2475/4146

Summary of Response to Associate Professor Kimie Hara's Questions

First, concerning the dissertation's central question, you have written the following in parentheses on page two of the examiner's report:

"to examine why the development of Hokkaido-Sakhalin subnational government relations have failed to create an environment conducive to resolving the territorial dispute."

You state that "this question needs a careful review. It gives a misleading impression that there is already a common understanding that subnational governments can create an environment 'conducive to' resolving territorial disputes between nations." The question in this guise might create such an impression, which is certainly not what I have intended. However, you have omitted the important phrase "at the subnational level" from the dissertation's research question as it appears in the abstract and on page two. The central research question actually states "why the development of Hokkaido-Sakhalin subnational government relations have failed to create, *at the subnational level* (emphasis added), an environment conducive to resolving (*kankyô seibi*) the Northern Territories dispute." Thus, the environment conducive to resolving the territorial dispute I speak of refers to that 'at the subnational level.' This, of course, specifically refers to Sakhalin.

I agree with the point you make that the final decision on national border demarcation is made by central governments. Moreover, as mentioned above, I do not suggest that there is already a common understanding that subnational relations can create an environment conducive to resolving territorial disputes between nations. The fact that I devote significant attention to the important role of both central governments in chapter three demonstrates my acceptance of this point. However, the point I am trying to make is that in the period shortly preceding and following the Soviet Union's collapse, there was a perception in Japan that alleviating opposition among Sakhalin's political elite and public to Russia's transfer of the South Kuril Islands to Japan would remove an important obstacle in the Soviet Union/Russia to resolving the territorial

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dispute in a manner favourable to the Japanese. Some observers in Hokkaido, in particular, hoped that promoting economic and cultural exchange with Sakhalin might capture the hearts and the minds of the people in Sakhalin, which would reduce local opposition or even possibly create 'voices from below' calling for a transfer of the disputed islands to Japan. In other words, creating an environment, at the subnational level, conducive to resolving the Northern Territories dispute refers to alleviating opposition in Sakhalin to surrendering these islands. I state as such in the thesis abstract (p. ii)

It was former Hokkaido Governor Yokomichi Takahirô who first articulated this position publicly (p. 4). His successor, Hori Tatsuya, as well as the Hokkaido Prefectural Assembly, have also held this view (pp. 5-6). Professor Arai Nobuo from Hokkaido University, who was Yokomichi's chief advisor on Russian affairs, undoubtedly influenced the former governor's thinking (p. 4, n. 6).

This belief in the importance of subnational government relations between Hokkaido and Sakhalin contributing to alleviating opposition in Sakhalin to Russia transferring the South Kuril Islands to Japan and therefore creating an environment conducive to resolving this particular territorial dispute was in turn shaped by the perceived rise of the "Sakhalin factor" in Russian decision-making regarding the fate of the islands. The salience of the "Sakhalin factor" is discussed in chapter two (pp. 64-67) and chapter four (pp. 131, 140, 142, 156-159).

To sum up, I agree with your comment that central governments ultimately make decisions on national border demarcation. I do not suggest that there is a common understanding that subnational governments can create an environment conducive to resolving territorial disputes between nations. However, as I have demonstrated above, there was a perception in Hokkaido that relations between the *two particular* subnational governments of Sakhalin and Hokkaido might become a stepping-stone or precursor to resolving a *specific* territorial problem (the Northern Territories dispute). This is what I believe my research question – when considered in the overall context of the dissertation and with the important phrase "at the subnational level" – actually seeks to address.

Concerning your second question, you state that it seems appropriate for me to provide my own account of what the solution would be. Are the Japanese or Russian government claims legitimate? What does the existing literature say on this point? What do I think is the solution?

The reason I have not included my own views regarding a solution to the territorial problem or the legitimacy of each government's claim to the islands is that I believe a dissertation should specifically answer a limited set of research questions: a main question and, if necessary, a supplementary question, that are set out in the introduction. This is the advice I have consistently received from my supervisors and other academics during my PhD candidature. Therefore, as the dissertation does not ask these questions, I have not sought to answer them. Moreover, such questions seem to be oriented towards work that is akin to a policy position paper and, as such, fall outside what is required of a political science dissertation. I believe the purpose of a doctoral thesis is to examine and analyse, not predict or propose. As I have provided sufficient historical detail on how the Northern Territories dispute developed in chapter three, I thought this would allow the reader to judge for himself/herself on this contentious issue, without me imposing my own views.

As you know, there is an abundance of literature that outlines both countries' legal and historical claims to the disputed islands. A complete review of this literature would unnecessarily expand the scope of the thesis, making it difficult for the reader to grasp the crux of my argument. William Nimmo's *Japan and Russia: A Reevaluation in the Post-Soviet Era* provides a particularly balanced overview of Japan and Russia's claim to the islands on pages 173-176.

Nevertheless, here are my views on how the territorial dispute should be settled. First, I do not believe that Japan and Russia have unquestionable legal claims to the four islands; if both sides were fully confident in their claims, they would have taken the case to the International Court of Justice. It is my understanding that both countries have resisted this idea in the past.

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I believe a fair and practical solution to the Northern Territories dispute would be for Russia to maintain sovereignty over Etorofu and Kunashiri and transfer/handover Habomai and Shikotan to Japan. The reasons are as follows:

- It can be argued that the Soviet Union recognised or at least supported Japan's claim to Shikotan and the Habomais when it offered to hand these two islands to Japan after the conclusion of a peace treaty. This was stipulated in the 1956 Joint Declaration, which both countries' parliaments ratified.

- Russia has said it would assume responsibility for the former Soviet Union's international rights and obligations. It should start by recognising the validity of the 1956 Joint Declaration (Putin has, in fact, done this) and handover Shikotan and the Habomais to Japan.

- Transferring Shikotan and the Habomais to Japan might be the least unpalatable approach to resolving the territorial dispute for Russians. The Habomai islets are unpopulated apart from a small border guard detachment. As I demonstrate in chapter five, polls reveal that a majority of Shikotan residents favour having their island transferred to Japan.

- I recognise that this is not equitable in terms of geographic size as Kunashiri and Etorofu account for about 90 per cent of the total land area of the four islands.

- However, although the area of Shikotan and the Habomais is considerably smaller than Etorofu and Kunashiri, the Pacific exclusive economic zone of the former is larger and richer (in terms of marine resources) than that of the latter (p. 70).

- The importance of the islands' fisheries to the people of northeast Hokkaido is reflected in polls revealing that over half of Nemuro residents, who are ironically at the frontline of the Northern Territories Return Movement, favour a two-island return.

- Fishing is the backbone of the local economy and fishing cooperatives have made public calls for the government to settle for the return of Shikotan and the Habomais. This would give local fishers access to the rich fishing grounds around these two islands.

Hokkaido-Sakhalin Subnational Government Relations:

Opportunities and Limits of *Kankyô Seibi*

Brad Williams

B.A., M.A.

August 2003

Abstract

This is a study of the transnational relations of subnational public authorities engaged in the areas of cultural and economic exchange, or "low politics," and the impact this has had on a "high politics" issue such as a territorial dispute. The dissertation traces the evolution of relations between subnational public authorities in Hokkaido and Sakhalin at the regional level from early- to mid-1990 to 2000, and examines the relationship with an unresolved dispute between Japan and Russia over the ownership of four islands, known in Japan as the Northern Territories and in Russia as the South Kuril Islands, that remains the largest obstacle to concluding a peace treaty and fully normalising relations.

The emergence of a democratic and decentralising Russia, and the subsequent emergence of the "Sakhalin factor" in Russian decision-making regarding the fate of the disputed islands created a perception that an opportunity existed for local government relations between Hokkaido and Sakhalin to contribute to creating an environment (*kankyô seibi*), at the subnational level, conducive to resolving the territorial dispute. However, Russian's troubled transition to a liberal democratic market economy manifested itself in ways that increased the South Kuril Islands' intrinsic and instrumental value for the Sakhalin political elite and public, thereby limiting the impact of the twin transnational processes of cultural and economic exchange on alleviating local opposition to transferring the disputed islands to Japan. Specifically, for the regional elite, the territorial dispute has proved to be a valuable weapon to use against political rivals and to extract concessions from Moscow and Tokyo. For the general public, protecting Russia's territorial integrity and preserving national prestige are key elements in rising nationalist sentiments. For those engaged in the trade of fish and marine products, both legal and illegal, continued Russian control of the disputed islands guarantees material wealth derived from this commerce. The islands' value has risen in an environment conducive to intra-federal bargaining and characterised by executive-legislative conflict, poor socio-economic conditions, an unstable commercial environment and a people suffering an identity crisis after the traumatic loss of empire.

The dissertation sheds light on three new understandings of *kankyô seibi* in the context of subnational public authorities' transnational relations having a salutary effect on interstate relations. First, subnational government relations are unlikely to contribute significantly to nation-state rapprochement when both parties adopt fundamental positions on the issue at the heart of bilateral tensions that are diametrically opposed to each other, and lobby their respective central governments extensively to adhere to mutually unacceptable stances. Second, the domestic structure of the target country or region of transnational lobbying is an especially important variable determining the extent to which such attempts are successful. Third, the specific nature of the issue-area affecting relations at the nation-state level also appears to have an impact on the utility of subnational public authorities international activities. Territorial disputes appear to be generally impervious to transnational activities.

Candidate's Statement

This dissertation contains no material which has been accepted for the award of any other degree or diploma in any university or other institution. To the best of my knowledge, the dissertation contains no material previously published or written by another person, except where due reference is made in the text of the dissertation.
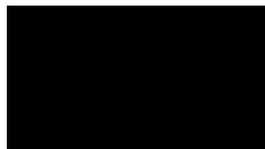
Brad Williams

Acknowledgements

Japanese Studies Centre, Monash University, for kindly providing me with a desk and computer during the writing stage of the dissertation.

The usual caveat applies: any mistakes or oversights are exclusively my own.

Note on Transliteration

For Japanese names, this dissertation follows the Japanese convention that family names precede personal names. However, the names of Japanese authors of English language works (except translations) follow the English practice of the personal name preceding the family name. Macrons are put on long Japanese vowels except in the case of place names, words commonly used in English, and author names which usually appear without a macron in their English language works. For Russian words, the Library of Congress transliteration system has been used throughout the dissertation. Established English-language usage has taken precedence over the Library of Congress system in the spelling of Russian words and proper names: thus Yeltsin, not El'tsin. When in English-language publication of Russian authorship, Russian names have been transliterated according to a different system, the reference will mirror the publication name while the text will be true of the Library of Congress System. The diacritical (representing the soft sign) is omitted from the end of frequently used words like *oblast'* (region) and *glasnost'* (openness, transparency) and from the end of words or names. However, when the soft sign is in the middle of a name (e.g. Luk'yanov) it is retained. All translations are my own unless otherwise specified.

Glossary and Abbreviations

CIS	Commonwealth of Independent States
CPSU	Communist Party of the Soviet Union
Dôchô	*Hokkaidôchô*, Hokkaido Prefectural Government Building
EEZ	Exclusive Economic Zone
HPG	Hokkaido Prefectural Government
IMEMO	*Institut mirovoi ekonomiki i mezhdunarodnykh otnoshenii*, Institute of World Economy and International Relations, Soviet/Russian Academy of Sciences
Ispolkom	*Ispolnitel'nyi komitet*, Executive committee (of the soviets)
JCP	Japan Communist Party
Komsomol	*Kommunisticheskii soyuz molodezhi*, Young Communist League
Krai	Territory
LDP	Liberal Democratic Party (Japan)
MID	*Ministerstvo innostranykh del*, Ministry of Foreign Affairs (Russia)
MITI	Ministry of International Trade and Industry (Japan)
MOFA	Ministry of Foreign Affairs (or *Gaimushô*, Japan)
MOHA	Ministry of Home Affairs (Japan)
Nomenklatura	The Communist system of political appointments, which designated the class of office-holders
Oblast	Region
ODA	Official Development Assistance
Okrug	District, region
Raion	District, borough
RFSFR	Russian Soviet Federated Socialist Republic
SDF	Self-Defense Forces (Japan)
SLBM	Submarine-launched ballistic missile
Sovet	Soviet, council
SSBN	Nuclear submarine equipped with nuclear-armed ballistic missiles
START	Strategic Arms Reduction Treaty
USSR	Union of Soviet Socialist Republics

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Chapter One: Introduction

Scope and Purpose of Dissertation

This dissertation traces the evolution of the transnational relations of subnational public authorities in Hokkaido and Sakhalin at the regional level, and examines the relationship between these transnational relations and the South Kuril Islands/Northern Territories (see appendix 1) problem – the unresolved territorial dispute between Japan and Russia that remains the largest obstacle to concluding a peace treaty and fully normalising bilateral relations. It concentrates on the period from early- to mid-1990 to 2000. This is a suitable time frame as it encompasses most of the first decade of Russian sovereignty and the transition towards democratic practices, as well as nearly a decade under market conditions. It also coincides with the period of Boris Yeltsin's leadership of Russia.[1] Michael Keating contends a high degree of civil society[2] and private sector involvement characterises paradiplomacy – a term he uses to describe the foreign relations of subnational governments.[3] Subnational public authorities in Hokkaido and Sakhalin have often worked in collaboration with municipal governments and also a broad range of private actors such as local business, cultural exchange groups, academic institutions and, in the case of Hokkaido, the Northern Territories Return Movement. This study accordingly adopts a broad and open approach, expanding the analysis to include these actors when they come into the picture.

This is a study of both the transnational relations of subnational public authorities engaged in the areas of economic and cultural exchange, or "low politics," and the

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[1] The Yeltsin era can be said to have begun with his election as Chairman of the RSFSR Supreme Soviet in May 1990 and ended when he resigned the Presidency in December 1999.

[2] Ernest Gellner defines civil society as "that set of diverse non-governmental institutions which is strong enough to counterbalance the state and, while not preventing the state from fulfilling its role as keeper of the peace and arbitrator between major interests, can nevertheless prevent it from dominating and atomising the rest of society." Ernest Gellner, *Conditions of Liberty*, London: Hamish Hamilton, 1994, p. 5.

[3] Michael Keating, "Regions and International Affairs: Motives, Opportunities and Strategies," in Michael Keating and Francisco Aldecoa eds, *Paradiplomacy in Action: The Foreign Relations of Subnational Governments*, London: Frank Cass Publishers, 1999, p. 11. Japanese scholar, Yabuno Yûzô, also notes their diversity, explaining that: "More than one political organisation, local governments are a composite of various political groups, interest groups and citizens...." Yabuno Yûzô, "Sekai no Kôzô Henka to Jichitai no Yakuwari," in Ôtsu Hiroshi and Hagai Masami eds, *Jichitai Gaikô no Chôsen: Chiiki no Jiritsu kara Kokusai Kôryûken no Keisei e*, Tokyo: Yûshindô, 1994, pp. 20-21.

impact this has on a "high politics" issue such as a territorial dispute. The major objective is not to establish a new theory, nor to evaluate contending theories, but to examine why the development of Hokkaido-Sakhalin subnational government relations have failed to create, at the subnational level, an environment conducive to resolving (*kankyô seibi*) the Northern Territories dispute. Supplementary research questions the dissertation addresses are: the extent to which Hokkaido-Sakhalin subnational government relations complement and/or challenge Japan's Russia diplomacy and Russian policy towards Japan; whether Sakhalin's position on the territorial dispute accords with Moscow's; and how Tokyo and Moscow have responded to Hokkaido's and Sakhalin's increased international presence and their burgeoning transnational relationship.

This dissertation's central argument is that *kankyô seibi* has not worked because Russia's troubled transition to a liberal democratic market economy has manifested itself in ways that has increased the South Kuril Islands' intrinsic and instrumental value for the Sakhalin regional elite and public, and thus has limited the impact of the twin transnational processes of cultural and economic exchange *ex ante* on alleviating their opposition to transferring the disputed islands to Japan.

Kankyô Seibi

During the closing stages of the Second World War, the Soviet Red Army seized a group of islands in the Kuril chain that stretches from Hokkaido to the Kamchatka Peninsula. The Japanese government has consistently demanded the return of what it refers to as the Northern Territories. The Soviet Union and its successor, the Russian Federation, have refused to hand over the islands. This territorial dispute has precluded both countries from signing a peace treaty and fully normalising bilateral relations.

Concerning hopes for a possible breakthrough in Russo-Japanese relations in the early 1990s, Gilbert Rozman observed that:

> In the long countdowns preceding Mikhail Gorbachev's and then Boris Yeltsin's visit to Tokyo, observers wondered if the abrupt expansion of

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contacts between the Russian Far East and the Japan Sea coastal areas of Japan might jump-start relations between Moscow and Tokyo that continued to unfold very slowly.[4]

Although Rozman does not identify the "observers" who were hoping the development of local level ties would help expedite the normalisation of relations between Japan and Russia, evidence suggests that this has informed Hokkaido's thinking regarding relations with the Russian Far East, particularly Sakhalin. The first explicit reference to the contribution of local exchanges to bilateral relations was made by the local *Hokkaidô Shimbun* (Hokkaido Newspaper), which covered Hokkaido Governor Yokomichi Takahiro's visit to Moscow and the Soviet Far East in June 1990. The article noted that the influence of public opinion had increased with the advent of *glasnost* and democratisation of Soviet society. The aim of Yokomichi's local government diplomacy was, therefore, to make the Soviet Far East's subregions cognisant of the merits of exchanges with Hokkaido and mobilise Soviet public opinion (raise voices 'from below') to call for an improvement in relations with Japan. Yokomichi referred to his local government diplomacy as the "south wind" blowing from Japan, which he likened to the "west wind" that had swept through Eastern Europe and the Soviet Union.[5]

Amidst the more open atmosphere created by Gorbachev's *glasnost* policy and the gradual processes of democratisation and decentralisation that had been taking place in the Soviet Union since the late 1980s, an outspoken economist by the name of Valentin Fedorov arrived in Sakhalin in early 1990 with the pledge to turn the island into "an experiment for market reforms." Fedorov, who had been elected the *oblast* Executive Committee's chair in April 1990, also formulated his own unique proposal for resolving the territorial dispute, described in greater detail in chapter four, which attracted considerable attention in Japan. Yokomichi, a frequent traveller to the Soviet Union, was fully cognisant of these developments, particularly Sakhalin's growing

[4] Gilbert Rozman, "Cross-Border Relations and Russo-Japanese Bilateral Ties in the 1990s," in Gilbert Rozman ed., *Japan and Russia: The Tortuous Path to Normalization, 1949-1999*, New York: St. Martin's Press, 2000, p. 199.
[5] "Ni-So Shinchôryû," *Hokkaidô Shimbun*, 2 September 1990, p. 2.

importance in matters pertaining to the Northern Territories problem.[6] Sakhalin would therefore feature highly in Hokkaido's local government diplomacy. Yokomichi made his first explicit reference to Sakhalin in this context during a trip to the Soviet Union in November 1991. He emphasised that: "Apart from realising exchanges between fellow countrymen, promoting bold economic cooperation with Sakhalin and the four islands is directly linked to *creating an environment* conducive to resolving the [territorial] problem (emphasis added)."[7] This was essentially a confirmation of comments Yokomichi made earlier in the trip:

> For Hokkaido it is important to *create an environment* conducive to resolving the territorial dispute. I would like to pursue talks with Sakhalin and particularly the four islands, deepen understanding at the regional level, and alleviate the anxiety of [local Russian] residents (emphasis added).[8]

The italicised sections of Yokomichi's press statements: "environment creation" is the English translation of the Japanese expression *kankyô seibi*. *Kankyô seibi*, which can also be translated as "groundwork," is a ubiquitous Japanese expression that can be used in many different contexts. In a broad sense, it can mean establishing conditions conducive to achieving a particular goal – a necessary first step on the way to fulfilling an ultimate objective (or a means to an end). For instance, it is perhaps most commonly used to describe the process of repairing and maintaining urban and rural infrastructure such as bridges, waterways, railroads, roads and buildings for public use. In a Japanese corporate environment, *kankyô seibi* is described as "The art of exercising political control in the company by setting up the interpersonal pressures/expectations to get something done in the correct boss-pleasing way."[9]

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[6] According to Arai Nobuo, the chief personal advisor to Governor Yokomichi on Russian affairs (he has been described as Yokomichi's "foreign policy brain"), "…in order to resolve the Northern Territories dispute, it is impossible to rely solely on the Tokyo-Moscow route. In order to appeal to public opinion in Sakhalin, which is the most concerned party, to accept a return of the Northern Territories, Hokkaido-Sakhalin relations are absolutely necessary." Arai Nobuo, "Munetsuku Tômin no Yakuwari," *Hokkaidô Shimbun,* 16 September 1990, p. 9.

[7] "Ryôdo Kaiketsu e 'Fun'iki' Zenshin," *Hokkaidô Shimbun,* 24 November 1991, p. 3.

[8] "'Ryôdo Kaiketsu e Kasoku' Jûmin no Fuan Kaishô ni Doryoku," *Hokkaidô Shimbun,* 21 November 1991, p. 1.

[9] "Japanese Culture," http://www.hsb.baylor.edu.html/vanauken/jcul.htm, accessed 28 May 2002.

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From the Hokkaido Prefectural Government's (HPG) perspective, it can be defined as creating an environment at the subnational level conducive to resolving the territorial dispute. The twin transnational processes of economic and cultural exchange would act as instruments to alleviate both local public and elite opposition in Sakhalin and the disputed islands to transferring the Northern Territories to Japan, thus making it easier for the Russian government to agree to territorial concessions. Although the term *kankyô seibi* appears in local newspaper articles, press releases and prefectural government documents in the context of exchanges with the Russian Far East and particularly Sakhalin,[10] it should be emphasised that establishing an environment at the subnational level conducive to resolving the Northern Territories dispute is not the *raison d'être* of Hokkaido's policy of promoting exchanges with Sakhalin. Economic groups in Hokkaido obviously seek to make profits from investing in and establishing trade relations with Sakhalin and cultural exchange groups and a number of municipalities, as well as the HPG, genuinely seek friendly relations, which is a matter of course for border regions. However, at the same time, one cannot deny that *kankyô seibi* is an important philosophical objective underpinning Hokkaido's efforts to promote cooperative relations with Sakhalin. Although perhaps not as outspoken in this regard as his predecessor, Yokomichi Takahiro, and also cognisant of the fact that territorial disputes are the state's preserve, current Hokkaido Governor, Hori Tatsuya, firmly believes there is a role for Hokkaido, as a concerned party, in resolving state level problems such as the territorial dispute.[11] The Hokkaido Prefectural Assembly has also been active in promoting exchanges with Sakhalin's legislators, which it sees as an important means to creating an environment for resolving the territorial

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[10] See. for instance, a press statement released by the Russian Affairs Office and Northern Territories Countermeasures Headquarters in the HPG's General Affairs Division shortly after the Hashimoto-Yeltsin informal summit in Kawana in April 2000, "Nichi-Ro Hikôshiki Shunô Kaidan no Kekka ni tsuite," http://www.pref.hokkaido.jp/skikaku/sk-skoho/danwa/danwa12/0429.htm, accessed 3 May 2000; Current Hokkaido Governor, Hori Tatsùya, mentioned this during a periodic press conference after his return from a visit to Sakhalin in February 2002, "Chiji kara no Wadai: Saharinshû Hômon o Oete," www.pref.hokkaido.jp/skikaku/sk-skoho/g-kaiken13/140207.kaiken.htm, accessed 29 May 2002; and in a document prepared by Northern Territories Countermeasures Headquarters in the HPG's General Affairs Division, Hokkaidôchô, Sômubu, Hoppô Ryôdo Taisaku Honbu, *Hoppô Ryôdo Fukki Taisaku Jigyô no Suishin Hôsaku*, 2000, p. 7. A local newspaper also reported that "many Hokkaido residents afforded Yokomichi's positive local government diplomacy, which aimed to create a favourable environment for resolving the territorial dispute, high praise." "'Shizukanaru Kaikaku' wa Ima, Yokomichi Dôsei 10-nen," *Hokkaidô Shimbun*, 30 March 1993, p. 1.
[11] "Nichi-Ro Shinpo no Kichô Kôen no Yôshi," *Mainichi Shimbun*, 12 May 2000, p. 3; "Chiiki Kôryû de Shinrai o," *Mainichi Shimbun*, 20 May 2000, p. 19.

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dispute.[12] As will be discussed in the following chapters, several of the cooperative processes and structures created thus far between Hokkaido and Sakhalin have been placed within the broader context of the positive effect they will have on resolving the territorial dispute and state-to-state-relations.

Although there do not app. ar to be any Russian language equivalents to the Japanese term *kankyô seibi*, implicit references have been made to this concept and the value of grassroots diplomacy in the past. For instance, an article in the *Far Eastern Economic Review* claimed that people-to-people diplomacy was one method the Soviets were banking on to defuse the Northern Territories issue in Japan.[13] Similarly, Valentin Fedorov once remarked that if Japanese companies were to increase their investment in the resource-rich Russian Far East "and obtain profits, the Japanese will forget all about the Northern Territories dispute."[14] Thus, it can be said that both Japan and Russia view cultural and economic exchanges as a means to alleviate domestic opposition to what are perceived to be unfavourable territorial concessions.

Hokkaido is not the only Japanese prefecture whose external relations have been influenced by a territorial dispute. The dispute between Japan and South Korea over Takeshima/Tokdo Island [15] has, on occasion, spilled-over into Shimane's local government relations with North Kyongsang. It is worth noting that, from Shimane's perspective, relations with North Kyongsang are often couched in terms of the contribution it makes to maintaining peace in Northeast Asia and deepening mutual understanding between the South Korean and Japanese people.[16] However, unlike Hokkaido's relations with Sakhalin and the Russian Far East, there is no reference to the contribution local government relations might make in resolving the territorial dispute. It can be surmised that the Shimane Prefectural Government does not firmly believe that developing relations with North Kyongsang will have any impact on resolving this issue. Plausible explanations for this are linked to the nature of local

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[12] "Saharin-shû Gichô Dôgikai o Hômon," *Hokkaidô Shimbun*, 12 December 1991, p. 2; "Dôgikai Daihyôdan Tôka kara Saharin Hômon," *Hokkaidô Shimbun*, 4 August 1992, p. 4; *Tass*, 11 August 1992, FBIS/SOV, 92/157, 13 August 1992, p. 14.

[13] Sophie Quinn-Judge, "Bleak Prospects," *Far Eastern Economic Review*, 20 July 1989, p. 30.

[14] "Daitôryô Hônichi Aratamete Hantai," *Hokkaidô Shimbun*, 13 August 1992, p. 3.

[15] This dispute is actually over a small group of islets located in the Sea of Japan/East Sea. The Japanese refer to this territory as Takeshima, and the Koreans as Tokdo.

[16] See, for instance, "Kankoku Kyongsang Hokudô kara no Shokuin Haken no Saikai ni tsuite," http://www2.pref.shimane.jp/kouhou/kaiken/h13/0130b.html, accessed 24 September 2002.

government in South Korea. Until local government elections in December 1995, South Korean provincial governors were appointed by the central government.[17] Despite local officials now being popularly elected and the formal redistribution of political power between the central and local government agencies, the reality is that the periphery remains largely controlled by the centre.[18] The South Korean central government's firm grip on power means that the North Kyongsang provincial government has little or no authority in domestic matters pertaining to the territorial dispute. From Shimane's perspective, this diminishes the value of targeting and lobbying North Kyongsang in order to change South Korean policy regarding Takeshima.

There are a number of important reasons justifying the dissertation's focus on subnational government relations between Sakhalin and Hokkaido. First, as indicated below, there are very few comprehensive studies of Russo-Japanese subnational government relations. This alone, of course, is not sufficient grounds for conducting research into this topic. The reason for the general absence of Russo-Japanese subnational government relations from analytical discussions might be because they are not considered to be very important. However, the systemic and domestic factors described in chapter two have led to a considerably increased presence of subnational governments on the global stage in recent years. It has become difficult to differentiate between foreign policy and domestic policy issues in an interdependent and economically globalising world. "This means," as Earl Fry states, "that, over the next few decades, subnational governments will be more actively involved in overlapping issue areas."[19] Moreover, in the cases of Russia and Japan, there is also evidence of both central governments' weakening abilities to drive foreign policy in a unitary fashion.[20] The presence of Japanese and Russian subnational governments and

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[17] Doh C. Shin, *Mass Politics and Culture in a Democratizing Korea*, Cambridge: Cambridge University Press, 1999, p. 7.

[18] David I. Steinberg, "Continuing Democratic Reform: The Unfinished Symphony," in Larry Diamond and Byung Kook-Kim eds, *Consolidating Democracy in South Korea*, Boulder, Colorado: Lynne Rienner, 2000, p. 222.

[19] Earl. H. Fry, *The Expanding Role of State and Local Governments in U.S. Foreign Affairs*, New York: Council on Foreign Relations Press, 1998, p. 6.

[20] Purnendra Jain raises this issue with respect to Japan, but it is also applicable to Russia, particularly during the early post-Soviet period when there was a substantial devolution of power from Moscow to the regions. Purnendra Jain, "Emerging Foreign Policy Actors: Subnational Governments and Nongovernmental Organizations," in Takashi Inoguchi and Purnendra Jain eds, *Japanese Foreign Policy Today*, New York, N. Y.: Palgrave, 2000, p. 21.

their growing relations has therefore become an indelible feature of the international landscape of Northeast Asia. Unless there is a substantial recentralisation of power towards Tokyo and Moscow, Russia-Japanese subnational government relations can be expected to develop further.

Second, among the subnational agents engaged in creating links between those communities mainly located on the Japan Sea and the Russian Far East, Hokkaido and Sakhalin are perhaps the most active, and their relations the most institutionalised. In the economic arena, Hokkaido and Sakhalin have been meeting for nearly two decades at the Japan-Soviet-Far East-Hokkaido Friendship Exchange Conferences, which were established in 1984 as a part of efforts to facilitate periodic economic exchanges between subnational government officials in Hokkaido and five subregions in the Soviet Far East. Hokkaido and Sakhalin are participants in the Joint Standing Committee for Economic Cooperation between Hokkaido and the Russian Far East, established in September 1992. The HPG has a representative office in Yuzhno-Sakhalinsk and the Sakhalin regional government has recently expressed a desire to establish a similar office in Hokkaido.[21] Hokkaido and Sakhalin concluded what may be seen as a local level peace treaty when they signed an Agreement on Friendship and Economic Cooperation in November 1998. Both sides have established a consultative council, comprising the relevant administrative departments and private economic groups, which meets regularly to discuss ways to implement the agreement's terms. In September 1997, a number of public and private organisations in Hokkaido joined together to form the Sakhalin Project Hokkaido Consultative Council, which works in close cooperation with its counterpart in Sakhalin. In coordination with Alaska, Hokkaido and Sakhalin have also agreed to cooperate in minimising the adverse effects of environmental disasters.

The Sakhalin and Hokkaido Governors, as well as administrative officials from both regions, hold periodic meetings to discuss ways to promote further exchanges. Not to be outdone by the regional executive branch, the Hokkaido Prefectural Assembly established a legislative body to promote exchange with Sakhalin in December

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[21] "Sakhalin to Open Representative Offices Abroad," *The Sakhalin Times*, 19 July –1 August 2002, http://www.sakhalintimes.com, accessed 23 July 2002.

1997.[22] In May 2000, the Hokkaido Prefectural Assembly and the Sakhalin *oblast* Duma signed an agreement to promote cooperation, such as exchanges, between the two legislatures.[23]

At the municipal level, 11 sister city and friendship agreements have been concluded between cities, towns and villages in Hokkaido and Sakhalin (see appendix 2). Wakkanai has established sister city relations with two local governments in Sakhalin. The number of Hokkaido-Sakhalin sister city agreements accounts for a little over one-third of such agreements between Russia and Japan.[24] From 1996, Sakhalin and Hokkaido sister cities have also been meeting at the annual Hokkaido-Sakhalin Sister and Friendship Cities Representatives' Conference, which the Japan-Russia Association's Hokkaido branch and the Sakhalin Japan Association cosponsored.[25]

In addition to subnational government initiatives, numerous private groups and organisations on both sides of the Soya Strait have also concluded cooperation agreements. There is a Hokkaido-Sakhalin Friendship and Exchange Association. In education, several universities, high schools, junior high schools, primary schools, and even kindergartens, have established sister school ties with Sakhalin. The Hokkaido Broadcasting Commission, Hokkaido Television Bureau and Sapporo Television have all concluded business cooperation agreements with their counterparts in Sakhalin.[26] The local *Hokkaidô Shimbun* also has a full-time reporter based in Sakhalin. It is clearly evident that there is a significant story unfolding at the subnational level between these two subregions – one that needs to be told.

Finally, compared to other cases of Russo-Japanese subnational cooperation, Hokkaido-Sakhalin subnational government relations are unique because of the close connection with the Northern Territories problem. The territorial dispute casts an unavoidable shadow over their relations. Both subregions play host to several public and private organisations and bodies that are dedicated to resolving the territorial

[22] Hokkaidôchô Sômubu Chijishitsu Kokusaika Roshiashitsu, *Hokkaidô to Roshia Kyokutô: Kôryū Jisseki to Kyokutô no Gaiyô*, 2000, p. 7.
[23] Personal correspondence with a liaison officer from the Hokkaido Prefectural Assembly's General Affairs Department, 16 July 2001.
[24] As of 1998, 30 sister city agreements were concluded. Ichioka Masao, *Jichitai Gaikô: Niigata no Jissen – Yûkô kara Kyôryoku e*, Tokyo: Nihon Keizai Hyôronsha, 2000, pp. 9-13.
[25] Hokkaidôchô Sômubu Chijishitsu Kokusaika Roshiashitsu, *Hokkaidô to Roshia Kyokutô*, p. 6.

dispute in a manner they perceive as being congruent with their respective national and regional interests, but which is also anathema to the other. Many of the islands' former Japanese residents who were repatriated to Japan after the war settled in Hokkaido. They are the core element of the nation-wide movement demanding the islands' return, which is based in Hokkaido and receives various forms of assistance from the national, regional and local governments. The Sakhalin regional government, on the other hand, has maintained a vocal campaign to keep the Russian federal government from transferring what is known in Russia as the South Kuril Islands to Japan. Clauses in both the Sakhalin and South Kuril District charters also stipulate that the consent of local residents is a precondition for any potential transfer of the islands to Japan.[27] The territorial dispute also affects economic relations, particularly fishing, upon which both economies are highly dependent.

Moreover, the burgeoning attempts to promote various forms of exchange between Sakhalin and Hokkaido are often couched in terms of the salutary effect these will have on Tokyo-Moscow relations and resolving the territorial dispute. This is evident in the rhetoric of both regional governors and also local press reports, particularly after a significant achievement in interregional relations, such as the November 1998 Agreement on Friendship and Economic Cooperation. The Agreement's preamble mentions "the positive role both regions play in the development of political dialogue between the Japanese and Russian governments...."[28] Resolving the territorial dispute will not only bring about a complete normalisation of relations between the two countries, but will also enhance efforts to integrate Sakhalin and the rest of the Russian Far East fully into the Asia-Pacific region, which will contribute to regional peace and stability.

The following section discusses the dissertation's methodology and reviews the literature on Russo-Japanese relations. After this, we will survey the topic of subnational government diplomacy, identifying the major themes within the discourse. As the dissertation addresses broader issues concerning subnational public

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[26] Hokkaidôchô Sômubu Chijishitsu Kokusaika Roshiashitsu, *Hokkaidô to Roshia Kyokutô*, p. 67.

[27] Nakamura Itsurô, "Saharin to Minami Kuriru Chiku no Jichi Seido," *Surabu Kenkyû*, no. 45, 1998, pp. 290, 296.

[28] Hokkaidôchô Sômubu Chijishitsu Kokusaika Roshiashitsu, *Hokkaidô to Roshia Kyokutô*, p. 14.

authorities' international activities, this serves to contextualise the study of Hokkaido-Sakhalin relations.

Methodology

This analysis has an interdisciplinary approach, the arguments of which are located in the fields of international relations, political economy, political science, comparative politics and sociology.

Primary data

This study is based on extensive fieldwork in Japan and Russia in 2000/2001. During this period, the author was a recipient of a Japanese government (Ministry of Education or *Monbushô* – recently renamed the Ministry of Education, Culture, Sports, Science and Technology or *Monbukagakushô*) scholarship and was based at Saitama University just north of Tokyo. The author made three trips to Hokkaido – the first in May 2000, the second in March 2001 and the third in August 2001 – and conducted research in Sakhalin, also in August 2001.

The author conducted a number of structured, semi-structured and open-ended interviews with regional and local government officials involved in subnational government relations during visits to Hokkaido and Sakhalin. Questionnaires were also sent to all subnational governments in Japan that maintain sister city relations with local governments in Russia (33 in all) in order to gauge administrative perceptions of subnational links. Japanese and Sakhalin subnational government homepages were also examined. Notable interviewees included the former governor of Hokkaido, Yokomichi Takahiro (1983-1995), who was very active in promoting relations with Sakhalin, Tanabe Hirokazu, an official in Hokkaido's representative office in Yuzhno-Sakhalinsk who oversees economic affairs, Vitalii Elizar'ev, former head of the Sakhalin administration's Department of Foreign Economic Relations, and Mikhail Bugaev, the deputy-editor of the local *Svobodnyi Sakhalin* who regularly writes on Japan-related matters. E-mail correspondence was also conducted with officials from the HPG and the Sakhalin *oblast* Duma the author was unable to meet.

The Monash University Ethics Committee approved the research methods employed in this project (project number 1999/443).

Associate-Professor Arai Nobuo – formerly from Hokkaido International University, Sapporo, and now with Hokkaido University's Slavic Research Centre – was a unique source of first-hand information on Hokkaido-Sakhalin subnational government relations. The chief adviser to the HPG on Russian affairs during Governor Yokomichi's period in office, Arai has also served as the interpreter for the major events and meetings conducted between the two regions. The author has had numerous discussions about Hokkaido-Sakhalin relations with Arai who provided an insider's account of local developments that has not appeared in any English-language publications.

The story of what happens in the regions and particularly subnational government relations is mostly untold by the central press in both countries, which tend to be Tokyo- and Moscow-oriented. This study therefore relies heavily on regional newspapers and regional government publications. On the Japanese side, the *Hokkaidô Shimbun* was a major source of information on Hokkaido-Sakhalin relations and the HPG's perspective of this relationship. The *Hokkaidô Shimbun* has an office in Yuzhno-Sakhalinsk, the regional capital of Sakhalin, and also turned out to be a valuable source of information on the Sakhalin regional elite and public perceptions of subnational government relations and the territorial dispute. Past and present copies of this newspaper are found in Tokyo University's Institute of Socio-Information and Communication Studies (*Shakai Jôhô Kenkyûjo*), which meant that the author did not have to spend as much time in Hokkaido as originally intended.

Three local newspapers in Sakhalin, *Sovetskii Sakhalin* (Soviet Sakhalin), *Svobodnyi Sakhalin* (Free Sakhalin) and *Gubernskie vedomosti* (Governor's Gazette), provided first-hand information. Hokkaido University's Slavic Research Centre has copies of these three newspapers, which were examined during visits to Hokkaido. As there is a tendency among Japanese, Russian and Western scholars of Russo-Japanese relations to rely on the central press for information, many of the sources utilised in this dissertation will appear for the first time in English-language scholarship. An electronic version of a local English-language newspaper, *The Sakhalin Times* (later

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the Sakhalin Independent), has provided the author with an informative and up-to-date link to Sakhalin news after returning to Australia. While in Japan, the author became a member of the Japan-Sakhalin Association, established in February 1993, to promote cooperative relations between Japan and Sakhalin.[29] The Association's members receive a weekly newsletter entitled *Saharin to Nihon* (Sakhalin and Japan), which contains, *inter alia*, Japanese translations of Japan-related articles appearing in the local Sakhalin press. Access to this obviated the necessity of conducting lengthy fieldwork in Sakhalin.

Secondary data

The study is based on extensive reading of English-, Japanese- and Russian-language materials. This provides the necessary background for studying the Northern Territories dispute and its significance for Russo-Japanese relations, as well as Japanese policy towards Russia and Russian policy towards Japan. As subnational governments, whether in the domestic or international arena, do not operate in an institutional vacuum, and since their relations are prescribed by developments at the state level, research into central government objectives and policy are useful for contextualising this study. Comparative studies of the international activities of subnational governments in other countries were also used to contextualise the study of Sakhalin-Hokkaido relations. Russian and Japanese central press were also used to follow up recent developments in Tokyo-Moscow relations.

Existing Literature on Russo-Japanese Relations and the Significance of this Dissertation

There have been several books published in English on Japanese-Soviet relations.[30] Despite the Russian Federation's relatively brief history, Russo-Japanese relations

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[29] Its sister organisation, the Sakhalin-Japan Association, was established in August 1998.

[30] These include (in chronological order): Donald C. Hellman, *Japanese Domestic Politics and Foreign Policy: The Peace Agreement with the Soviet Union*, Berkeley: University of California Press, 1969; Savitri Vishwanathan, *Normalization of Soviet-Japanese Relations, 1945-1970: An Indian View*, Tallahassee, Florida: Diplomatic Press, 1973; John J. Stephan, *The Kurile Islands: Russo-Japanese Frontiers in the Pacific*, Oxford: Clarendon Press, 1974; Young C. Kim, *Japanese-Soviet Relations: Interaction of Politics, Economics and National Security*, Beverly Hills: Sage Publications, 1974; Rodger Swearingen, *The Soviet Union and Post-War Japan: Escalating Challenge and Response*, Stanford, California: Hoover Institution Press, 1978; Rajenara Kumar Jain, *The USSR and Japan: 1945-1980*, Atlantic Highlands, New Jersey: Humanities Press, 1981; Myles L.C Robertson, *Soviet Policy Towards Japan: An Analysis of Trends in the 1970s and 1980s*, Cambridge: Cambridge

appear frequently in English language scholarship. Most of the specialised literature on Japanese-Soviet/Russian relations to date has placed the analytical focus on actors such as central governments and, to a lesser extent, private firms – often Tokyo-based general trading companies (sôgô shôsha). During the Cold War, this state-centric approach seemed logical given that bilateral relations were mainly conducted between what have often been perceived as two highly centralised entities embroiled in the struggle between capitalism and communism. Both central governments maintained strong control over their respective localities to ensure they did not stray from established policy guidelines.

Until perestroika was launched in the mid-1980s, Soviet local government functions and powers were circumscribed by a highly centralised administrative system. In this system, Soviet local governments dealt primarily with administrative matters and had little input in the policymaking process.[31] This was particularly the case with foreign policy decisions, which were made largely at the General Secretary of the Communist Party's discretion, with some input from other Politburo members. Administration at the local level was effectively an extension of central authority.[32]

Similarly, Japanese local governments were severely limited in both legal authority and financial autonomy, giving them little power to make policy or act independently. They were thought to be little more than subsidiary agencies (desaki or shitauke kikan) of the central government.[33] It should also be noted that a number of studies written by scholars from the so-called "Revisionist School" challenged this

University Press, 1988; Tsuyoshi Hasegawa, Northern Territories Dispute and Russo-Japanese Relations: Volume 1: Between War and Peace, 1697-1985, Berkeley: International and Area Studies, University of California, 1998; Hara Kimie, Japanese-Soviet/Russian Relations Since 1945: A Difficult Peace, London: Routledge, 1998; and Hiroshi Kimura, Islands or Security? Japanese-Soviet Relations Under Brezhnev and Andropov, Kyoto, Japan: International Research Center for Japanese Studies, 1998. Hara's book also covers Russo-Japanese relations from the period beginning with the emergence of the Russian Federation in January 1992 until President Yeltsin's visit to Japan in October 1993.
[31] Everitt M. Jacobs, "Introduction: The Organizational Framework of Soviet Local Government," in Everitt M. Jacobs ed., Soviet Local Politics and Government, Boston: George Allen and Unwin, 1983, p. 3.
[32] Ronald J. Hill, "The Development of Soviet Local Government Since Stalin's Death," in Jacobs ed., Soviet Local Politics and Government, p. 18
[33] Purnendra Jain, "Emerging Foreign Policy Actors: Subnational Governments and Nongovernmental Organizations," in Takashi Inoguchi and Purnendra Jain eds, Japanese Foreign Policy Today, New York: Palgrave, 2000, p. 21.

centralised view of Japanese local government.[34] Seeking to reconcile the differences between these two competing schools, Purnendra Jain correctly noted that while no local government had complete latitude, local governments had some room for manoeuvre, the degree of which was highly dependent upon the policy area.[35] Foreign policy was an area in which Japanese local governments' ability to set their own priorities independently of the central government was severely restricted.

However, several factors, including the Soviet Union's collapse and the end of the Cold War, economic globalisation, advances in transport and telecommunications technology, and a trend in many countries towards gradually decentralising and devolving powers from national to local governments, have combined to give greater prominence to transnational processes. This has allowed a range of societal and subnational actors – local governments among them – a greater role on the international stage.

Purnendra Jain notes that Japan's local government consists of an upper level comprising the largest administrative units – 47 prefectures – with a sub-layer of smaller administrative units comprising 665 cities, 1 992 towns and 576 villages. There are 12 special or designated cities (*seirei shitei toshi*), so designated because of their large size and wider financial jurisdiction than other cities.[36] The Russian Federation is a three-tier top-down state. Below the federal bodies are the federation's 89 regions (denoted by the neutral Russian term *sub'ekt*). The third level comprises what may be more accurately termed local government – the municipalities and below. Many subnational governments in Japan and Russia have also increasingly become actors in the international arena. At present, 963 Japanese subnational governments have established sister city relations with overseas municipalities.[37] Although corresponding Russian figures are unavailable, several Russian local governments have also signed similar agreements.

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[34] See, for instance, Steven R. Reed, "Is the Japanese Government Really Centralized?" *Journal of Japanese Studies*, vol. 8, no. 1, Winter 1982.

[35] Purnendra Jain, *Local Politics and Policymaking in Japan*, New Delhi: Commonwealth Publishers, 1989, p. 2.

[36] Purnendra Jain, "Japan's 1999 Unified Local Elections: Electing Tokyo's Governor," *Japanese Studies*, vol. 19, no. 2, 1999, pp. 118-119.

Moreover, in recent years, there has been a significant growth in Russo-Japanese subnational government relations, particularly between those regions in the Russian Far East and Japanese prefectures located on the Sea of Japan (or the East Sea as it is referred to in North and South Korea). Subnational officials from Japan and the Russian Far East hold periodic meetings and have concluded agreements on a broad range of issues including communications, transport, education, trade and investment, and economic and cultural exchange. By April 1998, Japanese subnational governments (prefectures, cities, towns and villages) and their Russian counterparts had concluded 36 sister/friendship city agreements, institutionalising links at the local level.[38] The growth in subnational government links is notable because post-Cold War Russo-Japanese relations at the nation-state level have, for the most part, been in a period of stagnation.

Despite this growth in Russo-Japanese subnational government relations, there are few studies that deal specifically with subnational links. Generally, the literature either overlooks Russo-Japanese subnational government relations or only gives it a cursory mention within a broader context. Moreover, when they examine subnational developments, scholars often focus predominately on the perceptions and activities of local actors in the Russian Far East.[39] One notable exception to this is an article by Yakov Zinberg, which notes Japanese recognition of Sakhalin's importance in matters pertaining to the territorial dispute at about the time of the Soviet Union's collapse, and examines the HPG and Liberal Democratic Party's (LDP) unofficial and informal attempts to persuade the Sakhalin leadership to abandon its opposition to Russia transferring the islands to Japan.[40]

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[37] Zaidan Hôjin Jichitai Kokusaika Kyôkai, "Shimai Teikei Ichiran," http://www.clair.or.jp/cgi-bin/simai/j/00.cgi, accessed 9 June 2003.

[38] Zaidan Hôjin Jichitai Kokusaika Kyôkai, *Shimai Jichitai no Katsudô Gaiyô*, 1998, pp. 3-378.

[39] See, for instance, William Nimmo, *Japan and Russia: A Reevalutation in the Post-Soviet Period*, Westport, Connecticut: Greenwood Press, 1994, pp. 90-91, 116, 126-128, 134, 141, 146, 154-156; Tsuyoshi Hasegawa, *The Northern Territories Dispute and Russo-Japanese Relations, Volume 2: Neither War nor Peace, 1985-1998*, Berkeley: International and Area Studies, University of California, 1998, pp. 438 and 453; Mark. J. Valencia and Noel A. Ludwig, "Natural Resources of the Disputed Area," in James E. Goodby, Vladimir Ivanov and Nobuo Shimotomai eds, *"Northern Territories" and Beyond: Russian, Japanese and American Perspectives*, Westport, Connecticut: Praeger Publishers, 1995, pp. 161-162; and Nobuo Arai and Tsuyoshi Hasegawa, "The Russian Far East in Russo-Japanese Relations," in Tsuneo Akaha ed., *Politics and Economics in the Russian Far East: Changing Ties with Asia-Pacific*, London: Routledge, 1997, pp. 176-183.

[40] Yakov Zinberg, "Subnational Diplomacy: Japan and Sakhalin," *Journal of Borderlands Studies*, vol. X, no. 2, Fall 1995, pp. 87-108. I am grateful to Molly Molloy from New Mexico State University for sending me a copy of this article.

Several studies have briefly examined Japanese-Soviet/Russian sister city relations within the framework of the Japan Sea economic cooperation process, described as "...a decentralized effort chiefly organized by local authorities and business interests in the surrounding region.... [that] seeks to identify mutually beneficial cooperative activities, including bilateral and multilateral conferences, trade and investment promotion, infrastructure development projects, and personnel exchanges."[41]

In a chapter of a Japanese book about local government diplomacy (*jichitai gaikô*) in the Japan Sea Rim Zone (*Kan Nihonkai Ken*), Ôtsu Hiroshi discusses how past Japan-Soviet sister city agreements, such as those concluded in 1972 between Kitami and Poronaisk and Wakkanai and Nebilsk, have had political overtones and encroached upon national foreign policy. The Kitami-Poronaisk joint declaration, in particular, was a clear criticism of Japanese foreign policy subservience towards the United States.[42] Suzuki Yûji also notes these two agreements' political connotations, arguing that they aimed to exert an influence on Japan-Soviet relations by creating an environment where a peace treaty could be signed at the state level.[43]

In a study of Niigata's local government diplomacy, Ichioka Masao traces the evolution of Japan-Soviet/Russia sister city relations and provides an overview of local authorities' efforts to establish air and sea links with the Russian Far East.[44] He also mentions how state-to-state relations have impacted on local ties in the past, noting that the Japan-Soviet Governors' Conference was cancelled in response to the Soviet Union's 1979 invasion of Afghanistan and 1983 shooting down of a Korean passenger jet. However, the tensions in Tokyo-Moscow relations affected neither the Japan-Soviet Coastal Mayors' Conference, for which Niigata served as the secretariat and which has been held periodically since 1970, nor sister city relations with Khabarovsk.[45] The Toyama Research Group compiled a study entitled *Kan Nihonkai: Sono Aratana Chôryû* (The Sea of Japan Rim: New Trends), which examines regional

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[41] David Arase, "Shifting Patterns in Japan's Cooperation in East Asia: A Growing Role for Local Actors?" *Asian Perspective*, vol. 21, no. 1, Spring-Summer 1997, p. 43.

[42] Ôtsu Hiroshi, "Jichitai Gaikô no Hôri," in Ôtsu and Hagai eds, *Jichitai Gaikó no Chôsen*, p. 42.

[43] Suzuki Yûji, "'Kuni' kara no Kaihô to Jichitai Gaikô," in Nagasu Kazuji and Sakamoto Kazuyoshi eds, *Jichitai no Kokusai Kôryû: Hirakareta Chiiki o Mezashite*, Tokyo: Gakuyô Shobô, 1983, p. 216.

[44] Ichioka, *Jichitai Gaikô*, pp. 9-23 and 169-181.

[45] Ichioka, *Jichitai Gaikô*, p. 210.

development trends in 14 Japanese prefectures within the context of their relations with other subregions located on the Japan Sea. Sections of this book provide a descriptive overview of some of the tangible achievements of Russo-Japanese local government exchanges such as sister city, as well as transport and education, agreements.[46] Another study examines efforts by a variety of subnational agents from Japan, China, South Korea and Russia to establish intellectual infrastructure in the Sea of Japan rim that is intended to promote regional exchanges and mutual understanding in the Northeast Asian region.[47]

Glenn Hook also examines the emergent drive amongst prefectures, cities and businesses along the the Japan Sea to develop subregional relations. Hook speaks of the increasingly important role subnational governments play as international agents. He notes that signs of cooperation are evident between the Japanese central government and localities, particularly within the sphere of aid policy towards Russia. For instance, several prefectures have provided economic aid, which includes technical training in the form of bookkeeping and accountancy at the Japan Centre in one of Russia's business schools. This forms part of the assistance the Japanese Ministry of Foreign Affairs (MOFA) provides that is designed to promote economic reform in Russia. Moreover, humanitarian aid, such as Niigata's provision of buses to its sister city, Khabarovsk, after fire destroyed the latter's bus depots in 1992, is given as an example of a subnational government providing aid on behalf of the Japanese national government.[48]

Gilbert Rozman has written a number of informative papers on regionalism in Northeast Asia and the activities of Russian and Japanese local governments within this process. Rozman's studies provide a sobering assessment of the success of cross-border ties between Russia and Japan to date. He speaks of Japanese local governments' efforts to establish administrative networks with their Russian counterparts that were intended to pave the way for exchanges of cultural and

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[46] Toyamagaku Kenkyû Gurûpu, *Kan Nihonkai: Sono Aratana Chôryû*, Toyama: Kita Nihon Shimbunsha, 1999, pp. 17, 41, 64, 111, 139, 184, 264 and 283.

[47] NEAR Chiteki Infura Iinkai, *Bôdaresu Jidai no Chiikikan Kôryû: Nihon, Chûgoku, Kankoku, Roshia – 'Kan Nihonkai' Chiteki Infura Kôchiku no Michi o Mosaku suru*, Tokyo: Aruku, 1999.

[48] Glenn D. Hook, "Japan and Subregionalism: Constructing the Japan Sea Rim Zone," in Japan Association of International Relations ed., *International Relations: Globalism, Regionalism, and Nationalism: Asia Searching for its Role in the 21st Century*, vol. 114, March 1997, p. 57.

business groups.[49] However, a combination of factors including insufficient financial resources, confusion in Russia, particularly the lack of a clear division of power between Moscow and the localities, ill-fitting local strategies, little public trust of neighbouring nations and differing national interests have thwarted these attempts.[50] Contrary to the local psychology that grassroots linkages might help to overcome tensions in Tokyo-Moscow relations and smooth the way for compromises on the disputed islands, Rozman argues that local ties have actually exacerbated problems separating the two countries.[51]

The dearth of academic literature on Russo-Japanese subnational government relations is reflected in the fact that the most relevant and comprehensive study is perhaps Louisa Wlodarska's unpublished 1993 Honours Thesis entitled "Russo-Japanese Relations: Sister City Links – An Unexplored Dimension." Wlodarska argues that the realist perspective on International Relations has heavily influenced previous research on Russo-Japanese relations. Most scholars have thus focused mainly on bilateral relations at the nation-state level and issues of "high politics" such as security and the Northern Territories dispute. She is critical of the realist perspective, arguing that it fails to take into account relations between subnational governments, which often pursue a different agenda to central governments, engaging in areas of "low politics."[52]

Foreign Relations of Subnational Governments as a Qualitatively New Phenomenon

As Panayotis Soldatos notes, "the role of federated and other subnational units in external relations is not new, nor are its reasons all that contemporary."[53] Quebec, for instance, appointed a general agent to Paris in 1882 in order to assist in that

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[49] Rozman, "Cross-Border Relations and Russo-Japanese Bilateral Ties in the 1990s," p. 202.

[50] Gilbert Rozman, "Cross-National Integration in Northeast Asia: Geopolitical and Economic Goals in Conflict," *East Asia*, vol. 6, nos. 1-2, Spring/Summer 1997, pp. 6-43.

[51] Rozman, "Cross-National Integration in Northeast Asia," p. 31; Rozman, "Cross-Border Relations and Russo-Japanese Bilateral Ties in the 1990s," pp. 199-200.

[52] Louisa Wlodarska, *Russo-Japanese Relations: Sister City Links – An Unexplored Dimension*, Honours Thesis, Monash University, 1993, pp. 6-7.

[53] Panayotis Soldatos, "An Explanatory Framework for the Study of Federated States as Foreign-policy Actors," in Hans J. Michelmann and Panayotis Soldatos eds, *Federalism and International Relations*, Oxford: Clarendon Press, 1990, p. 34.

province's growing business ties with France. One may even argue that the city system of the Hanseatic League (1370-1500), which predates the Westphalian nation-state system, was a form of sub- (pre-) national external activity. The external activities of subnational units may, however, be characterised as new phenomena firstly in qualitative terms – such activities have been direct and relatively autonomous in that subnational units deploy their own domestic and "foreign service channels" and machinery, as well as substantial amounts of their own financial resources, in pursuit of their own foreign policy objectives. Second, the external activities of subnational and federated units are qualitatively unprecedented in that the pace has accelerated as it has increasingly broadened in scope and in relationships.[54]

Subnational Governments in Multilateral Fora

In Europe, there is a noticeable presence of local government relations through multilateral fora. The International Union of Local Authorities (IULA) was established as early as 1913 in Gent, Belgium. The IULA aims to promote local autonomy, contribute towards the improvement of local administration, study issues concerning the life and activities of local authorities and the welfare of citizens, and establish and develop international municipal relations.[55] In 1951, the Council of European Municipalities and Regions (CEMR) was established with the aim of strengthening and protecting the autonomy of local and regional communities and authorities as well as developing "the European spirit amongst local and regional communities and authorities with a view to promoting a federation of the European states founded on the autonomy of these communities."[56] In 1957, the United Towns Organization (UTO) was established under the auspices of a French organisation that arranged twin or sister city relations between French and English towns, which had begun in 1951. The UTO aims to develop understanding between peoples "through a generalized bilingual education and by the research and application of means

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[54] Soldatos, "An Explanatory Framework for the Study of Federated States as Foreign-policy Actors," p. 35.
[55] Union of International Associations ed., *Yearbook of International Organizations*, 24th edition, vol. I, München: K. G. Saur, BB 2736, cited in Unto Vesa, "What is Old and What is New in the Transnational Contacts of Local Authorities? Some Notes on Recent Developments in the Baltic Sea Region," in Christian Wellmann ed., *From Town to Town: Local Authorities as Transnational Actors*, New Jersey: Transaction Publishers, 1998, p. 53.
[56] Vesa, "What is Old and What is New in the Transnational Contacts of Local Authorities?" p. 53.

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conducive to ensuring the freest possible interchange of people and products between member towns; develop local democracy and further the cause of peace."[57]

Institutions have been created to promote cooperation between local and regional authorities within the Council of Europe's framework. These include the Standing Conference of Local and Regional Authorities of Europe (CLRAE), which was set up in 1957 to debate "such fields as the defence of local and regional autonomy, regional and town planning, protection of the environment and cultural and social problems," and the Steering Committee for Regional and Municipal Matters, which was established in 1970 to study "the evolution of regional structures in Europe" and seek the "means of promoting a better balance between the different regions."[58] In recent times, the Committee of the Regions was established as part of the 1993 Maastricht Treaty and aims "to give regions and local authorities a means of influencing the development of European policies of direct interest to them."[59]

Although the most institutionally and functionally advanced, Europe is not the only region where local governments have been active in multilateral fora. Subnational governments in Northeast Asia have actively promoted relations in order to break down the animosity and enmity that has characterised state-to-state relations, build trust and strengthen ties between regions that are frequently perceived as having complementary economic structures. As an institutional arm of the broad framework referred to as the "Sea of Japan Rim Exchange," the first Northeast Asian Local Government Conference was held in Shimane prefecture, Japan in 1993. Subsequent conferences have been held in Hyôgo (1994), Khabarovsk (1995), Kyongsang (1996), Toyama (1998) and Sakha (2000). Attendance has grown steadily with each conference from nine regions representing four countries in 1993 to 30 regions from four countries in 1996. The Kyongsang conference is particularly noteworthy as it was here that regional leaders agreed to establish the Northeast Asian Region Local Government Union. The Union's major role is to organise the location of the Northeast Asian Region Local Government Conferences and to coordinate contacts

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[57] Vesa, "What is Old and What is New in the Transnational Contacts of Local Authorities?" p. 53.

[58] Vesa, "What is Old and What is New in the Transnational Contacts of Local Authorities?" pp. 53-54.

[59] "Committee of the Regions: Role," http://www.cec.lu/comreg/intro.html, accessed 15 March 2000.

between the member regions.[60] It should be noted that the Union is a loose organisation: it has no permanent secretariat and no membership fees and the region that hosts each conference bears the operational costs. The reasons believed to be behind the lack of a financial base are twofold. First, there have been conflicts over which region will play a central role in the Union. Second, there are differences in intraregional levels of economic development, which makes the calculation of fair and equitable membership fees difficult.[61]

Themes in the Discourse on Subnational Governments as International Actors

Hierarchy of International Issues – "High Politics" versus "Low Politics"

There are several underlying themes within the discourse on subnational governments as international actors. The first of these is that the external activities of subnational public authorities are largely confined to the realm of "low politics" such as economic, social and environmental issues.[62] Cultural exchange can also be included in this category. Central governments are usually considered responsible for "high politics" including security and defence of national sovereignty. As territorial disputes are essentially issues related to national sovereignty and often have a strategic element, as is the case with the Northern Territories dispute (particularly from a Russian perspective), they are "high politics" issues. This theme is particularly evident in the Japanese literature with a number of works dealing with the international activities of local governments highlighting their role in promoting economic cooperation.[63] Moreover, the Japanese MOFA has traditionally seen the international role of local

[60] Yamane Izumi, "Hokutô Ajia Chiiki Jichitai Kaigi to 'NEAR Kôryû no Fune'," in NEAR Chiteki Infura Iinkai, *Bôdaresu Jidai no Chiikikan Kôryû*, p. 122.

[61] Yamane, "Hokutô Ajia Chiiki Jichitai Kaigi to 'NEAR Kôryû no Fune'," pp. 122-123.

[62] For instance, Ivo Duchacek states that local governments deal primarily with what he refers to as the "territorial daily bread." Ivo D. Duchacek, "Perforated Sovereignties: Towards a Typology of New Actors in International Relations," in Hans J. Michelmann and Panayotis Soldatos eds, *Federalism and International Relations*, Oxford: Clarendon Press, 1990, p. 2. Other contributors to this volume also expressed the same opinion. See Panayotis Soldatos, "An Explanatory Framework for the Study of Federated States," p. 37; John Ravenhill, "Australia," p. 102; and Earl H. Fry, "The United States of America," p. 289.

[63] Ebashi Takashi argues that in an era of internationalisation there are still functions a state can perform such as border management, defence, internal security and policing. Ebashi Takashi, "Chikiteki Bunken to Kokumin Kokka no Shôrai," *Hôritsu Jihô*, vol. 68, no. 6, 1997, p. 173. See also, Takayanagi Akio, "Jichitai Kaihatsu Kyôryoku no Tenkai to Kadai," in Usui Hisakazu and Takase Mikio eds, *Minsai Gaikô no Kenkyû*, Tokyo: Mitsumine Shobô, 1997, pp. 307-327; Nagao Satoru, "Kokusai Keizai Chitsujo to Jichitai Gaikô no Yakuwari: Kokka Gaikô no Hokan toshite no Jichitai Gaikô Shiron," in Usui and Takase eds, *Minsai Gaikô no Kenkyû*, pp. 286-306.

governments to lie in areas such as cultural exchange and domestic public relations activities.[64]

This tacit division of labour in which central governments are responsible for "high politics" issues and local governments for "low politics" reinforces the notion that somehow local governments' external activities are inferior to nation-state diplomacy. This idea, which is congruent with a realist assumption in international relations theory that national security lies at the apex of the international issues hierarchy, is reflected in the works of Ivo Duchacek who has conceptualised these activities as "paradiplomacy." Duchacek has employed the term "para" as it "indicates not only something parallel, but also... something associated in a subsidiary or accessory capacity."[65]

In the absence of a settled terminology to describe subnational governments' international activities, John Kincaid has employed the term "constituent diplomacy," which is a neutral descriptor and avoids the implication that the activities of constituent governments are necessarily inferior to the "high politics" of nation-state diplomacy.[66] Kincaid further questions the validity of the dichotomy of "high" and "low" politics, arguing that "a province that enters the global arena to secure capital investments and industrial facilities that may rescue it from economic oblivion is, from the provincial perspective, engaged in 'high politics'."[67] What is "high" and "low" of course depends on where you stand. Although the present author disagrees with the idea that matters related to security and the defence of national sovereignty

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[64] Nihon Gaimushô, *Gaikô Seisho*, Tokyo: Ôkurashô Insatsukyoku, 1999, pp. 147-148.

[65] Duchacek, "Perforated Sovereignties," p. 25.

[66] John Kincaid, "Constituent Diplomacy in Federal Polities and the Nation-state: Conflict and Cooperation," in Hans J. Michelmann and Panayotis Soldatos eds, *Federalism and International Relations*, Oxford: Clarendon Press, 1990, p. 74. Similarly, Loukas Tsoukalis, a respected scholar of European political economy, argues:

> The distinction made by international theories of international relations between high politics, referring to matters of national security and prestige, and low politics, reserved for more mundane issues such as trade·and money...has always looked somewhat suspect. Although perhaps understandable when seen through the eyes of the superpowers at the peak of the Cold War, such distinction can be positively misleading when applied to the contemporary European reality, where politics and foreign policy are largely about economics.

Tsoukalis Loukas, *The New European Economy Revisited*, Oxford: Oxford University Press, 1997, p. 3, cited in Erik Holm, *The European Anarchy: Europe's Hard Road into High Politics*, Copenhagen: Copenhagen Business School Press, 2001, pp. 22-23.

[67] Kincaid, "Constituent Diplomacy in Federal Politics and the Nation-state," p. 74.

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are at the apex of the international issues hierarchy, while economic and social affairs are located at the bottom, this dissertation will employ these terms simply for classification purposes.

Moreover, just as the distinction between domestic politics and foreign policy has been blurred in recent years with the advance of globalisation and interdependence, the realms of "high" and "low" politics are also not mutually exclusive, but they are interrelated in that security and defence of national sovereignty often influence economic and social issues, and vice versa. An example of the former are economic sanctions to punish state belligerence such as the July 1941 allied embargo on oil exports to Japan that was intended to curb Japanese aggression in China. More recently, an official from the South Korean province of North Kyongsang, sent on exchange to work for the Shimane Prefectural Government, was believed to have been recalled in 2000 partly in protest at comments Shimane Governor, Sumita Nobuyoshi, made to the prefectural assembly about Takeshima Island being Japanese territory.[68] As will be discussed in the following chapters, the Northern Territories dispute also casts an unavoidable shadow over Hokkaido's relationship with Sakhalin.

Examining the latter, although there is a general tendency for local government officials to focus on "low politics" issues, there have been instances when these activities have had "high politics" overtones; for example, 13 US state liquor commissions decided to ban the sales of Soviet vodka when the USSR downed a Korean Airlines passenger jet in 1983.[69] Even when the focus is on "low politics," there remains the possibility of politicising actions, which occurs when "low politics" issues have "high politics" consequences. The Quebec-France educational and cultural agreements concluded in the 1960s, for example, created a political conflict between France and Canada, since the latter saw the agreement as part of France's "high politics" aims: de Gaulle's interference with the political process in Canada and his desire to use Quebec as a "springboard" for his global foreign policy objectives.[70]

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[68] Governor Sumita also thought that the Japanese Ministry of Education, Culture, Sports, Science and Technology's adoption of a history text for use in junior high schools, that glossed-over past Japanese acts of aggression against Korea, also contributed to North Kyongsang's decision to recall its official from Shimane. "Kankoku Kyongsang Hokudô kara no Shokuin Haken no Saikai ni tsuite."
[69] Duchacek, "Perforated Sovereignties," p. 8.
[70] Soldatos, "An Explanatory Framework for the Study of Federated States as Foreign-policy Actors," p. 49.

Subnational Governments' International Activities as a Catalyst for Change in State Diplomacy and State-to-State Relations?

Subnational public authorities engage in two forms of deliberate participation in international relations. First, subnational public authorities can influence the central government's decision-making process from within by adopting what Michael Shuman refers to as "conscious raising measures."[71] Such measures include education, research and lobbying. Subnational public authorities' lobbying of central governments, which is probably the most common, highly directed and politicised form of conscious-raising measures,[72] manifests itself in a number of ways. First, regionally elected representatives to parliament can act as lobbies, ensuring that central governments give greater priority to regional issues. Second, many subnational public authorities have their own representatives in the national capital, serving not only as eyes and ears, but also as spokespeople and lobbyists with the organs of government that deal with foreign policy. For instance, apart from Hiroshima, Kôchi and Oita, all Japanese prefectures maintain offices in a building called the *Todôfuken Kaikan* (Prefectural House) in Tokyo, which is near the Diet and central ministries.[73] Although the HPG maintains an office in this building, it does not have full-time staff as it maintains its own representative facility nearby.

Third, various groupings of subnational units often combine in order to promote their common interests vis-à-vis the central government.[74] In Japan, the National Governors' Association (*Zenkoku Chijikai*) represents an important source of regional pressure on Tokyo through its twice-yearly annual meetings.[75] Although there is no formal nation-wide association of governors in Russia, the Federation Council – the bicameral Federal Assembly's upper house that was created in 1993 – could, in some ways, be seen as an institutional vehicle that brings together regional elites for the purpose of promoting common interests vis-à-vis the federal government. The Federation Council was staffed ex-officio by 178 representatives from Russia's

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[71] Michael H. Shuman, "Dateline Main Street: Local Foreign Policies," *Foreign Policy*, no. 65, Winter 1986-87, p. 159.
[72] Shuman, "Dateline Main Street," p. 160.
[73] See the National Governor's Association homepage, "Todôfuken Kaikan Gyômu no Go-Annai," http://www.nga.gr.jp/tkai/itiran.html, accessed 18 September 2002.
[74] Duchacek, "Perforated Sovereignties," p. 10.

federal components. According to a law adopted in December 1995, it was formed from the governors and legislative heads from each of the 89 components.[76] However, the Council's collective lobbying powers were circumscribed partly by the fact that its members were full-time officials in their own regions, which resulted in high absenteeism, making it difficult to gather a quorum. As a result of reforms to the Council introduced in January 2002, its members have been replaced by two permanently working representatives, one named by each region's legislature and another appointed by its executive branch.[77]

Russian subnational units have also established regional organisations in an attempt to present a unified front to Moscow. The eight regional groupings include Black Earth, Siberian Accord, Central, Northwest, North Caucasus, Urals, Far East and Greater Volga. Although, as Robert Valliant notes, these organisations predominately play an economic role,[78] they have on occasion transgressed into the political arena. For the Far Eastern Association, adopting a political stance has involved the Northern Territories dispute – a point discussed in greater detail in chapter four. Although lobbying does not place subnational authorities directly on the international scene, it does make them international actors in the sense that these activities can attract extra-national attention, making them targets for foreign interference in the form of lobbying and bribes.[79]

Intra-state policy demands represent only one form of subnational government influence on foreign policy. Subnational governments can bypass central government mechanisms by maintaining informal or formal transnational contacts. Such contacts are often conspicuous and, in addition to private transnational flows, contribute to what Duchacek has referred to elsewhere as "percolated sovereign boundaries."[80]

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[75] See "NGA no Shôkai," http://www.nga.gr.jp/roughly/f_roug.html, accessed 18 September 2002.
[76] Those republics with bicameral assemblies, such as Karelia and Yakutia, were forced to choose between their two speakers. Richard Sakwa, *Russian Politics and Society*, 2nd edition, London: Routledge, 1996, p. 132.
[77] Julie A. Corwin, "Senators Vote to Dissolve the Upper House," *RFE/RL Russian Federation Report*, vol. 2, no. 27, 26 July 2000, http://www.rferl.org/russianreport/2000/07/27-260700.html, accessed 3 August 2000.
[78] Robert Valliant, "The Political Dimension," in Akaha ed., *Politics and Economics in the Russian Far East*, p. 11.
[79] Duchacek, "Perforated Sovereignties," pp. 11-12.
[80] See Ivo. D. Duchacek, *The Territorial Dimension of Politics Within, Among and Across Nations*, Boulder, Colorado: Westview Press, 1986.

Duchacek identifies six ways in which subnational governments promote and defend their interests in the international arena: 1. establishing permanent offices in foreign cities; 2. going on trips abroad; 3. conducting fact-finding missions; 4. launching trade and investment shows; 5. establishing foreign trade zones; 6. subnational government representatives can participate in the work of international conferences or organizations and formal diplomatic representation of their national government in foreign capitals.[81] As will be discussed shortly, these transnational relationships are often in harmony, but can sometimes be in direct competition or conflict with the national centre.

Concerning the degree of intra-national influence in the foreign policy realm, some scholars credit local governments with having substantial influence on central government diplomacy. In their research on the role of four Canadian provinces in the foreign policy decision-making process, Elliot and Lily Feldman argue that the federal government has had to reshape its foreign policy making apparatus to accommodate the provinces and has acknowledged its inability to proceed in major international negotiations without provincial participation.[82] Specifically, the federal government has shifted more of Canada's international emphasis to economics as the provinces have pressed their international concerns.[83] Moreover, the Canadian provinces, in cooperation with US states, have forced environmental issues on to the agenda of bilateral relations. The scope of intra-national influence in the foreign policy arena is linked to the broader issue of democracy, as well as the institutional and Constitutional context of centre-local relations within a particular state. Generally speaking, one would expect a national government to be more responsive to subnational government demands in a federal polity than in a unitary state. This has clear implications for a case study of subnational relations in Japan and Russia.

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[81] Duchacek, "Perforated Sovereignties," pp. 14-15.

[82] Elliot J. Feldman and Lily Gardner Feldman, "Canada," in Michelmann and Soldatos eds, *Federalism and International Relations*, p. 203.

[83] Feldman and Feldman, "Canada," p. 205. Daniel Latouche supports the claim made by the Feldmans, arguing the intensification in transnational relations across the US-Canada border has led to an intensification in the level of subnational government interactions and a renewed interest by the two central governments in rearranging their global relations on a state-to-state basis. Daniel Latouche, "State Building and Foreign Policy at the Subnational Level," in Ivo D. Duchacek, Daniel Latouche and Garth Stevenson eds, *Perforated Sovereignties and International Relations: Trans-sovereign Contacts of Subnational Governments*, New York: Greenwood Press, 1998, p. 32.

Concerning the impact of transnational contacts by subnational governments on state-to-state relations, Keohane and Nye argue that transnational relations, in general, not only increase the sensitivity of societies to one another, thereby altering relations between governments, but may also promote attitudinal changes which may have possible consequences for state policies. [84] Others, meanwhile, have tended to downplay local government influence. In an earlier study, Kal Holsti and Thomas Levy claimed that provincial and state governments rarely use administrative and cultural relationships to pressure their respective national governments to alter policies vis-à-vis the other country or to claim a greater role in national policymaking. [85] Both scholars, however, do not address the issue of whether it is possible for subnational governments to use these transnational linkages in order to pressure foreign regional or national governments to change policies on issues affecting bilateral relations. It is this topic the dissertation seeks to address.

Accepting the Keohane and Nye thesis that transnational contacts can induce change in international relations, although closeness between regions can, on occasion, invite distrust and disharmony, there are several studies that suggest subnational government relations can be a catalyst for new forms of cooperation in international relations, bridging political tensions between nations. This is particularly evident in Europe, a continent wracked by centuries of war and violence. In a study of Franco-German twin city relationships or "twinnings," Beate Wagner argues that the longstanding enmity between the two nations was first overcome at the local level, which opened the door to further cooperation, greatly contributing to Franco-German postwar reconciliation, which was formalised with the Elysee Treaty's signing in 1963. [86] Similarly, Detlef Weigel claims that: "Town-twinning arrangements have been instrumental in firmly anchoring Franco-German friendship in the minds of the

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[84] Robert O. Keohane and Joseph S. Nye Jr., "Transnational Relations and World Politics: An Introduction," in Robert O. Keohane and Joseph S. Nye Jr., eds, *International Organization*, vol. XXV, no. 3, Summer 1971, pp. xii-xvii.

[85] Kal J. Holsti and Thomas Allen Levy, "Bilateral and Transgovernmental Relations Between Canada and the US," in Annette Baker-Fox, Alfred O. Hero Jr. and Joseph S. Nye Jr., eds, *Canada and the United States: Transnational and Transgovernmental Relations*, New York: Columbia University Press, 1976, p. 303.

[86] Beate Wagner, "Twinnings: A Transnational Contribution to More International Security," in Wellmann ed., *From Town to Town*, p. 43.

peoples."[87] Local level cooperation was also evident across the East-West divide during the Cold War. The development of West German-Polish town-to-town contacts was considered to be a factor that contributed to stability and continuity in Polish-West German people-to-people relations during the tense period of martial law in Poland in the 1980s.[88] Similarly, cross-border relations between municipalities in Hokkaido and the Soviet Far East during the Cold War aimed to promote mutual understanding between the two peoples and relax tensions in the highly militarised border zone.

The notion of subnational government relations acting as a catalyst in the resolution of state-to-state problems appears in a number of Japanese studies on the subject of local government diplomacy. For instance, Kamano Yukio speaks of the importance of local governments "...creating an environment for easing complex national emotions and fundamentally resolving issues by being sufficiently cognisant of these problems and deepening exchanges which connect the minds of people from countries on the Sea of Japan rim."[89] Nagasu Kazuji, a former governor of Kanagawa who was a pioneer in Japanese local government diplomacy, argues that "...states continue to have responsibility in international politics and diplomacy, but where and when there is trouble, actors other than the state can find a way out."[90] Another study conducted by the Institute for Local Administration (*Chihô Gyôsei Kenkyûjo*) also notes that "when central government diplomacy is not going well, local governments can act as a conduit in order resolve the problem."[91]

In Northeast Asia, in particular, the idea of subnational public authorities' international activities and transnational partnerships acting as an instrument to bridge political tensions between nations has emerged as a key principle underpinning efforts

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[87] Detlef Weigel, "Transnational Cooperation between Towns and Regions: A Foreign Policy Perspective," in Wellmann ed., *From Town to Town*, p. 45. Weigel also argues that in the case of German-Israeli relations, local contacts smoothed the way for "real" foreign policy.

[88] Wagner, "Twinnings: A Transnational Contribution to More International Security," p. 39.

[89] Kamano Yukio, "Hokuriku Chihô ni miru Kokusaika Seisaku," in Ôtsu and Hagai eds, *Jichitai Gaikô no Chôsen*, p. 181.

[90] Nagasu Kazuji, "Jichitai no Kokusai Kôryû," in Nagasu and Sakamoto eds, *Jichitai no Kokusai Kôryû*, p. 14.

[91] Chihô Gyôsei Kenkyûjo ed., *Chihô Bunken ga Yasashiku Wakaru Hon*, Tokyo: Seiryû, 1999, p. 106. Shutô Nobuhiko also observes how local governments can act as a forum to establish informal channels for peace negotiations and confidence-building measures. Shutô Nobuhiko, "Reisengo no Kokusai Shakai ni okeru Jichitai no Kinô to Yakuwari," *Sekai Keizai Hyôron*, May 1995, p. 53.

at regionalism. For most of the postwar period, the nations bordering the Sea of Japan were (and in some cases, still are) divided by historical enmity, ideological hostility and great power rivalry. Japan and South Korea were integral parts of the US's containment strategy in East Asia. Their roles as bulwarks against the spread of communism in the region inevitably drew them into adversarial relationships with the Soviet Union, China and North Korea. Despite their incorporation into the US-led capitalist camp, Japan and South Korea were never able to overcome fully the legacy of the former's brutal colonisation of the latter. The same can be said of Japan's relations with China and North Korea. Less than a decade after announcing their military alliance, China and the Soviet Union fell out essentially over the issue of leadership of the socialist camp and their dispute led to armed border clashes in 1969. Territorial disputes involving Japan, South Korea, China and the Soviet Union further complicated already strained relations. Perhaps the only common feature the constituent regions of Northeast China, South Korea, the Soviet Far East and the Sea of Japan seaboard (pejoratively known as *Ura Nihon* or "backdoor Japan") shared was their peripheral economic status vis-à-vis their respective national centres. During this period, the Sea of Japan/East Sea was a sea of conflict and cross border (both land and sea) exchanges were heavily restricted.[92]

The Soviet Union's collapse, the end of the Cold War, South Korea's establishment of diplomatic relations with the Soviet Union and China and decentralisation, particularly in Japan and Russia, have resulted in what Furumaya Tadao has described as a slow filling of the deep "Sea of Japan gap" (*Nihonkai no mizo*).[93] Taking advantage of these structural and domestic changes, subnational public authorities and other local actors are developing transnational cooperative structures and processes. One Japanese observer has noted that the strengthening of ties amongst local residents and the establishment of relations of familiarity across the Sea of Japan helps guarantee that state-to-state relations will not return to the hostility characteristic of the Cold War.[94] Also using Japan Sea cooperation as an example, David Arase raises

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[92] Taga Hidetoshi, a noted scholar of Northeast Asian regionalism, remarked that during the Cold War, these regions had their backs turned on each other and that the only thing they had pointing at each other was military radar. Taga Hidetoshi, "Kan Nihonkaiken no Sôshutsu," in Taga Hidetoshi ed., *Kokkyô o Koeru Jikken: Kan Nihonkai no Kôsô*, Tokyo: Yûshindô, 1992, p. 23.

[93] Furumaya Tadao, *Ura Nihon: Kindai Nihon o Toinaosu*, Tokyo: Iwanami Shoten, 1998, p. 186.

[94] Kushiya Keiji, "Rekishi o Tsuranuku Niigata no Taigan Kôryû," in Ôtsu and Hagai eds, *Jichitai Gaikô no Chôsen*, p. 173.

the possibility "…that local initiative could provide a way to build cooperation among economically complementary countries divided by daunting issues at the level of state-to-state relations." [95] In a case that may be instructive for Russo-Japanese subnational government relations, an official from the Russian region of Pskov, which encompasses all of Latvia's and most of Estonia's borders with Russia, and was the only region in Russia where a member of Vladimir Zhirinovsky's Liberal Democratic Party of Russia (LDPR) won a gubernatorial race (Yevgenii Mikhailov in late 1996), made comments suggesting that by focusing on local socio-economic and humanitarian issues, regional and local authorities could play a positive role in overcoming political disagreements on border demarcation. [96]

Conflict and Cooperation

Another discernable characteristic of the international activities of subnational governments is that the external activities of local governments can challenge, or at least complicate, nation-state diplomacy. Quebec is the most frequently cited example of a local government's external activities conflicting with central government policy objectives as it actively attempted to secure international support in its bid to gain independence from Canada. Quebec, however, is not an isolated example. Earl Fry has argued that the growing involvement of (US) state and local governments in the global arena complicates Washington's efforts to speak with one voice on important economic issues. [97] US states' adoption of unitary taxes on the earnings of multinational corporations operating within their territorial jurisdiction has caused some consternation for Washington as these taxes contravene many bilateral taxation agreements it has concluded. Moreover, in a challenge to US federal immigration laws, various states and municipalities have approved local ordinances on such issues as the right of sanctuary for ideologically approved political refugees, whilst other communities have approved non-binding resolutions to protest US policy in Central America. [98]

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[95] Arase, "Shifting Patterns in Japan's Cooperation in East Asia," p. 49.
[96] Mikhail A. Alexseev and Vladimir Vagin, "Fortress Russia or Gateway to Europe? The Pskov Connection," in Mikhail A. Alexseev ed., *Center-Periphery Conflict in Post-Soviet Russia: A Federation Imperiled*, New York: St. Martin's Press, 1999, p. 186.
[97] Earl H. Fry, "State and Local Governments in the International Arena," *The Annals of the American Association of Political and Social Science*, vol. 509, May 1990, p. 125.
[98] Duchacek, "Perforated Sovereignties," p. 8.

There is also evidence suggesting that since the Soviet Union's collapse in 1991, many constituent regions and republics of the Russian Federation took advantage of political and economic decentralisation to articulate and conduct quasi-foreign policies.[99] These subnational foreign policy initiatives were often made without paying much attention to Moscow's wishes and consequently conflicted with or complicated federal policy. Notable examples include Chechnya's declaration of independence and insisting on its right to self-determination, the Republic of Tatarstan appointing its own trade representatives in 14 locations outside Russia and the former governor of Primorskii *krai*, Yevgenii Nazdratenko, stalling the implementation of the 1991 border demarcation agreement with China until 1997, which as Mikhail Alexseev argues "...could be cited as evidence of Russia becoming less and less of a 'unitary' actor in the global arena."[100] One can also draw a parallel here with the outspoken position taken by the regional political elite in Sakhalin, particularly the first governor, Valentin Fedorov, against possible territorial concessions by the central government to Japan regarding the South Kuril Islands.

