



Title	Peace and Prosperity in the Pacific Rim--Optimizing the Benefits of Japanese Assistance to Russia
Author(s)	ROSEFIELDE, Steven S
Citation	Acta Slavica Iaponica, 12, 47-61
Issue Date	1994
Doc URL	http://hdl.handle.net/2115/8065
Type	bulletin (article)
File Information	KJ00000034026.pdf



[Instructions for use](#)

Peace and Prosperity in the Pacific Rim: Optimizing the Benefits of Japanese Assistance to Russia*

Steven S. Rosefielde

It is widely believed that the Japanese will play an important, if not decisive role in the G-7's effort to finance Russia's transition from the command economy to market capitalism. America's colossal budgetary deficit, and Germany's obligations to the former DDR severely constrain their ability to contribute, while Canada, France, England, and Italy have been conspicuously more generous in word than deed. Only Japan it seems has the disposable private and governmental funds needed to transform the G-7's smoke and mirrors promises into a program that responds adequately to Richard Nixon's appeal for the West to "Save Russia."¹ The success of the endeavor thus may well lie in Japan's hands.

Japan however has been notably reluctant to provide the hundreds of billions of dollars in real transfers required. Its attitude has been variously ascribed to financial conservatism; an unwillingness to be entangled in a partnership where America sets policy, and Japan pays the bill; and unresolved political disputes, particularly Russia's refusal to return the Kuril Islands.

There is truth in all these explanations, but they provide little insight into the complexities shaping informed Japanese thinking. This essay which is based on interviews conducted at the International Monetary Fund, World Bank and institutions throughout Japan during the biennium 1992-93 attempts to remedy this deficiency by systematically elucidating the programs for assisting Russia advocated by knowledgeable Japanese economists, and economic policymakers.² It reveals that the Japanese are participating more actively than commonly supposed in the G-7's salvage operation and are willing in principle to do far more, but are restrained by legitimate concerns about the shortcomings of Russia's economy, and the instability of its political institutions. As a consequence, an effective program of the sort really required to save Russia which goes beyond the symbolism of the Vancouver and Tokyo initiatives, April 1993, may never be realized.³

The Russian Labyrinth

There is a growing awareness in the West that although the G-7 has committed itself to providing Russia with aid exceeding the Marshall Plan, a program of credits, loan guarantees, political risk insurance, spiced with technical assistance and modest humanitarian transfers is not likely to suffice.⁴ Unlike Europe in the forties, Russia lacks established capitalist market institutions, and so is confronted with a double challenge: it must

repair its stock of physical and human capital distorted by seventy four years of communism, at the same time it develops its emergent private sector.

Neither task is easily accomplished. Virtually the entire capital stock is obsolete, and the replacement cost surpasses the ability of domestic producers to pay even with generous G-7 governmental assistance.⁵ Likewise while free enterprise is clearly desirable, western advice more often than not goes unheeded because it is opposed by powerful vested interests.⁶

Matters are exacerbated further by the severity of Russia's economic collapse,⁷ and the dysfunctional characteristics of its hybrid economic system which haphazardly grafts some market processes onto an otherwise administratively controlled regime. According to Emil Ershov, Director of the Research Institute of the Russian State Statistical Committee (Goskomstat), real GNP has fallen 35-40 percent from 1989 through April 1993.⁸ This catastrophic decline partly reflects the economic disintegration of the old Soviet Union,⁹ but more ominously it is also attributable to the dynamics of the new system being formed in the cauldron of a struggle for economic power. Politicians, bureaucrats, managers, entrepreneurs, trade unions, collective farm executives, and peasants are all striving to seize assets and reshape the system in their own interest. This often has resulted not only in inefficient and perverse privatization, but in establishing an environment that disorders economic behavior. With regard to privatization, government officials have succeeded in appropriating vast amounts of passive assets such as commercial real estate to themselves, while forcing managers to accept collectivized ownership shared with workers and outside private shareholders. As a consequence, privatized assets are either being placed in incompetent hands, and/or are being burdened by extraneous obligations.¹⁰ Moreover, the value of these property rights is degraded further by the futility of the situation. Lacking firm constitutional sanctions, or the authority of established commercial law, there is little to stop successive groups of officials in the revolving Russian governmental door from appropriating and reappropriating assets, prompting current owners to consume their assets, and discouraging wealth building. Foreign joint ventures partly surmount these difficulties, but in turn are subject to other debilitating constraints including a chaotic legal environment, and ruble inconvertibility which prevents them from repatriating principal and profits.

These distortions are exacerbated by a procurement system in which most output is determined by state rather than private demand so that success often depends on connections instead of competitive efficiency. Although the State Price Committee has been abolished, prices continue to be regulated by state authorities at the ministerial level assuring that market forces cannot countervail administrative directives.

