the summit in Tokyo in September 1992, Tokyo officially espoused aid to Russia’s transition to democracy and a market economy as one of the two pillars to its policy toward Russia, together with the resolution of the territorial dispute.

Nevertheless, the Japanese government, and its Ministry of Foreign Affairs have been ambiguous about the priority of these two goals of its Russian policy. This ambiguity has prevented Japan from pursuing full-fledged support of Russia. Every time its relations seem to move in a positive direction, the bony hands of the ghost of the "Northern Territories" question has sneaked in from behind, and snatched the momentum for improvement. The first measure by which we can move Russo-Japanese relations from the current stalemate is, thus, to convince the Japanese government to reorder its priorities in its Russian policy and to subordinate the territorial issue to the more important objective of supporting Russia’s
democratization and marketization. This is not to deny the importance of the territorial issue. In fact, Russia's successful transition to democracy and a market economy is an important precondition for the ultimate resolution of the territorial dispute.

Second, as far as Japan's policy toward the Russian Far East, Japan should craft a more assertive, comprehensive policy toward the Far East. In this the Japanese government, not the private sector, must take the initiative. The Japanese government could eliminate the barrier to ODA and pass a necessary bill in the Diet allowing for the use of ODA money, or its equivalent for the Russian Far East.

The third major change I propose is Japan's more active effort to incorporate Russia into the Asia-Pacific economy. Japan has already dropped its objections to Russia's entry to PECC. It is time for it to support Russia's membership to APEC. At least the territorial dispute should not be used as an excuse for the Japanese government to prevent Russia's membership to APEC.

Finally, Japan should go beyond the inertial perception of the Russian military threat, and together with the United States, should develop a broader security framework into which Russia could be incorporated.

**Russia's Options**

It is as unrealistic to expect Russia to create a more stable political system or to rearrange its foreign policy priority as to expect Japan to overcome its "Northern Territories" syndrome. We must take it for granted that the domestic political turmoil will continue and that Russia's more important foreign policy priorities will be directed toward its relations with the United States, Western Europe, and China before it can be directed to Japan. This means that the ultimate resolution of the Northern Territories dispute, including the acknowledgment of the 1956 Joint Declaration, will be virtually shelved for an indefinite period of time, until a modicum of political stability is restored.

Thus, from the Russian perspective, a major effort should be directed to the policy of "balanced expansion." In fact, this policy, which has been the guiding principle of the Japanese government since 1989, is not entirely incompatible with Yeltsin's five-stage proposal for the resolution of the territorial dispute. First and foremost, the Russian government should be reminded of the validity of the Tokyo Declaration, and that future bilateral relations with Japan should be built on that achievement. Many sloppy, careless statements coming from the mouths of the highest government officials, including Yeltsin, Chernomydrin, and Kozyrev that cast doubts on the validity of the Tokyo Declaration should be stopped.
Japan's active involvement in the Russian Far East does not solely depend on Japan's determination. Even if Japan decided to take the initiative for massive aid to the Russian Far East, it would be impossible to implement it without certain conditions maturing on the Russian side. Here I am not talking about the often repeated preconditions such as political and economic stability, convertibility of the ruble, establishment of infrastructure and a legal system, high quality of officials, and elimination of criminal elements. Partially, aid should be extended to correct some of these deficiencies, while in other aspects, it is difficult, if not impossible, to expect these deficiencies to be corrected in a short time.

Nevertheless, there is one important condition that must be achieved for Japanese cooperation to be effectively implemented. The central government in Moscow and the Far Eastern regional leaders must reach an agreement on a general strategy for economic development in the Far East, and create a mechanism based on cooperation between the center and the region for implementation of this strategy. Moscow and regional leaders have fought for too long a zero-sum game over the control of resources and tax revenues. Both sides have lost much from this mutually unproductive struggle. It is about time to set aside their differences and reach a modus vivendi from which both can win. Such a mechanism would also foster a regional identity of the Far Eastern region as a coherent and integral economic and political unit, leading to coordination and cooperation rather than an internecine struggle for scarce resources.