One should not be surprised that conflict can and does occur between central and subnational governments over the direction of foreign policy. As each has its own self-defined interests to defend, two levels of government in conflict over domestic public policy is a common occurrence and indeed may be considered the very life-blood of democratic polities. In an increasingly globalising and interdependent world, there is therefore no reason why foreign policy should be immune from intergovernmental discord.

Other examples of conflict between central and subnational governments over foreign policy exist, but it is important to note that the majority of subnational governments' external activities are, in fact, congruent with central government diplomacy and are often encouraged by them. Following on from the pioneering work of Ivo Duchacek, Panayotis Soldatos, eschewing the word "fragmentation," has adopted the term

[99] Mikhail Alexseev, "Russia's Periphery in the Global Arena: Do Regions Matter in the Kremlin's Foreign Policy?" *Program on New Approaches to Russian Security Policy Memo Series*, no. 156, October 2000, http://www.fas.harvard.edu/~ponars/POLICY%20MEMOS/Alexseev156.html, accessed 13 February 2001.
[100] Alexseev, "Russia's Periphery in the Global Arena."

"segmentation" in order to conceptualise the foreign policy activity of local governments. He argues that these activities do not necessarily entail a disintegrative phenomenon, as the term "fragmentation" implies, "but could, in many instances, be part of a rationalisation process in external relations."[101]

The cooperative aspect of the external activities of local governments is a particularly dominant theme in the Japanese discourse. Suzuki Yûji argues that the international policies of each (Japanese) local government, rather than running counter to state policy, have a strong tendency to avoid those activities that may even slightly contravene national objectives and instead limit themselves to a position that servilely complements state diplomacy (*kuni no gaikô seisaku no tsuijûteki hokan*).[102] Kamano Yukio who, in a study of Toyama and Ishikawa (two Japanese prefectures that are active in pursuing relations with other localities in Northeast Asia), claims that they view the importance of local government international exchange too narrowly, limiting themselves to complementing state diplomacy, also echoes this view.[103] As a specific example of centre-local cooperation in the foreign policy arena, in recent years, local governments in Japan have been accepting trainees from developing countries, some under the national official development assistance (ODA) program run by the Japan International Cooperation Agency (JIICA), an organ affiliated with the MOFA, and others invited by local governments themselves through sister-city programs or as a part of local ODA activities. Financial considerations may be a factor in explaining the complementary nature of local government diplomacy. According to one scholar, there are many cases where the localities are able to obtain central government funding if they put forward proposals that are in accordance with state policy.[104] This implies that many local governments may be unwilling to pursue independent initiatives for fear of not being able to secure the necessary funding. It also suggests that the central government can employ financial means to ensure local government compliance with state policy. As local governments in Japan are only able to raise about one-third of their operating revenue through independent local

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[101] Soldatos, "An Explanatory Framework for the Study of Federated States as Foreign-policy Actors," p. 36.
[102] Suzuki, "'Kuni' kara no Kaihô to Jichitai Gaikô," pp. 207-212.
[103] Kamano, "Hokuriku Chihô ni miru Kokusaika Seisaku," p. 202.
[104] Tanaka Naoki, "Kokusaika Jidai no Jichitai Gaikô," in Nagasu and Sakamoto eds, *Jichitai no Kokusai Kôryû*, p. 278.

taxation (referred to as *san-wari jichi* or "30 per cent autonomy"), it makes them highly dependent on the central government for funding.[105]

The tendency for Japanese local government diplomacy practitioners to limit themselves to complementing state policy is also grounded in the broader self-perception of local government, in general, as merely a lower-level organ (*mattan soshiki*) of the central government, which should not actively pursue autonomous policies. This perception is slowly changing, but is still evident in many local administrations today. Many MOFA bureaucrats who believe that managing the nation's external activities should be left primarily to the "experts" share this view. Previously, central government officials monopolised the skills and organisational support required to conduct effective diplomacy. This is no longer the case today as an increasing number of regional and municipal governments have established departments to deal with their external activities that are staffed by trained officials.[106]

Complementing state diplomacy is important, particularly when it contributes to such goals as international peace, cooperation and stability. However, if bilateral relations are not satisfactory, as in the case of Russia and Japan, the complementary activities of local governments may only serve to perpetuate the status quo. Opinion is divided in Japan regarding the issue of whether local governments' international activities should complement state diplomacy. Scholars such as Shutô Nobuhiko believe it is possible for local governments to pursue their own diplomacy as long as it does not fundamentally overturn state policy.[107] However, he sees little possibility of this happening, arguing that local government internationalisation only takes the form of sister-city agreements and ties with friendly cities. He refers to this as "cheers diplomacy" (*kanpai gaikô*), which far from complementing government diplomacy is nothing more than exchange visits.[108] These earlier attempts at local government diplomacy drew some criticism as local officials were seen as using limited local funds to satisfy their personal desire to travel. Shutô's description, however, is not entirely valid today as significant qualitative improvements have been made with

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[105] Richard J. Samuels, *The Politics of Regional Policy in Japan: Localities Incorporated?* Princeton: Princeton University Press, 1983, p. 40.

[106] This insight was gained from reponses to questionnaires sent to Japanese local governments that maintain sister city ties with Russian localities.

[107] Shutô, "Reisengo no Kokusai Shakai ni okeru Jichitai no Kinô to Yakuwari," p. 53.

many localities entering into agreements ranging from promoting cultural and economic ties to protecting the environment. While Kamano recognises that complementation is important, he also argues that local governments need to move forward and develop "local government diplomacy" (jichitai gaikō). Specifically, he speaks of the need for "internal" (uchinaru) and "external" (sotonaru) internationalisation, which entails a respect for human rights (particularly for foreign residents living in Japan) and opening the way to living in coexistence.[109] Others are less satisfied with the ancillary role local governments are asked to play. Tanaka Naoki argues that the purpose of local government international exchange activities is not to complement state-to-state relations, but rather to bring about changes in it.[110]

Regarding this theme of conflict and cooperation, as will be discussed in greater detail in chapter three, kankyō seibi at the local level is generally congruent with Tokyo's current policy aims towards Russia. This policy simultaneously attempts to undertake two inseparable tasks. According to Kimura Hiroshi, these are "to negotiate with Russia over the sovereignty issue of the Northern Territories and to create an environment favorable for the resolution of this difficult issue, which is dubbed simply kankyo seibi...."[111]

However, it should be noted that although Hokkaido's efforts to promote cooperative relations with Sakhalin and create an environment at the subnational level conducive to resolving the "Northern Territories" dispute generally accords with the aims of Japan's present Russia diplomacy, there have been instances in the past when the means Hokkaido have adopted have conflicted with, or in the very least complicated, Japanese policy towards Russia and Sakhalin. This aspect of interregional relations is discussed in greater detail in chapters five and six.

Synopsis of Chapters

This dissertation consists of seven chapters. Following the introduction, chapter two examines the factors that have contributed to the increased international presence of

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[108] Shutō, "Reisengo no Kokusai Shakai ni okeru Jichitai no Kinō to Yakuwari," p. 57.
[109] Kamano, "Hokuriku Chihō ni miru Kokusaika Seisaku," pp. 202-203.
[110] Tanaka, "Kokusaika Jidai no Jichitai Gaikō," pp. 234-236.

subnational public authorities in Sakhalin and Hokkaido and the development of relations between the two regions. It also discusses how some of these factors also led to the gradual elevation of Sakhalin *oblast*'s authority (both the regional political elite and public opinion) in matters pertaining to the dispute over the South Kuril Islands in the decade following the Soviet Union's collapse in December 1991.

Chapter three begins with a discussion of the Northern Territories' importance to Japan and especially Hokkaido. In order to provide a frame of reference from which to address the dissertation's supplementary research questions pertaining to the extent to which Hokkaido-Sakhalin subnational government relations complement and/or challenge Japan's Russia diplomacy and Russian policy towards Japan, and how Tokyo and Moscow have responded to Hokkaido and Sakhalin's increased international presence and their burgeoning transnational relationship, the chapter follows with a broad overview of the fundamental principles and approaches underlying Japan's post-Cold War Russia diplomacy, as well as Russia's policy towards Japan and the South Kurils/Northern Territories.

In addition to answering the dissertation's supplementary questions, chapters four, five and six address the dissertation's main question regarding why the development of Hokkaido-Sakhalin subnational government relations did not create an environment, at the subnational level, conducive to resolving the territorial dispute by significantly alleviating public and elite opposition in Sakhalin to transferring the islands to Japan. Chapters five and six also provide an overview of Hokkaido and Sakhalin's own networks of transnational contacts. Chapter four examines the first part of the "Sakhalin factor": Sakhalin's political elite. It will outline their views on the territorial dispute. Particular attention will be paid to the South Kuril Islands' value as a bargaining tool to extract various political and economic concessions for the local elite. It will then discuss whether the Sakhalin leadership's position regarding the territorial dispute has complicated Russian policy towards Japan and how Moscow has in turn responded to this.

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[111] Hiroshi Kimura, "Primakov's Offensive: A Catalyst in Stalemated Russo-Japanese Relations?" *Communist and Post-Communist Studies*, vol. 30, no. 4, 1997, p. 369.

Chapter five deals with the second aspect of the "Sakhalin factor": local public opinion. It outlines three forms of the transnational process of intercultural exchange carried out between Hokkaido and Sakhalin *oblast*: Dialogue '92, the visa-less exchange program between the former Japanese and current Russian inhabitants of the disputed islands, and sister-city relations. In all three instances, the analysis pays particular attention to the role of regional and local governments in Hokkaido and Sakhalin in these exchanges. It then examines why the improvement in mutual perceptions and newfound feelings of trust and friendship between the peoples of both regions, fostered by local government cultural exchange, has not been sufficient to alleviate public opposition to transferring the South Kuril Islands to Japan.

Chapter six examines the other transnational process of economic exchange between Hokkaido and Sakhalin. First, it outlines the factors that have created opportunities for developing interregional economic relations and administrative attempts by both regional governments to create a framework for exchange. It then examines Sakhalin's commercial environment and highlights how it has acted as an impediment to the development of Hokkaido's trade and investment ties with Sakhalin. The chapter concludes with an examination of perhaps the only area in which interregional economic relations have flourished: the trade in fish and marine products and how this trade impacts on attempts to resolve the territorial dispute.

The concluding chapter of this dissertation sums up the findings and discussions, which is followed by a brief examination of the impact of recent reforms on the salience of the "Sakhalin factor" in matters pertaining to the South Kuril Islands during the Putin presidency.

The author has published chapters and sections of this thesis in fully refereed journals and also presented them at conferences. The first part of chapter three, "Japan's Russia Diplomacy," was published under the title of "Japan's Post-Cold War Russia Diplomacy" in the *New Zealand Journal of Asian Studies* (vol. 1, no. 1, 1999, pp. 77-100). The second part of chapter three, "Russia and the Northern Territories," was published under the same heading in the *Russian and Euro-Asian Bulletin* (vol. 7, no. 8, August 1998, pp. 1-9). A hybrid mix of these two articles entitled "Eritsuin Seiken to Nichi-Ro Kankei" [The Yeltsin Regime and Japanese-Russian Relations] was

published in the Japanese journal *Seikei Daigaku Hôgaku Seijigaku Kenkyû* (Seikei Journal of Law and Political Science, no. 22, June 2000, pp. 113-133). The final section of chapter six, "The Local Trade in Fish and Marine Products," was published under the title of "The Criminalisation of Russo-Japanese Border Trade: Causes and Consequences," in *Europe-Asia Studies* (vol. 55, no. 5, July 2003, pp. 711-728). The part of chapter five examining the "Visa-less Exchanges" was presented at an international conference entitled *Cultural Flows With(in) a Globalizing Asia* held at Monash University from 29 November – 1 December 2002. This paper has also been submitted for review to the journal *East Asia* under the title of "Russo-Japanese Visa-less Exchanges: Opportunities and Limits."

Chapter Two: Russian and Japanese Subnational Diplomacy and the Rise of the "Sakhalin Factor"

Introduction

This chapter examines the factors that have contributed to the increased international presence of subnational governments as they apply to Sakhalin and Hokkaido, as well as the development of relations between the two regions. These can be divided into systemic or external factors, and domestic factors, which are mutually interrelated at both levels. Systemic factors include the Soviet Union's demise and the end of the Cold War, external actors' involvement, and the globalisation of production and economic interdependence, which have been accelerated by recent advances in transport and telecommunications technology. In a generic study, Panayotis Soldatos presents a typology of the domestic causes of subnational government diplomacy at the national and subnational levels. Soldatos' study focuses on federal states, which are structurally more conducive to the external activities of subnational governments. Therefore, many of these factors are more relevant to Sakhalin, which is a component of a federal state, than to Hokkaido, which is part of a unitary state.[1]

Examining these factors provides useful background information on Hokkaido and Sakhalin and the socio-economic, political and institutional environments in which they operate. This chapter argues that, in the case of Russia, a combination of these factors also contributed to the rise of the "Sakhalin factor" – a term used to denote the gradual elevation of Sakhalin *oblast*'s authority in matters pertaining to the dispute over the South Kuril Islands in the decade following the Soviet Union's collapse in December 1991. It is the emergence of the "Sakhalin factor" that initially raised the possibility of subnational government relations contributing to resolving the long-standing territorial dispute. In discussing those factors contributing to subregional government diplomacy by Sakhalin and Hokkaido and the rise of the "Sakhalin factor," particular attention is focused on post-Soviet Russia's style of federalism.

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[1] According to Michael Stein, a unitary structure is one in which regional and local units are subordinate to central authority, whereas in a federal structure, the two authorities are in an approximate power balance. Michael Stein, "Federal Political Systems and Federal Societies," *World Politics*, vol. 20, no. 4, July 1968, p. 739.

Factors Contributing to Subnational Diplomacy

External Factors

Advances in Transport and Communication Technology and Globalisation

Advances in telecommunications technology have made access to information more affordable and easier to obtain. Not only has there been a rapid increase in the global saturation level of telephones, considered the basic means of communication, but also in facsimile machines and computers. For instance, according to data from the International Telecommunications Union, there were about 70 million telephones in use worldwide in 1950. By the mid-1980s, this figure had jumped to about six hundred million.[2] Computing power has doubled every 18 months for the last 30 years making the cost of computers less than one per cent of what it was in the early 1970s.[3] Billions of dollars in stocks, bonds and futures are traded everyday between the world's major financial markets with little more than the press of a button. The rise in the number of people with access to the Internet is even more astonishing. In 1998, 100 million people used the Internet with some experts predicting this figure could reach a billion by 2005.[4] The information revolution has virtually broken central governments' monopolies on collecting and managing large amounts of information.

Improvements in transportation technology are also enabling more people to travel greater distances at faster speeds. Together, progress in the telecommunications and transportation fields has accelerated the process of internationalising the global economy. Often used interchangeably with the ubiquitous term "globalisation,"[5] the

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[2] Cited in Kaku Yuzaki, *Chikyûka Jidai no Kokusai Seiji Keizai: Jôhô Tsûshinka Kakumei to Unyu Kakumei no Shôgeki*, Tokyo: Chûkô Shinsho, 1995, p. 5.

[3] Robert O. Keohane and Joseph S. Nye Jr., "Power and Interdependence in the Information Age," *Foreign Affairs*, vol. 77, no. 5, September/October 1998, p. 83.

[4] Keohane and Nye, "Power and Interdependence in the Information Age," p. 82.

[5] Grahame Thompson draws a distinction between internationalisation and globalisation, arguing that an internationalised world economy occurs when the principal entities remain national economies, or agents that continue to be tethered to a definite national territory, when there is a relative separation between domestic and international arenas, and when international processes, events and impacts are refracted through essentially national frameworks and policies. On the other hand, in a globalised world economy, the principal entity is the globalised economy itself, which represents a new structure of disembedded economic relationships and is an economy that exists above and autonomously from national economic agents. Grahame Thompson, "Introduction: Situating Globalization," *International Social Science Journal*, June 1999, no. 160, p. 140.

internationalisation of the world's economy is characterised by the increase in the flow of goods, services, money, information and people across national boundaries. This has in turn deepened the level of interaction and interdependence between markets and production in different countries – particularly the advanced, industrial countries – and contributed to what some scholars have referred to as "penetrated" or "perforated" sovereignty where national borders cannot effectively protect subunits from economic, cultural and other influences, forcing them to establish direct links with foreign actors to protect and promote their own interests.[6]

Geographic propinquity and economic complementarity are also conducive to subnational government diplomacy. Trade in goods and services (political and economic barriers notwithstanding) is naturally much quicker and cheaper when two parties are in close geographic proximity and flourishes when the products they specialise in are in demand. At their closest point, Hokkaido and Sakhalin are separated by only a 43-kilometre stretch of sea known as the Soya Strait. The distance between Cape Nosappu in northeast Hokkaido and the Kaigara Islands, a group of islets comprising part of the Habomai group that are under Sakhalin's authority (which, of course, the Japanese government does not officially recognise), is a mere 3.7 kilometres. In fact, with the aid of binoculars, on a clear day you can watch a Russian border guard watching you. Needless to say, these factors alone do not automatically lead to close relations. Interstate conflict can impede the development of subnational links. During the Cold War, relations between Hokkaido and Sakhalin were restricted. However, as will be discussed in greater detail in chapters five and six, military tension in the border zone did not completely sever mutual ties between these two neighbours.

The Soviet Union's Collapse and the End of the Cold War

The Soviet Union's collapse and the end of the Cold War helped to alleviate both the military threat Russian forces in the Far East posed and the tension in the border zone. This removed a major obstacle to the development of local government relations.

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[6] Panayotis Soldatos, "An Explanatory Framework for the Study of Federated States as Foreign-policy Actors," in Hans J. Michelmann and Panayotis Soldatos eds, *Federalism and International Relations*, Oxford: Clarendon Press, 1990, p. 48; Ivo D. Duchacek, "Perforated Sovereignties: Towards a

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Although the Soviet government officially decided to partially lift the ban on the entry of foreigners into a few urban settlements in Sakhalin in mid-1984,[7] a traditional mistrust of foreigners kept the number of tourists to a minimum. It was not until the early 1990s that the mutual mistrust had dissipated enough to permit both sides to agree to begin talks on establishing regular transport links between the two islands. After successful lobbying by both regional governments, a regular air service between Hakodate and Yuzhno-Sakhalinsk was established in April 1994. The following year, ferry services linking Korsakov with Wakkanai and Otaru were inaugurated in April and May respectively. However, in an illustration of the lingering distrust that characterised Cold War relations, the Japanese Air Self Defence Forces objects to Russian aircraft being able to use the international airport at Chitose because a Japanese airforce base is located nearby.

The establishment of regular transport links has helped promote exchange between local government and private groups on both islands in a wide variety of fields including education, business, medicine, sports, culture and the media. Of the 11 sister city agreements between municipalities in Hokkaido and Sakhalin, seven were either concluded immediately before or after the Soviet Union's collapse. There has also been an increase in mutual visits between current Russian and former Japanese residents of the disputed islands, discussed in greater detail in chapter five.

Domestic Factors

Economic Asymmetry of Subnational Units Arising from Central Government Errors and Inefficiency

Russia

Economic asymmetry amongst Russia's federal units, arising from a long history of ill-conceived central government policies, is the largest contributing factor to

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Typology of New Actors in International Relations," in Michelmann and Soldatos eds, *Federalism and International Relations*, p. 1.

[7] These were Yuzhno-Sakhalinsk, Nebilsk, Kholmsk and Gornozabotsk. "Saharin no Yontoshi Kaihô: Wakkanai kara Teiki Kôro o," *Hokkaidô Shimbun*, 6 December 1983, p. 22. Travel restrictions to Korsakov were partially lifted in early 1988. A group of reporters from the *Hokkaidô Shimbun* traveled to the city in February 1988. This was the first postwar visit to the city by citizens of a non-eastern bloc country. "Korusakofu o Hatsukaihô," *Hokkaidô Shimbun*, 16 April 1988, p. 1.

Sakhalin's increased presence on the international stage. Sakhalin, like the rest of the Russian Far East, has a cornucopia of natural resources including fisheries, forestry, non-ferrous metals and oil and natural gas. Although it is true that an abundance of natural resources does not guarantee development, Sakhalin, nevertheless, should be far more economically developed than it is at present. One may lament the fact that the Russian Far East has not developed to the extent of other naturally endowed resource centres such as Australia and Canada. It may well have done so had it not had the misfortune of being part of the Soviet Union.

According to the principle of the "socialist location of productive forces," production was distributed throughout the Soviet Union with each region home to a specialised industry that was designed to participate effectively in the national economy.[8] The Soviet Far East served almost exclusively as a supplier of natural resources for the country's industrialisation and was drawn into a classic core-periphery relationship with European Russia that has been described by one western scholar as "parasitic."[9] The Far East was heavily reliant on Moscow for subsidised food, energy and transport as well as budgetary support for local administration, credits for enterprises and state purchases of the output from its military-industrial complex. Moscow's perception of the Far East as a vulnerable frontier in perpetual need of protection further distorted the region's narrow and unbalanced industrial structure. This led to a significant military presence in the region and blocked the development of closer economic ties between the Far East and its neighbours in the Asia-Pacific. The region's manufacturing was geared towards supplying the military. It should be noted that the Far East did engage in small-scale coastal trade. However, this did not substantially benefit the regions as it was fully controlled by Moscow, which saw it as part of a nation-wide mechanism to earn hard currency, retaining up to 95 per cent of export earnings.[10] According to Michael Bradshaw, in some cases, Siberian resources were

[8] George A. Huzinec, "Soviet Decision-Making in Regional Planning and its Potential Impact on Siberian Resource Exports," in Robert G. Jensen, Theodore Shabad and Arthur W. Wright eds, *Soviet Natural Resources in the World Economy*, Chicago: University of Chicago Press, 1983, p. 127. For economic planning purposes, Siberia was divided into three economic regions: Western Siberia, Eastern Siberia and the Far East.

[9] Leslie Dienes, "Economic and Strategic Position of the Soviet Far East: Development and Prospects," in Allan Rodgers ed., *The Soviet Far East: Geographic Perspectives on Development*, London: Routledge, 1990, p. 277.

[10] Pavel Minakir, "Russian Far East's Place in the NEAEC," in Jang Hee Yoo and Chang-Jae Lee eds, *Northeast Asian Economic Progress in Conceptualisation and in Practice*, Seoul: The Korea Institute for International Economic Policy, 1994, p. 46.

mortgaged to pay for Western technology, which was used to modernise the European regions' manufacturing base, thereby perpetuating a core-periphery structure.[11] Moscow's policy of administering the country by dealing individually with each province in the region impeded the development of horizontal economic ties across the region. The horizontal flow of goods and services that did take place was done so at Moscow's behest.

The Soviet Union's collapse removed a major obstacle to the development of economic ties with the Asia-Pacific region. The (now) Russian Far East ceased to be a closed military outpost and was given the opportunity to integrate with the world's fastest growing economic region. Radical economic reforms launched by the Gaidar-led Russian government in early 1992 helped to push the Far East into what Robert Scalapino has termed a "natural economic territory."[12] Price liberalisation triggered hyperinflation, sending the prices of basic food and goods beyond the means of average citizens. It also sent transport costs skyrocketing, adding significantly to the real cost of sending goods by rail to the Far East from the major manufacturing centres in distant European Russia. In response to pressure from the Far Eastern subregions, Moscow agreed in early 1993 to reduce transport charges for goods sent to the Far East. However, because of a shortage of funds to subsidise this reduction fully, transport costs remain excessively high. In an effort to stem the inflation caused by price liberalisation, the Chernomyrdin government adopted a series of austerity measures including limiting the expansion of credit and reducing budget expenditures which led to a crucial loss of central investment, particularly in production and infrastructure.[13] According to Russian figures for capital investment in Sakhalin from

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[11] Michael J. Bradshaw, "Trade and High Technology," in Rodger Swearingham ed., *Siberia and the Soviet Far East: Strategic Dimensions in a Multinational Perspective*, Stanford: Hoover Institution Press, 1987, p. 126.

[12] According to Scalapino, natural economic territories "tak[e] advantage of geographic proximity, combine resources, manpower, capital and management to optimal advantage for the parties concerned. They cut across political boundaries, but often include only portions of states." Robert A. Scalapino, "Foreword," in Tsuneo Akaha ed., *Politics and Economics in the Russian Far East: Changing Ties with Asia-Pacific*, London: Routledge, 1997, p. xvi.

[13] Pavel A. Minakir, "Economic Reform in Russia," in Vladimir Tikhomirov ed., *Anatomy of the 1998 Russian Crisis*, Melbourne: Contemporary Europe Research Centre, The University of Melbourne, 1999, pp. 53-55. Widespread dissatisfaction with Yegor Gaidar's radical economic reforms led to his removal from office in December 1992. The more conservative Victor Chernomyrdin replaced him in January 1993.

1975-1993, investment peaked in 1990 at approximately 2.05 million roubles, but dropped to 1.03 million in 1992 and again to 730 000 in 1993.[14]

The substantial reduction in central investment was further compounded by the failure to develop a workable and transparent tax system, which has severely restricted the government's ability to generate revenue, and subsequently to redistribute funds in a fair and equitable manner. The command economy's collapse and the failure to develop a consensus-based integrated financial framework has led almost every region to come to a special arrangement with Moscow regarding tax allowances and subsidies. The arrangements differ from region to region and depend on the provinces' strategic importance to the centre, the value of their natural resources and regional politicians' assertiveness.[15] A combination of these three factors; the strategic importance of Sakhalin as a "window" for Moscow on the Asia-Pacific region, its enormous reserves of oil and natural gas, and the outspokenness of former Governor Valentin Fedorov, who on a number of occasions threatened secession if Moscow made any territorial compromises to Japan over the Kuril Islands, appeared to have worked in Sakhalin's favour when in August 1993 the central government announced a federal program for the Kuril Islands' socio-economic development. Moscow pledged 100 billion roubles (US$35.7 million) in subsidies to Sakhalin, but by September 1994, had only provided five billion roubles (US$1.6 million).[16] This is not an isolated example of Moscow's failure to make good on its pledges of financial assistance to the regions. In fact, the problem of non-payment has become so deeply entrenched that the Russian Committee for Statistics (*Goskomstat*) reportedly keeps two sets of data – one for monies allocated and one for those actually paid.[17]

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[14] Goskomstat Rossii, *Rossiiski Statisticheskii Ezhegodnik, 1994*, Moscow: Goskomstat, 1995, p. 723.

[15] Peter Kirkow, *Russia's Provinces: Authoritarian Transformation versus Local Autonomy?* London: Macmillan Press, 1998, p. 63; Similarly, Daniel Treisman observes that a region's recent political actions remain important in explaining its receipts of net central transfers. Daniel Treisman, "Deciphering Russia's Federal Finance: Fiscal Appeasement in 1995 and 1996," *Europe-Asia Studies*, vol. 50, no. 5, July 1998, p. 896.

[16] Peter Kirkow, "Regional Warlordism in Russia: The Case of Primorskii Krai," *Europe-Asia Studies*, vol. 47, no. 6, 1995, p. 945. According to the agency charged with implementing the plan, 48 production and social infrastructure projects had commenced and over 30 were functioning by early 2000. *Saharin to Nihon*, no. 194, 19 July 2000, pp. 7-9.

[17] Daniel Rosenblum, "They Pretend to Pay Us...: The Wage Arrears Crisis in the Post-Soviet States," *Demokratizatsiya*, Spring 1997, p. 300, cited in Mikhail A. Alexseev and Vladimir Vagin, "Fortress Russia or Gateway to Europe? The Pskov Connection," in Mikhail A. Alexseev ed., *Center-Periphery Conflict in Post-Soviet Russia: A Federation Imperiled*, New York: St. Martin's Press, 1999, p. 177.

The lack of federal funding has had a severe impact on Sakhalin's economy and its residents' standard of living. Socio-economic conditions on the Kurils are even worse. However, it should be noted that the local economy was in decline before the Soviet command economy's collapse. The situation is compounded by the fact that as islands, Sakhalin, and particularly the Kurils, are highly vulnerable to interruptions in the supply of essential goods and services from the mainland during periods of inclement weather. Despite sitting atop vast energy reserves, Sakhalin and the Kurils have in recent years suffered severe energy shortages. The federal government's inability to pay wages on time means consumers, both private and public, cannot afford to pay for their heating and electricity. This leaves the power companies without the necessary funds to pay coal suppliers, creating a kind of *vicious energy cycle*. The constant delays in payments and poor maintenance have also meant that oil extraction in Sakhalin has decreased to a level inadequate to meet its own oil requirements. As a result, during periods of severe shortages, most buildings and apartments only received electricity and water a maximum of four hours per day.[18] In a region where the average winter temperature can drop to between -18 to -25° C, insufficient heating can make living conditions unbearable. Energy shortages have also adversely affected industrial production, particularly fishing – the island's biggest industry. According to a Sakhalin government official, lack of fuel has, on occasions, kept 60 per cent of the *oblast*'s fishing boats from running.[19] There are high expectations that the development of Sakhalin's enormous offshore oil and natural gas reserves will help alleviate this problem.

Food production also dropped, mainly as a result of the breakup of the island's collective farms (*kolkhozy*) and early problems with the development of private farms to replace them.[20] The *kolkhoz* also used to provide important social services to the areas where they were located. Their privatisation led to a loss of these services. In addition to the structural difficulties caused by the transition from a centrally planned to a market economy, unfavourable natural conditions also hamper agricultural

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[18] NTV, 18 April 1999, in FBIS/SOV, 1999/0418, 18 April 1999. As Sakhalin is not connected to the national power grid it cannot receive electricity from those regions that generate a surplus.

[19] Shinichi Suzuki, "Sakhalin Reels From Centrally Planned Chaos," *Nikkei Weekly*, 30 November 1992, p. 32. After an initial drop, industrial production began to gradually rise before stagnating as a result of the 1998 Russian financial crisis.

[20] Ikeda Hitoshi, "Saharin no Shakai-Keizai Kôzô," *Hokkai Gakuen Daigaku Keizai Ronshû*, vol. 46, no. 2, 1998, p. 30.

development in the Sakhalin region. Land suitable for intensive agriculture occupies only 130 000 hectares, or 1.4 per cent of workable agricultural areas,[21] making it difficult to meet the region's requirements.[22] The fall in agricultural production and the financial difficulties the island's residents encounter in purchasing sufficient food supplies has led to a decrease in the per capita food consumption in meat, milk, eggs and fish.[23] Given the drop in food consumption and the general feeling of depression, it is not surprising that the average life expectancy of the island's residents has decreased. What is alarming, however, is the rate at which it has dropped. In 1986-87, the average life expectancy was 68.3 years. By 1995, this had fallen by over 10 years to 55.3 years[24] – a figure on par with many developing countries.

Japan

As is the case with Russia, an economic core-periphery relationship is said to exist in Japan. Japanese postwar industrial and economic development has been largely concentrated within the metropolitan regions on the nation's Pacific belt. Manufacturing on a wide scale never took root in Hokkaido. Instead it played the typical role of a periphery, providing raw materials such as coal, timber and food to the centre, which partly fuelled this development. In order to alleviate some of the problems caused by an overconcentration of industry and population in the Pacific belt regions and to stimulate nation-wide economic development, successive Japanese governments have attached great importance to regional policy. Japanese regional policy has been undertaken within a framework specified by two sets of plans: national development plans and industrial location plans. Based on the National Land Comprehensive Development Law (*Kokudo Sôgô Kaihatsu Hô*), national

[21] Mikhail Vysokov, *Sakhalin Region*, Yuzhno-Sakhalinsk, Russia: The Sakhalin Book Publishing House, 1998, p. 38.

[22] Philip Hanson describes Sakhalin, as well as the entire Far Eastern macro-region, as a "food-deficit region" where in four out of five product groups (grain, potatoes, green vegetables, meat and dairy products) its per capita output was below the all-Russian average. Philip Hanson, "Understandings of Regional Patterns of Economic Change in Post-Communist Russia," in Takashi Murakami and Shinichiro Tabata eds, *Russian Regions: Economic Growth and Environment*, Sapporo: Slavic Research Centre, Hokkaido University, 2000, pp. 9-10.

[23] Ikeda, "Saharin no Shakai-Keizai Kôzô," p. 24. According to a Russian newspaper report, meat consumption dropped from 6.7 kg per person in 1989 to just 2.7 kg in 1994. *Svobodnyi Sakhalin*, 10 February 1995, p. 5.

[24] Ikeda, "Saharin no Shakai-Keizai Kôzô," p. 24. For instance, although higher than Africa's average life expectancy (47), Russia's average life expectancy is lower than both South Asia and Latin America/Caribbean, which are 63 and 70 respectively. See World Bank, *World Bank Annual Report 2001*, Washington D.C., 2001, pp. 66, 76 and 86.

development plans have resulted in a disproportionate share of public works spending on poor, agricultural prefectures. These prefectures contribute relatively little to national coffers, but because of an electoral gerrymander, have been an important source of votes for successive LDP governments. [25] Since the early 1970s, the government has supplemented these public works programs with policies seeking to promote high-tech industry and regional development simultaneously, such as the technopolis. [26] Japanese regional policy, at least until the early 1980s, was relatively effective in stemming migration flows from rural to urban areas and in reducing regional income disparities between Tokyo and the poorest prefectures.

As comparatively underdeveloped regions (owing to their relatively short history of development), Hokkaido and Okinawa differ from other prefectures in that they fall under the jurisdiction of special central government agencies charged with overseeing their development and providing them with special economic assistance. Based on the Hokkaido Development Law, the Hokkaido Development Agency (*Hokkaidô Kaihatsu-chô*) was established in 1950 as an extra-ministerial department of the Prime Minister's Office. The Agency's local branch, the Hokkaido Development Bureau (*Hokkaidô Kaihatsu-kyoku*), was created the following year. In January 2001, it was amalgamated with the Ministry of Land, Infrastructure and Transport (*Kokudo Kôtsûshô*). [27] The specific measures designed to promote Hokkaido's economic growth and development are outlined in a number of development plans. The first Hokkaido Development Plan was launched in 1952. The sixth, and most recent, went into effect in 1998 and will conclude in 2007. [28]

An enormous amount of public money has been invested in Hokkaido. The total cost of the first five development projects undertaken in accordance with the plans amounts to approximately 60 trillion yen. [29] Hokkaido has attracted a disproportionate

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[25] See Kent E. Calder, *Crisis and Compensation: Public Policy and Political Stability in Japan*, Princeton: Princeton University Press, 1988.

[26] Calder, *Crisis and Compensation*, p. 286. A technopolis is a high-tech industrial complex that aims to create an environment in which high-tech industries, academic and residential space is closely interrelated. The Technopolis Law was rescinded in December 1998.

[27] "Ippu Jûnishôchô Kyô Shidô," *Yomiuri Shimbun*, 6 January 2001, p. 1.

[28] Hokkaidôkyoku, "Dai Rokki Hokkaidô Sôgô Kaihatsu Keikaku: Asu no Nihon o Tsukuru Hokkaidô," http://www.mlit.go.jp/hkb/contents/chou/keikaku/6kikei.html, accessed 3 July 2002.

[29] Nagai Hideo and Ôba Yukio eds, *Hokkaidô no Hyakunen*, Tokyo: Yamagawa Shuppansha, 1999, p. 327.

share of the nation's public works -- at one time receiving 15 per cent, despite having only five per cent of the national population. The projects have focused on declining sectors of the economy such as agriculture, forestry, fisheries and the coal industry, while the machine industry and electronics have been concentrated on the Pacific belt. Thus, these projects can be also said to have perpetuated a core-periphery relationship, although not as pronounced as in Russia. Although its proportion has since dropped, Hokkaido still receives a relatively large share of public works programs (approximately 10 per cent).[30] There is no doubt the development programs have greatly improved Hokkaido's physical infrastructure, particularly its ports and highways. However, there is a down-side: the high share of public works has impeded autonomous development and engendered a high degree of dependence on investment from Tokyo (*kan izon taishitsu*), making the Hokkaido economy particularly vulnerable to shifts in central government policy.

The period of high economic growth in Japan from the Korean War until the first Oil Shock brought mixed results for the local economy. Although slightly under the national average, Hokkaido recorded impressive growth. However, it was also during this growth period that the economic gap between Hokkaido and the nation's industrial centres began to grow. Before this period, the Hokkaido economy was referred to as the "five per cent economy" as its share of both national GDP and Japan's total population was five per cent. The rapid growth of the Japanese economy saw Hokkaido's share of domestic production gradually fall from 5.3 per cent in 1955 to 4 per cent in 1970,[31] making it more appropriate to refer to it as the "four per cent economy."[32] Moreover, economic rationalisation led to the closure of many coalmines. The coal industry was an important part of the Hokkaido economy and the pit closures led to an increase in local unemployment and subsequent industrial disputes. Advances in agricultural technology made many farm labourers redundant, leading to a rural exodus as redundant workers sought employment in the cities.

[30] Hokkaidô Shimbun Jôhô Kenkyûjo ed., *Hokkaidô Marugoto Hayawakari*, Sapporo: Hokkaidô Shimbunsha, 1996, p. 80.
[31] Nagai and Ôba, *Hokkaidô no Hyakunen*, p. 333.
[32] Hokkaidô Shimbun Jôhô Kenkyûjo, *Hokkaidô Marugoto Hayawakari*, p. 79. Hokkaido's share of Japanese domestic production fell to just under four per cent in 1998. JETRO Hokkaido, "Hokkaidô Gaikyô," December 2000, http://www.jetro.go.jp/ove/sap/business/hok2000/hok2000.htm, accessed 23 July 2001.

The economic gap between Hokkaido and the major industrial centres on the Pacific belt further widened from the early- to mid-1970s. After the first Oil Shock in 1973 and the subsequent recession, the Japanese economy moved from high to stable growth. Japan's industrial structure also began to shift away from heavy, smokestack industries to light industry, reducing the domestic demand for coal, which was further dampened by imports of cheaper, foreign coal. The 1985 Plaza Accord caused a significant appreciation of the yen, which led to an increase in domestic production costs. This reduced the number of firms seeking to relocate to Hokkaido and also led to a "hollowing out" of existing industry as many firms moved their operations offshore (mostly to Southeast Asia and China) to take advantage of the lower labour costs.[33] Agriculture was also adversely affected by increasing foreign pressure on Japan to open up its markets to cheaper foreign imports. The Soviet Union's establishment of a 200 mile exclusive economic zone (EEZ) in 1977 restricted the access of local fishermen to the rich fishing grounds located around the disputed islands, particularly affecting the areas around Nemuro and Soya that rely heavily on the fishing industry. The economic boom of the late 1980s offered a brief respite for the Hokkaido economy, which, like other parts of Japan, was fed by speculative investments. The bubble economy's collapse in the early 1990s plunged Japan into its worst postwar recession. The collapse of Hokkaido's largest bank, the *Takushoku Ginkô* in November 1997, was an enormous blow to the local economy. It added 5 200 people to the unemployment queues and affected many of the region's companies. The number of corporate bankruptcies, which had been steadily rising since the bubble's collapse, jumped to 112 soon after the bank's insolvency.[34] The economic and psychological impact of the bank's failure was so great it prompted some to claim that "Japan as a whole is in recession, but Hokkaido's economy has been destroyed."[35]

To sum up, as frontier regions, both Sakhalin and Hokkaido were drawn into a classic core-periphery relationship, providing natural resources used to fuel growth and industrial development elsewhere. However, this relationship was more pronounced

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[33] For a good overview of the postwar Japanese economy, see Nakamura Takafusa, *Postwar Japanese Economy: Its Growth and Development, 1937-1994*, Tokyo: University of Tokyo Press, 1995.

[34] Zaidan Hôjin Yano Kôta Kinenkai ed., *Nihon Kokusei Zukai Chiiki Tôkeiban, Daikyûban: Kensei 2000*, Tokyo: Kokuseisha, 2000, p. 279.

[35] Nagai and Ôba, *Hokkaidô no Hyakunen*, p. 355.

in the Soviet Union than in Japan. Both peripheries became dependent on their respective centres for investment, which impeded autonomous economic development. Recession in Japan and post-Soviet Russia's troubled transformation to a market economy has resulted in significant reductions in financial support from the central governments. Both regions saw the promotion of external economic ties as a means to reduce the dependence on their respective centres and proceed along the path of autonomous development, thereby arresting their economic decline. Sakhalin's desire to develop economic relations with Japan, and particularly neighbouring Hokkaido, also offered an opportunity for Japanese negotiators to exploit by offering side-payments and other specific benefits in order to alleviate Sakhalin's opposition to Russia transferring the four islands to Japan.[36] Its perceived authority in matters pertaining to the territorial dispute was the reason why Japanese negotiators began to pay attention to Sakhalin. Sakhalin's authority on this issue emerged partly as a result of the fallout from the Soviet Union's collapse and Russia's troubled attempts at state building.

Asymmetry of Federated Units and Problems with the Nation-building Process

Russia

Within Russia there exists not only an economic asymmetry amongst the territorial sub-units, but also a difference in political status deriving from Moscow's attempts to satisfy the demands of various regions, whilst at the same time maintaining national unity within a federal framework. For many regional elites, rightly or wrongly, there is a direct relationship between economic and political asymmetry, as they believe the federal republics receive greater economic benefits from Moscow than the regions.

The Union of Soviet Socialist Republics (USSR) was a federation of 15 ethno-territorial Union Republics and 38 autonomous republics, *oblasts* and *okrugs*. Soviet federalism was unique in that it reflected Bolshevik views of national self-determination and the principle of territorial autonomy for specific ethnic groups which allowed some to have a state in their name, while others failed to qualify for

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[36] Yakov Zinberg, "Subnational Diplomacy: Japan and Sakhalin," *Journal of Borderlands Studies*, vol. X, no. 2, Fall 1995, p. 92.

the honorific title of "nation" and instead were called "nationalities" (*narodnosti*).[37] The Soviet claim that it was a truly federal state is misleading as no segment of the polity was endowed with any significant degree of decision-making autonomy under Communist Party rule. One scholar has more aptly referred to it as a "pseudofederation."[38] Russia's position within the Soviet federation was anomalous. It was a Union Republic – Russian Soviet Federated Socialist Republic or RSFSR – and, at the same time, the centre of the USSR. However, the conflation of Russia within the Union, unlike the other Union Republics, deprived it of both the institutional and cultural attributes of nation-statehood,[39] although it should be noted that Russians held key party and government posts throughout Soviet history. A strong belief that Russia was sacrificing its own specific interests for the larger benefit of the unitary Soviet state was a significant cause of Russian nationalist dissent and disaffection in the late Soviet period, triggering numerous separatist and sovereignty movements in the RSFSR.[40]

The Soviet Union collapsed in 1991 and the RSFSR, as the former centre, emerged onto the world stage, assuming responsibility for all the former's international rights and obligations. The leaders of the newly independent Russian Federation soon began work on the difficult task of establishing a viable federal structure. All too aware of the secessionist campaigns that grew in the former ethnically-based Union Republics during the Soviet Union's final years, which ultimately triggered its collapse, Russian President Boris Yeltsin sought to avoid the Soviet fate by pushing for a plan that would weaken the ethno-federal principle in favour of a de-ethnicised federation.[41] Yeltsin's proposal was adopted in the 1991 draft Constitution. This drew protests from the republics by those who advocated maintaining the existing federal hierarchy

[37] Richard Sakwa, *Russian Politics and Society*, 2nd edition, London: Routledge, 1996, pp. 175-176.
[38] Duchacek, "Perforated Sovereignties," pp. 3-5. Duchacek further refers to the Soviet federation as a "Potemkine confederal facade superimposed on a tightly controlled monolithic centralism."
[39] Gail W. Lapidus and Edward W. Walker, "Nationalism, Regionalism and Federalism: Center-Periphery Relations in Post-Communist Russia," in Gail W. Lapidus ed., *The New Russia: Troubled Transformation*, Boulder: Westview Press, 1995, p. 80.
[40] See John Dunlop's, *The Rise of Russia and the Fall of the Soviet Empire*, Princeton, New Jersey: Princeton University Press, 1993, pp. 16-21; and *The New Russian Nationalism*, New York: Praeger Publishers, 1985, pp. 9-10.
[41] It should be noted that while Russia is a multi-ethnic federation, it is more homogenous than the former USSR. The titular peoples were a majority in only eight of Russia's 31 autonomous areas, while Russians were a majority in 18. Moreover, while they constituted over half the territory of the RSFSR, only some 15 per cent of the population resided in the autonomies. See Edward W. Walker, "The New

with the ethno-federal units at the top. Yeltsin sought support from the republics in the struggle with Parliament in 1993 and was forced into a compromise whereby the national republics' special status was retained, but the rights of Russia's regions were enhanced.[42] This agreement was enshrined in the Federal Treaty, which was signed on 31 March 1992. The Federal Treaty affirmed the principle of "asymmetrical federalism" as it recognised three different types of federal subjects: 21 national-state formations (formerly autonomous republics) as sovereign republics within the Russian Federation; 57 administrative territorial areas (*kraya*, *oblasti*, as well as the cities of Moscow and St. Petersburg); and 11 national-territorial areas (autonomous *oblasti* and autonomous *okruga*).[43]

Although the Federal Treaty was successful in satisfying the republics' demands temporarily, thereby ameliorating some of the tension between Moscow and the republics and alleviating the threat of Russia breaking up, it caused considerable resentment in the regions.[44] Their dissatisfaction with the Treaty stemmed from the belief that republics should not have a higher political and economic status, particularly as a number of the titular nationalities did not even constitute a majority in their own regions. The Treaty granted the republics the attributes of statehood: their own Constitution and laws, their own elected parliaments, supreme courts and presidents.[45] The regions, on the other hand, could only adopt binding resolutions (*resheniia* or *postanovleniia*) and charters (*ustavy*).[46] However, from 1996, Russia's regions were also able to elect their own governors (often called the heads of administration or *glava administratsii*).[47] A further source of contention was a clause

Russian Constitution and the Future of the Russian Federation," *The Harriman Institute Forum*, vol. 5, no. 10, June 1992, pp. 4-8.

[42] Sakwa, *Russian Politics and Society*, p. 187.

[43] Sakwa, *Russian Politics and Society*, p. 187.

[44] Krais, oblasts, autonomous oblasts and okrugs are collectively referred to as regions in the Russian political discourse.

[45] Sakwa, *Russian Politics and Society*, p. 187.

[46] Darrel Slider, "Federalism, Discord and Accommodation: Intergovernmental Relations in Post-Soviet Russia," in Theodore H. Friedgut and Jeffrey W. Hahn eds, *Local Power and Post-Soviet Politics*, Armonk, New York: M. E. Sharpe, 1994, pp. 247-248.

[47] Political considerations are believed to lie behind the decision to allow the regions to elect their own governors. As Martin Nicholson notes, in order to secure the type of Federation Council that he wanted, Yeltsin was compelled to agree at the end of 1995 to the popular election of governors, where it had not already taken place. He had wanted the regions to be represented in the council by their executive and legislative leaders *ex officio*. This was opposed by the Duma because it would have meant that half of the council's members would be Yeltsin appointees. As a compromise, it was agreed that the council should comprise the heads of the two branches of power *ex officio*, but that the leaders of the regional executives should first have been elected locally, as those of the legislatures already

in the Treaty granting the republics sole ownership of their natural resources while the regions were given no such rights.[48] Regional resentment was further compounded by budget subsidies given to the republics by the federal government, which derived from the tax transfers exacted from the regions.[49]

Strengthened by his success in disbanding the Russian Parliament in October 1993, Boris Yeltsin took a more assertive line towards the regions and republics, reneging on what he had been forced to concede in his struggle with Parliament.[50] As the decision to send troops into the breakaway republic of Chechnya shows, he took a particularly tough line towards those regions that made assertions of independence. Although reflecting the Federal Treaty's provisions, the Constitution, adopted in December 1993, sought to equalise the subjects of the Federation's rights and make them subject to the federal authorities' laws and decisions. It abandoned the principle of asymmetrical federalism, at least theoretically, instead regularising a hybrid mix of national and territorial federalism.[51] Despite accompanying declarations on the equality of all the Federation's subjects, the republics, however, continued to enjoy greater rights than the regions. These rights were maintained and the principle of asymmetrical federalism was enshrined by Moscow's attempts to accommodate the regions further by concluding a series of power sharing agreements with them after the Constitution was adopted.[52] These agreements were a departure from the Constitution and suggested that Russia was a treaty rather than a Constitutional federation. That is, the rules defining relations between the centre and the regions are not strictly codified in a formal contract or carefully constructed Constitution, but rather established through a series of politically expedient compromises, mostly in the form of bilateral treaties or agreements.

were. Martin Nicholson, *Towards a Russia of the Regions*, The International Institute for Strategic Studies, Adelphi Paper 30, London: Oxford University Press, 1999, p. 38.

[48] James Hughes, "Regionalism in Russia: The Rise and Fall of the Siberian Agreement," *Europe-Asia Studies*, vol. 46, no. 7, 1994, p. 1146.

[49] Hughes, "Regionalism in Russia," p. 1146. Sakhalin appears to be an exception receiving more subsidies in 1993 than any other region in the Russian Far East.

[50] Sakwa, *Russian Politics and Society*, p. 188.

[51] Sakwa, *Russian Politics and Society*, p. 189.

[52] Sakwa, *Russian Politics and Society*, p. 189.

Japan

Japan has a unitary form of government and, as discussed previously, has been depicted, particularly in the early literature on local government, as being extremely centralised. Although a very slow and arduous process of decentralisation is underway, Japan is not significantly transforming its political, economic and social systems, and has thus avoided many of the problems associated with nation-building that Russia is experiencing. The Constitution and not bilateral treaties define the demarcation of powers between Tokyo and the prefectures. Moreover, while most of Japan's regions seek greater autonomy, there exist no serious independence movements, which might facilitate ad hoc bargaining between the centre and the regions, and therefore no imminent threat of Japan breaking up.

Constitutional Uncertainties

Russia

According to Martin Nicholson, "The [bilateral] treaties established the practice of individual bargaining, often with Yeltsin himself, as the main vehicle for the conduct of regional relations with the centre."[53] This obviated the necessity of establishing a firm Constitutional framework to govern centre-regional relations. Nevertheless, Article 71 of the Russian Constitution appears to be quite clear regarding the allocation of powers in the foreign policy field, stipulating that Russia's international relations, international treaties, issues of war and peace, foreign economic relations, and defence and security, including the production, sale and purchase of weapons, are a federal responsibility.[54] Specifically, the Constitution confirmed the President's pre-eminent role in foreign policy with the government reduced to the role of doing little more than implementing the President's policies.

However, it should be noted that federal supremacy in the foreign policy arena is not absolute. Article 72 of the Constitution specifies that the coordination of international and foreign economic relations, as well as implementation of international treaties, fall under the joint jurisdiction of the Federation and its components. The issue of

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[53] Nicholson, *Towards a Russia of the Regions*, p. 21.

joint jurisdiction is considered by some to be vague, leaving many details to be resolved by future negotiation and enacting legislation.[55] Moscow has thus far failed to take the initiative in clarifying jurisdictional competencies. According to Alexander Sergounin, "Rather than taking the lead in defining and limiting what the regions have the right to do, Moscow either has taken the wait-and-see attitude or simply reacted to what regions demand."[56] As discussed in the next section, this has implications for Sakhalin's involvement in the territorial dispute with Japan.

Apart from the Constitution, other mechanisms have attempted to define the regions' rights in the foreign policy sphere. The Federal Law on State Regulation of Foreign Trade Activity, which was enacted on 13 October 1995, regulates the foreign economic relations of Russia's regions. However, one Russian government official sees this law as only partially and not always effectively regulating such activities.[57] In a further attempt to establish a legal basis to regulate the foreign relations of Russia's regions, President Yeltsin signed an edict in March 1996 entrusting the Ministry of Foreign Affairs with ensuring the coordination of a unified foreign policy. The mechanism of this coordination has thus far yet to be defined, causing some foreign policy difficulties.[58]

In the absence of a firm Constitutional framework, a number of subjects have sought to expand their autonomy through a variety of means. Many regional charters and republican Constitutions contained articles that clearly contradicted federal laws and the Constitution. In some regional statutes whole paragraphs have been lifted from the Russian Constitution which, as Peter Kirkow argues, "...could easily be an example

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[54] *Konstitutsiya Rossiiskoi Federatsii*, Moscow: Administratsii Prezidenta Rossiiskoi Federatsii, 1993, pp. 27-28.

[55] Lapidus and Walker, "Nationalism, Regionalism and Federalism: Center-Periphery Relations in Post-Communist Russia," pp. 93-101. Moscow's preparedness to negotiate further agreements with the regions is also reflected in Article 78 of the Constitution which allows the executive organs of the federal government, by mutual agreement, to delegate some of their powers to the regions and republics and likewise, for the executive organs of the regions and republics to delegate dome of their powers to the federal government.

[56] Alexander A. Sergounin, "The Process of Regionalization and Future of the Russian Federation," *Working Papers*, 9, 1999, Copenhagen Peace Research Institute, p. 3.

[57] Eduard Kuzman, "Russia: The Center, the Regions, and the Outside World," *International Affairs*, vol. 45, no. 1, 1999, p. 114.

[58] Kuzman, "Russia: The Center, the Regions, and the Outside World," p. 114. A law drafted on the initiative of a number of State Duma deputies demarcating the powers of the federal center and the regions and also regulating the procedure for maintenance of foreign relations by the regions was

of regional elites...claiming the primacy of regional legislation over that of the [Russian Federation], for which [Primorskii *krai*] is probably the best example."[59] Sakhalin authorities, meanwhile, have attempted to increase their autonomy through subtler means. A clause has been inserted into the statutes of many regions stating the primacy of the Russian Constitution and federal laws over those of the subjects. Article 6 of the Sakhalin charter, however, stipulates that, "the Russian Constitution and Federal laws must be observed."[60] According to Nakamura Itsurô, there are two possible reasons why nothing has been mentioned regarding federal legislative supremacy. First, in the case of a conflict, it is natural that federal laws take precedence in Russian territory, therefore making it unnecessary to insert such a clause. However, it is also possible that by adopting a vague position, Sakhalin is trying to leave room to expand the *oblast*'s autonomy as much as possible.[61]

Japan

According to Article 73 of the Japanese Constitution, cabinet has the authority to manage diplomatic relations (*Gaikô kankei o shori suru koto*).[62] Most Japanese theories of public law confirm the central government's monopoly of diplomatic powers, referring to diplomacy as a matter in which local governments cannot be engaged.[63] Japanese public law is also negative over the issue of local governments jointly possessing diplomatic powers (*jichitai ni yoru gaikôken bunyûka*) with the central government.[64]

Whilst Japanese legal scholars often note the Constitutional limitations on local governments' external activities, political scientists have begun to seek out legal loopholes permitting local government diplomacy. Matsushita Keiichi, an expert on Japanese local government, speaks of a multilayering (*jûsôka*) of nation-state and

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adopted by the Duma. However, it got stuck in the Federation Council and as a result, work was completed on it by a conciliation commission.

[59] A. Nouvikov noted the copying of the Russian Constitution into parts of the regional statutes. See "Komu Nuzhny Ustavy Regionov?" *Rossiya Regionov, Napravlenie Regionalistika Analiticheskogo Tsentra pri Presidente RF*, no. 1, October 1994, pp. 8-10, cited in Kirkow, *Russia's Provinces*, p. 197.

[60] Nakamura Itsurô, "Saharin to Minami Kuriru Chiku no Jichi Seido," *Surabu Kenkyû*, no. 45, 1998, p. 291.

[61] Nakamura, "Saharin to Minami Kuriru Chiku no Jichi Seido," p. 291.

[62] Roppô Henshûbu ed., *Hanrei Roppô*, Tokyo: Yuhikaku, Heisei 12 ban, 2000, p. 46.

[63] Ôtsu Hiroshi, "Jichitai Gaikô no Hôri," in Ôtsu Hiroshi and Hagai Masami eds, *Jichitai Gaikô no Chôsen: Chiiki no Jiritsu kara Kokusai Kôryûken no Keisei e*, Tokyo: Yûshindô, 1994, p. 40.

local government diplomacy that anticipates the joint possession of diplomatic powers. He further argues that when Article 73 of the Japanese Constitution entrusts the cabinet with diplomatic powers, it only actually means coordination and leadership in the foreign policy sphere.[65] Implicit in this argument is Matsushita's belief that local government diplomacy is not unconstitutional as long as the localities do not seek a leadership or coordinating role in foreign policy. Ebashi Takashi, in what he refers to as the "theory of permission" (kyoyôsetsu), argues that local governments are allowed to do what is not banned by national laws.[66] Article 2, Section 10 of the 1947 Local Autonomy Law (LAL) established "state affairs" (kokka no jimu) as an area in which local governments cannot intervene. However, despite the assertion made in Japanese public law theory, diplomacy is not mentioned. The reason is that at the time the LAL was adopted, no one envisaged that local governments would engage in diplomacy.[67] In 1947, Japan was not a sovereign state and was under the authority of the Supreme Commander of Allied Powers (SCAP). Many of the regions were still recovering from the devastating effects of war and had little time or money to engage in international activities.

However, the present international situation is very different to the one in which policymakers operated over 50 years ago. The end of the Cold War, deepening interdependence amongst nations, and globalisation has led to an increase in the flow of people, goods, services and information across national boundaries directly affecting local governments and the constituencies they represent. Local governments can no longer afford to hide behind state boundaries and are increasingly being forced to be more active in the international arena in order to secure foreign investment to improve local economic living standards. If one considers that revitalising the regional economy is one of the key roles of local governments, it can be argued that local international exchange and cooperation are not banned by the LAL, as it has now become an important means of regional economic reinvigoration. The Ministry of Home Affairs (or MOHA, which, as a part of central government reforms, merged

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[64] Ôtsu, "Jichitai Gaikô no Hôri," p. 49.

[65] Matsushita Keiichi, "Jichitai no Kokusai Seisaku," in Matsushita Keiichi ed., Jichitai no Kokusai Seisaku, Tokyo: Gakuyô Shobô, 1988, pp. 255-290.

[66] Ebashi Takashi, "Jichitai no Kokusai Kyôryoku Katsudô de Motomerareru Mono," in Jôchi Daigaku Shakai Seigi Kenkyûjo and Kokusai Kirisutokyô Daigaku Shakai Kenkyûjo eds, Kokusai Kyôryoku to Nihon Kenpô: Nijû Isseiki e no Sentaku, Tokyo: Gendai Jinbunsha, 1997, p. 41.

[67] Matsushita, "Jichitai no Kokusai Seisaku," p. 269; Ôtsu, "Jichitai Gaikô no Hôri," p. 40.

with the Management Coordination Agency and the Ministry of Posts and Telecommunications in January 2001 to become the Ministry of Public Management, Home Affairs, Posts and Telecommunications or *Sômushô*) actually tried to include international cooperation as a local government affair in an amendment to the LAL in 1990. However, it was forced to back down due to pressure from the MOFA. The qualitative and quantitative increase in the international activities of Japanese local governments has, in many instances, provided a challenge to policymakers, necessitating the establishment of a legal basis for such activities.

From the late 1980s, the MOHA began to promote local government international exchange and issued a number of supporting guidelines. The first of these was the March 1987 "Guidelines for International Exchange in Local Public Bodies" (*Chihô Kôkyô Dantai ni okeru Kokusai Kôryû no Arikata ni kansuru Shishin ni tsuite*). This was followed in 1988 by the "Guidelines for International Exchange Town Making" (*Kokusai Kôryû no Machizukuri no tame no Shishin ni tsuite*) and the "Local Public Servants' Overseas Dispatch Law" (*Chihô Kômuin Kaigai Haken Hô*) which was enacted in order to enable Japanese local governments to send staff abroad. The latter was an important move in allowing local governments a certain degree of autonomy in their international activities. Previously the only available option for local governments to send their staff abroad for training was to send them as JETRO officials, which left these staff members with little time to spend on their own work.[68] In 1989, the "Guidelines for Promoting Regional International Exchange" (*Chiiki Kokusai Kôryû Suishin Taikô ni kansuru Shishin ni tsuite*) was also enacted. By issuing these guidelines, the MOHA displayed a willingness to promote local government international exchange. However, as Matsushita notes, the MOHA did not envisage the localities as separate policy subjects having an "international policy" opposed to the state.[69]

The former MOHA was not the only government department that sought to establish a legal basis for the international activities of local governments. In 1992, the MOFA, softening its earlier opposition, released ODA Guidelines officially recognising for

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[68] Ebashi, "Jichitai no Kokusai Kyôryoku Katsudô de Motomerareru Mono," p. 42. JETRO is the acronym for the Japan External Trade Organization.

[69] Matsushita, "Jichitai no Kokusai Seisaku," p. 256.

the first time the role of local governments in this area. A further evolution in central government acceptance of these activities occurred when the MOHA issued the "Guidelines for Promoting Local Government International Cooperation" (*Jichitai Kokusai Kyôryoku Suishin Taikô*) in 1995. As a result, 1995 is often referred to in the discourse on Japanese local government diplomacy as "year one of local government international cooperation" (*Jichitai Kokusai Kyôryoku Gannen*).[70]

Regionalism/Nationalism

Russia

From the period shortly preceding the Soviet Union's dissolution in December 1991 until the launch of President Putin's federal reforms in early 2000, post-Soviet Russia witnessed a regionalisation or decentralisation of political power. There are a number of factors that led to this devolution of power from the centre to the regions. The first was the central government's failure to redistribute economic resources adequately, leaving many regions to fend for themselves. This led to resentment and distrust towards Moscow among the populace, which regional leaders frequently sought to exploit. Second, the federal government failed to establish viable institutions in place of the former administrative-command system, creating institutional "gaps." For instance, as discussed above, the Constitution was ambiguous regarding the division of powers and responsibility between Moscow and the regions and also how government was to be exercised in the regions. Perhaps most importantly, regionalism in post-Soviet Russia was stimulated by Boris Yeltsin's own quest for power; firstly in 1990 when he encouraged the regions to "take all the sovereignty you can swallow" in his campaign for the Russian Parliament's chairmanship and again as a kind of *quid pro quo* when seeking the support of regional elites and their constituencies during his conflict with the Russian Supreme Soviet in 1992 and 1993, and again in 1996 when seeking reelection as President.

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[70] Ebashi Takashi, "Jichitai no Kokusai Kyôryoku Katsudô de Motomerareru Mono," in Furumaya Tadao ed., *Tôhoku Ajia no Saihatsugen: Rekishizô no Kyoyû o Motomete*, Tokyo: Yushindô, 1994, p. 46. Others such as Tomino Kiichirô are more circumspect regarding the 1995 Guidelines, arguing they severely limit the international activities of local governments to international exchange. Tomino Kiichiro, "Gurôkarizumu Jidai ni okeru Jichitai no Kokusai Katsudô to Kokusai Chitsujo Keisei," *Kan Nihonkai Kenkyû*, no. 3, 1997, p. 33.

Many regional elites took advantage of the confusion and disarray in the centre and Yeltsin's own short-sighted exhortations, consolidating power in the regions – often with the support of local business and other vested interests. Many regional elites were not only able to harness powerful centrifugal forces to build up their own personal fiefdoms, but they were also sufficiently empowered to ignore and sometimes challenge the centre's interests and orders.[71] Relations between the centre and the regions during this period in post-Soviet Russia were characterised by a great deal of manoeuvring and bargaining. Often unable to wield the stick, Moscow was left to dangle the carrot in an attempt to gain regional compliance on key issues.

The regions were also not entirely bereft of political cards with which they could deal to Moscow.[72] Regional elites found it in their interests to develop a local consciousness and articulate local interests as a means of strengthening their bargaining position.[73] The seeds of a regional identity appear to have already been sown in the Russian Far East. According to Tamara Troyakova and Mikhail Alexseev, a regional identity distinguishes the Russian Far East from the rest of Russia. This regional identity rests on three conditions: First, local residents share a perception of great distance thousands of miles across eight time zones, separating them from the European heartland. Second, Russians in the Far East have a different perception of Russian history than Russians in the European heartland – one that is based on the Far East's collective memory that is shaped by stories of frontier settlement and resistance against external threats that echoed only distantly in Moscow. Third, due to remoteness and common experience on the frontier, residents tend to believe strongly in such social values as individual risk-taking and self-help.[74] Despite threats by

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[71] Theodore H. Friedgut, "Introduction: Local Government Under the Old Regime," in Friedgut and Hahn eds, *Local Power and Post-Soviet Politics*, p. 5.

[72] Shlapentokh, Levita and Loiberg note that "In the conflict with the center, regions had numerous cards to play." Vladimir Shlapentokh, Roman Levita and Mikhail Loiberg, *From Submission to Rebellion: The Provinces versus the Center in Russia*, Boulder, Colorado: Westview Press, 1998, p. 138.

[73] East Asia Analytical Unit, Department of Foreign Affairs and Trade, *Pacific Russia: Risks and Rewards*, Canberra: EAAU, 1996, p. 14.

[74] Mikhail A. Alexseev and Tamara Troyakova, "A Mirage of the 'Amur California': Regional Identity and Economic Incentives for Political Incentives in Primorskiy Kray," in Alexseev ed., *Center-Periphery Conflict in Post-Soviet Russia*, p. 216.

regional leaders in the past to establish a Far Eastern Republic, most commentators agree that this identity is insufficient to generate aspirations for political separatism.[75]

Regional leaders have also seen regional fora as vehicles to express their interests. In August 1990, the Far Eastern Association (FEA), a loose consultative body initially comprising the representatives of the soviets in the provinces of Amur, Kamchatka, Sakhalin, Magadan and Chita *oblasti*, Khabarovsk and Primorskii *kraya* and the republics of Buryatia and Sakha, was established in order to protect the regions' interests and present a unified front to Moscow.[76] However, far from presenting a common front, the FEA has been rocked by internal divisions as each of the constituent regions competes for Moscow's patronage.

For the Sakhalin regional administration, one such card was its position regarding the South Kuril Islands' future disposition. Most of the local population, whose national pride has been severely wounded as a result of Russia's troubled transition to a fully functioning market economy and who have sought to overcome this by resorting to nationalism, support the regional government's hardline position on the territorial dispute, described in greater detail in chapters four and five. The resurgence of nationalism as a force in post-Soviet Russia is also a by-product of a weak and unstable politico-economic institutional environment.[77]

Japan

It is tempting to draw a comparison between regionalism in Hokkaido and Sakhalin. On the surface, the conditions upon which both Sakhalin and Hokkaido's regional identities are based appear similar. However, in the case of Hokkaido, they are less salient. Hokkaido is considerably closer to Tokyo than Sakhalin is to Moscow (hundreds as opposed to approximately 10 000 kilometres). It is connected to the main

[75] See, for instance, Robert Valliant, "The Political Dimension," in Akaha ed., *Politics and Economics in the Russian Far East*, p. 16; Alexseev and Troyakova, "A Mirage of the 'Amur California'," pp. 219-222.
[76] The Association's name has changed several times, the latest being the Far East and Lake Baikal Interregional Association for Economic Cooperation. See Valliant, "The Political Dimension," p. 15; Tamara Troyakova, "The Political Situation in the Russian Far East," in Michael J. Bradshaw ed., *The Russian Far East and Pacific Asia: Unfulfilled Potential*, Richmond, Surrey: Curzon, 2001, p. 53.
[77] Celeste A. Wallander, "Ideas, Interests and Institutions in Russian Foreign Policy," in Celeste A. Wallander ed., *The Sources of Russian Foreign Policy After the Cold War*, Boulder, Colorado: Westview Press, 1998, pp. 207-218.

island of Honshu by ferry and rail and is only a little over 90 minutes by plane from Tokyo. Hokkaido is also not subject to the type of weather-related transport disruptions that often affect Sakhalin and the Kuril Islands. If there is a perception of distance amongst Hokkaido residents, it is minor compared to that felt by the people of Sakhalin. It is difficult to ascertain whether Hokkaido residents have a different perception of Japanese history than the rest of the nation. Hokkaido is unique in that it was a frontier region whose settlement was necessitated by the perceived Russian threat from the north; if the region was not colonised by the Japanese, it was thought it would inevitably fall under Russian dominion. The colonisation of Hokkaido was, however, very much dependent on the Japanese central government for finance and direction, which substantially weakened the region's emerging identity. Hokkaido's strong dependence on the central government has led some to doubt whether a frontier spirit (*kaitakusha seishin*), such as that eulogised in the American push west, developed amongst Hokkaido's settlers.[78]

This is not to deny that a regional identity does exist in Hokkaido. Those who have lived in Hokkaido for a long time are referred to as *Dôsanko* – a term similar to *Edokko*, which is used for those who have lived in Tokyo for three generations. The lifestyles and cultures fuse the different manners and customs of the various regions from which Hokkaido's early settlers came. In particular, clothing, food and housing, are unique because of adaptations to the severe cold not experienced in other parts of Japan. The cold climate is also a factor in Hokkaido's international relations. The HPG has sought to overcome the negative image of an icy, barren frontier by actively promoting international exchange with those countries and regions (Canada, Alaska, the Russian Far East, northern China and Scandinavia) that have a similar climate to Hokkaido under the concept of the Northern Rim Exchange (*Hoppôken Kôryû*).

Although there is widespread dissatisfaction amongst Hokkaido residents at the state of the regional economy, there are few, if any, economic incentives to break with Tokyo. On the contrary, Hokkaido's approach to resolving many of its economic problems has been to seek larger injections of public funds from the central government. The prolonged recession in Hokkaido has been a factor in the

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[78] Nagai and Ôha, *Hokkaidô no Hyakunen*, p. 6; Iwasaki Masaaki, *Hokkaidô to Dôminsei: Dômin no Shishitsu de Kangaeru Nijû Isseiki no Hokkaidô*, Sapporo: Hokkaido Mondai Kenkyûjo, 2000, p. 17.

development of economic ties with Sakhalin. However, it is certainly not sufficient to give rise to a separatist strategy. The indigenous Ainu make up less than one per cent of Hokkaido's population, virtually eliminating any ethnic basis for independence. Despite its economic woes, no one in Hokkaido seriously entertains the idea of ceding from Japan.

This section examined the systemic and domestic factors that contribute to subnational diplomacy as they apply to Sakhalin and Hokkaido. The following section analyses how some of these factors also led to the gradual elevation of Sakhalin's authority in matters pertaining to territorial dispute over the Southern Kuril Islands.

The Rise of the "Sakhalin Factor"

Sakhalin's influence on domestic policy making in the period immediately preceding the Soviet Union's collapse was first brought to the attention of Japanese and Western scholars through the writings of Yakov Zinberg. He coined the term the "Sakhalin syndrome" to describe a situation in which "the Soviet leadership cannot decide a position on the 'Northern Territories' problem whilst ignoring the position of Sakhalin *oblast* deputies and local public opinion."[79] In the late-Soviet period, the democratisation of Soviet foreign policy and the conflict between the republics and Moscow over concluding a Federal Treaty, which was designed to keep the Union together in a looser federal structure provided a fertile environment for the emergence and subsequent growth of the "Sakhalin syndrome." For the Japanese, Sakhalin's involvement in the territorial dispute not only presented obstacles by essentially complicating and pluralising diplomatic channels, but also offered advantages as well if properly linked with offers of side-payments and other benefits.[80]

The growing importance of the "Sakhalin factor" in domestic policy-making regarding the territorial problem was initially reflected in a visit to Sakhalin and the disputed islands in August 1990 by the newly-elected Chairman of the RSFSR Congress of People's Deputies, Boris Yeltsin. Yeltsin's visit was part of his "trans-Russia marathon" to drum up regional support in his struggle with the central

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[79] Yakov Zinberg, "Soren Hoppô Ryôdo Seisaku to 'Saharin Shinduromu'," *Soren Kenkyû*, no. 12, April 1991, p. 136.
[80] Zinberg, "Subnational Diplomacy," p. 92.

government. He had planned to tour all of the islands, but inclement weather restricted his visit to Kunashir. It was here that Yeltsin made the statement "this is a place that should not be given up."[81] He continued with the rhetoric during a visit to the Sakhalin port-city of Korsakov. In an address to local residents, who wanted to know what he thought about the Kuril Islands issue, Yeltsin cried out *"Kurily nashi"* (the Kurils are ours!) to which the crowd cheered.[82] The realisation of Yeltsin's three-day visit to the region contrasted with the actions of Gorbachev and his Foreign Minister, Eduard Shevardnadze, who both allegedly pledged to visit the islands, but failed to carry out their promise.[83]

The salience of the "Sakhalin factor" in post-Soviet Russia can be linked to the aforementioned domestic factors that contribute to subnational public authorities' greater international presence. First, concerning the asymmetry of federated units and problems with the nation-building process in Russia, Yeltsin's penchant for establishing a series of politically expedient compromises to govern relations between the centre and the regions in favour of a formal contract or carefully constructed Constitution was especially conducive to centre-periphery bargaining. It also compelled Russia's regional elite – who faced the challenges of promoting economic reform and stimulating growth, extracting tax and budgetary concessions from the federal government to facilitate this, and otherwise establishing legitimacy in order to stay in power – to search for any means to assist in fulfilling these objectives. For the Sakhalin regional administration, one such card was its position regarding the South Kuril Islands' future disposition.

Second, Constitutional ambiguities – a by-product of the preference for bilateral treaties and agreements defining centre-periphery relations – also bolstered Sakhalin's authority over the disputed islands. For instance, if the federal government were to conclude a peace treaty with Japan that obligated it to transfer the southern Kuril Islands to the Japanese, Sakhalin would be involved in the logistics of implementing such an agreement. As Sakhalin regional elites, backed by local public opinion, are

[81] *Tikhookeanskaya zvezda*, 26 August 1990, p. 1, cited in Zinberg, "Soren Hoppô Ryôdo Seisaku to 'Saharin Shinduromu'," p. 136.
[82] Gwendolyn Stewart, "Russia Redux," http://www.fas.harvard.edu/gestewar/people'schoice.html, accessed 23 June 2001. Stewart was a photo-correspondent for *Business Week* who accompanied Yeltsin during his visit to Sakhalin.

vehemently opposed to Russian territorial concessions, it is possible that they could complicate and delay treaty implementation, particularly in the absence of significant economic and political concessions from Moscow. It can be argued that joint jurisdiction between Moscow and the regions over issues relating to the ownership, use and disposal of natural resources – particularly relevant for Sakhalin, which sees the development and export of its vast oil, natural gas and fisheries resources as vital for its economic revitalisation – also contributed to the "Sakhalin factor". It is quite possible that the Sakhalin regional government could use joint jurisdiction of natural resources as a political card to ensure the federal government takes into account its position regarding the disputed islands.

Constitutional ambiguities also left open the possibility of Sakhalin mounting a legal challenge should the federal government decide to transfer the disputed islands to Japan after concluding a peace treaty. According to Article 3 of the Sakhalin *oblast* charter adopted in January 1996, "Sakhalin *oblast* consists of Sakhalin Island and the Kuril Islands, including the *Mala Kuril'skaya gryada* (Habomai islets and Kunashiri), and *oblast* boundaries prescribed by international treaties that the Russian Federation concludes, as well as the Russian Constitution and federal laws."[84] This is congruent with Article 15 of the Constitution, which stipulates that laws and other legal enactments adopted in the Russian Federation must not contradict the Constitution.[85] This can be interpreted as meaning that any international treaty concluded between the Russian and Japanese governments is legally binding concerning decisions pertaining to Sakhalin's boundaries.

However, it should be added that even if a change in *oblast* boundaries can be brought about by an international treaty, the charter preconditions this upon the consent of the residents, stipulating that "concerning a change in its boundaries, the consent of Sakhalin *oblast* shall be expressed by conducting a regional referendum."[86] In this regard, Article 131 of the Constitution lends support to the Sakhalin charter by stipulating that "Changes to the border of territories where local self-government is

[83] Zinberg, "Soren Hoppô Ryôdo Seisaku to 'Saharin Shinduromu'," p. 136.
[84] "Saharin-shû Kenshô," http://www001.upp.so-net.ne.jp/dewaruss/on_russia/sakhalinConstitution.htm, accessed 5 February 2002.
[85] *Konstitutsiya Rossiiskoi Federatsii*, p. 8.
[86] "Saharin-shû Kenshô."

exercised are permitted with due consideration for the opinion of the relevant territories."[87] Leaving aside the ambiguity of the expression "with due consideration," the problem is, as discussed in greater detail in chapter five, that public opinion polls conducted in Sakhalin have consistently showed that *oblast* residents are strongly opposed to Russia transferring the southern Kuril Islands to Japan. Therefore, a Russian government decision to conclude a peace treaty obligating it to return the islands to Japan in the face of local opposition raised the possibility that the treaty could become entangled in a protracted Constitutional debate.

Third, as outlined above, the Soviet Union's collapse and the subsequent regionalisation or decentralisation of political power in post-Soviet Russia allowed regional elites increased autonomy and transformed the regions into powerful actors that were able to confront the centre on many issues. The territorial dispute with Japan was one such issue in which the Sakhalin regional elite felt sufficiently empowered to complicate and challenge Moscow's authority.

Finally, the weak and unstable politico-economic institutional environment described above also contributed to the resurgence of nationalism as a force in post-Soviet Russia.[88] As discussed in greater detail in chapter five, most of the local population, whose national pride has been severely wounded as a result of Russia's troubled transition to a fully functioning market economy, have sought to overcome this by resorting to nationalism. Nationalism has not only become the motivating factor behind many Sakhalin residents' opposition to transferring the Southern Kuril Islands to Japan, but, on a broader level, has influenced government decision-making on a range of domestic and foreign policy issues.

Conclusion

Drawing on Panayotis Soldatos' earlier study of the causes of subnational government diplomacy, this chapter first examined the external and domestic factors that have contributed to Sakhalin's and Hokkaido's greater presence on the international stage. These factors have also prompted subnational public authorities in Sakhalin and

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[87] *Konstitutsiya Rossiiskoi Federatsii*, p. 57.
[88] Wallander, "Ideas, Interests and Institutions in Russian Foreign Policy," pp. 207-218.

Hokkaido to establish what has become a burgeoning transnational relationship – the qualitative and quantitative aspects of which are worthy of academic research.

The chapter then argued that among the generic causes of subnational government diplomacy, the Soviet Union's collapse, the asymmetry of federated units and problems with the nation-building process, Constitutional uncertainties and growing regionalism and nationalism in post-Soviet Russia contributed to the gradual elevation of Sakhalin's authority in matters pertaining to the Southern Kuril Islands' future ownership. Japanese perceptions of the salience of the "Sakhalin factor" in the Russian decision-making process during the Yeltsin regime made the *oblast* a target of Tokyo's and the HPG's transnational lobbying attempts that aimed to minimise local opposition to a possible transfer of the disputed islands to Japan. Alleviating Sakhalin's opposition would make it theoretically easier for the Kremlin to accede to Japan's territorial demands. The next chapter examines closely the nature of the dispute that has plagued Japan-Soviet/Russian relations for over five decades.

Chapter Three: Tokyo, Moscow and the Northern Territories/South Kuril Islands

Introduction

In one of the strangest anomalies in international relations today, Japan and Russia have yet to sign a peace treaty and relations between the two countries have not been fully normalised, although more than five decades have passed since the end of the Second World War. Technically speaking, Japan and Russia are still in a state of war, although both are engaged in a functional, albeit sometimes strained, relationship. As mentioned earlier, the primary reason for the stalemate in bilateral relations is a dispute over the ownership of a group of islands, known to the Russians as the South Kuril Islands and by the Japanese as the Northern Territories (*Hoppô Ryôdo*), which the Soviet Red Army seized during the closing stages of the Second World War. The Japanese government has consistently argued that it is only willing to conclude a peace treaty if Russia agrees to return the four islands. For its part, Russia has steadfastly refused to transfer the four islands to Japan.

This chapter provides a broad overview of the fundamental principles and approaches underlying Japan's post-Cold War Russia diplomacy, as well as Russia's policy towards Japan and the South Kuril Islands/Northern Territories. This provides a frame of reference from which to address the dissertation's supplementary research questions pertaining to the extent to which Hokkaido-Sakhalin subnational government relations and Sakhalin's position regarding the territorial dispute is congruent with the respective central government policies. In order to understand Japan's policy towards Russia better, the chapter first explores why the Japanese government has been so steadfast in its demand for the Northern Territories' return, highlighting the islands' symbolic importance to Japan. As chapters four, five and six examine the reasons behind the Sakhalin regional elite's and public's opposition to transferring the islands to Japan, it is not necessary to consider the islands' importance to Russia in this chapter. It then examines how the Japanese government and public, as a whole, have internalised the attachment to the four islands through socialisation, paying particular attention to Hokkaido's role in this process.

This chapter argues that the linkage of politics and economics is an important element among the underlying principles behind Japan's policy towards Russia. The Japanese government has gradually loosened this linkage, which has influenced the level of economic aid towards Russia, as well as the issue surrounding joint ventures on the disputed islands, but not severed it completely. It also contends that in the face of a feared backlash from conservative and nationalist opponents, Boris Yeltsin adopted a strategy of postponing the territorial dispute's resolution. Most of his promises to Japan were subsequently tactical in nature, designed to achieve this broader objective, as well as economic and geopolitical goals.

Japan's Russia Diplomacy

Political Objective: Demand for the Return of the Northern Territories

Economic Significance

It is widely acknowledged that the four islands of Etorofu, Kunashiri, Shikotan and Habomai (which are in fact a group of islets) would be of little economic importance to Japan. They have no petroleum potential, and while Etorofu and Kunashiri are forested and contain deposits of tin, zinc, lead, copper, nickel, sulphur and metallic sulphides, taken as a whole, the disputed islands would only marginally supplement Hokkaido's mineral and lumber resources.[1] Because of the physical geography of the islands and their extremely poor infrastructure, these resources would be extremely difficult and costly to exploit. In 1990, Japanese economist Ohmae Ken'ichi estimated that a public works investment program large enough to bring facilities on the islands up to the same level as those on Hokkaido might cost each Japanese taxpayer ¥60 000 (about US$500).[2] Given that the islands' physical infrastructure has drastically deteriorated in recent years, this figure would presently almost certainly be much higher.[3] Indeed, given the Japanese economy's parlous state, a substantial public

[1] Tsuneo Akaha and Takashi Murakami, "Soviet/Russian–Japanese Economic Relations," in T. Hasegawa, J. Haslam and A. C. Kuchins eds, *Russia and Japan: An Unresolved Dilemma Between Distant Neighbors*, Berkeley: University of California Press, 1993, pp. 168-169.
[2] Sophie Quinn-Judge et al., "Calmer Waters," *Far Eastern Economic Review*, 30 August 1990, p. 30.
[3] In October 1994, a powerful earthquake shook the Northern Territories causing extensive damage. According to Sakhalin government reports, 60 per cent of the residential buildings in Shikotan were completely destroyed. On Kunashiri and Shikotan, the water, sewage and heating systems were also completely destroyed. Much of the infrastructure damaged by the earthquake still remains in a state of disrepair. Nobuo Arai and Tsuyoshi Hasegawa, "The Russian Far East in Russo-Japanese Relations,"

works investment program for the islands may be far more of a financial burden than many have anticipated.[4]

The islands' greatest economic value lies in the maritime area over which Japan could claim jurisdiction were it to secure their return.[5] The Northern Territories' exclusive economic zone (EEZ) totals 196 000 km² and is blessed with abundant marine resources. It is said to be one of the world's three great fishing grounds, containing the spawning grounds for several commercially viable fish species. It is also thought to contain exploitable deposits of titanium, magnetite, nickel, copper, chromium, vanadium and niobium.[6] The Pacific EEZ of Shikotan and Habomai is more significant in this regard, being larger and much richer than that of the bigger islands.[7] Whilst the rich fishing grounds are certainly attractive to Japan, Japanese fishermen, using fast and sophisticated vessels are, for the most part, able to enter the islands' fisheries at will. These points somewhat challenge the argument that Japan's desire to recover the islands is based solely on economic considerations.

Strategic Significance

During the 1970s and 1980s, the Soviet military considered the islands to be of vital strategic importance. They were militarised during this period in response to new developments in strategic deterrence and also as a means of applying pressure on Japan for concluding a Peace and Friendship Treaty with China in 1978. The Sea of Okhotsk, along with the Barents Sea, served as the two bastions protecting Soviet submarine launched ballistic missiles (SLBM) submarines from American antisubmarine warfare operations, thus helping to guarantee Soviet second strike nuclear capability. The islands straddle important access routes from the Sea of Okhotsk to the Pacific Ocean. Japanese military officials have maintained that the

in Akaha ed., *Politics and Economics in the Russian Far East: Changing Ties with Asia-Pacific*, London: Routledge, 1997, p. 181.

[4] Hokkaido University Professor, Yamaguchi Jirô, has raised the point that if the four islands were returned to Japan, Hokkaido in particular would be burdened with an extraordinary load. He also questions who is going to pay for the subsequent infrastructure costs. Yamaguchi Jirô, "Kokueki kara Dôeki e," *Furontia Ai*, December 1997, http://www.aurora-net.or.jp/doshin/frontier/eye199712.html, accessed 26 June 2001.

[5] Masato Kimura and David A. Welch, "Specifying 'Interests': Japan's Claim to the Northern Territories and its Implications for International Relations Theory," *International Studies Quarterly*, no. 42, 1998, p. 218.