And as if all these micro-systemic distortions were not enough, Yeltsin's advisers have kept the economy in a state of acute disequilibrium by running colossal budgetary deficits, recklessly printing money, providing selected enterprises with excess bank credit, engaging in undeclared economic war

with its neighbors, and generally maintaining the old mechanisms of foreign trade control.

The sum and substance of these dysfunctional arrangements can be characterized as the Russian labyrinth; a maze of economic impediments which must be removed before the kind of market system can be put in place which will permit the G-7's new Marshall Plan to save Russia from the dead hand of its Communist past.¹¹

Japanese Perceptions

The systemic complexities of the Russian labyrinth have produced widely divergent assessments of Russia's transition prospects. Those who disregard the self-perpetuating aspects of the emerging new order which for brevity can be described as socialist kleptostroika, a regime where state officials steal the most important public assets and run the economy predominantly in their own private interest, tend to be optimists. They believe that stabilization, liberalization and privatization will be enough to attract large scale foreign investment as soon as issues like the dispute over Kunashiri, Etorofu, Habomai and Shikotan are resolved.¹²

Policymakers who appreciate that the problems besetting Russia cannot be disposed of without a comprehensive program of internal sociopolitical reform tend to be pessimistic. They are convinced that foreign assistance is futile and will only result in squandering resources that can be put to better use.¹³

Japanese experts, like their G-7 counterparts elsewhere are divided broadly into these two camps, together with a large group of ambivalent analysts who cannot decide how much weight to place on systemic impediments to a capitalist transition. This latter vacillatory category tends to predominate, with the result that Japanese attitudes are often strikingly contradictory. For example, it is widely believed that Russia could be a new Eldorado, and that it is only a matter of time before Japanese businessmen aggressively enter the Russian Far Eastern maritime market, but the same people often express doubts that such investments will ever be profitable.

This ambivalence about economic potential is compounded by similar uncertainties regarding international security. No one wants a revival of Russian militarism, but few feel that foreign assistance is essential to preserve the new status quo. As a consequence, while most knowledgeable Japanese want to help Russia despite past grievances,¹⁴ and may even be prepared to subordinate claims to the northern islands,¹⁵ policymakers and experts alike do not really know how to proceed. As one insightful interviewee put it, they are like Hamlet, knowing neither whether to be, or not to be.

Policy Ramifications

These confusions and ambiguities are masked in official policy declarations by shrewdly pretending that the resolution of the Kuril Islands dispute will solve Russia's economic problems, and advance the cause of Eurasian stability. The government takes the position that international security and humanitarian considerations warrant its participation in the G-7 assistance initiative, but substantial bilateral aid, including foreign investment will only be forthcoming when the northern islands are returned.¹⁶ On the surface this sounds like a rational policy, but the formula only succeeds by subordinating international security to the repatriation of marginal territorial assets, and by begging the systems issue. Japanese experts when pressed acknowledge that the return of the Kurils is more a matter of face than substance, and are aware that stabilizing Russia should take precedence over other concerns. Likewise, they know that the government cannot deliver the bilateral foreign investment promised if Russia remains in turmoil, nor under these circumstances would such aid promote a capitalist transition. Moreover, in the unlikely event that the G-7's program succeeded, Russia would not need Japanese assistance, and Japan might well find itself in the embarrassing position of losing both the islands and lucrative investment opportunities in the Russian Pacific Far East. Clearly, none of these outcomes are desirable, but they are the likely consequence of a policy that puts political symbolism above concerted strategy.

Towards a Rational Assistance Policy

Any realistic policy must begin with the recognition that the Japanese have three distinct goals in their relationship with Russia which are only loosely interconnected. They wish to recover the Kuril Islands, enhance Eurasian security, and exploit commercial opportunities where they arise. The first objective is separable from the others. Although promises of economic stabilization and commercial prosperity might make the cession of these territories more palatable, the return of the Kurils is primarily a matter of moral suasion and price.¹⁷ The Japanese must convince the Russians that the international political and material benefits attained from the disguised sale of some or all the northern islands outweighs countervailing domestic political concerns. Both sides can dicker over terms, but the purchase price need not depend in any fundamental way on the success of Russia's transition to market capitalism.¹⁸

Eurasian security and commerce however are entirely different matters. They are inextricably bound up with Russia's economic and political turmoil. Ways must be found to persuade the Russian elites that it is in their interest to provide western corporations with a secure and profitable investment environment, regardless of the degree to which the G-7's market transition

program is implemented. This will enable Russia to modernize its physical and human capital stock spurring a recovery that promotes economic cooperation and dampens political discord.