Window of Opportunities

It is important to create a forward movement. Considering enormous psychological and political difficulties, it is almost impossible to expect that the Northern Territories dispute will be resolved and a peace treaty will be concluded in the near future. For the time being, the best strategy for both Russia and Japan to take for improvement of relations might be to start from "small deeds," and expand the realm of cooperation gradually. At present, two such issues come to mind.

First, Japan and Russia both have a great deal to gain by concluding a fishing agreement by which the Russian government allows Japanese fishermen to operate in what they consider to be their territorial waters around the "Northern Territories" in exchange for Japanese fishermen's payment of "fees" or "modernization funds." The protracted negotiations on this issue have not produced any agreement yet, with the Japanese foreign ministry insisting upon jurisdiction over the Japanese fishermen. The operations within what the Russians consider to be territorial waters have been within Russian political jurisdiction since MacArthur drew the...
line in 1945. There is already a precedent where a Japanese fishing cooperative is allowed to harvest kelp on Kaigara Island, a small islet belonging to the Habomai group. If this formula does not violate the Japanese claim to sovereignty over the disputed islands, it is hard to understand why the Japanese foreign ministry insists on its control over the Japanese operation around the Northern Islands.

The second issue involves Japan's aid to the Northern Territories themselves. The Japanese government has given generous humanitarian aid to the islanders in the past, particularly when the devastating earthquake hit the islands in 1994. Nevertheless, it has steadfastly rejected extending aid beyond humanitarian purposes, and lodged protest to other governments' trying to extend aid to the disputed islands. Moscow is also very suspicious of Japan's motives behind extending aid to the islands, as demonstrated by Moscow's reluctance to receive aid from Japan at the time of the October 1994 earthquake as well as at the time of the Northern Sakhalin earthquake in 1995. In the case of the latter Yeltsin himself referred to Japan's ulterior motive of sending aid to the earthquake, a statement he had to retract only a few days later. In the end, the islanders are bitter, forsaken by the central government, Sakhalin local government, and the Japanese government. Many islanders are deserting the islands, while the fishing and manufacturing industry on which the islanders' life depend lie ruined.

In both cases, the Northern Territories issue becomes the major obstacle. By downshifting the gear of this issue, and by elevating economic aid to the forefront, the Japanese government could regain the momentum of improving its relations with Russia, and ultimately help to win the support of public opinion in both countries for the policy of "balanced expansion" beyond the "Northern Territories" dispute.

**Russo-Japanese Relations and the U.S. Options**

My proposals above of ways to escape from the current stalemate are made in the form of "should." But I have the feeling that, left alone, neither Japan nor Russia will likely heed such suggestions. The only hope for escape from the stalemate lies in U.S. policy.

Two extreme options are to be rejected out of hand. First, U.S. withdrawal from Asian commitment would have extremely negative effects, leading to incalculable confusion and instability in the region. Second, the U.S. does not have the power or the resources to impose unilaterally its hegemonic role in the region. This leaves one option for the United States: the U.S. will continue its presence in the region, and play an active part in maintaining and enhancing the stability. In fact, no other powers can play such a balancing role as that which
the U.S. can offer. The U.S.-Japanese security alliance is, and will continue to be the cornerstone of the security arrangement in the region, while Russia and China view the United States as an important element of order and stability.

The balance of power option in the sense of the classical definition should also be excluded as a U.S. option. In the classical sense the balance of power strategy entails maneuvering and shift of alliances to maintain equilibrium. This option is exactly what the United States should avoid.

This leaves only one option for the United States: omnidirectional friendliness. In fact, now is the first time in history that a possibility has opened to forge an international system on the basis of cooperation and collaboration among all major powers. If such a system is to be created, only the United States can be the crucial actor to make it happen.

The most serious barrier for this enterprise lies in our intellectual approach.