[6] Akaha and Murakami, "Soviet/Russian–Japanese Economic Relations," pp. 168-169.

islands are strategically important. However, as Masato Kimura and David A. Welch note, their reasoning has been entirely derivative of Soviet arguments. That is, Japanese officials regarded the islands as strategically significant only because the Soviets did.[8] Possession of the islands would not have affected Japan's ability either to defend itself or to project its military power beyond its borders. In fact, the Northern Territories dispute's unresolved nature may have served Japan's political interests. William Nester argues that Tokyo had long used the territorial dispute as a concrete threat to justify to the Japanese people the military alliance with the United States and the role of Japan's Self Defence Force.[9] The islands' strategic value has decreased compared to the Cold War era and this was reflected in the 1995 Japanese Defense White Paper.[10]

Symbolic Importance

Rather than having any significant tangible value, the Northern Territories appear to be of symbolic importance. The value which the Japanese place on the islands is expressed by Kimura Hiroshi, Graham Allison and Konstantin Sarkisov who believe "the continued [Russian] occupation of the four islands forces Japanese to remember forever its pitiful defeat in the Second World War, and also [to remember] that a noticeable portion of Japan's limited land has been taken."[11] The "pitiful defeat" mentioned by these three scholars is a direct reference to the Soviet Union's declaration of war against Japan during the closing stages of the Second World War. The Soviet declaration of war against Japan on 9 August 1945 was a violation of the 1941 Neutrality Pact and came at a time when Japan was actively seeking peace with its northern neighbour. The Soviet troops' occupation of the Northern Territories

[7] Akaha and Murakami, "Soviet/Russian–Japanese Economic Relations," p. 169.

[8] Kimura and Welch, "Specifying 'Interests'," p. 222.

[9] William Nester, "Japan, Russia and the Northern Territories: Continuities, Changes, Obstacles, and Opportunities," *Third World Quarterly*, vol. 14, no. 4, 1993, p. 723. Hasegawa Tsuyoshi also argues that because of the overriding importance Japanese conservative leaders placed on the US-Japan security alliance, it was advantageous to keep the Northern Territories dispute unresolved. Tsuyoshi Hasegawa, "Japanese Policy Towards Russia: Principles, Contradictions and Prospects," in Takayuki Ito and Shinichiro Tabata eds, *Between Disintegration and Reintegration*, Sapporo: Slavic Research Center, Hokkaido University, 1994, p. 336.

[10] Bôeichô, *Bôeihakusho*, Tokyo: Ôkurashô Insatsukyoku, 1995, pp. 63-70.

[11] Hiroshi Kimura, Graham T. Allison and Konstantin O. Sarkisov, *Nichi-Bei-Ro Shinjidai e no Shinario*, Tokyo: Diamond Publishing, 1993, p. 33.

commenced on 28 August and was concluded on 5 September 1945.[12] This was a full three days after representatives of Japan and the Allied powers signed documents formally proclaiming Japan's surrender. During the Soviet attack, 640 000 Japanese soldiers and civilians were taken prisoner and interned in Siberian prison camps. Of this number, approximately 60 000 perished as a result of harsh weather and labour conditions.[13] Most Japanese internees were not repatriated until 1948. As a result of these actions, Japanese perceived the Soviet Union as a *kajiba dorobô*, a thief who steals when somebody else's house is on fire.[14]

Tsuyoshi Hasegawa further emphasises the Northern Territories problem's psychological dimension, claiming that the Soviet attack on Japan, along with the dropping of the atomic bomb on Hiroshima, are the only two events during the war that left the Japanese with a feeling of victimisation.[15] The Japanese claim to the Northern Territories is rooted in a deeply held belief about the injustice of the Soviet/Russian occupation and the legitimacy of the Japanese claim to the four islands. This perception of the injustice and illegitimacy of the Soviet/Russian occupation has both a historical and legal basis.[16] The desire to rectify this perceived injustice has made Japanese decision makers less willing to compromise in finding a solution to the dispute and less tolerant of the territorial gains of the Soviet Union/Russia as they regard them as illegitimate.[17]

In addition to rectifying the perceived injustice that Russia's continued occupation of the Northern Territories has caused, it is also thought that the demand for the islands' return is broadly linked to a Japanese sense of identity. According to Masato Kimura and David A. Welch:

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[12] Boris Slavinsky, "Soviet Amphibious Landing on Hokkaido and the Southern Kurile Islands: Facts and Fiction," *Far Eastern Affairs*, no. 3, 1992, p. 56.

[13] See Alexander N. Panov, *Fushin kara Shinrai e*, Tokyo: The Simul Press, 1992, p. 115.

[14] Tsuyoshi Hasegawa, "Japanese Perceptions of the Soviet Union: 1960-1985," *Acta Slavica Iaponica*, no. 5, 1987, p. 50.

[15] Hasegawa, "Japanese Policy Towards Russia: Principles, Contradictions and Prospects," p. 333.

[16] For an overview of the Japanese argument, see William Nimmo, *Japan and Russia: A Reevaluation in the Post-Soviet Era*, Connecticut: Greenwood Press, 1994, pp. 173-174.

[17] David A. Welch, *Justice and the Genesis of War*, Cambridge Studies in International Relations 29, Cambridge: Cambridge University Press, 1993, p. 31. Although the argument put forward by Welch is a generalisation, it is applicable to the Japanese case.

The Japanese sense of identity included the Northern Territories. Japan will not be complete, and the Japanese will not feel themselves fully to be masters of their own homeland, until the foreign occupation ends, or until the Japanese cease to think of the islands as an intrinsic part of Japan.[18]

In fact, it has been argued that the Northern Territories are regarded as such an intrinsic part of Japan and that the issue has become so entrenched in the Japanese consciousness that a "Northern Territories Syndrome" (*Hoppô Ryôdo Shôkôgun*) has developed.[19] The four islands' return is seen as the aspiration of the entire nation, with the issue being elevated to the pedestal of an unquestioned national goal.[20] To a certain extent, survey data support these claims. For instance, in a poll conducted in February 1993, 86.7 per cent of Japanese respondents agreed that Russia should return the Northern Territories.[21] As the issue concerning the Northern Territories ownership has virtually no impact on the material lifestyles of the overwhelming majority of Japanese citizens, they can remain supportive of the four-island claim without having to pay any significant opportunity cost. However, as will be discussed shortly, the territorial dispute does directly affect the economic wellbeing of a number of people in northern and eastern Hokkaido, particularly local fishers, whose resolve to see *all four islands* returned to Japan has weakened somewhat. It should also be noted that the nationwide campaign for the Northern Territories' return did not get into stride until what had been Japan's most important territorial problem was resolved with the return of Okinawa in 1972.

There is a consensus among politicians, regardless of political persuasion, that Russia should return the four disputed islands. This consensus was first expressed in September 1973, in the form of a Diet resolution, which was co-sponsored by all political parties, calling on the government to demand the Northern Territories' return.[22] In fact, for many years the opposition parties took a tougher stance than the LDP on the Northern Territories issue. The Japan Socialist Party (JSP) continuously

[18] Kimura and Welch, "Specifying 'Interests'," p. 232.
[19] Hasegawa Tsuyoshi, "Hoppô Ryôdo Shôkôgun ni Ochiita Nihon," *Chûô Kôron*, no. 9, 1992, pp. 86-97.
[20] Hasegawa, "Japan's Policy Towards Russia," p. 331.
[21] Shadan Hôjin Chûô Chôsasha, *Hoppô Ryôdo Mondai ni Kansuru Nichi Ro Ryôkokumin no Ishiki*, 1993.
[22] "Hoppô Ryôdo Henkan o Ketsugi," *Asahi Shimbun* (evening edition), 20 September 1973, p. 1.

called for the entire Kuril Island chain's restoration. However, just prior to Gorbachev's visit to Japan in April 1991, the party shifted its support to the reversion of the four islands.[23] The Clean Government Party (*Kômeitô*) and the Democratic Socialist Party (which joined with *Kômeitô*, the Japan New Party (*Nihon Shintô*) and the Social Democratic League to form the New Frontier Party (*Shinshintô*) in December 1994) also shifted their positions in May 1991.[24]

Kimura Masato and David Welch argue that "Even a [Japanese] leader who was personally indifferent to the return of the islands would have a strong electoral incentive to pursue the claim if he or she valued high office, and would pay a high electoral price by abandoning it."[25] The 1955-56 peace treaty negotiations with the Soviet Union illustrate how previously some contending politicians have attempted to use resolution of the Northern Territories dispute as a fulcrum to lever their political fortunes. During the third round of negotiations in Moscow, Foreign Minister Shigemitsu Mamoru contradicted his previous assertion that conclusion of a peace treaty was only possible if the Soviets returned all four islands when he abruptly changed his mind and declared that he would settle for the return of only Shikotan and Habomai. It is widely acknowledged that he made this compromise believing that a successful conclusion of a peace treaty with the Soviet Union would heighten his chances of becoming the next Prime Minister after Hatoyama Ichirô's retirement.[26] Prime Minister Hatoyama, who announced that he would retire after bilateral relations were normalised, was eager to conclude a peace treaty with the Soviets, believing this would give him a diplomatic victory to match that of his rival Yoshida Shigeru, and also allow him to end his political career on a high note (*hanamichi*).[27] There was speculation that Hashimoto Ryûtarô, whose approval rating had slumped to record lows in opinion polls in late 1997 and early 1998, reflecting growing frustration over

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[23] "Hoppô Ryôdo Henkan Mondai: Yatô Tsugitsugi to Kidô Shûsei," *Asahi Shimbun*, 7 April 1991, p. 4.

[24] "Hoppô Ryôdo Henkan Mondai: Yatô Tsugitsugi to Kidô Shûsei," *Asahi Shimbun*, 7 April 1991, p. 4.

[25] Kimura and Welch, "Specifying interests'," p. 238.

[26] Richard de Villafranca, "Japan and the Northern Territories Dispute," *Asian Survey*, vol. 33, no. 6, June 1993, p. 614.

[27] Yoshida was prime minister at the time of the signing of the San Francisco Peace Treaty. Motohide Saitô, "Japan's Northward Policy," in Gerald Curtis ed., *Japan's Foreign Policy After the Cold War: Coping with Change*, New York: M. E. Sharpe, 1993, p. 278.

his economic policies, may have been searching for a breakthrough in relations with Russia to shore up support for his embattled administration.[28]

Although Japanese politicians may indeed risk the wrath of their electorate for abandoning the claim for the return of all four islands, a voter backlash arising from the adoption of a more realistic and flexible approach to recovering the Northern Territories is not as severe as one is otherwise led to believe. This is illustrated by the recent involvement of former LDP Election Bureau Director-General, Suzuki Muneo, in Japan's Russia policy. Japan's long-standing negotiating position has been the simultaneous return of all four islands (*ikkatsu henkan*), although, as discussed below, the government has shown some flexibility in recent years regarding the timing, modalities and conditions of the islands' return *as long as Moscow confirms Japanese sovereignty over all four of the islands*. Believing that an all or nothing approach regarding the recovery of the Northern Territories was unproductive, Suzuki proposed that negotiations on the return of Habomai and Shikotan be separated from those on Etorofu and Kunashiri. Under this "return of two islands first" approach (*nitô senkô henkanron*), the Japanese government would seek from Russia confirmation of the validity of the 1956 Joint Declaration. Using this as a lever, the government would then urge Russia to return Habomai and Shikotan and continue negotiations over Etorofu and Kunashiri.[29]

Suzuki sought to reverse Japan's previous policy, finding an ally in the then-Director-General of the Ministry's European Affairs Bureau, Tôgô Kazuhiko. The Prime Minister of the day, Mori Yoshirô, was believed to have supported the two-step approach in the hope that success would help bolster his cabinet's popularity, although he reportedly pressed Russian President, Vladimir Putin, for the return of all four islands during the Irkutsk summit in March 2001.[30] Both Suzuki and Tôgô went

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[28] "Seiken Fuyô e Gaikô Kâdo," *Asahi Shimbun*, 20 April 1998, p. 2.

[29] Hasegawa Hiroshi, "Kachô Kôtetsu, Suzuki Muneoshi no Kage," *Aera*, no. 18, 16 April 2001, p. 15. According to sources in the MOFA, the "two-islands first" approach consists of four elements: 1. seek from Russia confirmation of the 1956 Joint Declaration; 2. confirm that Habomai and Shikotan belong to Japan, but recognise Russian administrative rights (*shiseiken*) for the time being. This is to be followed by the signing of an intermediate treaty that confirms the return of these rights to Japan; 3. continue negotiations over Etorofu and Kunashiri; and 4. conclude a peace treaty after the islands' ownership is decided. "Hoppô Ryôdo Henkan Nitô Senkôan: Nihongawa kara Dashin," *Yomiuri Shimbun*, 8 September 2000, p. 2.

[30] "Ro Daitôryô 'Nitô ga Genkai'," *Yomiuri Shimbun*, 8 April 2001, p. 1.

to enormous lengths to carry out this objective, conspiring to eliminate key opposition from within the Japanese Ministry of Foreign Affairs (MOFA). This is believed to be the reason behind the decision to move the Director of the Russian Desk and proponent of the four-island formula, Kodera Jirô, from his position to a post at Japan's London Embassy.[31] The Suzuki-Tôgô line caused an outcry in Japan, particularly from the mass media, which claimed that it was sending the signal that Japan was willing to compromise with the return of just two islands.[32] A subsequent proposition from Putin that Russia might be able to do a deal for the return of only Habomai and Shikotan suggests it that this was precisely the message that was received. Unfortunately, the problem for Suzuki and Tôgô was that Tanaka Makiko, Foreign Minister in the newly inaugurated Koizumi administration, also held the opinion that Russia should return the four islands simultaneously and ordered Kodera back to Japan as a means of reinforcing the message that Japan would maintain its long-standing four-island negotiating position.[33]

Suzuki was forced to resign from the LDP in March 2002 over his involvement in a series of scandals, including allegedly rigging bids for government-funded aid projects in the Northern Territories in favour of contractors from his own constituency in Hokkaido. While the Japanese mass media were quick to scrutinise Suzuki's interference in a variety of MOFA affairs, particularly his enunciation of the "two islands first" approach to resolving the territorial dispute, it is notable that there was very little criticism, if any, from his own electorate, which it should be added, includes Nemuro – the frontline in the Northern Territories Return Movement. It is difficult to imagine that Suzuki would publicly put forward a proposal that was at odds with the majority view of his constituency. It is even possible to surmise that Suzuki was merely conveying the wishes of the people in eastern Hokkaido. Suzuki does not appear to be unique in this regard. Former Hokkaido Governor, Yokomichi Takahiro, revealed during an interview that while he publicly called for the four islands' simultaneous return, he privately informed the government that there were people who believed that Japan should get Russia to return two islands if the

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[31] There were believed to be opposing factions with the Ministry that were divided over whether to support the existing policy (*dakiha*) or change it (*renkeiha*). Hasegawa, "Kachô Kôtetsu," p. 15.
[32] "Yontô Henkan no Gensoku de Taisei Tatenaose," *Yomiuri Shimbun*, 21 May 2001, p. 3.
[33] "Makiko-ryû Shidô," *Yomiuri Shimbun*, 9 May 2001, p. 2.

opportunity arose.[34] Yokomichi's successor, Hori Tatsuya, believes Russia should return the four islands simultaneously.[35] It should be remembered that it was not Suzuki's enunciation of the two-step approach that led to calls for his resignation, nor was his resignation the result of intense public pressure – he stepped down due to pressure from the mass media and those inside the LDP. Thus, while the electoral price for abandoning the claim for the four islands' return may be high, it is not political suicide for those willing to adopt a flexible approach by seeking an initial return of Habomai and Shikotan, followed by negotiations over the fate of Etorofu and Kunashiri.

This section explored the nature of the Japanese claim for the Northern Territories' return, arguing that rather than having any significant tangible value, the islands are mainly of symbolic importance to Japan. A deeply held belief about the injustice of the Soviet/Russian occupation together with the desire to rectify this has generally made Japanese decision makers less willing to compromise in finding a resolution to the dispute. For their part, the majority of Japanese citizens are able to support the four-island claim because the territorial dispute has virtually no impact on their material lifestyles.

This is not the case, however, for the localities of northern and eastern Hokkaido, which not only lie at the heart of the Northern Territories Return Movement, but also rely heavily on the fishing industry and access to the disputed islands' fisheries. The following section examines Hokkaido's relationship with the Northern Territories and sheds light on the coordinated efforts by the HPG and the Northern Territories Return Movement to lobby the Japanese government to be resolute in territorial negotiations with the Russian government and also to maintain national unity around the claim to the four islands.

Hokkaido and the Northern Territories

The Northern Territories casts a long shadow over economic, political and social life in Hokkaido. Before the Second World War, the islands were administered as political

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[34] Interview with the author, 21 February 2001.

[35] "Nichi-Ro Heiwa Jôyaku Sôki Teiketsu Yôsei," *Hokkaidô Shimbun*, 9 June 1999, p. 3.

sub-divisions of Hokkaido. The Habomai islets formed part of the Hanasaki district in Nemuro County, while Kunashiri, Shikotan and Etorofu were separate administrative districts.[36] In the event that the Northern Territories, which the head of the Nemuro municipal government's Northern Territories Countermeasures Office, Maruyama Kazuyuki, describes as being an "economic brother" to Hokkaido, are transferred to Japan, they would most likely be placed under Hokkaido's administrative control.[37]

The human tragedy of the Northern Territories dispute is evident in Hokkaido more so than any other Japanese region. According to official Japanese figures, by 15 August 1945, the day Japan formally surrendered to Allied forces, there were 17 291 Japanese residents living on the four islands.[38] Six months after the establishment of Sakhalin *oblast*, the Soviet government decided to repatriate all remaining Japanese residents of the islands in July 1947. This process was completed by 1949, with 80 per cent of those repatriated settling in nearby Hokkaido. Many came back with shocking stories of theft, personal assault and depredation at the hands of Soviet troops, which would form the basis of distrust and enmity towards the Soviets for many years to come. For many repatriates, Hokkaido seemed a logical choice for resettlement. They thought their repatriation would be brief and that they would be able to return to their former homes once the situation had stabilised and the issue concerning the islands' ownership was resolved. In preparation for an early return, many even kept records of property and other assets they were forced to leave behind in the archives of the regional branch of Justice Bureau in Kushiro.[39]

The campaign for the Northern Territories' return began as early as 1 December 1945 when the Mayor of Nemuro, Andô Ishisuke, sent a petition to the Supreme Commander of Allied Powers (SCAP), General Douglas MacArthur, stating that the

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[36] The islands to the north of Etorofu were under the direct control of the Nemuro subprefectural office. A brief administrative history of the Northern Territories, in both English and Japanese, can be found on the HPG's homepage, http://www.pref.hokkaido.jp/soumu/sm-hrtsk/hp/histo.htm.

[37] The head of the Nemuro municipal government's Northern Territories Countermeasures Office, Maruyama Kazuyuki, expressed this view during an interview with the author, 10 May 2000. From 1969, the Ministry of Home Affairs included the four islands in Hokkaido's administrative structure when formulating regional transfers. "Kunashiri, Etorofu wa Nihon Ryôdo, Chihô Kôfuzei o Kôryo,"*Hokkaidô Shimbun*, 29 August 1968, p. 1.

[38] The population breakdown of the four islands was as follows: Kunashiri - 7 364, Habomai – 5 381, Etorofu - 3 608, Shikotan - 1 038. Hokkaidôchô Sômubu Hoppô Ryôdo Taisaku Honbu, *Hoppô Ryôdo no Gaiyô*, undated, p. 1.

[39] "Shima no Zaisan wa, Gyogyôken wa," *Hokkaidô Shimbun*, 17April 1989, p. 1.

islands south of Etorofu had long been Japanese territory and appealing for SCAP to adopt measures to ensure the islands' Japanese residents could lead a safe life.[40] Although MacArthur did not take up Andô's petition, it became the trigger for the establishment of an organisation in Nemuro centring on the Japanese repatriates, the Committee to Request the Reversion of the Islands Near Hokkaido (*Hokkaidô Fuzoku Tôsho Fukki Konsei Iinkai*) in early 1946.[41] In addition to the barriers to returning home, the Soviet occupation of the Northern Territories also meant the loss of rich fishing grounds, upon which the local economy was (and still is) highly dependent. As a result, citizens established organisations calling for the islands' return and the irredentist campaign gradually expanded. These organizations included the League for the Development of the North Sea Fisheries (*Hoppô Gyogyô Kaihatsu Kisei Dômei*) based in Hakodate and the League to Request the Return of Karafuto and Chishima (*Karafuto Chishima Henkan Konsei Dômei*), which was established in Sapporo.

In order to bring these disparate groups together into a unified and powerful organisation that could better present its case to the rest of the nation and the world, the League for the Return of Chishima and the Habomai Islands (*Chishima oyobi Habomai Shotô Henkan Konsei Dômei*) was established in November 1950. The League was renamed the Japan League for the Return of Northern Territories Inc. (*Hoppô Ryôdo Fukki Kisei Dômei*) in 1963. In 1965, the League, which also receives support from the Hokkaido City Mayor's Association, Hokkaido Town and Village Mayor's Association, business and academic groups, as well as the mass media, received approval from the MOFA to become a corporation (*shadan hôjin*).[42] Other groups centring on the former Japanese islanders were also established. These united in 1955 to become the League of Residents of the Chishima Islands (*Chishima Rettô Kyojûsha Renmei*), which received permission from the Prime Minister to become a corporation in July 1958.[43]

There are numerous visible signs of support for the Northern Territories Return Movement in Hokkaido. A large banner over the entrance to the HPG building urges

[40] Hokkaidôchô Sômubu Hoppô Ryôdo Taisaku Honbu, *Hoppô Ryôdo no Gaiyô*, p. 8.
[41] Arai Shôjirô, *Tsuranuke Hoppô Ryôdo*, Tokyo: Nihon Kôgyô Shimbunsha, 1983, p. 119.
[42] Shadan Hôjin Hoppô Ryôdo Fukki Kisei Dômei, *Hoppô Ryôdo Henkan Undô no Ayumi*, 1993, p. 10. An organisation's certification as a corporation means it has been approved by the state to serve the public interest.

visitors that "returning the four islands will build trust and peace" (*shinrai to heiwa o kizuku yontô henkan*). A similar banner appears over the entrance of its Tokyo office. Several other municipalities in Hokkaido also feature signs and banners calling on Russians to return the four islands. Nemuro, the spiritual home and frontline in the Northern Territories Return Movement, is dotted with such adornments. A Hokkaido Governor often makes a public statement of support for the four islands' reversion soon after taking up office. [44] Dôgakinai Naohiro, who served as Governor of Hokkaido from 1971 to 1983, was particularly active in the return movement, taking up an official position in both the Japan League for the Return of Northern Territories and the Tokyo-based Northern Territories Issue Association (*Hoppô Ryôdo Mondai Taisaku Kyôkai*) after leaving office. He even wrote a book entitled *Hoppô Ryôdo Henkan Undô to Watashi* (The Northern Territories Return Movement and Me), which described his relationship with the return movement and his own theory for realising a reversion of the Northern Territories. [45] Since 1947, the Hokkaido Prefectural Assembly has constantly appealed to the central government and the Diet by adopting a "statement concerning the campaign for the reversion of the Northern Territories and the promotion of a resolution of the Northern Territories dispute" and other resolutions almost every year. [46]

The HPG's assistance to the Northern Territories Return Movement goes beyond the boundaries of symbolism. Institutional support was first put in place with the establishment of the Headquarters for the Return of the Northern Territories and North Sea Fisheries (*Ryôdo Fukki Hoppô Gyogyô Taisaku Honbu*) in the Prefectural Government's Department of General Affairs on 28 February 1956. [47] The HPG's decision to establish the Headquarters was a response to positive signs emerging from the Soviet-Japanese peace treaty negotiations, which began in June 1955, of an early resolution to the territorial dispute. The Headquarters for the Return of the Northern Territories and North Sea Fisheries was charged with collecting and preparing data for

[43] Shadan Hôjin Chishima Habomai Shotô Kyojûsha Renmei, *Soshiki to Jigyô no Gaiyô*, 2000, p. 3.
[44] For instance, in his first address to the Hokkaido Prefectural Assembly in July 1983, Governor Yokomichi emphasised that he would propose a four-island return, thus distancing himself from the Japan Socialist Party's position of demanding the return of the entire Kuril chain. "Yokomichi Chiji 'Genjitsu Rosen' o Kyôchô," *Hokkaidô Shimbun*, 5 July 1983, p. 1.
[45] Dôgakinai Naohiro, *Hoppô Ryôdo Henkan Undô to Watashi*, Tokyo: Sankei Shimbunsha, 2000.
[46] Hokkaidôchô Sômubu Hoppô Ryôdo Taisaku Honbu, *Hoppô Ryôdo no Gaiyô*, p. 17.
[47] This paragraph draws on information contained in the HPG's homepage, "Hoppô Ryôdo no Rekishi," http://www.pref.hokkaido.jp/soumu/sm-hrtsk/hp/histo.htm, accessed 8 June 2002.

the drawing up of regional construction plans in the event the islands were returned to Japan. It was also tasked with studying the situation surrounding the former Japanese residents, as well as fostering and guiding the organisations comprising the Northern Territories Return Movement. The Headquarters' organisational structure was consolidated in order to keep up with the changing situation surrounding the territorial dispute and in 1984, was renamed the Northern Territories Countermeasures Headquarters (*Hoppô Ryôdo Taisaku Honbu*). A Special Committee on the Northern Territories (*Hoppô Ryôdo Taisaku Tokubetsu Iinkai*) was established in March 1968 and has been active in promoting the campaign for the Northern Territories' reversion and supporting former residents. The Hokkaido Prefectural Assembly also has a special 14 member Northern Territories Countermeasures Committee (*Hoppô Ryôdo Taisaku Tokubetsu Iinkai*), which addresses various issues involving the territorial return movement.[48]

The HPG constantly lobbies Tokyo to intensify diplomatic negotiations in a bid to achieve the four islands' return. The Hokkaido Governor regularly heads a delegation comprising members of the Northern Territories Return Movement, which visits the Prime Minister to petition for the territorial dispute's early resolution. However, as noted previously, being fully cognisant of the political benefits derived from achieving the four islands' return, a Japanese Prime Minister probably needs little prompting in this regard. Hokkaido's efforts at arousing public interest in the Northern Territories dispute have not been confined to domestic boundaries. Missions led by regional and municipal officials have been sent to the United States, United Nations, Europe, Southeast Asia and Russia in a bid to win international support for Japan's position.

In addition to its demand that the Japanese government intensify diplomatic negotiations for the territorial dispute's early resolution, the HPG has also developed a policy that strives to create an environment, particularly at the domestic level, conducive to this (*kankyô seibi*).[49] An important part of this policy is to unite domestic public opinion around the claim for the four islands' return. It has adopted

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[48] See the Hokkaido Prefectural Assembly's homepage, "Hoppô Ryôdo Taisaku Tokubetsu Iinkai," http://www.gikai.pref.hokkaido.jp/iinkai/hoppo/hoppo.htm, accessed 8 June 2002.
[49] This goal is explicitly stated in the HPG's homepage.

several measures in order to achieve this. The HPG provides assistance and also lobbies Tokyo for additional financial support for the various public relations activities conducted by the organisations comprising the Northern Territories Return Movement. These activities include exhibitions, signature-drives (by June 1999, nearly 70 million have been collected) and a "caravan force" consisting of the descendants of the islands' former residents and other young people, which travels throughout the country to enlighten people about Japan's claims to the Northern Territories and to recruit successors to the return movement.[50] The preceding discussions illustrate Hokkaido's attempts to influence the central government's decision-making process from within – one of two forms of deliberate subnational government participation in international relations outlined in chapter one.

As the frontline in the campaign for the Northern Territories' return, Nemuro's financial viability has been an important issue for local, regional and central authorities who fear that an economically induced weakening of the local irredentist movement could have serious repercussions for the nationwide crusade to regain the lost islands. These fears appear to be well founded. Public opinion polls conducted in the past by the *Hokkaidô Shimbun* show that whilst a majority of Hokkaido's residents support the demand for the four islands' return, over ten per cent of respondents would renounce claims to the islands in return for fishing rights in the islands' fisheries.[51] Surveys also reveal that although an overwhelming majority (80 per cent) of Hokkaido residents believed Japan should continue to demand the four islands' return, nearly half were in favour of a two-island solution if it left open the possibility of a later return of Etorofu and Kunashiri.[52] Support for an initial return of two islands continued into the early 1990s. By 1993, only 21.9 per cent of Hokkaido residents surveyed expressed support for the four islands' instantaneous return.[53] A similar poll conducted in Nemuro city shows that over half the respondents support a return of only two of the disputed islands.[54] Moreover, officials from Nemuro's fishing cooperatives have, in the past, made public calls for the Japanese government to be realistic and settle for a return of only two islands (Habomai and Shikotan) as a

[50] Hokkaidôchô Sômubu Hoppô Ryôdo Taisaku Honbu, *Hoppô Ryôdo no Gaiyô*, p. 8
[51] *Hokkaidô Shimbun*, 1 and 2 December 1985, cited in Wada Haruki, *Hoppô Ryôdo o Kangaeru*, Tokyo: Iwanami Shoten, 1990, p. 308.
[52] "Dômin Yoron Chôsa, 'Tômen Nitô' ni Hansû Rikai," *Hokkaidô Shimbun*, 1 January 1989, p. 1.
[53] "Daitôryô Rainichi ni Kûruna Dômin," *Hokkaidô Shimbun*, 7 October 1993, p. 4.

way to break the impasse over the territorial dispute.[55] This would give local fishers access to the abundant marine resources in the islands' fisheries. Local fishers' calls for the government to prioritise their plight over the four islands' reversion under the slogan of fish rather than land (*ryôdo yori sakana*), which demonstrates that not all Japanese suffer from the "Northern Territories Syndrome," has heightened tensions with those groups devoted to lobbying for the four islands' return.

It is mainly for this reason that the HPG also lobbies Tokyo to expand and strengthen support measures for the Northern Territories' former residents, including realising visits to ancestral graves on the islands and providing compensation for former fishing rights lost as a result of the Russian occupation. The prefectural government, in close cooperation with the central government, also promotes various measures for economically developing the region adjacent to the disputed islands (one city and four towns in Nemuro county) and stabilising the residents' living standards.[56] Its location adjacent to the Northern Territories and subsequent role in the return movement has been described as Nemuro's "trump card" for extracting financial assistance from the regional and central governments.[57] Although this assistance has been generous, it has proven to be insufficient for many local fishers, whose economic well-being depends on access to the islands' fisheries, forcing them to engage in clandestine activities, discussed in greater detail in chapter six, in order to earn a living.

This section has highlighted the Northern Territories' importance to Hokkaido, which is home to a number of groups that are devoted to achieving the goal of recovering the islands for Japan. The Russian occupation of the four northern islands has also meant the loss of rich fishing grounds, which has had a severe impact on the local economy. It has described the process of socialisation and public opinion mobilisation used to unite the Japanese around the four-island claim and Hokkaido's role in this. The following section analyses the policies the Japanese government has adopted in an attempt to recover the islands, focusing in particular on the linkage of politics and economics.

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[54] Cited in Wada, *Hoppô Ryôdo o Kangaeru*, p. 308.
[55] See Kurokawa Nobuyuki, "Hoppô Ryôdo wa 'Nitô Henkan' de," *Asahi Shimbun*, 15 December 1980, p. 3.
[56] See the HPG's homepage, http://www.pref.hokkaido.jp/soumu/sm-hrtsk/hp/policy/htm, accessed 8 June 2002.

Politics and Economics: To Link or to De-link

Seikei Bunri

For resource deficient Japan, the abundance of natural resources in the neighbouring Soviet/Russian Far East has for decades served as a beacon to Japanese policy makers and the business community, undergirding arguments about the economic complementarity that exists between the two countries and the subsequent calls for closer trade relations. Throughout the 1960s and 1970s, as with its foreign trade policy towards China, Japan attempted to sustain a formal separation between economics and politics (*seikei bunri*). In fact, the impact of "politics," or more precisely, the Northern Territories problem, on bilateral economic relations was quite minimal prior to the 1980s.[58] Prior to Prime Minister Tanaka Kakuei's meeting with Soviet leader Leonid Brezhnev in Moscow in October 1973, both he and Foreign Minister Ôhira Masayoshi made a special point of clearly separating the issue of Japanese participation in the Tyumen oil development project from the question of the northern islands' return.[59] The territorial dispute featured in discussions but took a back seat to the interest in oil development projects brought about by the first Oil Shock. The overriding importance attached to Siberian oil development projects as a means of diversifying Japanese dependence on the Middle East and the "majors" for its oil supply is clearly evident in the decision to impose economic sanctions on the Soviet Union in the wake of its 1979 invasion of Afghanistan. Fearing it could adversely affect existing projects, the Ôhira cabinet decided only to cut funding to new projects.[60]

[57] "Hoppô Ryôdo Henkan Undô, Genten kara no Hôkoku," *Hokkaidô Shimbun*, 2 February 1988, p. 2.

[58] This is not to deny, however, that the *question* of a *possible* linkage between the Northern Territories and Japanese participation in Siberian resource development projects did emerge as an important issue of strategy in Japanese diplomacy in the early 1970s. See Gerald Curtis, "The Tyumen Oil Development Project and Japanese Foreign Policy Decision-Making," in Robert Scalapino ed., *The Foreign Policy of Modern Japan*, Berkeley: University of California Press, 1977, p. 163.

[59] Curtis, "The Tyumen Oil Development Project," p. 157.

[60] "Shinki Enjo o Tôketsu," *Asahi Shimbun*, 7 January 1980, p. 2.

Seikei Fukabun

From the mid-to-late-1980s, in attempts to emerge from the economic stagnation and 'technology gap' of the Brezhnev era, the Soviet Union sought Western technology, capital and intellectual know-how. The economic upheaval brought about by Gorbachev's reform policies further strengthened the Soviet Union's desire for closer economic relations with the West. The hard-line MOFA saw this as an opportunity and attempted to use this desire for economic cooperation as a lever to extract Soviet concessions on the territorial dispute.[61] Japanese economic cooperation thus became contingent upon progress in the Northern Territories dispute. The rationale behind the inseparability of politics and economics (*seikei fukabun*) was that once Japan provided the Soviet Union with substantial economic aid and investment, the Soviets would have little incentive to return the islands, thus making reversion virtually unobtainable.

Kakudai Kinkô

Adopting the *seikei fukabun* policy, however, did not improve Japan's bargaining position vis-à-vis the Northern Territories and only succeeded in raising tensions with the Soviets. There was also opposition in Hokkaido to this policy. Hokkaido Governor, Yokomichi Takahiro, spoke out against *seikei fukabun*, believing that, as far as creating an environment conducive to recovering the islands was concerned, stability in Russia was far more important than adhering to this policy.[62] Yokomichi was backed up by public opinion in Hokkaido.[63] With the realisation that Japan needed to give at least the impression of a change in its policy towards Moscow, Foreign Minister Uno Sôsuke, on a visit to the Soviet Union in May 1989, announced that Japan would pursue a policy of "enlarged balance" or "expanded equilibrium" (*kakudai kinkô*). Japan officially implemented the expanded equilibrium approach in April 1990. In the words of the person who is said to have coined the term, former Director of the MOFA's Soviet Desk, Tôgô Kazuhiko, the policy's essence is:

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[61] Lonny E. Carlile, "The Changing Political Economy of Japan's Economic Relations with Russia: The Rise and Fall of *Seikei Fukabun*," *Pacific Affairs*, vol. 67, no. 3, 1994, p. 421.

[62] "Kunashiri ni Kôryû Kaikan Kensetsu e," *Hokkaidô Shimbun*, 7 August 1993, p. 4.

[63] For instance, in a survey of Hokkaido residents, only 20.2 per cent supported *seikei fukabun*, while over 38 per cent believed that the territorial dispute and economic cooperation should be dealt with at

"Rather than having a situation where, if there is no movement on the territorial issue, there will be no movement in other fields (namely economics)," a more positive approach is taken where, "there will be movement on the territorial issue and also in other fields."[64]   As Tôgô's description suggests, the primary aim of expanded equilibrium was a simultaneous improvement in both political and economic fields. It was seen as a sort of "middle way" between the intransigent *entrance* approach and the *exit* approach the Russians have espoused.[65] In what is perhaps a more accurate and realistic description, the core of "expanded equilibrium" was that Japan would give humanitarian, technological, intellectual and financial aid to the Soviet Union in proportion to the degree of settlement reached on the Northern Territories issue. The implication of this policy was that Tokyo would not provide massive financial aid to Moscow unless some sort of agreement on the territorial dispute was reached.[66]

Despite the change in official policy, doubts emerged, particularly within academic circles, as to whether this really marked the beginning of a new approach towards Moscow. Arai Nobuo and Hasegawa Tsuyoshi claimed that: "By adopting the policy of 'expanded equilibrium,' the Foreign Ministry never repudiated the policy of 'inseparability of politics and economics.' Therefore, the demand for the return of the 'Northern Territories' continues to be the foundation of Japan's Russian policy..."[67] Since the level of economic cooperation was still largely determined by the degree to which Russia responded to the Northern Territories dispute, it would appear the change to the policy was in name only. Tokyo loosened the linkage between politics

the same time and 36 per cent thought economic cooperation should be conducted separately from the territorial dispute. "'Seikei Fukabun' Shijiritsu wa 20%," *Hokkaidô Shimbun*, 3 January 1993, p. 1.

[64] Tôgô Kazuhiko, *Nichi-Ro Shinjidai e no Josô: Dakai no Kagi o Motomete*, Tokyo: The Simul Press, 1993, p. 24.

[65] Hiroshi Kimura, "Japan-Russian Relations: Issues and Future Perspectives," in Trevor Taylor ed., *The Collapse of the Soviet Empire: Managing the Regional Fall-Out*, London: Royal Institute of International Affairs, 1992, p. 82. The Soviet Union long maintained that the development of bilateral relations in economic and other fields would create a favourable environment eventually leading to a resolution of the territorial dispute (exit approach), while the Japanese adopted the opposite position, maintaining that a return of the Northern Territories would pave the way for economic aid and cooperation (entrance approach).

[66] Saitô, "Japan's Northward Policy," p. 285.

[67] Arai and Hasegawa, "The Russian Far East in Russo-Japanese Relations," p. 176. Saitô Motohide claims that Japan did not officially proclaim the abandonment of its inseparability of politics and economics policy towards Moscow. Saitô, "Japan's Northward Policy," p. 285. Concerning the shift in policy from inseparability of politics and economics to expanded equilibrium, Togawa Tsuguo argues that it appears only to be a glossing over of terms. Togawa Tsuguo, "Hashigaki," in Roshiashi Kenkyûkai ed., *Nichi-Ro Nihyakunen: Ringoku Roshia to no Kôryûshi*, Tokyo: Sairyûsha, 1993, p. 3.

and economics, but this was only a slight modification intended to fulfil the ultimate political objective of recovering the Northern Territories.[68]

From Ikkatsu Sokuji Henkan to Nidankai Henkanron

The Miyazawa administration showed some flexibility when it repudiated the traditional approach of demanding "the immediate return of all [four] islands" (*ikkatsu sokuji henkan*) and announced it would accept "a two stage formula"(*nidankai henkan ron*) for resolving the dispute: the initial return of two islands (Shikotan and the Habomai islets), and then the remaining two at a later date.[69] Japanese acceptance of the two-stage approach, however, was preconditioned upon Moscow's initial recognition of Japanese sovereignty over the four islands. This shift was prompted by changes in Moscow's attitude and policy towards Tokyo. Important amongst these was Boris Yeltsin's recognition of the territorial dispute's existence, which was mentioned in his controversial "five-stage plan," his calls for its resolution to be based on the principles of "law and justice" (*zakonnost' i spravedlivost'*) and a number of other statements proclaiming the importance of bilateral relations, as well as describing Japan as a "de-facto ally."[70] Since the Miyazawa government's demise in July 1993, which marked the end of 38 years of LDP rule, successive administrations have claimed that as long as Moscow confirms Japanese sovereignty over all four of the disputed islands, Tokyo will be flexible over the timing, modalities and conditions of their return. Although difficult and indeed politically courageous, a more flexible and compromising approach would be the Japanese government's renunciation of its claims over two of the islands (presumably Etorofu and Kunashiri). However, for the reasons outlined above, Japan's political elite has never seriously contemplated this.

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[68] Hiroshi Kimura, "Politics and Economics in Russo-Japanese Relations," in Ted Hopf ed., *Understandings of Russian Foreign Policy*, University Park, Pennsylvania: The Pennsylvania State University Press, 1999, p. 234.

[69] Kimura, "Japan-Russian Relations: Issues and Future Perspectives," p. 81.

[70] See Brad Williams, "Russia and the Northern Territories," *Russian and Euro-Asian Bulletin*, vol. 7, no. 8, August 1998, p. 2.

The MOFA's former Soviet Desk (*Sorenka*) had been described as "the fortress for opposing [former] Soviet designs on Japan" and a site where "an intensely adversarial relationship (with the [former] Soviet Union) has prevailed."[71] Officials in the *Sorenka* were considered strong proponents of the Yoshida Doctrine[72] and, as discussed previously, had taken a hard-line stance towards the Soviet Union and its successor the Russian Federation, opposing the expansion of economic ties in the absence of a settlement to the territorial dispute.

However, despite its long-standing recalcitrance, signs of an emerging moderation began to appear within the MOFA in the mid-1990s. The continuing cycle of promotions and reassignments within the MOFA appeared to have provided an opportunity for a relatively reform-minded group to dominate Russian-related posts. In the latter half of 1996, former Soviet desk director Tôgô Kazuhiko was appointed deputy director general (*shingikan*) in the Eurasian Department. Along with the then-director of the Russian desk, Shinoda Kenji, he made efforts to bring about changes in Japan's Russia policy.[73] The first sign that the MOFA might be softening its stance was seen in 1996, the fortieth anniversary of the restoration of diplomatic relations with the Soviet Union. To commemorate the occasion, the MOFA published two pamphlets in Russian titled "Japan and Russia: For True Mutual Understanding." Whilst the pamphlets referred to "the legacy of past losses," they did not mention the Soviet Union's participation in the war against Japan and also made no assertion that Etorofu and Kunashiri did not belong to the Kuril Island chain.[74] These statements have consistently appeared in previous government publications relating to the territorial dispute.[75] In a further reflection of the "new thinking" emerging from within the MOFA, an official, writing under the pseudonym X, wrote a series of articles in the *Sankei Shimbun* (Newspaper). One of the articles stressed that the most

[71] Gilbert Rozman, *Japan's Response to the Gorbachev Era, 1985-1991: A Rising Superpower Views a Declining One*, Princeton: Princeton University Press, 1992, pp. 30-31.

[72] The Yoshida Doctrine consisted of three elements: a concentration on economic and social reconstruction, the creation of a strong economy, and a reliance on the United States for Japan's basic security. See Wolf Mendel, *Japan's Asia Policy*, London: Routledge, 1995, p. 3.

[73] Wada Haruki, "Nichi-Ro Gyogyô Kyôtei wa Ryôdo Mondai o Unagasu ka," *Sekai*, March, 1998, p. 28. The Russia/NIS Division is located in the European and Oceanic Affairs Bureau.

[74] Wada, "Nichi-Ro Gyogyô Kyôtei wa Ryôdo Mondai o Unagasu ka," p. 28.

important thing for Japan to consider was not just regaining the Northern Territories, but how it would associate with Russia heading into the twenty-first century. It also made the point that the Northern Territories was just one problem requiring consideration.[76]

The Jûsôteki Approach

The "new thinking" that emerged from within the MOFA was soon reflected in a much-touted policy shift. In belated recognition that a lack of progress on the Northern Territories dispute need not hinder the development of bilateral relations in other fields, in early 1997, the Japanese government decided to broaden the spheres of cooperation to be discussed and promote diverse negotiations with the Russians.[77] This became known as the "multilayered" (*jûsôteki*) approach. The seven areas of cooperation to be developed under this new approach included peace treaty negotiations focusing on the Northern Territories dispute, political dialogue between both countries' leaders and cabinet ministers, cooperation with Russia's economic reforms, exchanges with the Russian Far East, security talks, international affairs and consultations over stability in Northeast Asia.[78] Concerning the new policy, Tsuneo Akaha, Professor of International Policy Studies and Director of the Center for East Asian Studies at the Monterey Institute of International Studies in California, noted that if the interpretation was correct then "Russian-Japanese ties in economic and other fields may be allowed to grow ahead of progress on the territorial issue...it represents a paradigm shift in Japan's policy towards Russia."[79] Expanding cooperation would also contribute to reducing the animosity and distrust that has characterised relations between the two peoples in the past and (for the Japanese), perhaps have the added effect of creating a favourable environment for resolving the

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[75] The argument that Etorofu and Kunashiri are not part of the Kuril Islands (*Chishima rettô*) appears in successive editions of *Warera no Hoppô Ryôdo*, which is published by the *Gaimushô*.

[76] "'Nichi-Ro' Shinchôryû, X-shi wa Kataru," *Sankei Shimbun*, 4 December 1996, p. 3.

[77] Tsuyoshi Hasegawa, *The Northern Territories Dispute and Russo-Japanese Relations: Neither War Nor Peace, 1985-1998*, Berkeley: International and Area Studies Publications, University of California, 1998, p. 504.

[78] "Tai-Ro Seisaku o Tenkan," *Yomiuri Shimbun*, 4 January 1997, p. 1.

[79] Tsuneo Akaha, "A Paradigm Shift in Russo-Japanese Relations," in Tsuneo Akaha ed., *Politics and Economics in Northeast Asia: Nationalism and Regionalism in Contention*, New York: St. Martin's Press, 1999, p. 71.

territorial dispute. The explicit reference to promoting ties with the Russian Far East, in particular, should be seen in this light.[80]

Hashimoto's Three Principles and Border Demarcation Proposal

The multilayered approach was reinforced during a speech by then-Prime Minister Hashimoto to the *Keizai Dôyûkai* (Japan Association of Corporate Executives) in July 1997, in which he enunciated three new principles to govern bilateral relations: trust, mutual benefit, and long-term perspective. [81] Some commentators in Russia interpreted Hashimoto's three principles as Japanese willingness to shelve the territorial dispute temporarily and give preference to economic cooperation.[82] In order to dispel any Russian misunderstanding about the priority the Japanese placed on resolving the territorial dispute, Hashimoto made it clear that the Northern Territories should not be left to the next generation.[83]

In fact, the Hashimoto administration's eagerness to resolve the decades-long territorial dispute was clearly evident in the former Prime Minister's plan for a new border delineation between the two countries. The plan, unveiled during the April 1998 Kawana talks, called for the border to be redrawn to the north of the four disputed islands, thus effectively putting them under Japanese sovereignty. Japan would recognise Russian control of the islands until both sides resolved the issue of final ownership. This proposal was seen as a significant departure from the previous government strategy of simply demanding the Soviet/Russian government return the disputed territory. It was thought that the aim of Hashimoto's plan was to weaken the impression within Russia that it would have to *return* the islands. By doing so, it was

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[80] Some Russian observers are cognisant of this. For instance, Andrey Makarychev, Assistant Professor of Political Science at Nizhny Novgorod University, has noted that: "Japan's widely discussed intention to offer financial compensation to the Kuril population for yielding the islands to Japan is also an indicator of a clear regional tilt in Tokyo's policy with regard to Russia." Andrey Makarychev, "Russian Regions as International Actors," *Demokratizatsiya*, vol. 7, no. 4, Fall 1999, p. 519.

[81] Peter Landers and Sergei Blagov, "Warmth in Siberia," *Far Eastern Economic Review*, 30 October 1997, p. 30. Also see "Nichi-Ro Shinjidai e Iyoku," *Yomiuri Shimbun*, 2 November 1997, p. 3.

[82] See for instance, "Evraziskaya diplomatiya: novaya diplomaticheskaya kontseptsiya prem'er-ministra Yaponii," *Nezavisimaya gazeta*, 12 August 1997, p. 5; Stanislav Kondrashov, "Yaponiya 'opozdala' v Rossiyu i khochet naverstat' upushchennoe," *Izvestiya*, 16 August 1997, p. 3.

[83] Kimura, "Politics and Economics in Russo-Japanese Relations," p. 246.

hoped that this would somehow placate Russian opponents of a territorial return, thus making it easier for President Yeltsin to accept.[84]

The notion of trust – the first of Hashimoto's three principles intended to guide Japan's ties with Russia, developed, in recent years, in the personal relations between the two countries' then-leaders. Given the animosity and enmity that has characterised bilateral relations in the past, it should come as no surprise that feelings of distrust had filtered through to the elite level. Russian Ambassador to Japan, Aleksandr Panov, remarked that previously Japanese diplomats would limit their contacts to the very narrow field of Soviet Japan specialists and has noted that the Soviets used to consider Japanese diplomats to be very dry and uptight.[85] The Japanese no doubt reciprocated these feelings. Since the mid-1990s, however, personal contacts going beyond official relations have developed. This was most evident in the relationship between Boris Yeltsin and his Japanese counterpart Hashimoto Ryûtarô. Both leaders, who were on a first name basis, held informal "no-necktie" summits in the eastern Siberian city of Krasnoyarsk in November 1997 and the Japanese resort town of Kawana in April 1998. This new atmosphere of trust and goodwill has helped to deal with various bilateral problems and even raised the possibility that Russia might return the disputed islands. The Krasnoyarsk summit produced a somewhat unexpected result: both leaders agreed to boost efforts to conclude a peace treaty by the year 2000. Sections of the Japanese mass media proclaimed this agreement as the beginning of a new era in bilateral relations and the end of what has been described as a period of stagnation since the end of the Cold War.[86] Hashimoto and Yeltsin reconfirmed this agreement and agreed to further expedite peace treaty negotiations at Kawana. Yeltsin's bold decision to agree to put a timetable on the conclusion of a peace treaty, which was reportedly made without consulting those in the government involved in peace treaty negotiations,[87] highlights some of the advantages of developing relations of trust.

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[84] "Shushô Kokkyôsen Kakutei o Teian," *Asahi Shimbun*, 20 April 1998, p. 1.

[85] Panov, *Fushin kara Shinrai e*, pp. 105 and 110.

[86] "Nichi-Ro Shinjidai," *Yomiuri Shimbun*, 28 October 1997, p. 1.

[87] "Ichi kara Wakaru Hoppô Ryôdo," *Asahi Shimbun*, 4 April 1998, p. 4.

Hashimoto's successor, Obuchi Keizô, sought to build on attempts at forging personal relations with the Russian President.[88] Obuchi visited Moscow in November 1998 for an official summit. This was the first visit to the Russian capital by a Japanese Prime Minister in 25 years. As will be discussed later, at these talks, the Russian side delivered a response to Hashimoto's border demarcation proposal that did not meet Japanese expectations: counterproposing that border demarcation should be accomplished through an agreement separate to a peace treaty. In addition, Yelstin's response called on both sides to establish a special legal system for joint economic assistance on the four islands and border demarcation conducted in a manner whereby joint economic assistance would not damage Russia and Japan's national interests.[89]

In recent times, significant progress has been made in security dialogue and defence scholar exchanges. In April 1996, Usui Hideo, Director of the JDA, visited Russia for talks with Russian defence officials.[90] This marked the first visit to Russia ever by a JDA Director. In June 1996, the Japanese naval vessel, *Kurama*, paid a goodwill visit to Vladivostok for the Russian navy's 300th anniversary. Usui's trip to Russia was followed in May 1997 by a return visit from the then Russian Defence Minister, Igor Rodionov. The following month a Russian navy vessel, *Admiral Vinogradov*, made a friendly port call in Japan, the first such visit in 103 years.[91] In a further sign of increasing defence cooperation, Japanese, Russian and American naval forces conducted joint oil cleanup exercises in waters just off the southern coast of Sakhalin Island in May 1998. At the Denver G-7 Summit, President Yeltsin, in a symbolic gesture, announced that Japan would no longer be targeted by Russian nuclear forces and also expressed support for Japan's bid for a permanent seat on the UN Security Council.[92] Given its opposition to transferring the disputed islands to Japan, fostering closer relations and adopting confidence-building measures with the Russian military is therefore a prudent move by the JDA to help remove an important domestic obstacle in Russia to resolving the territorial dispute.

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[88] Hashimoto was forced to resign in the wake of the LDP's failure to win a majority in the July 1998 Upper House elections. "Hashimoto Naikaku Asu Taijin: 'Kaikaku' Hatafuri, Tochû de Shissoku," *Asahi Shimbun*, 29 July 1998, p. 2.

[89] Shigeki Hakamada, "Japanese-Russian Relations in 1997-1999: The Struggle Against Illusions," in Gilbert Rozman ed., *Japan and Russia: The Tortuous Path to Normalization, 1949-1999*, New York: St. Martin's Press, 2000, pp. 247-248.

[90] "'Nichi-Ro' Shinchôryû, Y-Shi wa Kataru," *Sankei Shimbun*, 17 July 1997, p. 4.

[91] "'Nichi-Ro' Shinchôryû, Y-Shi wa Kataru," *Sankei Shimbun*, 17 July 1997, p. 4.

[92] "'Nichi-Ro' Shinchôryû, Y-Shi wa Kataru," *Sankei Shimbun*, 17 July 1997, p. 4.

Defence is not the only area to benefit from the government's "multilayered" approach. Russia and Japan also agreed to broaden the framework for visa-less exchanges, discussed in greater detail in chapter five. Due to an October 1991 Japanese Cabinet decision, only former islanders, reporters and those involved in the Northern Territories return movement were initially allowed to make use of the non-visa visits. However, in an attempt to improve relations before President Yeltsin's visit to Japan in April 1998, the Japanese government responded to a Russian request and expanded the visits to include professionals such as traders, technicians and language instructors.[93] Perhaps the most significant of these exchanges was the visit by the Director of the Hokkaidô Development Agency, Suzuki Muneo, to Kunashiri in June 1998. This was the first postwar visit to the islands by a current Cabinet minister.

During their talks in Moscow in 1998, Obuchi and Yeltsin agreed to implement a program of free visits (*jiyû hômon*) to the disputed islands for the former Japanese residents, their spouses and children. Limits were applied to the duration and location of the previous arrangements for Japanese to visit the islands such as the visa-less exchange program, grave visits and humanitarian aid. This program greatly simplifies the procedure for visiting the islands. The Japanese government proposed establishing the free visits program for humanitarian and political reasons. From a humanitarian perspective, because of the advanced age of the Northern Territories' former Japanese residents, the Japanese government appealed to the Russian government to agree to simplify the procedure for the visits, allowing them to visit their homes while physically possible. Politically, the Japanese government also hoped that a strengthening of Russian recognition of the islands as a special region that Japanese are able to visit freely might lead to a softer response from the Russians regarding the islands' sovereignty and the Japanese attainment of administrative rights (*shiseiken*).[94] Thus, the Japanese government would employ the free visits program for the purpose of *kankyô seibi*: a means of creating an environment conducive to resolving the Northern Territories dispute.

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[93] "Bunka Kôryû Kakudai Gôi e," *Asahi Shimbun* (evening edition), 15 April 1998, p. 1.
[94] "Ryôdo 'Kakuteii' de Zenshin Kitai," *Yomiuri Shimbun*, 14 November 1998, p. 3.

One final area that can be given as an example of recent progress in Russo-Japanese relations is the fishery framework negotiations. When Russia's First Deputy Prime Minister, Oleg Soskovets, visited Japan in November 1994 for talks with Foreign Minister, Kôno Yôhei, both sides agreed on the necessity of creating a framework to ensure a stable fishery order in the disputed islands' territorial waters.[95] The establishment of a fisheries framework was necessitated largely by a strengthening of measures against poaching by Japanese fishing vessels in what the Russians consider to be their territorial waters off the disputed islands. The most controversial of these measures was the 1993 launch of a campaign by Russian Border Guards to shoot suspected poachers.[96] Another important feature of the negotiations was the Pokidin proposal. In April 1994, the chief administrator of the South Kuril District, Nikolai Pokidin, sent a telex to the Mayor of Nemuro, Ôya Kaiji, proposing that the mayor permit Japanese fishermen to operate within Russian territorial waters off the disputed islands in return for fishing fees (nyûgyoryô).[97] Nemuro fishermen reacted enthusiastically, coming up with a counter-proposal to pay an estimated 4.2 billion yen in fees.[98] The Ministry of Agriculture, Forestry and Fisheries and the Hokkaidô Development Agency were supportive of the intermediary role Ôya played during the negotiations.[99] The *Gaimushô*, however, believing that the payment of fishing fees could be interpreted as tacit recognition of Russian sovereignty over the disputed islands, expressed initial caution. On 30 December 1997, after 13 rounds of negotiations, a somewhat scaled-down version of the Pokidin proposal was agreed upon. Wada Haruki, an authoritative Japanese scholar of Russian affairs and Russo-Japanese relations, hailed this agreement as "epoch-making" and a "milestone" in bilateral relations.[100]

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[95] "Hoppô Suiiki Anzen Sôgyô Honkôshô Kaishi Gôi," *Yomiuri Shimbun*, 28 November 1994, p. 1.

[96] See Hokkaidô Kaihatsu Mondai Kenkyû Chôsakai, *Roshia Kyokutô ni okeru Gunji Kanren Jishô*, June, 1994, p. 11, and October, 1994, p. 14.

[97] Arai and Hasegawa, "The Russian Far East in Russo-Japanese Relations," p. 177.

[98] Arai and Hasegawa, "The Russian Far East in Russo-Japanese Relations," p. 178.

[99] Arai and Hasegawa, "The Russian Far East in Russo-Japanese Relations," p. 180.

[100] Wada, "Nichi-Ro Gyogyô Kyôtei wa Ryôdo Mondai o Unagasu ka," p. 27. According to the agreement, in the first year of its implementation, 45 Japanese fishing vessels can operate in the northern waters to the south of Kunashiri and Etorofu and the southern waters off Habomai and Shikotan. They are permitted to catch 1 071 tons of Aláskan pollack, 740 tons of mackerel and 136 tons of squid. In accordance with the Japanese government's position of avoiding any action that may be deemed as legitimising Russia's occupation of the islands, Japanese fishermen, in return, contribute ¥20 million for resource protection in the disputed waters. The Hokkaido Fisheries Association will also contribute machinery to the value of ¥15 million. There is some dissatisfaction with the agreement, as Japanese fishermen are not permitted to catch crab or shrimp. There is also the possibility that

The Japanese government's dilemma over the linking of politics and economics as a means to recover the Northern Territories is a salient feature of discussions about Japan's economic aid and cooperation policy towards Russia. The following section examines this aspect of Japan's Russia diplomacy.

Economic Aid and Cooperation

Since the end of the Cold War, Japanese officials have struggled to formulate a comprehensive economic aid policy towards Russia. As Tsuneo Akaha states, "Tokyo's most pressing economic policy question vis-à-vis Moscow is how much and what kind of economic assistance it should extend to Moscow in the absence of an acceptable settlement of the Northern Territories problem."[101] Japanese leaders have attempted to resolve the dilemma concerning economic aid policy towards Russia by following a two-track approach with an attempt to draw a distinction between multilateral assistance and bilateral aid.[102] By adopting a dual approach, Japanese policymakers have sought to maintain a link between economic assistance and the Northern Territories problem, whilst at the same time defusing Western criticism of its aid policy towards Moscow.

It would appear that Japan has ostensibly made a genuine effort in assisting the reform process in Russia. In October 1992, Japan hosted the Tokyo Conference on Assistance to the New Independent States of the Former Soviet Union.[103] In April 1993, as chair of the G-7, Japan also hosted the G-7 Joint Ministerial Meeting on Assistance to the Russian Federation.[104] Japan also agreed to reschedule Russian debt repayments in 1993 and 1994 totalling US$800 million and US$300 million respectively. Despite what would appear as examples of magnanimity and altruism, Japan was initially a reluctant donor in multilateral aid programs for Russia. This reluctance to extend substantial economic assistance caused a certain degree of friction with some of

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Japanese fishermen who catch marine products not contained in the agreement may be captured by the Russian Border Guard.

[101] Tsuneo Akaha, "The Politics of Japanese-Soviet/Russian Economic Relations," in Tsuneo Akaha and Frank Langdon eds, *Japan in the Post Hegemonic World*, Boulder: Lynne Rienner, 1993, p. 174.
[102] Harry Gelman, "Japan and China as Seen From Moscow Today," *Journal of Northeast Asian Studies*, vol. XIII, no. 4, 1994, pp. 52-53.
[103] "Kyô kara Kyû-Soren Shien Kaigi," *Asahi Shimbun*, 29 October 1992, p. 2.

Japan's G-7 partners. It has been argued that the announcement in October 1991 of a $2.5 billion assistance package was an attempt by the Japanese government to placate its advanced industrialised partners before the upcoming G-7 meeting in Bangkok.[105] A fear of isolation appeared to be behind Tokyo's reluctant agreement to participate in the international rescue package. This participation did, however, come at a price. At the following G-7 meeting in Munich, in exchange for contributing to the multilateral aid programs, the Japanese government, much to the Russians' chagrin, received support for its position on the Northern Territories problem.

Nevertheless, the Japanese government has contributed bilateral aid to Russia. This has taken the form of technical assistance such as dispatching experts to Russia and accepting Russian trainees, humanitarian assistance and cooperation with safety in the nuclear power industry. Japanese assistance in these fields was reconfirmed by the announcement in Krasnoyarsk in November 1997 of an economic cooperation package known as the Hashimoto-Yeltsin Plan.[106] During Russian President Vladimir Putin's visit to Japan in September 2000, a new cooperation program (the Mori-Putin Plan) was adopted in the trade and economic fields to further develop the Hashimoto-Yeltsin Plan. The new program outlined the basic direction for future cooperation in eight key areas, among them establishing a favourable investment environment in Russia and assistance for economic reforms.[107] In recent years, a number of Japan Centres have been opened in Russia. Here, Japanese instructors pass on skills in areas such as Japanese-style management, privatisation of industry and Japanese language. Moreover, Japan is promoting small and medium private-sector enterprises in the Far East region and eastern Siberia through the US$50 million Regional Venture Fund in conjunction with the European Bank for Reconstruction and Development.[108]

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[104] "Kokumin ni Todoku Tai-Ro Shien ni," *Asahi Shimbun* (evening edition), 14 April 1993, p. 1.

[105] Carlile, "The Changing Political Economy of Japan's Economic Relations with Russia," p. 423.

[106] "Keizai Kyôryoku Suishin nado Gôi," *Yomiuri Shimbun*, 2 November 1997, p. 1. The "Hashimoto-Yeltsin Plan" covers six priority measures: protecting Japanese investment in Russia; promoting the integration of Russia into the world economy; upgrading aid for Russian economic reforms; training Russian managers; strengthen dialogue on bilateral energy talks; and cooperating in promoting the peaceful use of nuclear energy.

[107] "Nichi-Ro Kyôryoku Bunsho no Gaiyô," *Nikkei Shimbun*, 5 September 2000, p. 7.

[108] Gaimushô, "Gijutsu Shien," http://www.mofa.go.jp/mofaj/area/russia/shien/gijyutu.html, accessed 11 June 2001.

Japan's early economic assistance towards Russia can be criticised on qualitative grounds. The large majority of Japanese aid consisted of non-grant assistance such as Export-Import Bank (now the Japan Bank for International Cooperation) loans and trade insurance, which promoted Japanese trade as much as Russian development. For instance, the $2.5 billion assistance package Japan pledged in October 1991 consisted of $500 million in Export-Import Bank loans for food, medicine and other humanitarian aid, $1.8 billion in trade insurance to help reduce the burden of Japanese companies trading in Russia, and $200 million in Export-Import Bank trade credits for Russian exports to Japan.[109] However, it must be said that in recent years, the Japanese government has steadily improved the qualitative aspect of its economic assistance program. At the November 1998 summit both sides agreed on a US$1.5 billion untied loan from the former Export-Import Bank of Japan to be co-financed with the World Bank. After its suspension due to the Russian financial crisis, the loan has steadily been funded with approximately two-thirds of the agreed sum being disbursed as of May 2000.[110]

The nature of Japanese economic cooperation in this region has also raised some concerns, particularly in the Russian Far East. Japan's imports from Russia are skewed towards raw materials such as timber, coal, scrap metal, oil, fish and seafood products. The Russian Far East has traditionally supplied a high proportion of these. Japan's principle exports are manufactured goods. The pattern of bilateral trade is thus seen as contributing little towards the stimulation of indigenous industrial development or the development of infrastructure, which would stimulate the flow of foreign investment into the Russian Far East.[111]

In recognition of the potential role Japanese aid can play in cultivating Russian public opinion and establishing a favourable environment for a resolution to the Northern Territories dispute, technical and humanitarian assistance, in particular, have been geared towards the Far East region.[112] The Japanese government's decision to open a representative office on Sakhalin Island in January 1998 can be seen as a means of

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[109] Toshi Shuppan Gaikô Fôramu Henshûshitsu ed., "Waga Kuni no Tai-Ro Shien," *Gaikô Forum*, October 1996, p. 36.
[110] Ministry of Foreign Affairs of Japan, "Japan's Assistance Program for Russia," http://www.mofa.go.jp/region/europe/russia/assistance/index.html, accessed 11 June 2002.
[111] Arai and Hasegawa, "The Russian Far East in Russo-Japanese Relations," p. 170.

countering local opposition to Russia returning the islands.[113] Moreover, at the April 1998 Kawana summit, President Yeltsin and Prime Minister Hashimoto agreed to establish a joint investment company. Its basic aim was to use Japanese funds as a lever to promote development in the Russian Far East. However, the proposed funding sources make it problematic. US$200 million has been earmarked for the project with both governments contributing US$50 million each. The remaining US$100 million is expected to come from the private sector.[114] Given Russia's economic problems and Japan's lingering recession, doubts must be cast on the viability of this project, which is still in the conceptual stage. As long as the Japanese government continues to leave the development of economic relations to the private sector, one cannot expect a significant improvement in bilateral trade and investment flows.

Joint Economic Activities on the Northern Territories

At the November 1998 Moscow summit, the Japanese side proposed the establishment, within the existing framework of the Joint Committee on the Question of Concluding a Peace Treaty, two new committees: a Border Demarcation Committee and a Joint Economic Activities Committee. The Russians accepted this proposal. Japan's desire to push forward with peace treaty negotiations is believed to be behind this proposal. As Shigeki Hakamada explains, "…the Japanese side…sought the establishment of the Border Demarcation Committee to try to block a dilution of the peace treaty process. The Joint Economic Activities Committee was a concession in order to get the demarcation committee recognized."[115]

The proposal for joint Russo-Japanese economic activities on the disputed islands was not a new one. It was first suggested in negotiations during Mikhail Gorbachev's visit to Japan in April 1991 and the Russian side has raised the issue a number of times in the past. Apart from the limited framework of humanitarian assistance, visa-less exchanges and fishing zones, the Japanese government has consistently taken a negative stance towards Russian proposals for joint economic activities on the

[112] Toshi Shuppan Gaikô Fôramu Henshûshitsu ed., *Gaikô Fôramu*, pp. 50-61
[113] "Ichi kara Wakaru Hoppô Ryôdo," *Asahi Shimbun*, 4 April 1998, p. 4.
[114] "Seiken Fuyô e Gaikô Kâdo," *Asahi Shimbun*, 20 April 1998, p. 2.
[115] Hakamada, "Japanese-Russian Relations in 1997-1999," p. 248.

northern islands. First, it fears that joint economic activities on the islands, which would essentially be unilateral Japanese assistance given Russia's inability to finance such projects, would lead to a significant improvement in the current Russian residents' living standards, making them more inclined to stay and oppose a territorial return to Japan. Second, as economic activity would be conducted under Russian law, it would be tantamount to recognising Russian sovereignty over the islands.[116] As will be discussed in greater detail in chapter six, the Japanese government's opposition to joint Russo-Japanese development of the Northern Territories has, on occasion, complicated Hokkaido's relations with Sakhalin.

It would therefore appear that the Japanese government has not allowed economic ties, at least with the disputed islands, to proceed ahead of progress in the territorial dispute, making the aforementioned paradigm shift in policy towards Russia appear more like a change in policy strategy designed to achieve the ultimate objective of recovering the Northern Territories. Meanwhile, the Japanese illusion, appearing after Krasnoyarsk, of the islands' imminent return changed into a sense of disillusionment as bilateral relations cooled once again over a lack of progress in resolving the Northern Territories dispute, which would remove the biggest obstacle to finally concluding a peace treaty.[117]

Russia and the South Kuril Islands

Under Mikhail Gorbachev's leadership Soviet relations with the West, for the most part, moved from conflict to cooperation. However, relations with Japan remained stagnant because of the territorial dispute. At the time of his visit to Japan in April 1991 – the first by a Soviet leader – Gorbachev's political strength was the weakest it had been since he took office. Gorbachev was aware that should he accede to Japan's territorial demands during negotiations, it would be used as a weapon by his political rivals – chief among them Boris Yeltsin – to unseat him. On the Japanese side, Prime Minister, Kaifu Toshiki, a member of a small faction within the LDP whose elevation to the premiership was the result of a compromise between larger, more powerful

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[116] Hakamada, "Japanese-Russian Relations in 1997-1999," p. 248.

[117] Hakamada Shigeki believes that since 1997 Russo-Japanese relations have gone through three stages: illusion, disillusionment and reality, which mirror perceived progress in territorial negotiations. Interview with the author, 29 June 2000.

factions within the party, also had a weak political standing, which ensured he would remain within the policy parameters as defined by the MOFA. It is therefore not surprising that Gorbachev's visit failed to achieve a breakthrough in the territorial dispute. Perhaps the only positive the Japanese could take away from the summit was the Soviet side's agreement to specify that negotiations took place concerning the islands and to name them in the Joint Communiqué.[118] This contrasted with the previous Soviet approach of denying there was a territorial problem.

Gorbachev returned to a troubled Soviet Union without having made unpopular territorial concessions, but also without the substantial economic assistance he so desperately needed from the Japanese. Gorbachev's fears of losing power were soon realised when he was placed under house arrest during the failed coup attempt in August 1991. The aborted coup and Yeltsin's opposition to it were to mark the beginning of the end of Gorbachev's grip on power and indeed the Soviet Union itself.

The Rebirth of Russia: Initial Signs of Hope

The Soviet Union collapsed in December 1991 and the Russian Federation emerged onto the world stage, assuming responsibility for all the former's international rights and obligations. For Japan, this meant that Russia had become its negotiating partner in the Northern Territories dispute.

Images beamed worldwide during the attempted coup of a defiant Yeltsin, standing atop a tank in front of the Russian Parliament building certainly gave the impression of a bold person strongly committed to democratic principles and must have offered some hope in Japan that Russia would consider returning the Northern Territories. An official letter from Yeltsin, brought to Japan in September 1991 by the acting Chairman of the Russian Parliament, Ruslan Khasbulatov, heightened expectations for a resolution to the territorial dispute. Yeltsin's message stressed that the Russian Republic would put an end to the Soviet doctrinaire approach of regarding relations with Japan as those between victor and vanquished and that the territorial dispute be

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[118] "Iz Sovmestnogo sovetsko-yaponskogo zayavleniya ot 18 aprelya 1991 g.," cited in MID Yaponii and MID Rossiskoi Federatsii eds, *Sovmestnyi sbornik dokumentov po istorii territorial'nogo razmezhevaniya mezhdu Rossiei i Yaponiei*, pp. 49-51.

resolved on the basis of "law and justice" (*zakonnost' i spravedlivost'*).[119] As the Soviet Union had long looked upon Japan as a defeated nation and the islands as war bounty, this represented a dramatic shift in attitudes.

Also contained in the letter was a modification to the controversial "five-stage plan for resolving the territorial issue between Russia and Japan." Initially proposed in January 1990 whilst on a visit to Japan as a Russian delegate to the Supreme Soviet, Yeltsin's original plan called for: 1. Moscow's acknowledgment of a territorial problem by the end of 1991; 2. the four islands to be made a free enterprise zone open to the Japanese; 3. demilitarisation of the region by 1998-2004; 4. conclusion of a peace treaty by 2005-2010; 5. final resolution of the territorial problem to be left to the next generation.[120] Yeltsin's plan was significant as it represented the first time a Soviet politician had officially recognised the existence of the territorial dispute with Japan. However, Japanese officials were sceptical of the plan's fifth stage, fearing it was an attempt to shelve the dispute indefinitely. Yeltsin's subsequent modification of the plan called for the territorial problem's resolution to be implemented in a more expeditious manner, as well as accelerating the islands' demilitarisation.[121]

Initial signs of impending progress in territorial negotiations soon after the Soviet Union's collapse coincided with a pro-Western or "Atlanticist" orientation in Russian foreign policy. According to this approach, Russia would seek a partnership with the so-called 'civilised' nations of the West with which it shares "such values as a commitment to democracy, human rights, respect for the individual, liberalism, and belief in a market economy."[122] Russia's transition to a market economy would require substantial economic assistance from the West, necessitating close relations, particularly with the United States, the EU and Japan.[123]

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[119] Gaimushô Daijin Kanbô Kokunai Kôhô-ka, *Warera no Hoppô Ryôdo*, 1994-nenban, p. 29.

[120] Gaimushô Daijin Kanbô Kokunai Kôhô-ka, *Warera no Hoppô Ryôdo*, pp. 80-81.

[121] Nimmo, *Japan and Russia: A Reevaluation in the Post-Soviet Era*, p. 115.

[122] Hiroshi Kimura, *Distant Neighbors, Volume Two: Japanese-Russian Relations Under Gorbachev and Yeltsin*, Armonk, New York: M. E. Sharpe, 2000, p. 178.

[123] According to one Russian scholar, the Russian foreign policy community considers Japan to be a part of the West, not of Asia. V. Gaidar, "Problema Kuril'skikh ostrovov: Mezhdunarodnopravnoi aspect," *Mirovaia ekonomika i mezhdunarodnye otnosheniia*, no. 4, April 1992, p. 113, cited in Robert Miller, "Russian Policy Toward Japan," in Peter Shearman ed., *Russian Foreign Policy Since 1990*, Boulder: Westview Press, 1995, p. 141.

Foreign Minister Andrei Kozyrev was initially a leading proponent of this approach and under his leadership, the Russian Ministry of Foreign Affairs (*Ministerstvo inostrannykh del* or MID), which was responsible for the day-to-day coordination and implementation of foreign policy, was entrusted with the difficult task of conducting territorial negotiations with Japan. In a move that suggested a possibly more conciliatory Russian approach towards Japan and the territorial dispute, Giorgi Kunadze, a Japan-expert who joined the Russian MID from the Institute of World Economy and International Relations, and who argued that Russia should acknowledge the 1956 Japan-Soviet Joint Declaration, replaced Igor Rogachev, a noted hardliner who claimed Japan's territorial demands were "unwarranted," as Deputy Foreign Minister.[124] The Japanese and Russian Ministries of Foreign Affairs also agreed to collaborate in collating and publishing a bilingual *Joint Compendium of Documents on the History Japanese-Russian Territorial Questions* that was released in September 1992.[125] The compendium contains 35 historical documents relating to the territorial dispute, including the 1855 Treaty of Shimoda, the 1875 Treaty of St. Petersburg and the 1956 Japan-Soviet Joint Declaration. As these are legally binding documents which, particularly in the case of the Shimoda and St. Petersburg treaties, support Japan's claim to the four islands, agreement to participate in this project could be interpreted as a further sign of an emerging moderation within the Russian government.[126] Certain sections of the mass media supporting the government also featured articles emphasising that ceding territory would be unavoidable in an attempt to channel public opinion into accepting Russian concessions.[127]

Domestic Constraints and Obstacles: The Rise of Nationalism

Despite early indications that Russia under Boris Yeltsin would be more conciliatory than the Soviet Union with regards to the territorial dispute, until the late 1990s, both

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[124] Kimie Hara, *Japanese-Soviet/Russian Relations Since 1945: A Difficult Peace*, London: Routledge, 1998, p. 205.

[125] The two countries' leaders were supposed to sign the compendium during Yelstin's planned visit to Tokyo in September 1992. The two governments decided to release it even though Yeltsin cancelled the visit. Kimura, *Distant Neighbors, Volume Two*, p. 168.

[126] Richard deVillafranca suggests that the bilateral agreement to publish the historical records jointly may have been a Pyrrhic victory for return advocates, contributing to a growth of anxiety among nationalist parliamentarians in Russia regarding the MID's management of relations with Japan. deVillafranca, "Japan and the Northern Territories Dispute," p. 621.

[127] V.V. Kozhevnikov, "Nichi-Ro Kankei: 2-nen no Sôkatsu," trans. Suzuki Teruo and Suzuki Akemi, *Hokkai Gakuen Daigaku Gakuen Ronshū*, no. 80/81, September 1994. p. 122.

sides made little visible progress towards a resolution. Strong domestic constraints in Russia, in particular, limited policymakers' freedom to seek a compromise with Japan over the territorial dispute. The transition from a socialist planned economy to a liberal democratic market economy resulted in widespread poverty among Russian citizens. Economic impoverishment, coupled with the humiliation many felt over the Soviet Union's collapse, forfeiture of its East European empire and Russia's loss of prestige in international affairs provided a fertile environment for a rising tide of nationalist sentiment in postcommunist Russia and emboldened Yeltsin's opponents who were critical of the economic "shock therapy" and Russia's subservience to the West, which they believed had provided inadequate assistance with too many strings attached.

Yeltsin was forced to incorporate certain aspects of his opponents' agenda into his domestic economic and political reform program in a bid to stabilise his regime.[128] By about mid-1992, Russian foreign policy also transformed from its previous focus on cooperative relations with the West to a "Eurasianist" approach, which emphasised deeper political, economic and military ties with the countries of the Commonwealth of Independent States (the "near abroad"), the Middle East, India and China, the pursuit of a more equal relationship with the US and Europe and a greater assertion of the national interest.[129]

The move away from its initial pro-Western orientation was also reflected in Russian policy towards Japan and the territorial dispute. For instance, just four days before he was scheduled to meet Japanese Prime Minister, Miyazawa Kiichi, for talks in Tokyo in September 1992, Yeltsin caused a sensation by cancelling the visit. In a further affront to the Japanese, the Kremlin launched a fierce diatribe against Tokyo. Yeltsin's press secretary, Viacheslav Kostikov, claimed that the embattled Miyazawa administration was trying to use the Russian President's visit as a means of eliciting public support during the upcoming election campaign.[130] Yeltsin himself had told Miyazawa in their telephone conversation that "domestic circumstances" in Russia

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[128] Kimura, *Distant Neighbors, Volume Two*, p. 181.

[129] Nakano Junzô notes that the shift to Eurasianism did not necessarily mean Russia had adopted an anti-Western foreign policy. Nakano Junzô, "Roshia Gaikô ni okeru Ajia no Hijû," *Roshia Kenkyû*, no. 19, 1995, p. 67.

were behind the decision to postpone the visit,[131] but during a visit to the Chuvash Republic shortly after, claimed that "Japan posed the question of the Kuril Islands too categorically,"[132] suggesting that responsibility for the cancellation lay with Japan. Yeltsin was forced to cancel another visit that had been rescheduled for May 1993 because of the ongoing conflict with the parliament. Although Yeltsin visited Japan in July 1993, he did so to attend the Tokyo G-7 summit. He therefore did not enter into territorial negotiations with the Japanese. It was not until October 1993 – just after he ordered the shelling of the Russian Parliament building – that Yeltsin visited Japan for a summit meeting to discuss the territorial dispute.

Andrei Kozyrev, the architect of "Eurasianism," came under scathing attack from conservatives and nationalist forces in the parliament who were not only critical of his diplomatic orientation, but also his general handling of Russian foreign policy.[133] Kozyrev's lack of authority and prestige in the foreign policymaking community significantly diminished the MID's role, allowing other institutions and individuals to interfere in decision-making and often bypass it.[134] This is particularly evident in the six-month period leading up to Yeltsin's scheduled September visit to Japan. While talks were taking place between both countries' foreign ministries in early 1992, articles began to appear in the Russian press, many penned by Oleg Rumyantsev, deputy of the Supreme Soviet and secretary of the Constitutional Commission, alleging that the MID was engaged in a secret deal with the Japanese government to sell the four islands.[135] Rumyantsev also organised parliamentary hearings in July 1992 into the South Kuril issue and Yeltsin's scheduled visit to Japan, effectively isolating the MID. Kozyrev, Kunadze and the rest of the MID became the subject of inflammatory attacks by those opposed to any Russian surrender of the South Kuril Islands.[136] Meanwhile, in the face of intense domestic pressure, Yelstin proved

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[130] Ômuro Masao. "Eritsuin Seiken no Henshitsu o Yokan saseru Hônichi Enki," *Sekai Shûhô*, 6 October 1992, p. 18.

[131] "Roshia Daitôryô Hônichi Enki," *Asahi Shimbun*, 10 September 1992, p. 1.

[132] Aleksandr Frolov, "B. Yeltsin Visit to Japan Postponed," *Sovetskaya Rossia*, 12 September 1992, p. 3, cited in *The Current Digest of the Post-Soviet Press*, vol. 44, no. 36, 7 October 1992, p. 7.

[133] Kimura, *Distant Neighbors, Volume Two*, p. 132.

[134] Kimura, *Distant Neighbors, Volume Two*, p. 133.

[135] Although the MID was eager to resolve the issue at an early stage, there appears to be no foundation to the rumours that a sale was being negotiated. See Sumio Edamura, "A Japanese View of Japanese-Russian Relations," in Rozman ed., *Japan and Russia*, p. 143.

[136] See, for instance, Igor Latyshev, a historian, who, in an inflammatory book, referred to Kozyrev and Kunadze (along with Konstantin Sarkisov) as the "pro-Japan lobby" in Moscow and accused them of

incapable of providing any clear directive, and the MID was unable to strike any deal.[137] Although Kozyrev soon adopted a more assertive and nationalistic foreign policy approach, it was not until his departure and replacement by Yevgenii Primakov in January 1996 that the MID was able to assume any authority in Russian foreign policy decision-making.

A series of shooting incidents near the disputed islands following Yeltsin's visit involving the Russian Border Guard is further evidence of a hardening of policy towards Japan and the Northern Territories. Until mid- to late-1993, the Border Guard adopted a fairly moderate approach to the problem of Japanese fishers operating "illegally" in the disputed islands' fisheries, which was mostly limited to recording "violations."[138] The number of Japanese fishers operating in the area, who were perhaps lulled into thinking they would not be punished, increased sharply as a result. In response, the Border Guard began firing warning shots and when this failed to deter "poachers," adopted an extreme policy, not even seen during the Soviet era, of firing at the fishing vessels, which resulted in several injuries and some deaths among Japanese crews.[139] Several factors, including the adoption of legislation permitting the use of force against border violators in March 1993, an upsurge in resource nationalism linked to obtaining foreign capital and the personal ambition of the head of the Border Guard, General Andrei Nikolaev, are believed to have been factors behind this hardline approach.[140]

As discussed previously, the Sea of Okhotsk served as a bastion for Soviet SLBM submarines, protecting them against American antisubmarine warfare operations. Despite arguments, such as those made by Geoffrey Jukes, that the end of the Cold

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"...undermining and slandering the patriotic movement in defense of the Kuril Islands, which comprises a wide-stratum of the Russian population and especially the inhabitants of the Far East." The book was reportedly sent to Yeltsin ahead of his scheduled visit to Japan in September 1992. Igor Latyshev, *Pokushenie na Kurily*, Sakhalin: Sakhalin Association Press, 1992, p. 209.

[137] According to Japanese Ambassador to Russia from June 1990 to January 1994, Edamura Sumio, the MID desperately needed such a directive and often went to extreme measures such as writing through the press under the pseudonym "Sergei Smolensky" in order to urge the President to make a political decision for an early resolution to the dispute. He further argues that the lack of communication between the President and the MID was a perennial problem throughout his tenure as ambassador. See Edamura, "A Japanese View of Japanese-Russian Relations," pp. 143-145.

[138] Brad Williams, *Nihon no Tai-Roshia Gaikō: Nihonjin no Roshiakan o Chūshin ni*, unpublished Masters Thesis, Seikei University, 1996, p. 48.

[139] Saitô Motohide, "Ajia ni okeru Roshia Kokkyō no Seijigaku," *Kyōrin Shakaikagaku Kenkyū*, March 1995, p. 65.

War, the conclusion of the START-2 Treaty and the reduction in Russian Pacific Fleet numbers, caused in part at least by Russia's economic problems, have combined to invalidate the arguments for a bastion in the Sea of Okhotsk,[141] the Russian military, which still maintains some of its Cold War cynicism (understandably so given recent US unilateralism), remains viscerally opposed to the idea of returning the islands. In fact, Greg Austin and Alexey Muraviev believe that Russia's recent change in emphasis towards the defence of littoral waters has resulted in Russian military planners paying greater attention to the Sea of Okhotsk and the Sea of Japan.[142] As it demonstrated during the attempted coup in August 1991 and again in October 1993, the Russian military is not a negligible force on the national political stage and makes its voice heard on issues it considers important – including the Northern Territories dispute. The military is believed to have played a key role in obstructing Yeltsin's scheduled visit to Tokyo in September 1992 and the possible transfer of the islands to Japan.[143] Moreover, the military has also dragged its feet on withdrawing its forces from the disputed islands, despite Yeltsin's promise to do so (leaving only a Border Guard detachment) in 1993. The Japanese Defence Agency estimates that approximately 3 500 Russian troops remain deployed on the islands of Etorofu and Kunashiri.[144] As will be discussed in greater detail in chapter six, in addition to strategic concerns, there are also important economic reasons behind the military and Border Guard's opposition to transferring the islands to Japan.

