THE RUSSIAN FAR EAST

The last frontier?

Sue Davis
The Russian Far East (RFE) comprises one quarter of the Russian Federation. It shares borders with China and North Korea, and only several miles of water separate Sakhalin from Japan and Chukotka from Alaska. It is, however, 5,700 miles and ten hours by plane from Moscow. The RFE has more and closer economic relations with Asian neighbors than with Moscow and Western Russia and, although poor and sparsely populated, is highly militarized and rich in minerals, diamonds, gold, oil, tin and more.

This book provides a comprehensive introduction to the region, covering history, politics, foreign policy, the economy and military issues. It examines and compares each of the ten constituent provinces and discusses the prospects for the future in the region including security concerns relating to the worries about the secession of the RFE, the deterioration of the Pacific Fleet and its nuclear submarines, the state of the military, and migration issues. It will be of interest to students and researchers of Russian studies, politics, and economics, among others.

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Sue Davis
TO NICK AND VALERIE

You fill my life with laughter
and remind me what is important.
I love you both!
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The Russian Far East (RFE) is a remote and little known region. It is a land of great beauty, mythic proportions, harsh climate, extreme poverty, and great mineral wealth. The people living there are a diverse group who are coping with extraordinary circumstances as Russia and the Far East emerge from the legacy of Tsarism, Sovietism, empire, authoritarianism, and the command economy. I don’t think I would be as calm and accepting as those in the RFE have been if I had experienced the tumult of the last 15 years, so I have great respect for their tolerance of adversity, their patience, and stoicism. I also have great hope that these qualities, and others, will see them through to better days.

The RFE often seems to have more than its share of corruption and criminality and a disproportionate number of politicians who classify as “real characters.” That is part of what makes it interesting. I think what interests me most, however, is the fact that it is a “borderland” or as others have framed it “at the nexus of civilizations.” There is nothing simple about the Russian Far East and I hope I have captured at least some of the complexity, some of the local color, and some of the hope and despair that is evident in this fascinating region of the world.

There are many people I would like to thank for help on this book, or for more general reasons. I have been fortunate to have many advisors, mentors, and friends during this process and I want to thank them for believing in me, helping me, supporting me, and sustaining me: Sarah Oates, Laura Van Assendelft, Christopher Marsh, Tom Remington, Karen O’Connor, Susan Solomon, Joanne Brzinski, Roger Kangas, Sean Pfost, Anna Pastore, Valerie Martinez-Ebers, Kristen Monroe, Misha Alexseev, Lee Metcalf, Polly Diven, John Constantelos, Svetlana Savranskaya, Jeff Biggs, and Gale Mattox. For their friendship, their insights into the RFE, and companionship during language study, I want to thank Greg and Lisa Sundstrom. Jennifer and Lee Cannady as well as Andrea Simpson and Alonzo Maloney have been there for the long haul and always managed to offer friendship, support, guidance, or a reality check at exactly the right moments over the years and I am extremely grateful for their caring and friendship. I also need to thank Jeff Reed for
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I also am grateful to the officers and executive board of the Association for the Study of Nationalities (ASN) which I have been privileged to serve in a number of capacities over the last decade, most recently as vice president but I want to single out a few of these people as having been particularly supportive or helpful professionally and personally: David Crowe, Steven Sabol, Dominique Arel, and Michael Rywkin. I also want to thank ASN and the editor of *ACE: Analysis of Current Events* for permission to reprint portions of my article “The First to Fall: The Ouster of Nazdratenko and the Future of Russian Federalism” in Chapter 4 of this book.

As always, I need to thank my family – Mom, Dad, Mike, Tama, Rick, Tyler, Kenzie, and Logan – who are always there for me, but especially my kids, Nick and Valerie, who are my joy and to whom this book is dedicated. Despite their tender years, they put up with numerous inconveniences ranging from Mom’s crankiness at deadlines and excuses about how we can’t go to the museum this weekend cause Mommy has to work on her book to TV dinners (though they don’t complain too much about the latter!).
1213 Mongol invasion of Primorye under Temuchin (Genghis Khan)
1632 Russian Cossacks established a fort (ostrog) on the right bank of
the Lena, near modern day Yakutsk
1639 Ivan Moskvitin reached the Sea of Okhotsk, and established the
first Russian city and port on the Pacific Coast.
1647 Russians built a fort (ostrog) at Okhotsk
V. Atlasov added Kamchatka to the Russian empire
1649 Yerofei Khabarov established the first Russian settlement
called Albazin on the Amur River
1660 One third of the Russian Empires treasury receipts come from
the fur trade in the Far East and Siberia
1689 Muscovite and Manchu delegations meet at Nerchinsk and
proposed an Amur River border between the Empires.
Russian Empire is excluded from the Amur Basin in the Treaty
of Nerchinsk
1709 Surveys of Priamur, Primorye, and Sakhalin. Permanent
military strongholds established by the Chinese Empire.
Manchu officials collect tribute.
1711–13 Ivan Kozyrevski explored the Kurile Islands
1725–29 Arctic expedition of Vitus Bering (second, 1733–43)
1740 Founding of Petropavlovsk on Kamchatka
1799 Founding of the Russian American Company and a small naval
squadron to defend the Pacific Coast
1854–57 The Amur Expeditions. The Chinese were distracted by the
Taiping Rebellion. Russians moved back into the Priamur.
1858–60 Annexation of the Priamur by Russia
1860 Founding of Vladivostok
1860–73 First railway boom
1861 Emancipation of the serfs
A mass resettlement of peasants from the European areas of
Russia to the Russian Far East began
1867 Alaska sold to the United States of America
1891  Beginning of the Trans-Siberian railway
1904–05  Russo-Japanese War
1905–17  1905 Revolution. First and Second Russian Revolutions
1918  Treaty of Brest Litovsk ends Soviet participation in World War I
      Japanese land at Vladivostok
      American troops land at Vladivostok
1922  Yakutia was granted the status of Autonomous Republic
1924  Vladimir Ilyich Lenin’s death (January 21)
      USSR constitution ratified
1927–53  Josef Stalin’s reign
1929  Collectivization and industrialization begins
1934  Jewish Autonomous Oblast established by Josef Stalin as a
      homeland for Russia’s Jews
1936  Stalin constitution promulgated
      Show trials of Zinoviev, Kamenev et al. prosecuted by Vishinsky
1937–41  Stalin Terror (Stalinshchina) and Purges
1941  German invasion of the Soviet Union (June 22)
1945  Yalta Conference and the end of World War II (The Great Patriotic War)
1949  USSR tests atomic bomb
1950  USSR and China sign alliance treaty
1953  Stalin dies
1956  20th Party Congress. Khrushchev’s “Secret Speech” on Stalin’s
      crimes. Lenin’s Testament read
1957  Malenkov, Kaganovich and Molotov ousted, Khrushchev rules alone
      First Sputnik launched
      USSR successfully tests intercontinental ballistic missile (ICBM)
1961  Yuri Gagarin becomes the first man in space
1963  Russo-Chinese split deepens
1964  Khrushchev ousted. Leonid Brezhnev becomes General Secretary
1977  Brezhnev Constitution ratified
1979  Gorbachev is made a candidate member of Politburo
      Soviets invade Afghanistan
1980  Gorbachev promoted to full member of Politburo
1982  Yuri Andropov promoted to Secretariat. Brezhnev dies;
      Andropov becomes General Secretary
1983  Korean airliner, KAL 007, shot down by Soviets over the
      Russian Far East
1984  Andropov dies; Konstantin Chernenko becomes General Secretary
1985  Chernenko dies; Gorbachev becomes General Secretary
      Anti-alcoholism program (“dry law”) initiated
      Gorbachev calls for economic reforms (Perestroika)
1988  Gorbachev becomes president
      Gorbachev’s speech at United Nations (UN) announces
      significant cuts in Soviet military strength
1989  Last Soviet census taken
      Completion of Soviet pullout of Afghanistan
      First multi-candidate elections to Congress of People’s
      Deputies; several uncontested candidates defeated, Yeltsin and
      Sakharov overwhelmingly win seats in the Congress of People’s
      Deputies
      First Session of the Congress of Peoples Deputies of the USSR
      begins political reforms, fully televised
1990  Russia’s first McDonald’s opens on Gorky Street
      Elections of regional deputies of the Russian Federation
      First Congress of Peoples Deputies of RSFSR passes
      ‘Declaration of State Sovereignty of Russia’ (Independence
      Day)
1991  Jewish Autonomous Oblast becomes independent from
      Khabarovsk Krai
      Boris Yeltsin becomes first democratically elected Russian
      President
      August Coup attempts to overthrow Gorbachev
      Soviet Union ceases to exist. Commonwealth of Independent
      States is formed by Belarus, Ukraine, and Russia
1992  Prime Minister frees prices. Ruble plummets; prices sky-rocket
      Federation Treaty signed by all autonomous republics except
      Chechnya and Tatarstan
      Yegor Gaidar appointed acting prime minister
      Chukotka separates from Magadan and becomes independent
      subject of the Federation
      Voucher privatization begins
      Victor Chernomyrdin replaces Yegor Gaidar as prime minister
1993  October Events: Yeltsin and Parliament vie for power.
      Parliament appoints Vice President Rutskoi president; storming
      of the Russian White House, October 2–4; Parliamentary forces
      attack Ostankino TV and mayor's office; Government forces
      storm the parliament building
      Elections of first Federal Assembly of Russia and referendum to
      ratify Russian Constitution
1994  Federal Assembly begins its work
      Ruble crashes
      Russian troops invade Chechnya
1995  Yeltsin suffers first heart attack
      Yeltsin suffers second heart attack
      KPRF under Gennady Zyuganov dominates Duma elections
1996
Andrei Kozyrev resigns as foreign minister; replaced by Primakov
First Round of Presidential Elections: Boris Yeltsin and Gennadi Zyuganov (Communist Party) win. Yeltsin defeats Zyuganov in run-off election, Yeltsin disappears due to health problems
End of 1st Chechen War
Yeltsin undergoes quintuple by-pass surgery
Russian troops begin withdrawal from Chechnya
All regions gain the right to elect their governors

1997
Union Treaty signed

1998
Yeltsin fires Chernomyrdin, reorganizes cabinet
Sergei Kirienko finally confirmed as prime minister
Russian financial crisis, Kirienko announces ruble devaluation (August 17)
Market paralysed by liquidity shortages; Share prices plunge; Russia defaults on foreign loans
Yeltsin sacks entire government, appoints Chernomyrdin interim prime minister
Victor Chernomyrdin steps aside as Duma rejects nomination twice
Yuri Primakov confirmed as prime minister

1999
Beginning of 2nd Chechen War
Yeltsin sacks cabinet, including Primakov
Yeltsin Impeachment hearings begins in Duma
Impeachment vote against Yeltsin fails
Duma approves Sergei Stepashin as new prime minister
Law on Center–Periphery Relations adopted
Stepashin dismissed as prime minister
Vladimir Putin confirmed prime minister
Duma elections
Boris Yeltsin steps down as president and appoints Vladimir Putin acting president

2000
Vladimir Putin elected president
Putin abolishes presidential representatives and creates seven federal districts, appoints ‘governors-general’ to rule over the districts

2001
Putin subordinates governors-general to Chief of Staff Aleksander Voloshin
Yevgenii Nazdratenko steps down as governor of Primorye and becomes head of the State Fisheries Committee
Putin gains power to fire governors
All Federation Council votes public record as of October 1
MAP OF THE RUSSIAN FAR EAST
INTRODUCTION

The Russian Far East (RFE) is a large and remote region with a harsh climate and a small, and diminishing, population. The region has a history, resource base, and a sense of distance from Moscow that often make its leaders and inhabitants less than compliant to central authority. The future of this vast region will be affected by the willingness of the Kremlin to negotiate deals with each of the components of the RFE (the ongoing federal bargaining), the economic situation in the Russian Federation as a whole, the situation with the military forces based in the RFE as well as the state of the entire Russian defense budget, the attitude of the inhabitants, and the skill of Far Eastern politicians.

In addition, the “neighborhood” will have a strong effect on how the future unfolds for the RFE. The long border with China, the short border with North Korea, the proximity of Japan as well as other Pacific Rim countries, and the level of interest or investment in the region by other powers such as the United States and South Korea will have an impact on the choices and opportunities facing Far Eastern leaders.

The history of the RFE is the story of a frontier similar to the westward expansion of the United States. Russians (and other Slavic and European groups) went East to capture wealth in furs and natural resources, to escape governmental control, find additional freedom, often as either outcasts or exiles, and to find markets for their goods. Others went to the frontier for reasons of state. They were sent to protect investments, property, borders, and state claims to resources, either as settlers or as troops. This dichotomy of rationales for populating the frontier gives the region a dual personality in which both cooperation and conflict permeate most activities. Those who live in the Far East have an odd mix of independence and pioneering, and anti-authority attitudes coupled with a desire for help from the central government on issues of importance like energy policy and export rules. This dichotomy is reinforced by geography. The RFE is much closer in geographic terms to Northeast Asia than it is to Moscow. Many in the RFE felt and feel that their future is tied to that of Asia and yet their present is tied to Moscow. And in economic terms, it is easier, cheaper, and more logical for the RFE to trade
with Asia than with Moscow. However, the region is reliant upon Moscow for food subsidies, wage payments, monetary policy, and much more.

Culturally, much of the region looks to Moscow. Xenophobia and racial tensions abound in the Far East as about seven million Russian citizens face 123 million Chinese in the four nearby Chinese provinces. Again, the RFE is pulled two ways. This leaves contemporary leaders with a number of conflicting choices and paradoxes: Are they Asian or Russian? Should they look East or West for economic, political, and security issues? Can they look in one direction for some needs, while focusing in the opposite direction for others?

Each of the ten regions encompassed in the RFE has a slightly different story and a slightly different relationship with Moscow, the federal center of Russia. Russia has an asymmetric federalism with different powers for the ethnic republics than for the “regions” that are primarily ethnically Russian. A number of subsidiary units also still exist such as autonomous okrugs that again have a different grant of power. Constitutionally, the ethnic republics have more power than the “regions.” However, in the unpredictable floating crap game that is Russian politics today, the reality is often quite different. Some governors have managed to attain equal status with the ethnic republics and aspire to even better federal terms. It is this on-going bargaining based primarily on blat and sviazi (loosely translated as power, influence, and relationships) that interests me. In the process of analyzing the relationship the RFE has with Moscow, I will provide the reader with basic demographic, economic, and political information about each of the ten components of the RFE as well as clarify the nature of federal relations today. I will also look at how history and geography affect the choices and possibilities the leaders of Russia and the RFE face as they move away from the Soviet past and into the uncertain future.

The RFE encompasses one quarter of Russian Federation territory. The RFE is over 5,700 miles from Moscow and ten hours by plane. Much of the RFE is six to nine time zones away from European Russia. The remoteness from the federal center of the Russian Federation has certain costs and benefits for the region. In some ways, this region has the same “frontier mentality” that made the American West famous. There are many who argue that parts of the RFE are very similar to the “Wild West” with few lawmen and many lawbreakers. Even under Soviet rule, there was a feeling of freedom that permeated the region due to its distance from Moscow. As a matter of fact, one story that came out of 1991 goes as follows:

About 6 months after the collapse of the Soviet Union, foreign tourists began to travel to points previously forbidden. One group of adventure tourists went to Chukotka for some camping and to view the wildlife. They happened upon a group of natives and asked them for their impressions of life after the USSR. The Chukchi villagers were unaware that the Soviet Union had collapsed and said that the
regime had never bothered them much and they doubted that the new regime would be that interested in them either!

The population of the RFE is approximately 7.5 million, or 5 percent of Russia’s total population. Russians constitute about 81 percent of the population (although many are descended from Ukrainian emigrants); 6 percent are descendants of Chinese, Korean, Japanese, Vietnamese, and native peoples. With about 1.2 persons per square kilometer, the RFE has the lowest population density in Russia (Table 1.1). As a result of the harsh climate and difficult living conditions in the northern areas, decreases in regional wage differential payments, and the decrease in federal subsidies to the region, there is a substantial annual migration of population to other regions of Russia that has been increasing in recent years.

The Russian Far East measures 6.2 million square kilometers or 36.4 percent of the territory of the Russian Federation. The large size and low population density in the RFE mean that transportation costs are very high and therefore everything is more expensive in the Far East than in European Russia. In addition, these factors also make it harder for governmental and nongovernmental institutions to build close networks within and among the region. Much of the region also lacks a broad-based and diversified economy, and some of the regions are almost totally lacking in manufacturing capabilities, and so they are reliant on goods produced elsewhere, particularly foodstuffs, and so must pay the rising transportation costs in order to survive.

The southern part of the RFE (Amur Oblast, Jewish Autonomous Oblast, Khabarovsk Krai, Primorskii Krai, and Sakhalin Oblast) accounts for more than 70 percent of the region’s economic potential, including 90 percent of the

<table>
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<tr>
<th>Region</th>
<th>Size (000s km²)</th>
<th>% of RF territory</th>
<th>Rank in RF (out of 89)</th>
</tr>
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<td>Far East</td>
<td>6,216</td>
<td>36.4</td>
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<tr>
<td>Amur Oblast</td>
<td>363.7</td>
<td>2.1</td>
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<td>Chukotka Autonomous Okrug</td>
<td>737.7</td>
<td>4.3</td>
<td>9</td>
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<td>Jewish Autonomous Oblast</td>
<td>36.0</td>
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<td>64</td>
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<tr>
<td>Kamchatka Oblast</td>
<td>472.3</td>
<td>2.8</td>
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<td>788.6</td>
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<td>1.0</td>
<td>26</td>
</tr>
<tr>
<td>Sakha Republic (Yakutia)</td>
<td>3,103.2</td>
<td>18.2</td>
<td>1</td>
</tr>
<tr>
<td>Sakhalin Oblast</td>
<td>87.1</td>
<td>0.5</td>
<td>40</td>
</tr>
</tbody>
</table>

INTRODUCTION

agricultural production, heavy industry, consumer goods production, and food processing. The northern part of the RFE (Chukotka, Kamchatka Oblast, Koryak Autonomous Okrug, Magadan oblast, and Sakha) lives off extractive industries ranging from fishing to mining. At present, the RFE produces approximately 5 percent of Russia’s national product but is the number one producer of diamonds and gold as well as a substantial producer of other important resources such as timber, oil, gas, and tin.

Chapter 2 will deal with these basic demographic, historical, and factual matters at a regional level and will introduce the argument of the book. In this book, I will argue that the story of the RFE is one of cooperation and conflict domestically, regionally, and internationally throughout history and in the contemporary period. The RFE is a frontier region, far from the center of empire (be it Tsarist or Soviet, or Russian). It is a harsh and diverse environment in which people must cooperate but also an environment that encourages individualism and self-reliance.

Chapter 3 will explain the political situation in the RFE. First Tsarist St Petersburg and later Soviet and Russian Moscow have struggled to exercise control over the region. The relationship between the RFE and the center has varied greatly over time and has ranged from total dominance to shared federal powers. The RFE continues to struggle for some measure of autonomy while also being dependent on the center for food and investment. These struggles and dichotomies have strong implications for federal relations between the RFE and the Kremlin. There are also numerous personalities and movements that are shaping the politics of the region. I will also analyze the political situation in which the leaders of the Far East have to operate given their position between European Russia and the Pacific Rim.

Chapter 4 will look at the economy of the RFE and how the various territories have fared under the post-Soviet regimes. The RFE is rife with opportunity and corruption. Lawlessness and colorful individuals do exist in the region but so do hardworking, honest citizens who are striving to cope with the dramatic changes of the last decade. Some of the territories in the RFE are more corrupt and others are less so. Some are highly autocratic and others are slightly more democratic. This book will help the reader see those distinctions.

Many of the defense industries that had been heavily reliant on the central budget and the military threats of the Cold War are doing very poorly. However, joint ventures in the fishing, timber, automotive, and oil industries are doing relatively well. In the service industries – restaurants, bars, hotels, tourism – joint ventures abound and are doing well in some areas. There is some entrepreneurship as well, and many of those small businesses are working out nicely.

The Soviet era reliance on extensive methods of economic growth as well as casual attitudes towards the environment and over-militarization have left the RFE with a legacy of ecological and health problems that will seriously affect the region’s ability to grow and progress economically. Clean up alone of the
mess left by the previous regime will take decades and many millions of dollars. Health care costs are astronomical. The situation is so bad that some regions are paying to send elderly and ill citizens to European Russia rather than care for them in the Far East. Corruption has added to the environmental problems. Some of the money from Japanese and American sources that was supposed to pay for the decommissioning of nuclear vessels, cleaning up water supplies, and decreasing acid rain has found its way into the hands of corrupt politicians and businessmen and not into fixing the problems faced by the RFE, and the funding has occasionally been halted due to these ongoing problems with corruption as well as due to economic downturns in the primary donor countries. These issues will be dealt with in both the economics chapter and the chapter on the military since the ecological situation is greatly influenced by both economic and military policies.

Chapter 5 focuses on the neighborhood in which the ten territories of the RFE are located. The region has forged closer ties with its Pacific Rim neighbors, including the United States due at least in part to their proximity and therefore lower transportation costs, but also because Moscow no longer has the resources to subsidize and invest in the Far East. Many of the joint ventures in the RFE are with Korean, Japanese, American, and Canadian businesses. Rising tensions and ethnic problems in China affect the region as do population trends. The Chinese population is large and growing, while that in the RFE is small and dwindling. Korea, Japan, and the United States also play important roles in the regional foreign policy of the region and will be dealt with here.

The RFE was a highly militarized area under the Soviet regime. Chapter 6 explains the role and pervasiveness of the military in the Soviet and post-Soviet RFE. Troops were stationed along the border with China and North Korea. The Pacific Fleet (Tikhonoi flot) of warships and submarines sailed out of several Far East harbors. There were border guard regiments, tank brigades, reconnaissance units, and motorized rifle units in the Far Eastern Military District as well as strategic rocket forces. In addition, the Air Force based a large number of military aircraft in the region. Helicopters, planes, and ships were built in enterprises around the Far East as well. Many of these units and enterprises continue to exist on paper but at a much lower stage of readiness and with many fewer troops. Some no longer exist or no longer function. Housing, wage arrears, and morale are all serious problems for the military. In some cases, the regional governments have subsidized local troops in a variety of ways that could cause alarm in Moscow and questions about to whom the troops owe their loyalties.

Political and economic leaders in the RFE, and leaders of the central government in Moscow, face a daunting task. Many of the Russians in the Far East originally came to the region due to the large regional pay differential (hardship pay) that no longer exists, due to obligatory military service, for ideological reasons such as “to build Communism” which, again, no longer
exists, or to be near family who had been exiled to the GULAG, the vast Soviet prison system that is mostly a thing of the past as well. Those who can afford to, leave for European Russia or other places where life is less expensive and easier. Many cannot afford to leave. Travel and daily living expenses have risen exponentially since the demise of the USSR so that most Russians, and other ethnic groups, are struggling to survive and cannot afford to move or emigrate. This is especially true in the RFE due to the higher costs involved. In addition, the propiska system is still in place in some parts of the country and various permissions and stamps are needed before one can relocate officially.

During the late Soviet period and the Yeltsin years, the regions of Russia took a lot of powers away from the central government and often managed to consider the entire administration of the country as quite superfluous. The RFE flouted central directive and followed its own path. Under Putin, this has changed. Putin has been trying to reassert control and reemphasize the need to keep Russia together and strong. Putin managed to get rid of Evgenii Nazdratenko, the infamously corrupt leader of Primorye; however, the Russian budget cannot pay out the kind of subsidies common under the Soviet Union nor does it have money to invest in the region. Once again the RFE is pulled in two directions.

The last chapter, Chapter 7, will pull together the various threads presented herein and offer some conclusions about the region and its future. The goal of this book is to help the reader to better understand this region of Russia, the following chapters will lead the reader through the conquest of the Far East by the Russian Empire through the Soviet period and into the present. We will look at history, politics, economics, foreign relations, and the role of the military in the RFE in order to gain an appreciation of the situation in the RFE and to analyze the likely future of the RFE.
HISTORY AND DEMOGRAPHICS OF THE RUSSIAN FAR EAST

The history of the Russian Far East (RFE) is intimately bound up with geography. The natural environment, and the challenges it posed for settlers and administrators, shaped the directions of economic, social, and political development in the region. In the northern regions consisting of subarctic tundra and permafrost, builders and settlers were confronted with almost insurmountable construction problems, which have been overcome only at great expense and with the aid of modern technology. The great taiga forests, thick stands of evergreens, represent a great potential resource. However, these same forests have made it costly and time consuming to clear land for agriculture and settlement. The sheer size of the RFE has also confronted Russian authorities with enormous transportation problems. In addition, inhospitable terrain confounds transportation and limits possible sites for settlements, towns, and military outposts, especially in the mountains that run along the coast of the Primorye, and that dominate Kamchatka and Sakhalin Island, limiting population centers on the periphery of the Far East.¹

The great rivers of the region have controlled the tides of settlement. The Lena, the Kolyma, and above all the Amur, are the great highways of the Far East, moving goods and people from one part of the region to another. The river valleys provide easily accessible agricultural and grazing land, sites for towns and forts, and effectively tie the region together. The rivers also enable trade and commerce among settlements and between the Far East, European Russia (via the rail system), and Asia. The native cultures tended to cluster along the rivers: the Yakuts along the Lena, Chukchi in the Kolyma area, and various tribes, both local and Mongol and Manchu/Jurchen emigrants that settled along the Amur. All of these natives adapted to the natural environment of the Far East, subsisting on reindeer herding in the permafrost zone, and on hunting, fishing, gathering, and small-scale agriculture in the more temperate parts of the region. They adopted tribal cultures, emphasizing kinship and clan networks, and conducted limited trade in the byproducts of forest and reindeer, remaining small and scattered in population.²

Over the years, the tribes around the Amur River became increasingly exposed to Chinese and Korean culture and civilization. The Manchu gained
control of the plains of Manchuria from the Amur River, and imposed their rule on China. Influence flowed in both directions. Timber, reindeer hides, and fish in the Far East acted as a magnet for Chinese and Korean settlers and merchants, who established trading posts in the Amur valley, and in the mountains and hills of the Primorye. Trade and settlement brought conflict, and conflict brought the imperial Chinese government, which began to establish outposts and forts, to protect trade and settlers and control the unruly tribes of the Far East. The forts, trading posts and small villages became centers radiating Chinese culture throughout the area. Temples were built and Chinese artifacts are found in archaeological sites and tombs dating to AD 600. This was not a one-way street. Exposure to the riches and luxuries of Chinese civilization also attracted the attention of the tribes of the Mongolian steppe and Siberian taiga who periodically spilled over the frontier into China proper. Both directions helped to firmly fix the Far East into the Chinese cultural sphere.

These were the geographical, tribal and cultural conditions that the first Russian explorers confronted as they entered the Far East. They came in search of “soft gold,” the furs of otters, beavers and sables, which commanded high prices in the markets of China and Europe. The wide-open spaces and economic opportunities attracted two types of settlers to the region. Free settlers including Cossacks, merchants and peasants looked for new opportunities and escaped from serfdom by traveling to the Far East. They moved through the region looking for new commodities to trade and for land to farm and upon which to build. But the traditional system of serfdom also moved into the Far East. State serfs and other bound laborers accompanied the rulers sent out from Moscow and St Petersburg. To exercise control over the area, voevoda were established by the Tsar’s government, and given the power to establish political order and ensure the flow of furs, to enrich the Imperial government. The flow of furs originated with the yasak system of tribute levied on native groups, requiring them to supply furs under penalty of punishment and destruction of their communities. The yasak remained a source of bitterness, poisoning relations between Russians and local tribes well into the nineteenth century, acting as both a threat, allowing the Russian authorities unlimited right to punish natives, and as inspiration for revolts, such as the Yakut rebellion of 1642, which led to a 70 percent decline in the native population between 1642 and 1682.

Explorers and settlers entered the Lena river valley with the founding of Yakutsk in 1632. From there, Russian settlement progressed steadily east and south. Okhotsk, on the ocean was established in 1647. Albazin, founded in 1651, marked the entry point for Russian explorers from the north in the Amur basin, followed by the founding of Nerchinsk on the river in 1654. Settlements such as Nizhne-Kolymsk (1644) were founded on the Arctic shore, followed by the establishment of Anadyr on the Bering Strait in 1649. Other tides of settlement brought Russians to Kamchatka, where the outposts
of Bolsheretsk (1700), on the west coast, and Petropavlosk (1740), on the east coast facing the northern Pacific, solidified Russian claims to the peninsula. By the middle of the eighteenth century the Russians had established a chain of outposts, trading posts, and forts fronting the three major frontiers of the Far East, along the Amur, the Pacific Ocean, and the Arctic, thus putting the Russians in competition with Chinese territorial claims.

By the seventeenth century it was clear that the Amur River was vitally important to Russian ambitions in the Far East. The river provided a tempting highway to the Pacific and was a temperate zone capable of sustaining farms and towns, thus it quickly became the focus of Russian interest in the region. A collision with China was inevitable, once Russian interest turned to the Amur valley. The new Ching dynasty, with its roots in Manchuria, considered the Amur part of its homeland, and was determined to defend it. Russian expansion first collided with China at a point when the Chinese were able to effectively defend their frontier, and the Russians were weak. The Treaty of Nerchinsk (1689) recognized Chinese suzerainty over the area, and left the Chinese in control of both the Amur valley and the Primorye, blocking Russian expansion to the Pacific.

This did not stop Russian dreams of expansion. Crossing overland or surreptitiously following the Amur, Russians continued to explore the Far East and eventually established a base on the Sea of Okhotsk at Nikolaev. This served as the jumping off point for exploration of Kamchatka, and the establishment of trading and military posts on the peninsula and Sakhalin Island. Fur traders, merchants and settlers moved across the Bering Strait into Alaska, and Russian naval expeditions sailed along the coast of Primorye, the Japanese islands, the North Pacific and the western coast of North America. Along the Lena, and in the trans-Baikal, settlers, both free and bound, continued to arrive and establish towns and farms, collecting furs and cutting trees. Slowly the Russians were acquiring the positions and forts from which to challenge Chinese dominance in the region, and establish that of Imperial Russia, a process that lasted through the eighteenth century.

The vast territories of the RFE constituted a challenge to the governance and social institutions of the Tsarist regime. From the start, Moscow and St Petersburg were determined to maintain central control and authority over the scattered and extended settlements of the Far East. Initially, the Far Eastern settlements were subject to the Governor General at Irkutsk, and ruled as an extension of Siberia. Gradually, as new bases and outposts were established, the Tsar established a separate Governor General in the Far East, with general powers over the entire region, from the Lena River to Alaska. The Governor-General enjoyed vice regal powers as the Tsar’s personal representative in the region. He enjoyed command of the local military forces and control of the state peasants. With their efforts, an enduring pattern in Far Eastern political affairs was established. Intermittent efforts by the center to exercise authority were interspersed by episodes of
local autonomy, as the center relaxed its grip or lost sight of the region through preoccupation with other affairs. What became clear over time was the military character of the frontier in the Far East, confronting China across the Amur and facing the Pacific Ocean. In addition, the region was economically weak and unable to feed itself without importing food supplies due in large part to the harsh climate of the region. The military basis of settlement and the dependence of the Far East on outside supplies gave the central authorities crucial leverage, and meant that the region would remain dependent on the center, despite any desire for local autonomy or even independence.

The chain of bases, outposts, and towns established from the Lena River and Lake Baikal, to the Sea of Okhotsk, Kamchatka, and Sakhalin became the foundation for the renewal of Russian expansion. By the early 1800s, Russia was ready to take advantage of the declining power and weakness of Manchu China, and overturn the Treaty of Nerchinsk.

The new aggressiveness of Russian policy in the Far East was sparked by the arrival of a new Governor-General, Nikolai Nikolaevich Muraviev (1809–81). Muraviev embodied the expansionist feelings of Far Eastern Russians, captured in the phrase *amurtsy*, those who believed in the future prosperity and destiny of the RFE and the necessity for Russia to control the Amur River basin. Initially, the *amurtsy* aimed at wresting control of the Amur valley from China. Muraviev saw the Amur as a breadbasket for the region, with fertile land awaiting peasant farmers, who would provide an agricultural foundation for the Russian settlements, making the region self-sufficient. He saw the Amur as the highway of the Far East, the cable that would hold the region together, and connect central Russia with the Pacific Ocean. Muraviev also knew, as a military man, that a river was a more natural and defensible border than a border in a flat plain which was where the Sino-Russian border fell. Once control of the Amur was assured, Russia could begin to look at the Primorye, Manchuria, and eventually the Pacific Ocean as future areas of expansion, relying on the wealth and productivity of the Far East to carry explorers and the imperial mission to far distant lands.

Muraviev’s campaign began gingerly between 1854 and 1857 with a series of expeditions, part exploratory and part military, designed to reestablish a Russian presence in the Amur valley and the Primorye. Each expedition extended the chain of posts and towns, such as Khabarovsk, until the Russians established firm control of the region by 1858. Moving swiftly to absorb the region into the empire between 1858 and 1860, Vladivostok was founded in 1860 as the anchor of settlement on the Pacific for the Far East and as an outlet for the trade and commodities of the area. Taking advantage of the Taiping Rebellion and China’s conflict with France and Great Britain in the Opium Wars, Russian diplomats pressured the Chinese into ceding control of the Amur region and the Primorye with the Treaties of Aigun and Beijing. The Treaty of 1689 had been completely overthrown and Russia was now dominant in the Far East.
The newly annexed regions still had to be integrated into the overall political structure of the Russian Empire. Muraviev had, inadvertently, sewed the seeds of a separate regional identity that trouble center/periphery relations to this day. Many of his actions had been taken on his own initiative without consulting the Tsar. Distance from the seat of government made him bold and he pursued many goals that might have been vetoed by St Petersburg. Much like Muraviev, the *amurtsy* clearly saw the Far East as a region of special significance for Russia, with its vast forests and untapped natural resources but distrusted the distant central government. There was always the danger, however, that these resources would not benefit the Far Easterners, if the imperial government and central Russian interests were able to establish their dominance in the region. Yet, the *amurtsy* were dependent on the center for food and protection that was needed because the Far East was a military frontier where enemies were ever present.