So far, U.S. policy toward Russian in the Asia-Pacific region, has been fragmented, without coherent vision. In its major pronouncements of its vision of Asian security it ignores Russia, but continues to view the Russian military still as a potential threat. It supports Japan's claim over the "Northern Territories" lest it should alienate the Japanese, but expects Russia to support U.S. effort to diffuse the North Korean nuclear issue. Whereas it extends aid to Moscow and supports enthusiastically Russia's efforts to create a market economy, it refuses to endorse Russia's membership to APEC. It is difficult to fathom from these what role the United States assigns for Russia to play. As Vladimir Ivanov states: the U.S. policy lacks "a clear sense of destination, perhaps even a certain direction." 15

First and foremost, the United States must start approaching Russia not merely through Europe, but also through the perspective of the Asia-Pacific region. This requires coordination between U.S. policy toward Russia through Europe and through the Pacific. Second, the United States must formulate a coherent Asian strategy that incorporates Russia as a constructive member in the regional consultation and cooperation process. In its economic activity, the U.S. largely ignores the Russian Far East, although the Far Easterners would love to deal with the Americans rather than the Chinese or the Japanese. For instance, in 1992, while trade with Japan and China occupied 35% and 38% of the total trade in the Far East, the U.S. share was merely 2.7%. 16

In security, unilateral force reduction is proceeding on both sides, dictated by economic imperatives, but these unilateral reductions are neither regulated nor coordinated. The end of the cold war does not immediately mean that the United States and Russia have suddenly become allies. A collective security arrangement that includes Russia is perhaps still too
premature. Nevertheless, we should go beyond the inertial thinking inherited from the cold war period, and seek, as Ambassador Goodby suggests, the possibility of entente involving both Japan and Russia, by which to encourage mutual restraint and timely consultation. The choice for the United States is either "to remain passive concerning the Russian role in Asia until the inevitable growth of Russia's presence prompts some reaction," or "to adopt a more proactive policy, by engaging Moscow in a regular and comprehensive dialogue concerning Asia-Pacific developments and issues."17

Such a comprehensive, consistent U.S. policy toward Russia in Asia will help Russia and Japan to ameliorate mutual hostility, and engage in a constructive dialogue with the United States serving as facilitator of such a dialogue. A multilateral mechanism involving the United States, Japan, and Russia (and possibly China and South Korea as well) to help the economic development of Russia's Far East will ease the inevitable tension that would arise if such economic cooperation were to be offered unilaterally by Japan. All the ideas I listed above as the necessary ingredients for improvement of Russo-Japanese relations are still difficult to be generated if they are left to Japan and Russia alone, but with U.S. involvement, the obstacles may be more easily overcome.

By formulating such a strategy, the U.S. government will ultimately have to face the difficult dilemma of whether or not it should support Japan's claim to the "Northern Territories." Despite Harry Gelman's advice to the contrary, considering the sensitivity of the issue, I would argue that the U.S. government should not directly be involved in the "Northern Territories" dispute between the two countries.18 In view of the cardinal importance of its alliance with Japan and in view of the past partisan involvement of the U.S. government in the history of the Northern Territories problem, the United States will not have any other choice but to affirm its support for Japan's position on this issue. But the U.S. sensitivity on this question should never deter it from pursuing the more important task of creating a new international order that includes Russia as a constructive member.

Supporting Japan's position on the territorial dispute, however, the United States should make it clear that the U.S. is deeply committed to Russia's transition to democracy and a market economy, and that this overall objective outweighs an essentially bilateral issue of the territorial dispute. U.S. move toward a multilateral system of Asian security or an entente that includes Russia should not diminish or supplant the existing U.S.-Japanese security relations. Although obviously the existing security treaty should be revised to reflect the post-Cold War reality, it still serves as the basic foundation of the stability of the Asia-Pacific region.19 This
policy will undoubtedly ruffle some feathers in Japan, but eventually, I believe that the majority of Japanese will accept this policy as in Japan's best interests as well.