Yeltsin's Postponement Strategy

The upsurge in nationalism and the conservative opposition's growing influence certainly impacted upon Russian foreign policy decision-making towards Japan and the territorial dispute. However, as the President, Yeltsin's own position should not be overlooked. Some observers note the President's central role in foreign policy decision-making.[145] In support of this argument, the Constitution that was adopted in

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[140] Saitô, "Ajia ni okeru Roshia Kokkyô no Seijigaku," p. 65.
[141] Geoffrey Jukes, *The Russian Military and the Northern Territories Issue*, Working Paper no. 277, Strategic and Defence Studies Centre, Australian National University, Canberra, 1993, pp. 5-35.
[142] Greg Austin and Alexey D. Muraviev, *The Armed Forces of Russia in Asia*, London: I. B. Tauris Publishers, 2000, p. 211.
[143] Kimura, *Distant Neighbors, Volume Two*, p. 137.
[144] "Hoppô Ryôdo ni okeru Roshiagun," *Bôei Hakusho*, 2001, http://www.jda.go.jp, accessed 24 February 2003.
[145] Kimura, *Distant Neighbors, Volume Two*, p. 224; Hara, *Japanese-Soviet/Russian Relations*, p. 207.

December 1993 following the forceful disbanding of the Russian Parliament formally gave the President wide-ranging powers and confirmed his preeminent role in foreign policy – with the government essentially reduced to the role of implementing Yeltsin's directives. The Constitution also gave the President the power to decide the composition of the conservative Security Council, which was established in May 1992 and had gained the ascendency over the embattled MID in foreign policy decision-making.[146] Yeltsin's frequent use of Presidential Decrees to break political stalemates and his decision to move the "power organs" (army, police and the FSB) of the State under his own jurisdiction were indicative of the lurch towards authoritarianism during his regime.

However, despite his formal powers, the President was limited in his arbitrary powers. Although the Constitution afforded Yeltsin a primary role in policymaking, it also reserved sufficient powers for the legislature to sufficiently complicate presidential rule.[147] For instance, Article 106d recognised the State Duma's right to ratify and denounce international treaties of the Russian Federation.[148] Given the dominance of conservative deputies in the Duma who were vehemently opposed to Russian territorial concessions, it was unlikely that any peace treaty stipulating the disputed islands' transfer to Japan would be ratified. Archie Brown recognises that although Yeltsin could unquestionably impose his will on occasions, "[his] particular style of rule, in combination with his declining health, meant that the powers he exercised on a day-to-day basis were less extensive than they might have appeared Constitutionally." Brown further speaks of "...a gap between the image of a 'strong President' which Yeltsin projected and reality."[149]

Yeltsin was fully aware of this gap and the limits his unstable political position afforded, particularly when it involved making decisions regarding highly emotional issues such as territorial disputes. According to Kostikov, Yeltsin understood that the four islands belong to Japan, but feared the islands' reversion would lead to his

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[146] *Konstitutsiya Rossiiskoi Federatsii*, Moscow: Administratsii Prezidenta Rossiiskoi Federatsii, 1993, p. 35; Peggy Falkenheim Meyer, "Russia's Post-Cold War Security Policy in Northeast Asia," *Pacific Affairs*, vol. 67, no. 4, p. 496.

[147] Eugene Huskey, "Democracy and Institutional Design in Russia," in Archie Brown ed., *Contemporary Russian Politics: A Reader*, Oxford: Oxford University Press, 2001, p. 41.

[148] *Konstitutsiya Rossiiskoi Federatsii*, p. 46.

[149] Archie Brown, "Introduction," in Brown ed., *Contemporary Russian Politics*, p. 49.

overthrow.[150] Yelstin need only look at the low esteem former Soviet leader, Mikhail Gorbachev, seen as the man who forfeited the Soviet empire, is currently held in by the Russian public to remind himself of the potential pitfalls of making territorial concessions to the Japanese.

Yeltsin himself greatly contributed to the widening gap between his formal and actual powers. His penchant for ad hoc bargaining with his political opponents in an attempt to remain in power was partly responsible for the weak institutionalisation of the foreign policy decision-making process, which, in addition to Russia's economic difficulties, allowed ideas such as nationalism and its purveyors to exert considerable influence. Yeltsin's health problems resulted in frequent absences from the Kremlin, encouraging infighting and jockeying among his aides who sought to exploit the territorial dispute for political gain.[151] It is therefore not surprising that policy towards Japan during Yeltsin's regime was inconsistent.

In fact, Hiroshi Kimura argues that the only consistent aspect of Yeltsin's policy towards Japan and the disputed islands was his strategy to postpone resolution of the Northern Territories dispute for as long as possible.[152] The final stage of Yelstin's Five-Stage Plan for normalising relations with Japan, which called for resolution of the territorial dispute to be left to the next generation (in the period 2005-2010 after which Yeltsin would have presumably left office), demonstrated a certain unwillingness to deal with the problem.

It appears that Yeltsin's various promises to resolve the territorial dispute were tactical in nature,[153] designed to achieve this broader strategic objective, as well as other goals. For instance, his proposal for resolving the territorial dispute based on the principles of "law and justice," which was seen in Japan as representing a dramatic break with previous Soviet policy, does not necessarily indicate a preparedness to accede to Japan's full territorial demands (the return of the four islands). The concept of "law" can be interpreted as referring to the 1956 Soviet-Japan Joint Declaration.

[150] Vyacheslav Kostikov, *Roman s prezidentom*, Moscow: Vagris, 1997, pp. 96-97, cited in Motohide Saitô, "Russia's Policy Towards Japan," in Gennady Chufrin ed., *Russia and Asia Pacific Security*, Tokyo: Japan Institute for International Affairs, 1999, p. 73.
[151] Kimura, *Distant Neighbors, Volume Two*, p. 176.
[152] Kimura, *Distant Neighbors, Volume Two*, p. 233.

This document stipulated that Shikotan and Habomai were to be handed over to Japan upon the signing of a peace treaty with further talks to determine the fate of the two remaining islands of Etorofu and Kunashiri. In 1960, after the Japanese Diet ratified a renewal of the US-Japan security treaty, Moscow declared that it would only hand over the two islands if all foreign troops were withdrawn from Japan, thus effectively rescinding the offer. Yeltsin indirectly confirmed the 1956 Joint Declaration's validity by signing the Tokyo Declaration, issued after his October 1993 visit to Japan, which stated that "all treaties and international promises between Japan and the Soviet Union will continue to apply to Japan and Russia."[154] Later in a press conference, Yeltsin declared that "We as the legal successor to the Soviet Union, cannot run away from the obligation of fulfilling all international promises. Of course, this Declaration is also included amongst these."[155]

The concept of "justice" is, however, subjective and therefore open to different interpretations. Seeking to provide further support to Japan's four-island claim, Hiroshi Kimura speaks of historical justice. According to this interpretation, Russia recognises the error of Stalin's expansionism and agrees to discussions on the sovereignty of Etorofu and Kunashiri.[156] Yeltsin himself has not elucidated this concept as it pertains to the territorial dispute, making it difficult to grasp its intended meaning. However, in a special letter addressed to the Russian people in November 1991, he mentioned the principles of "justice and humanism" and the importance of defending the rights and dignity of Russians, beginning with the South Kuril islanders.[157] This could be interpreted as support for those islanders who wish to remain on the islands and under Russian sovereignty. Yeltsin's unstable political position and fear of being overthrown as a result of making territorial concessions prevented him from openly interpreting this concept in a pro-Japanese manner. "Law

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[153] Kimura, *Distant Neighbors, Volume Two*, p. 232.

[154] "'Ryôdo' Aratana Shuppatsuten ni," *Yomiuri Shimbun*, 14 October 1993, p. 2.

[155] "'Ryôdo' Aratana Shuppatsuten ni," *Yomiuri Shimbun*, 14 October 1993, p. 2.

[156] Kimura Hiroshi, *Nichi-Ro Kokkyô Kôshô Shi*, Tokyo: Chûkô Shinsho, 1993, p. 189. There are some observers who would disagree with the use of the terms "Stalin's expansionism" to describe the Soviet Union's entry into the war against Japan. Boris Slavinsky notes that according to the Yalta Agreement, Moscow was obliged to join the Allies in the Pacific War in two or three months after Germany's capitulation. See Slavinsky, "The Soviet Occupation of the Kurile Islands," p. 97.

[157] "Pis'mo Prezidenta Rossiiskoi Federatsii B. N. El'tsina rossiyanam," cited in MID Yaponii and MID Rossiskoi Federatsii eds, *Sovmestnyi sbornik dokumentov po istorii territorial'nogo razmezhevaniya mezhdu Rossiei i Yaponiei*, pp. 52-53.

and justice" was therefore not a clear sign of support for Japan's claim for the four islands' return.

There also appear to have been underlying motives behind Yeltsin's agreement at Krasnoyarsk in late 1997 to boost efforts to sign a peace treaty by the end of the year 2000. As Japan's longstanding precondition for concluding a peace treaty is Russia's return of the Northern Territories, the Krasnoyarsk agreement was interpreted by many optimistic observers in Japan as signalling the Russian President's preparedness to return the four islands. Others suggested geopolitical considerations may have been at work. Russia has grown increasingly uneasy over China's rapid economic growth and particularly its rising military power in recent years. Ironically, its cash-starved military-industrial complex has contributed to the perceived threat by selling high-tech military weapons and equipment to the Chinese. Aleksandr Tsipko suggested that the anticipated rapprochement with Japan following the agreement would "become a trump card for suppressing China's projection."[158] It should be added that Russia has not only sought to use the "Japan card" against China, but despite its long-term concerns regarding China, has also attempted the deal the "China card" against Japan's major ally the US as a lever to attain a position where it can curb American power in Asia and regain its position as a great power.[159] Russia's ability to engage in balance-of-power politics in Asia is, however, severely constrained by its poor socio-economic conditions, which are perhaps most evident in its far eastern regions.

There is also an economic rationale behind Russia's attempts at rapprochement with Japan, which is preconditioned upon resolving the territorial dispute. According to Mikhail Krupyanko, "The essence of the Kremlin's policy is to extract the largest possible amount of material and technical aid in exchange for vague promises of a resolution to the territorial problem."[160] Japan's *Yomiuri Shimbun* has also made similar observations, noting that his (indirect) recognition of the 1956 Joint Declaration's validity during his visit to Japan in October 1993 was aimed at

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[158] "Roshia Ajia Shinchitsujo e Fuseki," *Yomiuri Shimbun*, 11 November 1997, p. 2.

[159] Irina Kobrinskaya, a researcher at the Carnegie Endowment for International Peace, argues that "Russia is looking for strong new partners to maintain a balance of power in the world. Russia is focusing its foreign policy on Asia to have room for manoeuvre." Tony Walker, "Sino-Russian Pact is Sensible," *The Australian*, 28 April 1997, p. 11.

[160] Mikhail Krupyanko, "Eritsuin Seiken to Nichi-Ro Kankei," trans. Tomita Takeshi, *Okayama Daigaku Bungakubu Kenkyūsō*, 1993, p. 40.

extracting economic aid from Japan.[161] If Yeltsin had openly communicated to the Japanese that he was viscerally opposed to transferring the islands to Japan, Tokyo would have seen little benefit in providing economic assistance as a possible means of attempting to alter the Russian President's thinking on the matter. For Yeltsin, obfuscation kept open the possibility of financial disbursements from Japan without having to make territorial concessions. There is a certain irony in Yeltsin's strategy as the reverse logic is said to apply to Japanese policy towards Russia. Harry Gelman argues that "The Japanese position has always been to hold out vague prospects of unspecified subsequent economic rewards in exchange for prior concrete concessions on the territorial issue."[162] Although, quantitively, Japan has been quite generous in its disbursements of technical assistance and humanitarian aid, criticisms of the qualitative aspects of Japanese largesse, coupled with continued calls by Russian officials during the past decade for further economic assistance, suggest that such a strategy has not been entirely successful.

Russia's attempts to extract economic aid from Japan are also linked to its security concerns in the Far East. There has been a rapid growth in Sino-Russian border trade in recent years. Despite the obvious benefits to this relationship for the residents of the Far East, who have been cut off from traditional markets in European Russia, in terms of, *inter alia*, access to inexpensive Chinese consumer goods, considerable strain has been placed on the region's social fabric. An enormous demographic imbalance and Russian suspicion of real Chinese intentions are at the heart of the problem: the population of the Russian Far East is estimated to be just over 7 million, while the population of China's three northeastern provinces alone numbers about 100 million. An influx of Chinese citizens and goods into the sparsely populated Far East has heightened local fears of a "silent invasion." A concomitant exodus of Russians from the Far East since the introduction of economic reforms over a decade ago and China's historical claims to the Amur and Ussuri regions have exacerbated these fears.[163] Japanese aid and investment might stimulate the Far Eastern economy, thereby curbing the mass exodus from the region, and possibly even raising migration levels, which would bolster Russia's strategic position in the Far East.

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[161] "'Ryôdo' Aratana Shuppatsuten ni," *Yomiuri Shimbun*, 14 October 1993, p. 2.
[162] Gelman, "Japan and China as Seen From Moscow Today," p. 51.

In contrast with Yeltsin's earlier policy of resolving the territorial dispute with Japan on the basis of the principles of "law and justice," there appears to be little ambiguity in his agreement reached at Krasnoyarsk to conclude a peace treaty by the year 2000. Unfortunately for the Japanese, however, this appears to have been part of yet another tactical attempt designed to achieve his broader strategic objective of postponing the territorial dispute's resolution. During summit talks with Japanese Prime Minister, Obuchi Keizô in Moscow in November 1998, Yeltsin responded to Hashimoto's border demarcation plan raised at Kawana seven months earlier by proposing a two-stage resolution of the territorial dispute. According to the proposal, both sides would conclude a Peace, Friendship and Cooperation Treaty by the year 2000, containing a reference to a will to resolve the territorial problem by this time, and the concrete details regarding the methodology would be dealt with in a separate treaty.[164] For those familiar with the history of Japan-Soviet/Russian relations, Yelstin's proposal was simply a rehash of Soviet attempts in the 1970s to conclude a treaty of good neighbourliness and friendship with Japan. Japan refused for the same reason it rejected earlier Soviet overtures: it feared that Russia would interpret such an agreement as having the same standing as a peace treaty and having therefore accomplished its longstanding goal of concluding such an accord with Japan, would have little incentive to negotiate the islands' ownership, thereby indefinitely shelving an acceptable resolution of the territorial dispute. Oddly enough, however, the Moscow Declaration announced after the summit was positive for Japan, referring to the need to expedite peace treaty negotiations based on the 1993 Tokyo Declaration, as well as the Krasnoyarsk and Kawana agreements.[165]

Hiroshi Kimura notes that the theoretical justification for legitimising Yeltsin's basic postponement strategy rests on the core notion that attempts to resolve the territorial dispute in one stroke will not be successful and that instead a step-by-step approach is necessary.[166] This gradual approach is of course the rationale behind the policy of

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[163] China surrendered to Russia first the Amur region in the Treaty of Aigun (1858) and then the Ussuri region in the Treaty of Peking (1860).
[164] "Ryôdo Kaiketsu Hôhô Betsujôyaku de Kyôdô Keizai, Katsudô e Tokubetsu Hôsei," *Yomiuri Shimbun*, 13 November 1998, p. 1.
[165] Anzen Hoshô Mondai Kenkyûkai ed., *Kawaru Nichi-Ro Kankei: Roshiajin kara no 88 no Shitsumon*, Tokyo: Bungei Shunjû, 1999, p. 134.
[166] Kimura, *Distant Neighbors, Volume Two*, p. 234.

kankyô seibi that is an underlying principle of Hokkaido's policy towards Sakhalin and is also, within certain limits, a feature of Japan's recent Russia diplomacy. The theoretical justification behind Russia's postponement strategy has found expression in the form of its specific proposals for joint Russo-Japanese economic activities on the disputed islands. Former Russian Foreign Minister (and later Prime Minister until May 1999), Yevgenii Primakov, revived this proposal when he suggested it to the Japanese during his first official visit to Tokyo in November 1996. Yelstin reiterated this during his annual state-of the union address to the Russian parliament in March 1997.[167] Like his boss, Primakov is alleged to have called for an official freeze on the Southern Kuril Islands dispute, leaving it to (wiser) future generations to resolve.[168] His formal amendment of this approach in favour of joint economic activities is seen merely as "an attempt to postpone the resolution of the territorial dispute, thereby effectively freezing it."[169] It is therefore not surprising that the Japanese government, fearing that joint economic activities might have the unintended effect of actually delaying the territorial dispute's resolution, has been cautious regarding these proposals.

Conclusion

This chapter first explored why the Japanese government has been so steadfast in its demand for the Northern Territories' return. It highlighted how for most Japanese, the claim for the Northern Territories' return is based on symbolic rather than economic or strategic considerations. The continued Russian occupation of the four islands serves as a painful reminder of the Soviet Union's declaration of war against Japan and has left many Japanese with a strong feeling of victimisation. Japan's demand for the Northern Territories' return is rooted in deeply held beliefs about the injustice of the Russian occupation and the legitimacy of the Japanese claim. These beliefs have been reinforced through a systematic process of public opinion mobilisation and socialisation in which the HPG, in close cooperation with the various groups that comprise the irredentist movement, plays a significant role.

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[167] Hiroshi Kimura, "Primakov's Offensive: A Catalyst in Stalemated Russo-Japanese Relations," *Communist and Post-Communist Studies*, vol. 30, no. 4, 1997, p. 365.
[168] Vasilii Golovnin, "Rossiia-Yaponiia: Neokonchennyi poedinok bogatyria i samuraia," *Novoe vremia*, nos. 1-2, 1997, pp. 34-35, cited in Kimura, *Distant Neighbors, Volume Two*, p. 195.
[169] Kimura, *Distant Neighbors, Volume Two*, p. 195.

The desire to rectify the perceived injustice of the Russian occupation of Japanese lands has made the Japanese political elite less willing to compromise over the four-island claim. However, it must be noted that some politicians have, in the past, seen the territorial dispute's resolution as a panacea for faltering political careers, which has demonstrated a certain willingness to be flexible regarding the various approaches to recovering the islands. Although most Japanese citizens are able to adhere to the four-island claim without having to pay any significant opportunity cost, this is not the case for an increasing numb of people in Northeast Hokkaido, namely fishers, who have suffered economically as a result of the Russian occupation of the islands and the Japanese government's adherence to the four-island claim. This has led to increasing support for Japan to accept a return of two islands, either as an interim step or as a final resolution to the dispute.

The following sections provided a general overview of the fundamental principles underlying Japan's post-Cold War Russia diplomacy, as well as Russia's policy towards Japan and the disputed islands. The Japanese government has adopted various principles in its policy towards Russia in an attempt to recover the islands. We argued that an important element of these is the linkage of politics and economics, which has influenced the level of economic aid and cooperation, including joint ventures on the disputed islands, the Japanese government has provided Russia. These two elements have been loosened gradually, but not severed completely. In *seikei fukabun*, the two were tightly linked, with economic cooperation contingent upon progress in the Northern Territories dispute (no islands, no substantial economic assistance). This policy was also marked by an implicit ambivalence by the Japanese government towards grassroots diplomacy between the two countries. This was replaced by the policy of *kakudai kinkô*, which called for a balanced expansion of political and economic relations with Russia. In belated recognition that a lack of progress on the Northern Territories dispute need not hinder the development of bilateral relations in other fields, in 1997, the Japanese government decided to broaden the spheres of cooperation to be discussed and promote diverse negotiations with the Russians. Economic and cultural exchange with the Far East is an important element of this. In what was to become known as the "multilayered" (*jûsôteki*) approach, this policy did

not abandon the objective of resolving the territorial dispute and was even expected to contribute to it.

Despite early indications that Russia under Boris Yeltsin might be more conciliatory than the Soviet Union regarding the territorial dispute, both sides made little visible progress during the decade following the Soviet collapse. In attempting to explain why this has been the case, it was posited that several domestic constraints and obstacles, notably the rising tide of nationalism fuelled by Russia's poor socio-economic conditions, were sufficient to create an environment that was not conducive to territorial concessions. Addressing the question raised in this chapter's introduction pertaining to the core aims and principles of Russia's policy towards Japan, the final section argued that against this background, Yeltsin, who feared a backlash from conservative and nationalist forces in the Russian Parliament, adopted the strategy of postponing the territorial dispute's resolution. Most of his promises to Japan were tactical in nature designed to achieve this broader objective, as well as economic and geopolitical goals.

Having identified the major contours of Japan's Russia diplomacy and Russia's policy towards Japan, chapters five and six examine in greater detail how Hokkaido's relations with Sakhalin accord with the abovementioned principles. However, the following chapter examines the Sakhalin regional political elites' views regarding the disputed islands. This is because economic considerations are not the only underlying motivation for Japan to develop ties with the Russian Far East. There are also political motivations as well; Sakhalin, a sub-region of the Far East, has jurisdiction over the Northern Territories and regional political elites have taken a conspicuous stance in opposition to transferring the islands to Japan.

Chapter Four: The Sakhalin Regional Elite and the South Kuril Islands

Introduction

In the former Soviet Union, foreign policy decisions were largely made at the discretion of the General Secretary of the Communist Party, with some input from other Politburo members. Generally speaking, public opinion and pressure were not important factors in the policy making process.[1] However, with the introduction and advancement of political liberalisation in Russia, the leadership increasingly began to depend on public support in both the domestic and foreign policy spheres. This introduced a limiting effect on the government's ability to set foreign policy goals and implement these decisions. Pressure from domestic forces, in particular, has prevented the leadership from making concessions to Japan over the disputed islands. Prominent amongst these domestic forces is the position of the Sakhalin leadership and local public opinion regarding the territorial dispute: the "Sakhalin factor."

In order for Hokkaido's subnational government relations with Sakhalin to create, at the subnational level, an environment conducive the resolving the territorial dispute, it was necessary to alleviate the Sakhalin political elites' and local residents' opposition to transferring the Southern Kuril Islands to Japan. This chapter examines the first element of the "Sakhalin factor": Sakhalin political elites, and elucidates their relationship with the aforementioned territorial dispute. The reason for not including Japanese regional elites in this discussion is twofold. First, the dissertation makes reference to them in the preceding and following two chapters. Second, there is no evidence to suggest that the Sakhalin leadership have sought to use interregional relations as a means of explicitly modifying the HPG's position on the Northern Territories, although, as discussed in chapter one, Valentin Fedorov once referred to Japanese companies forgetting about the Northern Territories once they began to make profits from investments in the Russian Far East. Therefore, as far as Hokkaido-Sakhalin relations are concerned, *kankyō seibi*, at the subnational level, essentially refers to inducing attitudinal changes towards the territorial dispute in Sakhalin *oblast*.

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[1] Roger E. Kanet and Susanne M. Bigerson, "The Domestic-Foreign Policy Linkage in Russian Politics: Nationalist Influences on Russian Foreign Policy," *Communist and Post-Communist Studies*, vol. 3, no. 4, December 1997, p. 335.

The chapter explores why the Sakhalin political elite have maintained firm opposition to Russian territorial concessions. It argues that, genuine feelings of nationalistic pride notwithstanding, the fundamental reason behind this opposition lies in the Sakhalin political elites' perception of the territorial dispute as an important weapon to be exploited for political and economic gain. The disputed islands' value for the Sakhalin political elite escalated as a result of Russia's troubled attempts at state-building, which facilitated centre-periphery bargaining and the struggle for power between the executive and legislative branches of government throughout the country.

The chapter then addresses one of the dissertation's supplementary research questions pertaining to whether the Sakhalin leadership's position regarding the territorial dispute has complicated Russian policy towards Japan, and, if so, how Moscow has in turn responded to this. It demonstrates that if Sakhalin's stance in any way caused problems for the Kremlin, it was by threatening to complicate Boris Yeltsin's strategy for dealing with the territorial dispute described in the preceding chapter. Nevertheless, Moscow responded to this aspect of the "Sakhalin factor" by adopting coordinative measures and seeking to establish consultative channels to allow the governor input into federal government decision-making regarding the South Kuril Islands.

Elites in Post-communist Russia

This section briefly overviews regional political elites' roles and significance in post-communist Russia.[2] This provides a useful context for understanding Sakhalin political elites' stance on the Southern Kuril Islands.

The transition from communism in Russia has been a difficult process with continuity in many aspects of political, economic and social life. This was also evident with Russian elite structures, particularly during the early post-Soviet period, which

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[2] The term *elite* is defined as "the more or less stable group of people in society who make strategic decisions in major areas of social life." Included in the local elites are "high officials in the regional administrations, deputies of regional parliaments, directors of enterprises, and the leaders of local businesses." Vladimir Shlapentokh, Roman Levita and Mikhail Loiberg, *From Submission to Rebellion: The Provinces Versus the Center in Russia*, Boulder, Colorado: Westview Press, 1998, p. 142. This chapter examines regional *political* elites and therefore concentrates on deputies of regional parliaments and especially heads of administration.

resulted from "the second echelon of office-holding nomenclatura...turning themselves into capitalists and officials of the new order."[3] These *reformed* elites have proceeded to dominate many of Russia's regions and republics.[4]

Although the composition of elites in many of Russia's regions and republics did not constitute a significant break from the past, their significance, roles and relationships with the federal centre has changed in varying degrees. In the Soviet Union, regional elites (party officials and enterprise directors) viewed the central government as being immensely powerful and the dispenser of limitless resources. They were therefore compelled to defer to the centre in order to survive.[5] The devolution of power from Moscow to the regions, however, changed the situation, emboldening regional elites and giving them the opportunity to renegotiate their relationship with the centre. A fair and equitable redistribution of economic resources was the major topic of interest for regional elites who were now not only increasingly responsible for their region's economic welfare, but were also electorally accountable for policy choices. If the leading officials of the party and state at the centre were the key element in understanding the Soviet socio-political system, the postcommunist regional elites have become an important dimension for evaluating the transition to a market economy and democracy in a decentralised Russia.

In his classic work *The Soviet Prefects*, Jerry Hough noted how regional Communist Party bosses performed numerous functions, few of them directly connected with politics, but mostly associated with lobbying for resources, getting supplies for local enterprises, and in general managing local labour and wage funds.[6] There appears to be a certain degree of continuity in the self-perceived role of regional elites in Russia today. Vera Tolz and Irina Busygina argue that governors are careful to emphasise their role as economic managers (*khozyaistvenniki*) and as far as most are concerned,

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[3] A number of scholars have noted the contunuity in post-Soviet elite structures. See, for instance, Richard Sakwa, *Russian Politics and Society*, 2nd edition, London: Routledge, 1996, pp. 160-161; Robert C. Tucker, "Post-Soviet Leadership in Change," in Timothy C. Colton and Robert C. Tucker eds, *Patterns in Post-Soviet Leadership*, Boulder, Colorado: Westview Press, 1995, p. 10.
[4] Sakwa, *Russian Politics and Society*, p. 161.
[5] Mary McAuley, *Russia's Politics of Uncertainty*, Cambridge: Cambridge University Press, 1997, p. 18.
[6] Jerry Hough, *The Soviet Prefects: The Local Party Organs in Industrial Decision-making*, Cambridge, Massachussets: Harvard University Press, 1969.

economic interests take precedence over political issues.[7] Their economic interests include demanding that regional leaders acquire at least the same amount of control as their counterparts in the ethnic republics over natural resources and economic assets in their territories, control over export quotas, licences and foreign trade and participating in working out federal programs affecting regional economic development.[8]

Although the regional political elite may see themselves mainly performing an economic role, this has not prevented many from seeking to use political weapons in their struggle with Moscow over control of natural resources and other economic assets. The threat of separatism is an important card regional and republican leaders have frequently used to put pressure on the federal government,[9] and it has haunted Russia since the Soviet Union's collapse. In addition to Chechnya's well-publicised struggle for independence, Tartastan's leaders staged a referendum to support their claim to sovereignty, a Urals Republic has been proclaimed, Tyumen in western Siberia exchanged "embassies" with Ukraine and in the Far East, the Primorskii *krai* soviet issued a declaration affirming its status as a republic in July 1993, which Governor Nazdratenko approved.[10]

For the majority of Russia's constituent regions such as the Far East, which are mostly populated by highly patriotic ethnic Russians, separatist threats have been essentially hollow.[11] However, this does not mean regional elites have been totally bereft of options when bargaining with the centre. It should be noted that regional elites, given their electoral accountability, have also found it necessary to establish a

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[7] Vera Tolz and Irina Busygina, "Regional Governors and the Kremlin: The Ongoing Battle for Power," *Communist and Post-Communist Studies*, vol. 30, no. 4, 1997, p. 405.

[8] Tolz and Busygina, "Regional Governors and the Kremlin," pp. 405-406.

[9] Tolz and Busygina, "Regional Governors and the Kremlin," p. 407.

[10] Mikhail A. Alexseev, "Challenges to the Russian Federation," in Mikhail A. Alexseev ed., *Center-Periphery Conflict in Post-Soviet Russia: A Federation Imperiled*, New York: St. Martin's Press, 2000, p. 1.

[11] For instance, in a survey of Sakhalin residents conducted by Tsuneo Akaha and Anna Vassilieva, it was revealed that virtually no respondents suggested that Sakhalin become an independent entity economically, much less politically. In fact, most respondents very strongly identified themselves as Russian. Their critical comments about the present economic and political situation in no way implied that they wished to seek a separate and independent existence from the rest of the nation. Tsuneo Akaha and Anna Vassilieva, "Environmental Consciousness in Sakhalin: Background and Views on the Sakhalin Offshore Oil and Gas Developments," in Takashi Murakami and Shinichiro Tabata eds, *Russian Regions: Economic Growth and Environment*, Sapporo: Slavic Research Center, Hokkaido University, 2000, p. 246.

new and stable basis for legitimacy in the eyes of the population – a task made difficult by poor socio-economic conditions in Russia's regions. The twin challenges of bargaining with the centre and establishing legitimacy in order to remain in power have compelled Russia's regional elite to search for any viable means that will assist them to fulfill these objectives. For the regional elite in Sakhalin, one such weapon has been its interference in Russia's territorial negotiations with the Japanese over the South Kuril Islands.

The Regional Political Elite: Valentin Fedorov

The emerging salience of the "Sakhalin syndrome" became synonymous with the thoughts and actions of one individual – Valentin Petrovich Fedorov – the first Governor of Sakhalin. Fedorov was born in 1939 in a small village near the city of Yakutsk in the region of Yakutia (presently the Sakha Republic). A gifted student, he entered Moscow's Plekhanov People's Economic Institute upon completing school. After graduating, he returned to Yakutia as a Gosplan official and worked there for a number of years. A desire to pursue his studies brought him back to Moscow where he entered the Graduate School of the Institute of World Economy and International Relations (IMEMO). He maintained links with a number of authoritative research institutes, receiving a PhD in economics in 1976. In 1978 he was sent to West Germany by the Soviet Academy of Sciences, where he remained until 1984, studying the market economy. After his six-year stint in West Germany, he returned to Moscow and took up a position as Vice-Chancellor of his alma mater, the Plekhanov Institute.[12]

Fedorov came to Sakhalin with the aim of turning the island into "an experiment for market reforms." He was elected as a member of the Russian Congress of People's Deputies on 18 March 1990.[13] The following month he was elected chair of the *oblast* Soviet Executive Committee (*Ispolkom*). He was initially seen as a radical reformer in the economic field with a particularly keen eye on relations with the neighbouring Japanese island of Hokkaido. The local *Hokkaidō Shimbun* even called Fedorov

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[12] See Yakov Zinberg, "Fyôdorofu no Kokusai Seiji ni okeru Hanran to sono Genryû (2): Fyôdorofu no Saharinshû Chiji Shûnin o megutte," *Byuretin*, no. 21, June 1992, p. 9.
[13] *Spisok narodnykh deputatov RSFSR na 12 fevralya 1991 g.*, Moscow: Verkhovnyi Sovet/Vneshtorgizdat, p. 97.

"Sakhalin's Yeltsin."[14] The important question for those involved in the Japanese movement for the return of the Northern Territories was whether Fedorov's "radical" views would be limited to economics or if they would apply to the political sphere as well.[15]

The Fourth Way

This question was soon answered in Fedorov's controversial proposal of a "Fourth Way" (*chetvertii put'*) to resolve the territorial dispute with Japan. The plan, announced whilst he was on a visit to Hokkaido in August 1990 at the invitation of municipal authorities in Wakkanai, called for turning the four disputed islands, along with Sakhalin and part of Hokkaido (presumably the northern part adjacent to the Sea of Okhotsk), into a free economic zone and developing them jointly with Japan.[16] It was initially hoped that the establishment of a free trade zone would lead to an influx of foreign, mainly Japanese, capital, which would improve the regional economy and, as a result, strengthen Russia's control over the islands.[17] The proposal was unacceptable to the Japanese as it called for the islands to remain under Soviet sovereignty. Fedorov was critical of the "Third Way" of resolving the territorial dispute, put forward by Aleksandr Yakovlev, a Central Committee secretary and one of the architects of *perestroika*, during a visit to Japan in November 1989. The "Third Way" was not a choice between returning the four islands ("Second Way") or a continuation of the status quo (no islands or "First Way"), but called for both sides to reach a compromise – either selling the islands to Japan or joint administration. Fedorov, on the other hand, stressed that a lesson must be learnt from Tsarist Russia's sale of Alaska (to the United States in 1867 for $7.2 million), which brought Russia little economically and also no peace with the United States. According to Fedorov, if Russia were to receive billions of dollars from Japan for the islands, "that would be a

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[14] "Saharin ni Kyûshin Kaikakuha Chiji," *Hokkaidô Shimbun*, 2 May 1990, p. 8.

[15] It is worth noting that Fedorov's economic views were not as radical as many were led to believe. He was a vocal critic of the early economic "shock therapy" program launched by the Gaidar-led Russian government. He instead called for a social market economy and more gradual reforms.

[16] "Preobrazovaniya na Sakhaline: Kontseptsiya Professora Fyodorova," *Sovetskii Sakhalin*, 29 August 1990, p. 1.

[17] Fedorov was at best ambivalent toward the idea of establishing a free trade zone incorporating Sakhalin and the Kurils (at least with foreign involvement), soon arguing that with the weakened state of the Soviet economy, an unrestricted influx of foreign capital and labourers would transform Soviet territory into a foreign colony with irreversible consequences. He instead called for development to be

drop of freshwater in the saltwater sea of our problems. Our inefficient system will consume the money, and in a couple of years Russia will have neither money nor islands."[18]

The Fourth Way – For Local Consumption?

Fedorov's "Fourth Way" proposal was unique and certainly contrary to the common practice of Soviet regional elites toeing the party line and refraining from becoming involved in external matters, and particularly issues of territorial sovereignty. Fedorov's initial – and as it turned out not the last – foray into a policy-area commonly perceived as the state's exclusive preserve may well have been a politically calculated move. Kimura Hiroshi, an expert on Japanese-Soviet/Russian relations, suggests that Fedorov made this proposal in response to one by his rival Vitalii Gulii, a journalist and member of the USSR Congress of People's Deputies representing South Sakhalin and the Kuril Islands, which called for joint management of the islands in order to create a favourable environment for resolving the territorial dispute.[19] Gulii even went as far to say that both the Soviet Union and Japan had a strong legal case to the disputed islands.[20] Gulii's political credentials were earlier boosted by winning a landslide victory over the *oblast*'s First Secretary Bondarchuk[21] in local elections in 1989, running on a platform of creating a "salmon-trout kingdom," which opposed the unchecked development of Sakhalin. Gulii reportedly received 90 per cent of the vote on the disputed islands.[22] Yeltsin later appointed him as presidential representative (*predstavitel' prezidenta*) for Sakhalin.[23] As a politician,

oriented toward domestic possibilities. See Valentin Fedorov, "Moya Kontseptsiya: Sakhalinskii Eksperiment," *Problemy Dal'nego Vostoka*, 1991, no. 1, p. 13.

[18] Valentin Fedorov, *Yeltsin: A Political Portrait*, Washington: Imperial Publishing Company, 1996, p. 115.

[19] Kimura Hiroshi, "Ryôdo no Torihiki o Yurusanu Jûmin Kanjô," *Asahi Jânaru*, 19 October 1990, p. 29.

[20] Robert Valliant, "The Political Dimension," in Tsuneo Akaha ed., *Politics and Economic in the Russian Far East: Changing Ties with Asia-Pacific*, London: Routledge, 1997, p. 4.

[21] Bondarchuk was the successor to long-standing local Party chief Petr Tretyakov who was forced to step down in the face of unprecedented, large-scale street demonstrations in the wake of corruption charges in May 1988.

[22] Nagoe Kenrô, "Saharin kara mita Hoppô Ryôdo," *Sekai Shûhô*, May 1989, pp. 71-72. Whether the residents of the South Kuril Islands cast their votes in favour of Gulii's joint management proposal remains unclear. In the above article Kimura claims the proposal was met with widespread criticism on the islands. Gulii challenges this view, saying that the islanders supported his joint management proposal.

[23] Russian President Vladimir Putin later appointed Gulii Deputy Presidential Representative for the Far East in May 2000. Some in Japan saw the appointment of Gulii, known for his flexible approach

it was necessary for Fedorov to be cognisant of and responsive to any proposals put forward by his political rivals regarding the South Kuril Islands. As will be discussed shortly, Fedorov's less than comprehensive victory in the March 1990 elections to the Russian Congress of People's Deputies heightened his awareness of the territorial dispute's political value.

A Conspicuous Thorn in Moscow's Side

Not simply content with making proposals for resolving the territorial dispute with Japan, Fedorov soon began to show he was also a man of action. Fedorov was a member of a group of 12 specialists who had arrived in Japan just prior to Mikhail Gorbachev's historic visit to Japan. He was not part of the official entourage and thus did not participate in the territorial negotiations. The purpose of his visit was to have talks with Hokkaido Governor, Yokomichi Takahiro, meet the Japanese media and promote his own views on the territorial dispute.[24] In an interview during his visit Fedorov stressed the importance of expanding regional trade ties and also delivered a warning to Gorbachev, whose leadership was becoming increasingly unstable, declaring that "if the Soviet leader were to return the islands, it would lead to his downfall....Now is not the time to make a rushed decision."[25] Fedorov had intended to remain in Japan for three days, but caused quite a stir when he abruptly cut short his visit and returned home. Regarding his unexpected, early departure from Japan, an uncommon contravention of diplomatic protocol, Fedorov said it was a protest against the central government; he believed that Gorbachev was being too conciliatory toward the Japanese.

Despite Fedorov's protestations, a specific reference to the fact that negotiations had been conducted regarding the four islands of Etorofu, Kunashiri, Shikotan and Habomai was inserted in the Joint Declaration issued after the bilateral summit.[26] For the Japanese, this concession was certainly a step forward when compared to the previous Soviet position of flatly denying the existence of a territorial dispute.

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toward the territorial problem, as an expression of the importance Putin places on relations with Japan and also as a counter to the hardline approach to the problem exhibited by the Sakhalin regional administration. See *Hokkaidô Shimbun*, 20 September 2000, p. 8.

[24] "Fyôdorofu Chiji mo Hônichi 'Senpatsutai' ni Sanka," *Hokkaidô Shimbun*, 11 April 1991, p. 2.

[25] "Ryôdo, Ketsudan no toki denai," *Hokkaidô Shimbun*, 16 April 1991, p. 2.

[26] "Yontô Taishô ni Jôyaku Kôshô," *Asahi Shimbun*, 19 April 1991, p. 1.

However, it should also be noted that Gorbachev displayed some fortitude, refusing to bow to pressure from Japanese Prime Minister, Kaifu Toshiki, to confirm the 1956 Joint Declaration's validity, which promised the return of Shikotan and Habomai after the conclusion of a peace treaty.[27] Fedorov also revealed that he was dissatisfied at not being included in the official negotiating party.[28]

Upon his return to Sakhalin, Fedorov maintained the polemic, calling for Gorbachev's resignation. He also argued in a local radio interview that the Soviet leader's recognition of the existence of the Northern Territories problem in the Joint Declaration was a considerable retreat from the previous Soviet position and called returning the islands to Japan an act of betrayal.[29] Fedorov also explained in more detail the reasons for his early departure, stressing three points in particular. First, the Soviet Union was forced to make concessions and he requested to be included in the official party. He should not have come in the first place because he was not among its members. Second, regarding the visa-free exchange program agreed to at the summit, which will be discussed in more detail in the next chapter, he claimed Gorbachev knew that Sakhalin residents were in favour of mutual visits, but they were not included in the program. Third, Fedorov could not understand unilateral Soviet troop reductions on the islands, which he saw as a baseless concession, damaging the Soviet people's patriotism. He had to take an opposing stance as the boundary may be decided under conditions unfavourable to the Soviet Union.[30] Others suggested personal pride may have been a factor behind Fedorov's abrupt departure. The head of the State Television and Radio Broadcasting claimed that Fedorov was an emotional person and was angered that his proposal for a free trade zone incorporating the South Kuril Islands and Hokkaido was not considered.[31]

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[27] The 1956 Joint Declaration also called for continued negotiations over the fate of the other two islands. The Soviet offer to return Habomai and Shikotan was effectively rescinded in the famous 1960 Gromyko note, which unilaterally added another precondition to the handover of the two islands – the withdrawal of US forces from Japan. The Japanese obviously could not agree to this and the Joint Declaration, which was ratified by both parliaments, was not carried out. The major historical documents from 1855-1991concerning the territorial dispute were compiled jointly by the Japanese and Russian Foreign Affairs Ministries and published in 1992. Nihonkoku Gaimushô and MID Rossiiskoi Federatsii, *Nichi-Ro-kan Ryôdo Mondai no Rekishi ni kansuru Kyôdô Sakusei Shiryôshû/Sovmestnyi sbornik dokumentov po istorii territorial'nogo pazmezhevaniya mezhdu Rossiei i Yaponiei*, pp. 36, 39, 44 and 45.

[28] "Saharinshû Chiji Totsuzen Kikoku," *Hokkaidô Shimbun*, 17 April 1991, p. 1.

[29] "Ryôdo Mondai Kakunin wa Uragiri," *Hokkaidô Shimbun* (evening edition), 22 April 1991, p. 1.

[30] "Ryôdo Mondai Kakunin wa Uragiri," *Hokkaidô Shimbun* (evening edition), 22 April 1991, p. 1.

[31] "Saharin Chiji wa Kanjôtekina Jinbutsu," *Hokkaidô Shimbun* (evening edition), 17 April 1991, p. 2.

As socio-economic conditions in the region further deteriorated, Fedorov began taking drastic measures in order to maintain Russian sovereignty over the South Kuril Islands and, perhaps more importantly, to revive his own sagging political fortunes. In late 1991, he even threatened to create a separate Far Eastern Republic should Moscow consider returning the islands to Japan.[32] Principal amongst his moves was the plan to establish Cossack settlements on the islands.

The Cossacks were skilled horsemen and warriors who established independent communities along the fringes of the former Russian Empire, providing a reliable buffer against encroachment by foreign powers. Cossack revival is part of a broader movement within Russia's far-flung borderlands to reach back in time for old ideologies to sustain the people during a time of diminishing state authority.[33] Under Fedorov's plan, the Cossacks were to be given plots of land to work and were expected to perform border guard duties in order to defend the islands against possible Japanese encroachment.[34] This plan was reportedly met with fierce opposition, in particular, from many Kunashiri residents who sent a telegram to Yeltsin demanding that he protect the residents' rights and territory and repel the Cossacks' territorial demands as it would "threaten the peace of the island" and sack Fedorov and put the South Kuril Islands under direct presidential control.[35] The Cossack plan's potential impact on the territorial problem, and subsequently, relations with Japan was not lost upon the Russian government. An official from the Russian MID argued that "if the Cossacks manage defense of the border, it can only have an influence on the agreement with Japan regarding visa-less exchanges."[36] The same official questioned the real motives behind the plan declaring "Governor Fedorov is intentionally using the Cossack card in order to divert the attention of residents away from [Sakhalin's]

[32] "Ryôdo Henkan ni Taikô Kyokutô Kyôwakoku Kôsô," *Hokkaidô Shimbun*, 11 October 1991, p. 3.
[33] See Sophie Quinn-Judge, "The Cossacks are Coming," *Far Eastern Economic Review*, 27 August 1992, pp. 46-48.
[34] The existence of this plan was announced by the Ataman of the Far Eastern Cossacks Vladimir Starkov who said "only Cossacks have rights to the Kuril Islands. In the near future Cossacks are scheduled to settle on these islands. Cossacks are prepared to defend the border of this region." *Tikhookeanskaya zvezda*, 22 September 1992, cited in Ueda Shigeru, *Kosakku no Roshia*, Tokyo: Chûô Kôron Shinsha, 2000, p. 283.
[35] This was reported in an edition of the Russian newspaper *Kommersant'*. See "Kunashiri Tômin, Shûchiji no Kainin o Yôkyû," *Hokkaidô Shimbun*, 31 March 1992, p. 7; "Hoppô Ryôdo Shinshutsu ni Fuseki," *Hokkaidô Shimbun*, 27 March 1992, p. 5.
[36] "Hamon Hirogeru Kosakku Ijû," *Hokkaidô Shimbun*, 1 April 1992, p. 5.

economic and social problems."[37] Despite the criticisms, the plan was implemented – albeit with some changes. There are Cossacks on the islands today who are engaged in fishing and farming, but they do not appear to be performing any borderguard duties.[38]

Faced with a dramatic decrease in federal investment and credits, and strong Japanese government opposition to Japanese companies investing in the disputed islands, the Sakhalin administration began to seek foreign investment to help in its plans to develop a free economic zone in the South Kuril Islands. The announcement in September 1992 that a Hong Kong company, Carlson-Kaplan, had signed a US$7.8 million contract with the regional administration to build a resort and casino complex on 278 hectares of Shikotan Island drew an immediate protest from the Japanese government. Cabinet spokesman Katô Kôichi said "We cannot accept a third nation entering a contract with Russia to lease part of our islands because it will render Russia's illegal occupation a *fait accompli*."[39] Moscow was not informed in advance of the negotiations by Sakhalin authorities and was therefore caught as much by surprise as the Japanese. After pressure from the Japanese, and a Russian government that was seeking smooth, trouble-free relations in the lead up to Boris Yeltsin's scheduled visit to Japan, Carlson-Kaplan announced that it would not go through with the deal.[40] There also may well have been more than economic motivations behind the development deal. In an interview in April 1994, Fedorov said the Carlson-Kaplan deal was organised and timed so as to prevent Yeltsin from handing over the islands during a planned visit to Japan.[41]

The Sakhalin administration's announcement of the deal could not have come at a worse time for Yeltsin who was preparing for a visit to Japan. Prior to the visit,

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[37] "Hamon Hirogeru Kosakku Ijû," *Hokkaidô Shimbun*, 1 April 1992, p. 5.

[38] According to the chief or *ataman* of the Sakhalin Cossacks, Oleg Gusev, a Cossack community or *stanitsa* has been established on Iturup (Etorofu) and Kunashir (Kunashiri). The Cossack elder for the islands headed an "energy association" which planned to develop geothermal energy to satisfy all of Kunashir's needs by 1995. A Cossack firm also intended to open transport links with the South Kuril Islands. Quinn-Judge, "The Cossacks are Coming," pp. 46-48.

[39] "Kunashiri no Gorufujô Keikaku mo Kôgi Kentô," *Asahi Shimbun*, 16 September 1992, p. 2.

[40] Although registered in Hong Kong, Carlson-Kaplan turned out to be a paper company run by a Taiwanese national living in Japan.

[41] This was revealed in an interview with the Japanese translator of his book *Sila ekonomika*. See Valentin Fedorov, *Roshia no Jiyû Keizai: Nijû isseiki e no Michi o Hiraku*, trans. Takahashi Minoru, Tokyo: Saimaru Shuppankai, 1995, p. 279.

scheduled to take place in September 1992, Fedorov stated publicly that he thought Yeltsin should postpone the visit, contending he would be negotiating from a position of weakness because of Russia's economic problems. Fedorov undoubtedly believed that Yeltsin's visit would inevitably lead to Russian territorial concessions. If the visit were to go ahead, Fedorov vowed that he would travel to the South Kuril Islands and take action to stir up anti-return sentiments amongst the islanders.[42] He also sent two memoranda to Yeltsin requesting he postpone the visit, reminding the Russian President that "Sakhalin residents have not forgotten the promise to keep the South Kurils under Russian control."[43] Fedorov was growing increasingly confident in the local anti-return movement in which he was a central figure. He emphasised that even if the Russian leadership yielded to Japanese pressure and decided to hand over the islands, "patriots will overthrow the government and block the return."[44] As is well known, Yeltsin was forced to cancel his visit to Japan at the last minute when the military joined forces with the "anti-return" lobby led by the fishing industry, Fedorov and other leading conservatives.

During his term as governor, Fedorov not only directly lobbied the Kremlin, but also made efforts on Sakhalin's behalf to seek the support of other regions in the Russian Far East in its bid to keep the federal government from returning the islands to Japan. In an address to the Far East and Trans-Baikal Inter-regional Association in October 1991, Fedorov requested it pass a resolution opposing transferring the islands to Japan, as well as repeating earlier arguments that Japan and the Soviet Union should develop the islands as a FEZ. He further emphasised that "We in the Sakhalin leadership, by removing the Kurils boundary and having Japan and the Soviet Union jointly develop the islands, are preparing to proceed along the path of mutual benefits...."[45]

All the Association's delegates, however, did not accept Fedorov's calls. Participants from Primorskii *krai*, which at the time was under the stewardship of the democratic Governor, Vladimir Kuznetsov, believed the territorial problem should be resolved on

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[42] Fedorov's statements prior to Yeltsin's proposed visit to Japan echoed calls made in September the previous year when he warned that if the decision was made to return the isles, "we will build a base of stubborn resistance." "Hoppô Ryôdo Henkan Kettei nara Teikô Kyoten o Kôchiku," *Hokkaidô Shimbun*, 25 September 1991, p. 3.
[43] "'Ryôdo Jôho sezu' Yakusoku Mamore," *Hokkaidô Shimbun*, 15 August 1992, p. 5.
[44] "Kikanchû ni 'Henkan Hantai' Undô," *Hokkaidô Shimbun*, 3 August 1992, p. 3.
[45] "Ryôdo Henkan Hantai Seimei Saitaku o," *Hokkaidô Shimbun*, 22 October 1991, p. 7.

the basis of the 1956 Joint Declaration.[46] This drew a response from Fedorov that appealed to the delegates' patriotic and democratic sentiments: "the majority of the residents of the South Kurils believe they cannot sell the Motherland."[47] It was also at this gathering of regional political leaders that Fedorov suggested a Far Eastern Republic be established as a pressure group vis-à-vis Moscow. Other participants backed away from this proposal, fearing it could precipitate the breakup of the Russian Republic. In the end, after the draft was amended slightly in order to alleviate internal opposition, the Far Eastern Association adopted a declaration opposing the return of the South Kuril Islands.[48] Fedorov was able to use the unanimous support of the Association, known for its often-deep internal divisions, as a weapon to thwart any possible moves to return the islands to Japan. Problems between Sakhalin *oblast* and Primorskii *krai* over the Northern Territories were resolved for the time being, but, as will be discussed in a later section, would soon resurface.

The South Kurils as a Tool in the Political Struggle in Sakhalin

Fedorov's opposition to Yeltsin's proposed visit to Japan and other attempts to complicate Russian policy towards Japan regarding the territorial dispute contrasted with the position of the chairman of the Sakhalin People's Deputies Council, Anatolii Aksenov. In the early post-Soviet period, many regions had become arenas in the struggle for power between Yeltsin-appointed executives (Heads of Administration or *glava administratsii*) and the regional legislatures. Perceptions of popular legitimacy were at the root of this conflict. The regional legislatures believed they had been given popular mandates as a result of the 1990 elections, whereas they viewed the *glava administratsii* less favourably. Their power was from Moscow's or, more precisely, Yeltsin's fiat. Whilst Fedorov was trying to arouse local opposition to any territorial concessions and refused to participate in any discussions where Russian jurisdiction over the South Kurils was questioned, Aksenov, on the other hand, displayed a willingness to cooperate with central authorities. After visiting the Tatar Republic in July 1992 for a meeting of regional parliamentary leaders hosted by the

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[46] "Ryôdo Henkan Hantai Seimei Saitaku o," *Hokkaidô Shimbun*, 22 October 1991, p. 7.

[47] "Ryôdo Henkan Hantai Seimei Saitaku o," *Hokkaidô Shimbun*, 22 October 1991, p. 7.

[48] The Deputy Speaker of the *krai* soviet was opposed to the original draft claiming it did not reflect the position of the Russian leadership. The draft composed by Fedorov and other Sakhalin delegates became the basis of the declaration. "Ryôdo Henkan Hantai Seimei Saitaku o," *Hokkaidô Shimbun*, 22 October 1991, p. 7.

Chairman of the Russian Supreme Soviet, Ruslan Khasbulatov, Aksenov travelled on to Moscow to participate in the Burbulis Commission (chaired by the then-State Secretary and former First Deputy Prime Minister Gennadii Burbulis) that was preparing for Yeltsin's visit to Japan.[49]

Signs began to emerge of a difference of opinion amongst the Sakhalin leadership regarding the South Kuril problem. This was highlighted in an interview Fedorov and Aksenov gave to the *Hokkaidô Shimbun* in Yuzhno-Sakhalinsk after Fedorov's tour of the disputed islands. In the interview Fedorov repeated earlier assertions that a territorial problem did not exist in Russia, which was reminiscent of the Soviet attitude during the Brezhnev period, and also that the 1960 Gromyko memorandum had put an end to any discussions regarding the 1956 Japan-Soviet Joint Declaration. Aksenov disagreed, saying that the territorial problem did exist and if a special decision was given concerning the Joint Declaration, the territorial problem could be resolved.[50] However, he did not explain what such a "special" decision would entail. As will be discussed shortly, if any difference of opinion between the regional executive and legislative branches regarding the territorial dispute existed at this time, it would soon disappear. Both branches of government are now vehemently opposed to Russia transferring the South Kuril Islands to Japan.

It has been suggested that Aksenov, seen by many as a reformer, was attempting to gather the support of anti-Fedorov deputies in the regional legislature to put an end to the governor's recklessness and strengthen his own power base.[51] Aksenov was thus trying to distance himself from Fedorov's hardline position and present himself as a reasonable and rational alternative to the fiery Sakhalin Governor. The South Kurils issue was becoming a tool in the political struggle in Sakhalin. Later, however, Aksenov, perhaps sensing the prevailing political current in the region, was not prepared to go any further than to recognise the existence of the territorial dispute, agreeing that Yeltsin should not hurry a resolution.[52] Aksenov's position within the

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[49] "Daitôryô Rainichiji, S :arin 2 Shidôsha Taishôtekina Kôdô," *Hokkaidô Shimbun*, 9 September 1992, p. 3.

[50] "Ryôdo Mondai Sonzai sezu," *Hokkaidô Shimbun*, 13 October 1991, p. 1.

[51] Vitalii Gulii expressed this view. See "Ryôdo Mondai Sonzai sezu," *Hokkaidô Shimbun*, 13 October 1991, p. 1.

[52] Aksenov had even warned that there would be riots if the islands were returned. "Sôki Kaiketsu wa Konnan," *Hokkaidô Shimbun*, 24 August 1992, p. 5

Sakhalin leadership did not go unnoticed in Japan's ruling LDP. In March 1991, the LDP dispatched a four-member delegation to Sakhalin to meet with Aksenov. Led by Satô Takayuki, the acting LDP Secretary-General, who was often dispatched abroad to conduct delicate diplomatic assignments, the delegation's primary purpose was to change Aksenov's position regarding the territorial dispute, thereby neutralising the Sakhalin administration's negative pressure upon Gorbachev in the leadup to the Soviet-Japanese summit in April 1991.[53] However, as highlighted previously, Fedorov's actions during and after Gorbachev's visit to Japan suggests the delegation was unable to achieve its objective.

Fedorov: Sincere Patriot or Opportunist?

Regarding the underlying motives behind elites' uses of nationalistic propaganda, Astrid Tuminez argues:

> the larger the gains that elites can make from nationalistic propaganda, the more likely they are to focus their energies and organizational skills on such an undertaking. And even though nationalist ideas may have dangerous or malevolent implications, these may be of little or no concern to self-interested elites.[54]

Before arriving on Sakhalin with a pledge to carry out a "market experiment," Fedorov gave few indications of the vitriolic, nationalistic campaign upon which he was about to embark. Indeed, the first item of Fedorov's five-point proposal to conduct an "experiment" on Sakhalin called for all state authority, *except in the areas of diplomacy and defence* (emphasis added), to be transferred to Sakhalin.[55] Moreover, Fedorov was reported to have proposed the islands' partial return at an economic

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[53] Yakov Zinberg, "Subnational Diplomacy: Japan and Sakhalin," *Journal of Borderlands Studies*, vol. X, no. 2, Fall 1995, pp. 94-95.

[54] Astrid S. Tuminez, "Russian Nationalism and the National Interest in Russian Foreign Policy," in Celeste A. Wallander ed., *The Sources of Russian Foreign Policy After the Cold War*, Boulder, Colorado: Westview Press, 1996, p. 44. Tuminez's argument derives from Jack Snyder, *Myths of Empire*, Ithaca: Cornell University Press, 1991.

[55] Arai Nobuo, "Gorubachofu o Seiyaku suru Chihô no 'Gekokujô'," *Sekai Shûhô*, 10 March 1991, p. 123. Democratic forces in Sakhalin who helped Fedorov come to power claimed they had been deceived by a "political adventurer straight out of the pages of Russian fiction." Sophie Quinn-Judge, "Hobbled by Old Habits," *Far Eastern Economic Review*, 12 March 1992, p. 16.

forum held in Tokyo in January 1991.[56] These suggest that at this stage Fedorov was not cognisant of the perceived gains to be made by exploiting the territorial dispute. Nevertheless, it is difficult to argue that he was not a sincere patriot deeply committed to maintaining Russian territorial integrity. As discussed previously, Fedorov certainly went to extreme lengths to display his patriotic credentials, which led to a *de facto* pluralisation of diplomatic channels and complicated Soviet and later Russian policy towards Japan vis-à-vis the Northern Territories problem. He was even a member of the People's Patriotic Party (*Narodno-patrioticheskaya partiya*).[57]

At the same time, however, there also appear to be economic and political considerations underpinning his campaign to maintain Russian sovereignty over the South Kuril Islands. Fedorov initially began opposing Moscow on purely economic grounds.[58] Upon arriving in Sakhalin, Fedorov began calling for more economic autonomy from Moscow. In order to implement his plan to develop the South Kurils economy, it was vitally important to control the islands and subsequently the rich fishing grounds located in their EEZ. As will be discussed in chapter six, the prospect of returning the islands to Japan raised fears that the inevitable increase in Japanese fishing activities in the South Kurils EEZ would result in a reduced catch for local fishers.

With the failure of his "experiment" to deliver the promised results and the economic crisis that had befallen the island, Fedorov came under increasing attack from his political opponents in the regional legislature and from Moscow.[59] As was suggested earlier by an official in the Russian MID, stirring up nationalist opposition to a transfer of the disputed islands to Japan became a convenient tool to divert attention from Fedorov's failing economic program and to strengthen his political position vis-à-vis his local and federal opponents. As mentioned previously, Fedorov was elected

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[56] Fedorov is quoted as saying "I think it is better to return part of the four islands to Japan. Further decades will be wasted between Japan and the Soviet Union if the territorial dispute between the two nations remains unresolved." "Sakhalin Chief Proposes Partial Return of Islands," *Japan Times*, 5 February 1991, p. 1; Anthony Rowley, "Japan Doubts over Gorbachev's Rapprochement: Islands of Uncertainty," *Far Eastern Economic Review*, vol. 151, no. 8, 21 February 1991, p. 11.

[57] Fedorov joined the party after he left Sakhalin and became a Deputy Minister of Economics in the Russian government. "Narodno patrioticheskaya partiya: Lider-Anatolii Gil'," http://www.panorama.ru:8105/works/vybory/party/afgan.html, accessed 16 January 2001.

[58] Zinberg, "Subnational Diplomacy," p. 91.

[59] Odajima Toshirô, "Roshia Kyokutô Chiiki de Chiji Jinin Yôkyû Aitsugu," *Hokkaidô Shimbun*, 18 March 1993, p. 5.

by his peers in the regional soviet as chairman of the *oblast Ispolkom* in April 1991. Boris Yeltsin later appointed him to the post of *glava administratsii* (Governor) in October 1991 – thus Fedorov essentially moved from being an elected official to an appointed one. As a result, he became vulnerable to dismissal by the capricious Russian President who, throughout his period of office, would display a proclivity for sacking political appointees.

Moreover, although Fedorov was elected as one of Sakhalin's five deputies to the Russian Congress of People's Deputies in March 1990 – his only opportunity to receive a direct mandate from the people – the election result was not entirely clear-cut. As Yakov Zinberg notes, Fedorov only finished second out of nine candidates in the first round of voting, receiving 12.57 per cent of the votes, compared with Bok Zi Kou, an economics professor of Korean descent at the Yuzhno-Sakhalinsk Pedagogical Institute, who received 17.65 per cent. [60] Although Fedorov was victorious in the run-off, he reportedly did not obtain an absolute majority and only finished nine points clear of his challenger Bok. [61] It is worth noting that during the election campaign to the Russian Congress, the territorial problem was hardly raised. Fedorov mostly emphasised the economic reform program he had planned for Sakhalin, whilst Bok Zi Kou spoke of "sincerely hoping for the development of the homeland." [62] The reason why the territorial dispute was not a major topic during the election campaign was because the seeds of the conflict between the Russian Republic and the federal government over the "Kurils problem" had not yet germinated. [63] At this stage, the territorial dispute had not presented itself as an opportunity for Fedorov to exploit.

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[60] *Sovetskii Sakhalin*, 8 March 1990, p. 1, and 21 March 1990, p.1, cited in Zinberg, "Fyôdorofu no Kokusai Seiji (2)," p. 10. See also Odajima Toshirô, "Chikara Fuyasu Chihô no Koe," *Hokkaidô Shimbun*, 1 April 1992, p. 5.

[61] It must be pointed out that according to Russian electoral laws, candidates need to obtain more than 50 per cent of the vote to be elected to the Russian Congress of People's Deputies. Zinberg gives Fedorov's total vote in the run-off as being only 47.78 per cent, which is just short of an absolute majority. If Zinberg's figures are correct, Fedorov's election to the Congress represents an exception to Russian electoral laws. *Sovetskii Sakhalin*, 22 March 1990, p. 1, cited in Zinberg, "Fyôdorofu no Kokusai Seiji (2)," p. 10. Fedorov's seat in the Congress can be confirmed by examining an official list of RSFSR People's Deputies. See *Spisok narodnykh deputatov RSFSR na 12 fevralya 1991 g.*, p. 97.

[62] *Sovetskii Sakhalin*, 14 March 1990, p. 1, cited in Zinberg, "Fyôdorofu no Kokusai Seiji (2)," p. 10.

[63] Zinberg, "Fyôdorofu no Kokusai Seiji (2)," p. 12.

Fedorov's outspoken criticism of the government's economic reform program, his interference in territorial negotiations with Japan and, perhaps most importantly, the failure of his own "experiment" with the Sakhalin economy led to calls from within and outside the region for his dismissal. Whether he was compelled to or not is unclear, but on 2 April 1993 Valentin Fedorov resigned.[64] Yeltsin nominated Yevgenii Krasnoyarov, the general manager of the Russo-Japanese fisheries joint venture, Pilenga Gôdô, as Fedorov's successor.

Yevgenii Krasnoyarov

Krasnoyarov was initially known as someone who avoided political struggles and, generally speaking, his brief tenure as Governor of Sakhalin was not particularly significant – at least as far as trying to complicate Russo-Japanese territorial negotiations was concerned. This section, therefore, will only briefly cover his period in office.

Unlike his predecessor, Valentin Fedorov, Krasnoyarov admitted the territorial dispute existed, but ruled out transferring the islands to Japan until the domestic economy stabilised and there was parity in Russo-Japanese living standards.[65] Krasnoyarov made grandiose plans to establish a South Kurils Investment Bank which, not surprisingly, failed to get off the ground due to insufficient capital and, in December 1994, tried to strengthen Sakhalin's control of the South Kurils by reorganising the regional government's administrative system so that all the Kurils were to come under a newly created Department of the Kurils.[66] Krasnoyarov also demonstrated that, when necessary, he could play the role of defender of regional interests. Concern over an escalation in "illegal" Japanese fishing in the disputed islands' EEZ led to the establishment of a five-kilometre security zone along the

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[64] William Nimmo, *Japan and Russia: A Reevaluation in the Post-Soviet Era*, Wetsport, Connecticut: Greenwood Press, 1994, p. 171. Fedorov returned to Moscow, and confirming speculation that he sought higher positions in the central government, served a brief stint as a Deputy Minister of Economics until 1994. He then became Vice President of the Russian Union of Industrialists and Employers and then returned to Sakha, becoming Prime Minister where he continued to be a headache for central officials, calling for a picket of government buildings in Moscow to protest an economic blockade against the Republic in 1997.
[65] TASS, 12 April 1993.
[66] Tsuyoshi Hasegawa, *The Northern Territories Dispute and Russo-Japanese Relations, Volume 2: Neither War nor Peace, 1985-1998*, Berkeley: International and Area Studies, University of California, 1998, p. 493.

maritime border in January 1994. He also tightened foreign access to the area and expressed support for the continued deployment of Russian forces on Sakhalin and the South Kurils later the same month.[67]

As far as the Northern Territories are concerned, perhaps the most significant aspect of Krasnoyarov's governorship, or at least the most documented, was the dispute with Primorskii *krai* Governor, Yevgenii Nazdratenko, over control of the disputed islands. In April 1994, Nazdratenko announced that he wanted control of the Kuril Islands to be transferred to Primorskii *krai*. In addition, he promised increased investment in the islands' fishing enterprises and claimed that Sakhalin was unable to support them.[68] Nazdratenko's proposal was roundly criticised by Sakhalin authorities who believed, quite understandably, that the Primorskii *krai* Governor had no right to meddle in Sakhalin's internal affairs. In response to the outcry from Sakhalin, Nazdratenko argued that incorporating the Kurils into Primorskii *krai* was not a political move and not a territorial claim, but was motivated by the desire to recreate the single economic complex which existed earlier in the Far East.[69] He also fired a broadside at Sakhalin authorities claiming that the residents of Iturup's appeal to the Japanese government, and not the Sakhalin administration, for economic assistance was a national disgrace.[70]

Despite Nazdratenko's claims to the contrary, the proposal was a politically calculated move designed to appeal to local fishermen, who would benefit from integrating the Kurils into Primorskii *krai*, ahead of the first gubernatorial elections to be held the following year. As his very public campaign to oppose the 1991 Sino-Russian border demarcation agreement demonstrates, Nazdratenko never hesitated to exploit nationalist sentiments for political gain. The Kremlin's initial response to the proposal was not to reject it outright. Rather, it recommended that the government, Federation

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[67] "Chishima no Gun Sakugen wa Nihon no Mitsuryô Maneku," *Hokkaidô Shimbun*, 29 January 1994, p. 5; *Interfax*, 28 January 1994, FBIS/SOV, 94/20, 31 January 1994, p. 38.

[68] *Segodnya*, 6 September 1994, p. 3, cited in Richard Wade, "Regionalism and the Russian Federation: The Far Eastern Perspective," in Vladimir Tikhomirov ed., *In Search of Identity: Five Years Since the Fall of the Soviet Union*, Centre for Russian and Euro-Asian Studies, The University of Melbourne, CRE-AS Publication Series, no. 1, 1996, p. 55.

[69] Nazdratenko stated that such a move would also serve to strengthen Russia's position in the Asia-Pacific region. L. Vinogradov, "Gubernator Primor'ya gotov grud'yu stat' na zashitu kuril'chan," *Sovetskii Sakhalin*, 12 August 1994, p. 1.

[70] TASS, 5 September 1994, FBIS/SOV, 94/173, 7 September 1994, pp. 37-38.

Council and Federal Counter-Intelligence Service examine the question. If all parties agreed, a referendum would be held. If two-thirds of the residents of Primorskii *krai* and the Kurils, in addition to a two-thirds majority of the Federation Council agreed, a transfer could be carried out.[71] It has been suggested that the proposal might not have been a complete surprise to the federal government. According to V. Venevtsev and D. Demkin, Moscow's preoccupation with maintaining the state's territorial integrity was believed to be behind Nazdratenko's proposal as it would not only strengthen Russia's political assets against Japan, but also allow Moscow to make cuts in previously promised subsidies to these territories.[72]

Nazdratenko's proposal had the additional effect of signalling to the Japanese that authorities in Sakhalin were not alone in their opposition to returning the disputed islands. This gave more credence to claims by the Russian government that strong domestic factors, notably public opinion, were standing in the way of Russian territorial concessions. If the Russian government thought that transferring the islands to Primorskii *krai*'s jurisdiction would alleviate the burden of its expected financial assistance, it was mistaken. The economic situation in Primorskii *krai* was just as severe, if not worse, than Sakhalin *oblast*. As a result, Kuril authorities and the embattled islanders could expect little in the way of financial assistance from Primorskii *krai*. Nazdratenko's proposal was not implemented and was quietly shelved. The South Kurils problem had become a source of conflict at three different levels of government: intra-regional, interregional and intra-federal.[73]

Despite weathering Nazdratenko's challenge, Yevgenii Krasnoyarov's tenure as Governor of Sakhalin was to be relatively shortlived. He was forced to resign on 24

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[71] Natal'ya Ostrovskaya, "Kurily-Primor'yu. Kto 'za'?" *Izvestiya*, 13 August 1994, p. 2.

[72] V. Venevstev and D. Demkin, "Zachem 'vozdelyvat' Kuril'skuyu gryadu?" *Vladivostok*, 15 September 1994, p. 4, cited in Peter Kirkow, "Regional Warlordism in Russia: The Case of Primorskii *Krai*," *Europe-Asia Studies*, vol. 47, no. 6, 1995, p. 935. The former head of the Russian secret service, Sergei Stepashin, mentioned the possibility of an administrative merger of Sakhalin *oblast* and the Kuril Islands with Primorskii *krai* at a meeting with entrepreneurs in Nakhodka in June 1994. *Rossiskaya gazeta*, 1 October 1994, p. 2, cited in Kirkow, "Regional Warlordism in Russia," p. 934.

[73] It is perhaps worth noting Khabarovsk *krai* Governor and chairman of the Far East and Trans-Baikal Inter-regional Association, Viktor Ishaev's views on the Northern Territories dispute. In a report on the Far East's development strategy delivered to the Presidium of the Russian Academy of Sciences in May 2001, Ishaev caused a storm when he reportedly claimed that Russia needs to return the islands due to "irresistable historical reasons" and also in order to receive economic cooperation from Japan. Perhaps aware of the controversy generated by his comments, Ishaev later denied having made the

April 1995 due to health problems, a desire to take up alternative employment, as well as criticism of his lack of leadership in formulating a reconstruction package for the South Kurils after the devastating earthquake that struck the islands in October 1994.[74]

Igor Farkhutdinov

Yeltsin chose as Krasnoyarov's successor Igor Pavlovich Farkhutdinov, the mayor and chairman of the Yuzhno-Sakhalinsk *Ispolkom*. Farkhutdinov was born on 16 April 1950 in the Siberian city of Novosibirsk. Upon graduating from the Krasnoyarsk Polytechnic Institute as an engineer – economist in 1972, Farkhutdinov moved to Sakhalin where he became an engineer, shift-head and then head of shop at the Tymov power station. He worked at the power station until 1977 before becoming the first secretary of the Tymov district committee of the Sakhalin *oblast Komsomol* – a position he held for three years. After a short stint in 1980-81 as Head of the Department of Working and Village Youth of the *oblast* CPSU Committee, Farkhutdinov served as Instructor for the department of party-organizational work for the Sakhalin *oblast* CPSU Committee until 1985. From 1985 until 1991, he was the chair of the Nevel city executive committee before taking up the position as mayor of Yuzhno-Sakhalinsk in 1991.[75]

Soon after taking over the gubernatorial reins, Farkhutdinov, in an interview with the *Hokkaidō Shimbun*, signalled he would follow Krasnoyarov's basic approach of seeking to delay a resolution to the South Kurils dispute until the economic gap between Japan and Russia was eliminated, after which he was prepared to examine the issue.[76] He was, however, more explicit than his predecessor in his expectations that Japan might contribute to reducing this gap through joint development, arguing "the most important thing is Japanese cooperation for the economic development of

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statement and stressed his commitment to maintaining Russian sovereignty over the islands, claiming he adhered to an even tougher stand than Putin on the territorial issue. *Kyodo*, 16 and 17 May 2001.
[74] *Saharin to Nihon*, no. 37, 25 April 1995, p. 1.
[75] "Natsional'naya Sluzhba Novostei," http://www.nns.ru/persons/Farkhut.html, accessed 10 February 2000; Robert W. Orttung, Danielle N. Lussier and Anna Paretskaya eds, *The Republics and Regions of the Russian Federation: A Guide to Politics, Policies and Leaders*, Armonk, New York: M. E. Sharpe, 2000, p. 482; NUPI Centre for Russian Studies, http://nupi.no./russland/russland.html, accessed 10 February 2000.

the islands. We welcome the advance of Japanese companies."[77] Although far from being an expression of support for returning the islands, Farkhutdinov's announcement offered a glimmer of hope as it identified the necessary preconditions for Russia to reconsider its position regarding the disputed islands. For Japan, some solace could be gained from the fact that Farkhutdinov, at least for the time being, did not regress to Fedorov's unrealistic position of refusing to recognise the territorial problem's existence and to take part in any discussions to decide the issue of the islands' ownership. The idea of jointly developing the islands was, in fact, not a new one, having been first proposed in negotiations during Gorbachev's visit to Japan in April 1991.

If Farkhutdinov was initially seen as having moderate views on the territorial dispute in Japan, he soon moved to dispel this notion. In the lead up to the first-ever gubernatorial elections scheduled to be held on 20 October 1996, Farkhutdinov found it necessary to pander to the nationalist vote when he asserted in an article in *Sovetskii Sakhalin* that "all the Kuril Islands have been and will remain Russian territory."[78] A further hardening of Farkhutdinov's position was reflected in an article in *Rossiiskaya gazeta*: "The Kuril problem does not exist. The Kurils, by rights of the first settlers and the results of the Second World War, is Russian territory from a long time ago."[79] This comment clearly contradicted an earlier statement by Boris Yeltsin, contained in an official letter brought to Japan in September 1991 by Ruslan Khasbulatov, that relations between Russia and Japan would no longer be perceived in terms of victor and vanquished.

Farkhutdinov went on to win the election, but did not obtain an absolute majority, receiving only 39.47 per cent of the vote – a little more than 10 points clear of his closest rival, the chairman of the Sakhalin Centre for Standardisation and Meteorology, Anatolii Chernyi.[80] To what extent Farkhutdinov's hardline stance on the territorial issue contributed to his election victory is unclear. In the harsh

[76] "Farufutojinofu Saharin-shû Shinchiji ni Kiku: Ryôdo Kaiketsu Sakiokuri ni," *Hokkaidô Shimbun*, 8 May 1995, p. 4.
[77] "Farufutojinofu Saharin-shû Shinchiji ni Kiku: Ryôdo Kaiketsu Sakiokuri ni," *Hokkaidô Shimbun*, 8 May 1995, p. 4. Farkhutdinov preferred joint development of the islands to Japanese government assistance in the wake of the October 1994 earthquake.
[78] "Chishima Rettô Subete Kongo mo Roshia Ryô," *Hokkaidô Shimbun*, 19 October 1996, p. 5.
[79] Cited in "Chishima Rettô Subete Kongo mo Roshia Ryô," *Hokkaidô Shimbun*, 19 October 1996, p. 5.

economic climate that made the struggle for survival a priority for local residents it would be an exaggeration to say Farkhutdinov's position regarding the territorial dispute was a contributing factor. In fact, just before the gubernatorial elections, he travelled to Moscow to meet with Prime Minister Viktor Chernomyrdin and Anatolii Chubais, then head of the presidential administration, and extracted a promise of 60 billion roubles in central funding for Sakhalin's development – a move which is thought to have boosted his election chances.[81] However, fishers, whose livelihood would be threatened as a result of transferring the islands to Japan, and other social groups who have a vested interest in Russia's continued control of the South Kurils would have taken careful note of the governor's comments. Despite obtaining a popular mandate, which theoretically increased his powers within the region and vis-à-vis Moscow and made him no longer indebted to the President for his position, Farkhutdinov backtracked somewhat from his pre-election rhetoric and showed a preparedness to follow the Kremlin's line by at least recognising the existence of the territorial dispute.[82]

Reinforcing Sakhalin's Presence

Despite his somewhat reluctant and belated recognition of the Northern Territories problem's existence, Farkhutdinov showed the Sakhalin administration was unwilling to stand by idly and watch Moscow negotiate with Tokyo over the islands' fate. Although certainly not as pugnacious and critical of the Russian government as Valentin Fedorov, Farkhutdinov has also demonstrated an ability to complicate matters involving the South Kuril Islands. He has actively sought to introduce foreign capital for the reconstruction and development of the disputed islands. The rationale behind this plan is simple: developing the South Kuril islands and improving living standards will stem the flow of people leaving the region, heighten the emotional attachment to the islands and maintain opposition to their transfer to Japan. If the Japanese refuse to invest in the islands, Sakhalin has no choice but to seek other foreign partners.

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[80] Orttung et al., *The Republics and Regions of the Russian Federation*, p. 479.
[81] *Saharin to Nihon*, no. 77, 23 October 1996, p. 1.
[82] "Saharin Chiji: Dô to Shimai Kankei Nozomu," *Hokkaidô Shimbun*, 25 October 1996, p. 3.

As far as attempting to reaffirm its position regarding the South Kuril Islands was concerned, the period shortly preceding and following the November 1997 "no-necktie" summit between Boris Yeltsin and former Japanese Prime Minister, Hashimoto Ryūtarō, in which both resolved to make every effort to conclude a peace treaty by the (end of the) year 2000, turned out to be a busy one for regional authorities in Sakhalin. In response to a proposal by the Society for the Research of Security Issues (*Anzen Hoshō Mondai Kenkyūkai*) – a Japanese think-tank, established in 1968, which exerts a considerable influence on Japan's domestic and foreign policies – the Sakhalin regional government agreed to host a conference to discuss various issues in Japan-Sakhalin relations. An international symposium *The Sakhalin Region-Japan: Problems and Prospects of Cooperation* was held subsequently in Yuzhno-Sakhalinsk on 10-11 October 1997.[83] The territorial dispute was at the top of the agenda.

For a while, the Russian MID had been working on ways to resolve the territorial dispute. In November 1996, it entrusted a team of experts from the Institute of World Economy and International Relations (*Institut Mirovoi Ekonomiki i Mezhdunarodnykh Otnoshenii* or IMEMO), Russian Academy of Sciences, headed by Valeriy Zaitsev, its Vice-Director and Chief of the Japan Section, to tackle the problem surrounding the disputed islands' sovereignty. The results were summarised in a paper entitled *Possibilities of Joint Russo-Japanese Development of the Southern Kuril Islands*, which Zaitsev had intended to deliver at the Sakhalin symposium.[84] In order to facilitate the islands' joint development and alleviate Japanese opposition to any proposal that implied Russian sovereignty over the islands, the IMEMO paper called for "the territory of the four islands [to be] removed from the existing framework of the administrative division of the Russian Federation (RF) and function as a special region, based upon the principles of local self-government and controlled directly by the administration of the President of the RF."[85]

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[83] Vitalii Elizar'ev, *Sakhalinskaya oblast' na perekrestke Rossiisko-Yaponskikh otnoshenii kontsa xx stoleitya: sovremennye formy i problemy sotrudnichestva*, Yuzhno-Sakhalinsk: Sakhalinskaya oblastnaya tipografiya, 1999, p. 124.

[84] Yakov Zinberg, "The Kurile Islands Dispute: Towards Dual Sovereignty," *IBRU Boundary and Security Bulletin*, vol. 3, no. 4, Winter 1997-1998, p. 92.

[85] Zinberg, "The Kurile Islands Dispute," p. 93.

The IMEMO proposal caused a furore in Russia. On 30 October 1997, a group of State Duma deputies issued a declaration entitled *To Secure [the] Territorial Integrity of Russia!*, which criticised IMEMO for preparing a paper on the Russian MID's behalf, causing direct damage to Russian sovereignty.[86] Regional authorities in Sakhalin, who correctly feared the plan marginalised them, launched a furious protest, refusing to allow Zaitsev to present the paper at the symposium.[87] In the face of these strong protests, the MID was forced to distance itself from Zaitsev's proposal. Russia's Deputy Foreign Minister, Grigoriy Karasin sent a letter addressed to Farkhutdinov, indicating that the Ministry did not support the proposal to establish direct Presidential rule over the disputed islands. Specifically, Karasin emphasised that the plan only conveyed its authors' (IMEMO) views and was not the result of prior consultations with the Ministry.[88]

Moreover, immediately after the Yelstin-Hashimoto summit, Farkhutdinov authorised and financed the joint construction of a cross with the Orthodox Church on *Ostrov Tanfileva* in the *Mala Kuril'skaya gryada* (which the Japanese call Suishô Island – part of the Habomai islets) to commemorate the deeds of Russian settlers who first discovered the islands 300 years ago. The timing of the move, immediately after the Yeltsin-Hashimoto meeting, was no accident; it was an attempt by the Sakhalin administration to strengthen its claims of sovereignty over the islands and remind both Tokyo and Moscow of Sakhalin's presence.[89] Sakhalin's cooperation with the Orthodox church in this matter is also noteworthy given the latter's increasing authority and influence on people's lives during a period of socio-economic disillusionment in post-Soviet Russia. Finally, among the more innovative of Farkhutdinov's attempts to maintain Russian sovereignty over the South Kuril Islands was his proposal, sent to the Russian Ministry of Foreign Affairs, to put Kunashiri, Shikotan and the Habomai islets on the World Heritage List. The move, ostensibly to preserve the islands' unique and precious natural environment, provoked a protest

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[86] *Segodnya*, 31 October 1997, cited in Zinberg, "The Kurile Islands Dispute," p. 93.

[87] "Fudanchaku no Nichi-Ro: Shunô Kaidan o Mae ni," *Mainichi Shimbun*, 30 October 1997, p. 3.

[88] Karasin reportedly described the project as lacking "a single trace of rationality." "Hoppô Yontô no Daitôryô Chokkan-an: Roshia Gaimujikan Hantai," *Asahi Shimbun*, 31 October 1997, p. 9.

[89] *NHK News*, Tokyo, 11 November 1997. The Sakhalin administration also organised a symposium in Yuzhno-Sakhalinsk in December 1997 to commemorate the 300th anniversary of the Russian discovery of the Kurils. Various local social, academic and economic groups participated in the symposium which stressed the islands are Russian and that borders are inviolable. *Svobodnyi Sakhalin*, 18 December 1997, p. 3.

from the Japanese government, which saw it as a violation of its claimed sovereignty over the islands.[90]

As discussed previously, the rising salience of the "Sakhalin syndrome" was synonymous with the thoughts and actions of Sakhalin's first governor, Valentin Fedorov. Despite Fedorov's departure, a strong perception remains in Japan of Sakhalin's importance in Russian domestic matters pertaining to the Northern Territories dispute. For instance, the *Asahi Shimbun* reported that "...the Northern Territories are under Sakhalin's administration. [Gaining] the *oblast's* understanding is indispensable (*fukaketsu*) in order to resolve the territorial dispute."[91] An editorial in the *Hokkaidō Shimbun* commented that one "cannot treat lightly the role of the Sakhalin *oblast* administration which has seized the Northern Territories problem by the neck..."[92] *Saharin to Nihon* (Sakhalin and Japan), the weekly newsletter of the Japan-Sakhalin Society, remarked that "In Japan there is deepening recognition that a 'Sakhalin policy' is one of the keys for predicting the success or failure of [concluding] a peace treaty."[93] Like Fedorov, Farkhutdinov's outspoken opposition to and well-publicised actions aimed at preventing the Russian government from transferring the South Kuril Islands to Japan has attracted Japanese attention. The continual stream of official Japanese delegations to Sakhalin to discuss the Northern Territories dispute and gauge local public opinion is further testimony to Japanese recognition of the salience of the "Sakhalin factor."

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[90] *Kyodo*, 26 June 2000. At the time of writing, the Russian government had yet to lodge the registration with UNESCO.