Sovereign Partnership

The Japanese Ministry of International Trade and Industry (MITI) and the Japanese Economic Planning Agency have attempted to prod the Russians in this direction, urging them to develop an industrial transition plan similar to Japan's postwar recovery program,¹⁹ and by actively promoting pilot investments in the Russian Far East. Japan has provided 700 million dollars in export insurance credits to repair gas fields in Western Siberia which supply the East,²⁰ promoted a ship repair subcontracting deal in Vladivostok with Ishikawajima-Harima Heavy Industries,²¹ and is vigorously exploring an array of other initiatives.²²

These efforts are laudable, but insufficient because they cannot compel Russia to heed their advice, nor assure Japanese companies that the political risks are tolerable. To overcome these impediments a new institutional mechanism must be created that goes beyond the traditional functions of consultation and brokerage to sovereign partnership: state to state treaties that require Russia to adhere to standard international commercial practice. This can be accomplished regardless of the state of Russia's market transition, and despite the partisan struggle for political power that pervades governmental actions at the central, regional and local levels. All that is required is for the Japanese government as the advocate of its business community to press the Russians to confer the same rights on its companies as the Russians enjoy in Japan. These rights include the conveyance of secure titles to property, the sanctity of contract, the establishment of courts that will adjudicate commercial disputes in accordance with international standards of impartiality, and protection from extortion and other kleptocratic abuses. They should also encompass guarantees against capricious taxation, and regulation which can quickly cause commercial ruin, and provide a mechanism for the repatriation of the profits and assets of Japanese companies investing in Russia.

None of these objectives are unreasonable. They are mutually beneficial because by providing Japanese firms with a secure and equitable environment, they promote foreign investment and commerce, regardless of how the Russians choose to treat their own companies, or conduct their market transition. The relationship between the states thus is one of genuine partnership, not because concessions are being made for investment, but because treaties which create fair and secure business conditions automatically facilitate favorable commercial relations.

The task of fashioning such treaties moreover does not pose difficulties. Presumably a team of competent commercial attorney's could draft the necessary provisions quickly. Even the thorny issue of ruble convertibility

can be satisfactorily resolved by creating a hard currency conversion fund from export earnings, with or without partial Japanese coinsurance provided as part of its assistance package.

The only real obstacle to forging a sovereign partnership that speeds economic recovery and improves Russo-Japanese relations is the intra-governmental chaos in Russia which permits various factions to make a mockery of treaties should they choose. This impediment can be addressed in two constructive ways. First recognizing that governmental power is dispersed, all branches of government including the executive, parliament and the judiciary, at all levels, central, regional and local should be made cosignatories. Since foreign investment and commerce help all, presumably all parties can be coaxed to sign. The relevant analogy here is the START treaty which is being negotiated with all the nuclear states of the former Soviet Union: Russia, Belarus, Kazakhstan and the Ukraine.

Second, the central authorities can be persuaded to enforce and guarantee the treaties. Again recent diplomatic experience provides an instructive precedent. Russia has agreed to repay the entire foreign debt of the former Soviet Union, even if other members of the CIS default, because this concession facilitates access to fresh Western financial credits, and the leadership intends to press the other co-debtors vigorously to honor their obligations. Although a model of this sort does not assure full compliance, it creates a credible enforcement mechanism, which should become increasingly effective as the investment and commerce it promotes brings tangible benefits to all concerned.

The possibilities of sovereign partnerships moreover can be easily expanded with special provisions for large scale investment projects. For example, the Japanese government operating through MITI could form a sovereign joint partnership with Russia to co-develop Sakhalin,²³ in which the Japanese side agreed to coordinate and subsidize the activities of private investors, in return for the same commercial rights outlined above, supplementary tax and regulatory concessions, and acceptance of MITI as a sovereign agent, empowered to press the grievances of all participating Japanese firms. Such an arrangement which required both governments to coordinate the activities of their respective business communities would be mutually advantageous. It would provide the Russians with the massive foreign investment they seek, while creating sovereign contractual agreements that enable the Japanese to support assistance programs which are commercially viable and promote international security. Although the kleptocrats are sure to pursue their special interests, the sovereign nature of the partnership should restrain destructive behavior, and could generate sufficiently positive results that the Russian's themselves are encouraged to press ahead with the market reforms urged by the G-7, the IMF and the World Bank.

These material benefits, as important as they are, do not exhaust the advantages of sovereign partnerships. By solving the foreign investment

problem, sovereign partnerships could provide political leverage in varying degrees depending on the size of the projects. Should Japanese investments reach tens or even hundreds of billions of dollars the Russians are apt to become increasingly amenable to settling Tokyo's territorial claims.