Old and new challenges to Russian control of the region appeared in the nineteenth century: resentful Chinese, a newly unified and aggressive Japan, and the more distant threat of the United States and Great Britain as rivals for Pacific dominance loomed on the horizon. The border between Russia and Manchuria was porous and poorly controlled. Large numbers of Korean, Chinese, and Japanese workers and farmers lived in the Far East, and moved easily across the borders. Bandits infested the roads and river passages, plundering caravans, farms, and wagons, then fleeing into Manchuria to escape police and army patrols. The principle cities of the Far East, Khabarovsk (the political capital), Vladivostok (the commercial center), and Blagoveschensk were on the border, and exposed to attack from China.

The military uncertainties of life in the Far East gave the government in St Petersburg the opportunity to reorganize the political structures of the region. In 1884, the government separated the administration of Siberia and the RFE. The Tsar established a separate Far Eastern Governor Generalship embracing the Amur River and Primorye regions with its headquarters in Khabarovsk and a separate one for Siberia with its base in Irkutsk. Muraviev was dismissed, and brought back to the center, and local officials were rotated on a regular basis to ensure that loyalty remained with the Tsar and to minimize any local attachments.

The official policy of the Tsarist government was to develop the Far East economically and to increase the Russian population there. Among many projects with these goals in mind was the construction of the Trans-Siberian Railroad. The center recognized and moved to exploit the economic potential of the Far East, seeing the region as one of great promise with unlimited resources. New resources were being discovered: fish from the Pacific, wood, paper, and timber from the vast forests, various ores and minerals. As the turn of the twentieth century approached, the RFE loomed large as a potential center of power and wealth for the expanding and dynamic Russian Empire.
Trans-Siberian Railroad, Russian engineers, investors, government officials, and diplomats turned their attention to Manchuria. They thereby inadvertently opened the door to the destruction of the Tsarist regime and began a 25-year period of social, political, and military chaos in the Far East. The weak Chinese regime, weaker still after the Boxer Rebellion and the occupation of Beijing by European forces, could no longer stand in the way of Russia’s imperial expansion, and granted rights to construct the Chinese Eastern Railroad across Manchuria. Building the railroad and ensuring its security drew Russian forces deeper into China. Russian capitalized on the weakness of China and forced the leasing of Port Arthur and Dalny, ice-free ports on the Yellow Sea, and the Russians also occupied the cities of Harbin and Mukden. Russian participation in the international force that relieved the western legations in Beijing from the Boxer rebels placed Russian troops at the center of Chinese political power. The leaders of Asian nations, the United States, and the European powers saw a very real threat that major portions of Manchuria and northern China would fall unalterably into the Russian sphere of influence, perhaps leading to the partition of China.

This expansion into areas that had been predominantly, or at least politically, Chinese and Korean, coupled with the rising power of Japan during this era, meant that political leaders in the RFE and the Russian colonists were often fearful of losing their control. Also, since there were so few Russians and native peoples, many elites worried about the lack of demographic balance and feared being “overrun” by the more numerous Asian peoples in the region. In the late 1880s and 1890s, successive political leaders in the RFE ordered the expulsion of Chinese and Korean peoples from the frontier region on a number of occasions. Ethnically Chinese organizations were declared illegal and disbanded. Koreans living in the region were relocated to less strategic parts of the region and often subjected to “russification.” A passport system was proposed to control the movement of Chinese and Koreans in the RFE and various political leaders enacted or suggested other discriminatory rules as well. Even political figures like Nikolai Gondatti, who often asserted that the Korean population was not a threat to Russia, used xenophobic rhetoric once he took office as governor-general. Such rhetoric seemed to appeal to the populace and make governing easier.

Russian territorial expansion and growing influence in China led to a clash with Japan. The Japanese also had ambitions in China. The two rising powers had conflicting interests in Manchuria and Korea. War broke out between Russia and Japan in 1904. Naval superiority gave Japan’s army a free rein to invade Manchuria and Russian-held territories. Russian armies fought tenaciously, but were poorly led and at the far end of a 10,000-mile single-track supply line, eventually losing Port Arthur and Mukden to the Japanese. Within 2 years, both sides had reached the limits of their resources, and concluded a peace treaty in 1906, but the loss of territory and prestige to an
opponent many Russians deemed substantially inferior to themselves added to the Tsar’s already numerous political problems.

Military defeat led to revolution in Russia. The loss to Japan was considered clear evidence of the incompetence of the Tsarist regime. Revolutionary ferment spread from St Petersburg and Moscow to Vladivostok, leading to the Tsar’s recognition of the legitimacy of an elected Duma in the October Manifesto. Uprising and revolt broke out in the Far East as well as central Russia. A coalition of Menshevik Social Democrats, Socialist Revolutionaries, and Kadets established the short-lived Chita republic, which was an expression of Far Eastern regionalism as much as political radicalism. After loyal troops crushed the Chita rebellion, revolutionary action shifted to Vladivostok, where a radical coalition of sailors, industrial and dockworkers, and railway men established a Soviet on the model of St Petersburg. Here too, troops loyal to the regime succeeded in putting down the revolt, restoring traditional authority and reimposing order. By 1907, the revolts were finished and tsarist authority reestablished throughout the region. But, the revolutions had failed only because the different radical groups failed to cooperate with one another. Radical and localist beliefs remained beneath the surface, to reemerge during the next revolutionary crisis.

The new crisis was not long in coming. In August 1914, Russia joined in World War I, by declaring war against Austria-Hungary, provoking conflict with Germany. The war was unprecedented in modern European history. Even on the long Russian front, lines of trenches appeared. The war was extremely costly in terms of men, weapons, ammunition, and machines. The strain of war undermined the political, military, and economic foundations of the tsarist regime. Russia’s armies were, once again, brave, but badly led, creating huge casualty lists. The effort to supply the army and keep war industries productive shattered the Russian rail system, creating a paralysis of communications and transportation, threatening the food supply of major cities. The labor system also strained to breaking point. Workers were poorly paid, poorly treated, and abused. The demands on the workers, due to the war, were for larger and larger efforts for little reward. This wore thin and contributed greatly to the rise of labor unrest and the eventual collapse of the system. The tsar’s administration was incapable of mastering the situation, and as the food, transport, and labor situations deteriorated at the end of 1916, the regime came crashing to the ground in February 1917.

The new provisional government proclaimed in February of 1917 almost immediately gained the support of conservative and moderate elements in the RFE. The Kadets, Socialist Revolutionaries (SRs), and Mensheviks who had formed the backbone of the Chita republic in 1906 returned as the new rulers of the Far East, helped establish the authority of the new revolutionary regime, aided by exiles and political prisoners sent to Siberia and the East by the tsarist regime. Almost immediately, however, the moderate revolutionaries faced a challenge from the Bolshevik radicals, who were gaining a foothold.
among the railway workers of the Trans-Siberian and Chinese Eastern Railroads and the revolutionary workers of Vladivostok. As the Provisional Government began to slowly decay, regional governments in the Far East started to exercise more and more control in the region, until the October Revolution brought the Bolsheviks into power, and boosted the political standing of their supporters in the East. Political ferment and conflicts boiled under the surface, until the Civil War broke out in the summer of 1918.

No area of Russia would be more fought over for a longer period of time by a more bewildering array of forces than the Far East. The Civil War actually began in Siberia and the Far East, with the attempt by the Bolsheviks to disarm the Czech Legion on its way to Vladivostok for repatriation to Europe.9 As the Czech forces seized control of the principal railway stations of the Trans-Siberian Railroad, localist, moderate, and counter-revolutionary forces emerged to contest control of the Far East with the agents of the Soviet regime. Red (soviet), White (counter-revolutionary), and Green (nationalist/localist) forces began the indiscriminate recruiting of troops and supporters from whatever was at hand – local workers, bandits, Cossacks, ex-tsarist soldiers and sailors, Korean laborers, even ex-prisoners of war, especially those of the Hapsburg monarchy such as the Hungarians, who fought on all sides. Each relied on guerilla and partisan detachments, who ranged far and wide, hiding in the hills of the Primorye, or across the border in Manchuria, and who gave little quarter to their enemies. Each side also relied on terror and secret police forces, such as the Chekha, to maintain their control and introduce a rough measure of order into the region.10

Local forces and local political conditions were complicated by the arrival of various interventionist contingents, particularly from the United States and Japan. As the international forces arrived, they were confronted with a number of crucial questions. Were they only to protect allied property and citizens, or restore order? Were they there to overthrow the Bolshevik regime or seize the Far East for themselves? Each answered differently. The United States took a relatively soft line, which did not prevent American forces from conducting bloody reprisals against the local population after partisan raids. The Japanese, more systematically, tried to reimpose order, and gave the White forces a firm base from which to operate. During 1918 and 1919, with support from Czech and Japanese troops, the Whites overthrew the Soviet regime in the Far East. But, they were disorganized and unable to agree on a common, popular agenda that would generate local support for their rule. Identification with foreign forces also tainted the White cause and gave their Bolshevik opponents the Russian “nationalist” high ground during the war. Still, the advance of Admiral Kolchak’s army into Siberia and the Urals posed a significant threat, which the Soviet government took seriously. Marshalling their forces, the Bolsheviks defeated Kolchak, and his collapse in 1920 opened the door for the Red Army’s resurgence and the return of Soviet power to the Far East.
This is not to say that the Reds had been quiet in the East between 1918 and 1920. Partisan units ranged up and down the Far East, using the empty space and easy border crossings to their advantage. It became almost impossible for regular army units to track down leaders like Kalmykov or Semyonov (White), Shevchenko (more or less Green), and Lazo and Triapitsyn (Red). They moved at will in the open country, and occasionally into the towns, leading to events like the Nikolaev incident, when the local Japanese population was massacred by Red partisans, triggering an active and threatening Japanese response.\(^{11}\)

By 1920, Moscow adopted a subtler approach to the Far Eastern problem, with the establishment of the Far Eastern Republic (FER) as an independent buffer state. Gradually, the FER began to impose order, negotiate local political arrangements with contending groups and parties, and meet with Japanese leaders to work out their withdrawal from the Primorye. As the foreign armies left, the White forces gradually collapsed. Much of the credit for the victory went to the new commander of the armies of the FER, Marshal Vasily Konstantinovich Blucher (1890–1938), who would dominate the Far East for the next 18 years. As the East was pacified, White forces driven across the border into China, and increasing impotence and political order restored, it became possible for the Soviet government to drop the buffer strategy. The FER was absorbed into the Russian Federation (RSFSR) on 15 November 1922, and the Far East became a part of the Soviet Union.\(^{12}\)

The Far East remained a distant stepchild of the Soviet regime in the interwar period. Communications were poor, the rail lines and economic installations were devastated and, during the 1920s, Soviet attention was focused on reconstruction and restoration of the economy in Central Russia and Ukraine. Localist and nationalist sentiment, some nourished by the FER's brief period of independence persisted in the East, constituting an ever-present challenge to Soviet authority in the region. Still, the Far East was not totally ignored. After the inclusion of the Far East into the Soviet state, Moscow began the process of political reorganization and economic reconstruction in the East. The first order of the day was the restoration of the economy and recovery from the Civil War. The establishment of Soviet power in the Far East also brought the New Economic Policy of Lenin. One key provision, with enormous impact in the East, was the search for foreign concessionaires, who would be willing to foot the bill for economic restoration and expansion, in return for a share of the produce. Grudgingly, the Soviet regime recognized the importance of exploiting the natural resources of the Far East and the role they could play in restoring prosperity and building socialism for the USSR.\(^{13}\)

The ambivalence of Soviet authorities to the Far East changed with Stalin's rise to power after 1928. The Far East loomed large in Stalin’s thinking in two key respects. First, the region was an important outpost of Soviet power, watching China, Japan, and the United States, as well as the entire Pacific
region. But, the Far East was also seen as an increasingly important source of raw materials and resources for building socialism, and fueling the Soviet military machine, for the entire Soviet Union. Both aspects demanded that Moscow turn its attention to building up the demographic, economic, and material resources of the region. Yet, building up the Far East ran a risk for Soviet policy-makers. Increased population and economic development could also contribute to an increase in local identity and independence, a tendency accentuated by the sparse communications in the region, and between Moscow and the Far East, where there was no direct telephone connection between Moscow, Khabarovsk, and Vladivostok until 1938.14

Moscow sent Yan Borisovich Gamarnik to the Far East to oversee the development of the region’s resources including efforts to increase the Russian population there. He would play as important a political role in the region as Blucher did in military affairs. Gamarnik was an apparatchik who had risen with Stalin. Coming from Ukraine, he had a ruthless drive and temperament reminiscent of Muraviev and the amurtsy of the nineteenth century, and he began to build his own network of supporters and clients throughout the Far East, all dedicated to the extension of Soviet power and socialism in the region. Central to the development effort was building up the population of the Far East. Incentives for settlers and workers – including cash payments, free transportation, land, and wage differentials – to emigrate to the East were set up, and Gamarnik sponsored the establishment of the Autonomous Region of Birobidzhan as a Jewish homeland as one measure designed to expand and add to the population of the Far East.

Expanding the population base and economic development of the region was of even greater concern in light of the national security preoccupation of the Soviet regime. The Bolsheviks remained suspicious of Japan’s intentions in the East, and looked uneasily at the decay and political disintegration of China. In addition, the Soviets wanted to reestablish the old tsarist claims to Manchuria, and reassert their control of the Chinese Eastern Railroad, which would be a vital transportation link in the economic contribution of the Far East to the building of socialism. But the Soviet government confronted the same problem that had bedeviled the tsarist regime in the East. An aggressive and expansive Japan saw great opportunity in the collapsing Chinese state, and moved decisively to assert their control over the potential wealth of Manchuria, bullying the Chinese government into ceding control of the railroad to Tokyo, and then staging an incident, which allowed them to seize control of the region and establish the Manchukuo puppet regime.

The renewal of Japanese control over Manchuria again raised the specter of a Japanese counter-revolutionary invasion of the Far East in Moscow. Local leaders began efforts to defend the RFE including the formation of the Red Banner front, under the command of Blucher. New security measures were initiated along the Amur and Primorye frontier and the Border Guards – part of the internal security forces of the NKVD – were extended to the
Soviet–Manchurian border. Both sides braced for conflict, and sharp border clashes were fought along the Amur and near the Mongolian border. The Red Army was able to test out their equipment, leadership and doctrines of mobile, armored warfare against the Japanese Kwangtung Army. The Soviets inflicted sharp reverses on the hard-fighting Japanese. As storm clouds gathered in Europe and the Pacific, both sides recognized the futility of a fight along the Manchurian frontier, and Japan and the Soviet Union concluded a Friendship Treaty in 1940, that held until the last days of World War II. Both sides gained from the treaty. The Japanese were able to turn their attention to China proper and extend the war to the Pacific, against the United States, secure on their northern flank. The Soviets were able to move troops from the Far East to central Russia in the darkest days of Hitler’s invasion in 1941, without worrying about an attack from the Japanese.15

Concerns over the security of the Far East went hand in hand with efforts at economic development of the region. As the work of building socialism gathered speed in the heart of the Soviet Union, the basic framework of the Stalinist state was extended to the East. Collectivization of agriculture, decreed after 1929, took effect in the East after 1930, despite the resistance of peasants and native herdsmen alike. The Five Year plans placed severe demands on the Far East, requiring shipments of raw materials and the expansion of mining and timber exploitation throughout the region, to feed forced industrialization in the rest of the country. The only check to economic development came from the limited population base of the Far East. All efforts at encouraging emigration to the region had failed to increase population enough to maintain the staggering pace of the Five Year plans.

During the late 1920s and early 1930s, Stalin’s purges and the Great Terror spread throughout the Soviet Union including the RFE. The NKVD16 was on the lookout for treason throughout the country and the heightened concern for the security of the Far East easily drew the attention of the chekhists. Terror in the East also was part of the general Stalinist desire for “cultural revolution” and bloodletting among the old Bolsheviks, as a means for Stalin and his clients to consolidate their power. But, the terror was also part of the policy of Moscow to discourage independence and localism in the region. Gamarnik and Blucher had succeeded all too well in establishing independent power bases in the East, and had, at least in the eyes of Stalin, become a danger to Soviet power.

Gamarnik tried desperately to survive. He sacrificed lower-level supporters and clients to the terror, but was tried and executed in 1938. Blucher fell in the general purge of the army. Again, he had been too successful at establishing the military security of the region, and looked like a potential rival to Stalin, at least in the Far East. Arrested and tried with other members of the military, Blucher was executed in 1938 as part of Stalin’s decimation of the Red Army command. Finally, to consolidate Moscow’s control over the region, extensive resettlement of populations and the expulsion of Koreans, Japanese, and
other East Asian peoples from the region were decreed. Vast numbers of people in the Far East were on the move.

Among the people moving through the Far East were the prisoners of the GULAG system. As enemies of the regime were arrested and tried for anti-Soviet activity and other political crimes, they began to find themselves sentenced to prison terms at camps throughout the Far East, and played a significant role in the economic development of the region. Indeed, it is not hard to believe that that was one of the desired results of the terror and purges. If people could not be voluntarily induced to move to the Far East, then their labor would be forcibly conscripted one way or another. The NKVD quickly established a chain of camps, the GULAG Archipelago. The GULAG used convict labor to exploit the natural resources of the region. This desire for economic exploitation was accelerated by the discovery of gold in the Kolyma region, the cold, forbidding area of permafrost, much of it above the Arctic Circle. Moscow and the OGPU established Dalstroy, the Eastern Construction Trust, in 1931 under the direction of Eduard Berzin, which was given political and economic authority over much of the Far East, and charged with pushing the economic development of the region forward as quickly and as ruthlessly as possible.

The GULAG quickly became part of the economic life in the Far East. Over 90 percent of Dalstroy’s workforce were prisoners. Prison labor worked in gold, platinum, and coal mining as well as fisheries, logging, and construction. Prisoners felled trees in the thousands, sending timber down the rivers to feed the construction demands of the Soviet regime. Roads were constructed through the permafrost. Cities sprang up overnight in the region. Magadan, a collection of miserable huts in 1932 grew to a city of 15,000 by 1936 and had 50,000 inhabitants by 1940, becoming the transshipment point for gold from the Kolyma fields, sent to the US to pay for importation of machine tools, equipment, and factories. Poets and writers of the regime lauded the economic miracle of Kolyma and the Far East, but never discussed the GULAG system of labor that made it possible. Only the coming of World War II, and a new wave of emigrants from the West, diluted the importance of prison labor for the economy of the Far East.

World War II was a quiet affair in the Far East. The bulk of fighting went on in the West, where the Soviet regime fought desperately against the German onslaught. Troops from the Far East were instrumental in stemming the German tide at Moscow in 1941. The greatest contribution of the East was as a conduit for lend-lease supplies from the United States. Ships loaded with trucks, ammunition, food, railroad locomotives, railcars and aviation fuel docked at Vladivostok, unmolested by the Japanese under the terms of the 1940 treaty, were loaded onto trains and shipped to the front. Airplanes, loaded with equipment and spare parts flew continuously from Alaska and the US west coast to the Far East and Siberia, for transshipment to the fighting fronts. In addition, the economy of the RFE benefited when much of the
industry of European Russia was moved beyond the Urals, to Siberia and the
RFE, and thus to safety from the German assault.

It was only after the defeat of Germany, in May 1945, that the Soviets
turned their attention to the East. Japan was already close to exhaustion, after
three and a half years of war with the United States and its allies in the Pacific.
Japan made several attempts to go through Moscow in an effort to arrange a
peace with the United States, only to be rebuffed by Stalin. Honoring the
promise made to Franklin Roosevelt at the Yalta conference, and fearful that
the war in the Pacific would end without their participation, Stalin ordered the
transfer of veteran troops from the West to the East. In July 1945, the Soviet
Union renounced the Friendship Treaty and prepared to invade Manchuria.
The attack began on 9 August 1945, coincidentally with the dropping of the
atomic bomb on Hiroshima, which gave the Red Army added incentive to gain
as much of an advantage as they could in a short time. Within a week the lines
of the weakened Kwangtung Army had been broken, and Red Army forces
overran large chunks of Manchuria, reversing the outcome of 1905, and
recovering Russian hegemony in the region. The surrender of Japan for-
stalled the invasion of the Kurile Islands and Hokkaido by Soviet forces as
promised at Yalta. However, Soviet forces took control of the islands of
Iturup, Kunashir, Shikotan, and Habomai without resistance.19

As Soviet commissars arranged for the dismantling of Japanese factories in
Manchuria and their shipment to Russia, the Far East gradually became
central to a new war. The Allied victory in World War II was followed by
increasing suspicion between the United States and the USSR. Once again,
the Far East was to loom large in Moscow’s thinking as a frontier zone of
conflict in the new Cold War. The United States, the Soviet Union’s primary
enemy during the Cold War, emerged from World War II enormously
strengthened and the USSR had been dramatically weakened. Chukotka and
Alaska were quite close to one another across the Bering Strait and aircraft
could easily traverse the Pacific Ocean from America to the Far East. The
enemy seemed closer than ever before.

Soviet war losses numbered in the tens of millions and far more died of
disease and starvation on the home front during the darkest days of war.
Coming immediately after Stalin’s purges in which the country also lost tens
tens of millions of people, the losses were devastating. Economically,
European Russia was destroyed. The front had made it to the outskirts of
Moscow, Petersburg had been encircled, and the southern black earth zone
had been the site of fierce fighting for years. However, the Soviet Union was
firmly convinced that their sacrifices had made the defeat of fascism possible
and also that the West did not fully appreciate that fact. These facts coupled
with a number of misunderstandings, miscommunications, and actions led to
an extremely large amount of tension between the former allies.

Conditions were different this time, however, as the Soviet Union was not
alone. It actively supported Mao Zedong’s Chinese revolutionary forces, even
helping airlift Chinese Red Army units into Manchuria during the Civil War of 1945–49. China was no longer a threat, or a disintegrating magnet for foreign interventionist forces, but a staunch ideological ally. The new alliance proved its worth during the Korean war (1950–53). While Soviet ground forces held back, and Moscow counseled caution to China and North Korea, the Soviet Air Force tangled with the US Air Force in the skies over “MIG Alley,” threatening escalation of the conflict into another world war. Leaders on both sides exercised restraint during the Korean conflict since escalation could easily have meant a nuclear war between the superpowers.

The end of the Korean war in 1953 did not end the role of the Far East as a military frontier. For the US, the long, open shoreline of the Far East meant numerous opportunities to gather information about the secretive Soviet regime and its military might. Submarines, loaded with surveillance equipment, sailed along the Pacific coast, and into the Sea of Okhotsk. They sought information by watching fleet movements and tapping phone lines between the mainland and the naval bases on Kamchatka. Spy planes challenged Soviet airspace, flying missions over the Bering Strait and Sakhalin Island, and on occasion were shot down by Soviet air defenses. Moscow was not long in reacting. Air and land forces were strengthened in the region, and the naval bases at Vladivostok and Petropavlovsk were expanded and the Pacific Fleet brought to higher state of alert. Russian submarines sailed the Pacific, also attempting to acquire intelligence on American fleet dispositions. The Soviets invested huge amounts of capital and manpower into quieter, faster subs for this secret underwater Cold War. The Border Guards were brought back, watching for treason, protecting the borders and frontiers of the rodina from American spies and saboteurs.20

Tension in the Far East increased after Stalin’s death and Nikita Khrushchev’s rise to power. De-Stalinization and liberalization alienated Mao and the Chinese regime, leading to the Sino-Soviet split in 1964. In addition to the United States, now the USSR had another, more traditional enemy in the Far East to watch, and one with significant historical claims to Russian territory. Twice in 1969, Soviet and Chinese forces fought for control of several islands in the Amur River. Soviet influence over the Mongolian government was strengthened and tension remained high. Around 25 percent of Soviet forces and military spending were directed at the Sino-Soviet border region to counter the Chinese threat.

Even as Moscow concerned itself with defensive preparations in the Far East, and worked to increase their military presence in region as a deterrent to US action, the region remained economically important to Soviet planners. At the end of World War II, Stalin again turned to slave labor to continue the economic exploitation of the region, an effort that was buoyed by a slight increase in voluntary emigration to the East. The situation in the Far East changed once again with Stalin’s death in March 1953 and assumption of power by Khrushchev. As the new regime began to dismantle parts of the
The Stalinist system, the GULAG system fell into decay, and with it the economic and demographic growth of the Far East slowed. The center still relied on the resources and raw materials of the East. New economic incentives were put into place to maintain productivity. Pay differentials were reintroduced and increased in order to entice workers to the region. Factory and enterprise managers, and local government and party officials were given new authority and flexibility to act within the constraints of the Soviet planning system, and increase production. New management structures were introduced as part of Khrushchev’s “hare-brained schemes.” But, even before Khrushchev was ousted in October 1964, the signs of economic and demographic stagnation were apparent in the Far East.

Leonid Brezhnev, the new General Secretary of the Communist Party of the Soviet Union (CPSU), was to become the symbol of the era of stagnation in the USSR. But, this was not without a new effort to overcome the inertia that plagued the regime. The new rulers lacked the political will to return to Stalin’s system of forced labor, emigration, and repopulation but did, however, try to restore economic growth in the region. While continuing the economic incentives introduced by Khrushchev, they added the weapons of exhortation and ideological incentives to the mix. New, large-scale projects were developed and given the maximum amount of publicity by the regime. Dams were planned and built in the great rivers of the East, such as the Lena, to provide hydroelectric power for new, massive factory complexes and cheaper electricity for Far Eastern cities.

The late 1960s had brought détente – a lessening of tensions – and a new willingness by the US to be cooperative on strategic arms control, but tensions remained high in the Far East. The submarine games raged on both sides as quieter, faster, and more lethal submarines played tag and threatened to bring nuclear weapons to their opponents’ coastline. Throughout the 1970s and 1980s, the American Strategic Air Command kept B-52s in the air at all times to counter a Soviet nuclear first strike. The Soviets and Americans both built and deployed better intercontinental ballistic missiles aimed at one another. Finally in 1983, Soviet fighter aircraft shot down a Korean Air Lines passenger jet (KAL 007) over Kamchatka. This incident highlighted the continued nervousness of Moscow about their eastern borders, and concern for the security of the Far East during the Cold War. It also signified the rise in tension between the countries following the death of Brezhnev and the rise of Ronald Reagan with his “evil empire” rhetoric.

The centerpiece of the Brezhnev strategy for economic development in the east was the Baikal-Amur Mainline (BAM), an extension of the Trans-Siberian Railroad. To be built along the north shore of Lake Baikal across the rugged taiga to reconnect with the main line of the Trans-Siberian, BAM was partly a national security imperative, designed to protect the vital transportation artery of the East from Chinese aggression. But it was also a showpiece of the regime, designed to attract workers from the center to the
East. Party workers, laborers, and Komsomol members were recruited, military fashion, and given the impression that this was a great work of ideology, a reflection of the regime, as well as an economic necessity. The hope was that many of the young workers and party members attracted by ideology or wages to the BAM project would stay in the East, and form an energetic, hard-working cadre dedicated to economic growth in the region.

The reality fell far short of the ideal. BAM was built slowly and painfully. The railroad, begun with fanfare in 1971, took 15 years to build. Many of the young workers who went east fled at the first opportunity. Enthusiasm could not overcome the dismal working conditions or the rugged terrain through which BAM was to be built. BAM became a symbol of the stagnation of the regime, rather than the dynamism of Soviet communism. As Brezhnev and his regime fell into senility, the Far East also became part of the general decay and stagnation of the USSR in the 1970s and early 1980s.

By the early 1980s, the USSR was ready for change. Mikhail Gorbachev offered a new course upon his election to General Secretary of the CPSU in March 1985. What he confronted would have been daunting to any new leader. Economic production was falling. Basic goods were absent from store shelves. Life expectancy was declining and a major demographic problem confronted the Soviet leadership. Nowhere were these problems more apparent than in the Far East. Since the death of Stalin, the Far East had fallen back into its traditional place in Russia’s economy and society. The periphery became more dependent on the center for supplies of food, capital, and machinery. The Far East still looked like a region of great promise but could not exploit its great reserves of resources. Perestroika and glasnost’ promised a new beginning for the Far East, as it did for the rest of the Soviet Union.

Gorbachev reduced Cold War tensions by actively courting not only arms control, but arms reductions. Through a series of summits, the US and USSR reduced several classes of weapons and eradicated intermediate range nuclear forces. His hope was that reducing nuclear weapons and eventually military spending would enable his country to rebuild its stagnating economy. Gorbachev also introduced perestroika, economic reform, and glasnost’, increased political openness, in order to jump start the economy throughout the country. He argued that glasnost’ would allow the people to point out economic problems that could then be fixed, it would be the “engine of perestroika.” Perestroika would fix the Soviet economy by changing incentives and increasing productivity.

But, once again, the reality was entirely different. Perestroika accelerated the economic decline of the Soviet economy. Glasnost’ did little to encourage labor or economic discipline. As the center weakened economically and financially, the Far East faced what they called katastroika, the total collapse of the economy, rather than a restructuring. Glasnost’ also led to a resurgence of local and regional identity. Throughout the history of the Far East, a
tension between center and periphery had existed. Local identity struggled against imperial and Soviet identity. Stalin had been dead set against localism in the East, which was one of the elements underlying the purge of Gamarnik and Blucher in the 1930s. Moscow had encouraged local writers, especially from native groups like the Chukchi and Yakuts, but most of these authors worked in comfortable surroundings in Moscow, rather than in the provinces, where they could be controlled and rewarded as tame supporters of the regime. *Glasnost'* gave regional and local officials a new voice, leading to a resurgence of local feeling and regional identity.22 *Glasnost'* also resurrected historically useful precedents, discussion of which had previously been forbidden by Moscow. In the RFE, this meant a renewed discussion of the Far Eastern Republic and historical figures who could be construed as pro-independence like Muraviev.

In addition, power struggles in Moscow between Gorbachev and Boris Yeltsin exacerbated ethnic and regional demands. After Yeltsin’s June 1990 election as president of the RSFSR, the struggle for the hearts and minds of the Soviet-Russian citizen began in earnest. The “parade of sovereignties” in which many regions declared their sovereignty, autonomy, or independence had local roots but was caused also by the opening from above of *glasnost*’ and by the Gorbachev–Yeltsin struggle. In order to win the election and increase his popularity, Boris Yeltsin often told his constituents that they should “take all the sovereignty you can handle.” He not only encouraged the various entities that made up the RSFSR to become more independent, he actively supported independence movements in the Baltic States and elsewhere. That support sent powerful signals to groups like the Tatars, Sakhans, Chechens, and others who took power and demanded more.

Following the August Coup in 1991, Gorbachev had obviously lost the struggle for power in both the Soviet system that was rapidly crumbling and in Russia. Yeltsin had the popularity and the power to rule. On 7 December 1991, Yeltsin and the leaders of Ukraine and Belarus met and signed an agreement to destroy the USSR and create a new Commonwealth of Independent States (CIS) out of the independent states of Russia, Ukraine, and Belarus. The Central Asian states joined the CIS shortly thereafter followed later by Armenia, Azerbaijan, and finally Georgia. On Christmas Day 1991, Gorbachev stepped down. Yeltsin was now the president of an independent Russian Federation. Could he control the regional forces he unleashed? Or would he become a captive of them? The two wars in Chechnya and the proliferation of bilateral agreements and treaties with many of the constituent parts of the Russian Federation in which the central government lost significant control both politically and economically were a signal that power was flowing to the periphery at the expense of the center.

In the RFE, local leaders followed the national trend. During the early to mid-1990s, almost all of the territories of the RFE either declared sovereignty, negotiated a special bilateral arrangement with Moscow, or both.
Yeltsin made some half-hearted attempts at reining in the regions, but was basically unsuccessful except in Chechnya and yet Russia is, at this writing, in the midst of a second Chechen war in its attempt to keep Chechnya within the Russian Federation, so even its “success” there is problematic. Since Vladimir Putin became the president of Russia, he has made even more attempts to bring the regions of Russia, including the RFE, back under central control.23

Demographics in the RFE

The RFE, as a region, is very large (6,216 thousand sq kms) and constitutes more than 36 percent of the area of the Russian Federation. The RFE is about two-thirds the size of the United States (9,629 thousand sq kms) or Canada (9,976 thousand sq kms). The RFE encompasses the largest of the Russian subjects, Sakha (3,103 thousand sq kms or about the size of India) and one of the smallest, the Jewish Autonomous Oblast (36,000 sq kms or a little larger than Maryland or Belgium) (Table 2.1). The size of the region coupled with its remoteness from the capital Moscow, seem to encourage a feeling of distance that is not just physical but also psychic. The RFE has traditionally avoided or ignored some of the dictates of the center.