[91] "Saharin Chûzaikan Jimusho Ichigatsu Tsuitachi ni Kaisetsu," *Asahi Shimbun*, 14 December 1997, p. 2.

[92] Shasetsu (editorial), "'Ryôdo' Dakai e Kankyô Seibi no Toki da," *Hokkaidô Shimbun*, 16 September 1995, p. 2.

[93] *Saharin to Nihon*, no. 111, 2 February 1998, p. 2. In academic circles Arai Nobuo argues that "Russo-Japanese peace treaty negotiations that have been formed and based on the assumption of the Russian federal government as the sole concerned party and Japanese domestic public opinion regarding this is pressed to pay greater attention to the 'Sakhalin factor'." Arai Nobuo, "'Biza-nashi Kôryû' ni miru Roshia ni okeru Seifu-kan Kankei to Nichi-Ro Kankei e no Eikyô," *Sapporo Kokusai Daigaku Kiyô*, no. 31, March 2000, p. 51. Similarly, Duckjoon Chang states that "...the positions of provincial leaders may have substantial ramifications for the territorial issue. Insofar as the independent minded provincial leaders insist on their own administrative rights over the disputed islands, bilateral relations between Japan and Russia may face an impasse which would be difficult to overcome." Duckjoo Chang, "Breaking Through a Stalemate? A Study Focusing on the Kuril Islands Issue in Russo-Japanese Relations," *Asian Perspective*, vol. 22, no. 3, 1998, p. 182.

There appear to be two fundamental reasons why Farkhutdinov has sought to block any moves by the Russian government to hand the disputed islands to Japan. According to Steven Solnick, "First, he seems to be using the populist issue of Russian sovereignty over the territories to solidify his domestic political base within the oblast."[94] As discussed previously, although Farkhutdinov won Sakhalin's first gubernatorial elections in October 1996, his total percentage of the vote was just under 40 per cent – sufficient to defeat his closest challenger, but certainly not enough to warrant any complacency. Farkhutdinov was reelected in October 2000, receiving approximately 57 per cent of the vote.[95]

In particular, the position of the Sakhalin *oblast* Duma vis-à-vis the territorial dispute has necessitated a hardline response from the Governor. It has consistently taken an uncompromising stand over the South Kuril Islands. The regional Duma has protested against foreign companies using maps that show the disputed islands to be Japanese territory and has also lobbied Moscow and the Far East and Lake Baikal Interregional Association for Economic Cooperation to take steps against any further "cartographic expansion into Russian territory." For instance, in September 2001, the Sakhalin Duma asked Sakhalin Energy Investment Corporation (hereafter, Sakhalin Energy) to rectify an error in a map in the company's promotional daily planner in which half of the Kuril Islands and the southern half of Sakhalin were shown in the same colour as Japan, indicating Japanese sovereignty over these lands. The CEO of Sakhalin Energy, Steve McVeigh, apologised to the Duma and promised to take the offending planners out of distribution.[96] Ostensibly, this incident appears to be minor, but it has the potential to become a serious issue. Sakhalin Energy is a four-member consortium consisting of Marathon Oil, Shell and two Japanese companies, Mitsubishi and Mitsui, which are jointly developing oil and natural gas fields off the eastern coast of

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[94] Steven Solnick, "Russian Regional Politics and the 'Northern Territories'," paper presented for an international symposium, Miyazaki-Tokyo, November 1999, p. 3.

[95] Aleksei Bayandin, "Sakhalintsy reshili snova doverit'sya Farkhutdinovu," *Nezavisimaya gazeta*, 24 October 2000, p. 2.

[96] "Commotion Over Erroneous Border in Sakhalin Energy Daily Planner," *The Sakhalin Times*, no. 10, 11 October 2001, http://www.sakhalintimes.com, accessed 28 November 2001. The Sakhalin Duma also lodged complaints with South Korea's Ambassador to Russia after Korean-made maps of the Far East depicted the islands of Iturup and Kunashiri as Japanese territory. "Protest Against Kuril Map,"

Sakhalin (known as Sakhalin II). Mitsubishi and Mitsui have a combined 37.5 per cent stake in Sakhalin II and may come under pressure from the Japanese government, which has a penchant for using propaganda in the dispute, to use promotional materials that support Japan's claims to the disputed islands. This could put the two Japanese companies in a difficult position and cause problems within the consortium. Thus, as far as Japan is concerned, politics is never completely divorced from economic issues.

Moreover, in September 2001, the regional Duma organised a public parliamentary hearing to discuss the territorial dispute. The recommendation of the two-day hearing, made to the Russian government, State Duma and President Putin, held no surprises: do not return the Kuril Islands to Japan.[97] As will be discussed in a later section, the recommendation did not prompt the type of response from the federal government that Sakhalin officials were counting on. It was also the regional legislature that adopted the *oblast* charter (*ustav*), which preconditioned any transfer of the islands upon a referendum and in May 2001 had been debating whether to propose a revision of the federal Constitution that would make relinquishing the disputed islands legally impossible.[98] Moreover, as will be discussed in greater detail in chapter six, powerful regional interest groups in the form of the military and the fishing industry, which are viscerally opposed to Russia transferring the South Kuril islands to Japan, also act as an impediment to the regional political elite adopting a more conciliatory position on the territorial dispute. As Solnick further argues, adopting "[a] nationalist stand against return [*sic*] of the islands allows him to emerge as the leader of this crusade, rather than a target of it, and also offers a useful anti-Moscow plank for domestic political consumption."[99] The rising tide of nationalism that has swept the region, and indeed most of Russia, in recent years makes for a receptive audience for any anti-return propaganda that is propagated by political elites.

In addition, Farkhutdinov "...has used his opposition to [Russian] territorial concessions as a tactic for extracting greater economic resources or privileges from

The Sakhalin Times, no. 13, 22 November 2001, http://www.sakhalintimes.com, accessed 28 November 2001.
[97] "Parliamentary Hearing: Do not Return Kurils to Japan," *The Sakhalin Times*, no. 10, 11 October 2001, http://www.sakhalintimes.com, accessed ' 1 October 2001.
[98] *Kyodo*, 16 May 2001.

the federal government."[100] As discussed in the introduction, the command economy's collapse and the failure to develop a consensus-based integrated financial framework has led to a large number of regions concluding special arrangements with Moscow regarding tax allowances and subsidies. Moreover, Russia's development as a treaty rather than a Constitutional federation, which has institutionalised the principle of asymmetrical federalism, has provided an environment conducive to inter-federal bargaining in post-Soviet Russia. The arrangements differ from region to region and depend on the strategic importance of the provinces for the centre, value of their natural resources and political assertiveness of regional politicians.[101] Sakhalin *oblast*, as a whole, has benefited in the past with the announcement of a number of multi-million dollar federal programs for the Kuril Islands' socio-economic development, although Moscow's failure to make good on most of its financial pledges raises doubts about the financial gains to be made from pursuing such a strategy. Exploiting the territorial dispute has also proved beneficial in other ways. Farkhutdinov signed a power sharing agreement with former Prime Minister Viktor Chernomyrdin in May 1996 between Sakhalin *oblast* and the Russian Federation which covered, amongst others, areas such as land use, education and international economic ties.[102]

According to Arai Nobuo, a Japanese expert on the political economy of the Russian Far East, Farkhutdinov, who has over 20 years experience in local politics and is an astute politician, has adopted a "third position" (*dai-san no tachiba*) on the territorial dispute in order to maximise Sakhalin's influence. This "third position" "is not fixed, but fluid and is regulated by many variables including the Russian federal government's Japan policy, the Japanese government's Russia policy, the will of the islanders expressed through various elections and Sakhalin public opinion."[103] Contrary to Japanese media reports, Arai doubts that Farkhutdinov is a "simple hardliner" (*tanjun kyōkōha*), for if he was, he would refuse Japanese aid and oppose

[99] Solnick, "Russian Regional Politics and the 'Northern Territories'," p. 4.
[100] Solnick, "Russian Regional Politics and the 'Northern Territories'," p. 4. Similarly, regional authorities in Primorskii *krai*, in particular, have campaigned against demarcation of the eastern Russo-Chinese border in order to attract subsidies from Moscow. See David Lockwood, *Border Economics versus Border Mentality: The Politics of Russia/China Border Trade*, CERC Working Paper Series, no. 2., 2001, pp. 24-27.
[101] Peter Kirkow, *Russia's Provinces: Authoritarian Transformation versus Local Autonomy?* London: Macmillan Press, 1998, p. 63.
[102] Orttung et al., *The Republics and Regions of the Russian Federation*, p. 481; *Kyodo*, 23 July 1996.
[103] Arai, "'Biza-nashi Kōryū'," p. 51.

the visa-less exchange program. It should be noted that Farkhutdinov has in fact threatened to cancel the visa-less exchanges in the past.[104] However, this is in response to what he correctly sees as Japanese efforts to link cross-cultural exchange with the movement to demand the Northern Territories' return. Farkhutdinov is not opposed to the program per se. On the contrary, he would like to see it expanded to include Sakhalin residents. Such a "hardline" approach – if one were to hypothesise that for the Russian government, improving relations with Japan is a sufficiently high priority – would lead the Kremlin to ignore Sakhalin and press ahead in negotiations with Japan, thereby reducing Sakhalin's influence. On the other hand, if Sakhalin were to hand the Russian government "blank power of attorney" (*hakushi inin*) in matters pertaining to the territorial dispute, Arai believes Moscow would not take into account Sakhalin's position.[105] Here it is necessary to re-emphasise that the political and economic benefits regional elites derived from exploiting the territorial dispute virtually assured that Sakhalin would not be prepared to hand the federal government any of its perceived rights over the islands.

Sakhalin's position over the South Kuril Islands not only complicates Russian territorial negotiations with Japan, but is also thought to have the potential to cause difficulties for the federal government concerning the massive offshore oil and gas development projects around Sakhalin. Steven Solnick believes:

> Sakhalin's potential veto over any Northern Territories deal gives it valuable leverage over the federal government as these offshore developments move ahead – leverage it may use to readjust the federal-regional revenue split from the projects, to influence federal interpretations of Product Sharing Agreements, or to adjudicate contract disputes with foreign partners.[106]

Regional authorities have been critical of Moscow, in particular the former communist-dominated State Duma, for blocking the necessary legislation designed to

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[104] M. Borisova, "Net Vzaimoponimania," *Sovetskii Sakhalin*, 2 April 1998, p. 1; Press-tsentr administratsii Sakhalinskoi oblasti, "Zayavlenie," *Gubernskie vedomosti*, 2 April 1998, p. 1.
[105] Arai, "'Biza-nashi Kôryû'," p. 51.
[106] Solnick, "Russian Regional Politics and the 'Northern Territories'," p. 4.

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protect foreign investment in the region.[107] The lack of such legal provisions is one of the main factors that have limited foreign investment in Sakhalin to date. The expected wealth generated from the oil and gas development projects will benefit Sakhalin just as much as the Russian Federation. These projects are Sakhalin's biggest opportunity to emerge from its long-standing economic slump. There must be some doubts as to whether regional authorities would deliberately destabilise the economic environment by seeking to readjust the federal-regional revenue split from the projects or alter the Product Sharing Agreements in order to thwart any resolution of the territorial dispute. That said, one must also not underestimate the irrationalism that emotional attachments to territory can induce in people.

Opposition to transferring the South Kuril Islands to Japan is Sakhalin's "political card." This card has not only been used against Moscow, but also the Japanese. According to one official from the Hokkaidô Prefectural Government, regional authorities in Sakhalin have sought to exploit the territorial dispute in order to attract economic aid and cooperation from Japan. [108] From the Japanese perspective, economic cooperation is one means of trying to alleviate Sakhalin's opposition to Russian territorial concessions, although of course this is not the sole reason for Japanese investment in Sakhalin. Sakhalin's strategy has had some positive results. In September 1996, the Japanese government, following the opening of Centres in Vladivostok (April 1996) and Khabarovsk (1995), opened a Japan Centre in Sakhalin's regional capital, Yuzhno-Sakhalinsk. The Centre's aim to promote Japanese assistance to the regional governments in the Russian Far East by promoting administrative reform, developing local industry and privatisation as part of a broader framework of assistance to introduce a market economy in Russia.[109] In January 1998, the Japanese government opened a branch of the Khabarovsk consulate in Yuzhno-Sakhalinsk. This move, a manifestation of the importance Japan places on Sakhalin, marked a fundamental departure from previous Japanese policy, which was based on the premise that sovereignty over the southern part of Sakhalin had not been legally

[107] Floriano Fossato, "Sakhalin: Waiting for Oil but Patience Running Out," *RFE/RL Newsline*, 28 October 1998, http://rferl.org/newsline, accessed 20 August 2001.
[108] Yokoi Masahiro and Shiroi Masaki, "Tenbô: Shushô Hô-Ro," *Hokkaidô Shimbun*, 8 November 1998, p. 1.
[109] Kazuo Ogawa, "Japanese Relations with the Russian Far East," in Michael Bradshaw ed., *The Russian Far East and Pacific Asia: Unfulfilled Potential*, Richmond, Surrey: Curzon Press, 2001, p. 227.

resolved as a result of the Soviet Union's refusal to sign the San Francisco Peace Treaty.[110] Despite local claims to the contrary, Japan has never made any official claim for ownership of South Sakhalin, although a strict interpretation of international law sufficiently challenged Russian control. Tokyo withheld formal recognition of the Soviet Union/Russia's control over South Sakhalin in a bid to extract concessions from Moscow over the Northern Territories. The recalcitrant MOFA, despite the recent thaw in bilateral relations, was able to claim this did not amount to tacit recognition of Russia's sovereignty over South Sakhalin as the Yuzhno-Sakhalinsk office was not an official consulate – only a branch of the Khabarovsk consulate. The office's upgrading to official consulate status in March 2001 marked the end of any Japanese ambiguity regarding the legal ownership of South Sakhalin.

Given the federal government's inability to make good on its promises of financial assistance to the region, one might argue that it would be better for regional authorities in Sakhalin to come out in support of Russia transferring the islands to Japan, or in the very least stifle their own opposition to this. Such a move would unleash a wave of much needed Japanese financial support for Sakhalin. The political value regional elites have seen in exploiting the territorial dispute is one reason such a strategic shift has not been seriously considered. Moreover, there are probably reduced expectations in Russia that a decision to return the islands to Japan would result in a substantial bonus in terms of Japanese economic assistance for its embattled economy. Economic assistance of this magnitude would be dependent upon improved Japanese sentiments towards Russia and Japan's own ability to fund such a package. In this respect, Hiroshi Kimura makes a valid analogy with the Japanese response to the reversion of Okinawa in 1972 and the normalisation of the Sino-Japanese relations in 1978. He notes:

> The reversion of Okinawa was greatly appreciated by the Japanese but not to the extent that it had been expected by some Americans. The Japanese appeared to take the U.S. action somewhat for granted. The great "China

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[110] "Saharin Chûzaikan Jimusho Ichigatsu Tsuitachi ni Kaisetsu," *Asahi Shimbun*, 14 December 1997, p. 2.

euphoria" following the signing of the Sino-Japanese Peace Treaty in 1978 turned out to be a very short-lived phenomenon.[111]

For many Japanese, the Russian occupation of the "Northern Territories" is both unjust and illegitimate. They would therefore probably see any Russian decision to return the islands as being a matter of course. Any "Russia euphoria" that might follow a decision to return the islands would be relatively small in scale and shortlived. Moreover, the poor state of the Japanese economy and Russia's unstable investment environment further reduce the likelihood of a subsequent economic assistance package for Russia. Political leaders in Russia are more than likely to be cognisant of the limits of Japanese largesse.

This section has examined how members of the regional political elite in Sakhalin – particularly Valentin Fedorov and Igor Farkhutdinov – have sought to exploit the issue surrounding the South Kuril Islands' ownership in order to solidify their domestic political positions and also to extract economic resources from the federal government and Japan. Local elites on the Kuril Islands themselves have not remained on the sidelines regarding the territorial dispute. The following section will briefly examine how the territorial dispute has played out in relations between regional authorities in Sakhalin and the local administration in the South Kuril District.

South Kuril Authorities

The majority of regional and local leaders were united in their opposition to Russia transferring the South Kuril Islands to Japan in the period immediately following the Soviet Union's collapse. However, they quickly experienced tensions in other aspects of their relationship. The very factors that contributed to the conflict between the centre and the regions – Yeltsin's attempts to centralise power nationally and shortfalls in budget subsidies led to an increasingly adversarial relationship between local officials and regional governors.[112] Regional governments have attempted to

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[111] Hiroshi Kimura, *Islands or Security? Japanese-Soviet Relations Under Brezhnev and Andropov*, Nichibunken Monograph Series no. 2, Kyoto, Japan: International Research Center for Japanese Studies, 1998, pp. 19-20.

[112] See Alfred Evans, "Regional Governors and Local Governments in Russia: Allies or Adversaries?" Seminar at the Kennan Institute of the Woodrow Wilson International Center for Scholars, Washington

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centralise authority within their regions, sparking a power struggle between regional and local governments. This struggle has been compounded by the structure of budgetary relations between the two lower tiers of government. Just as regional governments are reliant on Moscow for budgetary payments, local governments are highly dependent on regional gove .iments for financial assistance. With the federal budget in chronic shortage, the federal government transferred fewer funds to the regions, which in turn passed down even less to the locales, leaving them with inadequate money to carry out their ever-increasing responsibilities.[113] As a result, many local governments have been forced to appeal both to Moscow and the regional governments for assistance. When this has not been forthcoming, they have been forced to look elsewhere.

Local authorities in the Kuril and South Kuril Districts have confronted this situation by seeking outside assistance and formulating proposals in an effort to raise the islanders' living standards. In January 1992, the Kuril Soviet, in response to a citizen-initiated signature collection drive, urged the UN to take the Kurils under its aegis.[114] Moreover, in order to resolve the territorial dispute, the soviet proposed the construction of an international park to attract tourists and an environmental protection travellers' centre. During the same period, the chief executive (mayor), Nikolai Pokidin, and business leaders from the South Kuril District proposed to turn the islands into a free economic zone. Sakhalin officials could not consent to this proposal as it called for the islands to be initially separated from Sakhalin. It also called for the President to appoint the local administration (the regional governor appointed the heads of local government until 1996-97), which would be responsible to him and the parliament.[115] More recently, Vladimir Zema, who defeated Pokidin in the 1997 mayoral elections and a hardline opponent of territorial concessions, suggested leasing the islands as a means of attaining normal living standards.[116]

As the closest neighbour and the country in which many of the embattled islanders have placed their hopes for an improved standard of living, Japan has been embroiled

D. C., 7 January 1999, edited by Allison Abrams, pp. 1-3, http://wwics.si.edu/kennan/reports/1999/evans.htm, accessed 1 February 2001.
[113] Evans, "Regional Governors and Local Governments in Russia."
[114] "Ryôdo, Kokuren Kanshika ni," Hokkaidô Shimbun, 6 January 1992, p. 3.
[115] Interfax, 17 July 1992, FBIS/SOV, 92/138, 17 July 1992, p. 19.

in these developments. For instance, as stated earlier, in April 1994, the then-mayor of the South Kuril District, Nikolai Pokidin, sent a fax to his counterpart in Nemuro, Oya Kaiji, proposing that the mayor permit Japanese fishermen to operate within Russian territorial waters off the disputed islands in return for fishing fees. The proposal's aim, made over the heads of both the Sakhalin government and the Federal Fisheries Commission, was to secure the fees paid by the Japanese fishing companies as an independent source of revenue for the district.[117] An intergovernmental agreement was reached in October 1998 on "safe fishing" in the disputed islands' EEZ. Unfortunately for the South Kuril District, it was unable to secure these funds as an independent source of revenue. Following the October 1994 earthquake that devastated the islands of Shikotan and Kunashiri in particular, deliveries of Japanese humanitarian aid to the islands were carried out in accordance with an intergovernmental agreement, which was based on a request by South Kuril authorities. These actions stung the Sakhalin administration leading to criticism of its administrative capabilities.[118] The dispute over the right to be the negotiating partner, or point of contact, with the Japanese for the visa-less exchange program is another dimension to the conflict between Sakhalin and the South Kuril District over Japanese humanitarian aid.[119] The South Kuril District's attempts to establish independent relations with Japan not only challenges the Sakhalin Governor's authority, but also undermines Sakhalin's own strategy of exploiting the territorial dispute to attract economic aid and cooperation from Japan.

In addition to examining how the regional political elite in Sakhalin have sought to exploit the territorial dispute for political and economic gain, this section evaluated the methods Fedorov and Farkhutdinov in particular adopted in order to maintain Russian sovereignty over the South Kuril Islands. These included establishing Cossack settlements on the islands, seeking foreign investment for their development,

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[116] *Associated Press*, 3 January 1999.

[117] Arai, "'Biza-nashi Kôryû'," p. 47.

[118] In February 1999, the district's generators ran out of oil. Sakhalin authorities arranged for a tanker from Vladivostok to carry 230 tonnes of crude oil. As it would take over four days for the supplies to arrive, South Kuril authorities appealed to the Russian, Japanese and Hokkaido governments for oil in the interrum. "Hoppô Ryôdo ni Jûyu o," *Hokkaidô Shimbun*, 17 February 1999, p. 3.

[119] This was highlighted during the visit to Kunashiri by the Director of the Hokkaidô Development Agency, Suzuki Muneo, in July 1999. Vladimir Zema was expected to meet Suzuki as he disembarked at the island's port. However, surprisingly, Zema was not there to greet Suzuki who was instead met by the Deputy Governor of Sakhalin and the head of Kuril Islands Department. See Arai, "'Biza-nashi Kôryû'," p. 47.

building religious memorials to commemorate the deeds of Russian settlers who first discovered the islands 300 years ago and also public declarations of opposition to Russia transferring the South Kuril Islands to Japan. The following section will address the issue of to what extent Sakhalin's position on the territorial dispute has complicated Russian policy towards Japan and how Moscow has in turn responded to the "Sakhalin factor."

The "Sakhalin Factor": Complicating Russia's Japan Policy?

The Territorial Dispute as a Tool in the Yeltsin-Gorbachev Power Struggle

During Mikhail Gorbachev's visit to Japan in April 1991, it will be recalled that Valentin Fedorov, at the time the recently elected Chairman of the Sakhalin *oblast* executive committee, had accompanied the Soviet leader (though not as a member of the official delegation) and caused a stir when he cut short his stay and flew back to Moscow in protest at what he saw as "...the capitulating tendencies of the Soviet president and of his closest advisors...."[120] This uncommon breach of diplomatic protocol did not go unnoticed in Japan, highlighting that local interests were also caught up in the territorial dispute. The position of Fedorov and the Sakhalin administration was a new factor of which the Soviet leader needed to be cognisant when formulating any policy concerning the South Kuril Islands. However, in the period leading up to Gorbachev's visit, it was probably not the most significant. As Lisbeth Tarlow argues, "Of all the factors constraining Gorbachev, most people who were close to the scene assert with confidence that Yeltsin was the most important."[121]

At the time of his visit to Japan, Gorbachev's political strength was the weakest since he took office. He came under attack from opponents who were at two ends of the political spectrum: on the right, the military-industrial complex, KGB and Party

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[120] Fedorov, *Yeltsin: A Political Portrait*, p. 107.

[121] Lisbeth L. Tarlow, "Russian Decision-making on Japan in the Gorbachev Era," in Gilbert Rozman ed., *Japan and Russia: The Tortuous Path to Normalization, 1949-1999*, New York: St. Martin's Press, 2000, p. 136. Hasegawa Tsuyoshi disagrees with Tarlow, arguing that "It was not that Gorbachev could not accept a compromise solution during his visit to Japan because of the domestic pressure, as is often believed, but that Gorbachev himself was the major stumbling block to such a compromise." Tsuyoshi Hasegawa, "Stalemate in an Era of Change: New Sources and Questions on Gorbachev, Yeltsin, and the Soviet/Russian-Japanese Relations," *Cold War International History Project*, p. 4, http://cwihp.si.edu/cwihplib.nsf, accessed 12 March 2001.

hardliners; on the left, the new democrats led by Boris Yeltsin.[122] Yelstin and Gorbachev were engaged in a bitter political struggle for power over the gradually crumbling Soviet state. This struggle was increasingly leaning in Yelstin's favour. Recovering from his humiliation by Gorbachev at the Party Plenum in 1987, Yeltsin was elected as a People's Deputy to both the Soviet and Russian Parliaments and then Chairman of the Supreme Soviet of the Russian Soviet Federated Socialist Republic (RSFSR) in May 1990. He was then elected President of the RSFSR in June 1991 – then the only leader in Russian history ever to stand for and be elected in a popular vote (this was in stark contrast to Gorbachev who was elected to the presidency of the USSR by the Congress of People's Deputies in March 1990).[123]

The South Kurils problem had essentially become a tool in the political struggle between Gorbachev and Yeltsin. Yeltsin was determined to block any of Gorbachev's proposals regarding the territorial dispute that might strengthen the Soviet leader's political position. He challenged Moscow's legal authority to transfer the islands' sovereignty and asserted that any agreement Gorbachev negotiated would not be acceptable without the Russian Republic's participation.[124] Gorbachev sought to accommodate Yeltsin by inviting the Russian Foreign Minister Andrei Kozyrev and four other Russian Republic officials to accompany him to Tokyo.[125]

In order for the Russian Republic to be treated as a serious player in any negotiations and to demonstrate his own stature as a statesman of international standing by addressing the territorial problem, Yeltsin formulated his own proposal to resolve the dispute. This was his five-stage proposal discussed in chapter three. Rumours surfaced in the Japanese and Soviet press in March 1991 that Gorbachev was close to making a deal with the Secretary-General of the ruling LDP, Ozawa Ichirô, for the islands' sale to Japan for $US 260 billion. Fearing that an infusion of aid might stabilise the economy and shore up Gorbachev's ailing position, Yeltsin embarked on a campaign to enflame nationalist sentiments with statements exposing the Soviet

[122] Tarlow, "Russian Decision-making on Japan in the Gorbachev Era," p. 134.
[123] See Stephen White, *Russia's New Politics: The Management of a Postcommunist Society*, Cambridge: Cambridge University Press, 2000, pp. 70-78.
[124] Tarlow, "Russian Decision-making on Japan in the Gorbachev Era," p. 136.
[125] Tarlow, "Russian Decision-making on Japan in the Gorbachev Era," p. 136.

leader's intention to "sell Russian territory."[126] If Yeltsin needed any assistance in arousing opposition to Russia transferring the islands to Japan, Valentin Fedorov proved to be more than capable for the task as he lobbied extensively for local and regional support to block any territorial concessions.

During the tumultuous period leading up to the Soviet Union's collapse, Valentin Fedorov had become the target of widespread criticism, particularly from the Russian Federation's Deputy Foreign Minister, Georgi Kunadze, who questioned the Sakhalin leader's emotional and psychological stability, and also Ruslan Khasbulatov who promised to have him recalled from Sakhalin. Nevertheless, despite calls for his dismissal, Yeltsin appointed Valentin Fedorov as the *oblast'*s Head of Administration in Presidential decree no. 139 on 8 October 1991.[127] There were several possible reasons behind Yeltsin's decision to install Fedorov as the head of executive authority on Sakhalin. First, Fedorov had shown loyalty to the Russian President, supporting his anti-Gorbachev stance and also resolutely opposing the August coup attempt. Fedorov's appointment was therefore a reward for his loyalty. Second, as the elected head of the Sakhalin *Ispolkom*, Fedorov was a natural candidate for the position. These are plausible reasons. However, according to Yakov Zinberg, the most valid reason for the appointment was that "due to the position Fedorov took regarding the 'Kurils problem', he had found favour with a majority of the *oblast'*s residents."[128] With Fedorov's appointment, Yeltsin was about to, perhaps knowingly, snare himself in a trap that was very much of his own making.

As argued above, Yeltsin was able to harness nationalism in order to strengthen his political position in the tumultuous period shortly prior to and immediately following the Soviet Union's collapse. Fedorov's outspoken opposition to the Soviet Union relinquishing control of the South Kuril Islands partly embodied the emergence of nationalist sentiments within the country and served as a focal point and symbolic centre of the national movement for opposing Japanese designs on the South Kuril Islands. Sakhalin's stance on the territorial dispute is significant given its jurisdictional authority over the South Kuril Islands and its opposition to Russia

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[126] Tarlow, "Russian Decision-making on Japan in the Gorbachev Era," p. 136.
[127] *Supar Report*, no. 12, January 1992, p. 140.

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transferring the islands to Japan undergirds conservative forces throughout the country that oppose any Russian territorial concessions. If the Sakhalin leadership, which serves as an articulator of the interests of domestic economic constituencies, were to remain silent on the issue, or were even (unlikely given the gains to be made by exploiting the dispute) to come out in support of Russia handing over the islands to Japan, it would seriously undermine the broader anti-return movement. Yeltsin identified the "Sakhalin factor" as a possible weapon to be used in the power struggle against Gorbachev. However, by seeking to play the nationalist card and exploit the territorial dispute, Yeltsin was to help remove the lid on a force that he would no longer be able to control.

In fact, it is possible to argue that the vocal campaign local authorities in Sakhalin mounted in order to block Russian territorial concessions, theoretically, could have been a positive for the Kremlin. First, as Brian Hocking argues, "stressing domestic uncertainty created by [non-central government] interests and involvement may be one way of encouraging a negotiating partner to modify its demands."[129] However, the reality is that although the Japanese government has shown a degree of flexibility regarding the timing, modalities and conditions of the islands' return in an attempt to placate conservative and nationalist forces in Russia, it has not abandoned its basic objective of ultimately seeking the return of all four islands. While the possibility of territorial concessions is likely to create a domestic political storm, a compromise agreement to transfer only two islands to Japan may be more palatable to Russians. However, the Japanese government has thus far not given any indication that it would settle for control of only two islands.

Second, Sakhalin's position may have ironically been convenient for Yeltsin, helping to provide him with further grounds for not surrendering the South Kuril Islands. This would relieve him of the fear and pressure of possibly being overthrown by powerful conservative and nationalist forces as a result of surrendering the islands and having his name recorded in history as someone who forfeited lands won with the blood of Russian soldiers. Yeltsin need only look at the low public standing of his predecessor,

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[128] Yakov Zinberg, "Fyôdorofu no Kokusai Seiji ni okeru Hanran to sono Genryû," *Byuretin*, no. 20, April 1992, p. 10.

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Mikhail Gorbachev, to understand these fears. Moreover, Sakhalin's anti-return campaign would have accorded with Yeltsin's basic strategy of postponing the territorial dispute's resolution until the next generation (when he would have presumably left office).

One way the Sakhalin regional elite can be seen to have caused problems for policymakers in the Kremlin, particularly Yeltsin, was in their demands for the Russian President to declare the islands an integral and continuing part of Russian territory. As discussed in chapter three, an important component of Yeltsin's strategy towards the Japanese was to offer vague promises of resolving the territorial dispute in an attempt to extract economic concessions. Seeking confirmation and clarification from the President that he was not going to transfer the islands to Japan threatened to complicate Yeltsin's obfuscation strategy.

Among Russia's central government institutions, Sakhalin's campaign against territorial concessions, above all, conflicted with the MID's position. As noted above, the MID was eager to resolve the territorial dispute at an early stage. To facilitate this, it backed the two-island formula in negotiations with Japan in early 1992, which called for Russia to hand over the islands of Kunashiri and Habomai, leaving the sovereignty of Kunashiri and Etorofu undecided. The MID was anxious to commit Yeltsin to this compromise solution, [130] but with nationalist sentiment raging throughout the country, the Russian President could not provide any clear directive and, as a result, the MID was unable to strike any deal with Japan. It will also be recalled that the MID was involved in the 1997 Zaitsev proposal to establish the South Kuril Islands as a special region, from which it was later forced to distance itself in the wake of vocal criticism for regional authorities in Sakhalin.

Moscow's Response

According to Ivo Duchacek, "One possible measure of the importance of subnational foreign policies are the reactions of the national governments to them and measures

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[129] Brian Hocking, *Localizing Foreign Policy: Non-Central Governments and Multilayered Diplomacy*, New York: St. Martin's Press, 1993, p. 42.
[130] Tsuyoshi Hasegawa, "Why Did Russia and Japan Fail to Achieve Rapprochement in 1991-1996?" in Rozman ed., *Japan and Russia*, p. 175.

proposed or adopted to deal with them."[131] In order to gauge the significance of the "Sakhalin factor" in Russian decision-making regarding the South Kuril Islands, this section will examine how Moscow has responded to Sakhalin's campaign to obstruct progress toward resolving the territorial dispute.

The relationship between Valentin Fedorov and Moscow, particularly the MID, can be described as fairly acrimonious. Fedorov criticised the Russian government because of a perception that the MID in particular was engaged in a deal to transfer the disputed islands to Japan and also generally because of the Gaidar government's "shock therapy" program of economic reform which had brought poverty and misery to many Russians, particularly the elderly and others on fixed incomes. Moscow's response to Fedorov's meddling ranged from disregard to criticism. Fedorov's "Fourth Way" proposal to resolve the territorial dispute did not elicit an official response from the Russian government. In fact, it probably caused more of a sensation in Japan than it did in Russia. As discussed previously, his plan to establish Cossack settlements on the islands drew criticism from both the islands' residents and the MID which saw it as a means of diverting local attention away from Sakhalin's deepening socio-economic problems – partly the result of Fedorov's mismanagement.

During the early post-Soviet period, not all of Sakhalin's political elite were in open conflict with the federal government. Whilst Fedorov was trying to arouse local opposition to any territorial concessions and refused to participate in any discussions where Russian sovereignty over the South Kurils was questioned, the Chairman of the regional legislature, Anatolii Aksenov, was willing to cooperate with central authorities by participating in the Burbulis Commission that was preparing for Yeltsin's scheduled visit to Japan in September 1992. Aksenov's participation in the Commission can be seen as an indicator of the importance Moscow placed on the newly emergent "Sakhalin factor."

Despite his outspoken opposition to the federal government transferring the South Kuril Islands to Japan, Igor Farkhutdinov, in contrast to Fedorov, has generally sought cooperative relations with Moscow. This is evident in his party affiliations.

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[131] Ivo D. Duchacek, "The International Dimension of Subnational Self-Government," *Publius*, no. 14, Fall 1984, p. 20.

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Farkhutdinov was on the party list for "Our Home is Russia" (*Nash dom – Rossiya*), the "party of power" until Prime Minister Viktor Chernomyrdin's dismissal in March 1998, for the 1999 State Duma elections – the only Far Eastern Governor on the list.[132] In the October 2000 gubernatorial elections he was supported by the most recent "party of power," Unity (*Yedinstvo*). Farkhutdinov was not an isolated example of a regional governor changing political party affiliations in order to ally himself with the "party of power," which, as Darrell Slider observes, is a "...way to enhance [his] lobbying effectiveness with the central government."[133]

For its part, Moscow has adopted cooperative measures in order to accommodate the Sakhalin administration and allow the Governor, in particular, input into Russian decision-making regarding the islands' fate. For instance, Farkhutdinov and the chairman of the *oblast* Duma, Boris Tretyak, have participated in parleys of the Russo-Japanese Border Demarcation Committee, which was established in 1998.[134] Farkhutdinov accompanied then-Prime Minister Sergei Kirienko on a visit to Japan in July 1998 and was also an official member of President Vladimir Putin's entourage to Japan in September 2000. The latter marked the first time a Sakhalin Governor was included in the official party for a Presidential visit to Japan and was seen by some sections of the Sakhalin mass media as a show of support for Farkhutdinov by the Russian President. [135] Although the first visit's emphasis was on strengthening economic relations, Farkhutdinov used the occasion to touch upon the issue concerning the South Kurils, suggesting joint residency – albeit under Russian sovereignty – as a means to resolve the dispute.[136] Although Moscow's efforts to establish high-levels of consultation with Sakhalin have improved the channels of

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[132] Despite his running for parliament, Farkhutdinov did not seriously contemplate giving up the governorship to take up a seat, which he would have been compelled to do, in the case he won. If victorious, Farkhutdinov declared he would pass on the seat to the next candidate. *Gubernskie vedomosti*, 15 September 1999, p. 1.

[133] The "party of power" was a political party that had the tacit support of the Russian President. Darrell Slider, "Russia's Governors and Party Formation," in Archie Brown ed., *Contemporary Russian Politics: A Reader*, Oxford: Oxford University Press, 2001, p. 226.

[134] *Kyodo*, 18 March 1998; The Border Demarcation Committee, along with the Joint Economic Activities Committee, is part of the broader Joint Committee on the Question of Concluding a Peace Treaty. According to Hakamada Shigeki, the Japanese side sought the establishment of the Border Demarcation Committee to try to block a dilution of the peace treaty process. The Japanese agreement for a Joint Economic Activities Committee was a concession to the Russians to get the demarcation committee recognised. Hakamada, "Japanese-Russian Relations in 1997-1999," in Rozman ed., *Japan and Russia*, p. 248.

[135] The Governor of Khabarovsk *krai*, Viktor Ishaev, and the Presidents of Tartarstan and Bashkortostan were also members of the official party. *Sovetskii Sakhalin*, 31 August 2000, p. 1.

communication between the federal and regional governments, it has not completely removed some of Farkhutdinov's doubts that the MID and other state organs are conducting clandestine territorial negotiations with the Japanese government.[137]

Moreover, in what may be seen as an example of the Kremlin's sensitivity toward Sakhalin's position, Boris Yeltsin requested Farkhutdinov come to Moscow urgently and participate in talks between Japanese Prime Minister, Obuchi Keizô, and Yevgenii Primakov in November 1998.[138] The reasons behind Farkhutdinov's participation in the talks were ostensibly to ensure the peace treaty negotiations went smoothly and to allow the Sakhalin governor to have his views reflected in the discussions. Just how smoothly the talks would be expected to proceed with the participation of a regional political leader who is resolutely opposed to Russian territorial concessions remains an open question. However, it also served to highlight to the Japanese Prime Minister the domestic constraints to returning the disputed islands.

The importance of the "Sakhalin factor" is also evidenced by Moscow's periodic dispatch of government officials to Sakhalin in order to assuage local concerns about a possible transfer of the South Kuril Islands to Japan. On his way back from the Kawana talks between Boris Yeltsin and Japanese Prime Minister, Hashimoto Ryûtarô, in April 1998, Yeltsin's Press Secretary, Sergei Yastrzhembsky, met with regional officials in Yuzhno-Sakhalinsk to inform them of the details of the summit. After the meeting he told local journalists that "in Russia there exists a Constitution to guarantee the inviolability and integrity of Russian territory and the guarantor is the President. The government does not intend to operate behind the backs of Sakhalin and Kuril residents."[139] Similarly, in a manifestation of what one Japanese scholar called the "'Sakhalinization' of Russia's policy towards Japan," Russian Foreign

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[136] "Saharin-shû Chiji Shushô Hônichi ni Dôkô," *Hokkaidô Shimbun*, 10 July 1998, p. 3.
[137] Farkhutdinov further remarked that "Russia has bitter memories of times when decisions are made out of the residents' sight." M. Tsoi Besedovala, "Peredacha yuzhnykh Kuril ne uluchshit otnoshenii Rossii i Yaponii," *Sovetskii Sakhalin*, 28 June 2001, pp. 1-2.
[138] "Saharin-shû Chiji Shushô Kaidan Sanka e," *Hokkaidô Shimbun*, 13 November 1998, p. 2.
[139] *Sovetskii Sakhalin*, 22 April 1998, p. 1. During the same trip Yastrzhembsky visited the island of Kunashiri where he declared that "nobody is going to do anything behind the back of Sakhaliners." *Kyodo*, 21 April 1998.

Minister, Igor Ivanov, was sent to Sakhalin in February 1999 to discuss Moscow's policy regarding the disputed islands.[140]

Conclusion

This chapter examined an important component of the "Sakhalin factor": regional political elites, and outlined their positions on the dispute over the South Kuril Islands. It addressed the question as to why Sakhalin's political elites have adopted an unconciliatory stance in opposition to Russian territorial concessions. The chapter argued that the regional political elite in Sakhalin, particularly Valentin Fedorov and Igor Farkhutdinov, sought to exploit the Northern Territories dispute for political and economic gain by adopting very public, and sometimes innovative, campaigns to prevent the federal government from transferring the disputed islands to Japan. The Northern Territories dispute has proved to be a useful tool for both governors, who have played the nationalist card, in order to strengthen their sometimes-unstable domestic political bases. As the case of former Primorskii *krai* Governor, Yevgenii Nazdratenko, demonstrates, Fedorov and Farkhutdinov have not been the only embattled Russian regional leaders to wrap themselves in the nationalist cloak in order to divert attention and criticism away from their administrations. Local opposition to Russian territorial concessions has also enabled Sakhalin to extract economic concessions and benefits from both the Russian federal government and Japan where the "Sakhalin factor" is seen as an important element in Russian domestic affairs pertaining to the South Kuril Islands. However, the former's inability to make good on most of its promises of support casts some doubts on the economic value of such a strategy. It is for these reasons that the political elites in Sakhalin, genuine nationalistic sentiments notwithstanding, have been unwilling to take a conciliatory stand on the territorial dispute. This is one reason why Hokkaido-Sakhalin subnational government relations failed to create, at the subnational level, an environment conducive to resolving the territorial dispute.

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[140] Motohide Saitô, "Russia's Policy Towards Japan," in Gennady Chufrin ed., *Russia and Asia Pacific Security*, Tokyo: Japan Institute for International Affairs, 1999, p. 74. Prior to the Mori-Putin summit in September 2000, Suzuki Muneo visited Sakhalin to appease local sentiments. Fujimori Ichirô and Tsuno Kei, "Dô naru Ryôdo Kôshô: Nichi-Ro Shunô Kaidan o Mae ni," *Hokkaidô Shimbun*, 31 August 2000, p. 1.

The Sakhalin political elites' involvement in the territorial dispute with Japan challenges one assumption within the discourse on subnational governments as international actors outlined in chapter one: subnational public authorities' external activities are primarily confined to the realm of "low politics." Although evidence suggests this is probably true in most situations, Sakhalin's highly visible campaign to block Russian territorial concessions underscores the means to which some subnational actors will resort when they feel their interests have been threatened.

Concerning one of the dissertation's supplementary research questions as to whether the Sakhalin regional elites' campaign to block any Soviet/Russian territorial concessions has been a nuisance for the Kremlin, in particular Boris Yeltsin, it should be emphasised that the Russian President identified the "Sakhalin factor" as a weapon to be used in the political struggle for power against Gorbachev over the gradually crumbling Soviet state. In fact, it is possible to argue that the vocal campaign local authorities in Sakhalin mounted in order to block Russian territorial concessions, buttressed by Constitutional and regional charter provisions stipulating a cession of Russian territory must first be put to a referendum, ironically, may have been convenient for Yeltsin; it helped to relieve him of the fear and pressure of possibly being overthrown as a result of surrendering the South Kuril Islands and having his name recorded in history as someone who betrayed the national interest by giving away Russia's primordial territory. Moreover, under different circumstances, Sakhalin's involvement in the territorial dispute may have encouraged the Japanese government to modify its demands. If Sakhalin's position on the South Kuril Islands in any way caused problems for Yeltsin, it was probably by threatening to complicate the President's strategy of offering vague promises of returning the disputed islands in an attempt to extract economic concessions from Japan. Nevertheless, Valentin Fedorov's vocal campaign probably created more headaches for the Russian MID, which was eager to resolve the territorial dispute at an early stage.

The preceding discussion also highlights two specific issues to which one must be cognisant when discussing whether paradiplomacy is congruent with or challenges central government foreign policy. First, it is sometimes useful to dissagregate the central government because various ministries, agencies and departments may well have differentiating views on a particular issue. Subnational public authorities'

external activities may therefore accord with one government branch's policy, but may clash with another's. Second, it is sometimes necessary to be cognisant of the differences between government strategy and tactics. As the case of the Sakhalin political elite illustrates, it is possible for paradiplomacy to be congruent with one and not the other.

Despite his outspoken opposition Igor Farkhutdinov's relationship with Moscow has certainly been more cooperative than Fedorov's. For its part, Moscow has adopted coordinative measures and sought to establish consultative channels in order to accommodate the Sakhalin administration and allow the Governor, in particular, input into Russian decision-making regarding the islands' fate. This is evidenced by Farkhutdinov's participation in parleys of the Russo-Japanese Border Demarcation Committee, his accompanying Russian leaders to Japan and also Moscow's periodic dispatch of government officials to Sakhalin in order to assuage local concerns about a possible transfer of the disputed islands to Japan.

While focusing on the political elite component of the "Sakhalin factor," this chapter did not address the other aspect of the "Sakhalin factor": local public opinion. Sakhalin *oblast* residents' perspectives on the South Kuril Islands problem are addressed in the following chapter.

Chapter Five: The Impact of Cultural Exchange on Local Public Opinion

Introduction

The introduction of parliamentary, and from late 1995, gubernatorial elections in Russia's provinces has, at least theoretically, made it necessary for all candidates for political office to be cognisant of how the electorate views the dispute over the South Kuril Islands. Moreover, clauses in both the Sakhalin and the South Kuril Districts' charters, which emphasise the consent of *oblast* residents as a precondition for any transfer of the islands to Japan, underscores the importance of local public opinion. This has not been lost on practitioners of local government diplomacy in the Hokkaido Prefectural Government (HPG), or indeed the Japanese government. Intercultural exchange between Hokkaido and Sakhalin residents would help to create an environment, at the subnational level, conducive to resolving the territorial dispute.[1]

This chapter first outlines three forms of intercultural exchange activities carried out between Hokkaido and Sakhalin *oblast*: Dialogue '92, the visa-less exchange program between the former Japanese and current Russian inhabitants of the disputed islands, and sister-city relations. In all three instances, the analysis pays particular attention to the role of regional and local governments in Hokkaido and Sakhalin, and the extent to which these exchanges accord or conflict with the respective central government policies. The chapter then addresses the question as to why these exchanges failed to induce attitudinal changes towards the territorial dispute among Sakhalin *oblast* residents. It evaluates two factors: history taught in schools and nationalism[2] said to be behind the majority of Sakhalin residents' opposition to Russia transferring the

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[1] Although the ultimate objective differed, there is a similarity in the rationale behind US cultural exchanges with the Soviet Union during the Cold War. Yale Richmond notes that an unstated objective of these exchanges for the US was the hope that "opening up the Soviet Union to Western influences would create pressures from within for reforms which might make the Soviet Union more likely to cooperate with, rather than confront, the West. Yale Richmond, *U.S.-Soviet Cultural Exchanges, 1958-1986: Who Wins?* Boulder, Colorado: Westview Press, 1987, p. 8.

[2] Ernest Gellner argues "Nationalism is primarily a political principle, which holds that the political and the national unit should be congruent." Ernest Gellner, *Nations and Nationalism*, Oxford: Basil Blackwell, 1983, p. 1. Russia's transfer of the South Kuril Islands to Japan, especially if a number of the current residents were to remain there, would result in a violation of this principle and, subsequently, an upsurge in nationalist sentiments.

South Kuril Islands to Japan. The chapter argues that while history education and other forms of government propaganda can partly explain Sakhalin residents' perceptions of the territorial dispute, nationalism, which is largely derivative of the region's poor socio-economic conditions, is a more plausible reason for their opposition to surrendering the South Kuril Islands. The improvement in mutual perceptions and newfound feelings of trust and friendship between the peoples of both regions, fostered by subnational government cultural exchange, has not been sufficient to alleviate this opposition.[3]

Interregional Exchanges During the Cold War

Before examining the various forms of intercultural exchange activities Hokkaido and Sakhalin have conducted in the post-Soviet period, this section briefly explores interregional exchanges during the Cold War. Particular attention is drawn to Hokkaido and the Soviet Far East's attempts to promote various exchanges despite bilateral tensions at the nation-state level. This discussion provides necessary background information for the following section.

The Soviet Union built up the myth that it was superior to the West in most, if not all, aspects of life. In order to preserve the deception and keep its people from discovering the truth, which could lead to resentment and social unrest, until the late 1980s, the Soviet government actively discouraged its citizens coming into contact with foreigners, particularly those from the West.[4] It therefore severely restricted foreign travel by its citizens, as well as travel by foreigners into the USSR.

The Soviet government afforded the privilege of travel to the West to very few of its citizens – mainly the political, sporting and cultural elite – and placed numerous obstacles in the path of those wishing to partake in it. First, most organisations of note had an Exit Commission to filter out those acceptable and those unacceptable for

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[3] It is worth noting that feelings of trust and friendship are also known to exist at the elite level. During a reception for the visiting Russian President in September 2000, Japanese Prime Minister, Mori Yoshiro, introduced Governors Hori and Farkhutdinov to Putin as "Governors who are the closest of friends in this arena." "Hori Chiji mo Yûshckukai e Daitôryô to Katai Akushu," *Hokkaidô Shimbun*, 5 September 2000, p. 3.

[4] Stalin himself said in 1946 that "the wall between the Soviet system and the West could never be broken down until the Soviet standard of life could bear comparison with the living standard

foreign travel.[5] Second, unlike their counterparts in democratic countries, Soviet citizens were not automatically entitled to a passport and were required to produce an invitation from a foreign host in order to obtain one.[6] Extremely complex and time-consuming procedures for obtaining a passport impeded those few citizens in possession of such an invitation. Third, before each overseas trip, Soviet citizens were forced to undergo a thorough political indoctrination and sign a booklet acknowledging government rules pertaining to conduct abroad.[7] Fourth, the substantial financial costs involved meant that overseas travel was beyond the reach of average citizens. Moreover, the thought of being under constant surveillance by the KGB and informers who accompanied overseas travel groups must have acted as a disincentive to some.

Soviet citizens, of course, did not need to travel abroad in order to attract the attention of the security organs. Although it may have been safe for Soviet citizens to cross paths with foreigners by chance, pursuing relationships carried with it the risk of being caught and interrogated by the KGB, as well as losing access to some privilege or position.[8] This was a risk many were not prepared to take.

For Hokkaido and Sakhalin, as well as the rest of the Soviet Far East, the North Pacific's strategic importance further compounded the problem of conducting periodic interregional exchanges. Japan's role as a bastion against the spread of communism in the region inevitably drew it into an adversarial relationship with the Soviet Union. The tension in postwar Japan-Soviet relations was most acute in the frontier regions of both countries: Hokkaido and Sakhalin. The Soviets were extremely sensitive about their frontiers and, except on the rare occasion when special permission was granted, closed these strategic areas to foreigners (and to their own citizens for that matter). The same, of course, can be said of the Japanese, although they exclusively prohibited Soviet citizens from travelling to many of the port cities in northern and eastern Hokkaido, as well as Hakodate in the south.

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elsewhere." *Herald Tribune*, 4 August 1956, cited in John Gunther, *Inside Russia Today*, London: The Reprint Society, 1958, p. 48.

[5] Hedrick Smith, *The Russians*, New York: Ballantine Books, 1976, p. 623.

[6] David Wedgwood Benn, *From Glasnost to Freedom of Speech: Russian Openness and International Relations*, London: Pinter Publishers Limited, 1992, p. 34.

[7] Smith, *The Russians*, p. 631.

[8] David K. Shipler, *Russia: Broken Idols, Solemn Dreams*, New York: Times Books, 1983, p. 11.

During this period of bipolar conflict, Sakhalin and the Kuril Islands became a frontline in the Soviet Union's defence against US-led forces in East Asia. The menacing posture of Soviet forces in the region in turn transformed Hokkaido into a frontline in the defence of Japan. Fulfilling their respective roles necessitated a large-scale military build-up on both sides of the border. Sakhalin essentially became the world's largest aircraft carrier, home to a number of army, air force and naval bases. Over 40 per cent of all Japanese Self Defence Force facilities were located in Hokkaido.[9] Japanese and US military planners believed that any potential Soviet land invasion of Japan would begin in Hokkaido and would be launched from bases in the Far East, including Sakhalin and the Kuril Islands.

Military headquarters on Sakhalin also directed troops stationed on the South Kuril Islands. From their seizure in 1945 until 1960, the Soviet Union deployed an entire division of about 20 000 troops on Kunashiri and Etorofu.[10] Just how jealously the Soviets intended to guard their newly acquired territory was demonstrated in October 1952 when Soviet fighters shot down a US B-52 bomber off the east coast of Hokkaido. This incident caused widespread concern and anxiety in Hokkaido with the local *Hokkaidô Shimbun* running a number of headlines such as "Tense Eastern Border Line" (*Kinpakusuru Higashi no Kokkyôsen*); "Shock at US-Soviet Contact" (*Bei-So Sesshoku ni Gakuzen*); "Karafuto is a Large Military Base" (*Karafuto wa Daigunji Kichi*); and "5000 Troops on Kunashiri" (*Kunashiri ni Gosenmei no Butai*).[11] In the early 1960s, with the deterioration in Sino-Soviet relations, the division was withdrawn from both islands. In 1966, half of the 40 military aircraft

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[9] Bôeichô, *Nihon no Bôei*, 1982, p. 143. The headquarters for the Northern Forces were located in Hokkaido. Hokkaido was also home to two naval bases, an airbase at Chitose, a Nike missile battery and six radar and tracking facilities. Bôeichô, *Nihon no Bôei*, 1980, pp. 101-118.

[10] The Soviets also deployed 40 military aircraft on Etorofu and Kunashiri and about 1 500 border troops on all four islands. Hiroshi Kimura, *Islands or Security? Japanese-Soviet Relations Under Brezhnev and Andropov*, Kyoto, Japan: International Research Center for Japanese Studies, 1998, p. 199; Bôeichô, *Nihon no Bôei*, 1979, pp. 37-38.

[11] *Hokkaidô Shimbun*, 27 November 1952, cited in Yano Makio, *Bôryaku no Umi: Reisen no Hazama ni Ikita Nihonjin*, Sapporo: Dôshin Sensho, 1998, p. 83. Yano claims that this incident led some senior US military officials to believe that Hokkaido would become the next battlefield after Korea.

deployed on Kunashiri were transferred to Sakhalin, leaving only 20 aircraft on Etorofu and a limited coastguard and garrison force on the other islands.[12]

The Soviets maintained a limited military presence on the South Kuril Islands until the late 1970s when, in a show of their displeasure with Japan for concluding a peace and friendship treaty with China in 1978, which included a controversial non-hegemony clause, they began a military build-up on the islands.[13] This included the deployment of MI-24 attack helicopters to support existing ground forces, ground-to-air missiles, cannons, armoured personnel carriers and the construction of new barracks on Shikotan housing nearly 2 000 troops.[14] A number of rumours surfaced in Japan at the time of the conclusion of the Japan-China Peace and Friendship Treaty speculating about possible Soviet reprisals against Japan. A report in the *Christian Science Monitor* mentioned a worst-case scenario in which Soviet forces might be tempted to launch a surprise attack against Japan, for instance, by landing on Rebun and/or Rishiri Islands off the northwest coast of Hokkaido.[15] The establishment of Soviet military bases on three of the four disputed islands (considered to be a Soviet reprisal), along with the 1979 Soviet invasion of Afghanistan, heightened Japanese perceptions of a Soviet military threat. In an effort to intimidate the Japanese further, the Soviets increased the passage of military vessels through the Soya and Tsugaru Straits and also stepped-up violations of Japanese airspace off the east coast of Hokkaido by fighter planes recently deployed on Etorofu. Soviet intimidation reached its peak with the shooting down of a Korean airliner off the coast of Sakhalin by fighters based on that island in September 1983 for allegedly violating Soviet airspace. Of the 269 passengers and crew killed, 27 were Japanese nationals. The incident reminded those in Japan, and particularly Hokkaido, just how close the Soviet military machine really was.

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[12] Bôeichô, *Nihon no Bôei*, 1979, p. 38. Soviet planes on the islands were again scrambled in 1968, forcing a Vietnam-bound Seaboard World Airways plane carrying US military personnel to land on Etorofu after it trespassed into Kuril airspace.

[13] Beijing wanted this clause inserted into the treaty, which was directed principally against Soviet hegemonism and expansionism. The Japanese, not wanting to aggravate the Soviets, who would have hardened their position regarding the disputed islands, initially resisted Beijing's attempts to have this clause inserted. After protracted negotiations lasting six years, both sides reached a compromise; the anti-hegemony clause was inserted, but so too was an additional clause to the effect that it would not be directed at any particular country.

[14] Bôeichô, *Nihon no Bôei*, 1980, p. 53.

[15] *Christian Science Monitor*, 15 August 1978, cited in Kimura, *Islands or Security?* p. 169.

Despite the tension in the border zone and formal travel restrictions, the iron curtain drawn between Hokkaido and Sakhalin did not completely cut off these two neighbours. The abundant marine resources contained in the waters surrounding the disputed islands attracted Hokkaido's fishermen to the area and was an important factor in maintaining relations, however limited, between the two. Under the Kaigara Islands system, Japanese fishers have been allowed to harvest seaweed for three months in the territorial waters around the Kaigara Islands since 1959, in return for paying 120 million yen in fees.[16] Some Hokkaido fishers were involved in more clandestine activities. Certain fishers, whose boats were referred to as *goshuinsen* or "honourable red seal boats" would supply Soviet border guards with coveted consumer goods, whilst others (*reposen* or 'report boats') would provide various pieces of information considered important by Soviet security organs in return for money and not being captured by border guard patrols.[17] From 1964, sporadic visits by the Northern Territories' former residents to visit ancestral graves on the islands were permitted.[18] From 1966, a similar agreement was reached enabling Hokkaido residents to visit ancestral graves on Sakhalin.

Although relations between their respective central governments were cool throughout most of the postwar period, and were particularly strained from the mid-1970s to the mid-1980s, this did not prevent cultural and sporting exchange groups in Hokkaido from attempting to diffuse tensions in the border zone and develop friendly relations with the neighbouring Soviet Far East. Sports exchanges between Hokkaido and the three Far Eastern regions of Khabarovsk, Primorye and Sakhalin began in 1972. Private level exchange aimed at promoting mutual understanding and grassroots relations included the "Journey to Sakhalin" (*Saharin no tabi*), which began in 1981 and the 1985 "Peace Boat" (*heiwa no fune*). Such cross-cultural exchange programs were, however, sporadic.

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[16] Nobuo Arai and Tsuyoshi Hasegawa, "The Russian Far East in Russo-Japanese Relations," in Tsuneo Akaha ed., *Politics and Economics in the Russian Far East: Changing Ties with Asia-Pacific*, London: Routledge, 1997, p. 178.

[17] John J. Stephan, *The Kurile Islands*, Oxford: Clarendon Press, 1974, p. 191. The *go-shuinsen* were vessels belonging to merchants and other individuals who engaged in foreign trade during the late 16th and early 17th centuries. They were obliged by Japanese authorities to purchase licences (red seals) in order to engage in trade.

[18] These visits were influenced by the overall state of bilateral Soviet-Japanese relations. Since its inception in 1964, grave visits were allowed in 1968 and from 1971-73. No visits took place between 1976 and 1985, but recommenced in 1986, a year after Mikhail Gorbachev's rise to power.

Strong support from regional and municipal governments was one of the most salient features of cultural and sporting exchanges between Hokkaido and the Soviet Far East during this period. According to Tsuboi Chikara, one of the main factors that made these exchanges possible was the courage of local mayors.[19] Throughout the postwar period, Hokkaido had a reputation for being a politically "progressive" (*kakushinteki*) region. In other words, it was a region in which parties on the left of the Japanese political spectrum, particularly the JSP, enjoyed considerable support.[20] Yokomichi Takahiro's election victory in 1983 – the socialists' only success in these nationwide gubernatorial elections – prompted one scholar to refer to Hokkaido as the JSP's "final kingdom."[21] The JSP's relative success in Hokkaido contrasts starkly with politics at the national level, which the LDP dominated. Many on the Japanese left believed that Japan's entry into the US-led "capitalist" camp in the Cold War would only exacerbate tensions with the Soviets. In order to diffuse this tension and the military threat, they instead proposed that Japan reach peace with all communist countries (*zenmen kôwa*).[22] Hokkaido's cultural and sporting exchanges with the Soviet Far East were, in a sense, the practical application of these beliefs. In another manifestation of the desire to create good-neighbourly relations, a number of Hokkaido's municipalities concluded sister-city agreements, perhaps the most common form of local government diplomacy, with their counterparts in Sakhalin.

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[19] Tsuboi refers to the cooperation between public and private bodies in Hokkaido in developing relations with the Soviet Union as the "systematisation" of exchanges. In addition to mayoral courage, he cites the persistent activities and influence of private exchange groups, individual zealousness and neigbouring consciousness as contributing factors to these exchanges. Tsuboi Chikara, "Ni-So Minsai Kôryû Undô no Genzai," in Fukase Tadakazu, Mori Takashi and Nakamura Kenichi eds, *Hokkaidô de Heiwa o Kangaeru*, Sapporo: Hokkaidô Daigaku Tosho Kankôkai, 1988, pp. 128-132.

[20] Nagai Hideo and Ôba Yukio eds, *Hokkaidô no Hyakunen*, Tokyo: Yamagawa Shuppansha, 1999, p. 310; Iwasaki Masaaki, *Hokkaidô no Seiji Fûdo to Seijika*, Sapporo: Hokkaidô Mondai Kenkyûjo, 1986, pp. 47-57.

[21] Takabatake Michitoshi, *Chihô no Ôkoku*, Ushio Shuppansha, 1986, p. 87.

[22] Irie Akira, *Shin Nihon Gaikô*, Tokyo: Chûkô Shinsho, 1991, pp. 53-65. In addition to alleviating tension in the border zone, for the Hokkaido left, elite exchanges also appear to have been politically coloured. For instance, In October 1967, a 14-member delegation from Sapporo, Otaru, Asahikawa and Nemuro comprising municipal officials, chamber of commerce and labour groups visited Sakhalin to celebrate the fiftieth anniversary of the Bolshevik Revolution. "Dônai Daihyô 14 ga Shuppatsu," *Hokkaidô Shimbun* (evening edition), 14 November 1967, p. 7. A delegation headed by the First Secretary of the Sakhalin Communist Party, P. Leonov, visited Hokkaido for the twenty-fifth anniversary of the establishment of the JSP in Hokkaido and again in 1972, at the invitation of the Hokkaido branch of the JSP and the mayor of Muroran, to attend the Sapporo Winter Olympics. "Saharin-shû Daiichi Shokira Asu Raidô," *Hokkaidô Shimbun*, 5 December 1970, p. 5 and "Saharin-shû Daiichi Shokira Raigetsu Futsuka Raidô," *Hokkaidô Shimbun*, 18 January 1972, p. 2.

Finally, in early 1989, residents of the town of Takinoue in northern Hokkaido invited the Northern Territories' Russian inhabitants to participate in a popular springtime Japanese event and view the flowering cherry blossoms. In addition to using the visit for promotional purposes to sell the cherry blossoms, local residents also believed that grassroots exchanges would contribute to resolving the territorial dispute. However, the Japanese government, fearing that such exchanges might be seen as legitimising the islands' Soviet occupation, vetoed the plan.[23] At this time, few would have imagined that two years later the Japanese government would do a volte-face and agree to promote grassroots exchanges with the disputed islands' Russian inhabitants as a means creating a favourable environment at the local level conducive to resolving the Northern Territories dispute. The sweeping changes taking place in the Soviet Union that ultimately resulted in that country's collapse in December 1991, of course, precipitated this change of thinking.

Dialogue '92

During his November 1991 talks with Valentin Fedorov, Hokkaido Governor Yokomichi Takahiro proposed that a joint symposium to discuss the territorial dispute be held in Sakhalin sometime in the spring of 1992.[24] The principal aim behind the proposal was to accelerate discussions on the territorial dispute at the local level, which Yokomichi considered to be an important means of enlightening Sakhalin residents of Japan's historical and legal claims to the islands and thereby alleviating their opposition to Russia surrendering the islands. Issues of pride and electoral politics are also believed to be behind the proposal. Yokomichi was also eager to show local residents and Tokyo that a regional leader was capable of organising such a serious dialogue.[25]

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[23] "Saharin Hômondan Shuppatsu," *Hokkaidô Shimbun*, 15 April 1989, p. 1.

[24] "'Ryôdo' Shinpo Kaisai o," *Hokkaidô Shimbun*, 25 November 1991, p. 1. In fact, the idea for a symposium can be said to date back to April 1985, following a visit to the Soviet Union at the invitation of the RSFSR government. In a press conference after his return Yokomichi spoke of his failure to reach an agreement on the Northern Territories problem and the necessity of holding a forum to discuss matters and for extensive exchange. "'Susono Hiroi Kôryû Hitsuyô': Hô-So no Yokomichi Chiji ga Kikoku," *Hokkaidô Shimbun*, 28 April 1985, p. 2.

[25] Personal correspondence with Arai Nobuo, former Director of the Hokkaido Institute for Regional Studies and presently Associate Professor at Hokkaido University, 22 May 2000.

This was not Yokomichi's first foray into the foreign policy arena. He had visited the Soviet Union on a number of occasions and was never hesitant to put forward Japan's claims to the Northern Territories during meetings with Soviet and Russian Republican leaders who, it was rumoured, saw the JSP Governor and renowned anti-nuclear peace-lover as a possible "pipe" to be used in relations with Japan.[26] It would also not be Yokomichi's first visit to Sakhalin. In February 1991, he headed a 16-member Hokkaido delegation, which travelled to Sakhalin to promote friendly interregional relations (*Saharin Yûkô Hômondan*). Yokomichi appeared on local television where he called the territorial dispute "the greatest unresolved postwar problem" and indicated that when it was resolved the great harm caused by the dispute "will be cleared away by way of expanding cooperation."[27] He also described in detail Japan's official position regarding the Northern Territories, limiting the scope of territory Japan claimed to just the four islands, and made it known that over 50 million Japanese supported the claim.[28] Fedorov, who was also eager to demonstrate that his talents were not restricted to launching verbal barrages at anyone he saw as sympathetic to Japan's territorial claims (or the "Fifth Column" as he referred to them) and was more than capable of organising a constructive dialogue, responded positively to Yokomichi's proposal and a date was set for June the following year.

Dialogue '92 was a three-day cultural event held in the *oblast* capital of Yuznho-Sakhalinsk. The first two days featured various cultural displays and exhibitions and

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[26] On a visit to the Soviet Union as an unofficial envoy in April 1985, Yokomichi was given a warm welcome and met with high-ranking government and Party officials. There was some speculation that the Soviet leadership saw Yokomichi as a possible future leader of the JSP and thus may have been attempting to "buy futures" (*sakimonogai*) in the promising, young Governor and use him as a "pipe" or conduit in furthering foreign policy objectives towards the Japanese. Despite this reputation, Yokomichi was clear and upfront regarding the territorial dispute and believed that raising the issue, in otherwise friendly discussions with the Soviets, was a matter of course for a Hokkaido Governor. "Soren Paipuyaku o Kitai," *Hokkaidô Shimbun*, 29 April 1985, p. 2. For a study of the use of academic and business elites as "pipes" in Japan-Soviet relations, see Gilbert Rozman, *Japan's Response to the Gorbachev Era, 1985-1991: A Rising Power Views a Declining One*, Princeton: Princeton University Press, 1992, pp. 36-38.
[27] Hokkaidôchô Sômubu Kokusaika, *Saharin Yûkô Hômondan Hôkokusho*, February 1991, p. 29, cited in Yakov Zinberg, "Subnational Diplomacy: Japan and Sakhalin," *Journal of Borderlands Studies*, vol. X, no. 2, Fall 1995, p. 89.
[28] Zinberg, "Subnational Diplomacy," p. 89. Yokomichi was a member of the JSP, which adopted a maximalist position, seeking the return of not only the four islands, but the entire Kuril chain. Upon becoming Governor of Hokkaido in 1983, he renounced the JSP position, which he saw as unrealistic, and adopted the official government position of seeking the reversion of only the four islands. Interview with Yokomichi Takahiro, 21 February 2001.

provided an opportunity for many in the large Hokkaido delegation, which included members of the Hokkaido Prefectural Assembly's Northern Territories Committee,[29] the head of the HPG's Northern Territories Headquarters, members of the Northern Territories Return Movement, the mayors of Nemuro and Sarafutsu and other regional and local government officials, to meet and talk with local residents for the first time. Representatives of the indigenous Ainu, the original inhabitants of the islands, also participated in the symposium at Fedorov's request.[30] The Japanese MOFA, which wanted prefectural representatives to be actively involved in the campaign for the Northern Territories' return, but, at the same time, did not want them to act independently,[31] was represented by the head of the Legal Department of its Treaties Bureau, Itô Tetsuo.[32] Indeed, Tokyo was faced with the dilemma of choosing between principle and pragmatism: the Japanese government did not recognise Russian sovereignty over the Northern Territories – let alone Sakhalin's jurisdiction over them. It was therefore extremely cautious regarding any event that might be construed as recognising Russian control over the islands. Moreover, Tokyo at this stage did not formally recognise Russia's sovereignty over South Sakhalin, which it believed might help it extract concessions from Moscow over the Northern Territories. This caution, however, was somewhat tempered by a reluctant recognition of the growing salience of the "Sakhalin factor" in matters pertaining to the territorial dispute. Pragmatism

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[29] The Hokkaidô Prefectural Assembly, not to be outdone by Governor Yokomichi, was also active in forging relations with their legislative counterparts in Sakhalin. A Hokkaido delegation visited Sakhalin in August 1992 with the primary aim of promoting friendly relations with the *oblast* soviet, but also to focus on the Northern Territories problem and to probe the opinion of local residents on the territorial dispute. See *Tass*, 11 August 1992, FBIS/SOV-1992-157.

[30] For the Ainu, the Northern Territories problem between Japan and Russia is considered to be a dispute between thieves. The Utari Association, the peak representative body of the Ainu, has been outspoken in its criticism of not only Russian but also Japanese territorial claims. Paradoxically, Japan's historical claims to the islands derive in part from the initial Ainu settlement of the islands. It can be surmised that Fedorov offered an invitation to the Ainu representatives in order to check Japan's claims and create a disturbance in the Japanese camp. In this regard, the Ainu representatives lived up to Fedorov's expectations, arguing during the dialogue that the Japanese did not listen to them nor invite them to territorial negotiations. See Mikhail Bugaev, "Sakhalinskaya oblast' – Khokkaido: Diaolog – 92," *Svobodnyi Sakhalin*, 17 June 1992, p. 1.

[31] Personal correspondence with Arai Nobuo, 22 May 2000. At a Japan/Soviet Union-Hokkaido Friendship Conference in March 1984 the Japanese Ministry of Foreign Affairs told the Japanese side not to forget to explain Japan's position regarding the Northern Territories. Deputy Chairman of the Hokkaido Prefectural Assembly, Ikejima Nobuyoshi, obliged by declaring "there are unresolved problems remaining like the Northern Territories problem, but by Hokkaido and the Soviet Far Eastern regions holding hands, we want to achieve mutual development and contribute to world peace." The Soviets opposed Hokkaido's efforts to mention the territorial dispute in the joint declaration. After reaching a compromise on the issue, both sides agree to make efforts to bridge the difference of opinion regarding the territorial dispute. See "Akeruka 'Ni-So no Fuyu'," *Hokkaidô Shimbun*, 1 April 1984, p. 3 and 20 April, p. 2.

won out and Itô was sent to keep Tokyo posted on events. He remained in the background, which allowed Tokyo to distance itself somewhat from the event, thereby ensuring the symposium did not in any way undermine Japan's position on the Northern Territories.

Whilst in Sakhalin, Yokomichi was given the opportunity to address students of the Yuzhno-Sakhalinsk Pedagogical Institute where he stressed that the 1956 Japan-Soviet Joint Declaration was the starting point for territorial negotiations and that Japan had no intention of driving the Russian islanders away in the event the islands were returned to Japan. Local politicians in Sakhalin have in the past tried to use the issue of forced repatriation, a fate experienced by the former Japanese inhabitants, to stir up opposition to Russia returning the islands. Yokomichi's emphasis on joint residency can be seen as an attempt to alleviate the islanders' concerns.

The dialogue itself was the culmination of the three-day event. Just prior to the five-hour debate, co-chaired by the two Governors, HPG officials were somewhat circumspect when considering the chances of success for Dialogue '92. One official remarked that "if we can directly state our opinion to the Sakhalin public, it will be a success."[33] For the majority of Sakhalin residents attending the debate, it would be their first exposure to Japan's historical and legal claims to the islands. It would therefore have been unrealistic to expect anything more from the event. Given the Northern Territories dispute's controversial and highly emotional nature, Hokkaido and Sakhalin organisers of Dialogue '92, fearful that the debate could degenerate into an endless procession of claims and counterclaims, thereby spoiling the friendly atmosphere both sides had endeavoured to create, preselected speakers from amongst the audience.[34] Yokomichi did, however, take the opportunity to appeal to Fedorov and the people of Sakhalin to support Yeltsin should he make a decision regarding the Northern Territories (presumably to return the islands).[35] It was therefore not a spontaneous debate or discussion and ended with both sides merely repeating their

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[32] Hokkaidôchô Sômubu Hoppô Ryôdo Taisaku Honbu, *Hokkaidô-Saharinshû 'Taiwa '92'*, undated, p. 3.

[33] "'Ryôdo' Rikai Shinten o Kitai," *Hokkaidô Shimbun*, 10 June 1992, p. 4.

[34] However, Sakhalin residents raised some objections to the contents of a pamphlet on the Northern Territories that the Japanese brought into the hall. "Yokomichi Chiji 'Ryôdo' Kaiketsu Uttae," *Hokkaidô Shimbun*, 13 June 1992, p. 1.

[35] Hokkaidôchô Sômubu Hoppô Ryôdo Taisaku Honbu, *Hokkaidô-Saharinshû 'Taiwa '92'*, p. 38.

respective historical and legal claims to the islands. The *Hokkaidô Shimbun*, which covered the three-day event, likened it to a ceremony where everything went according to plan.[36]

Whether Dialogue '92 was a success or not is an open question. If one considers the HPG's primary objective – to convey to Sakhalin residents the historical and legal arguments underpinning Japan's claim to the islands – the Hokkaido delegation could gain some satisfaction from the event. Dialogue '92 also had a broader significance. Its success or failure was seen as a litmus test of Governor Yokomichi's local government diplomacy, which partly derived from the underlying belief that promoting friendly relations with the neighbouring Russian Far East, in particular Sakhalin, could help accelerate the long-standing territorial dispute's resolution.[37] Dialogue '92 was also significant as it was the first time residents (and importantly voters) of both regions met to discuss the Northern Territories problem at an open forum. The event's significance was not lost upon Minagawa Shugo, then-Director of Hokkaido University's Slavic Research Center and a keynote speaker at the symposium, who referred to it as an "...epoch-making event with no historical precedents where local governments discuss a territorial problem involving state sovereignty."[38]

Overall, both sides were satisfied with the event. They were able to state their respective cases for maintaining (Russia) or regaining (Japan) sovereignty and control of the Northern Territories in a generally friendly environment. Fedorov even suggested that both regions continue with the dialogue concept on one of the disputed islands themselves.[39] However, with the beginning of the visa-less exchange program in April, the necessity of holding further symposia receded and the concept was discontinued.

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[36] "Yokomichi Chiji 'Ryôdo' Kaiketsu Uttae," *Hokkaidô Shimbun*, 13 June 1992, p. 1. *Svobodnyi Salkhalin* reported that although there was a change in the speakers, the essence of the speeches remained the same: "these islands are ours." Mikhail Bugaev, "Sakhalinskaya oblast' – Khokkaido: Diaolog – 92," *Svobodnyi Sakhalin*, 17 June 1992, p. 1.

[37] "'Ryôdo' Rikai Shinten o Kitai," *Hokkaidô Shimbun*, 10 June 1992, p. 4.

[38] "'Ryôdo' Kôryû Chakujitsuna Tsumikasane o," *Hokkaidô Shimbun*, 14 June 1992, p. 30. Minagawa also suggested that Fedorov may have deliberately chosen speakers who had opinions at variance with the Japanese. However, the same charge could also be levelled at the Hokkaido delegation for excluding Ainu representatives from their selection of speakers.

[39] "Yokomichi Chiji 'Ryôdo' Kaiketsu Uttae," *Hokkaidô Shimbun*, 13 June 1992, p.1.

Visa-less Exchanges

The agreement to conduct visa-less exchanges (*biza nashi kôryû* in Japanese or *bezvizovye obmeny* in Russian) was reached during Soviet President Mikhail Gorbachev's visit to Japan in April 1991. Under the program, current Russian residents of the disputed islands (except the Habomai islets which are unpopulated apart from a small detachment of border guards) are permitted to visit parts of Japan (mainly Hokkaido) without having to apply for entry-visas. Similarly, the obligation for the islands' former Japanese inhabitants, many of whom live in Hokkaido, their dependents, members of the Northern Territories Return Movement and journalists, to carry a valid Russian visa has also been waived. Previously, the only way the former Japanese residents could visit the islands, primarily to tend ancestral graves (an important Buddhist custom), was as members of special missions. These visits, however, were rather sporadic as they were dependent upon Soviet goodwill and influenced by the general state of Soviet-Japan relations.[40]

The Soviet government was not totally opposed to visits by former Japanese residents to the islands. In fact, the Soviets were quite receptive to the idea – but on one condition: Japanese citizens carry a valid Soviet tourist visa. The Japanese government considers the islands to be Japanese territory and the Soviet occupation illegal, thereby obviating the necessity for Japanese citizens to apply for Soviet visas in order to visit the islands. It feared that if Japanese citizens applied for Soviet visas to visit the islands, this could be seen as tacit recognition of Soviet sovereignty over the islands. As a result, Japanese authorities prohibited its citizens from visiting the islands. Thus, the natural desire to visit one's ancestral homeland had become entangled in and frustrated by the delicate issue of territorial sovereignty.

The visa-less exchange agreement was beneficial to both sides. By the time of the April 1991 summit, Gorbachev's economic reform program was floundering and subsequently his political position was extremely unstable. Gorbachev was fully

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[40] Soviet-Japan relations were in turn heavily influenced by the vagaries of US-Soviet relations. Since its inception in 1964, grave visits were allowed in 1968 and from 1971-73. No visits took place between 1976 and 1985 – a particularly tense period in bilateral relations – but recommenced in 1986, a year after Gorbachev's rise to power.

aware that should he accede to Japan's territorial demands, his political rivals, amongst them Boris Yeltsin, would use any suggestion of the Soviet Union surrendering the islands as grounds for his removal from office.[41] The agreement was therefore, according to one Japanese scholar, "in a way, a concession by the Gorbachev administration that, its grip on power slipping, could not take any decisive action toward handing over the islands".[42] The agreement absolved Gorbachev of the responsibility of deciding the islands' fate and importantly removed the threat of having the territorial dispute used against him by his political opponents.

For the islands' former Japanese inhabitants, the visa-less exchange agreement simplified travel to the islands, allowing them to visit their homeland and tend ancestral graves without being embroiled in the complexities of the territorial dispute. [43] For those involved in the Northern Territories Return Movement, it provided an opportunity to redirect their public opinion mobilisation campaign and enlighten the islands' current Russian residents about the "correct" historical and legal arguments underpinning the Japanese claim to the Northern Territories, in the process alleviating the islanders' opposition to handing over the islands. Some also saw the agreement as a test case for future models of Russo-Japanese cooperation at the grass-roots level. According to Kimura Hiroshi, it is a pilot-study "to sort out the question of whether both sides were able to build a relationship based on peaceful coexistence and good neighbourly cooperation prior to reversion of the islands."[44]

From the program's inception in April 1992 until February 2000, 3 380 Japanese visited the Northern Territories and 3 117 Russian islanders travelled to Japan. The introduction of a program of "free visits" (jiyû hômon) in September 1999 which allows for visits to the islands by the former Japanese inhabitants without the need for reciprocal visits by the Russian islanders to Japan has simplified travel procedures.

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[41] Lisbeth Tarlow, "Russian Decision-making on Japan in the Gorbachev Era," in Gilbert Rozman ed., *Japan and Russia: The Tortuous Path to Normalization, 1949-1999,* New York: St. Martin's Press, 2000, p. 134.
[42] Hiroshi Kimura, "Japan-Russia Relations: Exchanges Build Vital Trust," *Japan Times,* 31 July 2000, p. 18.
[43] Instead of a passport and visa, Japanese travellers are given identification papers issued by the Japanese Ministry of Foreign Affairs and a slip of paper by the Russian Embassy certifying the person as a regular traveller as agreed to by both countries. Russians go through a similar procedure when visiting Japan. "Biza-nashi Yontô Jûmin ga Tôchaku," *Asahi Shimbun,* 23 April 1992, p. 1.
[44] Kimura, "Japan-Russia Relations," p. 18.

Over two-thirds of the Japanese participants in the program hail from nearby Hokkaido, which is largely due to the fact that most of the former islanders settled there, after being expelled from the islands shortly after the end of the Second World War, in the hope that they would soon be able to return to their homes. Hokkaido has also hosted most of the Russian visits.[45]

Hokkaido is more than just an arrival and departure point for the visa-less exchange program. Although the visa-less exchange program is based on an intergovernmental agreement, municipal and regional governments in Hokkaido and Sakhalin, in cooperation with a variety of foundations and private organisations, play an important role in coordinating and organising the visits and also contribute financial assistance. The HPG has provided institutional support for the visits through the establishment in February 1992 of an 18-member Hokkaido Northern Territories Exchange Promotion Committee (*Hoppô Yontô Kôryû Hokkaidô Suishin Iinkai*) which meets four-times a year to discuss details concerning the visits. The Committee is comprised of the *Chishima Renmei* – an organisation representing the interests of the former Japanese islanders, the *Hoppô Dômei* – a key group in the Northern Territories Return Movement, the Nemuro county municipal government (Hanasaki port in Nemuro is the primary arrival and departure point for the visits) and the HPG.[46]

Governor Yokomichi and his successor Hori Tatsuya have also been active participants in the program. Yokomichi visited the islands in August 1993 (the first time for a Hokkaido Governor) and Hori did so in May 1997. Farkhutdinov, who believes the Hokkaido Governor's visits are placing unnecessary strains on interregional relations, attacked Hori for participating in the program. As domestic political considerations, namely the presence of the small, but vocal Northern Territories Return Movement, compel Hori to visit the Northern Territories, future participation in the program has the potential to damage the otherwise close personal relationship the two Governors have strived to establish in recent years.

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[45] Hokkaidôchô Sômubu Chijishitsu Kokusaika Roshiashitsu, *Hokkaidô to Roshia Kyokutô: Kôryû Jisseki to Kyokutô no Gaiyô*, 2000, p. 35.
[46] "Hoppô Yontô Kôryû Hokkaidô Suishin Iinkai-tte nani shiteiru tokoro?" http:// www1.biz.biglobe.ne.jp/~yonto/index.htm, accessed 9 May 2000.

The visa-less exchanges' official aim is to promote mutual understanding and friendship between the Russian and Japanese participants in the program. However, given the territorial dispute's delicate nature, it is perhaps unavoidable that politics do on occasion cast a shadow over the visits. A Japanese Foreign Ministry official is required to accompany the Japanese delegation on board the ship bound for the islands. He gives a formal lecture on the Japanese government's official policy on the Northern Territories and is obligated to protest the customs declaration before landing on the islands.[47] In a report by authorities from the South Kuril and Kuril Districts to a public hearing on the territorial dispute organised by the Sakhalin *oblast* Duma in September 2001, it was claimed that an official Japanese delegation visiting the islands attempted to persuade the South Kuril District administration to send a petition to the Russian government to expedite the conclusion of a peace treaty. If they did not petition the Russian government, the Japanese delegation reportedly threatened to discontinue humanitarian aid to the islands.[48] Japanese participants in the program are required to attend meetings and workshops prior to visiting the islands, which, in addition to discussing travel details, are used to remind those who may have forgotten the arguments underpinning the government's claim to the Northern Territories. Symposia to discuss the territorial dispute are also held on the islands. The participants also receive materials outlining aspects of the visit to which they need to pay particular attention. Reflecting the government's concern that the visits have a positive impact in helping to create an environment conducive to resolving the territorial dispute, these materials include a detailed list of statements, which may imply Russian sovereignty over the Northern Territories, Japanese should refrain from making when visiting the islands.[49]

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[47] Arai and Hasegawa, "The Russian Far East in Russo-Japanese Relations," p. 177. Arai and Hasegawa also point out that this protest session has become a contest among Foreign Ministry officials, although these protests no longer have teeth, degenerating into mere formality.

[48] *Sovetskii Sakhalin*, 15 September 2001, cited in *Saharin to Nihon*, no. 245, 20 September 2001, p. 2. The local press in Sakhalin has also alleged that Japanese delegations visiting the South Kurils give the Russian islanders materials outlining Japan's historical and legal claims to the islands. See V. Golovnin, "Bezvizovye obmeny: komu oni nuzhny?" *Sovetskii Sakhalin*, 8 November 1996, p. 2.