Political Risk

The foregoing analysis suggests that Japan can forge an assistance program for Russia that effectively advances its international policy goals, but obstacles still remain. The Japanese believe that the political risks of being inveigled with the Russians are enormous. Yeltsin's tenure is considered insecure. Many doubt he can retain power, and even if he does worry out loud whether he is committed to democracy or free enterprise. The majority of knowledgeable respondents consider Yeltsin authoritarian, and expect him to begin reconsolidating the Soviet empire at the earliest opportunity.²⁴

Expectations of these sorts cannot be treated lightly. Japanese political authorities do not want to find themselves in the invidious situation of reproving Russia for its behavior in the Ukraine, Moldova, Kazakhstan, Abkhazia, Nagorno-Karabakh, or Tajikistan at the same time it has tens of billions of dollars tied up in development projects. Likewise domestic disputes between Moscow and independence minded forces in the Russian Pacific Far East could cause intense consternation. As a consequence, Japan can be expected to move cautiously, even if it were convinced that its assistance program must be radically revised.

Conclusion

It is widely believed that Russian transition to democracy and capitalism depends critically on munificent Japanese financial aid, which is being withheld pending the resolution of the Kuril Islands dispute. Careful analysis has confirmed that the Japanese could indeed play a decisive role, but the barriers to effective assistance go well beyond the issue of the northern islands. Even if the Russians returned these territories today unconditionally,²⁵ the Japanese government would find itself in a very precarious position. Economically it would be compelled to make risky investment, it is reluctant to contemplate. Politically, it would be thrust into a treacherous environment of the sort it has traditionally shunned. However a solution does appear to be at hand. Sovereign commercial partnerships can be negotiated which provide the Japanese business community with the assurances it needs, regardless of whether Russia's market transition succeeds, that can spark recovery and create robust business relations which promote Russo-Japanese political accord. Sovereign partnerships obviously will not solve all outstanding problems, but they appear to provide a mechanism for breaking the current impasse, expediting assistance and

moving Russia toward the stable, democratic, market society most students of international security seem to desire.

Notes

- * The research underlying this paper was supported by grants from the Fulbright "Japan Today" program, and the Abe Foundation. The author wishes to express his appreciation to the Fulbright Committee, Caroline Matani-Yang, the Fulbright Staff, the Abe Foundation and Sheila Smith for their kind assistance.
- 1 Steven Rosefielde, "Saving Russia: Aid and Western Security"; Richard Nixon, *Seize the Moment*, p. 132; Thomas Friedman, "Nixon's 'Save Russia' Memo: Bush Feels the Sting," *The New York Times*, March 10 (1992), p. 4; "Full Text of Summit's Economic Declaration," *Daily Yomiuri*, July 10 (1992), p. 17; Keith Bradsher, "Anxiety Slows Borrowing By Russia," *The New York Times*, September 28 (1992), p. 6; David Sanger, "7 Nations Pledge \$28 Billion Fund to Assist Russia," *The New York Times*, April 16 (1993), pp. 1, 10; Alan Riding, "14 Western Nations Give Russia an Extra 10 Years to Repay Debt," *The New York Times*, April 3 (1993); Serge Schmemmann, "Yeltsin Leaves Talks With Firm Support and More Aid," *The New York Times*, April 5 (1993), pp. 1, 4; Steven Greenhouse, "IMF Easing Rules for Moscow Aid," *The New York Times*, April 10 (1993), p. 5; Richard Layard, "Help the Russians Help Themselves," *Wall Street Journal Europe*, March 31 (1993), p. 8; Stanley Fischer, "1.6 Billion: Just a Start," *The New York Times*, April 6 (1993), p. 17.
 - 2 Several dozen interviews were conducted with Japanese specialists of diverse sorts familiar with the economics and politics of assisting Russia. Non-specialists were also queried to gauge the gap between expert and popular opinion. Interviewees were asked about their own opinions and those of other knowledgeable scholars. The approach should provide a representative overview, but it is possible that some important strands of thought may have been missed.
 - 3 Steven Rosefielde, "Russian Military-Industrial Transfers"; Rosefielde, "Why Aiding the CIS Is No Marshall Plan."
 - 4 *Freedom Support Act of 1992: Fact Sheet*, Office of the Press Secretary, White House, April 1 (1992); Joseph Fitchett, "For Ex-Soviets, a Plan for Hands on Aid," *International Herald Tribune*, June 22 (1992), p. 6. Recognizing that the Bush-Kohl initiatives is unlikely to succeed, Robert Blackwill, co-author of the "grand bargain" recommended creating an elite corp of 1,000 experts to live in the former Soviet Union, helping officials to run the government and train entrepreneurs. Cf. Jim Hoagland, "That'll Be Fudge for All Seven," *International Herald Tribune*, July 4-5 (1992), p. 4; "IMF Bows to Yeltsin's Demands," *Japan Times*, July 8 (1992) asserts Germans now skeptical of Russian reforms;