The RFE is also quite diverse ethnically, linguistically, and religiously. Though the majority of residents are Russian, many other ethnic groups also live in the region. Indigenous or native peoples like the Even, Chukchi, Nanays, Negidals, Udegei, and others are small in number. Ukrainians and Belarusians add to the Slavic population of the region. There are some Jews, which Russians consider an ethnicity, who speak Yiddish and/or Russian in the Jewish Autonomous Oblast. Koreans are listed as residents, though interestingly, Chinese are not. This is most likely a highly political choice in reporting census statistics. There are numerous languages representing

Table 2.1 Population of the RFE

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>RFE</td>
<td>7,941,000</td>
<td>7,367,000</td>
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<tr>
<td>Amur Oblast</td>
<td>1,058,000</td>
<td>1,023,000</td>
</tr>
<tr>
<td>Chukotka Autonomous Okrug</td>
<td>157,000</td>
<td>81,000</td>
</tr>
<tr>
<td>Jewish Autonomous Oblast</td>
<td>216,000</td>
<td>205,000</td>
</tr>
<tr>
<td>Kamchatka Oblast</td>
<td>466,000</td>
<td>396,000</td>
</tr>
<tr>
<td>Khabarovsk Krai</td>
<td>1,609,000</td>
<td>1,546,000</td>
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<tr>
<td>Koryak Autonomous Okrug</td>
<td>39,000</td>
<td>31,000</td>
</tr>
<tr>
<td>Magadan Oblast</td>
<td>386,000</td>
<td>246,000</td>
</tr>
<tr>
<td>Primorski Krai</td>
<td>2,258,000</td>
<td>2,216,000</td>
</tr>
<tr>
<td>Sakha Republic (Yakutia)</td>
<td>1,081,000</td>
<td>1,003,000</td>
</tr>
<tr>
<td>Sakhalin Oblast</td>
<td>710,000</td>
<td>620,000</td>
</tr>
</tbody>
</table>

various language groups related to Turkish, Chinese, Korean, Slavic, and other modern languages.

Many of the indigenous peoples are Shamanist religiously and follow traditional spiritual beliefs. Shamans practice numerous rituals, are credited with healing and mystic powers, and can be in tune with either good or evil spirits. Shamans believe they can communicate with both the living and the supernatural worlds and often use seances and trances to facilitate the travel between worlds. Folklore and beliefs are an integral part of Shamanism and this means that practice differs among culturally and ethnically different groups. Shamanist practices are extremely diverse. Some of the native peoples in the RFE have adopted Orthodoxy and still others are Buddhist. There are also the Turkic Tatars who follow Sunni Islam as well as Jews, Animists, and interesting mixtures of several belief systems (Table 2.2 and Table 2.3).

**Table 2.2** Population and ethnicity in the RFE

<table>
<thead>
<tr>
<th>Region</th>
<th>Capital city</th>
<th>Population</th>
<th>Ethnic breakdown (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amur Oblast</td>
<td>Blagoveshchensk</td>
<td>1,023,000</td>
<td>86.8 Russian, 6.7 Ukrainian, 1.7 Belarusian</td>
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<tr>
<td>Chukotka</td>
<td>Anadyr</td>
<td>81,000</td>
<td>66.1 Russian, 16.8 Ukrainian, 7.3 Chukchi, 1.9 Belarusian, 1.4 Tatar</td>
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<tr>
<td>Autonomous Okrug</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jewish</td>
<td>Birobidzhan</td>
<td>205,000</td>
<td>83.2 Russian, 7.4 Ukrainian, 4.2 Jews, 1.0 Belarusian</td>
</tr>
<tr>
<td>Autonomous Oblast</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kamchatka Oblast</td>
<td>Petropavlovsk-Kamchatskii</td>
<td>396,000</td>
<td>81 Russian, 9.1 Ukrainian, 2.6 Northern Peoples, 1.6 Belarusian, 1.2 Tatars</td>
</tr>
<tr>
<td>Khabarovsk Krai</td>
<td>Khabarovsk</td>
<td>1,546,000</td>
<td>86 Russian, 6.2 Ukrainian, 1.3 Northern Peoples</td>
</tr>
<tr>
<td>Koryak</td>
<td>Palana</td>
<td>31,000</td>
<td>62 Russian, 16.5 Koryak, 7.3 Ukrainian, 3.7 Chukchi, 3.0 Itel'men, 1.8 Evens</td>
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<td>Autonomous Okrug</td>
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<td></td>
</tr>
<tr>
<td>Magadan Oblast</td>
<td>Magadan</td>
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<td>72.4 Russian, 15.5 Ukrainian, 2.0 Belarusian, 1.5 Tatar</td>
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<td>Primorskii Krai</td>
<td>Vladivostok</td>
<td>2,216,000</td>
<td>86.9 Russian, 8.2 Ukrainian, 1.0 Belarusian</td>
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<td>Sakha Republic (Yakutia)</td>
<td>Yakutsk</td>
<td>1,003,000</td>
<td>50.3 Russian, 33.4 Sakhan, 7.1 Ukrainian, 2.3 Northern Peoples, 1.6 Tatars</td>
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<td>Sakhalin Oblast</td>
<td>Yuzhno-Sakhalinsk</td>
<td>620,000</td>
<td>81.7 Russian, 6.5 Ukrainian, 5.0 Korean, 1.6 Belarusian, 1.5 Tatar</td>
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</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Ethnic group</th>
<th>Population</th>
<th>Language (language group)</th>
<th>Religion</th>
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<td>Ortho/Shamanist/Lamaist</td>
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<td>Chukchi</td>
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<td></td>
<td>Tatars</td>
<td>2,272</td>
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<td></td>
<td>Eskimos</td>
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<td></td>
<td>Yukagirs</td>
<td>697</td>
<td>Yukagir (Uralic or Altaic?)</td>
<td>Shaman/Animist</td>
</tr>
<tr>
<td>Sakhalin Oblast</td>
<td>Koreans</td>
<td>35,191</td>
<td>Korean (Altaic?)</td>
<td>Buddhist</td>
</tr>
<tr>
<td></td>
<td>Tatars</td>
<td>10,496</td>
<td>Tatar (Western Turkic)</td>
<td>Sunni Muslim</td>
</tr>
<tr>
<td></td>
<td>Nivkhi</td>
<td>2,008</td>
<td>Nivkh or Gilyak (unrelated)</td>
<td>Shamanist</td>
</tr>
<tr>
<td></td>
<td>Orochi</td>
<td>212</td>
<td>Orochi (Altaic, Tungussic)</td>
<td>Shamanist</td>
</tr>
<tr>
<td></td>
<td>Evens</td>
<td>188</td>
<td>Evenki (Tungussic)</td>
<td>Shamanist</td>
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<tr>
<td></td>
<td>Nanays</td>
<td>173</td>
<td>Nanay (Altaic, Tungussic)</td>
<td>Ortho/Shamanist</td>
</tr>
<tr>
<td></td>
<td>Oroks</td>
<td>129</td>
<td>Orok (Altaic, Tungussic)</td>
<td>Orthodox</td>
</tr>
</tbody>
</table>

The RFE is very sparsely populated (see Table 2.4). The most densely populated territory is Primorye with 13.6 people per sq km. The most sparsely populated are Chukotka with 0.1 people per sq km and Sakha with 0.3 people per sq km. Regionally, the average population density is 3.7 people per sq km. This is on par with large swaths of Australia (average density 2.47 people per sq km), Canada (heavily populated within 100 miles of the US border but very sparsely populated in the north with an average population density of 3.36 people per sq km), and Libya (average density 2.84 people per sq km). The United States has an average population density of 29.77 people per sq km (76 people per sq mile). Russia’s overall average population density is 8.61 people per sq km.25

In lieu of a conclusion: questions to be explored

Among the questions facing the Far East are: Is the Russian Far East truly “Russian”? How will ethnic relations look? How far would local control and regional independence be allowed to go? What would be the ultimate relationship between center and periphery? Was federalism being imbued with real content or was Russia in danger of imploding? Would the RFE, many time zones and thousands of miles away from Moscow, increase its demands for sovereignty? And what did the various parts of the RFE mean by sovereignty? Would they be content with more power over everyday life and a fairer share of taxes collected in the region or was independence an ultimate goal? How would the economic ties look? Would the RFE trade mostly with Asia? Would subsidies to the region from Moscow continue? Will the RFE be poor, wealthy, or somewhere in between? What role would foreign, especially Chinese, Japanese, and American, investment play in the region? Finally, what would be the military and security role of the Far East in the new Russian Federation? The answers to these questions, and many more, are only now becoming clear and will be the subject of the rest of this book.
Politics in the RFE, as in the rest of Russia, remains predominantly the politics of individual politicians and not of political institutions such as parties or interest groups. In Russia’s regions, the single most powerful political figure has been the governor. Governors are elected for a four-year term. In addition, each oblast, krai, republic, and autonomous area has a legislative body, a court system, and local governments. However, the governor usually exercises a significant amount of power compared to these other organs of power.

In addition to the governor and the legislature, the president of the Russian Federation looms large in the regions. He controls the budgets to a large degree, he controls the military based in the region, and he has numerous levers of power he can use ranging from the manipulation of regional subsidies and tax credits for foreign investment to constitutional and legal changes that advantage or disadvantage a given region. In addition, since mid-2000, there are seven appointed presidential representatives (or envoys) often called governors-general who also play a political role in Russia and one is responsible for the RFE. The new federal districts encompass more than one subject of the federation (region) and the envoys are appointed by the president, therefore the governors-general were obviously intended to minimize the power of the regional governors and increase the political power of the federal center, Moscow.

In order to understand Russian politics, you must first understand the structures of power and particularly the institution of federalism or shared powers between the central government in Moscow and the regional governors in the subjects of the federation (as the regional governments are called in Russia), as well as the actors involved.

**Federal relations: Moscow and the RFE**

Federalism in Russia, as perhaps in all countries, is a work-in-progress with centripetal and centrifugal forces constantly changing the federal bargain. In
Russia’s case, this is very accurate since they do not have a basic agreement in principle on the need for, and the purpose of, federalism. Russia does have a relatively homogenous population with over 80 percent of the population ethnically Russian, though, and so can avoid some of the problems of federations that are based solely on ethnicity.

However, federalism is trickier in the ethnically-based regions of Russia where there are sizable non-Russian populations. The Russian government has chosen an asymmetrical form of federalism that contributes greatly to the amount and types of bargaining in the system. They are attempting to build and maintain federalism, with a large ethnic component, at a time of profound economic and political change – a difficult set of tasks in a stable society! – and so the fate of Russia’s federation has ramifications for other countries, particularly those in Africa and Asia. Plus they are attempting to build such a federation at a time when multi-ethnic federalism around the world has been collapsing or in crisis – Yugoslavia, Czechoslovakia, India, Canada, and China are primary examples.

Since the late Gorbachev period, when Yeltsin encouraged all of Russia’s regions to “take all of the sovereignty you can handle” in order to strengthen his hand against the Soviet president, Russia’s ethnic republics and basically ethnically Russian regions have been trying to define federalism from below even as the central government – first Soviet with Gorbachev’s Nine-plus-One negotiations later with Yeltsin and independent Russia and finally with Vladimir Putin – tries to impose its idea of federalism from above. The process has had fits and starts.

Yeltsin, in early 1992, attempted to exert control over the regions and republics, however, over time, he was forced to make concessions of one kind or another. A decentralizing trend in federal relations continued fitfully until 2000 under President Putin. Under Yeltsin, many republics made demands on the central government including Chechnya, Sakha, and Tatarstan. Sverdlovsk oblast and other nonrepublics did as well. Sakha, Tatarstan, and Sverdlovsk were all rewarded with additional powers, financial concessions, and preferential treatment. Chechnya was invaded in answer to its demands for independence. Following the 1993 events, Yeltsin rewarded many governors and regional presidents who supported him with cash, perks, and powers. And during the 1996 election campaign, Yeltsin traded favors for votes in many regions, including handing out automobiles to Russian citizens and forgiving regional debts to the central government. These concessions strengthened the hand of governors vis-à-vis the central government.

Since taking office, President Vladimir Putin has implemented a number of policies to rein in the regions and recentralize the political system. He is attempting to change the balance of power in the Russian federal system through the appointment of governors-general and by convincing the Duma to grant him additional powers including the power to dismiss regional governors. The results of these recentralizing policies are as yet unclear.
Federalism Russian-style

The Russian Federation is made up of eighty-nine constituent units called “subjects of the Federation.” Of these, twenty-one are ethnically-based republics, six are krais (territories), ten are autonomous okrugs (districts), one is an autonomous oblast, two are cities, and forty-nine are oblasts (provinces).

Russia is an asymmetrical federation so subjects of the federation have different political and economic rights. There are three levels of rights in the Russian system or types of federal subjects: national state formations or republics based on ethnicity, administrative territorial units (oblasts, krais, and federal cities), and national territorial areas (autonomous okrugs and autonomous oblasts). The ethnically-based republics are treated as though they share sovereignty, according to the constitution, with the central government. Each republic has the right to have its own constitution as long as it does not contravene the federal constitution and they can enact their own laws. Most have directly elected presidents and a number of regions have negotiated even more special rights and privileges with the central government. Republics, okrugs, and the autonomous oblast are designed to grant special recognition and political rights to territories with significant non-Russian populations. The Autonomous Okrugs (AOs) are located within larger territorial formations but are treated constitutionally as “subjects of the Federation” and this dual status can cause significant tension between the AO and the territory in which it is located. Oblasts and krais are administrative subdivisions with no particular constitutional powers, however, many of these units have managed to carve out new and sometimes significant powers vis-a-vis the federal government in a variety of ways.

Republics have the right to constitutions while krais and oblasts may have only charters (ustavy). The central government and republics have the power to pass legislation but krais and oblasts can only adopt binding resolutions (reshenii or postanovlenii). Moscow retains the right to control the power ministries (defense and security-related ministries such as interior) and has the power to set federal taxes. The signatories to the Federal Treaty have the right to conduct foreign trade, have some control over resources, and received recognition of their borders. In addition, the right to levy taxes was left ambiguous and is an ongoing federal struggle. There are also concurrent powers, those shared by the “subjects” and center include the use of natural resources and foreign trade, but they are left quite vague and open to interpretation.

In 1989–91, the Soviet Union experienced a “parade of sovereignties” in which many republics and constituent units of the USSR declared their rights to many things from autonomous decision making to independence. As mentioned above, regions were quite successful in carving out powers and prerogatives for themselves under Yeltsin. Especially during the latter years of Yeltsin’s rule, governors were among the most powerful political players in Russia. Under Putin, things have been different.
Putin’s reforms

Vladimir Putin inherited a Russia whose centrifugal forces seemed out of control. Since the beginning of 2000, he has been implementing policies designed to bring the wayward republics, krais, and oblasts back under federal control.

In 1991, President Yeltsin had instituted the office of presidential representative in the regions of Russia. Each subject of the federation had an appointed presidential envoy who was based in that territory. Yeltsin’s goal had been to reinforce central power. In reality, these presidential representatives often became captives of (or at least friendly to) the local governors since their office space and material well-being depended more heavily on the governor than the president. The regions provided the presidential representatives with office space, housing, personnel, and operating budgets. The presidential representatives did not gain much power nor did they exercise much influence. They were given limited powers of oversight but not power to intervene. Yeltsin tried to enhance their powers in 1997 but was not successful.

In May 2000, Putin issued a decree changing the nature of the presidential representatives in the region and dividing Russia into seven super-districts. Instead of eighty-nine presidential representatives, there would be seven and they would be given a mandate directly from the president. With only seven, the president can have personal relations and knowledge of each of them. All seven were appointed to the Security Council, which enhanced their political standing and powers. Being in charge of a number of regions should help the representatives resist the influence of any one governor. However, Putin has not changed the fact that most of the material support for the presidential representatives comes from the regions not the central budget, thus giving regional governors a useful lever to use on the representatives. The duties of the presidential representatives also are poorly defined but the institution is likely to gain more definition as it progresses.

The new super-districts are based on the military districts and five of the new representatives have military or security service backgrounds including the Far Eastern presidential representative, Konstantin Pulikovskii. Pulikovskii had been deputy commander of the North Caucasus Military District and commanded troops as a lieutenant general during the first Chechen War. He was the general who issued the 19 August 1996 ultimatum for civilians to leave Grozny (the capital of Chechnya) or suffer in the face of an assault on the city to drive the rebel Chechen army from the city. Pulikovskii was promoted to colonel general following the Chechen campaign. Later, in December 2000, he was elevated to full councilor of state, first class by President Putin.

The Far Eastern presidential representative has his offices in Khabarovsk, the second largest city in the Far East and the headquarters of the Far Eastern
Military Command. His second in command, or first deputy, is Gennadii Apanasenko, who lost the gubernatorial election in Primorye to Sergei Darkin. Rumors abound in Moscow that the election fiasco in Primorye, coupled with other failures, will lead to the dismissal of Pulikovskii and his team in the near future.

The appointment of governors-general was supposed to strengthen the hand of the federal government in the regions. This has not been the case so far. A year after the creation of the governors-general, the seven presidential representatives, including Pulikovskii in the Far East, seem to be simply another layer of bureaucracy but with poorly defined powers, no control over resources, and without any significant public support. Often, they also seem to lack the support of the federal ministries and presidential apparatus as well. Their success or failure, as well as their influence in both the regions and Moscow, is highly dependent on their personal styles and political skills and not on institutional powers or authority.

In June 2001, Putin met with the envoys to discuss their priorities. He said that they should work toward the definition of responsibilities between the center and regions and the development of civil society in Russia. In early 2002, the envoys were tasked with the struggle against crime and eliminating duplication of efforts between central and regional based bureaucrats thus making government more efficient. But again, were not given sufficient resources or authority to adequately address the tasks given them.

The envoys have tried to find ways to increase their powers. For example, envoys are seeking to replace the governors as the first stop for foreign investors. The RFE envoy, Pulikovskii, has started his own investment agency in partnership with Veneshekonombank. Unfortunately for the envoys, the powers to bestow tax exemptions, pass local budgets, and issue licenses remains with the governors so this effort is unlikely to bear much fruit.

In February 2002, Pulikovskii created a new district level council for the leaders of the regional dumas to try and gain additional powers and achieve some coordination at the district level among organs of power. A similar council for executives was also created. So far, neither body has had much impact on politics in the RFE.

The office of presidential representative, or envoy, does not seem to have had a huge effect thus far on the politics of the RFE. Pulikovskii probably did have a hand, and therefore some success, in “kicking Primorye Governor Nazdratenko upstairs” but would most likely have preferred that Putin use his newly acquired power to remove governors and had Nazdratenko summarily fired. Pulikovskii attempted to influence the elections in Primorye following Nazdratenko’s ouster, and lost to a virtual unknown. Pulikovskii has not had great success with the energy crisis, his infrastructure initiative, nor does his Committee on Regional Development (established in November 2000) seem to be destined for triumph. Khabarovsk Governor Viktor Ishaev complains that Pulikovskii’s Committee on Regional Development encroaches on his
authority. Putin put Ishaev in charge of a State Council group looking at a strategic plan for Russian development and he resents Pulikovskii meddling in the issue. Ishaev seems to be winning this battle. So, in general, Pulikovskii does not seem to be winning the hearts and minds of the regional leaders, he is not popular with the people, and he has had limited success in the endeavors he has undertaken thus far.

Some have argued that Pulikovskii sees his district, and his role, as a successor to the Far Eastern Republic of the 1920s and is acting accordingly. Other envoys have similar views of their political role. These views, and the heavy handedness of many of the officeholders, have led to substantial political opposition to the presidential envoys. Many members of the Russian Duma oppose the institution as a whole and argue that any additional powers, especially any budgetary powers, could lead to the disintegration of Russia into seven pieces. Some Russians have called the new districts “satraps” with all the authoritarian overtones that word implies. These attitudes were bolstered by Pulikovskii’s statement that governors ought to be appointed and not elected in June 2001. Obviously, the governors were not pleased with such an opinion and neither was the Kremlin who publicly announced they did not agree with the envoy’s views, another case of the Putin administration distancing itself from Pulikovskii. The statement further fueled rumors of Pulikovskii’s impending dismissal.

Pulikovskii seems to see himself almost as a head of state. He has taken a number of foreign trips, including traveling with Putin to Japan and China. He also accompanied Kim Jong Il on his long train trip across Russia to meet with Putin (and has now announced he will write a biography of Kim Jong Il). But it is unclear what effect these trips have had on the region or on Pulikovskii’s power and influence. He does not seem to have had much success convincing Sakha to change their constitution and laws nor has he, by his own admission, managed to be successful at coordinating federal agencies and harmonizing regional legislation throughout the RFE.

Federal ministers are playing a larger role in the Far East than the presidential representative. Emergency Situations Minister Sergei Shoigu dealt with the flooding in Sakha in summer 2001, not Pulikovskii. Anatolii Chubais, chair of United Energy Systems (EES), is the lead player in the energy crisis in Kamchatka. And Prime Minister Mikhail Kasyanov, among many others, has been in Primorye dealing with problems. Meanwhile, Pulikovskii was unable to achieve the election of his deputy as governor of Primorye and has done little to prove himself in the region. The secondary role of the governors-general to the presidential apparatus is also official since Putin issued a decree in early 2001 that directly subordinates the representatives to Presidential Chief of Staff Aleksandr Voloshin. Putin also established pardon commissions based on the seven super regions but did not place these commissions under the control of the envoys.7

In addition, Putin decided that the Federation Council, as constituted, was
a problem. In the Federation Council, as designed under the 1993 Constitution, each governor and each legislative speaker from the eighty-nine subjects of the federation sat on the Federal Council on a part time basis. Originally, the regional governors were not elected but were appointed by the president of Russia to the governorships and so this made for a very compliant upper house of the legislature. By the mid-1990s, the governors were elected by the people of their regions and this was a loss of central control and the Council became more assertive of regional interests. The legislative speakers or chairs also became more assertive since the parliaments were often beholden to their governor or impotent to change policies. This resulted in a Federation Council that promoted regional concerns over central ones and could, with limited success, block legislation wanted by the president.

On 19 May 2000, Putin introduced a packet of legislation that changed the way that members of the upper house (Federation Council) are chosen, gave the President the right to dismiss regional leaders, and allowed the regional governors to dismiss heads of local governments. Members of the Federation Council are to be chosen by the governor and legislatures of the regions but with significant input and approval of the presidential administration. Putin argued that these measures were designed to reinforce the central structures of power through which presidential powers are exercised.

The membership of the Federation Council changed only gradually as Council members were replaced at the end of their terms of office. By mid-2001, the Federation Council had seventy-eight senators selected according to the new criteria and sixty-seven members who were either regional executives or chairs of regional legislatures. The membership change was completed in January 2002. The reform was designed not only to weaken the power of the regions but also to make the Federation Council a more deliberative body. With sitting governors on the Council, the Federation Council met for only 2 days a month and its members had little time to analyze complicated legislation. Under the new rules, the Council will be a full-time legislative body. This will also make the Federation Council more expensive to operate as full-time legislators will need to be paid full-time salaries, their families will need to be moved to Moscow (for those not already there), and some allowances made for maintaining offices and homes back in their home districts as well.

The new Federation Council has fifteen committees and seven commissions, a number of which are chaired by Far Eastern representatives. The Committee for Defense and Security is chaired by Viktor Ozerov (Khabarovsk-L) and the deputy chair is Valerii Manilov (Primorye-E). Galina Buslova (Amur-L) is the deputy chair of the Committee for Financial Markets and Monetary Circulation. Former Governor Aleksandr Nazarov (Chukotka-E) is the chair of the Committee for the North and Numerically Small Peoples and the Commission for the Control of Federation Council Activities is chaired by Vladimir Kulakov (Magadan-E). Far Easterners are
also represented in the leadership. Mikhail Nikolaev of the Republic of Sakha was chosen as one of three deputy chairs. (For a list of all Far Eastern representatives on the Federation Council, see Table 3.1.)

The change in membership of the Federation Council is designed to reduce the power of the governors in a number of ways. Once the governors leave the Federation Council, they lose their immunity from prosecution and therefore can be indicted and tried for crimes real and imagined. The governors have lost a formal avenue of power and an official way to curtail federal policies. The governors now have to work with, and sometimes through, a new layer of bureaucracy before they can get to the real decision maker, President

<table>
<thead>
<tr>
<th>Table 3.1</th>
<th>Far Eastern members of the Federation Council (as of February 2002)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amur Oblast</strong></td>
<td>Aleksandr Karpov (E) former first deputy general director of Pervouralskii factory, general director of Aviatrust Galina Buslova (L) former chair oblast duma</td>
</tr>
<tr>
<td><strong>Chukotka Autonomous Okrug</strong></td>
<td>Aleksandr Nazarov (E) former governor Yefim Malkin (L) department head Siberian oil company</td>
</tr>
<tr>
<td><strong>Jewish Autonomous Oblast</strong></td>
<td>Igor Glukhovskii (E) Geomash general director in Moscow Stanislav Vavilov (L) former oblast duma chairman</td>
</tr>
<tr>
<td><strong>Kamchatka Oblast</strong></td>
<td>Valerii Bykov (E) former city tax inspector Lev Boitsov (L) former chair oblast duma</td>
</tr>
<tr>
<td><strong>Khabarovsk Krai</strong></td>
<td>Andrei Chirkin (E) first deputy governor and representative to Moscow Viktor Ozerov (L) chair of krai legislature</td>
</tr>
<tr>
<td><strong>Koryak Autonomous Okrug</strong></td>
<td>Viktor Orlov (E) former federal minister for geology Aleksandr Suvorov (L) former chairman of okrug duma</td>
</tr>
<tr>
<td><strong>Magadan Oblast</strong></td>
<td>Colonel General Vladimir Kulakov (E) chief administrator for educational and cultural work at the Ministry of Defense Yuri Zasko (L) Arkagalinskii GRES general director</td>
</tr>
<tr>
<td><strong>Primorskiy Krai</strong></td>
<td>Valerii Manilov (E) former first deputy head of the General Staff of the Armed Forces</td>
</tr>
<tr>
<td><strong>Sakha Republic (Yakutia)</strong></td>
<td>Mikhail Nikolaev (E) former governor Robert Bernashov (L) former deputy chair of republic government</td>
</tr>
<tr>
<td><strong>Sakhalin Oblast</strong></td>
<td>Valerii Goreglyad (E) head of Federation Council’s Budget Committee staff Boris Tretyak (L) former chair of oblast duma</td>
</tr>
</tbody>
</table>
Vladimir Putin. However, they still have a voice in the appointment of their representative and the power to recall the representative if the governor is displeased with their voting record.

Putin’s reform of the Federation Council may also have an unintended consequence. Approximately one-third of the new Federation Council members are leaders of major Russian enterprises. This seems to enhance links between powerful national business people and Russia’s regional leaders. When one looks at this in context, it becomes even more interesting because throughout the last year, national businesses are becoming ever more involved in far flung corners of Russia. The possibility of wealthy and powerful businessmen joining up with regional governors is an incredibly interesting scenario to contemplate though how it will play out remains to be seen.

The ability to fire governors and disband the regional legislatures has not been used and the mechanisms for doing so are cumbersome and complicated. Only one governor has been removed since this law was passed but the procedures were not used in that case. Putin simply called Primorye Governor Evgenii Nazdratenko on the telephone and asked for his resignation. Rumors assert that Nazdratenko was threatened with kompromat (compromising material collected by the federal government) that could have led to his arrest and imprisonment. He was also offered a “carrot” – Putin appointed him head of the State Fisheries Committee, a large and lucrative industry in the Far East that will presumably allow him to further enrich himself but it gets him out of the governor’s office. This was the traditional Soviet approach of “kicking him upstairs.” It is difficult to determine how successful these laws have been in changing the attitudes of governors since they have not been used. In addition, Putin’s tremendous popularity in Russia, as well as his attempts to consolidate power, has led to a situation in which most governors fawn over Putin and express their loyalty to him so the laws are not needed at the moment.

By August 2001, Putin also had taken away the ability of governors to control their own police forces. The federal Ministry of the Interior now has the authority to name police chiefs in each of the super-regions. Putin has also managed to wrest significant control of the court system from the regions and vest it in the central government. In addition, the federal government has the power to dismiss regional parliaments and have added fiscal powers that give Moscow enhanced control of tax receipts and revenues. Putin has also managed to consolidate control over most of Russia’s media and prevented the development of a federalized media controlled by other political actors. A virtual monopoly of state-run media that is running Soviet-style “information wars” to convince public opinion that the state is right in all things, is a serious blow to any independent political action by regional leaders or other political actors.

Putin also has taken more control of tax revenues for the federal government. The impact of his budgetary and fiscal changes has been a shift in power.
from the regions to Moscow. Among the changes are that the regions no longer keep 15 percent of the VAT (value added tax) but the entire tax goes to the federal government; the institution of a 13 percent flat tax has hampered the governors’ ability to collect revenue as well since in the past the regions kept 90 percent of a 12–30 percent regressive income tax in the region; and the regions have also lost the 1.5 percent housing turnover tax and 4 percent of the 5 percent road tax.12 The federal government is also exercising more control over the tax police and using the revamped federal treasury system to reallocate funds from rich to poor regions and to keep better track of revenues and expenditures to reduce money siphoned off or not reported and used for non-public purposes.

The Justice Ministry, in November 2001, signed treaties with the governors of all regions in the Far East, except Sakha, on coordinating legal efforts. This process was initiated by presidential envoy Konstantin Pulikovskii to prevent the adoption of regional laws that contravene the federal constitution and to give the federal government a mechanism to oversee regional law-making. Each region is now required to send all new legal acts to the ministry within 7 days of adoption. The agreements will be in effect for 4 years.13 This federal oversight of regional law-making is designed to further limit the freedoms of the regions and enhance federal control. However, in practice, this does not seem to be the case.

In the governors’ favor, Putin created the State Council composed of the president, all eighty-nine governors, and a few former governors. The State Council meets once every 3 months to discuss issues of importance. This is not a replacement for the power of the Federation Council but it does guarantee the governors’ access to Putin on a regular basis and a number of the committees created through the State Council, such as Khabarovsk Governor Viktor Ishaev’s committee on Russian economic development, are quite influential.

These changes could significantly change the federal landscape of Russia. However, to date, the presidential representatives are not given enough powers to be truly effective, the governors still have an influence on who is on the Federation Council even though they no longer sit on it themselves, the borders and content of Russia’s asymmetrical federalism remain basically the same, and the governors and regions still control the funding and support of these new federal institutions which gives them significant leverage over them. In addition, on 4 April 2001 the Federation Council voted to make all Federation Council votes public from 1 October. This will allow the governors to see how their representatives are voting in the Federation Council; however, the Kremlin will also know how they vote, so there will be ample opportunity for both sides to try to influence the legislators. And the changes regarding courts, police, and regional legislatures have not been exercised to any significant degree. The changes in the media, however, have a profound impact on politics in Russia. And there is a prevailing sense that governors are no longer free to do whatever they want in their regions.
The RFE in the Russian Federation

The RFE encompasses one quarter of Russian Federation territory. It shares borders with China and North Korea, and only several miles of water separate Sakhalin from Japan, and Chukotka from Alaska. At the same time, the RFE is over 5,700 miles from Moscow and 11 hours by plane. Much of the RFE is six to nine time zones away from European Russia. This distance is often as important psychically as physically. There has always been a duality about those living in the Far East. As they have throughout history, the Far Easterners need Moscow in one breath, and loathe it in the next. Though close in geographic terms to Asia, the Far East is culturally, religiously, and ethnically close to Russia since all of the territories in the RFE have a majority of Russians living in them. They crave freedom and some level of autonomy but need the help of the center in many ways. The rest of this chapter will be devoted to looking at each of the ten Russian regions that constitute the RFE and how these tensions play out. We will also come to some conclusions about the political directions in which the region is heading.

Amur Oblast

The Amur Oblast has a population of slightly over 1 million. The Amur Oblast is located on the border with China and also borders Sakha, Khabarovsky Krai, the Jewish Autonomous Oblast, and Chita Oblast (in Siberia). Almost 87 percent of the population is Russian with another 8 percent other Slavic groups. The largest non-Russian group is the Evenk who number about 1,600 out of the Amur population of slightly over a million. Its capital is Blagoveshchensk, one of the oldest cities in the RFE and one of the prettiest with many ornate nineteenth century buildings. Across the Amur River from Blagoveshchensk is the Chinese city of Heihe (or Hei-Hei) that seems rich and prosperous compared to the Russian side of the river.

Amur Oblast voted for Vladimir Putin in the 2000 presidential elections (49.4 percent) and Gennadi Zyuganov, the Communist Party candidate, came in second (33.5 percent). In the 1999 parliamentary elections, 36.2 percent voted for the Yedinstvo (Unity) bloc, 24.3 percent for the Communists, and 11 percent for the Zhirinovsky bloc. Generally, this means that most of the voters in Amur favor the party in power and support the central government. The oblast is often referred to as “red,” meaning pro-Communist and anti-reform.

Amur has had seven governors since 1991. The current governor is Leonid Korotkov who was elected in April 2001. Korotkov graduated from Far Eastern State University in 1987. He worked as a journalist for 6 years at Amurskaya Pravda, a daily newspaper in Amur, was elected to the Russian State Duma in 1995 and 1999, and belonged to the Communist Party faction. He was a member of the CPSU. Korotkov is now considered to be a follower
of the Narodnii electoral bloc, a communist group. He seems to have good relations with Presidential Representative Pulikovskii who has told reporters that Korotkov will improve Amur oblast and is completely loyal to federal policies. As a former journalist, many hoped that Amur would be the exception to the rule in the Far East and allow at least some freedom of the press. However, that does not seem to be the case thus far.