[49] These are: 1. Do not make statements that are premised on the fact that the Northern Territories are Russian territory; 2. Do not encourage or propose economic exchange and individual cooperation; 3. Do not make any statements that contradict the government's four-island policy; 4. Do not make any statements indicating you have given up on an early resolution of the Northern Territories problem; 5. Do not make unsubstantiated or emotional statements; 6. The Northern Territories are Japanese territory. Therefore, in statements and accounts concerning the Northern Territories and the Russians living there, avoid expressions that suggest the Northern Territories are Russian territory, eg. Do not call the area between Cape Nosappu and the Northern Territories "the border" and when travelling to and from the islands, do not say "entering a country" or "returning to my country". When arriving, use

There is no denying the visa-less exchanges have greatly contributed to improvements in mutual perceptions amongst the program's Russian and Japanese participants. As discussed previously, during the Cold War, Hokkaido, Sakhalin and the Kuril Islands were frontlines in the respective national defences of Japan and the Soviet Union. The large-scale military buildup on both sides of the disputed border created enormous tension in the region. Residents of both regions lived under the mutual perception of a constant military threat. In light of this, it is remarkable that so soon after the Soviet Union's collapse and the end of the Cold War, the program's Russian and Japanese participants now invite each other into their homes as friends, not enemies.

Despite the new found feelings of trust and friendship that have been established at the grassroots level, the visa-less exchange program has, on occasion, created problems in interregional relations. One problem is that Russian participation in the program is limited to the disputed islands' current residents. Any Sakhalin resident wishing to visit Japan must apply for a Japanese visa. However, any Japanese citizen can theoretically visit the islands without a visa. As a result, Sakhalin Governor Igor Farkhutdinov has voiced his dissatisfaction at this situation to his Hokkaido counterpart Hori Tatsuya and has also threatened to cancel the visa-less exchange program should this perceived imbalance remain unrectified.[50] Hori has promised to act as an intermediary, passing on Farkhutdinov's concerns to the Japanese government, but at present Russian participation in the program is still restricted to the South Kuril islanders. Given Russian Constitutional provisions and the Sakhalin charter which stipulate that *oblast* residents must approve cession of Russian territory via a referendum, and also that the visa-less exchanges' primary goal is to promote mutual understanding, thereby alleviating local opposition to Russia surrendering the disputed islands, it is puzzling that neither Tokyo nor the HPG have given serious consideration to including Sakhalin proper in the program.

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the expression "entering the area (not country)" and when departing "leaving the area". Cited in Kotani Hidejiro, *Hoppô Ryôdo to Borantia: 'Ri' wa 'Ware' ni Ari*, Tokyo: Maruzen, 2000, pp. 152-154.

[50] M. Borisova, "Net Vzaimoponimania," *Sovetskii Sakhalin*, 2 April 1998, p. 1; Press-tsentr administratsii Sakhalinskoi oblasti, "Zayavlenie," *Gubernskie vedomosti*, 2 April 1998, p. 1. In October 1991, the Kuril District Soviet on Etorofu also sought to hinder the visa-less exchange program when, in a blatant display of chauvinistic nationalism, it adopted a "Japan Exclusion Resolution" in which local authorities claimed they would not be responsible for the safety of any Japanese who visited the island under the program. "Ryôdo Henkan Hantai o Ketsugi," *Hokkaidô Shimbun*, 18 October 1991, p. 3.

Moreover, problems have emerged in recent years regarding the intentions of the Russian participants in the visa-less exchange program. As mentioned previously, the program's purpose is to promote mutual understanding and cultivate public opinion among the Russian islanders for the Northern Territories' return. However, by 2001, the tenth year of the program, there have been no visible signs that it has produced, from the Japanese perspective, the desired political and diplomatic results. Instead, there are criticisms within Japan that the program's original aim has been undermined and that the visits have become nothing more than sightseeing tours for the Russian islanders. [51] The original destinations for the Russian visitors, mainly eastern Hokkaido and Tokyo, the former which is the frontline in the Northern Territories Return Movement and is dotted with billboards and other displays of government propaganda, have been expanded in recent years to incorporate 16 Japanese prefectures – including Okinawa, which is as far removed from the home of Japanese revanchism as can possibly be. This has led to calls from those in the Northern Territories Return Movement for the program to revert back to its starting point. [52] In fact, the visa-less exchange program may be having the opposite and unintended effect of delaying the territorial dispute's resolution, thereby making it more difficult for Japan to recover the islands. [53] Many of the Russian islanders have revealed an increasing lack of concern for the delicate issue of territorial sovereignty as long as suitable economic and cultural links are maintained.

Sister-City Exchanges

The two previous sections of this chapter focused on two forms of cultural exchange that are closely linked with the Northern Territories dispute. However, not all of Hokkaido's cultural and interpersonal relations with Sakhalin are solely devoted to resolving the territorial dispute. One such form of exchange between municipalities in

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[51] "Hoppô Ryôdo Biza-nashi Kôryû Jûnenme," *Yomiuri Shimbun*, 23 April 2001, p. 34.

[52] "Hoppô Ryôdo Biza-nashi Kôryû Jûnenme," *Yomiuri Shimbun*, 23 April 2001, p. 34. Moreover, the financial burden imposed on the Russian islanders who participate in the program is substantial. Calculating the cost of the entire program is complicated, but a simple itinerary for a recent trip cost $1 680 per person for two busloads of Russians – for most, this is the equivalent of several months wages. As a result, rather than all of the islanders participating in the program, the "wealthier" ones are making repeat visits. "Japan Woos Residents of the Disputed Islands," *The Sakhalin Times*, 22 November – 6 December 2001, no. 13, http://www.sakhalintimes.com, accessed 23 November 2001.

[53] Kimura, "Japan-Russia Relations," p. 18.

the two regions is sister-city links – perhaps the most common form of local government diplomacy. The following section will examine this aspect of Hokkaido-Sakhalin intercultural relations.

Ten municipalities in Hokkaido have established sister-city relations with local governments in Sakhalin. Wakkanai, which is located on Cape Noshappu – Hokkaido's northernmost point (excluding the Northern Territories), has established sister-city relations with two Sakhalin municipalities. Four of the agreements were concluded during the late 1960s and early 1970s when Tokyo-Moscow relations were far from harmonious: Asahikawa and Yuzhno-Sakhalinsk (November 1967), Kitami and Poronaisk (August 1972), Wakkanai and Nebilsk (September 1972) and Kushiro and Kholmsk (August 1975).[54] Although these agreements lacked any real substance and were essentially exchanges between regional elites to discuss ways of expanding citizen exchanges and coastal trade (so-called *kanpai* or "cheers" diplomacy), they did, on occasion, carry political overtones. For instance, the "Joint Declarations" between Kitami and Poronaisk and Wakkanai and Nebilsk both mentioned "promoting the conclusion of a Japan-Soviet Peace Treaty" through the development of friendship and exchange activities between the respective local governments.[55] The conclusion of both agreements came just before the first round of peace treaty negotiations between Soviet Foreign Minister Andrei Gromyko and his Japanese counterpart Ôhira Masayoshi held in Moscow in October 1972. Until the Ôhira-Gromyko meeting, peace treaty negotiations between the two countries had encountered a 16-year hiatus. One can surmise that these "Joint Declarations" were timed to pressure both the Japanese and Soviet governments to conclude a peace treaty successfully.

Five agreements were concluded in the period shortly preceding and following the Soviet Union's collapse: Sarufutsu-Ozersky (February 1990), Monbetsu-Korsakov (January 1991), Nayoro-Dolinsk (March 1991), Wakkanai-Korsakov (July 1991) and

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[54] Otaru concluded an agreement with Nakhodka (*Primorskii krai*) in September 1966 and Rumoi with Ulan Ude (Buryat Republic) in July 1972. Ichioka Masao, *Jichitai Gaikô: Niigata no Jisshi/Yûkô kara Kyôryoku e*, Tokyo: Nihon Keizai Hyôronsha, 2000, p. 10.
[55] Ôtsu Hiroshi, "Jichitai Gaikô no Hôri," in Ôtsu Hiroshi and Hagai Masami eds, *Jichitai Gaikô no Chôsen: Chiiki no Jiritsu kara Kokusai Kôryûken no Keisei e*, Tokyo: Yûshindô, 1994, p. 42. The term *kanpai gaikô* or "cheers diplomacy" was coined by Shutô Nobuhiko. See Shutô Nobuhiko, "Reisengo no Kokusai Shakai ni okeru Jichitai no Kinô to Yakuwari," *Sekai Keizai Hyôron*, May 1995, p. 53.

Teshio-Tomari (July 1992). It was during this period that Moscow's grip on the regions began to slip and local and regional authorities sought to take advantage of their growing, newly acquired autonomy by seeking to establish foreign relations. The remaining two sister-city agreements between Nemuro-Severo-Kurilsk and Hakodate-Yuznho-Sakhalinsk were concluded in January 1994 and September 1997, respectively.[56]

Geographic propinquity and the lifting of interregional travel restrictions and the subsequent establishment of a regular air service between Hakodate and Yuzhno-Sakhalinsk in April 1994 and ferry services linking Korsakov with Otaru and Wakkanai in 1995, has led to both qualitative and quantitative improvements in sister-city relations. In addition to the more orthodox "cheers diplomacy" between regional elites, Hokkaido-Sakhalin sister-city relations are conducted in a broad range of fields including cultural, sports, music, educational, medical and youth exchanges. A number of universities, high schools, primary schools and pre-schools in Hokkaido and Sakhalin have also entered into sister-school exchange agreements in recent years. Youth and school exchanges are an important investment in the future of Russo-Japanese relations as it allows young people to gain first-hand knowledge of life in a neighbouring country. The growing mutual understanding resulting from these exchanges is insurance against a possible deterioration in bilateral relations in the future and government propaganda that may subsequently follow from this. Past generations of Soviet/Russian and Japanese citizens were largely ignorant of each other and, as a result, were easily influenced by the negative misinformation their governments often pedalled.

In addition to being neighbours and the obvious desire for harmonious relations this often brings, there are also economic and political considerations behind the establishment of some of the sister-city exchanges. Economic and political considerations were also behind the decision to conclude the Hokkaido-Sakhalin Friendship and Economic Cooperation Agreement in November 1998 – essentially a peace treaty at the regional level – and also a cooperation agreement concluded

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[56] Ichioka, *Jichitai Gaikô*, p. 10; and *Tai Roshia Kôryû Jigyô Keikaku-to Chôsahyô*, received from municipal authorities in Nemuro, 10 May 2000.

between the two regional legislatures in May 2000.[57] For Sakhalin's municipalities, which have been virtually cut off economically from the rest of the country by skyrocketing transport costs, caused by price liberalisation, and a significant drop in federal funding and investment, neighbouring Hokkaido looms as an attractive economic partner. Local governments in Hokkaido, which are suffering from the unprecedented postwar economic downturn in Japan, also see potential benefits from establishing closer economic relations with municipalities in Sakhalin. Monbetsu fishermen have benefited by being able to purchase marine products directly in Korsakov.[58] In this case, sister-city relations have provided a channel for the flow of goods and services between the two municipalities. Hakodate and Wakkanai are also engaged in competition to become the primary support and supply base for Sakhalin oil and natural gas development projects.[59] In this regard, both are seeking to take advantage of the recent transport and other institutional links they have established with Sakhalin.

Municipalities in both regions have sought to deepen mutual understanding by developing autonomous links free of the troubles that have plagued relations between the two central governments. However, Hokkaido's role as the northern base for the Northern Territories Return Movement and Sakhalin's jurisdiction over the islands have not made this easy. At a meeting of Russo-Japanese sister-city mayors in Yuzhno-Sakhalinsk in August 1995, primarily convened to discuss issues relating to the promotion of cultural and youth relations, cooperation in solving economic problems and the development of sports and tourism, Japanese mayors insisted on mentioning the Northern Territories problem in a joint communiqué, creating tensions with their Russian hosts.[60] Along with the desire to set up fisheries joint ventures in order to obtain access to quotas, the Northern Territories problem has also been a

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[57] *Gubernskie vedomosti*, 25 May 2000, cited in *Saharin to Nihon*, no. 187, 1 June 2000, p. 3.

[58] Reply to a questionnaire the author sent to Monbetsu municipal authorities on 8 June 2000.

[59] Reply to a questionnaire the author sent to municipal authorities in Hakodate, 14 June 2000; Hokkaidô Shimbun Jôhô Kenkyûjo, *Dônai Kôwan Toshi to Roshia no Keizai Kôryû*, Jôhôken Bukkuretto 2, 2001, pp. 24 and 52.

[60] *Svobodnyi Sakhalin*, 18 August 1995, p. 2. According to Ichioka Masao, former head of the Niigata municipal government's International Exchange Division who was active in the development of Niigata's local government relations with the Russian Far East, most of the time spent in the Japan-Russia coastal mayors' meeting was taken up with how to deal with the Northern Territories problem – more specifically, how to put the issue into a joint declaration without damaging each party's claim to the islands. Ichioka passed this information on to Arai Nobuo who revealed it to the author during a discussion on Russo-Japanese local government relations in Yuzhno-Sakhalinsk, 22 August 2001.

factor in the establishment of Nemuro's sister-city relations with Severo-Kurilsk. According to Arai Nobuo, who works as an adviser on Russian affairs to the Nemuro municipal government, municipal authorities in Nemuro – the spiritual home and frontline in the movement for the Northern Territories' return – were cognisant of the possibilities for future exchanges with the current Russian islanders and saw relations with Severo-Kurilsk (on Paramushir Island in the northern Kurils) as a test-case for these exchanges.[61] The Japanese government prohibited the establishment of sister-city relations with municipalities on the four disputed islands as these ties are designed to promote exchanges between local governments of different countries. As the Japanese government and Nemuro municipal authorities consider the Northern Territories to be Japan's inalienable territory, they feared that Russia could construe the establishment of sister-city relations with the disputed islands as Japan's tacit recognition of Russian sovereignty over the islands.

This section has examined three forms of Hokkaido-Sakhalin intercultural exchange: Dialogue '92, visa-less exchanges and sister-city relations. In terms of addressing the dissertation's supplementary research questions pertaining to subnational government diplomacy according or conflicting with central government policy, Dialogue '92 and sister-city relations are based on the initiatives of regional and municipal governments in Sakhalin and Hokkaido and conducted relatively independently of their respective central governments. However, because Tokyo at this stage did not formally recognise Russia's sovereignty over South Sakhalin, which, as discussed previously, it sought to use as a lever to extract concessions from Moscow over the Northern Territories, Dialogue '92 did have the potential to complicate central government policy. Visa-less exchanges are based on intergovernmental agreements and are characterised by the close cooperation of regional and local governments with their respective central governments. Efforts by regional and local administrations in Hokkaido and Sakhalin to foster closer interregional relations have led to the establishment of "pipes" or channels for private-level exchanges. The growth of interpersonal relations between both regions' citizens have undermined outdated perceptions and propagated previously unimagined levels of goodwill.

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[61] Discussion with Arai Nobuo, 22 August 2001.

Before analysing the poll data in order to ascertain the extent to which the aforementioned exchanges and subsequent increased mutual understanding have influenced Sakhalin *oblast* residents' views on the dispute with Japan over the Southern Kuril Islands, the next section briefly evaluates the legal mechanisms that have resulted in the growing salience of Russian public opinion in matters pertaining to the territorial dispute. One may query the reliance on public opinion polls to gauge local views of the territorial dispute. Of course, surveys and public opinion are not necessarily the same thing; public opinion can take many forms – for instance, via the media, through election results or behaviour such as petitioning the government and staging mass rallies. However, polls probably remain the best way to gauge reliable public opinion among large groups in society.[62] Although the territorial dispute's controversial nature could result in biased surveying methods and interpretation of results, the author shares the view of Matthew Wyman that there are no compelling reasons to mistrust the honesty of responses to Soviet or post-Soviet surveys.[63] Strong anecdotal evidence also supports the poll data. Moreover, the conclusive results of these surveys, at least in the case of Sakhalin residents, should dispel doubts regarding their legitimacy.

The Salience of Local Public Opinion: An Opportunity for Japan?

The necessity of the leadership taking public attitudes into consideration when formulating policy was formally recognised in article nine of the 1977 Soviet Constitution, which called for a "constant responsiveness to public opinion.[64] However, this article was merely a statement of one of the goals and principles of the Soviet system of government. In reality, public opinion as an independent social institution that affects the political process did not exist in the Soviet Union (or any other communist country for that matter).[65] The limited survey research that was conducted, particularly before the Gorbachev era, was either heavily politicised[66] or focused on mundane aspects of Soviet life such as leisure activities.

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[62] Ellen Propper Mickiewicz, *Media and the Russian Public*, New York: Praeger Publishers, 1981, p. 2.
[63] Matthew Wyman, *Public Opinion in Postcommunist Russia*, Houndmills, England: Macmillan Press, 1997, p. 9.
[64] *Konstitutsiya (Osnovnoi Zakon) Soyuza Sovetskikh Sotsialesticheskikh Respublik*, Moscow: Pravda Publishing House, 1977, cited in Wedgwood Benn, *From Glasnost to Freedom of Speech*, p. 12.
[65] Wyman, *Public Opinion in Postcommunist Russia*, p. 4.
[66] Wyman, *Public Opinion in Postcommunist Russia*, p. 5.

The Soviet Union was already in considerable economic and social decline by the time Gorbachev rose to power in March 1985. By the early-to-mid-1980s, the Soviet leadership had come to recognise that the tight censorship enforced during the Brezhnev era was a contributing factor to the malaise of Soviet society.[67] As Gordon Smith aptly remarked, social problems could hardly be addressed in an effective manner when the leadership denied their existence.[68] Gorbachev therefore introduced a policy of *glasnost* or openness, which, *inter alia*, aimed to stimulate a much broader range of acceptable public discussion of various problems and issues.[69]

Gorbachev's *glasnost* policy led to the gradual removal of the physical and ideological constraints that had prevented the comprehensive study of Soviet public opinion.[70] As part of the new infrastructure designed to support a more systematic study of public attitudes, the All-Union Centre for Public Opinion Research (VTsIOM according to its Russian acronym) was opened in March 1988, the prominent sociologist, Tatyana Zaslavskaya, was named as its director.[71] A large number of private polling organisations were also established. VTsIOM's early studies were on relatively non-controversial areas, but paralleling the process of *glasnost*, the areas of investigation were gradually broadened.[72] By 1991, no issue was in principle off-limits for study.[73]

One such issue that was no longer outside the boundaries of acceptable public discussion and sociological research was the Northern Territories dispute. Until Gorbachev's state visit to Japan in April 1991, the Soviet leadership had claimed that the territorial dispute had been resolved according to the Yalta Agreement in which US President Franklin D. Roosevelt promised Stalin the Kuril Islands in exchange for Soviet participation in the war against Japan. It therefore did not exist. Soviet citizens

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[67] Gordon B. Smith, *Soviet Politics: Struggling with Change*, 2nd edition, New York: St. Martin's Press, 1992, p. 186.

[68] Smith, *Soviet Politics*, p. 186.

[69] Smith, *Soviet Politics*, p. 185.

[70] Wyman, *Public Opinion in Postcommunist Russia*, p. 5.

[71] *Trud*, 29 March 1988, and *Ekonomicheskaya gazeta*, no. 14, April 1988, p. 19, cited in Stephen White, Graeme Gill and Darrell Slider, *The Politics of Transition: Shaping a Post-Soviet Future*, London: Cambridge University Press, 1993, p. 181.

[72] Wyman, *Public Opinion in Postcommunist Russia*, p. 6.

[73] Wyman, *Public Opinion in Postcommunist Russia*, p. 6.

had long been ingrained with the belief that the islands were historically and legally an inalienable part of the *Rodina* (Motherland) and were oblivious to Japan's territorial claims. Because of Gorbachev's *glasnost* policy, not only were Soviet citizens slowly becoming aware that a territorial problem with Japan existed, but they were, for the first time, being asked for their opinion on this dispute. The Sakhalin *oblast* Communist Party Committee conducted one of the earliest known surveys of Soviet citizens' attitudes towards the territorial dispute (the results of which will be discussed shortly) in March 1990.[74] The Soviet Union's collapse and subsequent emergence of the Russian Federation, a new nation ostensibly committed to democratic principles, raised expectations, particularly in Japan, that Russian public opinion would play an increasingly important role in determining the disputed islands' fate.

As discussed previously, in post-Soviet Russia there is, at least theoretically, a link between public opinion and the maintenance of Russia's territorial integrity. The Russian Republic's June 1990 "Declaration of Sovereignty" requires that all territorial changes be approved in a national referendum.[75] Article 131 of the 1993 Russian Constitution stipulates that "Changes to the border of territories where local self-government is exercised are permitted with due consideration for the opinion of the relevant territories."[76]

The relationship between public opinion and changes to Russia's borders has also been strengthened at the regional and local levels through the Sakhalin *oblast* and South Kuril District charters. According to article three of the Sakhalin *oblast* charter adopted in January 1996, "Sakhalin *oblast* consists of Sakhalin Island and the Kuril Islands, including the *Mala Kuril'skaya gryada* (Habomai islets and Kunashiri), and *oblast* boundaries are prescribed by international treaties that the Russian Federation concludes as well as the Russian Constitution and federal laws."[77] This can be interpreted as meaning that any international treaty concluded between the Russian

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[74] Cited in Fujimori Ichirô, "Soren Hôkai 10-nengo no Natsu (8)," *Hokkaidô Shimbun*, 17 August 2001, p. 7.

[75] "Deklaratsiya o gosudarstvennom suverenitete Rossiiskoi Sovetskoi Federativnoi Sotsialisticheskoi Respubliki," *Argumenty i fakti*, no. 24, 16-22 June 1990, p. 1.

[76] *Konstitutsiya Rossiiskoi Federatsii*, p. 57.

[77] "Saharin-shû Kenshô," http://www001.upp.so-net.ne.jp/dewaruss/on_russia/sakhalinConstitution.htm, accessed 5 February 2002.

and Japanese governments is legally binding concerning decisions pertaining to Sakhalin's boundaries. However, even if an international treaty can bring about a change in *oblast* boundaries, the charter preconditions this upon the residents' consent, stipulating that "concerning a change in its boundaries, the consent of Sakhalin *oblast* shall be expressed by conducting a regional referendum."[78] Nakamura Itsurô argues that this clause was inserted in order to prevent the *oblast*'s boundaries from being unilaterally amended by any international treaty between Russia and Japan.[79] Stephen White and Ronald Hill argue that in a federal state such as Russia, in which at least some of the constituent republics have ambitions that challenge the federation's integrity, "the referendum is, in turn, an instrument their leaders can use to legitimate a declaration of sovereignty or even independence."[80] If the Russian government were to decide to transfer the disputed islands to Japan, one could expect that the Sakhalin regional government, which is steadfastly opposed to Russia relinquishing control over the South Kuril Islands, to seek to use a local referendum to counter-legitimate the islands remaining a part of Russia.

The South Kuril District charter was adopted in October 1996 and contains a number of clauses that reflect the *raion*'s ongoing struggle with the regional administration in Sakhalin to increase its local autonomy. The charter designates three land categories: 1. federal lands; 2. South Kuril District lands and; 3. private land. A notable omission from this categorisation is any reference to *oblast* lands. Nakamura sees this as an attempt by South Kuril authorities to link up with the federal government and not have the initiative taken away by regional authorities in territorial negotiations with Japan.[81] Moreover, the South Kuril District charter does not mention that the *raion* is

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[78] "Saharin-shû Kenshô."

[79] According to the "Sakhalin *oblast* law regarding referenda" adopted by the Sakhalin Duma on 31 January 1996, there are three ways to propose a referendum. First, if more than one-third of *oblast* Duma members proposes a referendum and more than two-thirds second the motion; Second, if the Governor makes a proposal to the *oblast* Duma and two-thirds of its members agree; and third, if a civic group consisting of more than 50 people collects more than 10 000 signatures of eligible voters, but at a minimum, more than 2 000 must be collected from residents of Yuzhno-Sakhalinsk. For a referendum to be valid, more than 50 per cent of eligible voters in the *oblast* must vote and the result is decided by a simple majority. The referendum's result "binds all residents and does not require the approval of any state organ. The decision cannot be amended without conducting another referendum and cannot be invalidated. Nakamura Itsurô, "Saharin to Minami Kuriru Chiku no Jichi Seido," *Surabu Kenkyû*, no. 45, 1998, p. 290.

[80] Ronald J. Hill and Stephen White, *The Referendum in Communist and postcommunist Europe*, Studies in Public Policy Number 243, Centre for the Study of Public Policy, University of Strathclyde, 1995, p. 21.

[81] Nakamura, "Saharin to Minami Kuriru Chiku no Jichi Seido," p. 290.

a part of Sakhalin *oblast* and there is also no reference to a division of powers with Sakhalin.[82] It is thought that the reason why the charter does not clarify the issue of legal relations vis-à-vis Sakhalin derives from a fear that were it do so, the district's drive for greater local autonomy would be suppressed by Sakhalin.[83] Obfuscating the division of powers with Sakhalin is therefore a creeping attempt at greater freedom.

Regarding a change in the South Kuril District's boundaries, article nine of the charter states that any such decision "must definitely consider the residents' will which is to be expressed directly."[84] A boundary change can be carried out if two of the following conditions are met: First, if more than two-thirds of South Kuril District Assembly members agree during a session and; Second, it is requested by more than two per cent of residents who posses the right to participate in a referendum.[85] Authorities from the South Kuril District, which only has a tiny per centage of the total *oblast* population (1-2 per cent), have sought to increase the significance of a referendum by expanding the range of people who can participate in a referendum. Current residence is not a precondition for voting in a referendum as long as one owns real estate, pays property tax, applies to participate in the district's administration, has CIS citizenship, owns a house, rents a property, lives in housing or is a family member of someone that does.[86] Even if one is not a CIS citizen, the opportunity to participate still exists as long as one applies to do so and the South Kuril District Assembly adopts a supporting resolution.[87] Theoretically, at least, if a Japanese citizen were to meet any of the preceding conditions, he or she could vote in a referendum to transfer the South Kuril Islands to Japan. Whether the charter was drafted with the issue of Japanese participation in mind is an open question, but nevertheless, such a possibility remains.

The Russian Constitution stipulates that the legislative acts of Russia's subjects should not contradict the Constitution or federal laws. Regional and local charters (*ustavy*) are therefore subordinate to the Constitution. However, given Moscow's (or more precisely former President Boris Yeltsin's) penchant for ad hoc bargaining with those regions it sees as important in keeping the Federation together, as the number of

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[82] Nakamura, "Saharin to Minami Kuriru Chiku no Jichi Seido," p. 290.
[83] Nakamura, "Saharin to Minami Kuriru Chiku no Jichi Seido," pp. 295-296.
[84] Nakamura, "Saharin to Minami Kuriru Chiku no Jichi Seido," p. 296.
[85] Nakamura, "Saharin to Minami Kuriru Chiku no Jichi Seido," p. 296.
[86] Nakamura, "Saharin to Minami Kuriru Chiku no Jichi Seido," p. 296.

bilateral agreements between the federal government and the regions demonstrates, and Russia's subsequent development as a treaty rather than a Constitutional federation, it is not surprising that Constitutional uncertainties exist. There is a certain Constitutional ambiguity concerning the question of whether any border demarcation would require the Sakhalin *oblast* administration's separate consent.[88] As one observer has noted, "...the Russian Constitution requires regional governments to consent to any border changes *within* the federation, but is not explicit about international borders."[89] As long as any Constitutional uncertainty remained regarding the status of the boundary between Sakhalin *oblast* (and the South Kuril District as well) and Japan pertaining to the issue of whether due consideration for the views of local residents should be applied, local public opinion could not be entirely ruled out as a factor in any decision to transfer the South Kuril Islands to Japan.

Surveys of Sakhalin *Oblast* Residents' Territorial Perceptions

Sakhalin Residents

According to a survey conducted in Sakhalin *oblast* in 1991, only 2.7 per cent of respondents as a whole and 6.6 per cent of Kuril Island residents favoured a "handover of four islands to Japan." Conversely, 66.4 per cent and 42.1 per cent of Sakhalin and Kuril Island residents, respectively, believed "the Soviet Union and Japan [should] conclude a peace treaty based on the status quo."[90] It is not surprising that a majority of Sakhalin and Kuril residents were initially opposed to the Soviet Union handing over the Southern Kuril Islands to Japan. Throughout the postwar period, Soviet citizens were ingrained with the belief that the islands were an inalienable part of the *Rodina* and that the entire Kuril archipelago was discovered, settled and developed by Russians. Over forty years of indoctrination and propaganda are difficult to undo.

[87] Nakamura, "Saharin to Minami Kuriru Chiku no Jichi Seido," p. 296.
[88] Steven Solnick, "Russian Regional Politics and the 'Northern Territories'," paper presented for an international symposium, Miyazaki-Tokyo, November 1999, p. 2.
[89] Solnick, "Russian Regional Politics and the 'Northern Territories'," p. 2.
[90] Cited in Itahashi Masao, "Saharin-Karafutoshi Kenkyû ni tsuite: Ryôdo Mondai o Chûshin ni," in Takeda Naoto ed., *Saharinshû no Sôgô Kenkyû*, dai isshû, Sapporo: Aiwâdo, 1999, p. 18.

In fact, Sakhalin residents' opposition to handing over the South Kuril Islands to Japan has proved to have deeper roots than initially expected – despite the quantitative and qualitative improvements in local government relations. According to a survey carried out from 27 March to 8 April 1995 in Sakhalin, 84.8 per cent of respondents believed that the "islands are Russian territory and should not be returned to Japan." Moreover, a mere 7.5 per cent thought a "decision should be made depending on the development of friendly and cooperative relations." Only 2.2 per cent believed "Russia should promptly return the islands as there is a basis to the Japanese claim."[91] The passage of time has done little to alleviate this opposition. In a joint survey conducted by the *Asahi Shimbun* and *ITAR-TASS* in September and October 1998 of 3 000 Japanese and Russian citizens, only 3 per cent of Sakhalin respondents believed the best method to resolve the territorial dispute was the "simultaneous return of the four islands."[92]

More recently, *Yuzhno-Sakhalinskaya gazeta* published results of a survey of Yuzhno-Sakhalin residents conducted in July 2000 by Sakhalin State University's Socio-Economic Research Centre in which only 11.7 per cent of respondents thought the Japanese claim for handing over the four islands was legal. Conversely, 77.6 per cent argued Japan has no right to claim the four islands. 85.2 per cent thought that whatever happens, Russia should not hand-over the islands. It is worth noting that those respondents who recognised Japan's claims to the islands did not necessarily support Russian territorial concessions. The newspaper argued that those who replied Japan has a right to the islands did not believe "Russia should return the islands." In other words, some people thought "Japan has a right to bring it [the territorial dispute] up, but Russia should not carry it [handing over the islands] out." Only 4.5 per cent of

[91] G. B. Borovskoi, *Otnoshenie zhitelei Sakhalinskoi oblasti k Yaponii*, Sakhalin: Sakhalinskoe Informatsinno-Analiticheskoe Agentsvo, no. 6, August 1995, p. 24.
[92] Cited in Itahashi, "Saharin-Karafutoshi Kenkyû ni tsuite," p. 18. Only 3 per cent of Russians from the mainland and 5 per cent on the three inhabited southern Kuril Islands favoured a "simultaneous return of four islands" in order to resolve the dispute. Another survey of Yuzhno-Sakhalin residents conducted in early 1998 revealed that 84 per cent of respondents believed the islands were an "inalienable part of Russia" (*neot'emlemoi chast'yu Rossii*). Moreover, if the Russian government decided to hand over the islands to Japan, 81.1 per cent of respondents said they would demand retraction of this and the President's immediate resignation; 78.6 per cent claimed they would condemn the decision and even possibly launch a protest action; and 17.8 per cent were prepared to commit extreme acts, including taking up arms to defend the Kuril Islands. Gennadii Borovskoi, "Chto dumayut Yuzhnosakhalintsy o Rossiisko -Yaponskikh otnosheniyakh," *Svobodnyi Sakhalin*, 7 May 1998, p. 1.

respondents replied that Russia should hand-over all the islands that Japan demands. 6.1 per cent thought that Russia should only hand-over Habomai and Shikotan.[93]

Kuril Islanders

The disputed islands are divided into two administrative districts or *raiony*: the Kuril District which comprises Etorofu, and the South Kuril District which encompasses the islands of Kunashiri, Shikotan and the unpopulated (except for a border guard detachment) Habomai islets. As the Japanese government's territorial claims are limited to the four islands of Etorofu, Kunashiri, Shikotan and Habomai, this section will only examine survey data of the residents of these islands.

As in the case of Sakhalin, over forty years of Soviet indoctrination was reflected in public opinion polls of the disputed islands' Russian residents conducted around the time of the Soviet Union's collapse; there was opposition to the-then Soviet Union handing over the islands to Japan.[94] An examination of school history textbooks, discussed in greater detail in the next section, also demonstrates the influence of Soviet propaganda. In post-Soviet Russia there have been significant advancements in human rights issues, including free speech, although Russian President Vladimir Putin's new restrictions on the media and attacks on media magnates, such as Vladimir Gusinsky and Boris Beresovsky, whose television channels or newspapers were particularly critical of state authorities, have raised fears that these rights are being eroded. The corollary of these newfound rights is the upsurge in the conducting of public opinion polls regarding a broad range of issues in post-Soviet Russia. A large number of polls and surveys gauging the South Kuril Islanders' perceptions of the territorial dispute have been conducted by both Russian and Japanese pollsters in

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[93] *Yuzhno-Sakhalinskaya gazeta*, 13 July 2001, cited in *Saharin to Nihon*, no. 237, 18 July 2001, p. 4. A survey by the Russian Fund revealed that opponents of a handover of the islands surpassed 70 per cent. *Sovetskii Sakhalin*, 7 August 2001, p. 1. In addition, a survey of Sakhalin State University students revealed that an overwhelming majority thought the most agreeable way of resolving the territorial dispute was by putting the islands under Russian jurisdiction. The only difference of opinion was regarding Japanese economic involvement in the disputed islands; 47.1 per cent supported the "status quo" and 43.1 per cent were in favour of "joint economic activities, but under Russian jurisdiction." 84.9 per cent of respondents "absolutely could not agree with handing the islands over to Japan" and more than 60 per cent responded that if Japan challenged and threatened Russia's sovereignty, they were prepared to participate in demonstrations. *Yuzhno-Sakhalinskaya gazeta*, 14 April 2001, cited in *Saharin to Nihon*, no. 228, pp. 2-3.

recent years; in fact so many that it might be appropriate to refer to it as a cottage industry.

There is diversity among the Kuril Islanders' views of the territorial dispute. Some discrepancies and contradictions have appeared occasionally in survey results. In some cases, this can be explained by changing climatic conditions. One study revealed that the islanders' opinions vary according to the season; in summer when food is abundant, many people are opposed to the "radical plan" (the 1956 Joint Declaration), but in winter when food is scarce and the climate especially harsh, they want to be under Japanese rule.[95] The territorial dispute's controversial nature has also led to accusations of biased polling in the past.[96]

In addition, there is also a tendency amongst academic and government officials in both Japan and Russia to make sweeping generalisations regarding the Russian islanders' opinions. For instance, in an article in the English-language *Japan Times*, Kimura Hiroshi, an authority on Russo-Japanese relations and professor at the International Research Center for Japanese Studies in Kyoto, claims that "...the majority of Russians living there [on the disputed islands] are not opposed to the handover of the islands to Japan; they even harbor a secret desire for it."[97] However, Rimma Rudakova, head of the Kurilsk administration's (on Iturup, or Etorofu as it is known in Japan) social protection department and local organiser of the visa-less exchanges with Japan, completely contradicts Kimura, arguing, "The Japanese do the

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[94] For instance, a survey conducted by the Sakhalin *oblast* Communist Party Committee in March 1990 of the four islands revealed that 88 per cent were against Russia returning the islands to Japan. Cited in Fujimori Ichirô, "Soren Hôkai 10-nengo no Natsu (8)," *Hokkaidô Shimbun*, 17 August 2001, p. 7.

[95] Hiroshi Kimura, Graham T. Allison and Konstantin O. Sarkisov, *Nichi-Bei-Ro Shinjidai e no Shinario*, Tokyo: Diamond Publishing, 1993, p. 186.

[96] This is also evident in the Sakhalin mass media. According to Aleksandr Tatarchuk, then head of the television studio on Shikotan, there are contradictions in the reporting of *Gubernskie vedomosti* and *Svobcdnyi Sakhalin*. For instance, *Gubernskie vedomosti* reports that 66 per cent of the islanders were opposed to a transfer of the islands to Japan, whereas *Svobodnyi Sakhalin* reported that 30 per cent were opposed, 30 per cent in favour and 30 per cent had no opinion. Tatarchuk believed that *Svobodnyi Sakhalin* correspondent Oleg Bondarenko was fighting for a return of the islands to Japan. *Svobodnyi Sakhalin*, 15 August 1992, p. 3. Moreover, on 17 March 1991, in conjunction with the Soviet referendum on maintaining the Union, the Sakhalin regional government conducted a large-scale survey of *oblast* residents. 12 000 South Kuril residents were reportedly surveyed (90 per cent turnout), and overwhelmingly opposed handing over the islands to Japan. A Japanese Foreign Ministry official was sceptical about the results, claiming that the questions were worded so as to induce a negative response. "Sebamaru Daitôryô no Sentaku," *Hokkaidô Shimbun* (evening edition), 18 March 1991, p. 4.

[97] Kimura, "Japan-Russia Relations," p. 18. It should be noted, however, that in another article Kimura recognises these inter-island differences. See Hiroshi Kimura "Islands Apart," *Look Japan*, vol. 46, no. 539, February 2001, p. 11.

polls every year, and the figures are more or less the same each year ...In Shikotan they get 40 per cent for returning the islands to Japan and 60 against. On the rest of the islands, it is always 70 against."[98]

The author has found that disaggregating the territorial perceptions of the residents of the three islands of Etorofu, Kunashiri and Shikotan reveals that there are broad, inter- (and intra-) island differences in the residents' views. Generally speaking, the residents of Etorofu have consistently expressed opposition to Russia handing over the islands to Japan, whereas Shikotan residents are in favour of this. Kunashiri residents, on the other hand, have displayed mixed emotions, voicing both support and opposition on different occasions.

According to a survey conducted by the *Hokkaidô Shimbun* in conjunction with the Hokkaido Information Research Institute of 300 residents of the three islands from December 1997-January 1998, 36 per cent, 48 per cent and 53 per cent of the respondents from Shikotan, Kunashiri and Etorofu, respectively, replied that Russia "absolutely should not return the islands."[99] This survey closely reflected the results of an earlier survey conducted in July 1992 by the Shikotan Social Research Association which revealed that on Shikotan those favouring returning the islands to Japan greatly outnumbered those against a return, whilst on Kunashiri and Etorofu those opposed to a territorial return slightly outnumbered those in favour.[100] Similarly, a smaller survey carried out by Japanese journalists accompanying a group of former residents visiting the islands under the visa-less exchange program showed that a little under 60 per cent on Shikotan, 10 per cent on Kunashiri and 1-2 per cent on Etorofu supported returning the islands to Japan.[101]

[98] "Japan Woos Residents of Disputed Islands," *The Sakhalin Times*, no. 13, 22 November-6 December 2001, http://www.sakhalintimes.com, accessed 23 November 2001.
[99] "Hoppô Yontô Jûmin: Ryôdo Henkan Hantai ga 73%," *Hokkaidô Shimbun*, 16 April 1998, p. 1.
[100] "'Henkan Shiji' Kyûsoku ni Kakudai," *Hokkaidô Shimbun*, 5 September 1992, p. 3.
[101] "Henkan Shiji wa Sanwari," *Hokkaidô Shimbun*, 29 June 1993, p. 3. Also, according to a *Vox Populi* survey of 300 residents of the South Kuril Islands (1800 and 300 people on the mainland and Sakhalin, respectively), 65 per cent on Etorofu, 44 per cent on Kunashiri and 28 per cent on Shikotan were opposed to a transfer of the islands to Japan. *ITAR-TASS*, 31 October 1998, FBIS/SOV-98-30, 30 October 1998. A survey conducted in Shikotan in April 1992 revealed that 83 per cent of respondents voiced support for a transfer of Habomai and Shikotan to Japan. This was in contrast to only 30 per cent the previous year. "Hoppô Ryôdo Henkan 83% ga Sansei," *Yomiuri Shimbun*, 27 April 1993, p. 5.

If one compares these survey results, between 1991 and 2000 there has been no significant change in Sakhalin residents' territorial perceptions. The majority is still vehemently opposed to a handover of the South Kuril Islands to Japan, despite the newfound reservoirs of friendship and goodwill existing between the two peoples. The following section examines why this is the case.

Factors in Sakhalin Residents' Opposition to Transferring the South Kuril Islands to Japan

History Taught in Schools

An article by the *Hokkaidô Shimbun*, which examines why there has been no alleviation in Sakhalin residents' opposition to returning the four islands to Japan, identifies problems with history curricula. It claims that until 1993, history textbooks in use mentioned neither the 1941 Neutrality Pact nor the 1956 Joint Declaration. Moreover, as Professor John Stephan, an expert on the history of Russo-Japanese relations, points out, a tenth-grade history textbook in the Soviet Union was unequivocal in its assertion of Soviet sovereignty over the islands: "[The Red Army] ...returned to the Soviet motherland primordially (*iskonno*) Russian lands – southern Sakhalin and the Kuril Islands – which had been seized in the past by Japan."[102] As Stephan further notes, "However one-sided this assertion, such sweeping claims appear to [have] enjoy[ed] broad popular support within the USSR, a tribute to the effectiveness of mass indoctrination and confirmation of how deeply run the roots of Russian patriotism."[103] Accusations of a remaining classroom bias towards Russian arguments and problems of insufficient time being devoted to the teaching of the history of Japan-Soviet relations led the article's author to conclude that the major reason for Sakhalin residents' "low historical understanding" is insufficient history education.[104] Thus, when notable figures such as the Governor of Sakhalin make public statements claiming that the Kurils were discovered by Cossacks 300 years ago, temporarily became Japanese territory, and then "were *returned* (emphasis

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[102] M. P. Kima ed., *Istoriia SSSR*, 6th edition, Moscow, 1977, p. 115, cited in John J. Stephan, "Soviet Approaches to Japan: Images Behind the Policies," *Asian Perspective*, vol. 6, no. 2, Fall/Winter 1982, p. 138.
[103] Stephan, "Soviet Approaches to Japan." p. 138.
[104] "'Hoppô Ryôdo wa Roshia no Ryôdo' Sorenshikan nao Saharin ni," *Hokkaidô Shimbun*, 16 June 1998, p. 3.

added) to the homeland due to the struggle of our grandfathers," Sakhalin residents, who have been educated to believe this, naively agree.[105]

However, recently, some of the balance to the local discourse on the territorial dispute has been restored, through the work of a team of historians from the Centre for Modern History Documentation in Yuzhno-Sakhalinsk, headed by Mikhail Vysokov (who is now Director of the University of Sakhalin's Historical Institute). In 1995, they completed a book entitled *Istoriya Sakhalinskoi Oblasti s Drevneiskikh Vremen do Nashkikh Dnei* (The History of Sakhalin *Oblast*: From Ancient Times to Our Day), which is a supplementary reader for local high school students and is also the first textbook on the region's history for use in colleges.[106] It has been described as a part of a growing sense of regional identity.[107] Its narrative includes details of both the early Russian and Japanese exploration of Sakhalin and the Kurils and follows the orthodox view that the first European to visit (*pobival*) South Sakhalin and the Kurils was the Dutch navigator Maarten Gerritsen Vries on 13 June 1643.[108] Regarding the contentious issue of whether it was the Japanese or Russians who first discovered the Kurils, the argument used to assert historical rights to the islands, the monograph is open to interpretation. It would appear the writers have accorded Japan its due when they mention that the first Japanese map of Sakhalin and the Kurils was produced in 1644. However, they qualify this by arguing that the Kurils' drawing is extremely vague, suggesting it was based on an oral description given by Hokkaido's indigenous Ainu.[109] Moreover, in what may indeed be a claim to "first discovery," it asserts that Russian explorers visited the shores of Urup, Iturup, Kunashir, Shikotan and other islands for the first time in 1738-39, which predates the journeys of Japanese traveller Magami Tokuna' who landed on Etorofu in 1786.[110]

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[105] "'Hoppô Ryôdo wa Roshia no Ryôdo' Sorenshikan nao Saharin ni," *Hokkaidô Shimbun*, 16 June 1998, p. 3. Shortly after the November 1997 Yelstsin-Hashimoto summit, Farkhutdinov authorised the joint construction with the Orthodox church of a cross on what the Japanese call Suishô Island, which is part of the Habomai islets, to commemorate the deeds of Russian settlers who first discovered the islands 300 years ago.

[106] *Saharin Sôdatsu no 400-nen*, NHK (ETV), Sapporo, 8 May 1995; Tessa Morris-Suzuki, "Sakhalin: On the Frontiers of Memory," *Meanjin*, vol. 57, no. 3, 1998, p. 537.

[107] Morris-Suzuki, "Sakhalin: On the Frontiers of Memory," p. 537.

[108] Mikhail Vysokov et al., *Istoriya Sakhalinskoi Oblasti s Drevneiskikh Vremen do Nashkikh Dnei*, Yuzhno-Sakhalinsk: Sakhalinskii Tsentr Dokumentatsii Noveishei Istorii, 1995, pp. 50-51.

[109] Vysokov et al., *Istoriya Sakhalinskoi Oblasti*, p. 62.

[110] Vysokov et al., *Istoriya Sakhalinskoi Oblasti*, pp. 66-68. However, it does say that the Japanese government organised an expedition to survey Hokkaido, the Kurils and Sakhalin in 1785, which could suggest prior knowledge of the area.

Meanwhile, from an international law perspective, the authors acknowledge both the 1855 Shimoda Treaty and the 1875 Treaty of St. Petersburg. The former determined that all the islands to the south of, and including, Etorofu belong to Japan, whilst the islands from Uruppu northward extending to the Kamchatka Peninsula would be Russian territory. Both parties could not resolve the issue of Sakhalin's ownership so they decided on joint settlement. According to the 1875 treaty, Japan ceded the southern part of Sakhalin to Russia in exchange for possession of the entire Kuril chain. Maps highlighting the borders, as defined by the two treaties, are also included.[111] The book thus recognises Japan's legal rights to the Kuril Islands in the pre-war period. However, where some parts of the narrative appear to accord Japan its due in the territorial dispute, others seem to tip the interpretive balance back in Russia's favour.

First, in a subsection of the book entitled "the liberation of South Sakhalin" (*Osvobozhdenie Yuzhnogo Sakhalina*), the narrative overlooks the Soviet Union's violation of the still-valid 1941 Neutrality Pact when it declared war on Japan. It refers to the Pact, but only notes Japanese plans to violate it and occupy large parts of the Soviet Far East and Siberia. It also details a number of provocative acts towards the Soviets including the inspection and hindering the passage of Soviet commercial shipping and threatening the security of the crews.[112] These plans were only aborted because of the rapid deterioration in Japan-US relations, which underscored the importance to the Japanese of maintaining stability in the north and avoiding a disastrous two-front war. Moreover, the narrative also includes the 1904-05 Russo-Japanese War, the loss of South Sakhalin, which resulted from Russia's defeat in that war and the Japanese occupation of North Sakhalin from 1920-25. Russia's humiliating defeat in the Russo-Japanese War (the first by an "advanced" western state to a non-western nation in modern times) and the subsequent loss of South Sakhalin was a particularly heavy psychological burden for many Russians. This burden was somewhat lifted by the Soviet victory over Japan in World War II.

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[111] Vysokov et al., *Istoriya Sakhalinskoi Oblasti*, pp. 84 and 87.
[112] Vysokov et al., *Istoriya Sakhalinskoi Oblasti*, p. 135.

Second, the term "liberation" (*osvobozhdenie*) is used to describe the Soviet troop landings on South Sakhalin and the Kuril Islands during the closing the stages of the war.[113] The term "liberation" implies that South Sakhalin and the Kuril Islands were Soviet territory and the Red Army was freeing these lands from unjust foreign rule. This is only partly true. Although according to the terms of the 1905 Treaty of Portsmouth, tsarist Russia formally ceded South Sakhalin to the Japanese as part of the reparations it was forced to pay for its defeat in the Russo-Japanese War, Russian sovereignty over Sakhalin was recognised by the Meiji government's signing of the 1875 Treaty of St. Petersburg. The signing of the Treaty of St. Petersburg was not a consequence of any armed conflict between the two countries; both sides wanted to resolve the issue of Sakhalin's ownership peacefully, which was obfuscated by the 1855 Shimoda Treaty (which, as noted above, stipulated joint possession of Sakhalin). The Treaty of Portsmouth, on the other hand, formally ended a short but bitter armed conflict. Thus, in the eyes of many Russians, the Treaty of Portsmouth was unjustly thrust upon the tsarist regime during a time of socio-economic stagnation and weakness – not too dissimilar to what Russia is experiencing today. However, as discussed previously, Japan's legal rights to the Kuril Islands were legally recognised by both the tsarist and Soviet governments in the pre-war period.[114] Therefore, it may be appropriate to refer to the "liberation" of South Sakhalin, but not the Kuril Islands.

Third, this section of the book meticulously details the battles that were fought between Soviet and Japanese troops and particularly emphasises the self-sacrifice and heroics of Soviet troops during the landing campaign. It also features a large number of photographs (14 in all on pages 142, 149 and 150) of those who were awarded the prestigious "Hero of the Soviet Union" (*Geroi Sovetskogo Soyuza*). However, it must also be noted that despite these appeals to Russian patriotism, the book correctly notes

[113] Vysokov et al., *Istoriya Sakhalinskoi Oblasti*, pp. 135-151. For instance, "Posle zaversheniya posvobozhdeniya samykh krupnykh yuzhnokuril'skikh ostrovov"; "Operatsiya po osvobozhdeniyu yuzhnoi chasti Kuril'skikh ostrovov" and "...v boyakh za osvobozhdenie Yuzhnogo Sakhalina i Kuril'skikh ostrovov."

[114] In a summary of Japanese historical arguments for ownership of the islands, William Nimmo notes that the 1925 treaty establishing diplomatic relations between Japan and the Soviet Union, although nullifying all tsarist Russia treaties except the 1905 Portsmouth Treaty, was silent on the issue of Japan's ownership of the Kuril Islands. Because Japan had legal possession of the islands in 1925, the Soviet Union – by remaining silent on the matter – gave de facto recognition to Japan's title to the territory. William Nimmo, *Japan and Russia: A Reevaluation in the Post-Soviet Era*, Westport, Connecticut: Greenwood Press, 1994, pp. 173-174.

on page 148 that there were no shots fired between Japanese and Red Army troops during the latter's landing on the South Kuril Islands (as opposed to the bloody conflict on Shumshu Island and Sakhalin) as the Japanese stationed on these islands surrendered peacefully. This undermines the arguments made by some who argue against Russian territorial concessions because of the blood of Soviet soldiers that was shed in the struggle for these islands.[115]

To sum up, the book neither unilaterally supports the Russian nor Japanese claim to the South Kuril Islands. It recognises Japanese historical arguments in some areas whilst interpretively favouring Russia in others. It is significant that some scholars are attempting to provide an objective historiography of the territorial dispute and that the book is actually used in local schools. These are certainly progressive steps for the future. Nevertheless, it would be misleading to assume that this text, or history education in Sakhalin in general, is the sole reason for the opposition of Sakhalin residents to transferring the disputed islands to Japan, although what is learnt at school can certainly have an impact on one's views of a particular issue. According to Mikhail Bugaev, Deputy Editor of the regional newspaper, *Svobodn; i Sakhalin*, the mission to convey the Japanese government's views on the territorial dispute have been successful, and most Sakhalin residents are aware of the arguments underpinning the Japanese claim to the "Northern Territories."[116] Thus, history taught in schools can be said to be *a* factor, but not the overriding cause behind this opposition.

Sakhalin's Socio-Economic Environment: A Hotbed for Xenophobic Territorial Perceptions

Poor socio-economic conditions in the region have triggered nationalist sentiments among Sakhalin residents and a concomitant opposition to Russia transferring the South Kuril Islands to Japan. As discussed in the introduction, post-Soviet economic reforms have impoverished Sakhalin, as well as much of the Russian Far East (and indeed Russia). In fact, socio-economic conditions are so abysmal that Tessa Morris-

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[115] See, for instance, V. Vasil'ev, I. Gornostaeva and L. Kas'yan, "Prebyvanie prezidenta Rossii Vladimira Putina na Sakhaline," *Gubernskie vedomosti*, 5 September 2000, p. 1; *Hokkaidô Shimbun*, 26 March 1998, cited in Itahashi Masaki, "Sengo ni okeru Saharin-Kuriru Shotô-shi Kenkyû ni tsuite," *Nemuroshi Hakubutsukan Kaisetsu Junbishitsu Kiyô*, no. 15, 2001, p. 3.
[116] Interview with Mikhail Bugaev, 22 August 2001.

Suzuki described Yuzhno-Sakhalinsk, the regional capital, as "modernity in ruins."[117] The "ruins" have turned out to be a fertile environment for extremist political forces. In the December 1993 elections to the State Duma, Vladimir Zhirinovsky's Liberal Democratic Party gained the largest share of the proportional (party list) votes at 36.86 per cent – more than three times that of the second highest vote-getter, Women of Russia, which received 10.43 per cent.[118] The flag of the former Soviet Union still flies above many of the crumbling blocks of flats in Yuzhno-Sakhalinsk, built in the 1960s and 1970s, which have lost large chunks of their concrete cladding – a manifestation of nostalgic feelings for a time when life did not seem so harsh. A number of apartment blocks have also been graffitied with an eight-point star embossed with a swastika – the symbol of the proto-Nazi organisation, Russian National Unity. It can be surmised that support for these parties, which are vehemently opposed to any Russian territorial concessions, probably reflects a general disenchantment with the socio-economic problems that reforms have caused, and perhaps also to a lesser extent, declining enthusiasm for the concept of democracy that has been constructed in post-Soviet Russia. At the same time, however, the underlying feelings of disenchantment and subsequent rise in patriotic and nationalistic passions are easily transformed into a strengthened emotional attachment to the *Rodina* and opposition to Russia transferring the South Kuril Islands to Japan.[119] It is worth noting the South Kuril Islands is important enough an issue for some seeking public office in Sakhalin to mention it in their election platforms.[120] The correlation between economic struggle and territorial attachment in Russia can be summed up in the words of Ronald Hingley, "The poorer the mother and the harsher her conditions of life, the greater the devotion of her sons."[121]

[117] Morris-Suzuki, "Sakhalin: On the Frontiers of Memory," p. 533.

[118] Cited in Jeremy Lester, *Modern Tsars and Princes: The Struggle for Hegemony in Russia*, London: Verso, 1995, p. 270.

[119] Hiroshi Kimura has noted that, "The quickest way for Russians to overcome their identity crisis is to resort to nationalism," which is "...overly concerned with preserving national prestige and protecting territorial integrity, resulting in a tendency toward xenophobia...." Kimura, "Islands Apart," p. 11.

[120] Personal correspondence with Sakhalin Duma deputy Vladimir Gorshechnikov, 10 April 2003; see also Fedor Sidorenko, "Sidorenko Fedor Ilich' – kandidat v gubernatory Sakhalinskoi oblasti," *Sovetskii Sakhalin*, 20 October 2000, p. 2; and Sergei Ponomarev, "Sergei Ponomarev – kandidat v deputaty Sakhalinskoi oblastnoi Dumy," *Sovetskii Sakhalin*, 6 October 2000, p. 2. It will also be recalled from the previous chapter that Farkhutdinov also deemed it necessary to mention the islands in the lead up to gubernatorial elections in 1996.

[121] Ronald Hingley, *The Russian Mind*, London: The Bobley Head, 1977, p. 132.

Although a salient feature in the post-Soviet era, especially in the Far East, the economic difficulties-nationalism nexus appears to have a historical precedent in Russia. Referring to the early eighteenth century, Charles Ruud observed that "a general sense of lagging behind the West"[122] prompted the first stirrings of Russian nationalism. It was during this period in history that Peter the Great looked to the West as a model for Russia's imperial development. It is easy to draw a comparison with the situation Russia faces at present. Ironically, however, for many Russians, it was the government's adoption of radical Western-style market reforms – commonly referred to as "shock therapy" – with its emphasis on the rapid liberalisation of prices, removal of subsidies, expenditure cuts and severe reductions in the money supply that has led to their impoverishment and subsequently increased the economic gap between Russia and the West.

Closely associated with economic instability is identity flux, which many observers see as a salient characteristic of Russians today.[123] The Soviet Union's collapse not only had socio-economic and political repercussions, but also a profound psychological impact on Russians as their former belief systems were discredited, resulting in an acute identity crisis.[124] George Breslauer notes how Russians were being asked for the first time in their modern history to construct a new identity for themselves – a difficult task further complicated by the loss of empire and subsequent great power status.[125] While recognising the limits to psychoanalysing an entire region, there is evidence to suggest that Russia's loss of empire may have also manifested itself in heightened opposition among Sakhalin residents to transferring the disputed islands to Japan. If we accept the notion that territory forms an integral component of national identity, surrendering the South Kuril Islands would therefore place greater strain on the sense of security Sakhalin residents experience in terms of

[122] Charles Ruud, "Pre-revolutionary Russian Nationalism," *Canadian Review of Studies in Nationalism*, vol. 1, 1974, p. 276, cited in Daniel Rancour-Laferriere, *Russian Nationalism from an Interdisciplinary Perspective: Imagining Russia*, Lempeter, Ceredigion: The Edwin Mellen Press, Ltd, 2000, p. 165.
[123] See, for instance, Rancour-Laferriere, *Russian Nationalism from an Interdisciplinary Perspective*, pp. 29-36; Richard Sakwa, *Russian Politics and Society*, 2nd edition, London: Routledge, 1996, p. 38; Rolf H. W. Theen, "Quo vadis Russia? The Problem of National Identity and State Building," in Gordon B. Smith ed., *State-Building in Russia: The Yeltsin Legacy and the Challenge of the Future*, Armonk: M. E. Sharpe, 1999, p. 43.
[124] Hiroshi Kimura, *Distant Neighbors, Volume Two: Japanese-Russian Relations Under Gorbachev and Yeltsin*, New York: M. E. Sharpe, 2000, p. 129.

identity.[126] Sakhalin residents' strident opposition to Russian territorial concessions over the South Kuril Islands is, in a sense, a means of staving off a further assault on their already crisis-stricken identity.

Similarly, according to Mikhail Bugaev, there is a feeling amongst many ordinary Russians that giving up territory is seen as a sign of weakness.[127] It can be argued that by forfeiting lands – most recently to China in the disputed eastern border region – Russia has already displayed sufficient infirmity and its people have reached an emotional saturation point that makes any further territorial concessions difficult. As Vladimir Solovyov and Elena Klepikova argue:

> The Kurils were the last straw for Russians, whose national pride was already wounded. With the Kurils they were compensating for what they had lost in the Caucasus, Central Asia, the Baltic and Ukraine – getting their emotional revenge for their national humiliation.[128]

Feelings of trust and friendship recently established at the grassroots level are not enough to replace the emotional sustenance derived from maintaining Russian sovereignty over the Southern Kuril Islands.

It should be noted that although Sakhalin's socio-economic environment has greatly intensified Russian nationalist fervour for territorial attachment, nationalism is also stimulated by other factors – chief among them wartime memories. Writing in the mid-1970s, Pulitzer Prize winning journalist, Hedrick Smith, observed that for many Russians, "World War Two was only yesterday."[129] More than 25 years have elapsed since Smith penned his seminal book, yet the Soviet Red Army's victory in what is referred to in Russia as the Great Fatherland War (*Velikaya Otechestvennaya Voina*) still remains firmly etched in the national psyche. Smith further adds that the war, which has a great mystique in Russia, "is a primary source of the unblushing

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[125] George Breslauer, "Aid to Russia: What Difference Can Western Policy Make?" in Gail Lapidus ed., *The New Russia: Troubled Transformation*, Boulder: Westview Press, 1995, p. 227.
[126] See Reiko Take, *The Northern Territories Issue: Nationalism and Identity in Japanese-Russian Relations*, Masters Thesis, The University of Melbourne, 2001, p. 100.
[127] Interview with the Deputy Editor of *Svobodnyi Sakhalin*, Mikhail Bugaev, 22 August 2001.
[128] V. Solovyov and E. Klepikova, *Zhirinovsky: Russian Fascism and the Making of a Dictator*, trans. C. A. Fitzpatrick, Boston: Addison-Wesley Publishing Company, 1995, p. 113.

patriotism they feel today." [130] Practically no city in Russia is without its war memorial, which are conspicuous features of most local landscapes. Sakhalin is no different and is dotted with monuments commemorating the war. Sakhalin's war memorials have become a fixture of important festive occasions; the war memorial in Yuzhno-Sakhalinsk, in particular, is a popular place for newly-married couples to come and place their flowers. These memorials are easily recognisable with many featuring Soviet tanks and artillery pieces that were used in the war. They have been described by one scholar as "nothing other than an expression of the oft-heard argument that 'South Sakhalin and the Kuril Islands are land that has been *returned* (emphasis added) to Russia as a result of the blood spilt by our predecessors'." [131] Thus, as long as the war enters into the picture, it is difficult for most Sakhalin – and indeed most Russian citizens – residents to make concessions regarding the South Kuril Islands. Sacrifice and victory in the Great Patriotic War are also remembered by a number of settlements in Sakhalin, which have been named and immortalised after the fallen heroes in the Soviet liberation of South Sakhalin. [132]

In addition, the Sakhalin leadership has sought to tap the wellspring of the Great Patriotic War in order to maintain feelings of patriotism, in the process strengthening local residents' attachment to the South Kuril Islands. Annual Victory Day celebrations on May 9 to commemorate the Soviet Red Army's critical role in turning back and defeating the invading German *Wehrmacht* and to honour the approximately 20 million Soviets who died in the war are a significant event in post-Communist Russia. For most Russians, Nazi Germany is the despised and vanquished opponent, the principal object of Victory Day celebrations. However, in Sakhalin and the rest of the Soviet Far East, which was under martial law as a result of repeated acts of armed provocation and violations of its land and maritime borders and air space by Japanese Imperial forces during the "undeclared war," there is an added dimension to celebrations for victory in the campaign of the Red Army in the Far East, which was "part and parcel of the Great Patriotic War." [133] In the Soviet Far Eastern campaign,

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[129] Smith, *The Russians*, p. 402.
[130] Smith, *The Russians*, p. 404.
[131] Itahashi, "Sengo ni okeru Saharin-Kuriru Shotôshi Kenkyû ni tsuite," p. 3.
[132] These settlements are Leonidovo, Smirnykh, Buyukly, Tel'novskii, Chaplanovo, Nikolaichuk, Bolkovo and Simakovo. See Vysokov et al., *Istoriya Sakhalinskoi Oblasti*, pp. 141-142.
[133] According to one Russian scholar, the campaign of the Soviet Armed Forces in the Far East and the war against Nazi Germany are inseparable as they were carried out as part of the same strategic defence

victory was achieved not over the much-despised German army, but over the "Japanese militarists." Sakhalin Governor, Igor Farkhutdinov, along with the visiting Russian President, Vladimir Putin, featured prominently in the fifty-fifth annual celebrations, held on 3 September 2000, to commemorate those who shed blood for the liberation of Sakhalin and the Kuril Islands and gave their lives for victory in the war against Japanese militarism.[134]

Explaining the Shikotan Anomaly

The previous sections have offered an explanation as to why residents of Sakhalin, Etorofu and Kunashiri are opposed to Russia transferring the South Kuril Islands to Japan. Given the apparently similar socio-economic conditions on the three islands, one would expect that Shikotan residents would also oppose Russian territorial concessions. However, this has not been the case. The following sections examines why Shikotan residents appear to be in favour of Russia relinquishing control of the islands.

A number of theories have been put forward explaining why some Kuril islanders favour a return of the islands to Japan, whilst others are against reversion. Valentin Fedorov, who, as highlighted in a previous chapter, was most outspoken in his opposition to Russia surrendering the islands, even admitted that "about 5 000 of the 25 000 residents of the [Southern] Kurils are not opposed to handing over the four islands to Japan," although he did qualify this statement by arguing that most of those in favour were contract labourers from the mainland who leave the islands after their contracts have expired.[135] Unfortunately, an absence of data showing on which of the islands these seasonal workers were employed (they were predominately employed in

plan developed in the 1930s, which provided for a simultaneous or consecutive repulsing of German and Japanese aggression. See M. A. Gareyev, "The Manchurian Strategic Operation: Lessons and Conclusions," *Military Thought*, November 2000, http://www.findarticles.com, accessed 29 January 2002. References to Japanese acts of aggression against the Soviet Union are found in E. Kachula, *Soren Kyôiron no Kyokô*, Tokyo: Seikisha, 1981, p. 360.

[134] See V. Vasil'ev, I. Gornostaeva and L. Kas'yan, "Prebyvanie prezidenta Rossii Vladimira Putina na Sakhaline," *Gubernskie vedomosti*, 5 September 2000, p. 1. Kimura Hiroshi argues that there was a political message behind President Putin's laying of flowers at the Monument of Honour in the Victory Against Japan: "he was attempting to impress upon the majority of the Japanese people the legitimacy of the former Soviet Union's participation in the war against Japan, as well as Russia's current occupation of the Northern Territories." Kimura, "Islands Apart," p. 7.

[135] "Hoppô Ryôdo Jûmin no niwari wa Henkan Sansei," *Hokkaidô Shimbun*, 30 October 1991, p. 1. Fedorov also reiterated that a majority were opposed to making any territorial concessions to Japan.

the islands' fishing industry) and lived, makes it difficult to verify whether they form a majority of Shikotan's (and perhaps Kunashiri's) population.

As noted above, the islanders' receptiveness to transferring the islands to Japan can vary according to the season. Watanabe Kôichi, from Japan's NHK International Broadcasting, has also noted the relationship between economic conditions and receptiveness to handing the disputed islands to Japan. He has dichotomised the islanders into positive and negative migration groups. The former are pensioners and educators and the like, people on relatively low wages who would want to leave the islands if there are better prospects elsewhere. Many of these people, according to Watanabe, agree with returning the four islands to Japan. The negative migration group, comprising traders, businessmen and leading administrative officials, on the other hand, receive relatively higher wages, are somewhat satisfied with their lifestyles and are thus against surrendering the islands.[136]

At the time of the Soviet Union's collapse in December 1991, about 24 000 people lived on the disputed islands. The collapse of the islands' economy and the enormous hardship experienced by the islanders has led to a mass out-migration to the mainland where conditions are, relatively speaking, better. The islands' population presently stands at about 14 000. Those dissatisfied islanders who have the means to leave have been doing so in large numbers. Following Watanabe's logic, many of these people may be from the islands' pro-return faction leaving behind those who oppose Russia handing over the islands to Japan. This is also reflected in the views of one *Hokkaidô Shimbun* reporter who covers the islands: "There is a conspicuous tendency to make hardline comments about the territorial problem, the longer one stays on the islands."[137]

These are all plausible arguments, but perhaps a better explanation of why the majority of people on Etorofu are against returning the islands to Japan, whereas most Shikotan residents appear to favour reversion, may also be found partly in the comparative socio-economic conditions on the islands. Although, generally speaking, the socio-economic conditions on the islands have deteriorated significantly in the

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[136] Watanabe Kôichi, "Hôkaisuru Hoppô Yontô," *Sekai*, no. 630, 1997, p. 123.
[137] "Jûmin Kanjô ni Hairyo Hitsuyô," *Hokkaidô Shimbun*, 16 April 1998, p. 2.

decade since the Soviet Union's collapse, life on Etorofu is, comparatively speaking, better than on Shikotan (or to a lesser degree Kunashiri), or to put it differently, not as unbearable for Etorofu residents as it is for people on Shikotan and Kunashiri where government neglect has been compounded by a series of natural disasters.[138]

In October 1994, an earthquake measuring 8.1 on the Japanese scale inflicted heavy damage on the three islands in the South Kuril District. More than 60 per cent of residential buildings on Shikotan and the water, sewage, and heating systems were completely destroyed, whilst all diesel generators on Kunashiri and Shikotan ceased functioning.[139] Moreover, since all the bakeries were destroyed, the South Kuril District had to be supplied by bread baked on ocean-going fishing vessels.[140] Newspapers also reported that the earthquake destroyed 40 per cent of the buildings on Shikotan belonging to *Ostrovnoi*, the largest fish-processing enterprise in the Russian Far East upon which the economy completely depends.[141] Given the three seismological centres in the South Kuril District were forced to stop their operations the previous year due to a lack of funds and that many of the collapsed buildings were hastily built in violation of the building code, Arai Nobuo and Hasegawa Tsuyoshi remarked that "The damage of the earthquake was...telling evidence of the Russian government's neglect of the islands."[142] Shikotan and Kunashiri have yet to completely recover from the devastation of the deadly 1994 earthquake and the people are dismayed and angry at the neglect the central, regional and local governments have shown.

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[138] Kimura Hiroshi notes that the majority of Shikotan's inhabitants would rather see their island reunited with Japan because "....Shikotan is geographically closest to Hokkaido, and because the residents would have been left without electricity had it not been for the humanitarian aid provided by Japan when their seafood processing plant was destroyed in the 1994 earthquake." Kimura, "Island's Apart," p. 13.

[139] Based on Arai Nobuo's interview with the First-Deputy Governor of Sakhalin, Nikolai Dolgikh, 5 October 1994, cited in Arai and Hasegawa, "The Russian Far East in Russo-Japanese Relations," p. 181.

[140] Due to continuing after-shocks and problems with the electricity supply, people were forced to camp in the open. Arai and Hasegawa, "The Russian Far East in Russo-Japanese Relations," p. 181.

[141] Arai and Hasegawa, "The Russian Far East in Russo-Japanese Relations," p. 181. Residential buildings were not as severely damaged on Kunashiri. Etorofu did not remain unscathed; a military hospital in *Goryachye Kliuchi* collapsed, killing five and wounding 20, with 10 missing. *Hokkaidō Shimbun*, 6 and 10 October 1994, cited in Arai and Hasegawa, "The Russian Far East in Russo-Japanese Relations," p. 181. However, it should be added that since early 1992 Ostrovnoi had only been running at 30-50 per cent of capacity due to a steep rise in the price of fish and a lack of fuel. See Gunji Takao et al., *Hoppō Yontō Chishima Rettō Kikō*, Tokyo: NHK, 1993, pp. 153-154.

[142] Arai and Hasegawa, "The Russian Far East in Russo-Japanese Relations," p. 181.

This frustration, coupled with a gradual feeling of inevitability concerning the return of both Shikotan and Kunashiri to Japan since then-Deputy Foreign Minister Georgi Kunadze's visit to the island in autumn 1991, at the behest of the Russian government, to explain the 1956 Joint Declaration's contents,[143] is a key factor in the majority of Shikotan residents' desire to see the islands returned to Japan. Many see a better life for themselves under Japanese rule. The visa-less exchange program has been an important mechanism in this regard. In addition to attending symposia to discuss the territorial dispute's historical and legal vagaries and participating in homestays, which promote intercultural communication, trust and mutual understanding, the Russian participants in the visa-less exchange program are able to see for themselves how the Japanese live – and many are more than impressed. Socio-economic conditions in the South Kuril Islands and Japan, even despite the latter's current economic downturn (the longest since the war), are literally worlds apart. For someone from a desolate island with virtually no paved roads, primitive wooden housing and frequent power failures, the bright neon lights, glitzy department stores, well-stocked retail outlets and high-rise buildings that symbolise Japan's cosmopolitan cities serve as a reminder to the awe-struck islanders of what life could be like under Japanese rule. If the Russian government cannot guarantee even a basic standard of living, some residents may believe it is better to live under someone who can. For those who because of religious, psychological and cultural differences would prefer to resettle on the Russian mainland, but lack the financial means to do so, Japanese officials participating in the visa-less exchange program have taken the opportunity to inform them that the Japanese government will cover resettlement costs.[144]

This frustration has manifested itself in many different, often desperate and peculiar, ways. At the same time as the Russian referendum held on 25 April 1993 to decide, in the words of Stephen White, "who rules Russia,"[145] local authorities in the village of Malokurilsk on Shikotan held a referendum on the 1956 Joint Declaration. The results indicated that 52.4 per cent of the village's residents (1 098 out of 2 094) voted, of

[143] Arai Nobuo has expressed this opinion. Cited in Gunji et al., *Hoppô Yontô Chishima Rettô Kikô*, p. 154.
[144] Hoppô Yontô Kôryû Hokkaidô Suishin Iinkai ed., *Hoppô Yontô Kôryû Taiwa Shûkai-nado ni okeru Hatsugenshû*, March 1998, pp. 37 and 53.

whom 83 per cent expressed support for it.[146] The villagers were also dissatisfied with the uncertainty regarding the whole issue, sending a petition to both the Japanese and Russian governments to "resolve the issue of ownership [of the islands] as soon as possible."[147] The Sakhalin regional government was rather non-plussed about the whole event. In what is perhaps a reflection of the neglect and lack of interest they have shown towards the South Kuril Islanders' plight, regional authorities declared that although the act was not illegal, they would simply ignore the result.[148] A number of Shikotan residents, who favoured returning the islands to Japan, also established a group called *Zemlyak* (fellow countryman) in order to present a unified front to the local and regional administrations. The group received a boost when its leader, Mikhail Luk'yanov, was elected to one of seven seats on offer in the South Kuril District elections held on Kunashiri in March 1994.[149] Luk'yanov later became chairman of the South Kuril District Assembly. Although the clear subordination in power of legislative chiefs to district mayors allowed little scope for Luk'yanov to influence matters pertaining to the territorial dispute greatly, it did provide *Zemlyak* with a forum in which to air its views. Any hopes the dwindling number of pro-return islanders had on maintaining an avenue to legislative power evaporated with Luk'yanov's dismissal in 1997 as the result of a conflict with the mayor of the South Kuril District, Vladimir Zema, over the allocation of fishing quotas.[150] The group has since been disbanded, with most of its members resettling on the mainland.[151]

Moreover, in October 1998, Shikotan residents started gathering signatures to lease the island to Japan for 99 years after a power plant caught fire.[152] Shortly after this,

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[145] Stephen White, *Russia's New Politics: The Management of a Postcommunist Society*, Cambridge: Cambridge University Press, 2000, p. 80.

[146] "Tôhyôsha no 83% ga Shiji," *Hokkaidô Shimbun*, 26 April 1993, p. 2. Local authorities on Kunashiri did not recognise the question pertaining to the 1956 Joint Declaration.

[147] "Seikatsu Antei e Hitsûna Sakebi," *Hokkaidô Shimbun*, 28 April 1993, p. 5.

[148] "Seikatsu Antei e Hitsûna Sakebi," *Hokkaidô Shimbun*, 28 April 1993, p. 5.

[149] "'Hoppô Ryôdo Henkan' Sansei no Giin Tôsen," *Hokkaidô Shimbun*, 31 March 1994, p. 5.

[150] This was revealed to the author during a discussion with Associate Professor Arai Nobuo in March 2001.

[151] Watanabe, "Hôkaisuru Hoppô Yontô," p. 125.

[152] An official in the local administration on Shikotan said that if the power plant was not repaired by November, residents would submit a proposal to the federal government to lease the islands to Japan. If the plant was repaired, the proposal would be withdrawn. *Sovetskii Sakhalin*, 29 October 1998, p. 1. Sakhalin Governor, Igor Farkhutdinov, was critical of the proposal, calling it "an illusion of a country mayor" and promised to resolve the issue by winter. *Sovetskii Sakhalin*, 3 November 1998, p. 1. Sakhalin's First-Vice Governor, Vladimir Shapoval, called the campaign to lease the islands "irresponsible" and further added these actions "will hardly contribute to funding sources for the Sakhalin economy, as a whole, and for the Kuril Islands in particular." "Residents Want to Rent Out

Shikotan residents thought it necessary to seek a national stage on which to air their frustrations and publicise their plight. In early January 1999, NTV, Russia's only independent television network until its closure in 2001, broadcast a mock court program concerning the disputed islands with pro-return Shikotan residents as the plaintiffs and Boris Yeltsin as the defendant. Representing Shikotan was Vera Sadovnikova, a fish-processing worker from the island. Sergei Samolev, who headed the section in the Presidential Administration that dealt with matters pertaining to the disputed islands, appeared on behalf of the President who was, not surprisingly, absent from proceedings. The plaintiffs presented as evidence a video highlighting the government's neglect of the island and featured people claiming life would improve under Japanese rule. The plaintiffs also called Konstantin Sarkisov, a researcher at the Institute of Oriental Studies, Russian Academy of Sciences, who supports Japan's territorial claims, as a witness. Sarkisov asserted that an examination of international law and history shows that the islands should be returned to Japan (Sarkisov was in turn criticised by the defendant's witness who called him an agent for the Japanese Embassy). After hearing further arguments from both sides, the jury, consisting of people from the audience, not surprisingly, ruled in the defendant's favour, claiming that a handing over the islands to Japan was not possible.[153]

Socio-economic conditions on Etorofu, on the other hand, although poor, do not appear to be as severe as on Kunashiri and especially Shikotan. Indeed, Etorofu's economic decline appears to have been arrested and life is steadily improving for the islanders. The electricity problem, which has in the past left the region without adequate heating during the bitterly cold winter months, has largely been resolved – ironically with help from Japan to build a generator and provide fuel.[154] The local administration has also played a part; it created a council of fishing companies that allowed the local government to increase the island's budget threefold as they contribute some profit from fishing activities. [155] According to the Sakhalin administration's "Report on the Social and Economic State of the South Kurils Area for January – December 2000," life is still difficult, but the average salary has grown

Kuril Island," *Vladivostok News*, 30 October 1998, no. 179, http://vn.vladnews.ru/arch/1998/iss179/text/sakh1.html, accessed 8 March 1999.
[153] "Ryôdo Meguri Mogi Hôtei," *Hokkaidô Shimbun*, 11 January 1999, p. 3.
[154] Nonna Chernyakova, "Life Improving for Russian Residents of the Disputed Northern Territories," *Japan Times*, 5 July 2001, p. 19.

from \$109.65 to \$154.55 per month.[156] Meanwhile, joint investment from the local and federal governments, although still quite modest, rose from \$2.54 million in 1999 to \$9.78 million in 2000.[157]

In addition, the emergence of a new financial combine on the island, *Gidrostroi*, which is mainly engaged in fish-proces *i*ng, but has expanded its interests in recent years to include operating fishing vessels, transport, construction, banking, hotels and retail outlets, has also contributed to stabilising Etorofu's economy and providing much-needed employment (it indirectly provides jobs to nearly 70 per cent of the island's residents). Due to its rapidly expanding business interests, the management of *Gidrostroi* reportedly has an influential voice in the island's administration – in fact, so much influence that it is referred to locally as the "Kingdom of Gidro."[158] *Gidrostroi*'s business interests and contribution to the local economy have undoubtedly made it an important player that cannot be ignored in matters pertaining to the Northern Territories dispute. Etorofu residents' improved lifestyle makes them less likely to agree to transferring the disputed islands to Japan.[159] As mentioned previously, this has caused some concern to the Japanese side. Kimura Hiroshi, for one, has highlighted the dangers of the island's economic revitalisation and how it has given residents confidence in Etorofu's present situation.[160] Such confidence has led to a desire amongst many to stay on the islands, thereby complicating territorial negotiations.

Conclusion

This chapter began with a selective examination of three forms of intercultural exchange activities involving the two regions of Hokkaido and Sakhalin *oblast*. These were Dialogue '92, the program for visa-less exchanges and sister-city exchanges. The objective here was to address the dissertation's supplementary research questions

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[155] Chernyakova, "Life Improving for Russian Residents," p. 19.
[156] Cited in Chernyakova, "Life Improving for Russian Residents," p. 19.
[157] Chernyakova, "Life Improving for Russian Residents," p. 19.
[158] "Etorofutô ni Shinkô Zaibatsu," *Hokkaidô Shimbun*, 30 June 2000, p. 4.
[159] Chernyakova, "Life Improving for Russian Residents," p. 19. The head of the Hokkaido Committee to Promote Exchange with the Northern Territories, Kondô Jûzô, also believes that the reason why the majority of Shikotan residents favour transferring the islands to Japan, whereas most Etorofu residents oppose this, is due to the Etorofu economy being more advanced than Shikotan's. Interview with the author, 5 March 2001.

by investigatating the degree to which these exchanges accorded or conflicted with central government policies. Dialogue '92 was a public symposium held in Yuzhno-Sakhalinsk in June 1992 that was based on the initiative of Hokkaido Governor, Yokomichi Takahiro and Sakhalin Governor, Valentin Fedorov. The event was significant as it was the first time residents of both regions met in a forum, provided by the Sakhalin and Hokkaido regional governments, to discuss such a delicate issue as the Northern Territories problem. However, because Tokyo at this stage did not formally recognise Russia's sovereignty over South Sakhalin, which it sought to use as a lever to extract concessions from Moscow over the Northern Territories, Dialogue '92 did have the potential to complicate central government policy. Tokyo responded to the symposium by sending an official to keep track of proceedings. The official, however, remained in the background, which allowed Tokyo to distance itself to a degree from the event, thereby ensuring the symposium did not in any way undermine Japan's position on the Northern Territories. The visa-less exchange program between the former Japanese and current Russian inhabitants of the disputed islands is based on a Russo-Japanese intergovernmental agreement, but is mainly carried out by local authorities in close coordination with the central government. Sister-city exchanges, which, with the exception of Nemuro, are not closely linked with the Japanese campaign for the Northern Territories' return are, for the most part, conducted independently of both Tokyo and Moscow.

Efforts by regional and local governments in Hokkaido and Sakhalin to foster closer interregional relations have led to the establishment of "pipes" or channels for private-level exchanges. The growth of interpersonal relations between citizens of both regions have led to a break-down of outdated perceptions and propagated previously unimagined levels of goodwill. However, it must also be noted that the visa-less exchange program has on occasion led to strains in administrative relations and also to problems regarding the intentions of the Russian participants. Drawing upon public opinion poll data, the discussion then highlighted how, despite the aforementioned goodwill and mutual understanding, Sakhalin *oblast* residents still maintain a strong attachment to the disputed islands.

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[160] "Etorofutô ni Shinkô Zaibatsu," *Hokkaidô Shimbun*, 30 June 2000, p. 4.

The following section explored the reasons behind the failure of Hokkaido-Sakhalin cultural exchanges to create, at the subnational level, an environment conducive to resolving the Northern Territories dispute. In other words, it examined why, generally speaking, these exchanges did not contribute sufficiently to alleviating opposition among Sakhalin residents to Russia transferring the South Kuril Islands to Japan. It argued that harsh socio-economic conditions on Sakhalin, mainly the result of the failure of early radical economic reforms, have resulted in a rise of nationalist sentiments amongst residents, which emphasises protecting territorial integrity. This is the major factor behind opposition to territorial concessions, although history education and other forms of government propaganda may also be partly responsible. However, the case of Shikotan, and to a lesser extent Kunashiri, appears to challenge the main argument in this chapter. A possible reason for this anomaly is that Shikotan residents are angry over government neglect of their plight, and also are experiencing a gradual feeling of inevitability about the islands being transferred to Japan. Nevertheless, it should be added that as these two islands have only 1-2 per cent of the total *oblast* population, this view is not representative of popular opinion in Sakhalin.

This discussion has only focused on what may be called the intangible reasons why the majority of Sakhalin residents are opposed to Russia transferring the islands to Japan. It has not mentioned the economic basis behind this opposition. The islands' exclusive economic zone is blessed with abundant marine resources. As industry based on the extraction of marine resources is the mainstay of the Sakhalin economy, there are also compelling economic reasons behind Sakhalin's opposition to Russian territorial concessions. This aspect of Hokkaido-Sakhalin subnational government relations will be discussed in the following chapter.

Chapter Six: Economic Relations

Introduction

As discussed in chapter two, the Soviet Union's collapse and the dismantling of the command economy removed a major obstacle to the development of economic ties between Russia's Far East and the broader Asia-Pacific region. The Russian Far East ceased to be a closed military outpost and was given the opportunity to integrate with the world's fastest growing economic region. The Russian government's lifting of most foreign trade restrictions and radical economic reforms stimulated the Far East's push into the Asia-Pacific. Indeed, unable to rely on Moscow for support, Sakhalin, like the rest of the Russian Far East, saw integration into the Asia-Pacific region as an opportunity for economic salvation.