- Serge Schmemmann, "Yeltsin's Radical Reforms Faltering Amid Disintegration of Economy," *International Herald Tribune*, August 3 (1992), pp. 1, 6; "Russian Central Bank Cancels Debts Among State Owned Firms," *Japan Times*, August 5 (1992), p. 11.
- 5 Norman Scott, "Foreign Direct Investment in the CIS States."
 - 6 Steven Rosefielde, "Russian Military-Industrial Transfers."
 - 7 Eva Ehrlich, "Japan and Struggling Eastern Central Europe"; Marshall Goldman, "An Opportunity Lost: Russia's Transition to a Market Economy and the Example of China and Japan"; Shinichiro Tabata, "Evaluation of 'Shock Therapy' in Russia."
 - 8 Fusai Ota, Hiroya Tanikawa, Tasuke Otani, "Russia's Economic Reform and Japan's Industrial Policy," p. 35; *Soviet Economic Performance in 1991*, p. 26. Official Russian statistics understate the real decline. Serge Schmemmann, "Russians Warned of Monetary Peril," *The New York Times*, September 23 (1992), p. 9. Industrial production according to Gaidar fell 27 percent in the first seven months of 1992. Interview with Ershov, October 14, 1992; May 19, 1993. The magnitude of the decline is clouded by the shortcomings of Russian statistics.
 - 9 Alexander Parkansky, "The Disintegration Trends in Eastern Russia and Russian Economic Opportunities in the Northern Pacific Area"; Steven Erlanger "Georgia Economy is Coming Apart," *The New York Times*, September 22 (1992), p. 4.
 - 10 Steven Rosefielde and R. W. Pfouts, "Toward the Privatization of the CIS Weapons Industry."
 - 11 Serge Schmemmann, "Yeltsin's Radical Reforms Faltering Amid Disintegration of Economy," *International Herald Tribune*, August 3 (1992), pp. 1, 6; Aleksandr Solzhenitsyn, *Rebuilding Russia*; John McLaughlin, "Statement for the Record"; Central Intelligence Agency and Defense Intelligence Agency, "The New Russian Revolution"; Richard Kaufman, "The United States and Technology Transfer with the Former Soviet Union"; "Yeltsin Aide Warns of Monetary 'Crash'," *The New York Times*, September 23 (1992), p. 1.
 - 12 William Kelly, Joseph Oxley and Toshiyuki Kagawa, "The Market for Gaseous Emission Control Equipment in Russia and the CIS: A Japanese Perspective"; Ken Morita, "Can Japanese Experience Be Helpful in the Development of the Polish Passenger Car Industry?"; Carl McMillan, "The Canadian Joint Venture Experience in the Soviet Union: What Implications for Japanese Involvement?"; Saburo Okita, "Transition to Market Economy"; Hiroichi Iemoto, "Can Japan Make Any Contribution in the Economic Transition of the Post-Socialist Countries"; Yasushi Nakamura, "Managing Economic System Conversion: Lessons from German Unification."
 - 13 Shinichiro Tabata, "Evaluation of 'Shock Therapy' in Russia."
 - 14 A surprisingly large number of interviewees harbored deep grievances against the Russians often dating back to the Russo-Japanese war of