Amur is on the border with China and so relations, economic and political, with that country are extremely important. Generally, Amur oblast has better relations with China and with Chinese living in the oblast than some of the other parts of the RFE. Attitudes could change easily though. Heihe is a gleaming modern city that is visible just across the river from Blago. Many Russians already feel that China is getting rich off of them and there is substantial resentment in many provinces that lives in China are improving while things are getting worse in Russia. Amur cannot be totally immune to these trends over time.

For now, however, the relationship with China is quite positive in the oblast. Governor Korotkov issued a decree in March 2002 to open an office in Amur oblast to register visas for travel to China in Blagoveshchensk. Previously traders and businesses had to travel to Khabarovsk to register for a visa and this was bad for the economy of Amur. The Governor announced that the new visa office would make trade and commerce more efficient and thus benefit the oblast.

Geostrategically, the long border with China makes Amur highly important to the security of the Russian Federation as well. A large number of border guards and military are in the region to facilitate security matters at the border. Amur is also important to the central government since it is home to the Svobodnyi Cosmodrome which is Russia’s top space center since it lost Baikonur when Kazakstan became independent. The Cosmodrome causes tensions with neighboring Sakha, however, due to environmental concerns about debris falling during the launches. Since the facility is controlled by the Russian Ministry of Defense, most complaints go there and not to Amur officials.

Chukotka Autonomous Okrug

Chukotka is located on a peninsula at the easternmost point in Russia and borders Kamchatka, Magadan Oblast, and the Koryak Autonomous Okrug. It is also in close proximity to Alaska. Chukotka’s Ratmanov Island is only 5 km from the US-owned islands called the Diomede Islands in the Bering Straits. Its capital is Anadyr. Chukotka has a population of only 81,000 and it is falling rapidly. The territory is 66 percent Russian, almost 17 percent Ukrainian, 7.3 percent Chukchi, and has some Belarusans and Tatars.

The Okrug declared itself a republic in 1990 and began calling itself the Chukotka Soviet Autonomous Republic, although this declaration of republic
status was shortlived. In 1992, Chukotka became independent of Magadan Oblast. This separation meant that Chukotka lost a significant portion of the infrastructure that allowed it to function and had to create new linkages with Russia and the rest of the world. This political choice exacerbated many of the problems facing Chukotka.

In the 2000 presidential elections, Mr Putin won in this region with 67.24 percent of the vote and the Yedinstvo (Unity) faction (pro-government) won in the 1999 parliamentary elections. Also in 2000, Chukotka elected a new governor, the oligarch Roman Abramovich. Abramovich bought the election. Prior to becoming governor, he had been in the State Duma from a district in Chukotka. When he gave up his seat in the Duma, he also gave up the immunity from prosecution that comes with a seat in Russia’s parliament.

Abramovich was elected by more than 90 percent of Chukotka voters. He has vast business holdings and was an early partner of oligarch Boris Berezovsky in Sibneft, a Siberian oil concern. He also is a co-founder of Russian Aluminum, the world’s second largest aluminum producer and owns 49 percent of the television network ORT. He is also rumored to have purchased a 29 percent stake in Aeroflot in May 2001 through several front companies. His personal fortune is estimated at between $1.4 and 2 billion. Abramovich was rumored to be very close to Yeltsin’s daughter Tatyana Dyachenko and her husband who exercised substantial power in Yeltsin’s last years in office. He seems to have continued his very close Kremlin ties under the Putin administration.

During the campaign, Abramovich donated massive amounts of aid to poor Chukotkans. He gave each registered inhabitant of the coastal regions 50 kilos of flour, 25 kilos of sugar, 1.5 kilos of powdered milk, 5 packets of tea, 6 kilos of kasha (oatmeal-like cereal), 5 liters of oil, 10 kilos of salt, and 5 kilos of pasta. He also paid for summer vacations to the Black Sea and central Russia for 3,300 local children, and paid people’s electricity bills, gave emigres plane tickets, and paid kindergarten fees. He has also used his personal fortune, and money from Sibneft, to pay wage arrears in the region. Voters said Abramovich had already done more for the region in the election campaign than anyone else had in 9 years.

Abramovich rules his region from Moscow and only flies in two or three times a month in a private plane. At first, he flew on to Anchorage, Alaska, to spend the night but now he owns a two-story Canadian-built cottage with its own heating system in Anadyr. Approximately 100 managers, transferred from Sibneft, live and work here full time for the new governor. They control daily operations. They control the money and the delivery of goods to the region. The administration now controls all food deliveries, the alcohol trade, and fuel oil deliveries and sets their prices in order to make them affordable to the populace. Abramovich eventually intends to make most of Chukotka dry, in other words, stop the sale of alcohol in the tundra as Alaska has done. The administration is also paying to move pensioners from very remote parts of
the region to the mainland, often to southern Russia. The assumption is that supporting a family of three in a remote settlement costs over $18,000 per year and it is cheaper to buy them an apartment somewhere warm where they might be able to live on their pension. This plan could halve the population of Chukotka.23

Early in his governorship, he declared the region bankrupt. Chukotka’s total debt is equal to its yearly budget, about $65 million. However, he appointed the former governor Aleksandr Nazarov as one of Chukotka’s representatives to the Federation Council. In August 2001, Izvestia alleged that Abramovich and Nazarov colluded to give power to Abramovich. Nazarov withdrew his candidacy shortly before the election thus throwing the governorship to Abramovich. Izvestia argues that this was a trade: one would get to be governor, the other would be on the Federation Council, and all would profit.24

After 1 year in power, the voters still love their governor. He has managed to increase the share of tax revenues Chukotka receives from the federal budget and increased tax collections within the okrug. In a poll conducted in January 2002, 96 percent of respondents had a positive opinion of his rule thus far. The region still has acute problems. Respondents cited inadequate housing, alcoholism, drug addiction, and few opportunities for children as their most pressing problems.25

**Jewish Autonomous Oblast (JAO)**

The JAO has a border with China, Amur Oblast, and Khabarovsk Krai. It has an outlet to the Pacific Ocean via the Amur River. The region has a population that is 205,000 people of whom 83.2 percent are Russian, 7.4 percent are Ukrainian, 4.2 percent are Jews, and 1.0 percent are Belarusian. The Jewish population, always small, is experiencing a steady decline. Established in 1934, as a homeland for Russian Jews by Stalin, the JAO was part of Khabarovsk Krai until 1992. Its capital is Birobidzhan and the entire oblast is often referred to by that name.

The oblast was close to evenly split between Putin and Zyuganov in 2000 with the candidates receiving 42.87 and 39.73 percent, respectively. In the Duma elections of 1999, the Communists won over 34 percent and Yedinstvo (Unity) won 21 percent.26

The governor, Nikolai Volkov, won a second term in March 2000. He had been a staunch Yeltsin supporter and had been an active member of Nash Dom Rossii (Our Home is Russia), former Prime Minister Viktor Chernomyrdin’s party. His background is in industry where he worked as an engineer and later a manager. He is basically pro-market and reformist but he did reintroduce price controls following the August 1998 ruble crash and favors state support for agriculture.

The regional legislature is composed of fifteen deputies elected in single-
The last legislative election was held in October 2001. The chair of the Legislative Assembly is Anatolii Tikhomirov and the vice chair is Anna Gurshpan. All of the representatives have other employment in addition to their seat in the legislature. The occupations range from pediatrician and surgeon to trade union chairman and construction.

Relations with Khabarovsk Krai are cordial and there has been some talk of the JAO rejoining the Krai for political and economic reasons. Chinese farmers have had some success in the JAO (see Chapter 4 for details); however, elsewhere in the JAO, Sino-Russian relations are not as good. Near Leninskaya, machinery owned by a Chinese sawmill was stolen and Russian workers have gone on strike protesting low wages by Chinese companies. China looms large in the JAO.

**Kamchatka**

Kamchatka Oblast is located on a peninsula jutting into the ocean and it shelters the Sea of Okhotsk. It borders the Koryak AO, Magadan Oblast, and Chukotka. There are twenty-nine active volcanoes, and hundreds of inactive ones, on Kamchatka and large portions of the peninsula are inaccessible. It is very mountainous and a large part is covered by permafrost. There are 396,000 people living in Kamchatka. The population is 81 percent Russian, 9 percent Ukrainian, 2.6 percent peoples of the north, and less than 2 percent each of Belarusans and Tatars. The capital is Petropavlovsk-Kamchatskii.

In the 2000 presidential election, Kamchatka went for Putin (48.79 percent) and favored Yedinstvo (Unity) in the 1999 parliamentary elections. The governor is Mikhail Mashkovtsev who was elected in December 2000 defeating Vladimir Biryukov, the incumbent. Biryukov was considered a reformer and was backed by the liberal party Yabloko and Our Home is Russia. Mashkovtsev is a Communist who was previously the chairman of the regional legislature and chair of the oblast Communist Party. In April 2001, Mashkovtsev made news by attending a political rally for the Russian National Unity (RNU) party. RNU is often called a neo-Nazi party.

Local politics can be quite colorful. During the 2000 gubernatorial elections, one candidate had his auto set on fire and was briefly abducted. He flew to Moscow to expose the corruption of then Governor Vladimir Biryukov to the central government. The other side accused him of staging a PR stunt.

In May 1999, the governors of Kamchatka and the Koryak AO signed a friendship agreement. The relationship between them is an odd one since the Koryak AO is technically subordinate to Kamchatka but also a subject of the federation. The Koryak AO maintains an office in Petropavlovsk-Kamchatskii and there seems to be substantial cooperation between the two entities. They have abolished duplicate structures between the administrations such as federal offices in each and the legislatures have promised to take each others’ interests into account in their work.
Kamchatka is among the poorest of Russia’s regions. The region has chronic energy problems and has seen numerous popular protests against the lack of heat and electricity. It has been quite common for Kamchatkans to have only a couple of hours of heat and electricity per day in the winters. Much of the fuel oil and coal needs to be shipped into Kamchatka by boat. This is expensive and unreliable. Wage arrears are long, some as long as 18 months. No new housing has been built since 1995. And half the population falls under the poverty line. These problems probably led to the election of Mashkovtsev. Many Russians look back fondly at the days of Brezhnev when they did not work too hard but had enough food. These rose-colored glasses have led many to vote Communist when reformers failed to improve the economy quickly.

In a speech in 2000, Putin had harsh words to say about Kamchatka. He stated that incomes in the rest of Russia were finally rising and yet in Kamchatka, incomes were falling. The poor living conditions and shortages of fuel are at least partly the fault of those living on the peninsula, according to Putin. Excessive bureaucracy and poor work habits are to blame. He gave the example that Kamchatka ports need 3 days to reload a fishing boat while in Pusan, South Korea, it takes only 3 hours.

Kamchatka also has many earthquakes and a very harsh climate that make daily life difficult. The region has applied to the United Nations directly for aid on several occasions but has not had any success. The earthquakes and volcanoes give some hope to geothermic power generation, but the investment risk in the region is so high that few companies will be willing to take the chance. So the poverty is likely to continue.

The most important politics in Kamchatka are those with the federal government. Kamchatka cannot meet its budget needs; as a matter of fact, it meets less than 40 percent of its economic needs. So it is heavily reliant on Moscow for help on a day-to-day basis and for emergencies and natural disasters like volcanic eruptions and earthquakes. Kamchatka also has serious energy deficits. In 1998 and 1999, the federal government threatened the oblast with a federal takeover due to the ongoing problems of delivering electricity and heat to residents. The Interior Ministry was tasked with investigating how the oblast had spent the federal monies allocated for fuel purchase. The problems continue and the federal authorities, though they have not introduced federal rule, often investigate or provide oversight to Kamchatka on these issues.

Kamchatka has also been cited for some human rights violations. For example, in March 2002, “Operation Gypsy Camp” was completed. This was a police action to verify the legitimacy of all Gypsies living on the peninsula. Human rights groups call this simple harassment. It was determined there were seventy-five Gypsies and that most of them live in the town of Yelizova. They do not live in Petropavlovsk due to constant police harassment. In the first days of this operation, many Gypsies left Kamchatka, which was probably the intent of the operation in the first place.
The Chinese are not faring much better. Traders in local markets have sent open letters to Presidential Envoy Pulikovskii, the Kamchatka governor, and city prosecutors about the behavior of Chinese traders in the capital. There have been a number of conflicts, including physical confrontations, between Chinese and Russian traders in early 2002 and anti-Chinese sentiment appears to be increasing. In February 2002, Kamchatka officials announced that the oblast would allow no new Chinese traders to sell goods there. Local businessmen in Petropavlovsk-Kamchatskii had complained that the Chinese traders are “dumping” or selling at unreasonably low prices thus are unfair competitors. A spokesman for the Interior Ministry further stated that “we can promise that exclusively Chinese trade districts and markets will no longer exist.”

**Khabarovsk Krai**

Khabarovsk Krai has a population of slightly over 1.5 million with 86 percent Russian, 6.2 percent Ukrainians, some Tatars, and 1.3 percent northern peoples including Nanays, Evenks, Ul’chi, Nivkhi, and others. It has a long coastline along the Sea of Okhotsk. To the south is Primorskii Krai. The Krai also borders Magadan Oblast, Sakha (Yakutia), Amur Oblast, the JAO, and China. The capital is Khabarovsk that was recently chosen as the seat for the new Far Eastern Federal District and has been the headquarters of the Far Eastern Military District as well.

Putin won in Khabarovsk Krai in 2000 with 49.55 percent of the vote and his Yedinstvo (Unity) party took 27.10 percent in the parliamentary elections. The Communists were close behind with 20.88 percent. Victor Ishaev was reelected in 2000 for a second term as governor. His background is in the shipbuilding industry. He is known as a stable influence having served as the CEO of the Krai since 1991. He is very popular in the Krai. He says he is working toward a healthy market economy and actively encourages foreign investment. Actually, he seems to prefer an increased state role in the economy if one looks at his actions and policies. He is a member of the Fatherland, All-Russia electoral bloc. Ishaev has also effectively quashed all opposition in the region and has reined in the regional media. Journalists have been effectively cowed through harassment, arrests, and other abuse.

Khabarovsk citizens do not complain about Ishaev’s tactics or his non-democratic ways, since in Khabarovsk things actually work. The system is organized and orderly. There is corruption and vice, but basic governmental services are regularly provided to the citizenry unlike neighboring Primorye, where corruption abounds but services seem totally lacking and the government inept.

Khabarovsk is the site of 60 percent of the defense complex of the RFE. There are many military units and a substantial number of military industries in the Krai. The federal defense budget does not provide enough funding to
feed, clothe, and house the Russian Army. In Khabarovsk Krai, as elsewhere, the regional government has taken up the slack. Reportedly, Viktor Ishaev receives a daily report on military production including the numbers of cartridges, ships, and munitions produced. The Vympel plant, which produces ammunition for rifles, is functioning at less than 10 percent capacity. The Associatsia imeni Gagarin, makers of the Sukhoi 37 aircraft, did not have a single state order last year. Governor Ishaev visits these plants as well as military units. He has sent regional funds and workers to military bases to repair roofs, heating systems, and sewer systems.

There are numerous political and humanitarian reasons for the governor’s attentions to the military. However, he also uses his relations with and support of the military as leverage against the federal government and policies he does not like. For example, not only has Ishaev and the regional government helped out the military outpost on Bolshoi Ussuriiskii Island, they worked to expand it. This island was one of those under negotiation with the Chinese that the Chinese claimed as their territory and the Russian government was going to turn over in the border demarcation talks. Ishaev said absolutely not, this will not occur and followed up with direct aid to the military there.

**Koryak Autonomous Okrug**

The Koryak AO lies to the north of Kamchatka occupying the northern stretch of the peninsula and borders Magadan Oblast and Chukotka. It is one of the least developed and least populated of all Russia’s regions. Approximately 31,000 people live in the AO. Russians constitute 62 percent, Koryaks are 16.5 percent, Ukrainians are 7.3 percent, Chukchi are 3.7 percent, 3 percent are Itel’men, and 1.8 percent are Evens. Its capital is Palana.

The region supported Putin in 2000 giving him 61.12 percent of the vote. They also supported Yedinstvo (Unity) in the parliamentary elections of 1999 with 42.49 percent of the vote. The Koryak AO had the only female governor in Russia, Valentina Bronevich, until her defeat in November 2000 by Vladimir Loginov. Loginov was a businessman who made a fortune in platinum and other valuable metals. His political affiliation, if any, is not known.

The AO tried to secede from Kamchatka in 1991 but current trends seem to favor the continuation of the cooperation between the two. They signed a cooperation agreement in 1999 and maintain close relations though, at times, there is tension. Like Kamchatka, the Koryak AO cannot meet its own budget needs but the situation is worse here since they can cover less than a quarter of their needs.

Relations with indigenous peoples, like the Itel’men, are very important in the politics of the region. Loginov has already raised the ire of the Itel’men. Valentina Bronevich, herself ethnically Itel’men, had made relations with native groups an extremely high priority for her administration. In December 1998, she established a set aside called *Tkhsanom*, a traditional use area for
native peoples. Loginov signed an executive order in March 2001 rescinding the creation of the set aside and provoking the ire of the Itel’men and setting off a political battle.

Economic progress and diversifying the economic base are also highly important. Fisheries, furs, and mineral mining seem to have the most potential for development here.

### Magadan Oblast

Magadan Oblast borders Sakha, Khabarovsk Krai, Kamchatka, and Chukotka. Chukotka had been a constituent part of Magadan Oblast until its independence in 1992. The largest of the indigenous peoples is the Even who speak a language distantly related to Manchu. Many of the indigenous peoples live on traditional pursuits such as reindeer hunting and fishing. There are 246,000 people living in Magadan Oblast of whom 72 percent are Russian, 15.5 percent Ukrainian, with 2 percent or less of each of Belarusians, Tatars, and small peoples of the north. The capital of the Oblast is the city of Magadan.

In the 2000 presidential election, the Oblast’s citizens voted for Putin by almost 62 percent and for the electoral bloc *Yedinstvo* (Unity) with almost 43 percent of the vote. Governor Valentin Tsvetkov was reelected in November 2000. Tsvetkov fought Moscow for a free economic zone for Magadan and finally won in 1999. His background is in industry – he has been deputy and senior director of several large companies – and he was elected to the Russian State Duma in 1995. He is a member of the *Yedinstvo* party. His electoral platforms, and most of his efforts, have been related to the economic development of the region. When the Magadan Food Complex faced bankruptcy in 1997, Tsvetkov and his administration convinced the managers to sign over control of the business to the Oblast so the Oblast could try to save the factory and the jobs of its workers. They reoriented the plant and retooled to produce items that could be quickly sold. The Tsvetkov administration has also renationalized some businesses including one of the ports and offers credits to unprofitable enterprises to prevent unemployment. The energy crisis in Magadan has been severe in the winter and the governor has worked on trying to alleviate those problems as well.

The free economic zone is widely credited for improving the economy of Magadan and for the governor’s reelection. The fishing industry has created hundreds of new jobs, agriculture is recovering, wage arrears are down, and pensioners are now receiving their pensions.

Magadan has a harsh climate but numerous resources including silver, gold, and coal. The processing of minerals, especially gold and silver, causes massive air pollution and Magadan has some of the most polluted air in Russia. Tsvetkov was elected on an economic platform. He promised to develop the economy, wrest control of gold production/sales from Moscow, and increase electricity production to alleviate the hardships of the citizens.
So far he has at least minimized, or lessened, the potential unemployment in the region.

This region was central to the Soviet era GULAG. Gold and silver mines exist primarily because they were built by prison labor. The GULAG used to be a source of jobs in the area. Prison guards, cooks, and so on were used in the camps. And troops brought into the area as administrators, guards, or political overseers on a temporary basis brought money and goods into the economy as well. Since the demise of the GULAG, these jobs are gone. Though this has caused hardship, most locals would not want the prison system back solely for the economic benefit to the area.

Population loss is a huge concern in Magadan. The region lost 81,000 people from 1992 to 1998, a loss of over one-quarter of the population and some population estimates show a loss of around 140,000 people, which is over one-third of the population. Much of Tsvetkov’s success in limiting unemployment may actually be attributable to the emigration facing Magadan. Fewer people are unemployed because there are fewer people. Able-bodied people of working age are those most likely to leave. Tsvetkov advocates more federal spending on health, leisure, and cultural facilities to help stem the flow of emigres.

Health concerns are also important. Drug addiction and alcoholism are rampant. Magadan recently reported its first two cases of AIDS. Governor Tsvetkov has decreed that all newcomers must pass an AIDS test now before they can be granted a residency permit. Residents of Magadan who have been on leave for more than 3 months will also have to pass an AIDS test.

Mortality is twice the Russian average and life expectancy is 20 years lower among native populations than among Russians. Only 6 percent of native peoples live long enough to collect a pension. These concerns are also very important in other extreme northern regions such as Chukotka, Kamchatka, and the Koryak AO.

Primorskii Krai, or Primorye

Primorskii Krai, or Primorye, lies along the Sea of Japan and borders China, North Korea, and Khabarovsk Krai. The region has coal, tin, gold, lead, zinc, and iron deposits. In agriculture they grow potatoes and vegetables, sugar beets, and rear livestock. Industries include wood processing, machine building, food processing, and construction materials. Primorskie krai has a population of 2,216,000 people and is almost 87 percent Russian with another 9 percent Ukrainian and Belarusan. There are also 20,000 Tatars, over 8,000 Koreans, and 766 Udegei. The capital is Vladivostok.

Putin and Zyuganov ran a fairly close race in Primorye. Putin received 40 percent of the vote and Zyuganov, the Communist candidate, got 36 percent. In the 1999 parliamentary elections, Yedinstvo (Unity) earned 27 percent and the Communists earned 22 percent. The governor is Sergei Darkin who was
elected in June 2001. He replaced the notorious Evgenii Nazdratenko who was ousted by Putin in February 2001. Darkin graduated from engineering school and worked at the Vladivostok Marine Trade Port. He has served as deputy director of the Dallizing company and in 1991, established a shipbuilding and fishing company, Roliz. Roliz was set up, according to uncorroborated accounts, with money from Darkin’s father-in-law, Anatolii Golovizin.

Golovizin was the first secretary of the krai committee of the CPSU. The Party later accused him of taking money from the Party and Darkin fled the country. He spent 6 months in the United States and denied receiving any Party funds. He returned to Primorye thanks to the widow of a well-known organized crime leader. Darkin divorced his first wife to marry the widow Karpov. He had good relations with Nazdratenko who appointed him president of the Primorye Bank. Darkin also owned a controlling stake in, and was chairman of the Board of Directors for, Primorskii Soy, the largest soybean processing company in Primorye. Darkin seems to have “difficult” relations with Far Eastern Presidential Representative Konstantin Pulikovskii. Neither Pulikovskii nor his deputy, Gennadi Apanasenko, appeared at Darkin’s inauguration. Darkin defeated Pulikovskii’s deputy in the gubernatorial election.

Upon his election, Sergei Darkin had no political experience and had never gave an interview but his first 100 days in office shaped up pretty well despite a rocky start. Almost immediately after the election, the legislature moved to limit Darkin’s power. The deputies of the Primorskii Krai Duma modified the charter of the territory forcing the governor to submit his appointments to the Duma for approval. In particular the Duma has seized the right to approve the governor’s deputies and the power to recall cabinet members. However, since that time the Krai Duma seems to have changed its mind about their new governor and now fully supports him. They adopted his 2002 budget with no amendments in October, usually it takes several months into the new year to get a budget through the regional legislature.

Darkin has limited the power of mayors to use budgetary funds for their own purposes and increased oversight of the local level. This has made him unpopular with many municipal governments but has enabled his administration to account for monies and provide oversight in how money is spent at the local level. However, the Krai’s money is controlled by the federal treasury, by order of the Putin administration, and this may limit Darkin’s power, on the other hand, it may insulate him from some of the criticism and innuendo about corruption since he cannot spend money without federal approval. Another positive note, Darkin and his administration are better prepared for winter than previous governors have been but he still feuds with Unified Energy Systems (EES) chair Anatolii Chubais. Darkin refused to raise consumer prices for energy and will not give EES bank guarantees for its local subsidiary Dalenergo, though he did remove preferential treatment of local industry in payment for energy.
Darkin does face a number of difficulties beyond preparing for winter and getting the Krai’s economy on track, Pulikovskii and Apanasenko are still enemies of the governor. So the offices of the presidential representative to the Russian Far East are actively working against Darkin’s administration along with local mayors in Primorye. So far there is substantial evidence of local and federal cooperation in the upcoming krai Duma elections. It seems Pulikovskii and others are working to ensure the governor does not have a compliant legislature in the coming years.

The governor also seems concerned about the continuing influence of the former governor. In March 2002, Sergei Darkin began to fire a number of officials who had close ties with former Governor Nazdratenko, among them the press secretary and the head of the regional public television station. Darkin has also clashed with Nazdratenko, now Minister of State Fisheries, over the allocation of fishing quotas among enterprises in Primorye.37

Darkin seems to be highly concerned with the economic fortunes of Primorye. He has made a number of economic changes and is supporting any initiative he feels will help the Krai economically. The food processing industry seems upset; they are withholding tax payments to protest his changes.38

Primorye is known as highly corrupt. The 1990s were filled with gangland-style killings and ostentatious funerals for mob bosses and a new rash of killings occurred in October and November 2001. Illegal trade ranging from smuggling textiles to nuclear materials and weaponry have commonly been alleged to be centered in the territory. Many of Nazdratenko’s vice governors are under investigation and are rumored to be involved in organized crime and various illegal activities. Journalists who wrote articles critical of Nazdratenko and his “clan” were also harassed, beaten, arrested, and otherwise abused. The corruption is likely to continue under Darkin especially since nepotism abounds in Primorye. Darkin’s first three appointments were all business partners – his Roliz vice president, the deputy general director of Roliz, and the deputy mayor of Ussurisk who supposedly helped Darkin acquire Primorskii Soy.

Perhaps due to the corruption in the region, or to political concerns, the Kremlin plans to impose much stronger oversight on Primorye’s government and budget than it has in years past. As previously mentioned, the Krai budget will be managed through the federal treasury and federal authorities will know how every ruble is spent. In addition, a new company has been established to oversee the regional energy companies and monitor their finances, previously the governor oversaw these funds.

**The Sakha Republic (Yakutia)**39

Sakha is the largest republic of the Russian Federation but has a population of only 1.03 million of whom approximately 33 percent are ethnically Sakha. Forty percent of the Republic of Sakha is located north of the Arctic Circle. All
of Sakha is covered by permafrost. There is a huge taiga forest as well as huge areas covered with moss and lichen favored by the local reindeer herds. It has massive diamond reserves, gold deposits, tin deposits, and natural gas and oil.

As with many republics and entities in the former Soviet Union, the name of the republic was in dispute during the Gorbachev era and after. During the Soviet era, the republic was known as Yakutia. The indigenous people considered that to be an outsider’s name and a corruption of a local Evenk name for the Turkish-speaking peoples of the region. In 1990, the then Yakut-Sakha Republic declared sovereignty. In March 1992, when President Mikhail Nikolaev signed the Federation Treaty, they used the name The Sakha Republic (Yakutia). The name changes mark not only a desire to follow a more independent path, but also demonstrate that they are ready to stay within the structure of the Russian Federation and cooperate with federal authorities.

In Sakha, 74 percent of the population is rural and only 13 percent of urban dwellers are Sakhan. Sakhans tend to work in agriculture (87 percent) and are paid less than 16 percent of what a Russian energy sector worker makes. So there is significant ethnic tension in the republic.

The Sakha people are of Turkic origin with some mixture of the local hunting and fishing peoples (Evenk, Even, Yukagir). Traditionally, the Sakha have been cattle and horse breeders. Shamanism is enjoying a rebirth in the region as is the oral tradition of recounting epic stories of past leaders. Sakha nationalists have been advocating closer ties with Turkey. In addition, Sakha has been looking to Mongolia, China, the Koreas, and Japan for trade and economic needs. Then President Nikolaev became vice president of the Organization of Northern States thus leading to closer ties with Alaska, Denmark, Iceland, Norway, Sweden, Finland, Greenland, and Canada. A Japanese–Sakha Friendship Society is flourishing. Hyundai, a Korean firm, is helping Sakha in the Elgin coalfields and has signed agreements with the BAM railway. Japanese firms are interested in lumber and there is a large trade in foreign autos.

Though the republic has phenomenal mineral wealth – Sakha produces 98 percent of Russia’s diamonds and much of its gold – they are highly dependent on the central government for food and transportation subsidies and winter deliveries of necessities. This has led to some successes as well as moderation and compromise in federal relations. Sakha’s demands fall in the middle of the continuum of Russian Federation subjects in the ongoing federal bargaining. They are neither fully secessionist nor are they merely accepting of the status quo. Among the many successes were the 1995 power sharing agreement that allowed Sakha to collect their own federal taxes and spend them on federal programs in the republic, exemption from the Russian privatization program, and financial concessions to both the Sakhan government and Alrosa, the diamond company.

The Sakha constitution states that republic laws are supreme and includes a provision allowing for secession from the Russian Federation. But they have
They made no attempt to establish their own currency, army, or other symbols of statehood. They are allowed to collect federal taxes and distribute them for federal programs in the republic (though fiscal policy has changed somewhat and that will be dealt with in the chapter on economics). In 1992, the presidents of Tatarstan, Bashkortostan, and Sakha signed an agreement to jointly monitor federal compliance with federal agreements. In 2000, Presidential Representative Konstantin Pulikovskii emphasized that Sakha had more republic laws that did not comply with federal laws than any other subject of the federation and has been exerting substantial pressure on the Sakhan government to bring their laws into compliance. Putin has also convened a working group to look into the power sharing agreements and determine their legality and their wisdom. The outcome of this investigation, and even the intent of the group, is not presently known.

The Sakhan constitution and legal code have more conflicts with the federal norms than any other Russian region. Among the many laws that conflict with federal law are the requirement that the Sakhan president speak both Sakhan and Russian, that Sakha citizens do not have to participate in military service in Chechnya, and numerous other examples. The governor has also blocked the sale of gold to the Russian government during a dispute with the federal government, reinstituted price controls following the ruble collapse of 1998, and continues to subsidize mass transportation for the people of Sakha.

In 2001, the republic experienced serious flooding with damage estimates in the billions of rubles. The federal government allocated 300 million rubles in June and promised more, according to Pulikovskii, if the republic brought its laws into compliance. As of fall 2001, the regional legislature was resisting all efforts to change the Sakhan constitution and adamantly refused to change their declaration that the diamonds and other resources in Sakha rightfully belong to the people of the republic.

The first president of the Sakha Republic was Mikhail Nikolaev who seemed to have a close relationship with Yeltsin. Nikolaev supported Yeltsin openly in 1993. He used the aftermath of the parliamentary crisis to eliminate the anti-reform-minded parliament in Sakha. Nikolaev went to the Omsk Agricultural Institute and worked as a veterinarian for some years. He then entered Party work and worked in both the Communist Party and the state organs in the Soviet Union. He was chairman of the Presidium of the Supreme Soviet of the Yakut Autonomous Soviet Socialist Republic from 1989 to 1991. In 1991, he was elected president of the Sakha Republic. He supports the Yedinstvo party though he is first and foremost for the Sakha Republic. The Sakhan constitution includes a two term limit for its president. However, Putin recently changed Russian law to allow third terms for some presidents and governors and Nikolaev planned to seek a third term in December 2001.

Residents of Sakha petitioned the legislature to make changes in the constitution to allow for a third term. In October 2001, the scenario changed when Central Election Commission Chairman Aleksandr Veshnyakov
announced that Sakhan President Mikhail Nikolaev would not be able to run for a third term on 23 December 2001. The republic election law was declared in contradiction with federal legislation. Over 40 percent of Sakha residents supported his right to run for another term regardless of federal laws. Deputy Prosecutor General Vasilii Kolmogorov, as well as eleven other candidates, ran in the election. Kolmogorov had the support of the Kremlin but was supported by only 5 percent of the population. Even though he is from Sakha, many saw him as too distant from Sakha and his ethnic roots.43

The election story had many ebbs and flows. The elections were not highly democratic. The head of a local television station in Yakutsk was arrested and his station closed for over a month. He was charged with inciting interethnic violence. When he successfully defended himself, the government shut down his station because they lacked the proper technical documentation. The goal of this harassment was to shut down any media outlet that was opposed to Nikolaev in the months preceding the election.

There was court involvement at the federal and regional levels, candidates were forced out of the race or offered incentives to leave. The local government ran a lottery on election day in which the grand prize was a Volga automobile. This contributed to the high 76.7 percent turnout. In the end, most of the candidates pulled out including Mikhail Nikolaev as part of a deal made in Moscow during a meeting with Vladimir Putin. Vyacheslav Shtyrov, head of the Alrosa diamond company, won with 59.4 percent of the vote. His main remaining competitor, Fedot Tumusov, the president of SAPI (a business concern in Sakha), won 34.6 percent. Four percent of the population voted against all candidates. Shtyrov received the blessings of both Putin and Nikolaev who bowed out after a meeting with Putin the week before the election. Kolmogorov pulled out of the race at the same time, presumably under orders from Moscow.