As the part of Japan – the Asia-Pacific region's dominant, albeit declining, economic power – closest to Sakhalin, Hokkaido emerged as an important partner. Sakhalin was eager to take advantage of its location and new-found freedom and establish mutually beneficial commercial relations. Hokkaido, which, as outlined in chapter two, was similarly drawn into an economic core-periphery relationship, also sought new overseas partners in an effort to reduce its dependence on Tokyo and stimulate autonomous growth. Perceptions of interregional economic complementarity underpinned both regional administrations' efforts to forge closer trade and investment ties. In addition to promoting autonomous development, practitioners of local government diplomacy and other observers in Hokkaido believed that developing interregional economic relations might create interest groups in Sakhalin cognisant of the benefits of, and dependent on, good economic relations, which would help to alleviate local opposition to Russia transferring the South Kuril Islands to Japan and, in the process, contribute to creating an environment (*kankyô seibi*) at the local level conducive to resolving the territorial dispute.[1]

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[1] For instance, as discussed in the introduction, after talks with the Russian Federation's Deputy Foreign Minister, Georgi Kunadze, during a visit to the Soviet Union, Hokkaido Governor, Yokomichi Takahiro, stated that "apart from realising exchange between fellow countrymen, promoting bold economic cooperation with Sakhalin and the four islands is directly linked to creating a favourable environment for resolving the problem." "Ryôdo Kaiketsu e 'Fun'iki' Zenshin," *Hokkaidô Shimbun*, 24 November 1991, p. 3. Moreover, during a session of the regional assembly in September 2000, Yokomichi's successor, Hori Tatsuya, in response to a question about Hokkaido's role in exchange with Russia, declared "I recognise it is necessary to contribute at the regional level to the advancement

This chapter examines the evolution of economic relations between Hokkaido and Sakhalin. First, it identifies the factors that have created opportunities for developing interregional economic relations. The chapter then outlines Hokkaido and Sakhalin's administrative attempts to create a framework for exchange. It seeks to address the dissertation's supplementary research questions by highlighting how economic exchanges have complemented and/or challenged both central governments' policies. The chapter then considers why attempts to promote Hokkaido-Sakhalin economic relations have not contributed to creating an environment at the local level conducive to resolving the dispute over the Northern Territories/South Kuril Islands by alleviating opposition in Sakhalin to Russian territorial concessions. In order to answer this question, the chapter sheds light on Sakhalin's commercial environment and, using a case study of the Santa Resort Hotel "hijacking," emphasises how it has acted as an impediment to the development of Hokkaido's trade and investment ties with Sakhalin. The chapter concludes with another case study examining the only area in which interregional economic relations have flourished: the trade in fish and marine products, which is, in many ways, a by-product of Russia's troubled transition to democracy and a market economy. It argues that not only has this commerce been infiltrated by organised crime, but it has inadvertently complicated attempts to resolve the territorial dispute by creating and sustaining powerful societal forces in Sakhalin that have a vested interest in continued Russian control over the islands. This represents a case of substate actors impeding attempts at subnational government diplomacy.

The next section examines attempts by regional and municipal governments in Sakhalin and Hokkaido to take advantage of these conditions and create a framework for the developing of interregional economic relations.

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of political discussions between the Japanese and Russian governments, and have frank discussions with Sakhalin and resolutely carry out our own substantial exchange, while especially keeping in mind the Northern Territories problem." "Daisankai Teirei Dôgikai Hôkoku: Tai Roshia Jichitai Gaikô ni tsuite," 20 September-14 October 2000, http://www.minsyu.net/taro/gikai/003tei.htm, accessed 2 July 2001.

Opportunities for Developing Economic Relations with Sakhalin

In addition to the Soviet Union's collapse and the subsequent relaxation of military tension in the region, the lifting of most trade restrictions and radical economic reforms, mentioned in chapter two, all of which stimulated the Russian Far East's desire to integrate economically with the Asia-Pacific region, there are a number of other factors that appear to have provided Hokkaido firms with opportunities to develop trade and investment linkages with Sakhalin. The first of these is geographic; Hokkaido and Sakhalin are territorially contiguous regions. At their closest point they are separated by only a 43-kilometre stretch of the Soya Strait. A regular ferry service established in 1995, linking Korsakov with Otaru and Wakkanai, has turned the Soya Strait into a transport corridor that is used to move goods and people between the two islands. In April 1994, a regular air-service between Hakodate and Yuzhno-Sakhalinsk was also established. The two cities are now separated by a short three-hour flight. Shrinking distances generally means cheaper transport costs. This gives companies in Hokkaido an advantage over competitors in both North America and the Japanese main island of Honshu.

As territorially contiguous regions, Sakhalin and Hokkaido are affected by similar climatic conditions. Both are known for their cold, relatively long winters and heavy snowfall. As a result of the need to adapt to such harsh conditions, housing architects in Hokkaido have created a unique concept known as "Northern houses," which are notable for their high degree of airtightness and heat insulation.[2] Firms in Hokkaido have developed expertise in manufacturing furniture, heating valves, floor heating and public utilities, all of which are considered to be internationally competitive, particularly in cold countries such as Russia.[3] Three developments in recent years in the Russian housing industry have offered opportunities to small and medium-sized construction companies in Hokkaido. First, in June 1996, the Russian government announced the "My Home Recommendation Plan" and provided 400 million roubles in 1997, of which 39 million was distributed to Sakhalin, to upgrade the quality and quantity of houses in Russia. Second, there has been an increase in the demand for

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[2] Jemin Lee, "FDI for Sakhalin Projects and Potentiality [sic] of the Housing Industry," in Hokutô Ajia Saharin Kenkyûkai ed., *Saharin Sekiyû Gasu Kaihatsu Purojekuto to Hokkaidô Keizai no Kasseika*, Otaru: Otaru Shôka Daigaku Bijinesu Sôzô Sentâ, 1999, p. 67.
[3] Lee, "FDI for Sakhalin Projects," p. 67.

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housing for foreign workers employed in Sakhalin's oil and gas development projects. Third, the Sakhalin regional government has introduced large subsidies to support housing construction (365 billion roubles in 1997, 370 billion roubles in 1998 and 440 billion roubles in 2000). However, because of Russia's economic downturn, only a fraction of this has actually been disbursed.[4]

Writing before the Soviet Union's collapse, Arai Nobuo saw Hokkaido and the Soviet Far East as good partners that would be able to stimulate mutual economic growth. In addition to identifying cold climate housing, Arai noted the opportunities for the export of Hokkaido processing technology for primary resources, particularly agriculture, forestry and fisheries.[5] The Sakhalin administration's stated goal of moving away from exporting raw materials, which it fears will turn it into a raw materials appendage, to producing and trading value-added goods is expected to stimulate demand for this technology. Exporting such technology also has environmental implications. Poor timber processing capabilities in the former Soviet Far East generated a tremendous wastage of resources. It is estimated that only about 25 per cent of felled trees were processed into usable timber products.[6] The subsequent extensive felling of forestry resources caused pollution in rivers and streams where salmon and trout spawn. Importing efficient timber processing technology from Hokkaido would therefore reduce wastage and over-felling.

As discussed in chapter two, food production in Sakhalin had dropped mainly as a result of the breakup of the island's collective farms (*kolkhozy*) and early problems with the development of private farms to replace them. Structural difficulties the transition from a centrally planned to a market economy caused, as well as unfavourable natural conditions have also hampered agricultural development in the Sakhalin region, making it difficult to meet the region's requirements. Food supplies were traditionally brought in from distant markets in European Russia and Central Asia. However, the command economy's collapse and the dismantling of the highly

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[4] Lee, "FDI for Sakhalin Projects," pp. 64-66.
[5] It should also be noted that there were some in Hokkaido who feared that the export of raw material processing technology would lead to a loss of local jobs given the importance of marine and timber resources for the Hokkaido economy. "Gijutsu Yushutsu de Mezasô Kyôzon Kyôei," *Hokkaidô Shimbun*, 5 May 1990, p. 7.
[6] "Gijutsu Yushutsu de Mezasô Kyôzon Kyôei," *Hokkaidô Shimbun*, 5 May 1990, p. 7.

centralised and hierarchical administrative structure upon which agriculture was based have made such imports problematic. Given Sakhalin's low food self-sufficiency, imports from Hokkaido, which is home to a relatively robust food manufacturing industry and serves as Japan's food supply base, seemed logical.[7]

This section has outlined some of the possibilities that exist for closer Sakhalin-Hokkaido economic relations. The next section examines attempts by the Hokkaido regional government, as well as municipal governments, to take advantage of these possibilities and build a framework for interregional economic exchange.

Administrative Attempts to Create a Framework for Economic Exchange

Postwar Hokkaido-Sakhalin economic relations date back to the early 1960s. This mainly took the form of coastal and cooperative trade[8] and was conducted on a barter-exchange agreement between various Japanese companies or prefectural and local trading cooperatives and the Soviet Far East Trade Office (*Dal'intorg*), which was established in Nakhodka in 1965.

The Hokkaido Prefectural Government's (HPG) administrative efforts to promote trade relations with the Soviet Far East were stepped up after the Japan Socialist Party (JSP) candidate, Yokomichi Takahiro, was elected Governor in April 1983. Yokomichi's early aims were modest. As Governor, he believed it was his job to create a peaceful environment around Hokkaido.[9] Trade relations were a means of achieving this. Just how volatile and dangerous this environment could become was amply demonstrated by the Soviet downing of a Korean airliner off the west coast of Sakhalin in September 1983 for allegedly violating Soviet airspace. This tragic incident not only further aroused Japanese fears of the Soviet Union, but also strengthened negative Japanese perceptions of its northern neighbour.

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[7] "Saharinshi no Kishara Chiji to Kondan," *Hokkaidō Shimbun*, 16 March 2000, p. 4; Inoue Masakatsu, "Saharin to Hokkaidō: Keizai Kôryû no Kanôsei," from a seminar in Wakkanai, Japan, 1 November 1999, http://www.pref.hokkaido.jp/keizai/kz-bkkry/koen/inoue.html, accessed 26 June 2001.

[8] Cooperative trade was conducted between various cooperatives or small-medium sized corporations in Japan and the Soviet Trade Corporation (*Soyuzkoopvneshtorg*) in the foreign trade section of the Soviet Cooperative Central Union (*Tsentrsoyuz*). Richard Louis Edmonds, "Siberian Resource Development and the Japanese Economy: The Japanese Perspective," in Robert G. Jensen, Theodore Shabad and Arthur W. Wright eds, *Soviet Natural Resources in the World Economy*, Chicago: The University of Chicago Press, 1983, p. 216.

One of the HPG's early achievements under Yokomichi was an agreement reached in Khabarovsk in February 1984 to conduct periodic economic exchanges between local government officials in Hokkaido and five regions in the Soviet Far East. Based on this agreement, the first Japan-Soviet Far East-Hokkaido Friendship Exchange Conference was held in Khabarovsk in April 1984. At this conference the Hokkaido delegation lobbied their Soviet counterparts for the establishment of a *Dal'intorg* representative office in Hokkaido.[10] These attempts, however, ultimately proved unsuccessful. In August 1987, Yokomichi led a delegation including the heads of the regional administration's agriculture, fisheries and forestry departments that attended the third conference in Khabarovsk to discuss ways of expanding barter trade. The Japanese side was particularly interested in bartering agricultural produce for Soviet marine products.[11] In comparison to the previous two meetings, there was a heightened awareness among delegates attending the third conference of increasing economic autonomy from Moscow and Tokyo.[12] The Hokkaido delegation reached an agreement with Khabarovsk officials to expand economic and cultural exchanges and exchanged memoranda to this end. The Hokkaido delegation then travelled to Nakhodka and Yuzhno-Sakhalinsk and also exchanged memoranda with Sakhalin.[13] In June 1988, a Hokkaido delegation led by the Vice Governor, aiming to flesh out proposals aired during Yokomichi's visit to the Soviet Far East the previous year, travelled to Khabarovsk and Sakhalin and reached agreement on establishing a mechanism to expand economic relations in the four fields of agriculture, forestry, fisheries and commerce. Both sides also agreed to establish a marine products economic exchange council that would meet periodically and commence exchanges between forestry researchers from both regions.[14]

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[9] Interview, 21 February 2001.
[10] "Ni-So Yûkô ni Ôkina Seika," *Hokkaidô Shimbun*, 24 April 1984, p. 4.
[11] "Yokomichi Chiji Raigetsumatsu ni Hôso," *Hokkaidô Shimbun*, 16 July 1987, p. 1; "Chiji Raigetsu 28-nichi ni Hôso," *Hokkaidô Shimbun*, 31 July 1987, p. 3.
[12] "Hondô to Soren Kyokutô Chiiki Bôeki Kakudai no Kadai wa," *Hokkaidô Shimbun*, 10 September 1987, p. 4.
[13] "Chiji, 28-nichi kara Soren Kyokutô Hômon," *Hokkaidô Shimbun*, 26 August 1987, p. 3; Hokkaidôchô Sômubu Chijishitsu Kokusaika Roshiashitsu, *Hokkaidô to Roshia Kyokutô: Kôryû Jisseki to Kyokutô no Gaiyô*, 2000, p. 21.
[14] "Hondô Keizai Kôryû Kakudai e Oboegaki, Saharin, Habarofusuku," *Hokkaidô Shimbun*, 19 June 1988, p. 4.

By 1988, regional officials and academics in the Soviet Union were claiming that the authority to engage in foreign trade had passed from the centre to the regions.[15] A stream of joint venture proposals and appeals for technical cooperation, sometimes up to 30 per month, from regional officials in the Far East to their Hokkaido counterparts soon followed. Sakhalin regional officials' proposals included timber processing and woodchip joint ventures, the building of a hotel in Yuzhno-Sakhalinsk and establishing fisheries joint ventures. Hence, they sought to take advantage of a perceived economic complementarity between the two regions by combining Soviet marine resources and Japanese fishing technology.[16]

Valentin Fedorov's election as the chair of the Sakhalin *oblast* Executive Committee (*Ispolkom*) in April 1990 was a further boost to interregional economic relations. As noted in chapter four, Fedorov came to Sakhalin from the Plekhanov Institute in Moscow with the aim of turning the island into "an experiment for market reforms." He believed that greater autonomy from the Soviet Union's overbearing central ministries was necessary in order for his "experiment" to be successful. Although he sought to avoid an over-reliance on foreign capital, which he feared would turn Sakhalin into an economic colony,[17] he was eager to develop trade and investment links with Japan, in particular with the neighbouring island of Hokkaido. Hokkaido Governor, Yokomichi Takahiro, was keenly aware of the mutual benefits to be derived from developing economic relations with the increasingly assertive Russian Federation and the Far East. In June 1990, he led a local delegation to the Soviet Union, visiting Moscow, Khabarovsk, Vladivostok and Yuzhno-Sakhalinsk. While in Moscow, Yokomichi signed a seven-point agreement with his Russian hosts to develop mutually cooperative relations in the fields of economics, science, technology and culture.[18] This "Agreement for a Friendly Partnership Between Hokkaido and the Russian Republic" (*Hokkaidô to Roshia Renpô Kyôwakoku to no Yûkôteki-na Pâtonâshippu ni kansuru Gôi*) was the first of its kind between a Japanese regional government and a constituent republic of the Soviet Union. It remains the only one

[15] "Hirogaru Hondô to Kyokutô no Bôeki," *Hokkaidô Shimbun*, 27 September 1988, p. 7.
[16] "Saharin Gôben Kihonteki-ni Gôi," *Hokkaidô Shimbun*, 26 April 1988, p. 4; "Sôhô no Hatten ni Sekkyokuteki Tôgi o," *Hokkaidô Shimbun*, 1 March 1989, p. 4; "Soren kara Hondô ni Yôsei Rasshu," *Hokkaidô Shimbun*, 19 April 1989, p. 4; "Kasha Ferî Dônyû e," *Hokkaidô Shimbun*, 23 November 1989, p. 4
[17] Valentin Fedorov, "Moya kontseptsiya: sakhalinskoi eksperiment," *Problemy dal'nego vostoka*, no. 1, 1991, p. 13.

between a regional government in Japan and the present-day Russian Federation. In December 1990, Hokkaido established a council to promote economic exchange with the Russian Republic (*Tai Roshia Renpô Kyôwakoku Keizai Kôryû Suishin Kaigi*) and also established a joint working group, which meets regularly to discuss ways to promote economic relations.[19]

The Soviet Union's collapse in December 1991 further stimulated the level of administrative activity between Hokkaido and what is now the Russian Far East. In September 1992, regional authorities from Hokkaido, Sakhalin, Khabarovsk and Primorskii *krai* established the Joint Standing Committee for Economic Cooperation between Hokkaido and the Russian Far East. At the Committee's first meeting in Sapporo both sides formulated an economic cooperation program.[20] The program was revised at the fifth meeting of the Committee in Sakhalin in September 1997. This is a five year program calling for a broadening of contacts between private business enterprises, establishing a transport network, stepping-up exchanges between residents of both regions through tourism, exchanging economic delegations, conducting seminars on trade and investment as well as trade fairs, creating a mechanism to deal with problems that may arise, collecting information and cooperating so that both regions' firms can participate in the Sakhalin oil and gas development projects.[21] The Committee and its secretariat meet every year (though not in 1995).[22] The Committee is another example of the HPG's trailblazing role in promoting economic relations with the Russian Far East. Some observers in Russia have noted its special contribution to overall Russo-Japanese cooperation.[23]

The establishment of a trade office in Yuzhno-Sakhalinsk in July 1994 is a further manifestation of Hokkaido's desire and commitment to promote economic relations with the Russian Far East, and particularly Sakhalin. Regional authorities in Hokkaido

[18] Hokkaidôchô Sômubu Chijishitsu Kokusaika Roshiashitsu, *Hokkaidô to Roshia Kyokutô*, p. 21.

[19] Hokkaidôchô Sômubu Chijishitsu Kokusaika Roshiashitsu, *Hokkaidô to Roshia Kyokutô*, p. 21.

[20] Hokkaidôchô Sômubu Chijishitsu Kokusaika Roshiashitsu, *Hokkaidô to Roshia Kyokutô*, p. 22.

[21] The Japanese side also promised to make efforts to remove the restrictions on Russian planes using Hokkaido's Chitose airport that were put in place because of its location next to a Japanese air base. *ITAR-TASS*, 3 September 1997, FBIS/SOV, 97/246, 3 September 1997.

[22] Hokkaidôchô Sômubu Chijishitsu Kokusaika Roshiashitsu, *Hokkaidô to Roshia Kyokutô*, p. 22.

[23] Andrei P. Rodionov, "The Russian View of Economic Links," in Vladimir I. Ivanov and Karla S. Smith eds, *Japan and Russia in Northeast Asia: Partners in the 21st Century*, Westport, Connecticut: Praeger, 1999, p. 229.

originally intended it to be a representative trade office of the HPG. They believed that establishing a base in Sakhalin was necessary in order to expand interregional exchanges, which would contribute to resolving the territorial dispute.[24] Although such an objective was congruent with the ultimate political aims of Japan's Russia diplomacy, this decision had the potential to complicate the Japanese government's policy toward Sakhalin, which, as discussed in chapter four, was based on the premise that sovereignty over the southern part of Sakhalin had not been legally resolved as a result of the Soviet Union's refusal to sign the San Francisco Peace Treaty. The issue of South Sakhalin's legal ownership was linked to the Northern Territories dispute. From a Japanese government perspective, the Soviet Union's decision not to sign the San Francisco Peace Treaty was one of the factors that invalidated its claim to sovereignty over the disputed islands. Although Japan never made an official claim for ownership, the government feared that any activities that could be construed as formally acknowledging Russian control of South Sakhalin could also be possibly interpreted as recognising its sovereignty over the disputed islands.

Due to the MOFA's opposition to opening an official trade office in Sakhalin, the HPG was forced to transfer formal control of the office to an extra-governmental organisation – the Hokkaido International Trade and Industry Promotion Association (*Hokkaidô Bôeki Bussan Shinkôkai*).[25] It provided funding for the office's construction and also dispatched officials to serve as staff. The office's major role is to collect and supply a wide range of information to local residents about the Russian Far East and to introduce various aspects of life in Hokkaido to Russian citizens.[26] The Japanese government's decision to open a branch of its Khabarovsk consulate in Yuzhno-Sakhalinsk in January 1998, which was subsequently upgraded to the status of official consulate in March 2001, opened the way for the HPG to assume official control of the office. It did so in January 2001.

The issue of joint Russo-Japanese economic development of the disputed islands has also complicated Hokkaido's relations with both the Japanese central government and Sakhalin. Hokkaido Governor, Hori Tatsuya, and his predecessor, Yokomichi

[24] "Keizai Kôryû Kakudai e Shinsoshiki o," *Hokkaidô Shimbun*, 9 June 1990, p. 4; "Saharin ni Dô no Desaki Kikan," *Hokkaidô Shimbun*, 18 September 1990, p. 1.
[25] Interview with Yokomichi Takahiro, 21 February 2001.

Takahiro, have generally been positive about the idea of economic exchange with the islands, believing it to be necessary in order to prevent foreign capital inflows, as well as strengthening relations of trust with the islanders that would lead to a resolution of the territorial dispute.[27] When Hokkaido Governor, Hori Tatsuya, visited Sakhalin for a meeting of the Hokkaido-Russian Far East Joint Standing Committee in September 1997, he met with his Sakhalin counterpart, Igor Farkhutdinov, and agreed to explore the possibility of joint economic development of the islands.[28] The Sakhalin government's strong desire for joint economic activities, which was explicitly mentioned during these talks, is believed to have prompted a positive response on the part of Hori to discuss the issue.[29] Given its opposition to joint economic activities on the islands, the MOFA was not impressed by Hori's agreement with Farkhutdinov and dispatched an official to the *Dôchô* (HPG Building) in early October in order to convey its displeasure and bring the Hokkaido Governor back into line.[30] Since then, Hori appears to have taken the MOFA's advice about not straying too far from the prescribed policy line.[31] This particular incident highlighted the problem for both regional governments of balancing the desire for closer economic exchange with the Northern Territories problem within the restrictive framework of state level diplomacy.[32]

In April 2001, the Hokkaido-Sakhalin Business Exchange Support Association – a private body comprising local companies – established the Hokkaido Business Centre in Yuzhno-Sakhalinsk.[33] The Centre functions as a "window" for Hokkaido in the Far East and aims to strengthen information collection and administrative negotiating capabilities. There are high expectations the Hokkaido Business Centre will assist

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[26] Hokkaidôchô Sômubu Chijishitsu Kokusaika Roshiashitsu, *Hokkaidô to Roshia Kyokutô*, p. 4.

[27] "Hoppô Ryôdo e no Keizai Enjo ni Iyoku," *Hokkaidô Shimbun*, 6 February 1993, p. 4.

[28] "Hoppô Yontô Kyôdô Kaihatsu mo," *Hokkaidô Shimbun*, 3 September 1997, p. 1; "Jichitai Gaikô Genkai mo," *Hokkaidô Shimbun*, 30 May 1998, p. 4.

[29] "Hoppô Yontô Kyôdô Kaihatsu mo," *Hokkaidô Shimbun*, 3 September 1997, p. 4.

[30] *Hokkaidô Shimbun*, 29 October 1997, cited in Mochizuki Kiichi, "Chihô Reberu no Nichi-Ro Kôryû: Habarofusuku Keizai Kenkyûjo ni Taizai shite," *Surabu Kenkyû Sentâ Nyûsu*, no. 72, Winter 1998, pp. 1-2, http://www.src-h.slav.hokudai.ac.jp/jp/news/72/72essay-M.html, accessed 26 June 2001.

[31] For instance, during periodic talks in May 1998, both sides verbally agreed to establish a consultative mechanism for "safe" fishing by Japanese vessels in the islands' fisheries and to expand the visa-less exchange framework, but the written record of the talks gave no concrete details of this discussion. It is believed the details were left out in consideration of Tokyo's position on these issues. "Jichitai Gaikô Genkai mo," *Hokkaidô Shimbun*, 30 May 1998, p. 4.

[32] "Jichitai Gaikô Genkai mo," *Hokkaidô Shimbun*, 30 May 1998, p. 4.

local companies wishing to invest in Sakhalin to negotiate Russia's complex legal system.

The signing of an Agreement on Friendship and Economic Cooperation (*Yûkô Keizai Kyôryoku ni kansuru Teikei*) in Yuzhno-Sakhalinsk in November 1998 is the most symbolic move to date by the regional administrations in Sakhalin and Hokkaido to promote mutually beneficial economic relations. Sakhalin Governor, Igor Farkhutdinov, made the proposal for an interregional agreement to his Hokkaido counterpart, Hori Tatsuya, whilst on a visit to Hokkaido for a meeting of the Northern Rim Forum in September 1995. Farkhutdinov believed that the time had arrived for Sakhalin and Hokkaido to conclude a sister-region agreement given the number of municipalities that had concluded similar pacts.[34] Hori agreed in principle, but did not immediately commit to an agreement, preferring to hold further discussions on the issue. It was not until September 1997, while on a visit to Sakhalin for a meeting of the Hokkaido-Russian Far East Joint Standing Committee, that Hori declared he would begin efforts towards concluding an agreement.[35] Once he had decided to commit formally to the agreement, Hori, who was born in Sakhalin, sought to bring about its rapid conclusion, believing that it would play a significant role in creating an environment for concluding a Russo-Japanese Peace Treaty.[36] At the press conference after signing the agreement, both governors emphasised the positive impact it would have on bilateral relations. Farkhutdinov stated that, "Demonstrating an intention to develop friendly and mutually beneficial economic cooperation today, the Sakhalin region and Hokkaido will play an important role in the process of political dialogue between Russia and Japan."[37] An editorial from the *Hokkaidô Shimbun*, which covered the signing ceremony, also commented that "Hokkaido's building of 'close neighbourly relations' with Sakhalin, which has jurisdiction over the Northern

[33] Hokkaidô Saharin Bijinesu Kôryû Shien Kyôkai Jimukyoku, *Hokkaidô Saharin Bijinesu Kôryû Shien Kyôkai Goannai*, undated.
[34] Hokkaidôchô Sômubu Chijishitsu Kokusaika Roshiashitsu, *Hokkaidô to Roshia Kyokutô*, p. 4.
[35] Hokkaidôchô Sômubu Chijishitsu Kokusaika Roshiashitsu, *Hokkaidô to Roshia Kyokutô*, p. 5.
[36] "Saharin-shû to Yûkô Teikei Isogu," *Hokkaidô Shimbun*, 21 April 1998, p. 3. The Agreement was not only intended to fulfil economic objectives. An official from the HPG claimed that Sakhalin's opposition to a territorial return was a political card designed to attract economic aid from Japan. The Agreement was therefore one of the policies intended to weaken Sakhalin's emotions. *Hokkaidô Shimbun*, 8 November 1998, p. 1.
[37] "Hokkaido, Sakhalin Governors Sign Pact," *Vladivostok News*, no. 180, 24 November 1998, http://vn.vladnews.ru, accessed 8 May 1999; See also, Aleksei Bayandin, "Dogovor gotovilsya godami," *Nezavisimaya gazeta*, 27 November 1998, p. 2.

Territories, as an element of local government diplomacy, has great significance for attempting to establish an environment for a territorial return."[38]

The protocol is a seven-point agreement, of which three address the issue of economic cooperation. They mention: first, in addition to making efforts toward creating a favourable environment to promote trade and investment between both regions, both sides will strive to build a cooperative system for promoting the participation of both region's companies in projects related to the Sakhalin shelf oil and gas development projects; second, strengthening cooperative relations for the rational use of marine resources including exchanging information about catches unloaded by vessels in each region's ports; third, in order to develop both region's industries, both sides aim to strengthen mutually beneficial cooperative relations in all fields including trade finance management, transport, communications, travel, agriculture, the marine products industry, forestry, the timber industry and infrastructure based on the revised 1997 economic cooperation program between Hokkaido and the Russian Far East. Both sides also agreed to establish a consultative council comprising the relevant administrative departments and private economic groups that would meet regularly to discuss the agreement's implementation.[39]

A notable omission from the Agreement was any direct reference to the Northern Territories dispute. This, however, did not mean that the territorial dispute was completely removed from the minds of those drafting it. It is believed that the HPG did not push for reference to the Northern Territories to be included in the Agreement because it sought to promote successful intercultural exchange with Sakhalin independently of the politically tainted visa-less exchange program (in which, much to its chagrin, Sakhalin is unable to participate) and, in doing so, alleviate opposition to a territorial return among local residents.[40] In the end, both sides displayed

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[38] "Saharin to Rinjin Kankei o," *Hokkaidô Shimbun*, 23 November 1998, p. 2. An article in the *Hokkaidô Shimbun* also suggested that Governor Hori was seeking to use the Agreement to increase his popularity ahead of the upcoming gubernatorial elections. "'Gaikô no Hori' Sekkyoku Apîru," *Hokkaidô Shimbun*, 26 August 1998, p. 4.

[39] Hokkaidôchô Sômubu Chijishitsu Kokusaika Roshiashitsu, *Hokkaidô to Roshia Kyokutô*, p. 7.

[40] "Dô-Saharin Yûkô-Keizai Kyôryoku Chôin e," *Hokkaidô Shimbun*, 19 November 1998, p. 4.

considerable skill in finalising a mutually acceptable document worded in a way that was sensitive to both Hokkaido and Sakhalin residents' emotions.[41]

To commemorate the first anniversary of the signing of this historic agreement, "Sakhalin Week" was held in Hokkaido. Among the events was a governors' meeting to discuss various problems associated with private level exchanges. At the meeting the governors signed a provisional memorandum to cooperate in minimising the adverse effects of environmental disasters.[42] Environmentalists and local fishers have raised concerns about the potential for a major oil spill from the Sakhalin shelf development projects. Such a spill would be difficult to combat given the harsh weather conditions in the Sea of Okhotsk, which washes the shores of both Sakhalin and Hokkaido. It would cause irreparable damage to the region's fragile ecosystem, in particular marine resources, upon which both economies are highly dependent. This agreement is another example of regional governments in Japan and the Russian Far East taking the initiative to address issues of mutual concern. Sakhalin and Hokkaido also held a symposium, co-sponsored by the Japanese MOFA and the HPG, to discuss proposals to promote economic exchange.[43]

In addition to the HPG's efforts, a number of municipal governments in Hokkaido have also sought to promote economic ties with Sakhalin. Sister-city relations, discussed in the preceding chapter, have often acted as an institutional vehicle for this purpose. Nemuro, however, is an exception. Municipal authorities have found it difficult to formulate a positive economic exchange policy with its sister-city, Severo-Kurilsk, out of concern for the feelings of many of the former islanders who live in Nemuro, although the local chamber of commerce established a section for economic

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[41] The HPG was also able to adroitly skirt a potential conflict with Sakhalin authorities by shading in a map of Hokkaido, Sakhalin and the Kuril Islands in the same colour in a pamphlet commemorating the first anniversary of the signing of the 1998 agreement. This discursive practice damages neither country's position on the territorial dispute. Hokkaidô Sômubu Chijishitsu Roshiaka Roshiashitsu, *Rinjin Dôshi Te o Toriaou! Hokkaido-Sakhalin Yûkô-Keizai Kyôryoku ni kansuru Teikei Isshûnen Kinenshi/Boz 'memsya za ruki, sosedi! V chest' 1 godovshchiny podpisaniya Soglasheniya o druzhbe i ekonomicheskom sotrudnichestve mezhdu Sakhalinskoi oblast'yu i Khokkaido, 2000.*

[42] Alaska was also a signatory. Hokkaidôchô Sômubu Chijishitsu Kokusaika Roshiashitsu, *Hokkaidô to Roshia Kyokutô*, p. 8. The three regions' governors signed a formal memorandum in August 2000. Hokkaidôchô Sômubu Chijishitsu Kokusaika Roshiashitsu, "Kankyô oyobi Bôsai ni okeru Kyôryoku ni kansuru Hokkaidô, Arasukashû oyobi Saharinshû no aida no Gôi Oboegaki," http://www.pref.hokkaido.jp/soumu/sm-tksai/russia/r-guide/goisyo-bosai3.htm, accessed 16 May 2003.

[43] Hokkaidôchô Sômubu Chijishitsu Kokusaika Roshiashitsu, *Hokkaidô to Roshia Kyokutô: Kôryu Jisseki no Gaiyô*, p. 8.

exchange with Russia.[44] Joint efforts on the part of municipal governments include the Council for the Promotion of the Sea of Japan Region (*Nihonkai Chiiki Shinkô Suishin Iinkai*), comprising six government branch offices (*shichô*) and 49 cities, towns and villages, which formulated a plan to promote the Sea of Japan region (*Nihonkai Chiiki Shinkô Kôsô*), in particular to promote economic exchange with Sakhalin in fields relating to fishing and tourism.[45] In 1997, a number of towns and private business groups in Soya County established a council whose members regularly travel to Sakhalin and meet with city officials and business leaders to promote trade and investment ties with Sakhalin. In May 2001, the city of Wakkanai opened its own representative office in Yuzhno-Sakhalinsk – the first municipal government in Japan to establish such a base in the Russian Far East. Previously (from 1998), it had sent an official to work in the Hokkaido office whose tasks included collecting information, searching for opportunities for local companies to invest in Sakhalin and conducting surveys on Sakhalin's infrastructure.[46] A number of municipalities also have their own staff that specialise in and manage trade and cultural relations with Russia.[47]

The Sakhalin oil and gas development projects, in particular, have become the focus of attention for municipalities in Hokkaido that are competing to become the major support and logistics base for these projects. Municipal authorities in Ishikari, Otaru, Wakkanai and Hakodate, in conjunction with local business groups, have established councils and provided other administrative support for this purpose.[48] As an outgrowth of a joint declaration signed by Hori and Farkhutdinov in September 1997, nine municipalities, the HPG, Hokkaido Development Bureau, five major trading houses and 14 industrial associations joined together to form the Sakhalin Project Hokkaido Consultative Council. The Council works in close cooperation with its counterpart in Sakhalin.[49]

[44] Hokkaidô Shimbun Jôhô Kenkyûjo ed., *Dônai Kôwan Toshi to Roshia no Keizai Kôryû*, Sapporo: HSJK, 2001, pp. 59-60.

[45] "Saharin Kôryû mo Hashira ni," *Hokkaidô Shimbun*, 26 January 1991, p. 4.

[46] Hokkaidô Shimbun Jôhô Kenkyûjo ed., *Dônai Kôwan Toshi*, p. 19.

[47] This was revealed in a number of interviews and questionnaires the author conducted with Japanese local governments that participate in exchanges with their Russian counterparts.

[48] Hokkaidô Shimbun Jôhô Kenkyûjo ed., *Dônai Kôwan Toshi to Roshia no Keizai Kôryû*, pp. 24, 34 and 40.

[49] Sergei Belozyorskikh, "Nichi-Ro Aratana Sutêji e," *Mainichi Shimbun*, 12 May 2000, p. 2.

At this point, it is worth mentioning briefly how Sakhalin's attempts to foster closer economic and cultural relations with Hokkaido accords with the central government's policy goals. Sakhalin's attempts to develop closer economic and cultural relations with Hokkaido and to integrate successfully into the Asia-Pacific region should generally be welcomed by Moscow. First, as Moscow has limited financial resources with which to help the embattled Far Eastern economy satisfactorily, Sakhalin's attempts to attract overseas investment and develop trade relations with its neighbours theoretically assists the central government as it partly alleviates some of the responsibility of providing investment for the region's socio-economic development. Second, Sakhalin's attempts to reinvigorate its economy also have the potential to bolster Russia's strategic position in the Far East by helping to curb the mass exodus of people from the region. Regional leaders' participation in government-led economic missions to Japan and the establishment of a Far East Subcommittee within the framework of the Japan-Russia Intergovernmental Committee on Trade and Economic Affairs are just two examples of Moscow's support for its far eastern provinces' drive to promote trade and investment relations with Japan, in particular, and integrate generally with the Asia-Pacific region.

As this section illustrates, the HPG and municipal authorities have provided enormous institutional support for local companies wishing to do business with Sakhalin and the Russian Far East. It should also be noted that a whole range of private and public bodies such as the Ministry of Economy, Trade and Industry (and its predecessor the Ministry of International Trade and Industry or MITI), the Japan Association for Trade with Russia and Central-Eastern Europe, the Japan External Trade Organisation (JETRO), the Sapporo Trade and Industry Bureau, Hokkaido University's Slavic Research Centre and Otaru University of Commerce also provide assistance.

The framework put in place by the HPG is second-to-none, but it has not led to a large-scale expansion of trade and investment ties between the two regions. Uchiyama Kôhei, a Sapporo-based Russian trade and investment consultant, has likened this situation to "a pipe through which no water flows, or a highway on which no cars travel."[50] This is perhaps a painful analogy given the regional economy has been

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[50] Uchiyama Kôhei, "Hokkaidô Kigyô ga Roshia Shijô ni Sannyûsuru Hôhô," transcript from an international economic exchange seminar, Sapporo, 12 January 2001,

burdened by the construction of toll roads that motorists use infrequently and are therefore accumulating debt. Uchiyama gives two reasons for Hokkaido's lack of investment in Russia: first, Hokkaido companies are unable to produce items that are internationally competitive; second, Hokkaido does not have trading companies with experience in dealing with Russia.[51] These are valid reasons. However, Uchiyama's first point, in particular, overlooks Hokkaido firms' trade and investment activities in other parts of the world. Although not exhaustive, a survey conducted by JETRO in 2001 revealed that 47 per cent of Hokkaido firms investing overseas were based in East Asia, including China, 22 per cent were based in North America, 14 per cent in Southeast Asia and 8 per cent in Europe. Only 5 per cent of Hokkaido firms engaging in international trade and investment were based in Russia.[52] This suggests another more salient factor is limiting Hokkaido-Sakhalin economic exchange. The following section examines Sakhalin's unstable commercial environment and the influence this has had on interregional economic relations.

Sakhalin's Commercial Environment

The Government-Business Nexus

Until it was acknowledged in a recent US government announcement, Russia was not considered to have a fully functioning free market economy, despite the Russian government's dismantling of the command economy.[53] It had been described as a "semi-closed corporate state in which government and business have a close alliance."[54] In many regions, the strong government-business nexus was formed during the late Soviet era in a process described by Richard Sakwa: "the old elite transformed itself by shifting over from party to state posts, creating economic

http://www.pref.hokkaido.jp/keizai/kz-bkkry/koen/uchiyama01.01.12.html, accessed 7 September 2001.
[51] Uchiyama, "Hokkaidô Kigyô ga Roshia Shijô."
[52] Nihon Bôeki Shinkôkai Hokkaidô Bôeki Jôhô Sentâ, *Dônai Kigyô no Kaigai Shinshutsu Dôkô Jittai Chôsa*, 2001, p. 4.
[53] On 6 June 2002, the US government announced that it would recognise Russia as a market economy. Veronika Sivkova, "Chto znachit byt' rynochnoi stranoi," *Argumenty i fakti*, no. 24, 12 June 2002, http://www.aif.ru/archives/aif/2002, accessed 11 July 2002.
[54] Department of Foreign Affairs and Trade, East Asia Analytical Unit, *Pacific Russia: Risks and Rewards*, Canberra: EAAU, 1996, p. 19.

structures subordinate to the party, and by joining emerging independent commercial organizations where they exploited personal contacts and knowledge of the system."[55]

As discussed in chapter four, despite the collapse of communist rule in 1991, much of the existing elite structures remained in place. The lines of authority separating government and business have been blurred and "the concept of 'conflict of interest' as it applies to western political and business culture is completely lacking."[56] In some regions, the government-business relationship is closer than in others. Perhaps the most commonly cited example, at least in the Russian Far East, of this fusion of public and private spheres has been in Primorskii *krai* where former Governor, Yevgenii Nazdratenko, received the backing of an association of major local enterprises (PAKT) in return for various economic concessions. The elite structures proved to be more resilient than many people, particularly the early wave of democratic governors, expected. Among the many promises Valentin Fedorov made when he arrived on Sakhalin was to crush the communists. However, he underestimated the power of the reorganised communist *nomenklatura* and was forced to retain them in positions of power in his administration, as well as in Sakhalin's new business enterprises.[57] Sakhalin's current Governor, Igor Farkhutdinov, who was a former first secretary of the Tymov district committee of the Sakhalin *oblast Komsomol*, an instructor for the department of party-organisational work for the *oblast* CPSU Committee, and a former mayor and chairman of the Yuzhno-Sakhalinsk *Ispolkom*, typifies the durability of the former communist nomenklatura.

The entrenchment of the former communist elite in Sakhalin's power structures has led many potential Japanese investors to adopt a wait-and-see approach. These investors believe that once the former *nomenklatura* members retire and are replaced by a younger generation who are more attuned to the workings of a market economy, investing in Sakhalin will become much easier.[58] Under present conditions, Hokkaido firms wishing to invest in small and medium-sized projects in the Russian Far East require some form of government support. Given the recent penetration of the

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[55] Richard Sakwa, *Russian Politics and Society*, 2nd edition, London: Routledge, 1996, p. 159.
[56] Department of Foreign Affairs and Trade, East Asia Analytical Unit, *Pacific Russia*, p. 19.
[57] Sophie Quinn-Judge, "Hobbled by Old Habits," *Far Eastern Economic Review*, 12 March 1992, p. 16.

regional elite in Russia by major industrial and financial groups,[59] it is feasible that government backing will continue to remain an important factor in any decision to invest in the near future.

Regulatory Framework and Regulation of Foreign Investment

The Russian government established a basic commercial framework covering laws related to taxation, foreign investment, bankruptcy, customs and property rights. However, these improvements appear to be have been more quantitative than qualitative. Pavel Minakir and Gregory Freeze note that Russia's regulatory framework had "many laws but no rule of law."[60] Laws on foreign investment in the Russian Federation were promulgated in July 1991. However, they failed to provide foreign businesses with clear guidelines in this area and substantial legislative gaps remained unfilled.[61] Many contradictions existed in a large number of business-related laws that were established. When these inconsistencies were discovered, they were commonly amended by Presidential decree, on many occasions only to be overruled by new parliamentary laws, which further complicated the legal system.[62] Although a number of steps have been taken to fill these gaps – this legislation was re-written in 1995, a new foreign investment law was promulgated in July 1997 and a Russo-Japanese Investment Guarantee Agreement was signed in May 2000 – Japanese investors remain cautious about investing in Russia.

Russia's unstable and contradictory business-related laws have made it particularly difficult for retailers to establish themselves in the local market. In April 1998, Cowboy, a Sapporo-based company which owns a chain of discount stores and sells mostly fresh food, opened a store in Yuzhno-Sakhalinsk called Sakhalin Cowboy. It was a discount store, selling miscellaneous goods, mainly plastic items – which are somewhat of a novelty in Russia – for 10 roubles each and also clothing, which it sold

[58] Nihon Keizai Shimbunsha, *Hokkaidō wa Yomigaeru ka*, Tokyo: Nihon Keizai Shimbunsha, 2000, pp. 101-102.

[59] East West Institute, *EWI Russian Regional Report*, vol. 7, no. 2, 16 January 2002.

[60] Pavel A. Minakir and Gregory L. Freeze, *The Russian Far East: An Economic Handbook*, New York: M. E. Sharpe Inc, 1994, p. 129.

[61] Department of Foreign Affairs and Trade, East Asia Analytical Unit, *Pacific Russia*, p. 21.

[62] Nihon Bōeki Shinkōkai, Hokkaidō Bōeki Jōhō Sentā, *Dōnai Kigyō no Kaigai Shinshutsu*, p. 28.

for 100 roubles.[63] In February 1999, it also announced plans to sell food. If customer numbers were any indication, Sakhalin Cowboy was initially a remarkable success with long lines of people queuing outside the store every day. It even received an award from the Sakhalin administration for its contribution to the local economy.[64] Sakhalin Cowboy was probably Hokkaido's only real, visible presence in Sakhalin. However, despite its success, Sakhalin's unstable commercial environment proved to be too large an obstacle for this ambitious enterprise. Frequent delays and changes in customs procedures forced Sakhalin Cowboy to scale back its operations. The store is now sub-let to local businesses.[65]

According to Philip Hanson, "the centre is in no shape to do anything to help the regions, but can and does limit quite drastically their ability to help themselves."[66] The federal government's meddling in regional affairs is most evident in natural resource developments. For instance, in December 1995, a new law on production sharing of natural resources, which contained a number of elements discouraging some foreign companies from investing in Sakhalin's oil and gas development projects, was passed by both chambers of Russia's Federal Assembly and signed into law by President Yeltsin at the end of the month.[67] Federal intervention in resource development projects derives from suspicions (not entirely unfounded) that unscrupulous foreign businesses are trying to take advantage of Russia's weakness and turn it into a raw materials appendage to fuel economic growth elsewhere. The Director of the Sakhalin Department for Offshore Oil Development, Galina Pavlova, has vented her frustrations over federal intervention in the regional economy, claiming "instead of working together, the Duma obstructs everything...as a result,

[63] JETRO, "Kita o Muku Hokkaidô Kigyô no Shôrai,"
http://www.jetro.go.jp/ove/sap/business/trade/343-7.htm, accessed 26 June 2001.
[64] Nihon Bôeki Shinkôkai Hokkaidô Bôeki Jôhô Sentâ, *Dônai Kigyô no Kaigai Shinshutsu*, p. 19.
[65] Discussion with Arai Nobuo, 22 August 2001.
[66] Philip Hanson, "Understanding Patterns of Economic Change in Post-Communist Russia," in Takashi Murakami and Shinichiro Tabata eds, *Russian Regions: Economic Growth and Environment*, Sapporo: Slavic Research Center, Hokkaido University, 2000, p. 25.
[67] Department of Foreign Affairs and Trade, East Asia Analytical Unit, *Pacific Russia*, p. 17; Murakami Takashi, "The Present Situation and Future Problems of Energy Production in the Russian Far East," in Tsuneo Akaha ed., *Politics and Economic in the Russian Far East: Changing Ties with Asia-Pacific*, London: Routledge, 1997, p. 114; Michael J. Bradshaw, *The Russian Far East: Prospects for the New Millennium*, London: The Royal Institute of International Affairs, Discussion Paper 80, 1999, p. 17.

we are, with our own hands, destroying our own capabilities."[68] It should be noted that by unilaterally seeking to overturn federal legislation and failing to clamp down on corruption, the regions have also acted to scare-off some potential investors.

The lack of clear division of powers between the federal and regional governments also created uncertainty for foreign investors with decisions made at one level of government often challenged and overturned by another. Sakhalin's first Governor, Valentin Fedorov, demonstrated that he could also complicate federal government policy in matters in addition to the territorial dispute with the Japanese. In the early 1990s, he attempted to control the tendering process for Sakhalin's oil and gas development projects by concluding his own arrangements with foreign firms, which challenged agreements prepared by the federal government. The Sakhalin administration has insisted that foreign firms wishing to invest in these projects contribute to a Sakhalin Development Fund that will be used to upgrade the island's crumbling physical infrastructure. This fund and another for the royalties Sakhalin will receive from these projects amounts to hundreds of millions of dollars. In recent years, monies from this fund have generated incremental improvements in Sakhalin's infrastructure. Establishing the fund was a sensible move on the Sakhalin administration's part given the island's poor infrastructure is widely considered to be a factor restricting the inflow of foreign investment into the region. Sakhalin's population centres regularly endure power outages because of insufficient energy supplies, making life uncomfortable, particularly in the harsh winter months. However, considering the amount of funds earmarked for the fund, the infrastructure is not as developed as one might expect – certainly compared with Khabarovsk and Vladivostok – leading to speculation that some of the money may have "gone somewhere."[69]

Taxation System

Russia's confiscatory tax system has also acted as an impediment to foreign direct investment as well as the growth of the private sector. One study revealed that, in the

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[68] Floriano Fossato, "Sakhalin: Waiting for Oil but Patience Running Out," *RFE/RL Newsline*, 28 October 1998, http://rferl.org/newsline, accessed 15 January 2001.
[69] Tanabe Hirokazu from Hokkaido's Sakhalin office expressed this view during an interview in Yuzhno-Sakhalinsk, 20 August 2001.

past, Russian entrepreneurs have had as many as fifty different taxes to pay, the full amount of which often exceeds their total profits.[70] This not only pushes many Russian firms into debt, making them unattractive joint venture partners, but also tends to breed criminal activity as Russian entrepreneurs are often forced into illegal activities to stay financially viable.[71] Tax laws have also been subject to sudden change. For instance, tax preferences for foreign capital firms granted in 1991 were withdrawn in 1992, only to be reintroduced in 1994 for enterprises with more than US$10 million in foreign investment.[72] Apart from the oil and gas development projects, this is above the size of most foreign investment in Sakhalin, particularly by Hokkaido-based firms. A tax was also suddenly introduced in February 1999 on the export of timber products, which added to the production costs of a number of joint ventures with Japanese capital operating in Sakhalin.[73] Some foreign capital firms have been forced to pay taxes unilaterally levied by regional and local governments, in addition to federal taxes.

Law and Order

The Russian Far East has a reputation for lawlessness. Organised crime is reported to be influential in most aspects of economic life, particularly in the major industrial centres. Geography is a major factor behind the *mafiya*'s rise in the Russia Far East. Sakhalin is thousands of kilometres and eight time zones from Moscow. These vast distances have provided criminal organisations with refuge far away from central authorities in Moscow. It is also on the rim of the economically vibrant Asia-Pacific region, which permits the easy traffic in narcotics from Southeast Asia and the Pacific regions, as well as the laundering of money from the oil and gas development projects.[74] As suggested above, the tax system creates an incentive for business to operate outside the law, which exposes them to pressure from criminal elements in the form of loan-sharking and the like. The criminal threat is so pervasive in Sakhalin that in a survey conducted by the local newspaper, *Svobodnyi Sakhalin*, asking "who today,

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[70] In 2001, uniform taxes for small and medium-sized companies were established, reducing the number of taxes. However, taxes still vary depending on the industry and scale of the business venture. Department of Foreign Affairs and Trade, East Asia Analytical Unit, *Pacific Russia*, p. 22.

[71] Department of Foreign Affairs and Trade, East Asia Analytical Unit, *Pacific Russia*, p. 22.

[72] Department of Foreign Affairs and Trade, East Asia Analytical Unit, *Pacific Russia*, p. 23.

[73] Nihon Keizai Shimbunsha, *Hokkaidō wa Yomigaeru ka*, p. 102.

[74] Tanya Frisby, "The Rise of Organised Crime in Russia: It's Roots and Social Significance," *Europe-Asia Studies*, vol. 50, no. 1, January 1998, p. 35

to the greatest degree, influences the development of events in your *oblast*," more respondents cited the *mafiya* than government officials.[75]

It is debatable whether organised crime exercises such an influence on Sakhalin's political and economic life. Johan Backman suggests the *mafiya* may be indeed a psychological construct derived from the disappointment Russians feel over the failure of economic and social reforms. This is "often projected to an external entity called the mafia, which is believed to be persecuting politics, society and the economy."[76] The *mafiya* do in fact exist in Russia, although their influence can be often overstated. Nevertheless, a strong perception, fuelled by the mass media, also exists in Japan that the *mafiya* are involved in many business dealings in the Russian Far East. There are numerous cases in which criminal groups have targeted Japanese businessmen. The problem of organised crime and the perceived ease at which the *mafiya* can infiltrate the service sector are considered to be major reasons why many Hokkaido companies in the service industry (finance, insurance etc.) are reluctant to invest in the Sakhalin economy.[77]

Russia's legal system has created an environment in which organised crime has been allowed to flourish. It is also the root cause of a number of unsavoury incidents involving Russo-Japanese joint ventures, some of which have been infiltrated by criminal elements, where Russian business partners have attempted to take advantage of the legal deficiencies and appropriate these enterprises. To illustrate the problems faced by Japanese capital, the following section briefly describes the Santa Resort Hotel project. Although this incident did not directly involve a Hokkaido company, joint ventures with Hokkaido capital have also experienced similar problems. It was well publicised in Japan where it serves as a warning to potential investors of the pitfalls of doing business in Russia and the need to find reliable and trustworthy partners.

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[75] *Svobodnyi Sakhalin*, 1 July 1992, p. 2.
[76] Johan Bäckman, "What is [*sic*] Russian Mafia? A Psychoanalytic Interpretation," from a lecture presented at Ume and Stockholm Universities, 19 September 2001. The author is grateful to Dr. Bäckman for providing a transcript of this lecture.
[77] Tanabe Hirokazu from Hokkaido's Sakhalin office expressed this view during an interview in Yuzhno-Sakhalinsk, 20 August 2001.

Joint Venture Problems: The Santa Resort Hotel "Hijacking"

The Russo-Japanese joint venture Saharin Tairiku (aka SANTA) was established in 1989 by two Japanese companies, Tairiku Bôeki and Tairiku Toraberu, and two Russian companies, Sakhalin Shipping (aka SASCO) and a fishing kolkhoz. Saharin Tairiku initially began as a fishing joint venture with both sides contributing 50 per cent of the enterprise's starting capital. However, the Russian and Japanese investors sought to expand the scope of the company's operations and in 1993, built the Santa Resort Hotel in Yuzhno-Sakhalinsk. Tairiku Bôeki and SASCO each contributed $18 million.[78] The hotel did not initially do a booming trade, but business began to pick up in 1997 as a result of progress in the Sakhalin offshore oil and gas development projects. It was soon after that a monetary dispute between the joint venture partners emerged.

SASCO took issue at how its Japanese partner was managing the fishing joint venture and the hotel. According to SASCO's manager, Yakup Alegedpinov, Tairiku Bôeki was unfairly buying cheap marine products, claiming sole ownership of the goods brought into Japanese ports and then selling them at an inflated price, thereby independently profiting from the sales.[79] Some observers in Japan, such as Sakamoto Masahiko, from the Hokkaido Newspaper Research Institute, saw nothing wrong with Tairiku Bôeki's actions, claiming the company was only acting in accordance with the agreement, which allowed it to recover its initial investment. As fishing was a major part of the joint venture's operations, it was only natural that the Japanese partner would seek to do this by selling marine products it bought from Santa.[80] Alegedpinov was unhappy with the flow of profits from the hotel. He claimed that although both sides each contributed half of the start-up capital, the Japanese side was essentially able to recover its costs due to the fact that the construction work was sub-contracted to a Tairiku Bôeki-affiliated firm. He was also unsure about the hotel's total construction costs and was suspicious that it was built with only SASCO's money. Moreover, he believed that the Japanese partners taking most of the hotel's profits by monopolising the hotel's patronage and charging handling-fees for customers it did

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[78] Sakamoto Masahiko, "Gôben 'Santa' no Arasoi Meguri: Roshiagawa ga Kyanpên," Hokkaidô Shimbun Jôhô Kenkyûjo, 2 March 1999, http://www.aurora-net.or.jp/doshin/dii/report/sakamoto990302.htm, accessed 8 July 2001.

[79] Cited in Sakamoto, "Gôben 'Santa' no Arasoi Meguri."

not even bring in.[81] According to information received by SASCO, the Japanese were planning to sell their share of the joint venture and were conducting negotiations with an American company to this end. SASCO feared that once the Japanese sold their share of the enterprise, it would not be able to recover its investment in the hotel. This led the company to launch legal proceedings.

The case was heard in the St. Petersburg Arbitration Court, which ruled that SASCO could take 137 million roubles from Santa's account. However, because the money was not in the account, the court instead issued a ruling that recognised the transfer of the hotel and several ships to SASCO.[82] The decision sent shockwaves through the Japanese business community and the incident was well publicised in Japan where the hotel was emotively described as having been "hijacked" (*nottorareta*).[83] For someone who had actively sought to promote economic ties with the Asia-Pacific region and had often bemoaned the low levels of foreign investment, particularly from Japan, Igor Farkhutdinov took a surprisingly hands-off approach to the incident, declaring that although not impressed with SASCO's actions, he would not get involved and make an issue of it.[84] Tairiku Bôeki first appealed the decision in the Sakhalin Arbitration Court, which upheld the ruling by the St. Petersburg Court.[85] Undeterred, the Japanese continued the fight all the way to the Supreme Arbitration Court in Moscow, which ruled in December 1998 that the property be returned to joint ownership.[86] SASCO initially refused to accept the decision and had to be forcefully evicted from the premises. The two sides are still in dispute over profit distribution.

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[80] Sakamoto, "Gôben 'Santa' no Arasoi Meguri."
[81] Cited in Sakamoto, "Gôben 'Santa' no Arasoi Meguri."
[82] "Court Awards Hotel to Shipping Company," *Vladivostok News*, 23 October 1998, http://www.vlad.news.ru, accessed 9 July 2000.
[83] See, for instance, *Hokkaidô Shimbun*, 23 November 1998, cited in *Saharin to Nihon*, no. 131, 3 December 1998, pp. 1-2. The decision was also put on the HPG homepage, which referred to it as an incident where the Russian partner ignored the contract and monopolised management and ownership of the hotel. See http://www.pref.hokkaido.jp/soumu/sm-tksai/russia/r-yuzhno/today/y-today0314.html, accessed 14 July 2000.
[84] Farkhutdinov also stated that given Russia's legal system, similar incidents could occur again. *Svobodnyi Sakhalin*, 16 October 1998, cited in *Saharin to Nihon*, no. 127, October 1998, p. 2.
[85] "Court Awards Hotel to Shipping Company."
[86] Anatoly Medetsky, "Japan Invited to Invest in 'Tiger Cage'," *Vladivostok News*, 8 June 2001, http://vn.vladnews.ru, accessed 3 November 2001.

Alegedpinov portrayed himself and SASCO as victims in the whole affair and sought to enflame nationalist sentiments among the local population. According to Sakamoto, his appeals went beyond the commercial boundaries of relations between two business enterprises and were couched in terms of defending Russian state interests from unscrupulous foreign investors.[87] He found an ally in the journal *Ekonomika i zhizn'*, which not only published SASCO chairman Mikhail Romanovski's account of the dispute, but also featured an emotional editorial, playing on Russian people's sense of disillusionment and distrust of foreigners: "Many joint ventures are lending a hand to plunder our natural resources by unscrupulous foreign businesses. A lack of legal knowledge by the Russian side has contributed to this."[88] Sakamoto questions the Russian claim of insufficient legal knowledge, arguing that, on the contrary, they knew every aspect of the contract and tried themselves to take advantage of the deficiencies in Russia's legal system.[89]

In a knee-jerk and hastily prepared response, the Sakhalin Duma passed a "law on foreign investment in Sakhalin" in late 1998, designed to prevent a reoccurrence of these types of incidents.[90] At a conference of Hokkaido-Sakhalin sister and friendship cities in Yuzhno-Sakhalinsk in July 1999, Japanese delegates called on their Russian counterparts to "establish a legal system that eliminates unscrupulous partners."[91] The damage, however, had already been done. The Santa Resort Hotel "hijacking", although the most prominent, is just one of a series of incidents that have occurred in the past between Russian and Japanese business partners. Such incidents have soured economic relations between Japan and Sakhalin and made many Japanese businesses reluctant to invest in the region.[92] In fact, it has been argued that similar problems over profit distribution are a significant cause behind the dormant state of many Russo-Japanese joint ventures today.[93]

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[87] Sakamoto, "Gôben 'Santa' no Arasoi Meguri."

[88] Redaktsiya, "B'etsya SP v Yaponskikh setyakh," *Ekonomika i zhizn'*, no. 7, February 1999, p. 28.

[89] Sakamoto, "Gôben 'Santa' no Arasoi Meguri."

[90] *Saharin to Nihon*, no. 129, 18 November 1998, p. 2.

[91] "Kankô Gôben Sokushin nado Tôgi," *Hokkaidô Shimbun*, 29 July 1999, p. 4.

[92] "Kyôryoku Gutaika wa Kongo no Kyôgi ni," *Hokkaidô Shimbun*, 23 November 1998, p. 1; "Consul General of Japan, Yoshihisa Kuroda," *The Sakhalin Times*, 26 October - 9 November 2001, http://www.sakhalintimes.com, accessed 25 January 2002.

[93] Nihon Keizai Shimbunsha, *Hokkaidô wa Yomigaeru ka*, p. 100.

Given the difficulties that have arisen in the past between Russian and Japanese business partners, the logical approach for Japanese companies interested in investing in the region would be to eschew joint ventures and instead establish sole-ownership enterprises. However, two factors make such an approach problematic. First, despite the unscrupulous nature of many Russian entrepreneurs and their rudimentary understanding of running a business in a market economy, having a Russian partner who is familiar with the commercial environment can still offer advantages. Second, legal obstacles have been put in place for foreign companies wishing to participate in the anticipated construction boom the oil and gas development projects are predicted to generate. A "local contents law" stipulates that the federal government give priority to Russian companies when awarding any construction contracts relating to the energy projects, making joint ventures the only really feasible vehicle for foreign investors.[94]

Frustration over Sakhalin's unstable commercial environment has therefore led Japanese business circles to adopt a cautious approach to developing trade and investment linkages. They have opted for a strategy of building up business contacts – which they hope to utilise after Sakhalin's investment environment stabilises – without making substantial commitments. As discussed previously, a large number of Hokkaido and other Japanese business delegations visit Sakhalin each year. However, much to the chagrin of local government officials and businesses, the majority of these visits have not led to the signing of business contracts.[95] Meanwhile, Japan has lost its position as the leading investor in and trading partner of Sakhalin. In 1992, Japan accounted for just over half of Sakhalin's foreign trade, but by 1999, this had dropped to about 20 per cent.[96] South Korea is now Sakhalin's largest trading partner, although most of Sakhalin's exports continue to go to Japan. American companies are now the biggest investors in the Sakhalin economy, accounting for about 98 per cent of investment inflows in 1999.[97] Japan, on the other hand, accounted for 0.3 per cent,

[94] Hokkaidô Saharin Bijinesu Kôryû Shien Kyôkai Jimukyoku, *Hokkaidô Saharin Bijinesu Kôryû*, p. 8.
[95] According to the former head of the Hokkaido representative office in Yuzhno-Sakhalinsk, Yasuda Keiji, "the Russian side is fed up with the procession of inspection delegations from Japan, which results in 'nothing happening' (*nashino tsubute*)," Yokoi Masahiro, "Shinshutsu Todokôrasu 'Nottori'," *Hokkaidô Shimbun*, 15 October 1998, p. 4.
[96] Vitalii Elizar'ev, *Mezhdunarodnie i vneshekonomicheskie svyazi sub'ekta Rossiiskoi Federatsii: na primere Sakhalinskoi oblasti*, Yuzhno-Sakhalinsk: Sakhalin Oblastnoi Tipografii, 2001, p. 122.
[97] Elizar'ev, *Mezhdunarodnie i vneshekonomicheskie svyazi*, p. 182.

which was even less than Cyprus and the Bahamas.[98] Apart from the endless procession of business delegations and the second-hand cars that ply Sakhalin's streets, the Japanese do not really have a visible economic presence in Sakhalin.

As we have seen, Sakhalin's unstable commercial environment has generally had a limiting effect on both interregional and Japan-Sakhalin trade and investment ties. However, there is one area of Hokkaido-Sakhalin economic relations in which economic relations, at least in quantitative terms, have flourished. The following section examines the trade in fish and marine products between the two regions.

The Local Trade in Fish and Marine Products

The Joint Venture Boom

The command economy's collapse, the dismantling of the highly centralised and hierarchical administrative structure upon which the Soviet fishing industry was based, and privatisation led to an explosion in the number of independent commercial fishing companies (which co-existed with restructured former state enterprises and *kolkhozy*) in the fishing industry in the 1990s. One author, writing in 1996, cites an "incomplete assessment" that found over one thousand firms active in the Far Eastern fishing industry.[99] Roughly half of these independent fishing firms are located in Sakhalin. Official data from 1999 indicate that some 598 enterprises, employing 28 per cent of Sakhalin's workforce, were active in the fishing industry, a ten-fold increase since 1990.[100] No longer able to rely on government subsidies and cut off from traditional markets in European Russia by rising fuel and transportation costs, these new enterprises were left to fend for themselves in the new, chaotic environment that was post-communist Russia. Developing new products and finding new markets, in particular, became imperative if the local fishing industry was to survive.

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[98] Elizar'ev, *Mezhdunarodnie i vneshekonomicheskie svyazi*, p. 182.
[99] Pavel A. Minakir ed., *The Russian Far East: An Economic Survey*, trans. Gregory L. Freeze, Khabarovsk: RIOTIP, 1996, p. 112.
[100] Goskomstat fisheries data for Sakhalin, 1999, cited in Anthony Allison, "Sources of Crises in the Russian Far East Fishing Industry," *Comparative Economic Studies*, vol. XLII, no. 4, Winter 2001, p. 75.

As the geographically closest region of a nation renowned for its consumption of fish and marine products, Hokkaido emerged as an attractive market and important partner for fishing enterprises in the Russian Far East, which were eager to take advantage of their new-found freedom and establish mutually beneficial commercial relations. This was a mutual embrace, for the Hokkaido fishing industry was in decline for a number of reasons, significant amongst which were Soviet and later Russian restrictions on access to what the Japanese considered to be traditional fishing grounds. Soviet and Russian governments offered access to these fisheries under a quota system and also in return for the payment of fishing fees. However, mainly for political reasons that will be discussed shortly, the Japanese government either rejected or scaled-down these down, forcing many local fishers to adopt more clandestine measures in order to supplement their insufficient catches. Fishing cooperatives in Hokkaido responded positively to these early overtures.

In the early 1990s, there was a boom in joint ventures involving Japanese and Sakhalin businesses, mainly concentrated in the raw materials sector (fishing, timber and timber processing). Among the Japanese companies that entered the Sakhalin market during this early period about 70-80 per cent were thought to be Hokkaido-based firms, most of which established joint ventures in the fishing industry.[101] This focus on the fishing industry has not been looked upon favourably by some in the Sakhalin administration who had expectations Hokkaido firms would invest more broadly in the regional economy.[102] It is difficult to give a precise figure on the number of Hokkaido firms active in the Sakhalin market as many are registered with the Sakhalin administration but, because of the unstable investment environment, are ostensibly commercially dormant (so-called "paper companies"). A former Sakhalin government official claims that by 1992 over 100 economic "structures" in Sakhalin had established business contacts with Hokkaido.[103] However, by 1999, the number of registered enterprises with Hokkaido capital had dropped to 53.[104]

[101] Interview with Tanabe Hirokazu from the Hokkaido representative office in Yuzhno-Sakhalinsk, 20 August 2001; Discussion with Arai Nobuo, a Japanese authority on the Russian Far East and Associate Professor at Sapporo International University, 20 August 2001.

[102] Interview with the former head of the Sakhalin administration's Department of Foreign Economic Relations, Vitalii Elizar'ev, Yuzhno-Sakhalinsk, 23 August 2001.

[103] Elizar'ev, *Mezhdunarodnie i vneshekonomicheskie svyazi*, p. 60.

[104] Vitalii Elizar'ev, *Sakhalinskaya oblast' na perekresike Rossiisko-Yaponskikh otnoshenii kontsa xx stoletiya: sovremennye formy i problemy sotrudnichestvo*, Yuzhno-Sakhalinsk: Sakhalinskoi Oblastnoi Tipografii, 1999, p. 66.

Fishing joint ventures have served as a vehicle for local fishing cooperatives and trading companies in Hokkaido to obtain access to Russia's marine resources and supply seafood products to the Japanese market. Joint ventures are certainly a much safer alternative than the approach adopted by a number of local fishers, which is to operate clandestinely in the disputed islands' fisheries. This not only exposes them to the risk of being apprehended and subsequently imprisoned, but also being fired upon by the trigger-happy Border Guard.[105] Although the Sakhalin and Hokkaido regional governments do not provide statistics on interregional trade, it is believed that the trade in fish and marine products constitutes a significant share of Sakhalin-Hokkaido trade. In 1999, about 80 per cent of Hokkaido's imports from the Russian Far East were fish and marine products (60 per cent of these imports were crabs).[106] Fishing nets and packing materials for fish and marine products comprised about 40 per cent of Hokkaido's exports.[107]

A significant relaxation of military tension in the Far East following the Soviet Union's collapse, the easing of Japanese restrictions on the entry of Russian citizens into the port cities of northern and eastern Hokkaido, and the deregulation of the Russian fishing industry and foreign trade have allowed Russian trawlers from Sakhalin, as well as other Far Eastern regions, to dock in Hokkaido's fishing ports to sell their catch. In 1989, only 262 Russian trawlers docked in Hokkaido's five main ports (none in Nemuro, Monbetsu or Ishikari). This number increased, reaching a peak of 8 980 in 1997, before dropping slightly to 8 525 in 1999 – a 34-fold increase in 10 years.[108] The number of Russian sailors disembarking at these ports mirrors this trend, peaking at 175 390 in 1997, before dipping to 154 393 in 1999.[109] While

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[105] Until late 1993, Russian border guards had adopted a fairly moderate position regarding Japanese fishers' incursions into the disputed islands' fisheries, simply recording such violations without detaining the boats and their crews. However, from late 1993, the number of Japanese fishing vessels operating in these waters increased dramatically. In response, the Border Guard began shooting at suspected poachers and confiscating their boats. See Arai and Hasegawa, "The Russian Far East in Russo-Japanese Relations," p. 180.

[106] Hokkaidô Shimbun Jôhô Kenkyûjo, *Dônai Kôwan Toshi*, Jôhôken Bukkuretto 2, 2001, p. 13.

[107] A. Belov, "Lethal Disease of Russian Crabs Around Hokkaido: Trade of Hokkaido and Russian Far East Region in 1994-1995 According to Customs Statistics of Japan," unpublished paper, January 1997.

[108] Hokkaidô Shimbun Jôhô Kenkyûjo, *Dônai Kôwan Toshi*, p. 7.

[109] The Japanese Immigration Bureau issues special shore leave documents for the crew members of foreign aircraft and ships arriving in Japan who do not have visas and wish to disembark temporarily to shop or rest. Hokkaidô Shimbun Jôhô Kenkyûjo, *Dônai Kôwan Toshi*, p. 9.

ashore, most Russian sailors purchase large quantities of consumer goods to take back home and have become a highly visible presence in these port cities. For instance, in 1999, 61 987 Russian sailors disembarked at Wakkanai, which is over 10 000 more than the town's population.[110]

The Criminalisation of Local Trade

Under normal circumstances, such a flurry of interregional economic activity would be seen as a welcome development in an otherwise stagnant Russo-Japanese economic relationship. Indeed, one Russian correspondent considers the local trade in fish and marine products to be the most effective achievement in economic relations between Japan and Russia. What a pity, he laments, "that it is absolutely illegal and of a criminal nature."[111] One respected American scholar has even described the criminal nature of local trade as "a cancer threatening the very health of Russo-Japanese relations."[112] These are not isolated views. The Russian and Japanese press, often using police sources (particularly in Sakhalin and Hokkaido), describe fishing as a "criminal industry" and the trade in fish and marine products at the regional level as "*mafiya* controlled." These views are also reflected in scholarly research.

A number of unusual incidents have occurred in recent years, suggesting that criminal groups have infiltrated local trade networks. In February 2001, a Russian Border Guard patrol plane fired warning shots at a Russian fishing vessel suspected of smuggling crabs near Rebun Island, west of Hokkaido. The vessel responded by raising the Japanese *hinomaru* flag and, citing engine trouble, sought refuge in Wakkanai harbour in northern Hokkaido.[113] In June 2001, in what is believed to be a gangland murder, a Russian employee was shot dead on the premises of a trading company in Wakkanai after a fishing-related dispute.[114] In the city of Kushiro in eastern Hokkaido, local authorities began an investigation into violations of foreign

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[110] Hokkaidô Shimbun Jôhô Kenkyûjo, *Dônai Kôwan Toshi*, p. 9.

[111] V. Golovnin, "Mafiya i more: vzglyad iz Tokio," *Izvestiya*, 23 October 1997, p. 5.

[112] Gilbert Rozman, "Cross-Border Relations and Russo-Japanese Bilateral Ties in the 1990s," in Gilbert Rozman ed., *Japan and Russia: The Tortuous Path to Normalization, 1949-1999*, New York: St. Martin's Press, 2000, p. 211.

[113] Murayama Yûsuke and Takeyama Shinobu, "Roshia Mafia to Kani Mitsuryô: Nihon no 'Shoku' Nerai Arakasegi," *Asahi Shimbun*, 27 July 2001, p. 33. The *hinomaru* (literally meaning "sun circle") is Japan's national flag.

trade laws and uncovered local firms with joint ventures in the Russian Far East that were cooperating in concealing funds and laundering them for use by Russians in Japan.[115] A comparison of Russian and Japanese customs statistics for the trade in crabs and shellfish also reveals the illegal nature of this commerce. According to Russian statistics, in 1994, exports of crabs and shellfish earned revenue of $90.4 million, while Japanese statistics indicated imports of these products amounted to $510.9 million.[116] Moreover, as one scholar notes, over the next two years the Japanese numbers continued to increase and the gap in both country's records grew to about 9:1.[117]

Perhaps the most detailed account of the nature and scope of this illicit trade to date is a three-part exposé published in *Izvestiya* in October 1997. Based on an extensive eight-month investigation in both the Russian Far East and Hokkaido, journalists Boris Reznik and Vasilii Golovnin uncovered a complex web of fraud linking both sides of the disputed Russo-Japanese maritime border, which has deprived Pacific Russia of $2 billion a year in terms of unreported exports of fish and marine products, mostly smuggled to Japan through ports in Hokkaido.[118] As will be discussed later, this capital flight has had a detrimental effect on Japan's efforts to resolve the Northern Territories dispute. On the Russian side, operations were centred upon a fishing enterprise in Sakhalin, which issued instructions (*ukazaniya*) to Russian fisheries inspectors to overlook cases of overfishing and poaching or to falsify records. The necessary bribes to ensure compliance by "good" inspectors appear to have been channelled, either directly from fishing cooperatives in Hokkaido, or indirectly via the fishing enterprise in Sakhalin. There is even a suggestion that money from this illegal trade may have flowed to the State Committee for Fisheries and the Governor of Sakhalin.[119]

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[114] Murayama and Takeyama, "Roshia Mafia to Kani Mitsuryô: Nihon no 'Shoku' Nerai Arakasegi," *Asahi Shimbun*, 27 July 2001, p. 33.

[115] Rozman, "Cross-Border Relations," p. 207.

[116] A. Belov, "Torgovlya Khokkaido i Rossiiskogo Dal'nego Vostoka v 1994-1995 po dannym Yaponskoi tamozhennoi statistika," *Vestnik Dal'nevostochnogo Otdeleniya Rossiiskoi Akademii Nauk*, no. 5, 1997, p. 77.

[117] *Izvestiya*, 12 September 1997, cited in Rozman, "Cross-Border Relations," p. 206.

[118] Boris Reznik, "Mafiya i more," *Izvestiya*, 21 October 1997, pp. 1, 5; 22 October 1997, p. 5; and 23 October, pp. 1, 5.

[119] Konstantin Sarkisov, an authority on Russo-Japanese relations, claimed that monies derived from this illicit trade flow to the State Committee for Fisheries in Moscow. Discussion with the author, 24

The participants in this commerce are not only Russian and Japanese fishers and fishing enterprises. An uncounted armada of conspirators on the Russian side, including customs officials, fisheries inspectors, procurators and border guards, are also believed to be actively involved.[120] The potential material benefits (cash, alcohol, women and valuable seafood products) from participating in this trade have proved to be too tempting for many in the armed forces and law enforcement agencies who are dependent on the state for financial support and have arguably borne the brunt of Russia's economic reforms. Given the wealth derived from this trade, it is not surprising that criminal organisations in Japan and Russia, often working in cooperation with each other, are also actively involved.[121] The Russian *mafiya* is said to be influential in the entire process, from the distribution of quotas, the sale of fish and marine products in Japan and the distribution of earnings from the sale of these products, while Japanese organised crime groups make advanced payments for quotas, for instance, and establish bank accounts to launder profits.[122] Without hard data it is difficult to quantify just how pervasive criminal organisations' influence in this commerce actually is. However, it is fair to say that organised criminal groups in Russia and Japan are involved – sometimes operating in coordination with fishers and sometimes independently.

It should also be noted that, despite the aforementioned evidence, not all fish and marine products exported by Sakhalin and the rest of the Russian Far East to Hokkaido are illegal. Only those fish and marine products either caught by Russian fishers *over their prescribed quota limits* and then smuggled into Japanese, mainly Hokkaido ports, or those "poached" by Japanese fishers in the disputed islands' fisheries and smuggled into Hokkaido ports should be classified as illegal. However, the latter, in particular, is a contentious issue as the Japanese consider the Northern Territories and their fisheries to be Japan's inherent territory. Strictly speaking, they do not therefore consider Japanese fishing vessels' operations in these waters to be

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June 2001. The front page of the 23 October edition of *Izvestiya* featured a diagram that had arrows with a question mark pointing to the Sakhalin Governor, suggesting possible involvement.
[120] Reznik, "Mafiya i more," 23 October 1997, p. 5.
[121] There is said to be an "organisational fusion" between criminal groups in Hokkaido and Sakhalin. A. Belov, *Kani no Baburu (4-5)*, unpublished paper, p. 2.
[122] Belov, *Kani no Baburu*, p. 2.

"illegal,"[123] although the government has half-heartedly appealed to local fishers to refrain from venturing into these waters for fear of exacerbating tensions with the Russians.

Regional Attempts to Address this Problem

The Sakhalin administration has not been a bystander and, in coordination with local enforcement agencies, has adopted a number of measures to fight the poachers (*brakon'ery*) and smugglers (*kontrabandisty*). In May 1992, it announced the establishment of customs posts in Kurilsk (Iturup) and Yuzhno-Kurilsk (Kunashir), the former to be shared with the Border Guard.[124] In March 1995, the Sakhalin Branch of the Federal Department for Protection and Reproduction of Fish Resources and Fisheries Regulations (*Sakhrybvod*) announced the establishment of three inspection facilities on the Habomai Islets in order to stem the flow of illegal crab exports to Hokkaido.[125] The Sakhalin administration has also sought federal government support in the fight against this illicit trade.[126]

Authorities in Hokkaido have also adopted a number of independent measures to prevent the poaching and smuggling of fish and marine products. A special land-based oversight division of the Hokkaido police force was established in 1991, the staff of which was increased in 1994, and in 1992 the water police received two high-speed patrol boats to bolster its existing two-boat structure.[127] During his visit to the Soviet Union in June 1990, Hokkaido Governor, Yokomichi Takahiro, was harshly criticised by his hosts for the large number of "violations of Russian territorial waters" committed by special high-speed fishing boats (*tokkôsen*) based in

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[123] The Japanese mass media often encloses the words "violation of territorial waters" (*ryôkai shinpan*) and "illegal operations" (*fuhô sôgyô*) in inverted commas when describing these activities in order to emphasise that these views are strictly Russian. See, for instance, "Gyogyô 'Zenshin' to Jimoto Kangei," *Asahi Shimbun*, 28 November 1994, p. 2.

[124] The customs posts were also established as a result of concerns from local fishers about maintaining the freshness of their catches due to the legal requirement to unload their product in distant Korsakov for inspection. "Etorofutô no Shana ni Zeikan Shisho o Kaisetsu," *Hokkaidô Shimbun*, 27 May 1992, p. 3.

[125] *Hokkaidô Shimbun*, 9 March 1995.

[126] Regional lobbying led to a visit in August 2000 by the then-head of the State Fisheries Committee (*Goskomrybolovstvo*), Yuri Sinelik, where he announced the federal government would make it obligatory for high-priced marine products such as crabs, scallops and sea urchin caught in Russia's 200 mile EEZ to be taken to Russian ports for custom's inspection before they could be exported.

[127] "Gyogyô Chitsujo no Iji," http://www.pref.hokkaido.jp/srinmu/sr-sknri/contents/011_tituzyo.htm, accessed 30 June 2001.

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Hokkaido's eastern ports (mainly Nemuro). In an attempt to assuage Russian concerns ahead of Mikhail Gorbachev's scheduled state visit to Japan the following year, the HPG, in cooperation with the Coast Guard, initiated a campaign in September 1990 to destroy these vessels, many of which were operated by criminal organisations.[128] This virtually eliminated the number of Japanese fishing vessels entering the disputed islands' fisheries. However, shortly after Gorbachev's April 1991 visit to Japan, the campaign stopped and the *tokkôsen* recommenced operations. For the remainder of the year the Soviets recorded 8 000 "violations."[129] In order to create a favourable environment ahead of Yokomichi's visit to Sakhalin in June 1992 for Dialogue '92, the HPG once again cracked down on the *tokkôsen*.[130] This demonstrates the regional government's ability to deal successfully with poachers and smugglers -- at least those operating from Japanese ports -- when it has the will to do so.

On a private level, Hokkaido fishing cooperatives have established a "Committee to Promote the Prevention of Poaching" (*Mitsuryô Mizen Bôshi Suishin Iinkai*) under the slogan "We will not send poachers from our shores" (*Jibun no hama kara wa mitsuryôsha o dasanai*).[131] This is akin to putting the foxes in charge of the hen house. The campaign is particularly well publicised. In addition to the billboards calling on the Russians to return the Northern Territories, the road linking the town of Nemuro to Cape Nosappu, is also dotted with signs urging local fishers not to succumb to the urge to poach and smuggle fish and marine products. Under difficult economic conditions, such pleas have largely fallen on deaf ears.

Although the growth in the illegal trade of fish and marine products is mainly derivative of Russia's troubled transition to democracy and a market economy, the bulk of these products is unloaded in the ports of eastern and northern Hokkaido. Independent initiatives by regional governments in the Russian Far East and Hokkaido are therefore insufficient when dealing with this problem. It requires a coordinated response by authorities on both sides of the maritime border. Regional authorities in Sakhalin, in particular, have long been cognisant of the necessity of

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[128] Pîsu Bôto Hoppô Yontô Shuzaihan ed., *Hoppô Yontô Gaidobukku*, Tokyo: Daisan Shokan, 1993, p. 248.
[129] Pîsu Bôto Hoppô Yontô Shuzaihan ed., *Hoppô Yontô Gaidobukku*, p. 249.
[130] Pîsu Bôto Hoppô Yontô Shuzaihan ed., *Hoppô Yontô Gaidobukku*, p. 249.
[131] "Gyogyô Chitsujo no Iji."

establishing cooperative mechanisms with the Japanese at both the regional and state levels and have lobbied the HPG for support. However, until quite recently, the Japanese response to these overtures has been passive. At a meeting with his Hokkaido counterpart in the early 1990s, Sakhalin Governor, Valentin Fedorov, proposed to establish contacts between law enforcement agencies in Hokkaido and Sakhalin. Hokkaido Governor, Yokomichi Takahiro, verbally agreed to the plan, but nothing eventuated.[132] In addition, Vitalii Elizar'ev claims that in the past the Russian side put forward a proposal to track fishing vessels by satellite, but this only drew a lukewarm response from the Japanese.[133]

During a visit to Sakhalin in July 1994, Yokomichi Takahiro reached an agreement with his Sakhalin counterpart, Yevgenii Krasnoyarov, to establish a Sakhalin-Hokkaido Fisheries Cooperation Council.[134] A delegation of Hokkaido fishing representatives and regional officials visited Sakhalin in September to work out concrete details for the Council. Discussions continued throughout the early part of 1995, but because of a number of factors on the Russian side, including delays arising from the devastating earthquake that struck Sakhalin in May, an unstable social environment and dramatic changes to the *oblast* fishing industry, no progress has been achieved.[135]

This is not to say, however, that regional authorities in Sakhalin and Hokkaido have not attempted to create an administrative framework to improve interregional relations in fisheries. The June 1990 Hokkaido-Russian Far East Economic Cooperation Program discussed above also outlined joint fisheries initiatives by regional authorities in Hokkaido, Sakhalin, Primorskii *krai* and Khabarovsk. The five-point agreement concluded with Sakhalin called for exchanges of fishers to promote mutual understanding and the establishment of an interregional cooperative council, exchanging fisheries-related information and regional officials, private-level cooperation in the joint development of unexploited marine resources, harvesting,

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[132] B. Yupychev, "Rybnye mafiozi dvukh stran nashli obshii yazyk. Spetssluzhby Rossii i Yaponii poka net," *Sovetskii Sakhalin*, 25 May 1994, p. 2
[133] Interview, 23 August 2001.
[134] *Hokkaidô Shimbun*, 12 July 1994, cited in Arai and Hasegawa, "The Russian Far East in Russo-Japanese Relations," p. 180.
[135] Personal correspondence with Nagashima Masayuki, an official in the HPG's Department of Forestry and Fisheries, 22 May 2002.

processing and storage, scientific and technological exchanges and sending and hosting fisheries specialists for research and training.[136] This framework, however, has proved to be inadequate in addressing the problems faced by Hokkaido and Sakhalin fishers. One of the major problems is rational managing of fisheries, which have yielded declining overall catches in recent years, and have subsequently been substituted by connections between illegal fishers and organised crime groups.

Barriers to Establishing Effective Interregional Cooperative Mechanisms

Initial Japanese reluctance to address seriously the issue of illegal Russian fish and marine product exports to Hokkaido stemmed partly from a belief that poaching and smuggling fish and marine products by Russian vessels is essentially a Russian problem that could be resolved immediately if a suitable regulatory framework was established. [137] Such views conveniently overlooked the dimensions of marine contraband and the Japanese involvement in this. More importantly, however, early Japanese reluctance to address this issue appropriately can be attributed to economic and symbolic factors – the latter linked to the Japanese government's position regarding the Northern Territories dispute.

The Japanese government, ostensibly backed by domestic public opinion, claims the Northern Territories are Japan's "inherent territory" (*koyû no ryôdo*). It therefore *officially* recognises neither the international maritime border drawn between Hokkaido and the disputed islands, nor the islands' fisheries as Russian territorial waters. Moreover, the Japanese government does not consider the activities of Japanese fishing vessels operating in these waters to be "poaching." In order to avoid unnecessarily antagonising the Russians, Japanese authorities have had to walk a delicate tightrope by promising to adopt measures to curtail these operations, without

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[136] Hokkaidôchô Sômubu Chijishitsu Kokusaika Roshiashitsu, "Hokkaidô to Roshia Renpô Kyokutô Chiiki to no Keizai Kyôryoku Puroguramu," http://www.pref.hokkaido.jp/soumu/sm-tksai/russia/r-keizai/program/program.html, accessed 21 May 2001.