1904. They considered Russia's declaration of war in 1945 treacherous; bitterly resented Soviet treatment of Japanese P.O.W.s in Gulag, and felt aggrieved about the Kuril Islands.
- 15 Japanese economists were especially aware of the limited natural value of the territories, while military analysts recognized their strategic worth.
 - 16 The Russian constitutional crisis of March 1993 prodded the Japanese government into decoupling the linkage between the Northern Islands and bilateral aid. But the level of bilateral transfer forthcoming seems slight. See Jacob Schlesinger and Laurence Zuckerman, "Japan Is Backing Yeltsin in Fight for His Survival," *Wall Street Journal Europe*, March 24 (1993), p. 2; "Tokyo to Avoid Issue of Kurils at G-7 Summit," *International Herald Tribune*, March 30 (1993), p. 6; Michio Watanabe, Japan's Foreign Minister said "We will not link bilateral issues with the Tokyo Summit." Cf. David Sanger, "Japanese Premier Takes Tough Line on Trade Surplus," *The New York Times*, April 14 (1993), pp. 1, 5; James Sterngold, "Japan Weighs Aid to Russia Against an Old Feud," *The New York Times*, April 11 (1993). Japan was pressed at the G-7 Tokyo meeting to grant Russia 3 billion dollars in direct aid, but received far less, most in the form of insurance guarantees. See David Sanger, "7 Nations Pledge \$28 Billion Fund to Assist Russia," *The New York Times*, April 16 (1993), pp. 1, 10. Cf. "MITI's Assistance Program for NIS," official document; May 11 (1993).
 - 17 "23 Sakhalin Sale Mulled, Izvestiia Reveals," *Japan Times*, August 5 (1992), p. 3. The Russian Communist Party Politburo attended by Stalin and Trotsky debated selling eastern Sakhalin island to Japan for at least 1 billion yen, or two thirds Japan's annual budget at the time. Tsuyoshi Hasegawa, Jonathan Haslam and Andrew Kuchins (eds.), *Russia and Japan*.
 - 18 Internal political dissension in Moscow might prompt Russian liberals to return the Kurils in the vague hope of receiving Japanese assistance, but the prospects for such an outcome are dim. "Yeltsin is advised to Put Off Tokyo Trip," *The Japan Times*, August 4 (1992), p. 1. Sakhalin governor Valentin Fyodorov urged Yeltsin to postpone his visit to Japan because Russia's deteriorating economy would weaken his hand. If Yeltsin goes ahead, Fyodorov threatened to organize a movement against the islands return. "Russian Legislators Clash Over Kurils," *International Herald Tribune*, July 29 (1992), p. 7.
 - 19 Fusae Ota, Hiroya Tanikawa, Tasuke Otani, "Russia's Economic Reform and Japan's Industrial Policy," *Japan's Postwar Experience: Its Meaning and Implication for the Economic Transformation of the Former Soviet Republics*.
 - 20 "MITI Set to Give Russia Help for Its Flagging Gas Industry," *Japan Times*, August 8 (1992), p. 7.

- 21 "Russia Urged to Carry Out Shipbuilding Subcontracts," *Japan Times*, August 7 (1992), p. 14.
- 22 Irene Kunii, "Trading Houses Open Up Shop in Cash-Starved Vladivostok," *Japan Times*, June 30 (1992), p. 3; Shinyasu Hoshino, "On Suggestions for Economic Reform in Russia."
- 23 U.S. policy is moving in this direction. See Steven Greenhouse, "Pacts on U.S. Aid Expected to Give a Psychological Boast to Russians," *International Herald Tribune*, June 19 (1992), p. 5. A pact outlining the framework for U.S. investment in Russia promises investors fair treatment, gives them the right to set up offices and sets up a mechanism for resolving disputes.
- 24 Kimikazu Shigemasa, "White Paper Backs 'Peace Law,' Notes Lingering Regional Threat," *Japan Times*, August 8 (1992), p. 1.
- 25 Boris Yeltsin was supposed to provide the Japanese with numerous alternative proposals for settling the Kuril Islands dispute during his visit to Tokyo September 11-13, 1992. See Steven Erlanger, "Yeltsin is Resistant on Island Dispute With Japan," *The New York Times*, September 3 (1992). However, the meeting was abruptly postponed with only four days notice, suggesting the depth of domestic Russian opposition. BBC September 9 (1992).

Bibliography

Abe, Nozomu, "The Transformation of Economies in Eastern Europe and the CMEA Collapse: Impacts on East-West Trade," Second Fukushima International Symposium, "Japan and the Economic Transformational in the Former Socialist Countries," Fukushima University, Fukushima, Japan, July 10-11 (1992).

Baker, Howard Jr., and Ellen Frost, "Rescuing the U.S.-Japan Alliance," *Foreign Affairs*, Spring (1992), pp. 97-113.

Bakos, Gabor, "Japanese Capital in Central Europe," Second Fukushima International Symposium, "Japan and the Economic Transformational in the Former Socialist Countries," Fukushima University, Fukushima, Japan, July 10-11 (1992).

Bienkowski, Wojciech, "Poland's Economic Policy Choices – What Can We Learn From the Japanese Experience?," Second Fukushima International Symposium, "Japan and the Economic Transformational in the Former Socialist Countries," Fukushima University, Fukushima, Japan, July 10-11 (1992).

Brzezinski, Zbigniew, "Order, Disorder, and U.S. Leadership," *Washington Quarterly*, Spring (1992), pp. 5-13.

Central Intelligence Agency, "Eastern Europe: Struggling to Stay on the Reform Track," paper submitted to the Subcommittee on Technology and National Security of the Joint Economic Committee of Congress, June 8 (1992).