Shtyrov is widely perceived as Nikolaev’s man. He is a member of the same clan in Sakha and considered loyal to Nikolaev. Shtyrov had been vice president under Nikolaev in 1991 and was the prime minister of Sakha from 1993 to 1995. Nikolaev was instrumental in getting Shtyrov the job as head of Alrosa.44

**Sakhalin Oblast**

Sakhalin Oblast has a population of 620,000 and is 82 percent Russian, 6.5 percent Ukrainian, 5 percent Korean, and 1.6 percent Belarusian. There are about 10,500 Tatars (1.5 percent) as well as a number of “small peoples of the north” including the Nivkhi, Orochi, Evenks, and Nanays. Sakhalin is chain of islands that jut out into the Sea of Okhotsk. The southernmost island comes very close to the Japanese island of Hokkaido. The Oblast includes Sakhalin Island and the Kuriles. Japan and Russia dispute the four southernmost Kurile Islands that the Japanese refer to as the Northern Territories. The capital is Yuzhno-Sakhalinsk.
Sakhalin has immense offshore oil deposits and a number of international joint ventures are working at accessing them and bringing them to market. In addition, the Oblast has coal, metals, timber, and a huge fisheries industry. During the drilling season, Sakhalin has the third largest community of foreigners living there, right after Moscow and St Petersburg.

In 2000, Putin won almost 47 percent of the vote in the presidential election and the Communist candidate came in second with 31 percent. In the 1999 parliamentary elections, the Communists won with 24 percent and Yedinstvo (Unity) was a close second with 23 percent. Igor Farkhutdinov was reelected to a second term in October 2000. Farkhutdinov worked with the Communist Party and had been mayor of Yuzhno-Sakhalinsk. He was a member of Chernomyrdin’s Our Home is Russia party but now is seen as a supporter of Yedinstvo.

Farkhutdinov seems to be primarily concerned with economic issues. Sakhalin is the site of numerous and potentially huge oil and gas deposits. There has been a lot of international interest in these deposits and the governor has actively lobbied Moscow to gain approval for joint ventures and to maintain the Russian content laws that are likely to truly benefit Sakhalin. Already the University of Alaska has started a consortium to help train local oil managers and experts so that joint ventures can use the required number of Russian workers and managers. These kinds of initiatives could bring great benefits to Sakhalin in the future.

Sakhalin was used as a prison colony by Tsarist Russia and held camps in the GULAG under the Soviets. The Oblast includes the Kurile Islands. The southern four islands are under dispute between Russia and Japan. Japan calls them the Northern Territories and controlled them from 1905 to 1945.

The RFE as a region and some comparisons

Politically, the RFE offers a mixed picture. Some of the regional leaders have been quite successful and shown great skill in navigating not only their regional political sphere but the politics of the federal level as well. Mikhail Nikolaev, despite the fact that he was not allowed a third term, had incredible success establishing the sovereignty and economic future of Sakha. Viktor Ishaev of Khabarovsk has managed to gain a national reputation through his efforts at a strategic plan for Russia and the RFE. And Igor Farkhutdinov has had a number of triumphs in dealing with multinational investors for Sakhalin oil. Other leaders have managed to succeed only at gaining infamy and for their corruption like Evgenii Nazdratenko.

The governors come from many different walks of life and also have different political perspectives ranging from reformist to “Red” to unknown (Table 3.2). The current governors are mostly pro-Putin and belong to the party of power, Yedinstvo/Otechestvo (Unified Russia). Two are Communist, Mashkovtsev of Kamchatka and Korotkov of Amur. Three have not made
Table 3.2 Political affiliations of governors in the RFE

<table>
<thead>
<tr>
<th>Region</th>
<th>Governor</th>
<th>Born</th>
<th>Previous career</th>
<th>First election/ appointment</th>
<th>Recently elected</th>
<th>Political affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amur Oblast</td>
<td>Leonid Korotkov</td>
<td>1965</td>
<td>journalist</td>
<td>2001</td>
<td>April 2001</td>
<td>Narodnii (former Communist)</td>
</tr>
<tr>
<td>Jewish Autonomous Oblast</td>
<td>Nikolai Volkov</td>
<td>1951</td>
<td>construction</td>
<td>1996</td>
<td>April 2000</td>
<td>Nash Dom Rossi</td>
</tr>
<tr>
<td>Magadan Oblast</td>
<td>Valentin Tsvetkov</td>
<td>1948</td>
<td>industry/Federation Council/Duma</td>
<td>1996</td>
<td>Nov. 2000</td>
<td>Yedinstvo</td>
</tr>
<tr>
<td>Primorye</td>
<td>Sergei Darkin</td>
<td>1963</td>
<td>business</td>
<td>2001</td>
<td>June 2001</td>
<td>unknown</td>
</tr>
<tr>
<td>Sakha Republic (Yakutia)</td>
<td>Aleksandr Shtyrov</td>
<td></td>
<td>Alrosa</td>
<td>2002</td>
<td>Jan. 2002</td>
<td>Yedinstvo</td>
</tr>
</tbody>
</table>


Notes:
Golos Rossii = Voice of Russia.
Otechestvo = Fatherland.
Narodnii= former Communist electoral bloc.
Vsya Rossia = All Russia.
Yedinstvo = Unity, generally favors Putin’s policies. In 2002, merged with Otechestvo to become Unified Russia.
public their political affiliations: Roman Abramovich of Chukotka, Vladimir Loginov of Koryak, and Sergei Darkin of Primorye. The governors have had a wide range of past professions including journalist, mayor, legislator, and various forms of business. Three are under forty and the oldest is 55. Six are in their first terms while four have been reelected.

Some regions have had very stable political orders. Sakha has its second governor since 1991 but he was virtually handpicked by Mikhail Nikolaev, and Nikolaev in his turn was appointed by his successor to the Federation Council, so that shows quite a bit of continuity. Others, like Amur, have not had much stability. Amur has had seven different governors since the office was created by Yeltsin in 1991.

The constituent parts of the RFE share many of the same maladies: poor economic performance, heavy reliance on one or two industries, corruption, poverty, lack of adequate housing, and so on. Democracy is not running rampant in any of these regions. Most are run by strongmen who rule as if they were medieval lords running their personal fiefdom. They enrich themselves and their cronies with little concern for the average citizen. And yet, the vast majority of their constituents do not seem to care or mind and so these leaders get reelected.

Abuse of power is quite common. Local military troops and construction materiel is used to build a luxurious house for one of the political elite. Local courts, police, and tax auditors harass citizens who have criticized the government or run afoul of the local elite. Hired thugs beat people up. Contract hits are not uncommon. Businesses that do not toe the line have been torched or their suppliers persuaded to stop deliveries.

The regions are also alike in their opposition to foreign religious groups, though this is common throughout Russia and not just in the RFE. A 1997 Law on Freedom of Conscience is widely interpreted as allowing local authorities to clamp down on a variety of religious denominations, particularly missionaries and religious sects that are not “traditionally Russian” (usually defined as Russian Orthodox or a native religion). These groups are often harassed and various forms of discrimination are common. Religious groups are required to register with the state and many groups are denied this right including Muslims, Mormons, Baptists, and others. Islamic communities in Kamchatka and Primorye have tried to build mosques and work has been halted due to harassment. Catholics, Mormons, Protestants, and others have protested the discriminatory treatment to the Russian and US governments. Verbal attacks are common and physical ones are not rare throughout the region on those professing different beliefs. Churches have been subjected to criminal investigations and lost their leases due to pressure from security services. In Khabarovsk, Pentecostals were prevented from registering their sect and various bureaucratic measures (challenges to visas, repeated document checks, late night visits, and so on) were used to intimidate missionaries and force them to leave. Catholics have suffered substantial indignities.
Workers with Catholic Relief Services are forced to leave the country once a year to renew their visas as are foreign priests with full-time parishes, and residency permits have become almost impossible to get for Catholic religious workers due to opposition from the Orthodox Church. Pastors in Magadan and Khabarovsk (Church of Christ and Baptist, respectively) have been denied visas and accused of tax or customs charges. And Vladivostok seems to have singled out Mormons for bureaucratic harassment and denial of visas.46

Press freedom is another issue where there is substantial similarity among the regions of the RFE. In Khabarovsk, the editor of the newspaper Khabarovskii expres was beaten three times and the editorial offices were torched twice after the paper covered Governor Ishaev’s son Dimitri in a negative light. Numerous reporters throughout the Far East claim that political powerholders have used corrupt courts and libel suits to bankrupt journalists and newspapers that threatened vested interests. Printing presses and paper supplies often seem to vanish after a newspaper or magazine prints stories that attack a sitting governor or allege corruption among elites.

There is a website that monitors press freedom throughout Russia by a group called Public Expertise, <www.freepress.ru>. The RFE splits between those with unfavorable climates for the media and a mixed climate (unfavorable: Chukotka, Khabarovsk, Magadan, Sakha, JAO; mixed: Koryak, Amur, Kamchatka, Primorye, Sakhalin). The best climate for the media according to this system was Moscow with a 63.1 percent rating and the lowest was Bashkortostan with a rating of 4 percent. In the RFE, the Koryak AO has the best score with 43.2 percent and Sakha the worst score at 13.7 percent.

Zhurnalist, a Russian periodical, also published a report in February 2002 of a survey on media freedom by the Glasnost Defense Fund conducted during 1999 and 2000 (Table 3.3). The survey asked questions about access to information, freedom to report information, and the distribution of information. All of the regions of Russia violate media freedom in some ways. The best of the Far Eastern regions is Sakhalin at 15th place, the worst are the

<table>
<thead>
<tr>
<th>Table 3.3 Regional index of media freedom</th>
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<tbody>
<tr>
<td>1 Moscow city 62.9 &amp;</td>
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<tr>
<td>15 Sakhalin Oblast 41.7 &amp;</td>
</tr>
<tr>
<td>23 Kamchatka Oblast 38.8 &amp;</td>
</tr>
<tr>
<td>25 Amur Oblast 38.4 &amp;</td>
</tr>
<tr>
<td>43 Primorye 34.3 &amp;</td>
</tr>
<tr>
<td>56 Jewish Autonomous Oblast 30.2 &amp;</td>
</tr>
<tr>
<td>57 Koryak Autonomous Okrug 30.1 &amp;</td>
</tr>
<tr>
<td>68 Khabarovsk Krai 27.5 &amp;</td>
</tr>
<tr>
<td>78 Sakha Republic (Yakutia) 20.8 &amp;</td>
</tr>
<tr>
<td>85 Magadan Oblast 19.1 &amp;</td>
</tr>
<tr>
<td>86 Chukotka Autonomous Okrug 18.8 &amp;</td>
</tr>
</tbody>
</table>

poorest and most remote parts of the RFE, Magadan and Chukotka. These are worst not necessarily due to horrible policies of keeping information from the people, but due to costs and logistics making access to information difficult and expensive.

**Conclusion**

Politics in the RFE remains about personalities. The single most important politician in each region is the governor, followed by the Russian president and key ministers, then oligarchs or key businesspeople, and then the envoy or governor-general. The regional legislatures, courts, and local governments (mayors, city governments, etc) do exercise powers and can be influential. The absence of discussion of these organs of power does not imply that they are wholly unimportant, simply that due to space constraints, I have focused on the most powerful of the institutions and actors in the region.

The key to understanding the regions, however, is the state of Russian federalism. Under Yeltsin, power devolved to the regions first as a strategic choice and later by default. Putin has made significant efforts to recentralize. Some of these efforts have taken power away from the regions. Most analysts see a power shift away from the regions and towards Putin. This is partly due to his popularity and image but also partly due to his policies. The envoys have not been able to wield the kind of power that was originally foreseen for them. The Federation Council reforms have yet to really take hold. But the perception remains that the center is getting stronger at the expense of the regions.

Within the context of evolving federal relations, interactions with Moscow differ among the territories in the RFE. Sakha has a bilateral treaty with Moscow that gives it substantial powers above the Federation Treaty. They even have the right to keep and sell a large quantity of their own diamonds. Sakha achieved this special status for a number of reasons: the political skills of Mikhail Nikolaev; the relationship between Nikolaev and the Yeltsin “family”; the fact that Sakha’s wealth is in an extractive industry that has no real competitors within Russia which gives it power or leverage; and timing, Sakha was making far more reasonable demands than other republics were making at the same time, so they were rewarded.

Primorye and Sakhalin have exercised significant independence in a number of ways. Of all the regions in the Far East, they have the most contacts and joint ventures with foreign countries. Both Sakhalin and Primorye have angered Moscow by publicly opposing international treaties or international issues under discussion by the center. In the first case, Sakhalin’s governor made a number of public pronouncements opposing any territorial concessions to the Japanese in the Kuriles and caused enough uproar to cause the cancellation of a state visit between the two countries’ leaders. In the second, Primorye Governor Evgenii Nazdratenko was highly vocal about his opposition...
to the border demarcation with China and the loss of territory for his province. Rumor, and rumors tend to be pretty accurate in the Far East, has it that Sakhalin is getting a pretty good economic deal out of the oil and gas ventures and that elites in Primorye have gotten and are getting rich out of corrupt border trade, skimming tariffs, and various military shenanigans. How can these two regions get away with so much? A good guess is strategic location, military bases, the support of oligarchs, and what the Russians call “blat i sviazi.”

The poor northern tier of regions (Chukotka, Magadan, Koryak, and Kamchatka) fare much less well when dealing with Moscow. They are recipients of federal aid and subsidies, albeit of a smaller scale than in the Soviet era, but they could not survive economically without that aid. This gives them much less power vis-à-vis Moscow.

Khabarovsk, Amur, and the JAO are somewhere in the middle between those regions who make demands or avoid punishment for misdeeds and those regions that are often forced to meekly accept the dictates of Moscow. Each of these produces at least some of their own food and so is not entirely dependent on deliveries from Moscow to feed its population. All have some diversity in their economy. But they do not have the same relationships or the same leverage as the more demanding regions.

So where are politics and federal relations heading? When the Soviet Union collapsed there was a lot of talk about the possible reestablishment of something resembling the Far Eastern Republic (FER) of the 1920s or independence for either the entire region or some smaller part of it, though this seems to have dissipated. Despite the tradition in the Far East of autonomy and rejection of central authority, the authority of Putin seems quite secure. The republic, oblasts, krais, and AOs of the Far East look to European Russia culturally, religiously, and ethnically. The vast majority of the population consider themselves to be Russian citizens. It is also important to remember, most of those living in the RFE are Russian ethnically as well. Politics remain highly dependent on the skills and resources of whomever holds the position of governor and his/her relations with the elite in Moscow and will continue to do so until more meaningful parties are formed or society becomes more democratically oriented, or both. In economic terms, though, the future of the RFE and its prospects for growth will rely heavily on its close Asian neighbors and that is the topic for the next chapter.
KATASTROIKA AND COLLAPSE
OR BARTER, TRADE, AND
POTENTIAL WEALTH?

The economies of the Russian Far East

The Russian Far East makes up over 36 percent of Russian territory yet accounts for only around 5 or 6 percent of GDP. The RFE has a very small population, around 5 percent of the population of the Russian Federation and supplies around 6 percent of Russian GDP overall. The economies of the region are not well diversified often relying on a single industry or a small set of commodities such as gold, diamonds, silver, oil, gas, copper, tin, coal, semi precious stones, and other natural resources. The costs of mining these resources are often prohibitively high. And although these commodities are valuable, they are far more valuable if they are processed into completed products rather than sold as raw materials, which is what happens in the RFE.

There is abundant forest but much of the timber is low quality and useful only for pulp and industrial uses, though the quality is better in the southern parts of the RFE where the climate is milder and the growing season longer. Seventy percent of the RFE is covered with permafrost. The Arctic coastline in the north of the RFE is frozen 10 months a year and the southern part of the coast, around Vladivostok, is iced over for 2 months each year. Despite problems with ice, fishing is a huge industry in the Far East. Furs and game of various types also provide valuable export revenues. Natural resources are plentiful in some parts of the RFE, however, production costs can be quite high and transportation costs continue to rise.

The region’s prospects for economic development depend heavily upon its ability to develop its infrastructure. Modern infrastructure includes roads, rail lines, air routes, bridges, pipelines, communications systems, laws, and so on. The Far East has few paved roads, two mediocre rail lines (the Trans Siberian and the BAM), few commercial or private air carriers, extremely limited pipeline capacity, and few telephones. The advent of cellular phone technology has helped increase the prospects of communication but otherwise physical infrastructure is pretty bleak.

Banks are also a necessary precondition for economic growth. In the RFE, only 3.2 percent of people have a bank account compared to 20 percent in
Moscow. Banks are also not trusted by businesses and many banks are incapable of processing simple wire transfers or exchanging currencies. This makes international trade cumbersome and adds to its cost in both time and money.

In addition, the rule of law is extremely problematic as is contract enforcement. Crime and corruption abound. The police are poorly paid and ineffectual. The courts are poorly developed and dependent upon other institutions or individuals. The lack of infrastructure, physical as well as legal, makes the development task more difficult and much more expensive.

Given the state of the economy in Russia, the large-scale investment in infrastructure is not likely to come from Moscow. So the Far East will have to look elsewhere, most likely to the Pacific Rim. The most likely investors are Japan, Korea, and the United States, with China a distant fourth for a variety of reasons.

The RFE had raw materials, oil, gas, diamonds, and a land route to the lucrative markets of Europe. Those things made the Far East look quite appealing to many Asian countries. The RFE stood to gain investment, friendly neighbors, jobs, economic growth, and security. Moscow, as well as many academics, began to worry that the RFE would want to leave the Russian Federation and either become independent or part of one of the neighboring countries. However, the RFE seems to have come to a pragmatic conclusion. It appears to be looking West for politics, security, and culture and East for economic needs. This chapter will explore the economy of Russia with an emphasis on the individual regions of the Far East, regional economics in the RFE, and how the RFE came to their pragmatic conclusion. We will also seek to answer the question of whether the RFE is headed towards economic catastrophe (*katastroika*) or whether it has the ability to turn the situation around and achieve economic success.

**The RFE economy under the USSR and in the transition**

As a result of the harsh climate and difficult living conditions in much of the RFE, the Russian Empire and then the Soviet government offered perks for moving to and living in the remote regions of the empire. You could receive higher wages and the budgets of these remote regions received massive subsidies from the central government. Military draftees and officers were also sent to the RFE for military service and many stayed in the region. The military–industrial complex also employed large numbers of people in the RFE in jobs that are now rapidly evaporating. In recent years, the government has virtually canceled the policy of regional wage differentials and has drastically reduced, if not canceled, federal subsidies to the region. The result of these policy changes has been a substantial migration of population to other regions of Russia that has been increasing in recent years. Those who can afford to move to less harsh and less remote regions are generally doing so.
Much of the industry in the Soviet Far East was run as part of All Union ministries with little local control and the vast majority of decision making power resided in Moscow. So when the Soviet Union collapsed, there were few managers, administrators, and politicians with the appropriate skills to run the economy and politics locally. In addition, the legal structure of the Soviet Union was wholly inadequate for any type of market-based economy and for open, honest political action. There were no real contracts or courts to enforce them. There was no true code of business ethics or agreed upon rules of the game. There was no ownership and most Russians had come to believe that taking anything from the state did not constitute stealing, which added even more to the problems of corruption and the lack of ethical behavior. Throughout Russia, politicians did not exist and those that played at politics tended to be populist and incite the people rather than lead them. This was especially true in the RFE where the central government provided heavy subsidies and kept tight control over local elites.

Under the Soviet system, the Far East was heavily dependent on subsidies from the federal budget, a constant stream of supply planes full of food, clothing, and fuel in winter, and extremely cheap transportation for business and pleasure. When the Soviet system collapsed, subsidies were dramatically reduced or disappeared, supply planes stopped, and transport costs rose exponentially. In 1990, it was possible for virtually anyone to take the TransSiberian Railroad from end to end. By the mid-1990s, the prospect was impossible as the cost was at least 30 to 90 days salary for the average Russian. In 1991, a flight from Moscow to Yakutsk was easily within reach of most of the population. In 1996, it cost the equivalent of several hundred dollars (multiple months of salary, locally).

As the USSR collapsed, food became much more expensive and wage payment problems became acute in the RFE. Major exports declined for a variety of reasons ranging from falling production to missing inputs and labor problems, not to mention financial problems. In January 1992, when the Russian government freed prices, the RFE was hit hard. Subsidies were unpaid or revoked and people’s pay fell even farther into arrears.

Inflation has been rampant in the RFE, industrial production has collapsed, unemployment is up, and investment is down. On the one hand, this is true throughout Russia to a large degree. On the other hand, the RFE has often had each problem only worse than other parts of Russia particularly due to the heavy reliance on military spending in the region and the effect of the huge increases in transport costs.

The Far East was also heavily dependent upon the military and military industrial complex. The Pacific Fleet is based in Vladivostok, the Far Eastern Military Command in Khabarovsk, Kamchatka has naval and military bases, and there are numerous military bases or border guard units patrolling the long border with China. In fact, many cities and areas of the Far East were closed to foreigners and to anyone without express permission. Some did not
even exist on official maps. These special zones were sealed off from the local areas and reported directly to Moscow.

When the Soviet Union collapsed, the military and defense industries were thrown into chaos.\(^3\) Many non-Russians left their units to join the armed services of their newly-independent ethnic homelands. Wage arrears became common and both officers and enlisted personnel were forced to sell belongings or otherwise provide for themselves and their families. Military procurement virtually halted causing massive problems for the military–industrial complex.

Most of the metal working and machine building enterprises had been part of, or reliant on, the military–industrial complex. But procurement dropped throughout the 1990s and shows little sign of recovery so most of these enterprises are underworked and virtually bankrupt. Some estimates are that over 80 percent of the capacity in these industries is not being used.

The Far East, and Siberia, had the poorest living standards in Russia from 1992 on. When Boris Yeltsin visited the Far East in 1992, he was appalled and made statements like “You actually live here?” and “Places like this make me embarrassed to be Russian.” Industrial output had fallen precipitously. In Kamchatka, Primorye and Khabarovsk, production dropped over 30 percent in 1995. In other regions, production also dropped sharply. By December 1996, production had fallen by two-thirds since 1991 in the RFE and 40 percent of the population now lived below the poverty line.\(^4\) Food distribution, in many places, had virtually collapsed.

From 1991 to 1997, the RFE lost 9 percent of its population with the largest exodus from Magadan and Chukotka.\(^5\) People were leaving due to financial hardship. Jobs were tougher to find. The higher wages prevalent in the Soviet period were gone as were central government subsidies and deliveries of food and consumer goods. Prices rose dramatically. Prices in the Far East for many goods became substantially higher than those in the rest of Russia. Apartments and utilities, which had been virtually free, rose in cost as well. Given the harsh climate in most of the region, anything approaching a market price for heat and electricity would be a terrible hardship on most people.

In 1992, President Yeltsin launched a regional development program for the RFE designed to radically improve the economic situation in the region by 2005. The idea was revived during the 1996 presidential election campaign as well. Unfortunately, full funding never materialized and many projects received only a very small portion of the planned investment.

In some cases, the old elite managed to catch on to new ways of doing things or they managed to steal enough from the dying Soviet system to set themselves up in life and business. Entrepreneurs began to emerge. But many preferred making a quick ruble through shady business deals and cheating people. Few built any infrastructure or any productive businesses. Shuttle traders, those who took buses to China and Turkey to buy huge amounts of cheap goods and sell them at high prices in Russian flea markets, did very well
at first. It did not last. Without the rule of law to protect capital and investments, the only incentive was to make quick money for yourself and then send it out of the country to Cyprus or other banking havens.

The Far East has substantially more unprofitable enterprises than Russia as a whole. Industrial production has been falling for a decade. The RFE, and other post Soviet areas, suffered from serious problems with travel and trade. The Soviet mindset of secrecy and control had led to a transportation system whose main goal was central control of the movement of goods and services, not convenience. This meant that railroad tracks and roads often went to places no one wanted to go or led from a factory or mine directly to Moscow without stopping or going through many cities and towns. Air routes all led through Moscow until 1992–3. And it was virtually impossible to drive from the RFE to other parts of Russia due to long distances and a lack of adequate roads.

Transport costs rose dramatically with the demise of the USSR. Railroad tariffs and airline travel became prohibitively expensive for most people and many businesses. Corruption – and therefore the added costs of bribes – added to these problems. The RFE also lost its traditional suppliers for goods and services and its traditional markets as well. European Russia was too far away to be selling goods and services to the people of the Far East at a profit given the rising costs of transport. Plus, there were more lucrative markets to the West for businesses in European Russia.

State investment in the RFE is down substantially as well, perhaps as low as 20 percent of 1990 levels. And the region is not attractive to many foreign businesses for a variety of reasons. Most of the reasons are the same as those limiting foreign investment throughout Russia – absence of an independent court system to uphold contracts, shifting laws and regulations, confiscatory taxation, and unreliable government policies and regulations. However, the RFE is generally considered more corrupt than other parts of Russia and this further hinders investment. Plus the lack of infrastructure causes many problems as do the unreliability of electrical power and difficult living conditions. In particular, the poor condition of communications in the region is a serious problem though cell phones, wireless modems, and satellite communications have helped here. The workforce, though well educated, is not as cheap or as well trained as those in some other Asian countries so often the RFE lacks a competitive advantage for gaining investment.

There have been positive signs. As the Soviet Union collapsed, shuttle trading began along the border with China. China produced inexpensive consumer goods in large quantities and the Russians had lots of pent-up demand. Trade was primarily barter. Building materials were traded for Chinese textiles, timber and machine tools were traded for electronic appliances, and so on. This trade grew and became more monetarily based until the ruble collapse of 1998. Since 2000, trade has recovered pre-collapse levels and is again increasing. It could become an engine for economic growth.
The RFE as a region

Geographically speaking, the RFE is not really a single region. Some scholars argue that the RFE should be looked at as two regions due to the different economic bases prevalent in the north and south. The southern part of the RFE (Amur Oblast, Jewish Autonomous Oblast, Khabarovsk Krai, Primorskiy Krai, and Sakhalin Oblast) accounts for more than 70 percent of the region’s economic potential, including 90 percent of the agricultural production, heavy industry, consumer goods production, and food processing.6 The northern part of the RFE (Chukotka, Kamchatka Oblast, Koryak Autonomous Okrug, Magadan Oblast, and Sakha) lives off extractive industries ranging from fishing to mining. Other scholars argue, for similar reasons, that it is really three: north, central, and south.

For our purposes, we are going to look at the RFE and compare the component parts with one another along a host of issues including percentage of regional GNP, investment risk, the federal budget, food prices, wages and consumer prices, and regional trends. Then we will take a quick look at each of the individual parts of the region to get a deeper, more nuanced picture of the economic outlook in the RFE.

Economics is a troublesome question throughout Russia, perhaps more so in the RFE. Statistics are notoriously bad due to corruption, political manipulation, and the prevalence of activities not measured by official statistics such as smuggling, barter, and the black market. However, the statistics still tell us an interesting story. They can give us a pretty good picture of how the republic, oblasts, krais, and areas compare to one another. We can determine who is doing better and worse. We can see who has potential and who does not and so on.

The Russian Ministry of Economics announced in 2001 that the RFE was rated last among the seven superregions of Russia for economic development in 2000.7 Traveling through Russia offers ample evidence of the truthfulness of that report. The RFE definitely lags the rest of Russia in many ways. However, within the RFE there is substantial differentiation. In economic terms, the current situation and prospects for each of the regions is quite different (Table 4.1).

Sakha, Primorye, and Khabarovsk together produce over 67 percent of regional GDP. They also have the most industrialized and diverse economies in the region. Amur Oblast and Sakhalin are next with 11 percent each. And the bottom rung includes Kamchatka, Chukotka, Magadan, and the JAO. These statistics clearly emphasize the point made earlier that it can be difficult to talk about the RFE as a single economic region.

The RFE also has some variation in investment risk, though all of the Far Eastern provinces are in the bottom half of the Russian Federation (Table 4.2). The best of the RFE is Amur Oblast with an investment risk rank of 52 out of 89 subjects of the federation. The investment risk in the RFE is higher
than in European Russia due to lack of infrastructure, poor financial facilities, transportation costs, corruption, and various other factors including climate. The far north does notably worse (Chukotka, Kamchatka, Magadan, and the Koryak AO) than the central and southern portions of the region.

All of the provinces in the RFE receive governmental subsidies. Sakha is the least subsidized part of the Far East. They receive only 9 percent of their budget revenues from the federal treasury. Primorye is next receiving 17.9 percent of their budget from the federal government and the most highly subsidized area is Chukotka that receives over 50 percent of its revenues from the federal budget. In addition, the RFE generally keeps the vast majority of its taxes in the region (Table 4.3).

Table 4.1 Percentage of regional GDP by region in the RFE

<table>
<thead>
<tr>
<th>Region</th>
<th>Regional GDP (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amur Oblast</td>
<td>11</td>
</tr>
<tr>
<td>Chukotka Autonomous Okrug</td>
<td>1</td>
</tr>
<tr>
<td>Jewish Autonomous Oblast</td>
<td>1</td>
</tr>
<tr>
<td>Kamchatka Oblast</td>
<td>5</td>
</tr>
<tr>
<td>Khabarovsk Krai</td>
<td>21</td>
</tr>
<tr>
<td>Magadan Oblast</td>
<td>5</td>
</tr>
<tr>
<td>Primorye</td>
<td>22</td>
</tr>
<tr>
<td>Sakha Republic (Yakutia)</td>
<td>24</td>
</tr>
<tr>
<td>Sakhalin Oblast</td>
<td>11</td>
</tr>
</tbody>
</table>


Table 4.2 Investment risk in Russian regions

<table>
<thead>
<tr>
<th>Ranked investment risk</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>52</td>
<td>Amur Oblast</td>
</tr>
<tr>
<td>58</td>
<td>Sakhalin Oblast</td>
</tr>
<tr>
<td>64</td>
<td>Jewish Autonomous Oblast</td>
</tr>
<tr>
<td>66</td>
<td>Primorskii Krai</td>
</tr>
<tr>
<td>71</td>
<td>Sakha Republic (Yakutia)</td>
</tr>
<tr>
<td>73</td>
<td>Khabarovsk Krai</td>
</tr>
<tr>
<td>74</td>
<td>Magadan Oblast</td>
</tr>
<tr>
<td>78</td>
<td>Koryak Autonomous Okrug</td>
</tr>
<tr>
<td>79</td>
<td>Kamchatka Oblast</td>
</tr>
<tr>
<td>86</td>
<td>Chukotka Autonomous Okrug</td>
</tr>
<tr>
<td>89</td>
<td>Chechnya</td>
</tr>
</tbody>
</table>


Note:
1 = lowest investment risk, 89 = highest.
Wages and consumer prices throughout the region are higher than in European Russia. In general, farther north means higher prices and higher wages (Table 4.4). For example, the average wage in Kamchatka is around double of that in Primorye. The average consumer price index (CPI) in Russia is 100, the lowest CPI in the RFE is Amur with 124. However, the average wage is almost exactly the same as the average Russian monthly wage (899.7 rubles in Amur, 891.7 in Russia overall) so the cost of living is more expensive in Amur than in the average Russian area. The most expensive region is Chukotka with a CPI of 323, over three times the national average; however, the average wage in Chukotka is only slightly less than double the national average wage so living there is much more difficult.

The hardship in the RFE becomes even more apparent if you look at regional economic trends. In much of the Far East, real income is falling at the same time that the CPI is rising. Kamchatka, Khabarovsk, Magadan, and Sakha all had a decrease in real income between 1999 and 2000. Some areas are holding there own or gaining ground, for example, the JAO, Koryak AO, Amur, and Sakhalin (Table 4.5).

The population of the RFE has changed dramatically since 1991 and the collapse of the Soviet Union with significant economic effects. In addition,
rising emigration is quickening the pace of economic decline in many of these territories since the young and able bodied are the first to leave. The Russian State Statistics Agency reports that the population of the RFE has fallen more than 570,000 between 1992 and 1998, a drop of over 7 percent. Some reports are as high as 9 to 10 percent for the region as a whole (Table 4.6).

As you can see from Table 4.6, some regions are more affected by emigration than others. Chukotka, Magadan, and the Koryak AO are the most...
seriously hurt by population losses. These areas are in the far north, are extremely remote, and were heavily subsidized under the Soviet system. They rely heavily on extractive industries and tend to have either fewer resources or the resources they have are difficult and expensive to extract. The areas with the least population loss are Khabarovsk Krai, Primorye, and Amur Oblast. Each of these areas is in the more temperate southern region, has a more diversified economy, has more economic potential, and has fairly good access to transportation.

President Putin, in December 2000, announced an attack on what he called the deepening demographic decline of Russia. His plan is to attract Russians living elsewhere in the former Soviet Union (the Russians term it the near abroad) to return to Russia, particularly to live in the sparsely populated Far East. The drawbacks of this plan, the cost of bringing Russians back to Russia and the tension this would likely engender with bordering states, are quite large. The demographic crisis, for the RFE, is due to a number of factors: lack of job prospects, poor economic performance of the region, dropping life expectancies especially for men, rising suicide rates, low birth rates, a soaring infection rate for a variety of illnesses including HIV and tuberculosis, and high rates of infant mortality. The RFE adds several other factors to the general crisis in Russia. Since the collapse of the USSR, Russians have been leaving the region in droves. Without significant monetary incentives or governmental investment in the basic necessities of life, the emigration will likely continue even if the Putin administration can convince some of the 23 million Russians in bordering states to move to Russia.