[137] "'Kita no Umi wa Mitsuryô Tengoku': Furorofugô Jiken de Roshiagawa," *Hokkaidô Shimbun*, 11 April 1997, p. 19. After heading a delegation of *oblast* duma members to Japan, the current head of Sakhalin's Department of Foreign Economic Relations, Vladislav Lukavets, commented that the Japanese were beginning to cooperate with Sakhalin as a result of the Japanese handing over a list of names of those Russian ships docking in Hokkaido's ports and the fish being unloaded. *Gubernskie vedomosti*, 12 May 2000, p. 1.

acknowledging the fisheries as Russian territorial waters. The manner in which the Japanese and HPGs have gone about this has only further compounded the problem.

There is also evidence to suggest that many, if not most, fishers in Nemuro, the frontline in the Northern Territories Return Movement, favour a return of only two of the four islands (presumably Habomai and Shikotan).[138] This would give them access to the islands' rich fishing grounds, thereby substantially alleviating the problem of dwindling catches. In order to halt the spread of such ideas and maintain national unity around the claim to all four islands, the Japanese government, through the Hokkaido Development Agency, has provided special extra-budgetary funding to the region. The HPG not only lobbies Tokyo for this assistance, but also formulates and subsidises its own policy to promote public works programs to stimulate the Nemuro regional economy (*hoppô ryôdo rinsetsu chiiki antei shinkô taisaku*).[139] However, at a time of recession-induced government cutbacks, this financial support has also proved insufficient in keeping Hokkaido fishers out of these waters.

In addition to Tokyo's position regarding the Northern Territories, there have also been compelling economic factors that can explain Japan's initial reluctance to address this problem seriously. The port cities of northern and eastern Hokkaido, where the bulk of illegal fish and marine products are unloaded, are in severe economic decline. The shockwaves resulting from the collapse of the "bubble economy" in the early 1990s have been felt throughout the Japanese archipelago. Apart from Okinawa and, to a lesser extent, the prefectures on the Sea of Japan seaboard (pejoratively called *Ura Nihon*, or backdoor Japan), arguably no other region has been as adversely affected by the recession as Hokkaido, which, as discussed in chapter two, has further suffered as a result of government cuts in public works programs and other investments, upon which it has been heavily dependent. For the port cities of northern and eastern Hokkaido, these cuts in public expenditure have been compounded by a decline in the industries that have traditionally formed the backbone of the local economies: agriculture, fishing and (in the case of Kushiro) coal.

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[138] Cited in Wada Haruki, *Hoppô Ryôdo o Kangaeru*, Tokyo: Iwanami Shoten, 1990, p. 308.
[139] "Hoppô Ryôdo Henkan no tame no Torikumi Jikô," http://www.pref.hokkaido.jp/soumu/sm-hrtsk/hp/torikumi.htm, accessed 30 January 2000.

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The large number of Russian sailors disembarking at Hokkaido's northern and eastern ports has proved to be a blessing for these socio-economically depressed regions. The economic impact is two-fold: first, monies derived from the sale of fish and marine products brought in by these vessels; and second, the economic stimulus derived from industry support activities such as ship repairs, provisioning, and crew rest and recreation. Russian sailors' purchases of consumer goods such as electrical appliances and second-hand cars are also significant. [140] In Wakkanai, direct purchases of consumer items are estimated at 8.3 billion yen and the subsequent spillover effect to be in excess of 10 billion yen. The direct economic impact of Russian visits to Nemuro is estimated at 1.9 billion yen and it is thought to be indirectly worth 7.5 billion yen. The estimated value of these visits for the Monbetsu economy is significantly less than both Wakkanai and Nemuro, but at 200 million yen has still been an important boost to the local economy. [141]

Local recognition of the economic value of this trade is reflected in a number of local retail outlets' efforts to attract Russian customers by employing Russian-speaking staff and displaying Russian-language advertising signs. The "Russification" of a number of retail outlets and establishments in the port cities of northern and eastern Hokkaido is a rather incongruous sight for travellers from other parts of Japan accustomed to displays of western pop culture. At the same time, however, there is no denying that these visits have caused some social problems, [142] which partly derive from cultural differences and demonstrate that despite the economic benefits and Hokkaido's own reputation for openness, the traditional mistrust of Russia and Russians is still deeply rooted in the Japanese psyche.

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[140] The number of second-hand cars loaded onto Russian fishing vessels at seven of Hokkaido's ports for "export" exceeded 30 000 in 1993. From 1993-1997, this number remained steady at about 20 000, but dropped to just under 8 000 after the Russian financial crisis in 1998. The numbers given here are conservative, as they do not take into account the shipment of stolen cars to Russia. Hokkaidô Shimbun Jôhô Kenkyûjo, *Dônai Kôwan Toshi*, pp. 8-9.

[141] Hokkaidô Shimbun Jôhô Kenkyûjo, *Dônai Kôwan Toshi*, p. 10.

[142] For instance, a small hot spring resort in the city of Otaru made headlines after posting Russian-language signs prohibiting the entry of foreigners after a number of incidents involving loutish behaviour by Russian sailors. About half of the 200 members of the local restaurant association in Monbetsu put up similar signs declaring they were "only for Japanese" (*Magazin tol'ko dlya Yapontsev*). Hokkaidô Shimbun Jôhô Kenkyûjo, *Dônai Kôwan Toshi*, p. 73.

Given the economic benefits, both direct and indirect, derived from the visits by Russian sailors, it is little wonder that many Japanese in these port cities have turned a blind eye to the illegal nature of much of this commerce. For many municipalities in northern and eastern Hokkaido, border trade has become an indispensable element in local economies. Japanese consumers, who are renowned for their love of seafood, particularly the king crab brought in by Russian fishing vessels, have also benefited from the dumping of marine products at reduced prices. It is their demand for these products that has fuelled this trade. A vicious cycle has developed in which the flood of illegal crab imports has created excess supply, which, economic theory tells us, leads to a drop in prices. This subsequently leads to more poaching as the participants in this commerce seek to maintain profits.

Local Trade Complicating Resolution of the Territorial Dispute

This trade has also had the unintended consequence of complicating attempts to resolve the territorial dispute. First, as mentioned previously, local authorities in Sakhalin, as well as the federal government, have made numerous appeals to their Japanese counterparts in the past to provide information regarding the names of the vessels docking in Japanese ports and their catches (type and volume) in order to ascertain whether they are operating according to their prescribed quotas. The Japanese side's initial reluctance to cooperate fully has frustrated the Russians. During a visit to Sakhalin in August 2000 for "Hokkaido Week" – a series of events introducing various aspects of Japanese life to the Sakhalin people – Hokkaido Governor, Hori Tatsuya, caused a stir when he claimed he did not know, or could not confirm, whether smuggled fish and marine products were being brought into Japan. Refusing to take any responsibility for the issue, Hori argued that customs, which might know about the problem, was under the Japanese government's jurisdiction and the regional government had no right to get involved in these affairs. Sakhalin Governor, Igor Farkhutdinov, was quick to respond to Hori's comments, claiming the Hokkaido Governor either said this in consideration of Tokyo, or simply did not think it was possible for smuggled goods to be circulating in Japan.[143]

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[143] *Sovetskii Sakhalin*, 31 August 2000, p. 1, cited *Saharin to Nihon*, no. 199, 7 September 2000, p. 6.

Hori's comments are problematic in several ways: first, it is difficult to believe that a prefectural head of administration could not to be sufficiently aware of a serious problem occurring within his/her territorial jurisdiction that had become an open secret amongst local academic, business and government circles is difficult to believe. Moreover, Article Five of the 1998 Hokkaido-Sakhalin Agreement for Friendship and Economic Cooperation explicitly mentions a commitment to "strengthen cooperative relations for the rational use of marine resources, including exchanging information concerning catches unloaded in the ports of both regions."[144] It is the large disparity in Russian and Japanese customs statistics concerning the trade in crabs and shellfish discussed above that underscored the illegal nature of this commerce. Moreover, Hori was a signatory to the 1998 agreement. Second, the regional government does have the right to involve itself in such an issue. Indeed, as discussed previously, it has on occasion attempted to tackle this problem – albeit only half-heartedly.

The illegal importation of fish and marine products is very much an economic issue that, because of an early initial reluctance to address it, has now spiralled out of control. Indeed, given the fallout from Hori's September 1997 agreement with Farkhutdinov to examine the possibilities of Hokkaido firms investing in the disputed islands, which contradicted government policy banning such investments and required a quick volte face by the Hokkaido Governor,[145] Farkhutdinov may be correct in believing Hori's comments were borne out of consideration for the Japanese government. In any case, the illegal importation of fish and marine products and an initial Japanese reluctance to address this issue adequately have become irritants in elite-level interregional relations, which is ironic when one considers that local ties were intended to act as a catalyst for improved Russo-Japanese relations.

The criminalisation of Russo-Japanese border trade has also complicated resolving the territorial dispute at the societal level. Local trade was intended not only to bring the two regions closer together economically, but to also make Sakhalin residents cognisant of the benefits of developing such links, thereby alleviating their opposition to Russia transferring the South Kuril Islands to Japan. However, local level trade

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[144] Hokkaidôchô Sômubu Chijishitsu Kokusaika Roshiashitsu, *Hokkaidô to Roshia Kyokutô*, p. 15.

relations, which are most developed in the fishing industry, have not achieved this. Apart from local media reports on the endless procession of business delegations from Japan that are mostly related to the oil and gas development projects and the large number of second-hand Japanese cars on the roads, most Sakhalin residents are oblivious to the scope of interregional trade relations. First, much of the fishing industry's activity, including substantial amounts of financial compensation to individuals involved in the fishing industry, has taken place offshore away from the prying eyes of local authorities and law enforcement agencies.[146] There is, therefore, little obvious physical evidence onshore of the development of the trade in marine products, apart from new or refurbished offices and fishing firms' expensive foreign cars. Second, the illegal sale of fish abroad starves the Sakhalin fish processing industry of fish to process and importantly of profits to reinvest.[147] This also deprives regional and local governments in Sakhalin of important tax revenues that could be used for social development programs to alleviate the hardship many residents are experiencing. Many Russians today believe unscrupulous foreign investors are seeking to take advantage of the country's present weakness and fear Russia is becoming a raw materials appendage to fuel economic growth elsewhere. They of course overlook the fact that Russian law enforcement personnel and many in the local fishing industry are active participants in this commerce. Nevertheless, such views exist, and do little for the development of relations of trust and friendship between Russians and foreigners. In fact, revenue leakage from the fishing industry has reached such a level as to prompt one scholar to claim it is far more significant than the potential revenue lost during the 1990s as a consequence of delays in the oil and gas projects.[148]

Moreover, it can be argued that this commerce has had the unintended effect of creating and sustaining societal forces with a vested interest in continued Russian control over the South Kuril Islands: local fishers, the armed forces and law enforcement agencies. According to calculations by the Russian State Fisheries

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[145] Mochizuki Kiichi, "Chihô Reberu no Nichi-Ro Kôryû: Habarofusuku Keizai Kenkyûjo ni Taizai shite," *Surabu Kenkyû Sentâ Nyûsu*, no. 72, 1998, http://www.src-h.slav.hokudai.ac.jp/jp/news/72/72essay-M.html, accessed 2 July 2001.
[146] Allison, "Sources of Crises in the Russian Far East Fishing Industry," p. 78.
[147] Michael Bradshaw, "Globalisation, Economic Transformation and Regional Change in Russia: The Case of Sakhalin," paper presented at the annual Winter symposium, Slavic Research Center, Hokkaido University, January 2001.

Committee, the fishing industry in the Russian Far East stands to lose between $1-2 billion a year if the South Kuril Islands are transferred to Japan.[149] Given the projected losses to the industry in the event of a transfer, fishing interests, not surprisingly, are adamantly opposed to Russian territorial concessions. Economic factors feature alongside nationalism in debates regarding the islands' future disposition. The industry's contribution to regional coffers makes it a voice to be heard on matters regarding the islands' future ownership. In Sakhalin, fishing industry representatives have been elected to the *oblast* Duma, providing them with a forum to voice their opposition to a transfer of territory.[150] The fishing industry actively lobbies the regional and central governments, the State Duma and the Presidential Office in a bid to prevent a pro-Japanese settlement to the dispute. The industry is also active in the public relations sphere, paying for the publication of a book that distorts the historical and legal facts about the islands.[151] Returning the islands to Japan would inevitably lead to an increased presence in the area of Japanese law enforcement agencies and tighter fishing controls. This would severely impact on these criminal activities.

As noted above, Russia's armed forces and law enforcement agencies have been hit very hard by economic reforms. The chronic federal budget deficit has led to significant delays in wage payments. Under such difficult economic conditions, the potential material benefits (cash, alcohol, women and valuable seafood products) derived from participating, either actively or passively, in this illicit trade has proved to be too tempting for the struggling members of Russia's armed forces and law enforcement agencies, as well as fisheries scientists. According to Greenpeace Russia, the Russian military has become organisationally involved in the poaching and smuggling of fish and marine products.[152] In October 1999, it was revealed that Russian border guards had been cooperating with fish smugglers for over two years

[148] Bradshaw, "Globalisation, Economic Transformation and Regional Change in Russia."
[149] Cited in Konstantin Sarkisov, "The Northern Territories Issue After Yeltsin's Re-election," *Communist and Post-Communist Studies*, vol. 5, no. 4, December 1997, p. 359.
[150] *Saharin to Nihon*, no. 78, 31 October 1996, p. 1.
[151] Sarkisov, "The Northern Territories Issue After Yeltsin's Re-election," p. 359.
[152] "Gun ga Soshikiteki Mitsuryô Hoppô Ryôdo de Chôsa," *Hokkaidô Shimbun*, 1 October 1999, p. 9. One remains sceptical over accusations of broad-based, institutional participation in this commerce by members of Russia's armed forces and security organs. Well-publicised campaigns and vented frustrations over the inability to eradicate marine contraband suggest a concerted effort by at least some members to tackle this issue. Nevertheless, it would appear a significant, corrupt minority is seriously undermining such efforts.

by leaking information about the times and zones in which patrols were to take place.[153] Wage arrears have caused general resentment within the ranks of Russia's armed forces and security organs. The government has attempted to address this problem in a manner that should perhaps not come as a total surprise to students of post-Soviet Russian politics. As Allison notes, some industry observers portrayed the Border Guard's 1998 takeover of the Federal Department for Protection and Reproduction of Fish Resources and Fisheries Regulations' enforcement functions "as an effort to find a source of unofficial revenue in the form of bribes to appease the Border Guard whose troops are usually asked to serve in difficult and remote areas of the Russian borderlands with little recompense."[154] If this is indeed the case, it reveals a disturbing preparedness on the part of the Russian government to resort to unlawful practices that can only further exacerbate the problem of poaching and smuggling. It is not surprising, therefore, that Russia's military and law enforcement agencies, the former in particular, which is an important component of powerful conservative and nationalist forces, are opposed to transferring the disputed islands to Japan. Their economic wellbeing relies, to a considerable degree, on Russia's continued occupation of the islands and the trade in fish and marine products, both legal and illegal, that this fosters.[155]

In the absence of firm data, it is difficult to determine whether the Russian military and law enforcement agencies have sought to have their views heard at the regional level on specific issues such as the territorial issue, particularly via the ballot box, and, if so, whether this has had any impact on subnational politics. The substantial reduction in personnel and decline in prestige of air, land and maritime forces in the Far East since the Soviet Union's collapse have undoubtedly curbed their influence in regional politics. Nevertheless, this does not necessarily mean the military and law enforcement agencies are a completely spent force in a democratising Russia. Like

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[153] "Kokkyô Keibitaiin ga Mitsuryô ni Kyôryoku shiteita," *Japan Sea Network Online*, no. 328, 13 October 1999. Judith Thornton also highlights incidents of theft of catch and other forms of robbery involving individuals in the Border Guard. Judith Thornton, "The Exercise of Rights to Resources in the Russian Far East," in Michael Bradshaw ed., *The Russian Far East and Pacific Asia: Unfulfilled Potential*, Richmond, Surrey: Curzon, 2001, p. 116.

[154] Allison, "Sources of Crises in the Russian Far East Fishing Industry," p. 75.

[155] There are longstanding doubts regarding the Russian military's emphasis on the South Kuril Islands' strategic importance. For instance, one commentator revealed that the former Soviet military's opposition to transferring the disputed islands to Japan had little to do with national defence, but rather the potential wealth derived from the abundant marine resources found in the islands' fisheries. "Rupo: Kunashiri o Mita (5)," *Hokkaidô Shimbun*, 28 April 1989, p. 1.

any interest group, they can exert influence by seeking to keep issues alive in people's minds and ensure legislators are aware that segments of the public are concerned about specific issues. For instance, members of the armed forces and security organs have issued public declarations in Sakhalin opposing any Russian territorial concessions over the South Kuril Islands.[156] Moreover, in what can be seen as an overt display of support for maintaining Russian sovereignty over the South Kuril Islands, several members of the armed forces participated in a ceremony to erect a cross on one of the disputed islands in November 1997, outlined in chapter four.[157] However, as also discussed in chapter four, regional elites in Sakhalin, who have used the territorial dispute for economic and political gain in the past, need little prompting from the military.

Conclusion

This chapter examined the development of economic relations between Hokkaido and Sakhalin and considered why efforts to promote subnational trade and investment linkages have not contributed to creating an environment at the subnational level conducive to resolving the Northern Territories problem. The Soviet Union's collapse and the dismantling of the command economy removed major obstacles to the expansion of economic ties between the Russian Far East and the Asia-Pacific region. The Russian Far East's subsequent termination as a closed military outpost, the lifting of most foreign trade restrictions and radical economic reforms launched by the Russian government in early 1992 essentially cut the region off from traditional markets in European Russia, thereby necessitating integration with the Asia-Pacific region.

As the part of Japan closest to Sakhalin, Hokkaido emerged as an important partner for Sakhalin. Like the Far East, Hokkaido was drawn into an economic core-periphery relationship, although regional income disparities are not as pronounced in Japan. The development of economic relations between the two regions was expected not only to contribute to autonomous development, but also, from Hokkaido's perspective, to

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[156] This declaration was issued in conjunction with the Sakhalin Regional Council of War Veterans and labour. V. K. Zilanov et al., *Russkie Kurily: istoriya i sovremennost'*, 2nd edition, Moscow: Algoritm, 2002, p. 234. I am grateful to Vladimir and Ekaterina Gorshechnikov for providing me with a copy of this book.

contribute in creating an environment at the subnational level conducive to resolving the territorial dispute.

A number of factors including geographic propinquity, similar climatic conditions, the anticipated housing boom in Sakhalin, and Hokkaido's expertise in processing technology for primary resources appear to have provided Hokkaido firms with opportunities to develop trade and investment linkages with Sakhalin. In order to take advantage of this perceived economic complementarity, regional governments in Hokkaido and Sakhalin have made considerable efforts to construct a framework for economic exchange. Addressing the dissertation's supplementary research questions, it was observed that these attempts are generally congruent with both central governments' policies, although Hokkaido's approach has on occasion complicated Tokyo's strategy aimed at recovering the Northern Territories. The framework has given Hokkaido companies wishing to advance into the Sakhalin market a distinct advantage. However, it has not led to sufficiently expanded trade and investment ties between the two regions.

Sakhalin's unstable commercial environment – the result of Russia's troubled transition to a market economy – is the major cause behind this. Specifically, the close alliance between government and business, frequently changing and often-contradictory business-related laws, the lack of clear division of powers between the federal and regional governments, a confiscatory tax regime and the Russian Far East's own reputation for lawlessness have created uncertainty for foreign investors and introduced a limiting effect on the growth of interregional economic relations. The Santa Resort Hotel incident, which the dissertation introduced into the English-language academic discourse for the first time, highlights the limiting effect of Sakhalin's commercial environment on foreign trade and investment ties.

However, there has been one area of Hokkaido-Sakhalin economic relations that has flourished: the trade in fish and marine products. Everyday Russian fishing boats from Sakhalin, as well as other Far Eastern regions, fully loaded with fish and marine products, mainly crab, dock in Hokkaido's ports to unload their catches. Such a flurry

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[157] A colour photo of the ceremony is contained in Zilanov et al., *Russkie Kurily*.

of interregional economic activity would normally be seen as a welcome development in an otherwise stagnant Russo-Japanese economic relationship. Unfortunately, however, it has become an open secret in local academic, business and government circles that these fishing activities constitute a criminal industry. Authorities in Sakhalin and Hokkaido have adopted a number of independent measures to combat the problem of poaching and smuggling of fish and marine products, but, for the most part, these have been unsuccessful. It is a transborder problem and as such requires a coordinated response by authorities on both sides of the disputed maritime border. Authorities in Sakhalin have long been cognisant of this and have lobbied their counterparts in Hokkaido to establish an interregional cooperative mechanism. However, until quite recently the Japanese response to these overtures has been passive. The Japanese government's position regarding the Northern Territories and the substantial economic benefits the port cities of northern and eastern Hokkaido derive from this commerce can explain Japan's initial reluctance to address this issue seriously. The lack of an adequate administrative framework to manage fishing has been subsequently substituted by connections between illegal fishers and organised crime groups.

The local trade, both legal and illegal, in fish and marine products has had the unintended consequence of complicating attempts to resolve the territorial dispute. The Japanese side's initial reluctance to establish an interregional cooperative mechanism has frustrated the regional elite in Russia. At the societal level, much of the fishing industry's activity has taken place offshore and, as a result, there is little physical evidence in Sakhalin of the development of the trade in fish and marine products. The illegal sale of fish abroad not only starves the local fish processing industry of fish to process and profits to reinvest, but also deprives regional and local governments of tax revenues that could be used for important social development programs to alleviate the hardship many Sakhalin residents are experiencing. Many believe unscrupulous foreign investors are seeking to take advantage of the country's present weakness and turn Russia into a raw materials appendage. Local trade was intended to bring the two regions closer together economically and make Sakhalin residents cognisant of the benefits of expanding such links, thereby alleviating their opposition to Russia transferring the disputed islands to Japan. Not only has it failed to do this, it has also had the unintended effect of creating and sustaining societal

forces with a vested interest in continued Russian control over the South Kuril Islands, namely, local fishers, the armed forces and law enforcement agencies.

Chapter Seven: Conclusion

The earlier chapters identified and analysed the factors that prevented the establishment of an environment, at the subnational level, conducive to resolving the longstanding territorial dispute between Japan and Russia. The concluding chapter of this dissertation sums up the findings and discussions, which is followed by a brief examination of the salience of the "Sakhalin factor" under the Putin regime.

The importance of the Sakhalin regional elite and public opinion in determining the disputed islands' fate first came into focus during the Soviet regime's final years. Gorbachev's reform program and the resultant gradual democratisation of Soviet foreign policy and the conflict between the Republics and federal authorities over the Soviet Union's future, which necessitated Yeltsin's visit to the regions in order to secure support in this struggle, initially led to the elevation of Sakhalin's authority in matters pertaining to the dispute with Japan over the South Kuril Islands. As noted in the introduction, Sakhalin's involvement in the territorial dispute offered an opportunity to Japan, if properly linked with offers of side-payments and other benefits.

The introduction identified the external and domestic factors that contribute to subnational public authorities' greater international presence as they apply to Hokkaido and Sakhalin. These factors are also by-products of Russia's attempts at state-building. These not only further contributed to the rising importance of the "Sakhalin factor," but also presented an opportunity for subnational government cultural and economic exchange to alleviate anticipated resistance from the Sakhalin elite and public to transferring the islands to Japan.

Although various exchanges were conducted between Sakhalin and Hokkaido during the period of bipolar conflict, these were influenced by trends in superpower and bilateral relations and were therefore heavily restricted. The Soviet Union's collapse, the end of the Cold War, and the ensuing relaxation of military tension in the region, as well as advances in transport and telecommunications technology, removed important barriers to the Russian Far East's economic integration into the Asia-Pacific region and local government exchanges.

Among domestic factors, the Russian government's economic reform program in the form of price liberalisation triggered hyperinflation, sending the prices of basic food and goods beyond the means of most citizens. It also contributed to skyrocketing transport costs. In an attempt to curb inflation, the federal government limited the expansion of credit and reduced budget expenditures, which resulted in a crucial loss of investment for the regions. The dismantling of the command economy and privatisation led to the breakup of Sakhalin's collective farms. Economic reforms not only cut the Russian Far East off from the major manufacturing centres and traditional markets in European Russia, but also led to widespread poverty. Establishing relations with the countries of the Asia-Pacific region emerged as one of the few genuine hopes of economic salvation for the people of the Russian Far East.

The failure of radical economic reforms and the subsequent impoverishment of the Russian people leads Hiroshi Kimura to suspect this might leave them with little passion for concerns of territorial gains and loss.[1] One could even suggest that Russia's poor socio-economic conditions might make its people more receptive to the notion of transferring the South Kuril Islands to Japan, particularly if such a move included a *quid pro quo* of considerable economic compensation and other benefits. History thus far indicates, however, that events in post-Soviet Russia have not unfolded in such a logical manner.[2]

Hokkaido, despite its own problems, seemed especially well placed to take advantage of Sakhalin's desire to develop closer economic relations. Through geographical propinquity, Hokkaido firms possessed distinct advantages over competitors in terms of lower transportation costs. As territorially contiguous regions, Hokkaido and Sakhalin share similar climatic conditions. Both are known for their long, cold winters and heavy snowfall. The construction industry in Hokkaido has developed expertise in housing, furniture and public utilities suitable for this climate. This would meet the demand for housing in Sakhalin expected to grow once planned oil and gas development projects got underway. Hokkaido companies also appeared well

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[1] Hiroshi Kimura, *Distant Neighbors, Volume Two: Japanese-Russian Relations Under Gorbachev and Yeltsin*, Armonk, New York: M. E. Sharpe, 2000, p. 133.
[2] Kimura, *Distant Neighbors, Volume Two*, p. 133.

positioned to meet Sakhalin's food import needs and to satisfy its desire for technology.

The failure to develop a clear set of rules defining relations between the centre and the regions that were codified in a formal contract or Constitution during the Yeltsin regime is symptomatic of the problems associated with Russia's nation-building process. Rather than developing as a Constitutional federation, Russia, because of Yeltsin's penchant for ad hoc bargaining with those regions he saw as important in keeping the Federation together, had become a treaty federation in which relations between the centre and the regions were mostly governed through a series of politically expedient compromises in the form of bilateral treaties or agreements.[3] These treaties were conducive to a system of bargaining as the primary means of conducting regional relations with the centre.[4] Under this system, regional elites sought to use various political weapons in order to extract concessions from Moscow. For the Sakhalin regional elite, one such weapon has been the South Kuril Islands. The devolution of power from Moscow to the regions during the Yeltsin presidency provided regional elites with further opportunities to renegotiate relations with the centre.

Given Russia's development as a treaty federation, it is not surprising that ambiguities exist in certain clauses in the Russian Constitution. For instance, the Constitution calls for the coordination of international and foreign economic relations between the federal government and the regions, as well as joint jurisdiction over the implementation of international treaties. Jurisdiction over resources is also divided between Moscow and the regions, which has led to suggestions that Sakhalin could use this as a weapon to have the federal government take its position on the South Kuril Islands into consideration.[5]

The absence of a firm Constitutional framework also led many of Russia's federal components to seek to expand their autonomy. This is particularly evident in the

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[3] Richard Sakwa, *Russian Politics and Society*, 2nd edition, London: Routledge, 1996, p. 189.
[4] Martin Nicholson, *Towards a Russia of the Regions*, The International Institute for Strategic Studies, Adelphi Paper 30, London: Oxford University Press, 1999, p. 21.
[5] Steven Solnick, "Russian Regional Politics and the 'Northern Territories'," paper presented for an international symposium, Miyazaki-Tokyo, November 1999, p. 4.

Sakhalin and South Kuril District charters. Both the Sakhalin and South Kuril District charters precondition a change in their territorial boundaries (which would occur should the federal government decide to transfer the islands to Japan) upon the consent of local residents. The South Kuril District charter even created an implicit opportunity for Japanese participation in a local referendum to decide the islands' fate.

The Soviet Union's collapse and the subsequent emergence of the Russian Federation – a state ostensibly committed to democratic principles – raised the possibility that Russian public opinion, particularly in Sakhalin and the South Kuril Islands, would play an important role in deciding the islands' future ownership. In addition to their economic impoverishment, local residents' initial ignorance of the islands' history led to expectations in Japan that exposure to the historical and legal arguments underpinning Japan's territorial claims, through various forms of exchange, might create an opportunity for resolving the territorial dispute by generating support among local residents for transferring the islands to Japan. However, this has not generally been the case.

This dissertation argues that this is because Russia's troubled transition to a liberal democratic market economy has manifested itself in ways that has increased the South Kuril Islands' intrinsic and instrumental value for the Sakhalin regional elite and public. Subsequently this has limited the impact of the twin transnational processes of cultural and economic exchange *ex ante* on alleviating their opposition to transferring the disputed islands to Japan.

Specifically, Russia's transition process resulted in an environment that was conducive to bargaining as a means of conducting centre-periphery relations and also one in which the regions themselves became arenas in the struggle for power between the executive and legislative branches, necessitating the search for various tools that could be used to secure any possible advantage. In this background, chapter four examined the first element of the "Sakhalin factor": the regional political elite and described their views on the territorial dispute. It argued that the regional political elite in Sakhalin, particularly Valentin Fedorov and Igor Farkhutdinov, have sought to exploit the Northern Territories dispute for political and economic gain by adopting very public, and sometimes innovative, campaigns to prevent the federal government

from transferring the disputed islands to Japan. The Northern Territories dispute has proved to be a useful tool for both governors, who have played the nationalist card, in order to strengthen their unstable domestic political bases. As the case of former Primorskii *krai* Governor, Yevgenii Nazdratenko, demonstrates, Fedorov and Farkhutdinov have not been the only embattled Russian regional leaders to wrap themselves in the nationalist cloak in order to divert attention and criticism away from their administrations. Local opposition to Russian territorial concessions has also enabled Sakhalin to extract economic concessions and benefits from both the Russian federal government and Japan where the "Sakhalin factor" is seen as an important element in Russian domestic affairs pertaining to the South Kuril Islands. However, the former's inability to make good on most of its promises of support casts some doubts on the economic value of such a strategy. It is mainly for these reasons that the political elite in Sakhalin, genuine nationalistic sentiments notwithstanding, have been unwilling to take a conciliatory stand on the territorial dispute.

The introduction of parliamentary and gubernatorial elections in Russia's provinces lends itself to the generalised assumption that politicians need to be cognisant of the public's position on the South Kuril Islands. Theoretically, if the public were to express support for transferring the islands to Japan, this might engender a change in the regional political elites' position on the territorial dispute. Chapter five discussed why, with the exception of Shikotan, and to a lesser extent Kunashiri (which only account for 1-2 per cent of the total *oblast* population), where the people are angry over government neglect, and also where there is a gradual feeling of inevitability of the island being transferred to Japan, public support has not been generally forthcoming. It argued that harsh socio-economic conditions on Sakhalin, mainly the result of the inability to move smoothly towards a fully functioning market economy, has led to a rise of nationalist sentiments among residents, which emphasises protecting territorial integrity. Efforts by regional and local governments in Hokkaido and Sakhalin to foster closer interregional relations have led to a break down of outdated perceptions and propagated previously unimagined levels of goodwill, but this has, for the most part, not been enough to diminish the emotional sustenance derived from maintaining Russian sovereignty over the South Kuril Islands at a time when many are faced with the difficult task of constructing a new national identity after the traumatic loss of empire.

Sakhalin's unstable commercial environment, as discussed in chapter six, was another manifestation of Russia's troubled transition to democracy and a fully functioning market economy during Yelstin's regime. Certain features of this environment, including the close alliance between government and business, frequently changing and often contradictory business-related laws, the lack of clear division of powers between the federal and regional governments, a confiscatory tax regime and the Russian Far East's own reputation for lawlessness, introduced a limiting effect on the growth of Hokkaido-Sakhalin economic relations, despite regional government attempts to create a framework for exchange.

Although Sakhalin's commercial environment may have impeded the development of most forms of interregional trade and investment relations, it paradoxically contributed to a flourishing trade in commodities and goods long the mainstay of both economies: fish and marine products. Unfortunately, however, it was an open secret in local academic, business and government circles that this trade had become heavily criminalised. This illicit commerce is detrimental to Hokkaido's attempts to use economic relations as a means of alleviating local opposition to Russian territorial concessions in two main ways. First, the illegal sale of fish abroad starves Sakhalin's fish processing industry of fish to process and profits to reinvest, simultaenously depriving regional and local governments of potential tax revenues that could be used for much-needed social development programs. Second, and perhaps more importantly, it has created powerful social forces in the form of local fishers, the armed forces and law enforcement agencies – the latter two groups especially suffering enormous hardship as a result of failed economic reforms – that benefit economically from this commerce. These groups therefore have a vested interest in continued Russian control over the South Kuril Islands and have in the past employed various means in a bid to block possible Russian territorial concessions. Thus, it can be argued that a deviant form of *kankyô seibi* has had the unintended effect of further complicating attempts to resolve the territorial dispute. If chapter five underscored how humans are creatures that do not always act solely according to economic

interests,[6] chapter six demonstrates that, in some cases, economic considerations can be a driving force for human behaviour.

The factors described in the preceding chapters that have raised the intrinsic and instrumental value of the South Kuril Islands for the Sakhalin regional elite, for the public, and for economic interests to a point where they remain opposed to transferring the islands to Japan are *largely the result of* post-Soviet Russia's difficult transition to democracy and a market economy. However, it should be added that this does not mean they are *exclusively derivative of* Russia's attempts at state-building. First, perhaps apart from highly centralised federations such as the former Soviet Union,[7] it can be argued that a certain degree of intergovernmental bargaining is characteristic of many federal states.[8] The bargaining dimension of federal states is highlighted in one generic definition of federalism, describing it "as a kind of political order animated by political principles that emphasise the primacy of bargaining and negotiated coordination among several power centers [sic] as a prelude to the exercise of power within a single political system."[9] Moreover, the often-tense relationship evident between the executive and legislative branches of government in Russia is a feature of democratic polities. In fact, as John Kincaid observed, "In democratic polities, non-violent conflict and competition are not only facts of political life, but also accepted principles of politics."[10]

Second, regarding the issue of Russian nationalism, it is important to note that this is not exclusively a post-Soviet phenomenon. As discussed in chapter five, it is believed

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[6] Kimura, *Distant Neighbors, Volume Two*, p. 133.

[7] A study by Filippov and Shvetsova highlights how bilateral bargaining in the Russian Federation was effectively instituted before Russia's independence due to the efforts of Union authorities during the Soviet Union's last years. Mikhail Filippov and Olga Shvetsova, "Asymmetric Bilateral Bargaining in the New Russian Federation: A Path-dependence Explanation," *Communist and Post-Communist Studies*, vol. 32, March 1999, pp. 61-76.

[8] This is particularly the case of relatively decentralised federations such as Canada and Germany. See, for instance, Gerhard Lehmbruch, "German Federalism, the Subsidiarity Principle, and the European Union," Conference on Cooperative Federalism, Globalisation and Democracy, Brasilia, 9-11 May 2000, http://www.ciff.on.ca/Reference/documents/docd4.html, accessed 7 March 2002; David McKay, "William Riker on Federalism: Sometimes Wrong but Right More Than Anyone Else," William H. Riker Conference on Constitutions, Voting and Democracy, Washington University, St. Louis, 7-8 December 2001, http://cniss.wustl.edu/Rikerpapers/mackaypaper.html, accessed 8 March 2003.

[9] David L. Sills ed., *International Encyclopedia of the Social Sciences*, vol. 5, New York: The Macmillan Company and the Free Press, 1968, p. 354.

[10] John Kincaid, "Constituent Diplomacy in Federal Polities and the Nation-state: Conflict and Cooperation," in Hans J. Michelmann and Panayotis Sodatos eds, *Federalism and International Relations*, Oxford: Clarendon Press, 1990, p. 55.

to have originated in embryonic form in the early eighteenth century. Since this time, it has always been present in Russian society. Despite ostensible Bolshevik hostility to an ideology that flew in the face of proletarian internationalism, the Soviet regime used Russian nationalism periodically as a means of relegitimising the Soviet system during particularly difficult times.[11] At other times, Soviet authorities attempted to suppress any of its manifestations.

Third, there is significant Japanese involvement in the illicit trade in fish and marine products, ranging from the channelling of money used for bribing Russian authorities to the concealing and laundering of funds derived from sales. Moreover, it is the demand of Japanese consumers, who are renowned for their love of seafood, which is fuelling this trade.

Nevertheless, the factors described above became especially salient during (and because of) the Yeltsin regime's state-building attempts. Intergovernmental bargaining was a conspicuous feature of centre-periphery relations in Russia, whereas before the Soviet collapse it was virtually non-existent. The same can be said of the struggle for power between the executive and legislative branches of government in the regions, particularly in the immediate post-Soviet period. Although Soviet authorities employed Russian nationalism in the past as a means of buttressing the regime, it remained largely inhibited. The gradual liberalisation of public life in the USSR during the *glasnost* and *perestroika* years resulted in increasing criticism of Marxism-Leninism and unwittingly encouraged the rise of nationalism. The Soviet Union's collapse marked the deathknell of communism, which created an ideological vacuum that Russian nationalism, stimulated by the failure of neoliberal economic reforms, began to fill. Finally, while the Japanese side must also accept some responsibility for the illicit trade in fish and marine products, the roots of this flourishing commerce lie in post-Soviet Sakhalin's chaotic commercial environment.[12] If a highly centralised Soviet Union maintaining a firm military

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[11] This occurred most notably during the Second World War, the "stagnation" period under Brezhnev and perestroika. See, for instance, Sakwa, *Russian Politics and Society*, pp. 198-199; John B. Dunlop, *The Faces of Contemporary Russian Nationalism*, Princeton: Princeton University Press, 1983; Yitzak M. Brudny, *Reinventing Russia: Russian Nationalism and the Soviet State, 1953-1991*, Cambridge, Massachusetts: Harvard University Press, 2000.
[12] Vitalii Elizar'ev emphasised that the Russian side was to blame due to its unsatisfactory laws regulating this commerce. Interview, 23 August 2001.

presence in the Asia-Pacific region had endured, this commerce would be virtually non-existent or, at the very least, would not have reached the scale it has today.

Regarding the dissertation's supplementary questions about the extent to which Sakhalin's involvement in the bilateral territorial dispute and the general nature of Hokkaido-Sakhalin relations accords with central government policies, chapter three provided a template for the discussion that also appeared in chapters four, five and six by outlining the major characteristics of Japanese policy towards Russia and Russian policy towards Japan. On the Japanese side, it observed how among the principles the government has adopted in the past in order to recover the Northern Territories – arguably the major political objective – there remains one constant: the linkage between politics and economics. The government has gradually loosened this connection in an attempt to foster closer relations with Russia, but has not completely severed it. Hokkaido's policy of promoting economic and cultural exchange with Sakhalin initially developed at a time when Tokyo was ambivalent about grassroots diplomacy. However, the Japanese government has since slowly come to recognise the contribution of these exchanges. Nevertheless, despite an agreement between the central and prefectural government over the basic objective of recovering the Northern Territories, tactical differences have emerged over the parameters of *kankyō seibi* as Hokkaido has sought to push ahead with economic exchanges, particularly with the disputed islands. The central government is apprehensive, fearing that jointly developing the islands might create the impression that Japan no longer seeks to recover the islands expeditiously.

On the Russian side, chapter three also discussed how Yeltsin, who feared a backlash from conservative and nationalist forces in the Russian Parliament, adopted a strategy of postponing the territorial dispute's resolution. Most of his promises to Japan were tactical in nature designed to achieve this broader objective, as well as his economic and geopolitical goals. Concerning the issue of whether the Sakhalin regional elite's campaign to block any Russian territorial concessions has been a nuisance for the Kremlin, in particular Boris Yeltsin, it should be emphasised that the Russian President identified the "Sakhalin factor" as a weapon to be used in the political struggle for power against Gorbachev over the gradually crumbling Soviet state. In fact, it is possible to argue that the vocal campaign local authorities in Sakhalin

mounted in order to block Russian territorial concessions, ironically, may have been convenient for Yeltsin; it helped to relieve him of the fear and pressure of possibly being overthrown as a result of surrendering the South Kuril Islands and having his name recorded in history as someone who betrayed the national interest by giving away Russia's primordial territory. Moreover, under different circumstances, Sakhalin's involvement in the territorial dispute may have encouraged the Japanese government to modify its demands. If Sakhalin's position on the South Kuril Islands in any way caused problems for Yeltsin, it was probably by threatening to complicate the President's strategy of offering vague promises of returning the disputed islands in an attempt to extract economic concessions from Japan. Nevertheless, Sakhalin's vocal campaign has probably created more headaches for the Russian MID, which has been eager to resolve the territorial dispute quickly.

In matters not directly related to the territorial dispute – although there are occasions when the central government might not look favourably upon the regions' international activities [13] – Sakhalin's attempts to develop closer economic and cultural relations with Hokkaido and to integrate successfully into the Asia-Pacific region should generally be welcomed by Moscow. First, as Moscow has limited financial resources with which to help the embattled Far Eastern economy satisfactorily, Sakhalin's attempts to attract overseas investment and develop trade relations with its neighbours is theoretically a plus for the central government as it partly alleviates some of the responsibility for providing investment for the region's socio-economic development. Unfortunately, however, Sakhalin's chaotic commercial environment has had a limiting effect on these attempts. Second, Sakhalin's attempts to reinvigorate its economy also has the potential to bolster Russia's strategic position in the Far East by helping to curb the mass exodus of people from the region.

Linking the dissertation's findings with the theoretical literature on subnational diplomacy, some of which was outlined in chapter one, it will be recalled that subnational public authorities' external activities are considered generally to fall within the realm of "low politics" such as economic and cultural exchange. For the

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[13] Mikhail Bugaev expressed this view during an interview with the author, 22 August 2001.

most part, local governments rarely involve themselves in issues that have "high politics" implications, preferring to leave matters such as diplomacy and national security to central authorities. This is a particularly salient theme within the Japanese discourse on local government diplomacy.

As discussed in chapt · r one, this tacit division of labour in which central governments are responsible for "high politics" issues and local governments for "low politics" implies that local governments' external activities are somehow inferior to nation-state diplomacy. This notion is congruent with a realist assumption in international relations theory that national security lies at the apex of the hierarchy of international issues. The perceived primacy of nation-state diplomacy is reflected in the concept of "paradiplomacy" – a term that is often used to denote subnational public authorities' external activities. Ivo Duchacek deems it appropriate to employ the term "para" as it "indicates not only something parallel, but also…something associated in a subsidiary or accessory capacity."[14] The concept of *kankyô seibi*, as it relates to Sakhalin and the Northern Territories, appears to accord with the subsidiarity implicit in the concept of "paradiplomacy" as it strives to establish conditions, at the subnational level, conducive to Tokyo's diplomatic attempts to resolve the longstanding territorial dispute – arguably the primary political goal of Japan's policy towards Russia. In other words, Hokkaido's policy of *kankyô seibi* is a preparatory stage for territorial negotiations at the nation-state level.

Sakhalin political elites' vocal and well-publicised campaign to block any possible Soviet/Russian territorial concessions to Japan clearly illustrates that not all subnational public authorities are content to assume the international roles the aforementioned division of labour affords them. Sakhalin regional authorities' involvement in the territorial dispute with Japan highlights the desperate means to which some subnational actors will resort when they feel their interests, both political and economic, are being threatened. The Sakhalin elites' policy of complicating Russo-Japanese territorial negotiations is further evidence of the view some scholars

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[14] Ivo D. Duchacek, "Perforated Sovereignties: Towards a Typology of New Actors in International Relations," in Michelmann and Soldatos eds, *Federalism and International Relations*, p. 25.

hold that foreign policy (or in this case, external activities) is essentially an extension of domestic politics.[15]

Concerning the conflict-cooperation dichotomy, chapter one discussed how despite the numerous examples of conflict evident between central and subnational governments over foreign policy, the majority of cases of subnational public authorities' external activities accord with national foreign policy goals. Although, as outlined above, its pursuit of relations with Sakhalin, within the context of creating an environment, at the subnational level, conducive to resolving the Northern Territories dispute, is congruent with the broader political aims of Japan's Russia diplomacy, there have been instances when the means Hokkaido has adopted have conflicted with, or, in the very least complicated, Tokyo's policy towards Russia and Sakhalin. This is an example of what Panayotis Soldatos refers to as "policy segmentation" – a variety of positions both levels of government hold on external policies.[16] When speaking of "policy segmentation," however, the preceding discussion highlights the need to differentiate between policy means and ends; subnational public authorities' external activities may sometimes accord with one, but occasionally be at variance with the other.

In the case of Sakhalin's stance on the South Kuril Islands, it was noted in chapter four that regional elites' public campaign to prevent Russia surrendering control of the islands probably created more headaches for the Russian MID, which has been perceived in the past as being overly willing to make territorial concessions to Japan, than the Duma, Security Council and the military, all of which staunchly advocate maintaining Russian sovereignty over the disputed islands. This divergence of opinions within the national government underscores the importance of disaggregating the state-as-actor when determining whether subnational public authorities' external activities challenges central government policy; it may be in harmony with one government department's stance on an issue, but may challenge another's.

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[15] In other words, leaders in democratic countries often involve themselves in foreign policy issues that strike a chord with the electorate and can be used for political point scoring. It will also be recalled from the previous chapters that the local mass media in Hokkaido have suggested that Governors Yokomichi and Hori have also used relations with Sakhalin for their own political purposes in the past.

Issues surrounding whether subnational public authorities' external activities are in harmony or disharmony with nation-state diplomacy raises important questions concerning central governments' responses to subnational governments' greater international presence. Soldatos touches upon this in his demonstration of paradiplomatic action's varying nature. He divides paradiplomacy into two broad categories: co-operative or supportive action and parallel or substitutive action. According to Soldatos:

> *Co-operation* [*sic*] *(supportive) action* in foreign policy is possible when subnational actions on the part of federated units are co-ordinated [*sic*] by the federal government...or developed in a joint fashion. ...*Parallel (substitutive) action*...can be developed in a harmonious climate, where the federal government accepts the rationality of a federated unit's independent action in external relations, with or without federal monitoring ...[S]uch action can [also] be in conflict with the federal government, the latter opposing such an action or its content or form.[17]

As outlined in chapters five and six, the cooperative processes and structures Hokkaido authorities have sought to establish with their counterparts in Sakhalin are a hybrid mix of cooperative and parallel actions. For instance, the visa-less exchanges represent cooperative action that is developed in joint fashion between Tokyo and municipal and regional authorities in Hokkaido. On the other hand, Dialogue '92 can be best described as a parallel action developed in a harmonious climate with the Japanese MOFA providing a monitoring role. The same can be said of sister-city exchanges, although, for the most part, Tokyo does not monitor or relay instructions to those municipalities in Hokkaido maintaining these relations.[18] Hokkaido's

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[16] Panayotis Soldatos, "An Explanatory Framework for the Study of Federated States as Foreign Policy Actors," in Michelmann and Soldatos eds, *Federalism and International Relations*, p. 36.

[17] Soldatos, "An Explanatory Framework for the Study of Federated States as Foreign Policy Actors," pp. 37-38.

[18] According to responses to questionnaires the author sent to municipal authorities in Hokkaido in May and June 2000 who maintain sister-city relations with local governments in Sakhalin, three have received an official notice (*tsūtatsu*) from the MOFA in the past. In October 1990, Kushiro officials were told to follow the MOFA-designated route when travelling by sea to Sakhalin. Monbetsu authorities have also received instructions pertaining to travel routes. Municipal authorities in Asahikawa have received advice regarding the complex procedure for inviting Russian citizens to Japan.

decision to open a representative office in Sakhalin in the early 1990s, and Governor Hori's agreement to examine the possibility of developing the disputed islands with Sakhalin also exemplifies a parallel action, but these cases have conflicted with Tokyo's approach towards Russia and the Northern Territories. In both instances, the MOFA conveyed its displeasure to Hokkaido via inter-administrative links, forcing the latter to backdown.

Sakhalin's general attempts to develop closer commercial relations with Hokkaido and integrate more fully with the Asia-Pacific region represent both cooperative and parallel actions. In the case of the former, these attempts are coordinated by the federal government and also developed in a joint fashion. Concerning the latter, they are mostly developed in a harmonious climate with federal authorities, including the MID, Ministry for Economic Development and Trade, State Committee for Fisheries and the presidential representatives, providing a monitoring role.

Sakhalin regional elites' paradiplomatic actions aimed at preventing the federal government transferring the South Kuril Islands to Japan exemplify both cooperative and parallel actions. Farkhutdinov's participation in parleys of the Russo-Japanese Border Demarcation Committee and talks between Japanese Prime Minister, Obuchi Keizô, and Yevgenii Primakov in November 1998, mentioned in chapter four, illustrates cooperative action developed in a joint fashion. Sakhalin's position also demonstrates parallel action. This has been both in harmony (with and without a federal monitoring role) and disharmony with the federal government, if we take into consideration the perceived divergence of opinions within the Russian government discussed above. In the case of disharmony, the MID has either ignored Sakhalin authorities' outbursts or, conversely, felt it necessary to adopt measures in order to assuage local concerns regarding possible territorial concessions.

Returning to the aforementioned hierarchy of international issues and the associated "high politics" versus "low politics" dichotomy to which many realists subscribe, pluralists reject the notion that military security, strategic and territorial issues always dominate or set the agenda within which economic or socio-cultural issues occur.[19]

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[19] The realist image or perspective of international relations is based on four general assumptions. First, states are the pricipal or most important actors. Second, the state is viewed as a unitary actor. Third, the

Evidence from chapter one demonstrates that the "high politics" and "low politics" realms, which are used in the dissertation simply for classification purposes, are often interrelated; security and defence of territorial sovereignty influences economic and social issues, and vice versa. It is the focus on the salutary effect of actors in "low politics" areas on "high politics" issues that has informed several studies examining the role of subnational public authorities as transnational actors. The case of postwar Franco-West German local government relations, which became a catalyst for bridging political tensions, as well as further cooperation and reconciliation at the nation-state level, is perhaps the best-known example of this principle at work.[20]

In a study attempting to explain why transnational relations have a varying impact on world politics and state diplomacy, Thomas Risse-Kappen examines differences in domestic structures and degrees of international institutionalisation as keys to understanding this puzzle.[21] Concerning domestic structures, he argues:

> [These] are likely to determine both the availability of channels for transnational actors into the political systems and the requirements for "winning coalitions" to change policies. On the one hand, the more the state dominates the domestic structure, the more difficult it is for transnational actors to penetrate the social and political systems of the "target" country. Once they overcome this hurdle in state-dominated systems, though, their policy impact might be profound, since

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state is essentially a rational actor. Fourth, within the hierarchy of international issues, national security usually tops the list. Conversely, pluralists argue nonstate actors are important entities in international relations that cannot be ignored, the state is not a unitary actor, the state is not necessarily a rational actor and the agenda of international relations is extensive. See Paul R. Viotti and Mark V. Kauppi eds, *International Relations Theory: Realism, Pluralism, Globalism*, 2nd edition, New York: MacMillan Publishing Company, 1993, pp. 5-8.

[20] It should be noted that similar to the Japan-Soviet Union/Russia dyad, territorial disputes – most notably over the Saar region – also figured in Franco-German relations, but did not hinder seriously the positive effect of local governments' transnational relations on postwar reconciliation at the nation-state level. However, the Saar region's different legal and historical background and, more importantly, France's agreement to transfer the disputed region to West Germany after a 1957 referendum in which a large majority of its residents voted in favour of being restored to Germany, does not make it entirely analogous to the Russo-Japanese territorial dispute. Alistair Cole, *Franco-German Relations*, Harlow, Essex: Pearson Education Limited, 2001, p. 5.

[21] Risse-Kappen defines domestic structures as "the normative and organizational arrangements, which form the 'state,' structure society, and link the two in the polity;" and international institutionalisation as "the extent to which the specific issue-area is regulated by bilateral agreements, multilateral regimes, and/or inyernational organizations." See Thomas Risse-Kappen, "Bringing Transnational Relations Back In: Introduction," in Thomas Risse-Kappen ed., *Bringing Transnational Relations Back In: Non-State Actors, Domestic Structures and International Institutions*, Cambridge: Cambridge University Press, 1995, p. 6.

coalition-building with rather small groups of governmental actors appears to be comparatively straightforward. On the other hand, the more fragmented the state and the better organized civil-society, the easier should be the access for transnational actors. But the requirements for successful coalition-building are likely to be quite staggering in such systems.[22]

Linking this with the latter, Risse-Kappen also contends that:

> Domestic structures and international institutionalization are likely to interact in determining the ability of transnational actors to bring about policy changes. The more the respective issue-area is regulated by international norms of cooperation, the more permeable should state boundaries become for transnational activities. Highly regulated and cooperative structures of international governance tend to legitimize transnational activities and to increase their access to the national polities as well as their ability to form "winning coalitions" for policy change. Transnational relations acting in a highly institutionalized international environment are, therefore, likely to overcome hurdles otherwise posed by state-dominated domestic structures more easily.[23]

As discussed in chapter two, an extremely fluid politico-economic institutional context characterised Russia under the Yeltsin regime at both the national and regional levels. Leaving aside the complex issue of civil-society, according to Risse-Kappen's thinking, one would expect that while post-Soviet Russia's fragmented domestic structures have provided easier access for transnational lobbying efforts, they would concomitantly make successful coalition-building quite difficult. Matthew Evangelista confirms the argument in his study of security policy in the former USSR and Russia by showing that it was increasingly difficult for the transnational arms control community to influence policies in post-Soviet Russia.[24] Chapters five and six, in particular, also demonstrate that Japan's transnational attempts at mobilising public opinion in Sakhalin *oblast* (and the rest of Russia) into accepting its position on

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[22] Risse-Kappen, "Bringing Transnational Relations Back In," pp. 6-7.

[23] Risse-Kappen, "Bringing Transnational Relations Back In," p. 7.

[24] Matthew Evangelista, "Transnational Relations, Domestic Structures, and Security Policy in the USSR and Russia," in Risse-Kappen ed., *Bringing Transnational Relations Back In*, pp. 146-188.

the territorial dispute have not been impeded significantly, but the impact of its lobbying efforts has been minimal.

Tying Risse-Kappen's second proposition concerning international institutionalisation with the Russo-Japanese territorial dispute is more complex. As outlined above, strongly institutionalised structures of international governance in a particular issue-area are expected to legitimise transnational activities, increase their access to the "target" states' decision-making process, as well as its chances of engendering a desired policy change. Generally speaking, it must be noted that international organisations such as the United Nations have a fairly poor record in settling territorial disputes. It is therefore unlikely that the Northern Territories will be resolved in such a multilateral setting. Nevertheless, as outlined in chapter three, Japan and Russia have concluded a raft of bilateral agreements in the past decade designed to bring both sides closer to resolving the Northern Territories dispute. Moreover, high-ranking officials from both countries meet regularly to discuss the territorial problem. It will be also recalled from chapter four that Igor Farkhtudinov is involved in these, participating in parleys of the Russo-Japanese Border Demarcation Committee.

There is no denying that both governments have established strongly regulated and cooperative structures of governance to regulate the territorial dispute, although one may perhaps question the quality of these agreements. Japan and Hokkaido's transnational activities have experienced few problems gaining access to Russian decision-making structures at the federal and regional levels. Despite this, they have been unable to form sufficiently powerful coalitions to bring about change in Russian policy on the territorial dispute. Although this does not imply that international institutionalisation is irrelevant, it suggests that, in this case, another variable – the specific nature of the issue-area – may also be important when determining transnational activities' impact.[25]

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[25] Risse-Kappen raises this point. See Thomas Risse-Kappen, "Structures of Governance and Transnational Relations: What Have We Learned?" in Risse-Kappen ed., *Bringing Transnational Relations Back In*, p. 305.

Risse-Kappen raises the issue of whether transnational activities might be less relevant in "high politics" issue-areas, while matters concerning "low politics" would be more susceptible to transnational influence.[26] The dissertation's findings on the Russo-Japanese territorial dispute appear to support at least the first part of this proposition concerning "high politics" issue-areas being less susceptible to transnational influence. Paradoxically, however, the reason for this is, that despite its traditional perception as a "high politics" issue-area, the dispute over the Northern Territories/South Kuril Islands, possibly like most territorial disputes, shares an important characteristic common with "low politics" issues such as the economy and the environment: it is a redistributive matter, which often involves the creation of "countervailing coalitions"[27] of forces opposed to transnational attempts at influencing policy.

For Russia as a whole, transferring the South Kuril Islands to Japan would entail the obvious physical loss of territory. For the Sakhalin political elite and public, such a move would have a far greater and multifaceted impact. It would involve the political elite giving up an important card to extract various concessions from Tokyo and Moscow. Those dependent on the trade, both legal and illegal, in fish and marine products would be faced with the potential loss of (or at least reduction in) income. The public, already impoverished and feeling disenchanted with life in post-Soviet Russia, would face another assault on their already wounded national pride. It is for these reasons that Sakhalin residents have united under the local banner of maintaining Russian control of the South Kuril Islands.

To reiterate, *kankyô seibi* means generally to establish conditions conducive to achieving a particular goal. In the field of subnational government diplomacy, the concept is either explicitly or implicitly linked to the notion many of its practitioners hold that their international activities and transnational partnerships can serve as instruments to assist in resolving problems at the nation-state level. It is grounded in

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[26] Risse-Kappen, "Structures of Governance and Transnational Relations," p. 305.

[27] The concepts of "redistribution" and "countervailing coalitions" are raised in Risse-Kappen, "Structures of Governance and Transnational Relations," p. 305. It should also be added that the findings of Risse-Kappen's study suggest that differences in domestic structures are in general more significant than variations in issue-areas.

the internationalist belief that increased contact between peoples of the world fosters greater accommodation and international understanding.[28]

The dissertation sheds light on new understandings of *kankyô seibi* within the context of subnational public authorities' transnational relations having a salutary effect on interstate relations. First, subnational government relations are unlikely to contribute significantly to nation-state rapprochement when both parties adopt fundamental positions on the issue at the heart of bilateral tensions that are diametrically opposed to each other, and lobby their respective central governments extensively to adhere to mutually unacceptable stances. In the case of Sakhalin and Hokkaido's position on the Northern Territories/South Kuril Islands, the former staunchly advocates maintaining Russian control of all four islands, while the latter actively seeks restoration of Japanese sovereignty over the islands. Although public opinion in both regions makes this difficult, there are no voices of moderation "from below" calling for change in both countries' basic negotiating position on the territorial dispute or constructive advice on how to break the deadlock.[29] In a sense, Hokkaido and Sakhalin's intra-state lobbying activities are, to a certain degree, undermining their transnational partnership in terms of creating an environment, at the subnational level, conducive to resolving the territorial dispute.

Second, as outlined above, the domestic structure of the target country or region of transnational lobbying is an especially important variable determining the extent to which such attempts are successful. Post-Soviet Russia's weak and unstable politico-economic institutional context, which has led to ideas such as nationalism playing a significant role in the foreign policy decision-making process, and also facilitated regional elites' use of various issues to bargain with the centre in order to extract political and economic concessions, as well as for defeating local challenges to their authority, has made it difficult to form a coalition in favour of transferring the disputed islands to Japan.

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[28] Donald P. Warwick, "Transnational Participation and International Peace," in Robert O. Keohane and Joseph S. Nye Jr., eds, *Transnational Relations and World Politics*, Cambridge, Massachusetts: Harvard University Press, 1973, pp. 305-306.

[29] Although it was noted in chapter three that Governor Yokomichi informed Japanese government officials that there were people in Hokkaido who supported the two-island position, he has openly stated that he has no intention of changing Japan's basic four-island negotiating position. "Kihon Shisei Kaenai," *Hokkaidô Shimbun*, 24 April 1990, p. 3.

Third, the specific nature of the issue-area affecting relations at the nation-state level also appears to have an impact on the utility of subnational public authorities international activities. Territorial disputes appear to be generally impervious to transnational activities. In the introduction it was noted that officials from the northwestern province of Pskov, which has been embroiled in territorial disputes with Estonia and Latvia, suggested subnational authorities could play a positive role in overcoming political disagreements on border demarcation. An agreement reached on border demarcation in early 1997 between Latvia and Russia might appear ostensibly to support this claim. However, it should be added that both sides were able to extract themselves from their border impasse only when Latvian authorities relinquished their demand that any new border treaty with Russia recognise the 1920 Riga Peace Treaty that gave Latvia 463 square miles of territory currently located in Pskov.[30] Thus, Latvia essentially renounced its claim to the Pskov lands. Pskov officials earlier rejected Latvia's claim to land under the railway between the Russian-Latvian border, as well as the city of Pytalovo.[31] However, Latvia did not come away from the talks empty-handed: Pskov officials did agreed to transfer to Latvia a tract of land with a former military housing facility that was built and belonged to Latvia.[32]

Importantly, this concession was agreed to although the border dispute with Latvia had reportedly radicalised the population of the economically depressed region, leading them to elect Governor Mikhailov in the first place.[33] Although Pskov's territorial concession appears to challenge the aforementioned proposition, it should be noted that the tract of land in question was quite small. Moreover, the fact that the building's dwellers were mostly ethnic Latvians was probably also a factor in Pskov officials' agreeing to Latvia's request.[34] The link – however tenuous – between other ethnic groups populating a piece of land and local Russian officials' agreeing to cede territory, raises the issue of the South Kuril District charter. It will be recalled from chapter five that charter provisions open the possibility of foreigners participating in a local referendum to decide whether to change the *raion*'s boundaries, which would

[30] *EWI Russian Regional Report*, vol. 2, no. 9, 6 March 1997.
[31] Mikhail A. Alexseev and Vladimir Vagin, "Russian Regions in Expanding Europe: The Pskov Connection," *Europe-Asia Studies*, vol. 51, no. 1, January 1999, p. 57.
[32] Alexseev and Vagin, "Russian Regions in Expanding Europe," p. 57.
[33] *EWI Russian Regional Report*, vol. 2, no. 9, 6 March 1997.

effectively result in its transfer to Japan. That said, the legal subordination of local governments to regions, as well as anticipated opposition from Sakhalin authorities, Moscow and probably a Japanese government fearful of unnecessarily antagonising Russia would virtually eliminate the likelihood of scores of Japanese citizens moving to the South Kuril District in an attempt to bring about the islands' transfer to Japan through legal means.

The preceding discussion highlights the limits of *kankyô seibi* in contributing to the resolution of territorial disputes affecting state-to-state relations. However, this does not necessarily mean that Hokkaido-Sakhalin subnational government relations have been entirely ineffective. As discussed in chapter five, during the Cold War, Hokkaido, Sakhalin and the Kuril Islands were frontlines in the respective national defences of Japan and the Soviet Union. The large-scale military buildup on both sides of the disputed border created enormous tension in the region. Both countries' citizens held negative perceptions of each other, which government propaganda further fuelled. Since the Soviet Union's collapse, there has been a significant improvement in Russian perceptions of Japan. This is particularly evident in the Far East. For instance, a survey conducted in March 2001 revealed that 61 per cent of respondents in Sakhalin had friendly feelings for Japan.[35] Various forms of cross-cultural exchange, of which Hokkaido is at the forefront, have played a key role in humanising perceptions and generating goodwill. It has also probably increased mutual understanding in many areas, although not in matters pertaining to the South Kuril Islands/Northern Territories dispute where Russians and Japanese remain insufficiently cognisant of the islands' intrinsic and instrumental value for each other. While Hokkaido-Sakhalin relations have been insufficient to *ex ante* alleviate opposition to transferring the South Kuril Islands to Japan, the improvement in perceptions might, in a limited way, have a mitigating effect on the expected backlash in Sakhalin should the Russian government decide to concede to Japan's territorial demands. In this event, both countries will be better served by the presence rather than the absence of communication channels subnational government relations establish and maintain.

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[34] Alexseev and Vagin, "Russian Regions in Expanding Europe," p. 57.

Postscript: The Putin Presidency and the "Sakhalin Factor"

If features of Russian federalism during the Yeltsin Presidency contributed to Sakhalin's growing authority in matters pertaining to the South Kuril Islands' future disposition, which stimulated Japanese interest in promoting friendly relations with the *oblast*, a shift in the balance of power in centre-region relations since Vladimir Putin's elevation to the top office in January 2000 has implications for the continued salience of the "Sakhalin factor." This section examines briefly the "Sakhalin factor" under the Putin presidency.

With Russia now under Vladimir Putin's leadership, the fluid domestic environment, a feature of the Yeltsin Presidency, appears to have stabilised. Putin's hardline stance towards Chechnya and a fortuitous rise in current global oil prices, which has increased state revenues, have, *inter alia*, given him a high public approval rating.[36] Public support, along with a more cooperative State Duma,[37] are something that Yeltsin, except for the brief period immediately preceding and following the Soviet Union's collapse, never really enjoyed. Emboldened by this support, Putin has sought to reassert federal control over Russia's unruly regions by strengthening vertical authority as part of efforts to rebuild the state under a "dictatorship of the law." Putin's attempts to centralise power within Russia's federal system in order to deal with gubernatorial abuses, which were rampant during the Yeltsin Presidency, have produced mixed results.[38]

Following the August 1991 coup, Yeltsin sought to consolidate executive power by appointing presidential representatives (*predstaviteli prezidenta*) to Russia's regions.

[35] The survey results are found on the Japanese Ministry of Foreign Affairs homepage. See "Roshia ni okeru Tai-Nichi Yoron Chôsa (Gaiyô)," 2 August 2001, http://www.mofa.go.jp/mofaj/area/Russia/chosa02/index.html, accessed 3 April 2003.

[36] Putin's public approval rating has consistently been over 70 per cent since coming to power. See the The All-Russian Centre for Public Opinion and Market Research homepage (VTsIOM according to its Russian acronym), "Iyun'skie reitingi," http://www.wciom.ru/vciom/new/press/press030626_19.htm, accessed 17 July 2003.

[37] While the Communist Party increased its percentage of the party vote to finish first in the December 1999 parliamentary elections, the pro-government bloc, including Unity, which surprisingly finished just behind the Communists, was able to achieve a working majority in the Duma. See Laura Belin, "Early Presidential Campaign Secures Duma majority for Putin," *RFE/RL Russian Election Report*, 7 January 2000, no. 8, http://www.rferl.org/elections/russia99report/, accessed 17 July 2003.

Their primary tasks included ensuring local legislation was compatible with federal laws and analysing and reporting to the President about the situation in the regions.[39] However, due to the vague formulation of their powers, most had come under the influence of Russia's governors. In order to curtail the governors' influence and reassert federal control over the functions lost during the Yeltsin era, Putin issued a decree in May 2000 abolishing the more than 80 presidential representatives to Russia's 89 regions and replacing them with seven representatives who would be responsible for geographically broader federal districts. It was intended that the new presidential representatives would stand above the governors and be in a position to operate independently of them.[40] The reform of the presidential administration has changed the power structure of centre-periphery relations and weakened the governors.

Another measure Putin adopted in 2000 was to give federal authorities the theoretical power to fire governors who violated the law and to disband regional legislatures that adopted unconstitutional laws and then refused to amend them after court warnings.[41] Two of the noticeable 'victims' thus far of this measure are former Primorskii *krai* Governor, Yevgenii Nazdratenko, and Sakha President, Mikhail Nikolaev. Both had caused numerous headaches for federal authorities in the past. At this stage, it is difficult to assess the laws' influence on the governor's behaviour. However, at the same time, it seems to be having a greater impact on a number of previously stubborn regional legislatures.[42]

Reforms to the Federation Council, which fully took effect on 1 January 2002, also appear to have eroded the governors' influence. Since 1996, Russia's governors and regional legislative chairpeople staffed the Federation Council. The Council only met once a month and because its members were full-time officials in their own regions, absenteeism was high, which made it difficult to gather a quorum. Moreover, as each of the Council's members were in constant competition for Moscow's patronage, it often failed to present a common front. However, when it was able to overcome internal divisions on specific issues, the Federation Council demonstrated it could

[38] For an overview of these reforms, see *EWI Russian Regional Report*, vol. 6, no. 45, 19 December 2001.
[39] Richard Sakwa, *Russian Politics and Society*, 2nd edition, London: Routledge, 1996, p. 211.
[40] *EWI Russian Regional Report*, vol. 6, no. 45, 19 December 2001.
[41] *EWI Russian Regional Report*, vol. 6, no. 45, 19 December 2001.

stand up to the Kremlin. Its successful blocking of the federal government's moves to remove the Governor of Primorskii *krai*, Yevgenii Nazdratenko, is a case in point. Under the new system, the governors and regional legislative chairpeople must give up their seats and instead appoint their own representatives to the Council.[43]

As Robert Orttung points out, reforms to the upper chamber of the federal legislature have strengthened Putin's grip on power in several ways. First, he was able to remove Federation Council Chairman, Yegor Stroev, who had opposed many Kremlin attempts to curtail the regions' powers, and replace him with a Putin ally, Sergei Mironov. Second, the governors do not have a free hand in appointing their representatives to the Federation Council because the Presidential Administration puts extensive pressure on them to appoint "appropriate" representatives who are more likely to back the Kremlin's initiatives. Third, in March 2001, the Kremlin was able to set up its own faction within the Federation Council, *Federatsiya*, and seeks to use it to organise upper chamber votes in its favour. Until Putin's reform, there were no organised factions in the upper chamber.[44] However, despite Putin's gains, the reform of the Federation Council did not completely nullify the regional elite's influence. The governors and regional legislatures can recall their representatives if they are unhappy with their votes in Council sessions. Moreover, many of the new representatives are Moscow-based political insiders or corporate leaders, giving the regions additional lobbying powers.[45]

Putin's attempts to centralise power within Russia's federal framework has impacted upon the "Sakhalin factor." Putin's own position on the Northern Territories dispute has changed as his reforms have taken hold. Putin's reply to a question by local journalists about how he would respond to Japanese territorial demands during a

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[42] *EWI Russian Regional Report*, vol. 6, no. 45, 19 December 2001.

[43] *EWI Russian Regional Report*, vol. 6, no. 43, 5 December 2001.

[44] *EWI Russian Regional Report*, vol. 6, no. 43, 5 December 2001.

[45] *EWI Russian Regional Report*, vol. 6, no. 43, 5 December 2001. Danielle Lussier notes that "while the new Federation Council seems much more willing to support the president's policies than its predecessor, its members continue to lobby regional interests." Danielle Lussier, "Putin Continues Extending Vertical of [*sic*] Power," *EWI Russian Regional Report*, vol. 8, no. 2, February 2003. The Sakhalin regional legislature elected its chairman, Boris Tretyak, to represent Sakhalin in the Federation Council on 13 December 2001. A few months prior to Tretyak's selection, the Sakhalin administration appointed Sergei Goreglyad to represent the *oblast*. On 26 December 2001, Goreglyad was elected deputy chairman of the Federation Council. "Sakhalin Representative Elected Deputy

stopover in Sakhalin on his way to Japan in September 2000 was unambiguous: "The territorial problem exists. We have to examine this problem. However, Russia will not be giving its own territory to anyone."[46] The clarity of Putin's anti-return statement, obviously intended to assuage local concerns about a possible transfer of the islands to Japan, underscored the President's sensitivity to the "Sakhalin factor." However, his strengthening grip on power has given Putin the confidence in recent times to confront the Sakhalin political elite and suggest that Russian territorial concessions may indeed be imminent.

In February 2002, the office of the Far Eastern Federal District, one of seven new federal districts subordinate to the Presidential Administration, sent a letter to the Sakhalin regional legislature emphasising the validity of the 1956 Soviet-Japan Joint Declaration, which stipulates the return of the two islands of Habomai and Shikotan after the conclusion of a peace treaty.[47] This was probably the first time in post-Soviet Russia's brief history that the Kremlin had openly conveyed to the Sakhalin regional political elite a preparedness to transfer any of the disputed islands to Japan. However, in what may be seen as a display of Moscow's consideration for Sakhalin's position, the letter also pointed out that the Joint Declaration did not call for an unconditional handover of the islands, but was preconditioned upon conclusion of a peace treaty. Moreover, it also emphasised that the actual handover can only occur *after a peace treaty is concluded* (emphasis added).[48] The Sakhalin administration's response to the letter demonstrated that regional authorities would not be intimidated by Putin. Sakhalin sent a delegation of approximately 30 people to a federal public hearing in March 2002 where it recommended to the President, MID and the State Duma that Russia take a tougher stand on the issue.[49] It should be stated that the President has at

Chairman Federation Council," *The Sakhalin Times*, 20 December 2001 – 17 January 2002, no. 15, http://www.sakhalintimes.com, accessed 18 January 2002.

[46] V. Vasil'ev, I. Gornostaeva and L. Kas'yan, "Prebyvanie prezidenta Rossii Vladimira Putina na Sakhaline," *Gubernskie vedomosti*, 5 September 2000, p. 1. The major aim of Putin's visit to Sakhalin was to discuss problems arising from the Product Sharing Agreement legislation for the oil and gas development projects. In addition to promising not to hand over the South Kuril Islands, Putin vowed to bring order to the Far East maritime border. *Svobodnyi Sakhalin*, 7 September 2000, p. 3.

[47] The MID sent a similar letter to Farkhutdinov. "Pûchin Seiken, Nitô Henkan Hôshin Shisa no Shokan Sôfu Saharin nado ni," *Hokkaidô Shimbun*, 7 February 2002, http://www.hokkaido-np.co.jp, accessed 7 February 2002.

[48] "Pûchin Seiken."

[49] The local Internet news agency Sakh.com launched a website on 6 February 2002 which asked net surfers whether the destiny of the Kuril Islands meant anything to them. The aim of the website is to show the rest of Russia what Sakhalin residents think of the possible transfer of the islands to Japan. By

this stage not openly declared he will transfer the islands to Japan – only that a bilateral treaty, ratified in the past by both countries' parliaments, is legally valid. Nevertheless, this move could be interpreted as an attempt by Putin to prepare Sakhalin authorities psychologically in advance for the possibility of future Russian territorial concessions in the hope that such forewarning might alleviate some of their anticipated opposition to transferring any of the disputed islands to Japan.

While Putin's federal reforms have curbed some of the gubernatorial abuses that were rampant during the Yeltsin regime, thereby negatively impacting, to a certain degree, upon the political elite element of the "Sakhalin factor," his attempts at consolidating vertical power appear to have had little impact on the efficacy of local public opinion in deciding sovereignty over the South Kuril Islands. As discussed in the introduction, many regional charters and republican Constitutions contained articles that clearly contradicted federal laws and the Constitution. As a part of efforts to maximise a "dictatorship of the law," federal authorities have sought to harmonise legislation across the regions. The corollary of this is that many regional charters and republican Constitutions have required revisions in order to bring them in line with federal laws and regulations.

Sakhalin authorities were also compelled to make some amendments and subsequently adopted a revised charter on 28 June 2001. As far as the territorial dispute is concerned, it is important to note that article three, clause four of the Sakhalin *oblast* charter remains unchanged. To recapitulate, it states that "concerning a change in its boundaries, the consent of Sakhalin *oblast* shall be expressed by conducting a regional referendum."[50] Given that the central government did not force Sakhalin authorities to amend this article, one has to assume that it is acceptable to federal authorities. As long as the South Kuril Islands remain under Sakhalin's jurisdiction, any possible attempts by Moscow to transfer them to Japan, which would subsequently result in a change to Sakhalin's boundaries, would require local residents' agreement – something that is not likely to be forthcoming in the near

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12 February, over 3 600 people (not an insignificant figure for a region with extremely poor electronic infrastructure and frequent power shortages) had electronically signed the protest letter that will be forwarded to President Putin and State Duma deputies. *The Sakhalin Times*, 14 February 2002 – 28 February 2002, no. 18, http://www.sakhalintimes.com, accessed 18 February 2002.

future. Putin's reforms have therefore simultaneously weakened one aspect of the "Sakhalin factor" while consolidating the other.

Given the fluid nature of Russian domestic politics during the last decade, making bold predictions about the possibility of the Kremlin deciding to transfer the South Kuril Islands to Japan is fraught with danger. Nevertheless, the President's authoritarian approach to dealing with the regions and his crackdown on the independent media raise legitimate concerns about future democratic development in Russia. Should Putin continue down the authoritarian path, he may well be sufficiently emboldened to strike a territorial deal with the Japanese. Such a move would likely meet with strong opposition from conservative and nationalist forces throughout the country. It would also cause widespread anger in Sakhalin. This would become a true test of the trust and friendship slowly built up as a result of Hokkaido-Sakhalin subnational government relations.

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[50] "Ustav Sakhalinskoi oblasti," http://www.duma.Sakhalin.ru/Russian/Ustav.html, accessed 13 March 2003.

Appendix I

The Kuril Islands

Source: http://www.askasia.org/image/maps/kuril1.htm
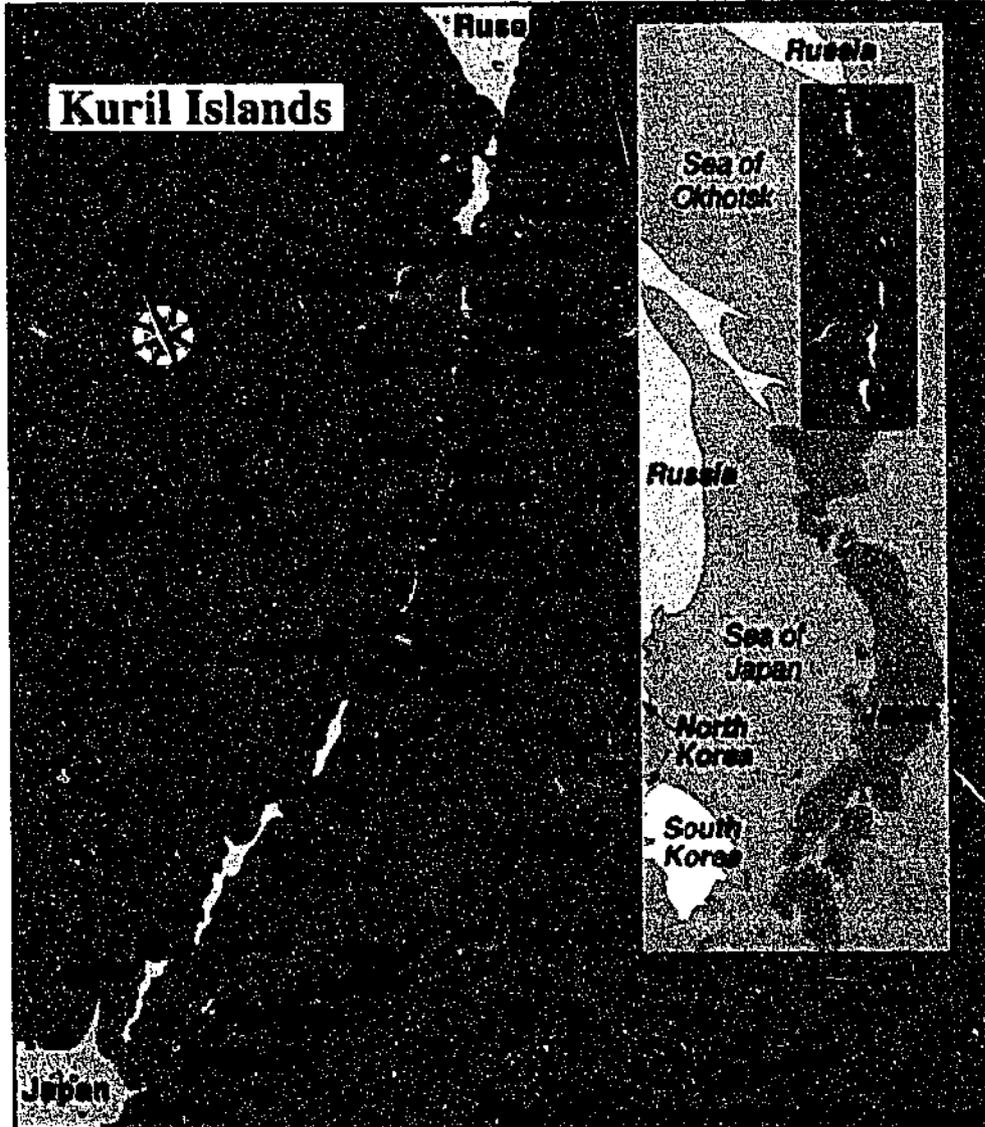
Appendix II

Sakhalin-Hokkaido Sister City Agreements
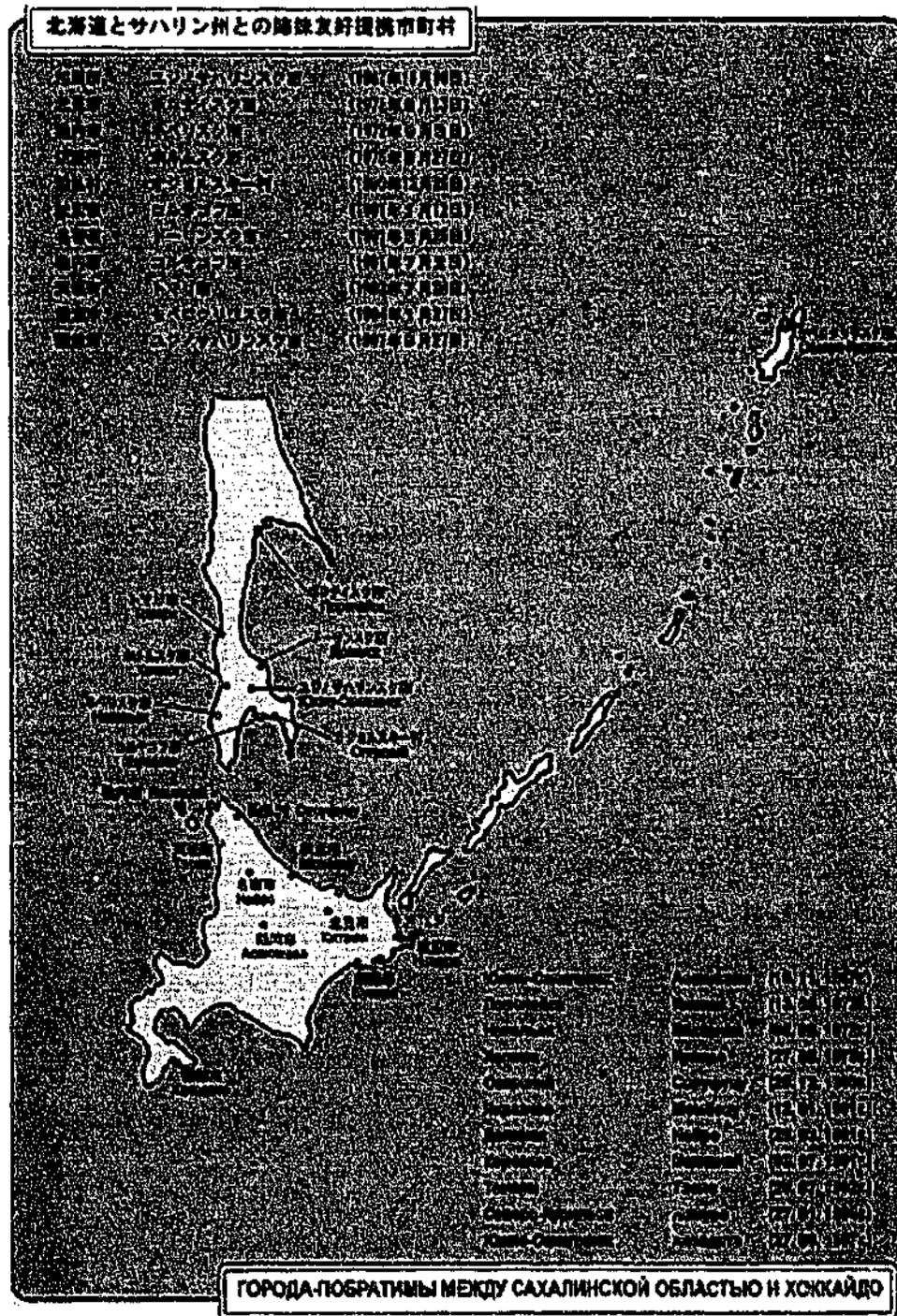
Source: Hokkaidô Sômubu Chijishitsu Roshiaka Roshiashitsu, *Rinjin Dôshi Te o Toriaou! Hokkaidô-Sakhalin Yûkô Keizai Kyôryoku ni kansuru Teikei Isshûnen Kinenshi/Voz'memsya za ruki, sosedi! V chest' 1 godovshchiny podpisaniya Soglasheniya o druzhbe i ekonomicheskom sotrudnichestve mezhdu Sakhalinskoi oblast'yu i Khokkaido*, 2000.

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