- _____, "Moscow's Defense Spending Cuts Accelerate," May (1992).
- Central Intelligence Agency and The Defense Intelligence Agency, "The Russian Revolution: The Transition to Markets in Russia and The Other Commonwealth States," paper presented to the Subcommittee on Technology and National Security of the Joint Economic Committee of Congress.
- Documents and Fact Sheets on the Bush-Yeltsin Summit*, Washington, D.C., June 16-17 (1992), pp. 1-28.
- Ehrlich, Eva, "Japan and Struggling Eastern Central Europe," Second Fukushima International Symposium, "Japan and the Economic Transformational in the Former Socialist Countries," Fukushima University, Fukushima, Japan, July 10-11 (1992).
- Freedom Support Act of 1992: Fact Sheet*, Office of the Press Secretary, White House, April 1 (1992).
- "Full Text of the Political Declaration Issued at the Munich Summit," *Japan Times*, July 9 (1992), p. 19.
- "Full Text of Summit's Economic Declaration," *Daily Yomiuri*, July 10 (1992), p. 17.
- Goldman, Marshall, "An Opportunity Lost: Russia's Transition to a Market Economy and the Example of China and Japan," Second Fukushima International Symposium, "Japan and the Economic Transformational in the Former Socialist Countries," Fukushima University, Fukushima, Japan, July 10-11 (1992).
- Hakamada, Shigeki, "New Perspectives on Soviet Socialism and Perestroika," *Japan Review of International Affairs*, Vol. 6, No. 1, Spring (1992), pp. 3-21.
- Hasegawa, Tsuyoshi, Jonathan Haslam and Andrew Kuchins (eds.), *Russia and Japan: An Unresolved Dilemma Between Distant Neighbors* (Berkeley: University of California, 1993).
- Hellmann, Donald, and Herbert Ellison, "Russia and Japan in the Wake of the Cold War (forthcoming)."
- Hoshino, Shinyasu (Chairman, Japan Research Institute, Russian Economic Reform Study Group), "On Suggestions for Economic Reform in Russia," *The Japanese Economic Planning Agency*, September 10 (1992).
- IMF, *Financial Organization and Operations of the IMF*, Washington, D.C. (1990).
- Islam, Shaflqul, *Yen for Development*, Council on Foreign Relations.
- Iyemoto, Hiroichi, "Can Japan Make Any Contribution in Economic Transition of the Post Socialist Countries," Second Fukushima International Symposium, "Japan and the Economic Transformational in the Former Socialist Countries," Fukushima University, Fukushima, Japan, July 10-11 (1992).
- Japan's Postwar Experience: Its Meaning and Implication for the Economic Transformation of the Former Soviet Republics*, MITI/RI, March (1992).
- Jukes, Geoffrey, "The Russian Military and Policy-Making After 1991," in

Osamu Ieda (ed.), *New Order in Post-Communist Eurasia* (Sapporo: Slavic Research Center, 1993), pp. 99-119.

Kaufman, Richard, "The United States and Technology Transfer with the Former Soviet Union," in *External Economic Relations of the Central and East European Countries*, Colloquium 1992, NATO, Brussels, April (1992).

Kelly, William and Masumi Hakogi, "Technology Transfer From the USSR to Japan: Machine Tools," Second Fukushima International Symposium, "Japan and the Economic Transformational in the Former Socialist Countries," Fukushima University, Fukushima, Japan, July 10-11 (1992).

Kelly, William, Joseph Oxley and Toshiyuki Kagawa, "The Market for Gaseous Emission Control Equipment in Russia and the CIS: A Japanese Perspective," Second Fukushima International Symposium, "Japan and the Economic Transformational in the Former Socialist Countries," Fukushima University, Fukushima, Japan, July 10-11 (1992).

Kozyrev, Andrei, "Russia: A Chance for Survival," *Foreign Affairs*, Spring (1992), pp. 1-16.

LeDonne, John, "Bureaucracy in Imperial Russia, 1770-1917: Concepts and Realities," in Osamu Ieda (ed.), *New Order in Post-Communist Eurasia* (Sapporo: Slavic Research Center, 1993), pp. 43-67.

Lieven, Dominic, "Empires. Russian and Other," Osamu Ieda (ed.), *New Order in Post-Communist Eurasia* (Sapporo: Slavic Research Center, 1993), pp. 5-34.

McMillan, Carl, "The Canadian Joint Venture Experience in the Soviet Union: What Implications for Japanese Involvement?," Second Fukushima International Symposium, "Japan and the Economic Transformational in the Former Socialist Countries," Fukushima University, Fukushima, Japan, July 10-11 (1992).

McLaughlin, John (Director of Slavic and Eurasian Analysis, Central Intelligence Agency), Statement for the Record to the Technology and National Security Subcommittee of the Joint Economic Committee of Congress, June 8, 1992.