Corruption also has a large effect on economic prospects. Corruption is rampant in the Far East; however, the extent and type of corruption varies

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**Table 4.6 Population changes, by territory, in the RFE, 1992–8**

<table>
<thead>
<tr>
<th>Region</th>
<th>1992</th>
<th>1998</th>
<th>Change</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amur Oblast</td>
<td>1,063,000</td>
<td>1,023,000</td>
<td>−40,000</td>
<td>−3.7</td>
</tr>
<tr>
<td>Chukotka Autonomous Okrug</td>
<td>124,000</td>
<td>81,000</td>
<td>−43,000</td>
<td>−35</td>
</tr>
<tr>
<td>Jewish Autonomous Oblast</td>
<td>219,000</td>
<td>205,000</td>
<td>−14,000</td>
<td>−6.3</td>
</tr>
<tr>
<td>Kamchatka Oblast</td>
<td>456,000</td>
<td>396,000</td>
<td>−60,000</td>
<td>−14</td>
</tr>
<tr>
<td>Khabarovsk Krai</td>
<td>1,621,000</td>
<td>1,546,000</td>
<td>−75,000</td>
<td>−4.6</td>
</tr>
<tr>
<td>Koryak Autonomous Okrug</td>
<td>38,000</td>
<td>31,000</td>
<td>−7,000</td>
<td>−18</td>
</tr>
<tr>
<td>Magadan Oblast</td>
<td>327,000</td>
<td>246,000</td>
<td>−81,000</td>
<td>−25</td>
</tr>
<tr>
<td>Primorskii Krai</td>
<td>2,302,000</td>
<td>2,216,000</td>
<td>−86,000</td>
<td>−3.7</td>
</tr>
<tr>
<td>Sakha Republic (Yakutia)</td>
<td>1,074,000</td>
<td>1,003,000</td>
<td>−71,000</td>
<td>−6.6</td>
</tr>
<tr>
<td>Sakhalin Oblast</td>
<td>714,000</td>
<td>620,000</td>
<td>−94,000</td>
<td>−13.2</td>
</tr>
<tr>
<td>Total</td>
<td>7,938,000</td>
<td>7,367,000</td>
<td>−571,000</td>
<td>−7.2</td>
</tr>
</tbody>
</table>

dramatically throughout the region. For example, in Khabarovsk Krai, corruption exists but the government manages to deliver basic services and function relatively well. In Primorye, through summer 2001, this was definitely not the case. Corruption was so extensive and so insidious that the government was not providing basic services and businesses were faced with serious impediments to growth and success. Outside Vladivostok, huge dachas (country houses) have been and are being built for the elite. They have greenhouses, hot tubs, and indoor swimming pools. Most have private heating systems so the elite do not have to put up with the same problems as the average Primorye resident. Residents who live nearby have been served eviction notices so more mansions can be built. Not only is a government salary inadequate to afford one of these houses, but the permits and permissions would take years and thousands of dollars to obtain for an average construction company. There have been numerous contract killings in the region as well as gang-related shootings. The media have been targets of attacks by thugs alleged to be hired by the government to intimidate journalists. Theft is very common from public spaces and businesses. Most auto owners remove the windshield wiper blades and antennae from their cars each time they park for fear of theft. But the biggest and most corrupt practices tend to occur in politics, especially campaigns.

Russia as a whole ranked 79th in the world for corruption by Transparency International. It ties Ecuador and Pakistan and is just above Tanzania. Russia scored a 2.3 out of a possible 10 (Finland received a score of 9.9 and is considered the “cleanest” country) and ranged among the ten surveys used to determine their ranking between a low of 0.3 and a high of 4.2, zero meaning totally corrupt and 10 being totally clean. There are only ten countries in the world ranked as more corrupt than Russia. If Transparency ranked by region, I have no doubts that the RFE would be higher than the rest of Russia.

Other aspects of corruption include illegal arms sales (dealt with in Chapter 6) and the sale and transshipment of illegal drugs. In September 2001, President Putin announced that the drug trade has become so serious in Russia that it threatens national security. There are five major channels of the drug trade in Russia: the Baltic, Caucasus, western periphery, Central Asia, and the Far East. Japan and South Korea have both officially complained that drugs are flowing from Central Asia, Iran, and North Korea through the RFE and into their countries. Due to massive corruption at the borders and ports of the RFE, drugs can easily get into Russia and are transshipped to many destinations including Moscow, Japan, China, and Europe.

After this brief introduction to the RFE as a whole and the differentiation among the various territories, let us now turn to each of the constituent parts of the RFE. We will look at climate, natural resources, major industries, and other indicators of economic activity to gain a clearer picture of the economic outlook of each territory.
Amur Oblast

Amur Oblast is in the southwestern most corner of the RFE bordering China and eastern Siberia. It is the fourth largest producer of gold in Russia and has coal, iron, copper, and gemstones as well. The region is richly forested and the timber is of better quality than most Far Eastern timber since the climate is more temperate in the south and thus has a longer growing season. Amur is the breadbasket of the Far East and Russia’s largest producer of soybeans. Unlike much of the Far East, Amur exports grain and other agricultural products.

The industrial base is quite diversified, among the industries in Amur are metallurgy, machine building, energy production, and food processing. Mining, especially of gold and coal, are major industries here. Amur is also an exporter of energy, mostly hydroelectric power. A new hydroelectric power plant is under construction on the Bureya River. Although Amur produces a substantial amount of timber, the wood processing industry is poorly developed. Most of the timber is sold raw and processed elsewhere. The diversification of the industrial base and the plentiful energy and food production probably account for Amur having the lowest investment risk in the RFE (see Table 4.2).

The region is home to the Svobodnii Cosmodrome. This facility became very important to Russia when Kazakstan became independent because the other space launch facility, Baikanur, is now located in a foreign country. Already the Cosmodrome has launched satellites for a number of foreign clients as well as Russian space launches. A number of foreign states have paid the Russians to launch payloads and satellites from the Cosmodrome already. The jobs here pay well and are prestigious as well.

In Amur Oblast, trade is heavy with neighboring China. Heihe (or Hei-Hei) is only one kilometer away from the capital, Blagoveshchensk, across the Amur River. There is substantial barter trade along this border including many shuttle traders. In the winter, traders cross the river on an ice road, in the warm months a ferry is used. In the last few years, the barter trade has slowed and monetary trade has begun to increase. Trade would be greatly facilitated by better transportation links to China. The Chinese have offered to pay for a bridge between Blagoveshchensk and Heihe but so far the Russian government has refused the offer. Visas have also been problematic. Until early 2002, it was necessary to register for a visa in Khabarovsk, one could not do it in Amur. That also complicated and reduced trade relations.

Amur has seen little international investment. As of January 2001, the entire oblast had seen only $12.1 million in foreign investment. Almost half of the investments were from American companies followed by Britain and Korea. China accounted for only 5 percent of foreign investment. Most likely the dearth of investment is due to the remote location of Amur and transportation problems.
The transport sector in Amur is a little better than in most of the RFE. It has the second highest density of railroad track. The TransSiberian and BAM cross Amur Oblast as does the incomplete Amur-Yakutsk Mainline. There are also over 1,200 miles of river, most of it navigable. Air links exist but most of them are with other Russian cities or one can fly into Khabarovsk and drive to get to Amur.

Since much of the RFE does not have adequate arable land, the agricultural sector also holds great hope for Amur. Not only does the region have a better climate than most of the RFE but also has food processing industries and can export a variety of finished and raw foodstuffs throughout the region. Amur produces three times more potatoes than it can consume, potatoes are a staple of the Russian diet, and milk products from the area are considered very high quality. Marketing and transport remain problems, however.

In general, the outlook for Amur Oblast is fairly good. Energy and food, unlike in the rest of the RFE, are not a problem. The industrial base is fairly diversified. The region has saleable natural resources and the prospects to develop a number of industries if they can acquire adequate investment. Trade with China could easily be an engine for growth if the political leadership would stabilize and if corruption could be lessened so that the tariffs and fees, as well as the profits, began to benefit the people of Amur instead of lining the pockets of a few elites.

**Chukotka Autonomous Okrug**

Chukotka is the piece of Russia closest to the United States, only 5 km separates Russia’s Ratmanov Island from the US Diomede Islands in the Bering Strait. Chukotka is also one of the poorest subjects of the Russian Federation. It has few resources but does have tin and gold plus some other minerals and mining is its primary industry. Agriculture is quite poorly developed due to climate and other considerations and is dominated by reindeer herding. There is a fur industry as well. However, Chukotka may have huge oil deposits and does have copper, mercury, uranium, and precious stones in addition to tin and gold. Unfortunately, due to the severe climate, accessing these resources is often not worth the cost of trying to extract them.

There are no major paved roads or railways in the region but Chukotka has seven sea ports. The major ports are the capital of Anadyr and Pevek. Pevek is accessible only 100 days a year. Atomic icebreaking ships provide access in the winter months if necessary. Communications are poor, though a Slovenian company is working on improving the system. Few Chukotkan residents or businesses can make long-distance telephone calls at present. Cell phones have not caught on due to the extreme poverty in the area.

The Internet has helped the Chukchi and other Arctic peoples find new outlets for the handicrafts and folk art that may have positive economic effects. Native artwork includes whalebone carving and knitted products. The
uniqueness of Chukchi art objects makes them quite popular on the Web, though it is unclear whether Chukchi or middlemen are benefitting from the sale of these items.

Tourism is virtually nonexistent but has some potential. There are petroglyphs dating back to 10,000 BC, whale hunting in July, beautiful nature, and interesting local customs. Wrangel Island is a large nature preserve in the northern part of Chukotka that is home to polar bears, walrus, arctic geese, arctic fox, seal, wolves, and other wild animals. Facilities, however, are poor. Local hotels and restaurants do not come close to meeting even minimal international standards.

Chukotka also has a nuclear power station at Bilibino that is the closest Russian nuclear power plant to the US. It was built in the 1970s and is scheduled to be taken out of service in 2007. However, given the economic difficulties of the region, it is doubtful that timetable will be kept. Russia is also planning on building a new kind of reactor in the area, a floating nuclear reactor that will bring electricity to remote regions of the Arctic like Chukotka. Basically, a small reactor will be installed on a barge that will float in rivers and bays or be docked close to areas needing power. Construction of a floating nuclear reactor at Pevek is scheduled for completion in the near future, though it is unclear, given Russian budget problems, how these plans are progressing. The plans call for fifteen floating nuclear reactors in the region.

Chukotka was once full of reindeer and fish, the staples of the local economy and local diet but due to hard times and new technologies, few villages have reindeer herds today and the fisheries also seem to be deteriorating. There are villages that report their last reindeer were killed in 1995. The native peoples are allowed to hunt marine mammals as they have since prehistoric times. The annual quote is 169 whales, 10,000 ringed seals, and 3,000 walruses. Though fishing is not as productive as in years past, pollack and cod are still plentiful in the Bering Sea and seaweed cultivation has potential as food and for medicinal purposes.

Chukotka was hurt deeply when the Soviet Union collapsed. The region had depended heavily on generous subsidies from Moscow and large wage differentials to attract and keep its population. Local agriculture collapsed without central support. Local fishing has declined drastically and is now primarily a means of survival. The ethnic Chukchi have few full-time jobs. Drunkenness, poverty, and diseases like TB, syphilis, and AIDS abound. Many village hospitals no longer have doctors. The Russians and Ukrainians have also suffered the huge inflation of prices, the absence of good jobs, and the uncertainty of life after the Soviet Union. Prices are three to four times higher than in Moscow and local wages have not kept pace. Only vodka is cheap and plentiful. Many live on humanitarian aid from their new governor and other sources. Many residents have left or, if they can find the means, plan to leave.

The new governor, Roman Abramovich, a wealthy Russian oligarch, has
spent some of his personal fortune to win office and has continued to spend money on Chukotkans. In March 2001, Abramovich committed $18 million worth of his own funds to improve the living standards of the Chukotka people. In 2001 *Forbes* magazine included him in its list of the world’s richest people. His largesse to the people of Chukotka has made him very popular.

Even with one of the world’s richest men as governor, the prospects for Chukotka are not very good. Unless the world prices for its natural resources rise dramatically, it will not be profitable to extract any gold, silver, or oil found here. The population is rapidly falling and getting workers to come to Chukotka is getting increasingly difficult.

**Jewish Autonomous Oblast**

The JAO has the most moderate climate in the RFE and is a major agricultural producer in the region. The Oblast has iron ore, tin, lumber, and gold. There is also a machine building industry, food-related production, and some light industry. In 1998, large oil deposits were found in the Oblast but they are not yet being exploited. The region has been designated as a free economic zone and has actively promoted economic relations with China, the United States, Israel, and countries in the Pacific Rim. The JAO has also the best, and perhaps only, microbrewery in the RFE. The Kallibri microbrewery makes excellent dark and light beers and its attached pub and restaurant are very popular nightspots in Birobidzhan.

The JAO also has a significant amount of light industry, metal processing, machine building, and forestry products industry, though the wood is not of export quality. The textile industry, though small, makes good quality clothes, some of which are sold in US outlets such as The Gap. The main industrial facilities are the Khingan tin enterprise, the Dalselmash works manufacturing farm machines, a plant producing power transformers, and the Teploozersk cement mill.

The US Department of Commerce Bisnis Program touts the JAO as an important opportunity for American business investment because of the entrepreneurial energy of the region and the better work ethic among the population. The government is seen as cohesive and aggressive in its desire to attract investment.

The JAO invited Chinese farmers to come and work the land in the late 1990s. This is contrary to trends in the rest of the Far East. The regional administration took this step because 50 percent of the farmland was lying fallow and Russian farmers’ yields were decreasing on the land that was under cultivation. In the area around the capital of Birobidzhan, there are about 300 Chinese farmers working in the JAO in 2001 down from 450 in 1999. A small number, but they have had a huge impact. They have introduced new crops and new methods. Farmers in the JAO had never planted grain or corn. The Chinese farmers have reaped bumper crops of both. Potato production went
from zero to 72 hectares. The Chinese planted melons that have become so plentiful they are sold for pennies from stands on corners throughout the region and the region exports them to Khabarovsk, Sakha, and Primorye. The Chinese are also raising livestock. There are now 1,300 pigs on three farms. With few jobs to be had, even the low wages paid by the Chinese farmers do not cause animosity. People are generally thankful for the job. The Chinese work hard, get up early, and work late. They bring hybrid seeds and Chinese methods of soil processing that increase yield several fold.15

The future for the JAO looks mixed. There are some positive trends and the discovery of oil could be a boon for the local economy. The textile industry is doing well. The government has been fairly stable and relations with China, and the Chinese in the Oblast, have been good. However, unemployment is high and many of the products made here are not of export quality. In addition, there are signs that resentment over the growing, and successful, Chinese presence may be rising and that could derail any potential successes.

**Kamchatka Oblast**

Economically, Kamchatka is quite poor even though it has natural gas, coal, gold, silver, and other minerals. It is too expensive to extract them. The region is mostly covered by permafrost. Kamchatka is actually the third largest gold producer in Russia, but the amounts are quite small and the price has been dropping in the past few years.

The region is very mountainous and the Oblast has high potential for adventure tourism. There are twenty-nine active volcanos, numerous mineral springs that produce very high quality waters, white water rivers, and incredible rock climbing. It has huge tourism potential but no real infrastructure exists to support it. There are no decent hotels, no canoe rental shops, and so on.

Serious energy shortages have crippled the economy. In 1999, many homes had fewer than 2 hours of electricity a day. When the power did come on, brownouts would occur because everyone turned everything on at once and overloaded the system. The local electric company is hugely in debt and cannot pay for additional supplies of energy. All energy supplies are delivered by ship and this adds to the cost and takes a lot of time for loading and unloading of the cargo. Geothermal power plants exist and there is substantial potential for more. Unfortunately, seismic activity and ecological concerns rule out pipelines and other strategies to alleviate the shortages. The blackouts and brownouts have also caused political unrest in some cities.

There are numerous military installations on Kamchatka that provide some employment and benefit to the local economy. There are naval bases including a submarine base, intelligence facilities, and the headquarters of the Northeastern Group of Forces. The Petropavlovsk Shipyard builds ships and repairs them, but has been operating at very low capacity since 1992. Since the
demise of the Soviet Union, however, wage arrears and budget problems have diminished the positive impact of the bases on the local economy.

Fishing, fur, and forestry are key industries in Kamchatka. Seventy percent of the region’s economy is due to fishing and fish processing. Kamchatka crab has an excellent reputation throughout Asia and is in high demand. Many of the native peoples rely on selling furs or medicinal herbs and berries to make a living. Some also raise reindeer. Timber is plentiful but of low quality and transportation costs are quite high so there is little comparative advantage for timber. The region imports virtually all of its food and fuel supplies, which makes the economy extremely vulnerable to any supply disruptions. The majority of enterprises in the Oblast are classified as unprofitable.

In addition, the economic hardships of living in Kamchatka seem to be taking their toll on residents. There have been numerous reports of hate crimes against Gypsies, Muslims, and non-Russian religions like the Pentecostals. These types of crimes, especially coupled with mass protests about energy problems, will work to keep investors out of the region.

The outlook for Kamchatka seems poor unless adventure tourism could catch on. The region is absolutely beautiful, rugged, and pristine. Hiking, camping, and climbing opportunities are incredible. Technological advances in mining or extracting resources could make it more profitable to work on Kamchatka’s mineral wealth, but in the near term that is unlikely.

**Khabarovsk Krai**

Khabarovsk, unlike the provinces in the north of the RFE, is an industrial region though it also has timber, fish, gold, platinum, mercury, silver, and many other natural resources. Machine building, metallurgy, ship building, ship repair, aircraft manufacture, oil refining, chemical factories, diesel engine manufacturing, and timber processing are among the industries prevalent in the region. Much of the industry is related to the military–industrial complex in some way.

It has the most well developed infrastructure in the RFE including telecommunications, access to ports, railroad access, and numerous universities and technical institutes. The workforce is well educated and highly trained. The industry is located mostly in the southern part of the Krai, the northern parts are mostly mountainous and heavily forested. There is some oil and gas but it is not being exploited. The only two oil refineries in the RFE are in this krai, one in Khabarovsk and the other in Komsomolsk-na-Amure. Vanino is a good seaport; however, the facilities need updating and repair. Its selling point is that tariffs are 30 percent lower than ports in nearby Primorye.

Ship building, ship repair, and aircraft manufacture were big business in the Krai but problems with military budgets and the central economy have seriously injured that sector of the economy. A very large portion of the industry and workforce in the Krai are part of the military–industrial complex
and these businesses have not done well since the demise of the USSR. Though there are exceptions. Sukhoi is one example of an enterprise that is doing well in the Krai. Sukhoi’s Komsomolsk-na-Amure factory has signed several multi-year, multi-billion dollar deals including a contract with China to deliver forty fighter aircraft and a contract to develop a fifth generation fighter for the Russian Air Force. They have also diversified into the production of civilian motor boats, yachts, kids’ bicycles, and snowmobiles.

Governor Viktor Ishaev has worked hard to promote political and economic stability in order to attract investment and increase the Krai’s economic prospects. He claims that there are already 700 enterprises in Khabarovsk that have benefitted from foreign investment. The four largest investors in the Krai are the United States, Switzerland, Japan, and South Korea. The Krai offers a number of tax breaks and incentives for investors including exemptions from profit taxes for any project that creates infrastructure, exemptions from taxes during the payback period of a leasing agreement, and exemptions from property taxes for the creation or modernization of manufacturing plants. There are also several investment funds operating in the Krai to provide funding for projects such as the US–Russian Investment Fund (TUSRIF), Micro Loans for Small Businesses, and several European Bank for Reconstruction and Development (EBRD) programs.

Khabarovsk has a very well designed webpage to help potential investors find their way through a maze of regulations. The website tells you everything from how to get a visa to the laws and regulations by which you need to abide to how much an apartment in Khabarovsk costs. It even gives you an estimate of how long each part of the process takes. In a section called the “Road Map for Investors,” you are told that your first step is “hand shaking with the Krai Administration” including the Investment Promotion Agency and Fishing Department (or other pertinent agency), each of which merits a half day of your time. The second step is to present a program of investment activity to the First Vice Governor on economics that takes 2 days. The next two steps take 30 days each and consist of various applications required by law and continues from there. This level of openness and honesty about the process is amazing and highly useful to businesspeople, most of whom are left guessing whom to see and how long it might take.

Ishaev has opposed the center when he felt it in the interests of his region but has never outwardly demanded independence for the Krai. He has withheld tax payments to the center on several occasions to protest money owed Khabarovsk by the federal treasury. Since his krai is heavily dependent on foreign trade, Ishaev has opposed a number of measures to impose additional taxes, tariffs, or visa requirements at the border since that might reduce trade.

Ishaev’s stated goal is a healthy market economy. He has worked to build infrastructure including building a bridge across the Amur to the JAO to facilitate trade and communication. He can also be quite innovative. He set aside 10 percent of krai land as a nature preserve and has received substantial
In order to encourage the prompt payment of taxes, Ishaev created “obedient taxpayer certificates.” If you pay your taxes on time, you receive a certificate that means you are exempt from tax police audits for 2 years. However, Ishaev is often accused of meddling in the economy and many perceive him as more statist than market oriented.

The outlook for Khabarovsk Krai seems quite good compared to other parts of the RFE. The infrastructure is among the best in the region and the economy is diversified. There are a number of very profitable enterprises in the region. Political leadership is stable and seems to be able to deliver basic services. The governor is actively, and successfully, courting foreign investment that will generate substantial revenues and increase the likelihood of economic success. There are also good universities and research facilities. There are still the problems of corruption and although the infrastructure is better than many parts of the RFE, it is not great.

**Koryak Autonomous Okrug**

The Koryak AO is located on the northern part of the Kamchatka peninsula and is part of the oblast of Kamchatka. The terrain is mountainous. The climate is quite severe and it is one of the least populated and least developed of the Russian regions. It has numerous resources including gold, platinum, silver, copper, and coal. Fishing is a large industry. Reindeer breeding and hunting are also key economic industries. Due to its location and the climatic conditions, extraction of minerals and resources is expensive and difficult. The result is that very few investors have been interested in the region.

In general, the Okrug government has been opposed to both tax breaks and monopolies, but under the new governor, Vladimir Loginov, this might change. Loginov was a businessman who made a fortune in platinum and other minerals as the director of the Koryakgeoldobycha enterprise, one of the largest in the region.

Since mid-2001, there have been a number of positive developments on the economic front. First, the governors of Magadan, Kamchatka, and Koryak AO signed an agreement on cooperation and formed the North-East Association whose goal will be to work on a joint program for realizing the potential oil and gas riches of the northeast. In addition, Magadan, Kamchatka, Koryak, Chukotka, and Sakha have created the Extreme North-East Inter-Regional Association of Economic Interaction to work towards regional integration and development. Loginov has also had numerous meetings with oil and gas company representatives to discuss the development of offshore oil and gas in the region.

The Koryak AO, as part of Kamchatka, still has an uphill battle and short-term prospects for economic growth are poor. However, Loginov is demonstrating a lot of political skill and working hard to generate interest in his region and it is possible he could succeed.
Magadan

Magadan is probably most famous as the home of the GULAG and the Kolyma prison camps. These camps were established not only as punishment and to exile troublemakers to distant lands that were sparsely populated but also to provide labor for the coal, gold, tin, and silver mines. Magadan produces a large quantity of minerals and has Russia’s largest gold and silver processing plant.

The region is heavily subsidized by the central government. Over 40 percent of the Magadan budget comes from Moscow. It is a very expensive place to live, even though the salaries are above average, the costs are triple. The climate is sub-arctic. The economy is very narrow and has few opportunities for additional breadth.

Magadan has gold, silver, tin, and may have large oil and gas deposits. Seventy percent of the GDP is accounted for by extractive industries. Fishing in the Sea of Okhotsk has historically been good, but the catch has been falling in recent years. Poaching is a serious problem and fishing boats are old and in poor repair. In 1999, Magadan received status as a special economic zone with tax and customs breaks in order to help it attract investment and development.

United States and Canadian firms have established joint ventures in gold and silver mining. Unfortunately, Goskhran, the Russian State Reserve Committee, purchases half of the gold production in Magadan. The rest can only be sold through a limited number of companies who hold export licenses. This limits Magadan’s ability to reap many benefits from its gold production.

Magadan has one of the highest costs of living in Russia due to its remoteness. Many locals survive by fishing, hunting, gathering berries, and mushrooms. The growing season is only 100 days long so food must be brought in, mostly by plane or ship. These difficulties and the general economic hardships in the region have led to a large outmigration in the last few years. Key economic problems in the region include population loss, inadequate communications, lack of medical services, energy shortages, lack of recreation facilities for young people, and poor infrastructure.

The Magadan Oblast administration and the Russian Ministry of National Resources are also pursuing offshore oil and gas in the region. If the predictions of oil and gas are correct, this could dramatically improve the economic outlook of Magadan. In addition, a British company is planning to build an oil refinery in Magadan (the third in the RFE and the first in the northern part of the region) at Nagayev Bay. The investment is related to Sakhalin oil, but will also be useful if local reserves are developed.

Primorskii Krai or Primorye

Primorye is often referred to as the political capital of the Far East but also has an industrial base that is quite good for the RFE and ranks twentieth in
Russia in terms of regional GDP. Vladivostok is the largest city in the RFE with over 600,000 people and is a leading financial, trade, and manufacturing center. The Pacific Fleet has its main base in Vladivostok. The city also has numerous foreign consulates and trade missions.

Primorye has a diversified industrial base. Its main industries include mining, timber harvesting, machine building, metal working (including ship building and ship repairing), wood working, aircraft, radio electronics, chemicals, light industries, fishing, food processing, and building materials. Among the products made in the Krai are MI-34 helicopters, planes, navigation devices, and domestic small appliances. The region exports rice and soy and its domestic production meets demand for potato, melons, honey, eggs, and many other foodstuffs. Though production fell substantially between 1991 and 1999, and military procurement is way down, the situation is better in Primorye than in much of the Far East and since 1999 the economy has been growing again.

There are a number of coalmines in the Krai but as with other coal mining regions, they are in serious economic trouble: mines are closing and unemployment is rising. The nonpayment of wages is also a serious problem. Despite their coal reserves, Primorye has had a serious energy crisis since independence and is highly dependent on Moscow for investment and subsidies. Primorski Krai receives the largest federal subsidy of any region (2.53 trillion rubles in 1997) that accounts for 70 percent of its budget. In order to ease the energy crisis, regional leaders want Moscow to pay for a new hydroelectric power station.

Heat and power outages last up to 20 hours a day. In fall 2001, 200 women blocked the Trans-Siberian railway in protest, angry citizens have blocked traffic on roads in Vladivostok and Nakhodka, and twenty-eight deaths have been credited to the energy problems including two young girls who died in a fire caused by the overheating of their electric blanket. Wage arrears have compounded tempers in the region. Teachers, doctors, and healthcare workers staged strikes during the late fall and early winter 2001.

Also known as the Maritime Province, the sea is extremely important economically. Fishing is one of the largest industries in the Krai and Dalmoreprodukt, a seafood company, is one of the most successful companies here. The ports also are extremely important to the Far East and to Russia. Vladivostok and Nakhodka are the main ports and more than 60 percent of Far Eastern shipping goes through these ports. The region gets a substantial amount of revenue from tariffs and fees at border crossings and ports. Russia’s Pacific Fleet is based here and the Zvezda plant (Bolshoi Kamen) processes nuclear waste and is currently decommissioning many nuclear submarines for the Russian Navy. Ship building was big business under the Soviets and Primorye has ten ship building or ship repair plants. However, these enterprises are not doing well. The plants just are not competitive with those in Korea, Vietnam, and China, all of whom are quicker and have more
modern equipment. Since the Navy has serious budget problems, their military customers are virtually nonexistent.

Primorye is incredibly corrupt and has the reputation for being very violent, though contract killings and mafia funerals are rarer these days than just a few years ago. The media are tightly controlled and often harassed. Political campaigns are notoriously dirty. There are ample stories, most likely true, of politicians getting rich off of “their cut” of import bribes, tariffs, and the largesse of the mafia. The rampant corruption hurts the economy particularly in terms of the region’s attractiveness to foreign investment.

There is foreign investment in the Krai, more than in most of the other parts of the RFE. In 2000, over 360 companies were registered in the Krai that had some level of foreign investment, about one third of those are 100 percent foreign owned. For example, Coca-Cola has invested over $50 million in its Vladivostok plant and is one of the largest taxpayers in the Krai. However, many of the registered companies have yet to conduct any business, due at least in part to corruption and an uncertain business climate.

Foreign trade is important to the region, particularly in the Pacific Rim. China, Japan, South Korea, and the United States are Primorye’s biggest trading partners. Timber is a large part of the Primorye economy and almost all of the timber is exported to China and Japan. The ports handle a large amount of traffic, much of it transshipment to the Trans-Siberian Railroad and Europe. The number of ships handled and tonnage is increasing substantially over time.

Tourism is now the fifth largest money-maker in the Krai and in fourth place in Russia overall (after Moscow, St Petersburg, and the Golden Ring). In 1997, tourism brought more than $21 million to Primorye. Hunting and adventure tourism are possible. The area boasts mineral springs and medicinal mud baths. However, some tourists are really Chinese traders using a tourist visa, so the numbers of tourists have to be taken with a grain of salt.

Radioactive waste from rusting nuclear subs is a serious problem. Krai leaders have asked for Japanese funding to address the problem and the American government has also contributed to the decommissioning of these subs. In February 2002, the US Congress passed the 2003 budget that included a large increase in defense spending and funds for the Nunn-Lugar Program. Nunn-Lugar was established in 1992 to help dismantle and decommission Russian nuclear weapons and vessels. Some of this money will be spent in Primorye. The Krai estimates it will need $50 million per year for the next several years.

If Primorye could get a handle on corruption, it has excellent economic prospects. However, the new governor, Sergei Darkin, has not taken any noticeable steps to improve the situation thus far, the presidential envoy has not been able to counter corruption, nor have Russian laws and law enforcement agencies.
In terms of resources, Sakha is incredibly wealthy not just by Russian, but by world standards. They mine 98 percent of Russian diamonds in the region. Sakha also has a large gold mining industry and also has the right to keep 11.5 percent of the revenue generated by gold mining in the territory. The region also has coal and potentially large quantities of oil and gas. Timber covers half the territory.

Infrastructure is highly lacking in the territory. Roads are poor and few. Railroads are limited though the Russian Ministry of Transportation is funding a Yakutia spur to connect the Elginskoye Deposit with the Baikal-Amur Railway. In the summer, rivers are the primary transportation for many. In the winter, ice roads replace the rivers. Flooding in the spring and fall are common. Supplying remote villages with food and consumer goods is highly problematic and expensive for the government. Given the vastness of territory, air transport – as in Alaska – would be useful but gasoline is scarce and expensive. Planes often lack landing facilities in remote areas but helicopters would work well. In emergencies, supplies are delivered by parachute from passing aircraft.

Before 1990, Sakha kept none of its resources for direct sale though it produced 98 percent of Soviet diamonds and 60 percent of its gold. Following problems with the provision of basic foodstuffs and winter provisions by the central government, the Sakha government began to withhold federal taxes and demand resource sharing with Moscow. The result was an agreement in 1992 in which the Sakha government and Moscow each control 32 percent of the diamond profits, the labor collective gets 23 percent and eight regions get 1 percent each for economic development. The republic now has the right to buy 20 percent of diamond production at set wholesale prices and deal directly with foreign bidders. Diamond revenue accounts for 77 percent of the republic’s revenues. A joint stock company – Almaz-Rossia-Sakha (ARS) or Alrosa – was established to administer the diamond industry in 1992 as a result of this agreement. The agreement also created a new factory to turn out finished gemstones for the first time (79 percent of Sakha’s taxes come from ARS25).

Russia has marketed almost all its diamonds through the South African DeBeers cartel until recently. Alrosa now controls half the diamond output and DeBeers markets the other half. This is part of a strategy to develop a local Russian diamond industry and a revenue measure for Sakha. In 2002, Alrosa actually signed the DeBeers agreement itself. In past years, the agreement had been between the Russian government and the DeBeers company.

In 2001, the deal changed. Beginning in 2002, Alrosa paid a lower rate, 16.5 percent of its revenues as opposed to 21.6 percent, to the Sakhan government. In return, Alrosa has promised to help the Sakhan economy diversity through
A series of investments. Alrosa will invest in an oil refinery, a hydroelectric power plant, oil pipelines, and potential oil and gas deposits in the region. This is a 25-year agreement with adjustments occurring every 5 years.

Sakha has the potential to be quite wealthy. It has enormous resources and a small population. However, thus far, those who are profiting from diamonds and other resources have not allowed the wealth to trickle down to the average Sakhan citizen. Natural disasters, such as the 2001 floods, have devastating economic effects as well. Immense distances and transportation problems also hinder development.

Sakhalin Oblast

The region is rich in natural resources including oil, gas, coal, precious metals, lumber, and fisheries. However, the Oblast is made up of fifty-nine islands, the largest of which is Sakhalin Island and it includes the disputed Kurile Islands. This makes transportation difficult and expensive in a region where that is already a key concern. There was a huge debate throughout 2001 about the prospects for building bridges to connect Sakhalin to mainland Russia and to Hokkaido, Japan. So far, the prospect remains dim.

Sakhalin Oblast is the home of a large amount of foreign investment – one in every four dollars of direct investment in Russia goes to Sakhalin – and therefore has been among the best performing regions in the RFE economically. The offshore oil and gas fields have attracted huge amounts of money and large numbers of foreign nationals to the Oblast. The oil and gas projects are referred to by number, Sakhalin I, II, and so on for a total of seven projects. Only Sakhalin I and II have actually produced oil and gas at this point. Sakhalin II was the first producing oil in 1999 for the first time. The other fields are still under development. Estimates of investment range from $30 to 50 billion.