The collapse of the Soviet Union and the end of the Cold War have provided us with an unprecedented opportunity in Asia. For the first time in this century, all major powers in Asia have a vested interest in establishing a cooperative economic and security system involving all. History will be unkind to those who, blinded by inertial thinking from an earlier time, do not exploit this rare opportunity. From the perspective of Japan and the United States, the temptation is great to cling to the alliance that has served well. But the current situation requires a great leadership that has the courage to go beyond the status quo. To quote Ambassador Goodby:

The choice for policy makers is to be either reactive or proactive in shaping change... The question remains...whether any democratic government today can negotiate change from the position of strength or whether it takes a major crisis to make these governments seize the opportunity to shape the future. The leadership of the United States again could be 'present at the creation.' The situation in the Asia-Pacific region is as serious as that faced by Truman and Acheson in Europe in the 1940s. What is missing is fear. What must take its place is imagination, persuasion, and persistence.  

Will America, Japan, and Russia be blessed with leaders with such imagination, persuasion, and persistence?
ENDNOTES


6Jukes, p. 39.

7Zagorsky, pp. 93-94.

8Ivanov, "Russia and the United States," p. 123.

9See for instance, B. Makeev, "Kuril'skaia problema; voennyi aspekt," MEMO, No. 1, 1993: 54-59; the General Staff's report to the hearings at the Supreme Soviet, Nezavisimaia gazeta, July 30, 1992.


11See my article, "Hopptrytdo to sengo 50 nen" [The 'Northern Territories' and Post-War 50 Years], Ch{tktron, No. 10, 1995, pp.

12Yeltsin's five stage proposal is: (1) recognition of the existence of the territorial dispute; (2) joint economic program on the disputed islands; (3) demilitarization on the islands; (4) conclusion of a peace treaty; and (5) resolution of the territorial dispute. 13Chernomydrin stated that Russia would not negotiate with Japan on return of any islands. Kozyrev backtracked the promise made by Yeltsin with regard to demilitarization on the islands.


15Vladimir Ivanov, "Russia and the United States-Japan Partnership," in Goodby, Ivanov, Shimotomai, "Northern Territories" and Beyond, p. 268.


17Goodby, p. 297.

18Harry Gelman argues that the United States should be directly involved to mediate the territorial issue. Harry Gelman, Russo-Japanese Relations and the Future of the U.S.-Japanese Alliance (Santa Monica: RAND, 1993), pp. 88-89. Although I agree with Gelman's opinion that "the assumption that Japan and the United States can indefinitely preserve the political foundations of their alliance while ignoring their diverging interests in relations with Russia seems shortsighted," I am not certain exactly what position the United States should take on the territorial dispute. Gelman attaches too much importance to Ozawa's proposal, but Ozawa's alleged proposal to offer $26 billion in return for Russia's territorial concessions is hardly an official Japanese position. If the U.S. position is to support Japan's demand for Russia's recognition of Japan's sovereignty over Etorofu and Kunashiri, there is little chance that any Russian government will accept it. On the other hand, if the U.S. position is to support merely a compromise solution based on the 1956 Joint Declaration, it represents a fundamental shift of the U.S. position, which will inevitably provoke a major crisis in the alliance relations. The U.S. positions on the Northern Territories have been dictated by its own strategic interests at such key moments as February 1945, August-September 1945, 1951, 1956, and 1957. For the U.S. government to take an official position now is to review all these decisions, and reinterpret the history of the dispute anew. In the process, Gelman's recommendation is more likely to alienate both sides rather than win the gratitude of either side. It makes more sense to let the ghost of the dispute lie in the closet, and let both sides fight it out on their own without U.S. government's involvement. It is totally another matter, however, that at the non-governmental level U.S. opinion leaders critically evaluate the history of the dispute, and stimulate the Japanese and Russian public opinion for a compromise solution.

19For the argument for maintaining the U.S.-Japanese security alliance, see Gelman, pp. 93-96.

20Goodby, p. 311.