Morita, Ken, "Can Japanese Experience Be Helpful in the Development of the Polish Passenger Car Industry?," Second Fukushima International Symposium, "Japan and the Economic Transformational in the Former Socialist Countries," Fukushima University, Fukushima, Japan, July 10-11 (1992).

Nakamura, Yasushi, "Managing Economic System Conversion: Lessons from German Unification," Second Fukushima International Symposium, "Japan and the Economic Transformational in the Former Socialist Countries," Fukushima University, Fukushima, Japan, July 10-11 (1992).

Nishimura, Yoshiaki, "The Shift to Market Economies in Eastern Europe," *Japan Review of International Affairs*, Vol. 6, No. 1, Spring (1992), pp. 22-42.

Nixon, Richard, *Seize the Moment* (New York: Simon and Schuster, 1992).

Okita, Saburo, "Transition to Market Economy," Conference on the World Today," Buenos Aires, June 15 (1992).

Orr, Robert, *Emergence of Japanese Foreign Aid Power*.

Ota, Fusae, Hiroya Tanikawa and Tasuke Otani, "Russia's Economic Reform and Japan's Industrial Policy," MITI/RI, Symposium "Unification of Europe," June 1-2 (1992), pp. 1-40.

Parkansky, Alexander, "The Disintegration Trends in Eastern Russia and Russian Economic Opportunities in the Northern Pacific Area," in Osamu Ieda (ed.), *New Order in Post-Communist Eurasia* (Sapporo: Slavic Research Center, 1993), pp. 120-135.

Petrakov, N., et. al., "Osnovnye napravleniia sotsial'no-politicheskikh i ekonomicheskikh reform v Rossii," *Pravda*, June 9, 11, 12 (1992), p. 2.

Rosefielde, Steven, "Russian Military-Industrial Transfers: Catalyst for Transition," *Global Affairs*, forthcoming (1993).

_____, "Why Aiding the CIS Is No Marshall Plan," *Orbis*, Spring (1993).

_____, "Beyond Catastroika: Prospects for Market Transition in the Commonwealth of Independent States," *Atlantic Economic Journal*, Vol. 20, No. 1, March (1992), pp. 1-8.

_____, "Rescuing Russia: Idealism, Pragmatism and Western Foreign Assistance," Second Fukushima International Symposium, "Japan and the Economic Transformational in the Former Socialist Countries," Fukushima University, Fukushima, Japan, July 10-11 (1992).

_____, "Beyond the Grand Bargain: Aiding the Commonwealth of Independent States," in Osamu Ieda (ed.), *New Order in Post-Communist Eurasia* (Sapporo: Slavic Research Center, 1993), pp. 143-157.

_____, "Saving Russia: Aid and Western Security," *Global Affairs*, Fall (1992).

Rosefielde, Steven, and R. W. Pfouts, "Towards the Privatization of the CIS Weapons Industry: The Collectivist Option," *Economics of Planning*, Vol. 26, No. 2 (1993), pp. 143-160.

Scott, Norman, "Foreign Direct Investment in the CIS States," Second Fukushima International Symposium, "Japan and the Economic Transformational in the Former Socialist Countries," Fukushima University, Fukushima, Japan, July 10-11 (1992).

Shiokawa, Nobuaki, "Russia's Fourth Smuta: What Was, Is, and Will Be Russia?," in Osamu Ieda (ed.), *New Order in Post-Communist Eurasia* (Sapporo: Slavic Research Center, 1993), pp. 202-221.

Solzhenitsyn, Aleksandr, *Rebuilding Russia* (Hill and Wong, 1992).

Soviet Economic Performance in 1991 (NATO Economic Committee, Brussels, February 1992).

Tabata, Shinichiro, "Evaluation of 'Shock Therapy' in Russia," Osamu Ieda (ed.), *New Order in Post-Communist Eurasia* (Sapporo: Slavic Research Center, 1993), pp. 158-174.

_____, "The Japanese-Soviet Economic Future," *Acta Slavica Iaponica*, Tomus IX (1991), pp. 189-205.

_____, "Uskorenie i problemy biudzhetnogo defitsita," *Voprosy ekonomiki*, April (1990), pp. 29-36.

Tsipko, Alexander, "Dialectics of the Ascent of a New Russian Statehood," in Osamu Ieda (ed.), *New Order in Post-Communist Eurasia* (Sapporo: Slavic Research Center, 1993), pp. 187-201.

Wallace, William, "Observations on Developments and Trends in Reform in China, in What Was the Soviet Union and Eastern Europe," Second Fukushima International Symposium, "Japan and the Economic Transformational in the Former Socialist Countries," Fukushima University, Fukushima, Japan, July 10-11 (1992).