Oil and gas companies are being asked to pay for infrastructure projects in order to gain access and win contracts by Sakhalin Governor Igor Farkutdinov. Operators of Sakhalin I and II will finance a new highway connecting northern and southern Sakhalin Island. Sakhalin II investors are building onshore processing plants, pipelines, storage tanks, highways, and improved port facilities. In addition, due to Russian content laws, all joint ventures need to have substantial Russian participation and must train Russians for work at all levels, including managerial tasks. This is slowly leading to a well-trained cadre of Russian oil and gas workers paid for by foreign investors.

Sakhalin also has industries in fishing, forestry, and energy production. Fishing represents 30 percent of local GDP and the region produces paper, pressboard, and pulp from timber. Coal is also mined in Sakhalin. The coal is exported to other RFE territories but production is stagnant and investment is difficult to find. The agricultural sector was reported as profitable for the
first time in 2001. The agricultural sector in the Oblast has been improving since the 1998 ruble crash made imported foodstuffs more expensive and thus made Russian-grown food more appealing.

The Oblast also has over fifty mineral springs that produce spring water and support spas. The waters are of very high quality and considered some of the best medicinal waters in Russia. If marketed correctly and with the proper infrastructure, these spas could attract large numbers of tourists, especially since the area is incredibly scenic. Mountains, rocky cliffs, waterfalls, forests, and pristine mountain lakes and rivers abound.

When the federal government raised government salaries by 50 percent without providing federal monies to do so, budget cuts became necessary. Teachers and medical workers began protesting assuming they would be the target of those cuts. This is a major economic and political problem in the Oblast.

Most of the tax money and other economic benefits of the foreign investment, as well as the taxes from the fishing and timber industries, are paid within the boundaries of the capital, Yuzhno-Sakhalinsk. The capital is the home of 63 percent of all taxes but receives only 20 percent of governmental spending. Most of this money is used to support economically disadvantaged rural regions as well as the functioning of local and regional government.

Hokkaido, a nearby Japanese island, and Sakhalin have signed economic cooperation agreements. They will increase air links, broaden Japanese participation in the oil fields, and provide for the building of infrastructure.

Organized crime is big business in Sakhalin. According to the government, there are eight criminal groups operating in the Oblast. Most of these groups are based in Moscow though one is based in Komsomolsk-na-Amure in nearby Khabarovsk Krai. The “mafya” in Sakhalin have many of the traditional sources of Russian organized crime income such as prostitution, drugs, arms sales, and auto sales. However, fish smuggling is the largest “mafya” industry in Sakhalin. Crab is the most sought after illegal catch. It can be sold at a very good price in nearby Japan. The profits go to buying second-hand foreign autos that can be sold at a huge markup in Russia. Smuggling is also quite low risk since the border patrol ships get only 6 tons of fuel per year.

The Kurile Island issue looms large here since they are part of Sakhalin Oblast. The Russian Duma is to hold public hearings on the territorial issue in March 2002. The local duma has already stated categorically that they are opposed to any territorial changes. The governor has publicly stated the same position.

In general, Sakhalin has good economic prospects. Oil, gas, and substantial foreign investment will provide jobs, incomes, and taxes for the region. Corruption is a problem and the economy is fairly narrow, but overall Sakhalin is in much better shape than much of the RFE.
Prospects for the RFE

The RFE is rich in resources and has some of the world’s richest deposits of gold, diamonds, and rare metals. It also has oil, coal, and gas deposits, as well as plentiful forests and excellent fisheries.

There has been some large investment in the region. The oil fields in Sakhalin have attracted huge multi-national investment including Shell, Mitsui, Mitsubishi, Exxon, Marathon, and others. So have the diamond industry and many forestry enterprises. The European Bank for Reconstruction and Development (EBRD) has announced that they will provide over 800 million euros ($719 million) to develop transportation corridors in Russia including systems that will help to link the RFE to the western parts of Russia.²⁹

The RFE has been reorienting its economic relations to its Asian neighbors. Japan and China are its largest trading partners and substantial ties also exist to the Pacific coast of the United States. This has helped the region cope with huge increases in transportation costs; trading with Moscow and European Russia is just too expensive under current conditions.

Tourism, especially adventure tourism, is possible in many parts of the RFE. There are volcanos in Kamchatka, natural hot mineral springs, white water rafting, hunting, fishing, and incomparable vistas such as the unspoiled mountains and coastline of Primorye, the gorgeous landscapes of Sakhalin, and the geysers of Kamchatka. Huge salmon run in Kamchatka’s rivers, Chukotka has large numbers of polar bears and grizzly bears roam farther to the south. The Siberian tiger and Far Eastern leopard live near the Sino-Russian border. Tourism statistics, however, are extremely problematic. The number of tourists reported often show 100 to 200 percent increases but the “tourists” include a large number of Chinese day traders who are not putting money into the economy, instead they are removing money for the RFE economy.

Corruption and environmental degradation remain serious problems. Corruption puts serious limitations on foreign investment and prevents whatever wealth there is from benefitting the majority of the population. Resources are not being used wisely, often due to corruption, as well. The World Wildlife Fund has recommended that countries stop importing timber from the RFE because of worries that the forests there will be depleted within 5 years at the current rate of harvest. Virgin forests are being illegally cut down to meet demand for timber in China, South Korea, and Japan. Estimates are that over 20 percent of exported trees are harvested illegally. Rusting nuclear submarines waiting to be decommissioned continue to sit idly in bays around the region and are a large environmental danger as are the barges of radioactive liquid waste sailing around the Sea of Okhotsk on 30-year old barges. Tigers, fish, and other wildlife are being poached and their stocks or very existence are threatened.
On a brighter note, some of the territories in the RFE have started to recover from the freefall of the early 1990s and the ruble crisis of 1998. The low value of the ruble has helped make RFE industries more competitive for exports. The devaluation of the ruble has also helped agriculture in the RFE. It is no longer cheaper to import food from China; it is better to buy it from Amur, Primorye, or other agricultural producers in Russia. As the central Russian government under Putin improves its relations with the United States and offers at least the perception that they are more in control of the situation than the Yeltsin administration was, US investment is increasing in the region.
Russia seems to want to be both European and Asian. Given its geographic location, this seems logical since it straddles both continents. However, an orientation towards the European west or the Asian east is determined by more than simply Russia's position on the map. In the Russian context, looking westward, Europeanism, has historically meant reform-mindedness and more economic and political rights for average Russians, while looking eastward, Eurasianism, has usually implied more authoritarian tendencies and central control with fewer rights for the citizenry. So Russia’s orientation, including where Russia’s leaders think Russia belongs geopolitically, has serious implications for policy and for Russia’s relations with its citizenry and the world.

Since 11 September 2001, Russia has cooperated quite readily with the fight against terrorism led by the United States. Russia has allowed the use of Russian airspace, permitted the basing of American troops in Central Asia, consented to increased American military and political ties in the Caucasus, and been quite supportive of the efforts in Afghanistan. The Putin administration has used the analogy of Northern Ireland for its Chechen problem thus stressing that even Europeans have such troublesome domestic issues and implying that Russia is no different from her European neighbors. Russia is an active member of the G-8, the group of eight Western countries who meet regularly to coordinate economic policies.¹ However, the Russian government also regularly states that this is the century of the Pacific and that the Asia-Pacific region accounts for half of world GDP and well more than half of world trade. In summer 2001, Putin signed a friendship agreement with China while he attempted to get the Europeans to side with him in opposition to the Bush administration’s plans for an anti-ballistic missile shield.

The two-headed eagle is the Russian state symbol and has traditionally symbolized Russia’s territorial desires to the east and west; under Putin the eagle seems to symbolize the strengthening ties in both directions and
perhaps a balance between the two traditional ideologies of Europeanism versus Eurasianism. Putin has been quoted as saying that “Russia should lean on two wings: European and Asian. . . . We know that Russia is both European and Asian. We do justice to European pragmatism and Oriental Wisdom. Therefore Russia’s policy should be balanced.”

The RFE, however, is definitely looking to the east and the Pacific. I doubt this orientation has the same meaning for the regions of the RFE as it does for the Russian Federation. It is most likely economic rationality and proximity, not any political or ideological idea that causes the RFE to look at Asia and the Pacific Rim for its relationships. Though, few, if any, of the regions of the RFE are moving rapidly toward any system resembling one that is open and democratic. In this chapter, we will analyze the relations between the Far East and its neighboring countries, who are also the RFE’s main partners and rivals in politics, security, and economics: China, Japan, the Korean peninsula, and the United States.

Some scholars have argued that the RFE is becoming alienated from Russia and aspires to be part of Asia, perhaps even independent of Russia. Shlapentokh argues that residents of the RFE are “receding psychologically from Moscow and travel to European parts of Russia and even speak with their compatriots on the phone less and less often.” He further asserts that airline tickets to Moscow are far more costly than the average monthly wage and that no one reads Moscow-based journals or newspapers anymore and that the proximity to a foreign border increases the risk of separatism. Far Eastern trade with China and Japan far exceeds Far Eastern trade with European Russia; he asks how long the RFE can stay with Russia given these facts.

Despite the increased trade ties with, and the geographic proximity of, some Asian countries, the RFE is highly unlikely to secede from the Russian Federation and become either independent or part of a different country. The distance from Moscow and huge cost increases for travel in the post-Soviet era are problematic. It is often cheaper for the RFE to trade with neighboring Asian countries than with European Russia. However, there are numerous ties ranging from ethno-religious to political that tie the RFE to Russia. In addition, economic ties are multiplying as well as national banks, large Russian corporations, and new political structures work to reintegrate Russia into a more cohesive country than it could be under Yeltsin and in the early years of independence.

In this chapter, we will explore the relations between the RFE and its neighbors as well as how the RFE sees itself geographically. This look at foreign and regional policy will help us to ascertain the role of the RFE in the coming years both regionally and within Russia. We will start by looking at China, Japan, the Koreas, the United States, and then at several issues that cut across these geographic lines.
China

Looking at political and national security issues, the Russian–Chinese relationship has never been better. Relations are quite good on all fronts. The leaders meet regularly and congenially. Most of the pressing border issues have been solved or are under productive negotiation. The border is substantially less militarized than it was 10 to 15 years ago. China did not play a large or destabilizing role in Central Asia in the early 1990s. China has supported not only Russia’s territorial integrity but its traditional sphere of influence as well. For these concessions, Russia has been quite thankful. And increased arms sales to China indicate that Russia does not currently perceive a major Chinese threat to Russia; however, it could simply mean that the need for Chinese money outweighs any security concerns, but I lean toward the former argument. China has also been useful to Russia vis-à-vis the United States. During the Nixon–Kissinger years, the United States used the so-called China-card against the Soviet Union in international relations effectively. Today, it is Russia playing the China-card. Russia seeks to maintain a close relationship with China in order to offset the imbalance in relations with the United States and to enhance Russia’s ability to act in the international sphere with some degree of freedom. In July 2001, Presidents Jiang Zemin and Vladimir Putin signed a joint statement of friendship and cooperation and a wide array of cooperation agreements.

General Anatolii Kvashnin, chief of the Russian general staff, said that Russia and China have much in common on international issues and both oppose a unipolar world. Collapse of the Soviet Union and its military coupled with the economic rise of China has dramatically changed the relations between the two countries from one of harsh enmity to a productive, friendly, and beneficial partnership. China buys huge quantities of Russian weapons, raw materials, and expertise. Russia gets much needed money, credit, and work for Russian scientists. So Russia and China, as states, are enjoying unprecedented positive relations. However, there are several points of contention as well, and the contentious issues tend to be those focused upon in the RFE. Among the most important are three interrelated issues: economic relations, border issues, and ethnic relations.

Economically, the relationship has been far more beneficial to China than Russia. Chinese cities and citizens have grown wealthy and the Chinese economy boomed through the 1990s due to increased markets on the Russian side of the border. Many Russians can look out their windows and see the wealth and prosperity in China. Russian and Chinese cities are often “twinned” at the borders. The Chinese cities have become prosperous and have new high-rise buildings while the Russian “twin” just across the border remains an untidy village. Telephone service is often provided through China Telcom cell phones, Chinese traders hire busloads of Russians to carry Chinese goods across the border for sale since Russians have an easier time...
getting visas to China than Chinese to Russia, and the few new apartments or buildings have been built by the Chinese as well. This has caused a lot of envy on the Russian side and many claims that the Chinese are getting rich at the expense of the Russians.

In 1991, Suifenhe was a Chinese town of 10,000 people. Today it is a rich, thriving city of almost 200,000 due to the Russian–Chinese trade. Immediately across the border is the Russian town of Pogranichny in Primorye that remains poor. Suifenhe has tall, glass buildings and a vibrant economy mostly because of Russian tourists and Russian shuttle traders. Russian tour companies bring numerous tourists each week to shop and eat in restaurants in China. Heihe is a Chinese city across the Amur River from Blagoveschensk in the RFE. Ten years ago, all a Russian could see were a few smokestacks. Today, dazzling modern highrises are visible. In between, ferry boats make regular trips across the river and trade has flourished. Russians are bitter and feel disappointed. The Chinese have gotten rich selling us cheap goods, they complain.

Every city has a Chinese market and trains are crowded with Chinese traders. In Ussurisk, a town of 120,000 people, there is a makeshift Chinese trading village with 1–2,000 Chinese traders. The market is open 16 hours a day and the Chinese seldom leave the walled compound. They live in shipping containers, hotels, and rail cars. Tighter passport and border controls have slowed trade somewhat and changed it as well. Now, Russians are doing most of the cross-border carrying.

China imports autos, aircraft, transport equipment, and machine tools, as well as vast quantities of weapons and raw materials. Russia is heavily involved in the development of thermo and hydropower plants in China as well as nuclear power plants. The two countries cooperate on a variety of advanced technologies, new materials, and exchange experts in a wide array of industrial and military areas.

Access to Chinese clothing, produce, and inexpensive goods has been a mixed blessing in many ways. On the one hand, these products kept Far Easterners from starving and freezing during the 1990s, on the other hand, the wealth created in China by this trade has led to fear and loathing on the Russian side of the border. The imbalance of wealth and poverty has created many hard feelings added to the racism many Russians feel for Asian peoples.

Shuttle trade (often barter and outside official channels) may be higher than $2 billion per year. In 1993, official trade between China and Russia peaked at $7.6 billion because after 1993, new stricter visa rules were introduced that interrupted and in some cases shut down the burgeoning trade routes. The 1998 ruble collapse caused trade once again to fall dramatically but since the 2001 Friendship Treaty, trade has rebounded and surpassed the peak in 1993. Chinese purchases of weapons, oil, and timber have helped the economy of the Far East tremendously. Trade jumped 40 percent after the treaty was signed. Among the most profitable goods are
smuggled Chinese vodka and meat, as well as illegal items like Siberian tiger skins, wild ginseng, and deer musk.

Illegal scrap metal sales are rampant. Russians strip wiring, steal hotwater pipes, rob factories, and desecrate World War II monuments to get metal to sell to Chinese buyers. Timber is also a hot commodity. Logging enterprises bribe customs officials and export logs to China for cash. China then mills the wood and sells it for a profit to Japan. Russia is thus deprived of the extra revenue that comes from selling more finished goods, denied the taxes from legitimate sales, and does not get any infrastructural investment since the money is usual kept personally by the enterprise director for his personal comfort not reinvested into the business. In general, the regional export base is narrowing and was not terribly wide at the start. Raw materials account for 90 percent of RFE exports. And the stripping of scrap metals is further denigrating an already faltering system for delivering electricity, gas, and water to homes in the RFE as well.

The Chinese, particularly businesses and governments in the border provinces, also have complaints about Russia. Russia’s tax code and ever changing legal environment are serious impediments to trade and investment. In 1998, Russia had forty-four different taxes that traders alleged took over 85 percent of their profit. This contributes to the corruption at the border because it encourages traders to deal illegally to avoid such taxation. There are inadequate banking facilities and no easy way to wire funds between Russia and China.

Corruption is a problem on both sides of the border. Crime, virtual piracy, occurs on both sides of the border and can be quite violent. Siberian tigers and other endangered wildlife are being poached by both Russians and Chinese hunters. Illegally-gathered ginseng, tiger skins, bear’s gall, and musk from musk deer are often seized at the border as are deer antlers and other illegal items.

Potential trade is quite large. China needs to make vast infrastructural investment and technology transfers that Russia and Russian firms could supply, particularly access to energy supplies. Russia is already helping China build nuclear energy plants. A series of oil pipelines are either under negotiation or being built through Russia to China. China also is one of Russia’s biggest customers for arms sales.

The border is also a problem in two ways. First, illegal activities abound. Second, many people in the RFE oppose the territorial concessions granted by Moscow in the border demarcation. Both of these problems with the border create bad feelings among the residents of the Far East towards the Chinese across the border. Routine violations and cross-border conflicts are not uncommon and are usually part of illicit economic activity along the Chinese border. There are only forty-seven official crossing points on the Sino-Russian border that is over 3,600 kilometers (2,265 miles) long. The border was originally based on agreements in 1858 and 1860 that the Chinese
insisted were unequal and illegal after the Communist takeover in China. Border conflicts were never far away and occurred regularly during the Soviet period after the Sino-Soviet split. In 1969 there was armed conflict between the countries. Negotiations quickly reached an impasse but China and the Soviet Union agreed to abide by the status quo and settle disputes peacefully. The situation was less tense after the 1969 war. Negotiations over the border resumed in 1987 and again in 1991. In 1992, the Russian and Chinese governments agreed on the border demarcation in the eastern part of the border area. They also agreed that sovereignty over three islands – Bolshoi Ussuriiskii, Tarabarov, and Bolshoi Islands – would be postponed until a later date. All three islands are controlled by Russia and are considered economically and strategically vital. Bolshoi Ussuriiskii and Tarabarov Islands are near Khabarovsk in the Amur River and are on the main flight path for the international airport in Khabarovsk. Bolshoi Island is in the Argun River. The population living in the region was not happy with the agreements and they protested vehemently. Evgenii Nazdratenko, governor of Primorye, actively campaigned against the demarcation calling any deeding of land to China the “sale of the motherland.” Demarcation transferred some territory to China and many Russians, who were used to using the land as part of Russia, were very opposed to the transfers. Technical work on the transfers was expected to run from 1992 until 2000.

In 1996 and 1997, agreements were signed on confidence-building measures in the border area to reduce the possibility of conflict between the Russian and Chinese militaries. There were ceilings on troops and military exercises, notification rules about activity, and agreements on what to do in emergencies. In 1997, the agreements included force reductions and included forces stationed within 100 miles of the border with some limitations including the exemption of some forces such as strategic rocket forces, reconnaissance flights, and air defense forces as well as the prohibition of on-site inspections in Khabarovsk and Vladivostok.

Article six of the Russo-Chinese Treaty of Neighborliness, Friendship and Cooperation, signed in July 2001 recognizes the legitimacy of current borders. This would seem to allay a number of Russian fears about China’s alleged designs on Russian territory in the Far East and speculation about Chinese settlement as a precursor to territorial demands. Though has not seemed to assuage local sentiments.

Inter-ethnic relations are also a problem. Relations between Russia and China have been challenged on a number of occasions particularly due to the actions of regional governments in the Far East. For example, the government in Khabarovsk ordered the arrest of illegal aliens (almost all arrested were Chinese) in “Operation Regime” in 2001.11 “Operation Foreigner” was another police sweep aimed at illegal Chinese, this one in Vladivostok.12 Primorye has special police officers whose job it is to check Chinese visas and arrest illegal immigrants. Some cities, like Nakhodka, force Chinese tourists
to stay at certain hotels that charge higher prices and have stringent limits on both tourist and work visas. Whenever a country’s citizens are singled out for such treatment, there will be protests by their home government and eventually, relations between Russia and China could be harmed by such local discrimination.

The number of Chinese in the RFE is hotly contested, estimates vary dramatically from nearly 100,000 illegal Chinese in the region to millions. The lower numbers are most likely closer to the truth. Foreign workers are used in many industries throughout the RFE. Not only are there many Chinese traders – itinerant, legal, and illegal – there are also Chinese workers in the timber and fisheries industries as well as farming. Many factories hire Chinese laborers who are well known in the region for their industriousness. Chinese farmers can often coax yields five to ten times higher than a similar Russian farmer out of similar land. In some places, Chinese firms have been hired to teach their “green thumb” to the Russian farmers. Often these workers cause resentment in the local population, but that is not always the case. In January 2002, the Jewish Autonomous Oblast announced that it would increase the number of foreign workers in the Oblast by one-third, many of them in the timber industry or agriculture and from China. So far in the JAO, this has not caused resentment by the local population as it has in other parts of the RFE.

The chief of the Federal Migration Service has warned that Chinese immigration and Russian emigration could lead to the Chinese becoming the dominant ethnicity in the Far East. And many Far Eastern politicians ranging from Evgenii Nazdratenko to Konstantin Pulikovskii have used the “Chinese threat” to their political advantage domestically. Intellectuals are not immune to the xenophobia. Alexei Bogaturov, deputy director of the Institute of USA and Canada, said “What we see in the Russian Far East is the peaceful and slow colonization of all Russian territories in the area by Chinese. We have a grave problem I think.” Putin and most of the governors in the Far East have been quoted saying similarly alarmist statements about the Chinese in the RFE. Some of the statements are factual, but most also are taken by the Chinese as hostile and defamatory thus they have the potential to harm relations between Russia and China.

**Japan**

The relations between Russia and Japan have been quite strained since the early 1900s, though they are better today than at any point in history. The Russo-Japanese war in the early 1900s was followed by the Soviet declaration of war on Japan at the end of World War II, and then an ongoing territorial dispute since that time over islands that run between Sakhalin and the Japanese home islands. In addition, Japan was a key Cold War ally of the United States, was often considered a “Western” country due to its status
as an advanced industrial democracy, and therefore an enemy of the Soviet Union.

Japan and Russia have still not signed a peace treaty for World War II due primarily to a dispute over territory: the legal status of the southern Kuriles and Sakhalin Island. In February 1945 at the Yalta Conference, the Soviets agreed to enter the war with Japan and were granted control of the Kuriles and told the southern part of Sakhalin Island would be returned to Soviet control, both territories had been lost in the 1904–5 war with Japan. The Soviet Union felt that this agreement was not adequately covered in the San Francisco peace treaty signed with Japan in 1951 and refused to be a party to it. The expectation was that a separate peace treaty would recognize the Soviet rights to the Kuriles and all of Sakhalin. During negotiations between the Soviet Union and Japan in 1955, the Japanese reduced their claim to the four southernmost Kurile Islands. The Soviets agreed to return two of the four islands but eventually reneged and refused further discussion until 1986. In 1991, Gorbachev visited Japan as have Russian leaders since the demise of the USSR.

There were many points during Yeltsin’s presidency when a breakthrough in relations between Japan and Russia appeared imminent. However, relations remained fairly stagnant through 1996. Since 1996, Japanese–Russian relations have improved substantially. Since that time Japan has been active in Russia, and in particular the RFE: Japan gave over $6 billion in loans and investment during the late 1990s and has been highly involved in the Sakhalin oil and gas fields. The 1998 Asian Economic Crisis, the defeat of the Liberal Democratic Party in Japan, and subsequent recession made progress difficult. At the same time, Russia entered recession, had a ruble collapse, and a series of prime ministers that caused it to focus on domestic issues for a time.

President Putin made an official visit to Japan in September 2000. Putin discussed a number of issues with Prime Minister Mori including a peace treaty and cooperation on trade and economic issues. Mori and Putin met again at the G-8 meeting and at the Asia Pacific Economic Council (APEC) meeting. This frequent pace of meetings was also kept up by the foreign ministers who met six times in 2000. The deputy prime minister of Russia and the Japanese foreign minister co-chair the Japan–Russia Inter-Governmental Committee on Trade and Economic Affairs (IGCTEA). This committee includes a subcommittee focusing on Russia’s Far East region since that is a special concern of the Japanese due to its proximity to Japan. These events and institutions represent a dramatic improvement in the tempo and tenor of Russo-Japanese relations.

Japan no longer considers Russia a military threat. The Pacific Fleet has shrunk dramatically, as have ground forces in the RFE. Military readiness and training are poor. However, the rusting Pacific Fleet, massive corruption in the ranks of the often unpaid soldiers, and the issue of nuclear dumping are all continuing security risks in which Japan has vital interests.
Development of energy resources is key. This is a win–win scenario for both countries. Russia gets investment, expertise, and an important market and Japan gets the energy it desperately needs.

Japan is heavily reliant upon trade. Among the appeals that Russia and the RFE hold for Japan is the advantage of safer, cheaper trade routes to Europe through access to Far Eastern ports and the Russian railway system. The RFE has also abundant supplies of coal, oil, and gas that are vital for Japan’s industrial growth. Japan does not seem to have an official policy toward the region. Most of its loans, loan guarantees, and investments have been for the primary purpose of protecting Japanese import–export activities or to ensure Japanese influence over crucial raw material resources.

The RFE also hopes to get substantial amounts of development aid from Japan since Japan is the single largest foreign aid donor in the world today. Yet, the RFE cannot receive any Official Development Assistance (ODA) from Japan because the Russian Federation is not considered a developing country by the Japanese government. However, Japan is the third largest supporter of Russia after the US and Germany, giving about $6.3 billion in 2000.15 It is the largest supporter of the Far East region.

The Japanese presence is most keenly felt in Sakhalin where 80 percent of exports are headed for Japan and the majority of joint ventures are with Japanese. Some of this investment is an attempt to sway local opinion in the Kuriles so they will want to choose to rejoin Japan. However, Japan does invest in a number of other territories as well. Japan is interested mainly in raw materials. So expanded trade will not necessarily be of great benefit to the RFE. Raw materials do not generally offer huge profits. The profit generally comes with processing. The RFE does export some products other than raw materials. Electricity will soon flow to Japan from southern Sakha through Sakhalin to Japan due to a $2.5 billion project and Russia sold Japan nuclear reprocessing technology as well.

Investment can be enticed with cheap labor and while Russian labor is cheap, the Japanese are not certain that it is efficient nor of high quality. So investments in anything other than natural resource extraction or the promotion of Japanese trade routes are unlikely. In addition, there is no market in the RFE as long as it remains so poor.

The government of Japan, the Japanese Federation of Economic Organizations (Keidanren), and numerous Japanese corporations have proposed upgrading Far Eastern ports including those at Vanino and on Sakhalin Island to facilitate energy trading especially the delivery of coal to Japan. The upgrading of these ports will also facilitate Japanese access to Russian railways and thus allow the Japanese more efficient, safer, and less costly trade relations with Europe. Japan has also been investing in the Koreas as North and South Korea relink their rail systems, the Japanese could send goods through the port at Pusan (or through a proposed railway tunnel) then up to Russia and onto the Russian rail system. The Korean route is less attractive.
due to instability on the Korean peninsula, traditional problems between Japanese and the Koreas, and the fact that in many arenas, Japanese products compete with Korean ones and thus tariffs for transshipment could be higher. The port at Vanino is less than 650 miles from Japan and operates year round. Vanino is also convenient to the Trans-Siberian Railroad lines and so is a preferred route.

Japanese companies are also interested in the telecommunications infrastructure and access to launch facilities in the RFE for satellites. Sumitomo Corporation and NEC will help replace Russia’s aging fleet of communications satellites and will launch seven advanced digital satellites by 2005.

Although fishing rights have been problematic, since many Japanese nationals often fish in Russian territorial waters, there have been a number of treaties and discussions on this issue of great importance to both the RFE and Japan. The RFE desperately needs the revenues from its fishing industry and fishing is important to the Japanese economy but also fish are highly important in the Japanese diet and Japan wants continued access to less expensive Russian-caught fish. In 2001, Moscow offered Tokyo a deal on Kurile Island fishing quotas. Russia promised to loosen fishing quotas if Japan would help crack down on Russian poachers selling in Japanese markets.16

Russia remains concerned, as do many Japanese, about the continuing US military presence in Japan including an aircraft carrier – the USS Independence – that is based at Yokosuka naval base. How this will work out remains to be seen.

Japan initially tried to tie the solution of the Northern Territories to relations with Russia but has settled for engagement as a means of eventually solving the territorial dispute. Japanese companies are investing heavily in projects all over the RFE including the oil fields at Sakhalin. The Japanese government has helped fund the decommissioning of nuclear subs, at least in part since the status of the subs was constituting a huge environmental hazard. Some of the engagement also came from Japanese concern over growing Chinese power, economically and militarily. It has also been difficult for Japan, a resource poor country, to be so close to rich sources of metal, oil, gas, and so on, yet not have access to those riches.

Japan, however, does have a serious vested interest in the shared ecosystem of northeast Asia. Rusting nuclear submarines, the dumping of nuclear waste, over fishing, and sewage treatment problems are a national security issue for all of the countries near the RFE. The Japanese have given substantial aid and technical assistance in these areas. The Japanese have invested over $70 million in programs to dismantle nuclear weapons in the Far East.17 They have also constructed facilities to dispose of liquid radioactive waste, though there are still barges full of such waste floating off the coast of the RFE.18 The Japanese also invest heavily in multi-lateral programs designed to keep Russian scientists and technicians who have the capabilities of working with
weapons of mass destruction gainfully employed in Russia and not available to the highest bidder.

In sum, Japanese national interest is in building stable bilateral relations with Russia on the basis of a peace treaty to World War II, to attain peace and stability in the region through economic and political levers, and a strong environmental interest in the shared ecosystem of northeastern Asia. The Japanese have also expressed their emphasis on the RFE as a region in which they want to invest. About half of all Japanese funding that goes to Russia is targeted to the RFE.\textsuperscript{19} Japan Centers have been established in Khabarovsky, Vladivostok, and Sakhalin to facilitate ties between the Japanese and the RFE. The Japanese government has also created a Regional Venture Fund to help small and medium-sized enterprises in the RFE worth $50 million.\textsuperscript{20}

\textit{The Korean Peninsula}

North Korea was established in 1948 and was a close protege of the Soviet Union. The north–south split on the Korean peninsula, following the Korean conflict, was a hotbed of conflict and tension throughout the Cold War, with the United States backing the South including the basing of large numbers of US troops near the demilitarized zone (the DMZ), and with the Soviet Union backing the North.

The Soviet Union and North Korea have a 19 km (12 mile) shared border. Ideologically, the regimes were both communist and in 1961 signed a friendship treaty that required Soviet intervention in any conflict in which North Korea were attacked. The Soviets had standing overflight privileges in North Korea and installed intelligence gathering and communications equipment on North Korean territory.

The Soviets gave, sold, and lent large quantities of military hardware and technical expertise to the North Koreans throughout the 1960s, 1970s, and 1980s. Although the Soviets did not give the North Koreans the same state of the art equipment available to the Warsaw Pact, the Soviets made sure that they got equipment comparable to what South Korea was getting from the United States. Following the rise of Gorbachev’s New Thinking in foreign policy, the relationship cooled and by the mid-1990s was quite cold. The Soviets turned down requests in 1988 and 1990 for military hardware. Loans, price breaks, and gifts occurred much less often and much of the arms transfer between the two countries consisted of finishing up old agreements, not new sales or gifts. After 1989, joint military exercises stopped though military cooperation and exchanges continued until the fall of the Soviet Union.

Gorbachev also initiated ties with South Korea, official diplomatic ties were established on 30 September 1990 including trade and the Soviet Union borrowed money from South Korea as well. In 1991, the Soviet Union borrowed $3 billion from South Korea.

Since the late Soviet period, ties with South Korea have grown. As part of
Russia’s desire to repay its debts to South Korea, they have traded military hardware for debt forgiveness. Russian firms are also competing for standard South Korean military purchases with other arms dealers and Moscow and Seoul have continued a number of avenues of military–technological cooperation. The defense ministers and military chiefs of staff meet regularly and the two countries have held joint military exercises.

Following the fall of the Soviet Union, Russia under Yeltsin expanded ties with South Korea and distanced itself from North Korea. Yeltsin signed a Treaty on the Principles of Relations with South Korean President Roh Tae Woo in November 1992. Military exchanges stopped and arms sales existed only at minimal levels and on a pay-as-you-go basis in hard currency. This policy was not aimed at North Korea, beginning in 1992 all Russian arms sales were for hard currency only. North Korea’s lack of hard currency meant sales dropped to very low levels. In 1996, the Russians announced the expiration of the 1961 friendship treaty, however, they began negotiating a new treaty in February 1997. Russian relations with the Koreas had swung from an emphasis on North Korea to an emphasis on South Korea to something resembling a balanced approach to both Koreas.

In 2000, Russia and North Korea normalized relations by signing a new friendship treaty. The new treaty does not require automatic military intervention in case of an attack on North Korea. In June 2000, Putin visited the capital Pyongyang and held a summit with North Korean President Kim Jong-Il. Putin expressed a strong interest in trilateral relations between his country and both Koreas as well as the Russian desire to mediate for peace and stability on the Korean peninsula. A second summit was held during a 24-day visit to Russia by President Kim Jong-Il in July–August 2001. Putin stressed economic ties while Kim’s interest was primarily in military ones.

One of the economic projects under discussion was the “iron silk road project” for connecting the railroads of South and North Korea with the Trans-Siberian Railroad. This land route for mostly South Korean goods to get to Europe would make trade cheaper and safer. Currently, shipment of goods by sea to Europe takes from 30 to 40 days, a reliable rail link would cut this time down to 13 to 18 days. Other Asian countries could also benefit from such a rail system. President Putin and President Kim Jong-Il signed a cooperation agreement to modernize and synchronize the rail systems of Russia and North Korea in July 2001. In September, South Korea expressed an interest in joining that agreement and offered help in renovating the North Korean rail lines as well as offices for the Russian Railway Ministry in Seoul.

A unified Korea, potentially, could pose new problems. The current border is “soft” or not well delineated as the Tiumen River. If you look at the problems Russia and China have had trying to decide who owns what in the Amur River, you have a glimpse of the difficulties. China’s right to navigate the river might be a problem in the future and many elites in the RFE are highly concerned about the extension of land ties such as railroad crossings.
and highways since that could seriously damage the economic potential of a number of port facilities in the RFE.

Most of South Korea’s interests are in raw materials. South Korea has invested in the Sakha pipeline project for natural gas. They buy timber, fish, and various minerals as well. However, there is a standing Russian–Korean commission on economic, scientific, and technical cooperation established in 1992. The Russian and South Korean militaries have gone on maneuvers together and cooperated in a number of other ways as well.

Russia has had a number of cooperation agreements with North Korea including the United Nations Development Program (UNDP) Tiumen River project involving Russia, North Korea, South Korea, China, and Mongolia. This $30 billion project that began in 1991 was designed to facilitate trade and communication in the region. It was scaled back due to Japanese unwillingness to invest in it and instability on the Korean peninsula has also caused slowdowns and changes in the original plan. UNDP is also promoting environmental protection and tourism in this region.

Officials in Primorye have not been supportive of the Tiumen River project. They feel that improving Chinese infrastructure along the river could end up damaging the ports of Poset and Zarubino in Primorye. China is a very strong supporter of the project and sees the project as a way to get outlet to the Sea of Japan. The Chinese complain about fees and duties out of Russian ports and would like to develop ports of their own. The outcome of this debate will tell us something about the power of the regions vis-à-vis Moscow.

Russia does sell things other than raw materials. South Korea is currently producing the next generation of digital video and disc recorders using laser technology developed by Russian scientists. Hyundai is seeking to coproduce Russian passenger aircraft. Lucky-Goldstar is marketing Russian designed and made helicopters, assembled by Daewoo. Russia hopes that providing technical assistance will result in a reduction of almost $2 billion in Soviet era debt to South Korea.

Labor exchanges have a long history between the RFE and North Korea. Khabarovsk has been using Korean labor in the timber industry since 1967 with 15,000 to 20,000 North Korean workers participating in the exchange each year. Since 1990, North Korean farm workers have come north to work in agriculture in Amur, Sakhalin, and Primorye. Most officials in the RFE, and many citizens, prefer North Korean guest workers to Chinese because of their fears of illegal Chinese immigration and the fact that the North Korean government closely monitors its workers. In addition, some North Korean workers have been sent to the region to work for free as partial payment of North Korea’s outstanding $3.8 billion debt to Russia, although the Foreign Ministry denies any formal labor-for-debt exchange.

Ties with both Koreas are substantial for Russia and the Far East. In many ways, the new relationship with South Korea has been much more lucrative than the longer-standing relations with the North. However, Russia and the
RFE seem to intend to maintain good relations with both countries. Military sales to North Korea are down since they cannot afford to pay hard currency for weapons and South Korea is becoming a better arms customer. South Korea has invested substantially in the RFE and purchases some products from the RFE. North Korea, if it can pull itself out of its economic collapse, is a potential customer for goods from the RFE. North and South Korea already buy electricity and some natural resources from the RFE. And both Koreas are very interested in transportation projects that would link the Korean peninsula into the Trans-Siberian Railroad giving them a landlink to Europe for trade. So in sum, the RFE and both Koreas will likely maintain or expand ties in the future.

The United States

The United States has traditionally thought of Russia as a mainly European power. As late as 1993, high-ranking State Department officials were omitting any mention of Russia in their evaluations of American interests in Asia. The same was true of American thinktanks such as the Heritage Foundation, the Asia Foundation, and White House reports on national security strategy in Asia. However, Russia is very much an Asian power both economically and politically and the United States is engaged with Russia and the RFE in a variety of ways.

The United States remains committed to its Cold War allies in Asia militarily and this often serves to hinder more constructive relations between the US and Russia. The US–Japan Security Treaty of 1951 is still in force and under its terms over 46,000 US servicemen and women are based on Japanese territory. The Russians continue to express concern over American aircraft carriers and battle groups in the Pacific, particularly those based in Japan and near Russia’s Asian coast. The US–South Korea Mutual Defense Treaty of 1953 is also still valid and is the umbrella for 38,000 US troops stationed there. Again, this puts US troops quite close to the RFE and makes some Russian policy-makers and analysts worried. However, the state of relations with Russia is dramatically different than the US–Soviet relationship.

China remains an integral part of US–Russian relations and US relations with the Far East as well, despite official rhetoric that the triangulation common in the Cold War is a thing of the past. During the Cold War, it was Nixon and Kissinger who played the “China card” against the Soviet Union. China was to break the stalemate between the two major superpowers by siding with the United States. Today, it is Moscow that wants to use China as a way to change the balance of power. The 2001 Friendship Treaty specifically states that the Russians and Chinese did not feel any single power should dominate international relations. Russia and China both opposed NATO bombing during the Kosovo campaign as well. The United States currently worries about the volume of arms sales to China from Russia as well as
significant transfers of scientific and technical expertise. These worries give Russia leverage vis-à-vis American policy, or so the Russians believe.

Since 1991, the US has invested heavily in Russia through trade, aid, and loans. The United States has allocated substantial sums to help Russia maintain its scientists who were being paid very poorly and were heavily courted by rogue nations. American-funded programs are helping Russia stock its hospitals, build independent media outlets, create small and medium-sized businesses, develop a civil society through independent non-governmental organizations, educate a broad range of people, and more. American companies have built plants and invested throughout Russia including a huge Coca-Cola plant and a Ford factory in Vladivostok, oil platforms in Sakhalin, gold mining in Magadan, and machine building in Khabarovsky. This is a very far cry from the “evil empire” rhetoric just 15 years ago.

Concrete ties and investment between the US and the RFE are growing. As discussed in Chapter 6 on the military, the Nunn-Lugar Program supplies significant aid to Russia for the dismantlement and destruction of nuclear weapons and the decommissioning of nuclear vessels. Shipyards in the RFE are benefitting from this program. There are other US-funded programs as well to clean up environmental damage from the military, to train officers for the military, and so on.

There are also numerous economic ties. Boise Cascade and other lumber companies in the Pacific Northwest are looking to the RFE as future timber suppliers as well. Companies in the US and the RFE have established numerous joint ventures in shipbuilding, oil and gas, telecommunications, fishing, and more. Among many possible examples are: a Seattle-based company is building line capacity for telecommunications with a Russian company in Khabarovsky, Blago, and Kamchatka; Russian-American Interscrap is a joint venture that ships scrap metal from the RFE to South Korean and Russian steel mills; and Seattle shipyards have overhauled more than twenty Russian fishing vessels for US–RFE joint ventures.

A number of organizations focus on relations between the US and the RFE including the Foundation for Russian American Economic Cooperation (FRAEC) that works on expanding economic ties between the RFE and the US West Coast. The Washington–Sakhalin Law Enforcement Partnership operates an exchange program for police and other law enforcement personnel between Sakhalin and Olympia, Washington. Groups such as the Eurasia Foundation and the US–Russia Investment Fund (TUSRIF) are active in the Far East offering grants and investment funds. Alaska and Washington State have trade representatives for Russia that focus on the Far East. The US West Coast–Russian Far East Ad Hoc Working Group (AHWG) was developed as part of the Business Development Committee under the Gore–Chernomyrdin Commission. The Joint Commission on Economic and Technological Cooperation created the Ad Hoc Working Group in December of 1994, to encourage commercial cooperation between the US West Coast and the RFE.
At its inaugural meeting, the AHWG appointed FRAEC, based in Seattle, Washington, as the US Executive Secretariat. The AHWG appointed a Russian Secretariat in 1996. Located in Khabarovsk, the Russian Secretariat coordinates AHWG activities in the RFE. In the subsequent years, the Working Group has become a unique example of regional cooperation, combining the efforts of federal government trade and investment agencies from Washington and Moscow, and state and regional government officials with private business. Regional delegates and sector representatives examine industry-specific impediments to trade and investment in twelve industrial sectors: agriculture, ecology, energy, finance, fisheries, forestry, legislative reform, mining, telecommunications and information infrastructure, tourism, training, and transportation. Leaders from private business in both the RFE and the US West Coast serve as co-chairs of each sector.

Environmental projects are desperately needed in the RFE. Currently there are a number of reforestation projects in the RFE funded by USAID and Weyerhauser. ISAR is another US-based entity sponsoring environmental projects in the RFE and there are many, many more. Russian scientists and policy-makers come to the US West Coast to study forest conservation measures and forest management techniques.

In terms of military and security issues, historically the primary issues in relations, the US–Russia relationship has improved since the attacks of 11 September 2001. Prior to the attacks, Russia had opposed a number of American priorities including the enlargement of NATO. Russia and China had signed treaties in opposition to American unilateral action and many Russians were still upset with the US over NATO bombing during the Kosovo conflict. Following the terrorist attacks, the Russian people and Russian government became substantially more cooperative with and sympathetic to US policies including President Putin withdrawing his objections to NATO enlargement. Putin also allowed US military personnel to be based in Central Asia and Georgia without much Russian protest and cooperated with the war on terrorism in a number of other ways as well.

In general, the relationship is a good one between the RFE and the US, perhaps even better than the general US–Russian relationship. However, it is very difficult to separate the two. Due to geography and transportation issues, most of the relationships directly with the RFE are centered on the US West Coast. But the American government also shows substantial interest in the region. There is a US consulate in Vladivostok and the Department of Commerce has a section devoted to the Far East as well.

**Preliminary conclusions**

The RFE is geographically, and increasingly economically, Asian and yet looks to the west – to Moscow – culturally, religiously, and politically. None of the leaders of the ten Far Eastern regions would claim that Asia is a model for
them to follow. Most have actively campaigned against the influence of the Chinese and Koreans, albeit for populist and political reasons. Substantial xenophobia exists at all levels of Far Eastern society and fear and loathing of neighboring peoples lurks near the surface at all times.

However, the countries of the Pacific Rim have a lot to gain from trading with the RFE. Access to mineral rights and raw resources alone are enough to convince Asian countries to pursue increased trade. Many of the countries of the Pacific Rim lack resources of their own, particularly oil and gas, so the RFE is a close and convenient place to shop. Many of these countries are also in need of weapons. Russia and the RFE make these in abundance and will sell to the highest bidder. Numerous RFE military industrial plants still exist primarily due to Chinese, Indian, and other Asian customers. The Koreas and Japan hope that investing in infrastructure projects in the RFE will yield a much quicker and cheaper trade route to Europe as well. This alone would be worth a fortune.

Some in the RFE, and Russia, have prospered from the trade of raw materials to Asia – and since around 90 percent of RFE exports are raw materials this is a very important point. The vast majority of people, though, have not. Corruption has meant that taxes often do not get paid and that profits go to the few who either hide it or spirit it out of the country. Corruption can deter potential investors as can a number of other factors such as poor banking facilities, lack of infrastructure, shifting legal rules, ineffectual courts and more. Poverty stricken Russians, in order to survive in a place where wages are often over a year in arrears, have stripped metal from public utility lines and World War II monuments so that they can sell it to Chinese and Korean traders. Poaching is destroying a precious natural heritage and landscape as Siberian tigers, musk ox, crabs, and other wildlife are taken in huge quantity without regard to the survival of the species. Guns and drugs flow through the porous and corrupt border as well.

Relations between the RFE and the Pacific Rim are often tested in a number of ways. Russian racism and laws that are unfairly implemented to go after a single ethnic group, often the Chinese, cause hard feelings between countries. Border and territorial disputes can cause consternation and other problems. Primorye, Amur, and Sakhalin obviously have different ideas about the appropriateness of decisions made regarding the demarcation of the Sino-Russian border and the Kurile Islands than Moscow, Beijing, and Tokyo. And these differences have flared at various times and canceled summit meetings or caused other difficulties.

Environmental issues also test relations. The RFE has some serious environmental problems including improper disposal or temporary storage of nuclear submarines, radioactive waste problems, the dumping of liquid radioactive waste, air pollution, acid rain, and more. Environmental damage does not respect international borders, so Japan and other neighboring states
are highly concerned and many are investing substantial sums of money to reduce the potential harm from this issue.

The military is a neverending issue in the RFE, though not quite in the same way as under the Soviet regime. Today, parts of the military are involved in smuggling and other criminal activities. And while the traditional military threat has been reduced, the ecological threat of the military has increased. Arms sales are still an issue, but again a slightly different one. Russia and the RFE are highly dependent on the revenues from arms sales and therefore are not carefully considering the future ramifications of deals they are making. The Russian sale of high tech weaponry may become a threat to Russia itself at some point in the future.

The RFE needs to find a way to diversify its economy and use the sale of its valuable natural resources as a catalyst for development. The government in Sakhalin is doing just that and should be a model for other regions. When a company wins a contract to drill for oil and gas, they are required to invest in infrastructure that will benefit the oblast. The authorities need to get a handle on corruption, so taxes are paid and benefit the people and so that profits get reinvested in the region and not sent to Cyprus or another banking haven.

In general, the neighborhood in which the RFE is situated is less tense today than at any time in modern history. There are a few minor territorial disputes. But the parties are negotiating and show no signs of taking a military option. Trade disputes are handled by the World Trade Organization (WTO) or APEC or some other fairly civil mechanism in a manner acceptable to all sides. In general, relations tend to be improving with the major players in the area. A number of problems could arise, but none is on the immediate horizon. However, if a problem were to occur, the RFE remains over-militarized and that is the subject of the next chapter.
Throughout its history, the Russian Far East has been integrally tied to military and security issues. When Russia entered the Far East, the region had been in the cultural and political sway of various Chinese dynasties and Korean rulers over the years and so colonization by Tsarist Russia was often accomplished by force. The colonies were held by virtue of a string of forts and strongholds established throughout the region and the former masters of the Far East were in close proximity across the border, so defense of the territory was a necessity. The Tsars also used the Far East as a place to send unwanted and dangerous prisoners as well as political prisoners who were considered too violent or subversive to remain in European “civilized” Russia. So armed guards escorted prisoners to their exile and in some places stood guard over them.

Thousands of miles and weeks of travel away from Moscow and St Petersburg, the RFE was a wild frontier similar in many ways to the American Wild West. When prisoners were guarded, which was not always the case, the guards were often themselves being punished and so took the side of the prisoners or at least exhibited some hostility to the Russian government. The local economy ran on the basis of hunting and fishing and no one expected the far away central government to protect them. So the locals were armed and ready to defend themselves, bandits were plentiful, and disregard for authority was rampant. These traditions and remoteness from power have fostered the odd mixture of freedom and autocracy, of dichotomy, that have been prevalent here throughout history.

The RFE has been at the heart of a number of security and military problems since 1900 as well. It was the site of the 1904–5 war with Japan, it saw active fighting during World War I and the Soviet Civil War including foreign interventions by the Americans, British, and the Czech legions. There have been numerous border skirmishes with China as well as two larger-scale conflicts following the Sino-Soviet split in the 1960s. The Soviets established the GULAG here, a vast expanse of prison camps for political and other
prisoners who became a captive prison labor force that helped to economi- 
cally develop some aspects of the RFE.

Under the Soviet Union, the RFE was a vast industrial and military zone, 
much of it closed to foreigners and to Soviet citizens without the proper 
permissions. Some cities did not officially exist and were left off of all maps. 
The traditional Soviet penchant for secrecy and intolerance were often 
magnified in the RFE due to the heavy military presence and large number of 
defense industries. The proximity to China also led to some level of paranoia 
among the leaders and populace in the region that further contributed to the 
national security siege mentality.

The Cold War between the US and USSR was also actively played out here 
especially in the sea and air with submarine hunts, airborne dogfights, and 
large-scale naval exercises. In addition, the Soviets built large numbers of 
defense plants in the RFE during and after World War II, both as a way to 
keep the military might of the country safe from European invasion or attack 
and for other security reasons. The remote location of the RFE allowed the 
Soviets to keep foreigners and locals out of closed areas plus limit the mobility 
and communication of plant workers as well. In addition, the Chinese border 
was close by and having defense plants close to the site where they might be 
used made sense politically and meant that in case of war, transportation 
would not be a large logistical problem since the materiel was produced 
relatively close to the site of potential conflict. The military–industrial 
complex became a highly important part of the economy of the Far East, as 
did the military itself. Not only were the workers and soldiers located in the 
region, they spent their pay in the region, voted in the region, and had friends 
and family in the region.

As the Soviet Union collapsed, the priority and prestige of the armed forces 
began to collapse with it. These processes accelerated after the August Coup in 
1991 and continued in the independent Russian Federation. The government 
downsized the military, closed or ignored military factories, and fell behind in 
training and paying the troops. Readiness and morale fell precipitously. Draft 
dodgers become more and more prevalent and punishment became less 
likely. Weapons orders fell dramatically and defense contractors fell idle. 
Workers were not receiving their pay, which in a society that worked on cash 
and had no checks or charge cards, was a major problem. Wage arrears rapidly 
spread and some workers in 2000–1 had not been paid in 6 to 9 months or 
more. Regional and local governments began to help the soldiers by giving or 
lending money, forgiving payments for rents or utilities, providing services 
and so on which led Moscow to worry about where the allegiances of these 
soldiers would fall.

The region is also rich with diamonds, gold, oil, gas, coal, and other valuable 
natural resources. Given its resource base and history, it is not surprising 
that the RFE holds significant geopolitical and strategic value for Russia 
and that the region has been highly militarized throughout its history.
Such riches deserve protection since they can be coveted by neighboring countries.

Prior to 1992, many parts of the Far East were closed to foreigners and the vast majority of areas required special permission to enter or travel through including visas and often the accompaniment of *Intourist* guides. This was due to the militarily strategic location of the RFE in the Russian Federation. The Sino-Russian border is the world’s longest border between two countries. Russia also shares a small border with North Korea and despite its short length, relations between Russia and Korea are quite important since there are a number of Russian citizens of Korean heritage in the Far East, the Korean peninsula still has large numbers of American troops stationed there, relations among North and South Korea can be highly difficult at times, and the current Korean dictator, Kim Jong Il, is not always predictable. In addition, the Soviet Union had a special relationship with North Korea as a fraternal socialist nation. Japan is visible from parts of the Far East on a clear day and the two countries are still at odds over the fate of the Kurile Islands (the Japanese call them the Northern Territories) that were annexed by the Soviet Union following World War II. Alaska and Chukotka are quite close to one another, particularly in winter, and so the United States is not far from the RFE as well. Geopolitically, this means that the RFE was a highly strategic arena in the Cold War and today is a window toward Asia – and its growing markets and economies – for the Russian Federation.

During the Soviet era, particularly after the Sino-Soviet split in the 1960s, the border was totally closed and heavily militarized. About 25 percent of Soviet military spending was aimed at countering the Chinese threat. There were periodic military scuffles on the border between the Soviet Union and the People’s Republic of China and the border was under dispute in a number of places. The Japanese were close allies with the Americans and therefore not to be trusted and the Americans were too close for comfort. Soviet submarines made regular sorties through the Pacific Ocean to counter the American submarine and naval threats and the Soviet air force patrolled diligently. So diligently, that in 1983, the Soviet Air Force shot down a civilian plane that strayed into Soviet air space.

Today, the border is highly porous and not well patrolled. Legal and illegal trade flourishes and migrants, again legal and illegal, cross into Russia regularly. Many Russian citizens in the RFE cite illegal Chinese immigration as a very serious problem. The Chinese side of the border is more heavily populated than the Russian side and many Chinese seek to farm plots on the Russian side of the border as well as participate in trade and business opportunities. In parts of the Jewish Autonomous Oblast, Chinese farmers have been welcomed and are highly productive members of the community. However, in other parts of the Far East, Chinese are treated with great prejudice and fear. Many politicians have exaggerated the demographic Chinese threat in order to bolster their own power including the Far Eastern
presidential representative Konstantin Pulikovskii. In Primorye, for example, officials have said there are between 1 and 2 million Chinese citizens living and working in Russia illegally. That seems quite high but the perception that the Chinese want to take over the RFE in order to access their land and natural resources is important to understand because this threat is often used by politicians in their quest for votes and support and it is how many Russians view the situation.

Political tensions between Russia and China today are greatly reduced. Border disputes have mostly been solved. Trade is burgeoning. The leaders of Russia and China meet often and have signed numerous agreements. Today, neither side stations troops within 100 km (62 miles) of the border. And relations are the best they have ever been between the two countries. The reduced tensions coupled with serious budgetary problems in Russia have led to a reduction in troops levels and levels of readiness for remaining troops.

In addition, during the last decade or so, the Russian military has suffered an incredible number of setbacks and challenges that have reduced readiness, morale, and troop strength. The collapse of the Soviet Union and breakup of the Red Army was traumatic for military leaders and soldiers alike. The Russians have been extremely proud of their military, the role the Red Army played in defeating Nazi Germany, and their superpower status during the Cold War. When the Soviet Union collapsed and economic troubles worsened, superpower status began to slip away and a number of events have reduced the power and prestige of the military in the eyes of the people.

The armed forces in Russia have not had an easy transition. Under the Soviet Union, the military was high prestige and highly valued by the population. Veterans wear their medals and uniform shirts with great pride and were accorded great respect. Veterans automatically went to the front of the Soviet Union’s ubiquitous lines. Soviet military expenditures in 1985 were $343.6 billion. In 1989, there were forty-three divisions deployed in the RFE and around 390,000 military personnel.

The problems the Soviet army experienced in Afghanistan tarnished the military and draft evasion increased in the waning years of the Soviet Union but, in general, the military was still a reputable and potentially lucrative career. When Gorbachev began pulling Red Army troops out of Eastern Europe the problems of the military worsened. There were large numbers of stories about the plunder, corruption, and environmental damage caused by the troops. The demobilization of troops from Eastern Europe occurred at a time of economic crisis that became worse in the early 1990s. The Soviet Union had no adequate housing and no jobs for the troops that were demobilized from East Europe. Salaries were not paid on time and training became highly problematic as the Soviet economy went into free fall. Many air force units could not fly their planes due to the cost of jet fuel. Submarines could not go on patrol because they could not afford to stock the boats with adequate supplies. Infantry troops lacked ammunition for practice. Draft
evaded skyrocketed and became even worse when Russia invaded Chechnya in 1992 and again in 1996. Groups of Russian mothers went to the front to retrieve their sons by the thousands in Afghanistan and later in the Chechen Wars. They were generally not bothered by the military command or prosecuted for their actions. The economic problems were made more acute by the fall of the Soviet Union and the introduction of economic shock therapy.

Power struggles within the military and financial woes also have taken a large toll on the Russian military. Military units and some military leaders participated in the August 1991 coup that led to the collapse of the Soviet Union and the downfall of Soviet President and General Secretary Mikhail Gorbachev. The military also played a role in the October events of 1993 when the legislature opposed President Boris Yeltsin and culminated in Yeltsin ordering the military to fire tank shells at the parliament building to force their surrender. This politicization of the military has diminished its prestige in the eyes of Russians and has tarnished the image of the armed forces.

Shock therapy, the policy of trying to make a quick transition from a socialist to a capitalist economy, left the Russian economy in ruins. Inflation ran wild, production and tax revenues plummeted, and corruption became endemic. All of these economic problems affected the military and its budget.

The new Russia also had a new media. Freedom of the press in the early days after the Soviet Union was almost absolute. The media reported on many things that had never before been discussed in Russia including problems in the military like hazing, the death of draftees, non-combat related deaths of various kinds, corruption in the military, the use of draftees by generals to build summer houses of great grandeur, and much more. Military prestige continued to fall.

This was the general context in which the military had to operate. Were conditions better or worse in the RFE? What had been the RFE’s experience under the Soviet Union and how had it changed since 1 January 1992? And how has the presence of the military and the security needs of the Russian Federation affected the Far East since the collapse of communism? The rest of this chapter will deal with those issues.

The establishment of a Russian military

The Gorbachev era, for the military, was a dizzying round of force reductions, doctrinal changes, and theoretical confusion. Within several years, the military was confronted with several radically altered assumptions about the geostrategic nature of the world. Under the Soviets, the operative concept had been that the best defense was a good offense and overwhelming superiority of forces were necessary to win a war. In 1986, Gorbachev introduced “new thinking” and a more defense and sufficiency-based strategic vision followed by conventional force reductions, and the elimination of some classes of nuclear weapons. Then came the collapse of the Warsaw Pact and
the redeployment of troops formerly based in Eastern Europe including over 300,000 personnel, their families, and equipment. The entire military and its doctrines were in a total disarray. January 1991 and the Gulf War brought the “high tech gap,” to the attention of Soviet military leaders at a time when they could scarcely afford to consider competing with the smart bombs and cruise missiles of the United States.

When the Soviet Union ceased to exist on 31 December 1991, Russian military leaders thought that the newly-formed Commonwealth of Independent States (CIS) would have a single set of military forces that would continue on in the vein of the Soviet military. However, not all former Soviet states joined the CIS (most of the non-participants were in the Baltics or Caucasus regions) and among those who did join, there was a significant fear of Russian hegemony as well as strong nationalist desires to create their own national military forces. So on 7 May 1992, Russian President Boris Yeltsin finally announced the creation of the Russian armed forces after 6 years of abortive reform attempts, budget cuts, political changes, and turmoil.

The new Russian military was significantly smaller and less well armed than its Soviet predecessor. Russia got approximately 60 percent of USSR military equipment and much of that was poor quality or old. The highest tech and newest equipment had been forward based in the republics of Ukraine, Belarus, Georgia, and Moldova. When these republics became independent, they kept the Soviet equipment as their inheritance. The military also lost a number of bases devoted to repairs and maintenance as well as spare parts the lack of which have caused serious problems throughout the armed forces.

The Russian Ministry of Defense was created in 1992 and is run by a Minister of Defense (MOD). By law, the president is commander in chief of the armed forces and he appoints and dismisses the MOD and other military leaders. The General Staff, similar to the US Joint Chiefs, are the next rung of the military hierarchy and includes the chiefs of each of the four branches of service: Strategic Rocket Forces (RVSN), Ground Forces (SV), Air Force (VVS), Navy (VMF). The Security Council, chaired by the president, and consisting of the president, prime minister, director of the Federal Security Service (FSB), and Ministers of Foreign Affairs and Defense, provides overall direction and defense policy.

The country is divided into military districts, during the Soviet era there were sixteen, today there are eight: Far Eastern, Leningrad, Moscow, North Caucasus, Siberia, Transbaikal, Ural-Volga, and Kaliningrad Operational strategic group. There are also military space forces, radiation, chemical, and biological defense troops, and construction brigades that fall outside the four branches. Of the approximately 1 million active duty personnel, 350,000 are Ground Forces (of whom 190,000 are draftees), 180,000 Air Force, and 171,000 Navy. There are also non-armed forces troops including the MVD (Ministerstvo vnutrennikh del – Internal Ministry) with 180,000, the paramilitary with 280,000, border troops at 210,000, railway troops at 65,000, the
The military–political leadership struggled through a number of new military doctrines to try to come to grips with the new situation and the new country. The first Chechen War highlighted many of the inadequacies of the new Russian military and though the second Chechen War has been more popular and well fought than the first, it still has revealed a number of serious problems with the Russian military. However, the light may be shining at the end of the tunnel because after more than a decade of decline, inadequate budgets, and falling public support Russia’s armed forces are getting a more focused and viable attention from the Putin administration.

On 11 August 2000, the Security Council decided to give priority to improving Russia’s conventional forces. The battles in Chechnya have graphically displayed the readiness and equipment problems that are plaguing Russia’s military since the demise of the USSR, ranging from poor training to outdated weaponry. Funding for ground forces will be increased with an eye toward increasing the number of military units in a high state of readiness as well as a more flexible force structure. The Security Council also decided not to replace ICBM systems as they mature thus reducing operational warheads to 1,000–1,500. They will also revisit the issue of folding the Strategic Missile Forces into the Air Force by 2006. In addition, the Council terminated the policy of equal-funding for all services and will instead allocate funding based on the tasks and needs of each service. The goal, by 2015, is that half the defense budget will be devoted to R&D and procurement while the other half will go towards operations and maintenance.

The military in the RFE

The Russian Far East was heavily militarized under the Tsars and the Soviets. Therefore, the armed forces are a very important part of life in the region. The impact of the demise of the Soviet Union, the economic crises following independence, and the changing nature of military threat in the post-Cold War world are very important in understanding this region. In addition, the central government in Moscow worries about whether the Russian military will remain under civilian control and whether they will support rebels or groups that oppose central policies in some way.

In 1997, a military review of the Russian regions identified the Far East (and much of Russia east of the Ural Mountains) as at risk for military separatism. In other words, the Moscow-based military leadership was highly concerned that military units in these areas would not follow the orders of the central leadership. They cited serious morale problems stemming from poor housing, poor living conditions, inadequate food supplies, wage arrears, and boredom due to lack of training. In addition, the country’s military posture had deteriorated (the military had never been happy with the loss of empire in presidential security service with 20,000 personnel, and several others including the FSB (Federalnaia sluzhba bezopasnosti, former KGB) troops.?
and the prestige of military service was continuously declining. These problems reverberated throughout the heavily militarized Far East.

**Current military status: the Far Eastern Military District (FEMD)**

The military has problems throughout Russia. However, the RFE has been hurt to a much larger degree than many Russian regions because it was so heavily militarized and has such a long and geopolitically strategic set of borders. The budget cuts in both spending for troops and materiel as well as for the military–industrial complex hurt the local economies dramatically in terms of jobs and opportunities. The serious morale problems in the military have helped to feed crime and corruption in the region. Troops sell weapons and steal military property for profit in order to survive or thrive. And the collapse of military industries has led to serious economic crises. The legacy of the Soviet military has also meant environmental problems that cannot be cleaned up due to the lack of funds and that seriously threaten the health of the local population.

At the height of the Cold War, the Soviet Union had approximately 4 million men in the armed forces. The main thrust of Soviet military strategy was protecting the motherland against external threats from the West – the US, Europe, and Japan – and the East – China. In addition to the military, other armed structures also have troops including the Ministry of Internal Affairs (MVD, *Ministerstvo vnitrinikh del*) with about 237,000 troops, the Federal Border Service with 220,000, the Presidential Guard with 25,000, the Federal Security Service (FSB, *Federalnaia sluzhba bezopasnosti*) with 9,000, the Civil Defense Ministry and Government Communications and Information Agency with about 54,000 personnel but the focus here will be on actual military forces under the command of the Ministry of Defense (MOD, *Ministerstvo oboronnikh del*) and the RFE Military District.

The militarized nature of the Soviet Far East was specifically designed to counter Cold War threats from the East and West, often to the detriment of other types of investment in the social and economic spheres of the region. In 1989, there were forty-three Soviet divisions deployed in the RFE numbering approximately 400,000 troops including at least one airborne unit, one division of Spetsnaz (Special Forces or Black Berets), ten motorized infantry divisions, three artillery divisions, two attack helicopter units, four helicopter units of assault transport craft, five to seven batteries of SAM (surface to air missile) batteries, and thirteen other specialized divisions.

With the demise of the USSR, tensions in the world – especially between the superpowers – have waned considerably and thus a reduction in the number of troops on hand was to be expected. Today, there are slightly less than a million men in Russia’s armed forces with a goal by 2005 of 850,000. This was down from a high of over 4 million men during the 1980s. However,
the reduction of troop strength between 1991 and today is far greater than a
force restructuring due to a reduced level of threat in the international
environment. Military morale dropped precipitously throughout the 1990s
and military spending in 1998 dropped to $64 billion.\textsuperscript{11} Defense spending
between 1991 and 1997 had decreased by a factor of eight and the composition
of spending also changed dramatically. Procurement and operations were the
losers and over three-fourths of the budgeted monies were going to personnel
costs and for relocation of troops. Coupled with high rates of inflation, the
military faced serious problems. Defense Minister Rodionov estimated that
the 1997 military budget would not even cover one-third of the armed forces’
necessary expenditures.\textsuperscript{12} Troop levels also fell. By 1996, there were fewer
than 200,000 troops and only fifteen divisions in the RFE (Table 6.1).\textsuperscript{13}

Morale is extremely low and desertion is common. Conscripts are commonly
hazed in brutal fashion called “\textit{dedovshchina}.” Serious injuries and deaths are
well documented from these practices. In 1992, an investigation by the Duma
revealed that 5,500 military personnel had died in 1991 and 98,700 had been
injured from non-combat causes particularly assault by other military person-
nel.\textsuperscript{14} Military personnel also have a very high rate of suicide. Conditions of
service are appalling. Many officers’ families complain of not having enough
money to buy bread. Some officers have resigned on health grounds because
they could not sustain their own or their families health on their salaries,
especially given the non-payment of salaries for months at a time.

Housing shortages are extremely severe, ration allowances in the mid-
1990s were often 11 to 12 months in arrears, and pay was often 6 to 8 months
late, if not more. In 1997, officers reported pay as several months in arrears
and non-salary compensation more than a year in arrears. Non-salary
compensation includes housing allowances, ration allowances, and so on that
constitutes about 49 percent of a lieutenant’s compensation. In 1993, three
sailors from the Pacific Fleet died of pneumonia complicated by malnutrition.
Power shortages and cut offs became common further increasing the
problems facing military personnel and reducing their morale. In September
1995, the prime minister of Russia had to sign an order preventing power
stations from turning off the power to military installations vital to the
national interest regardless of debts owed to the stations. This followed power
shut offs to a nuclear submarine base and a base for the nuclear Strategic
Rocket Forces.

\textit{Table 6.1} Troop strength in the RFE

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Divisions</th>
<th>Personnel</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>43</td>
<td>390,000</td>
</tr>
<tr>
<td>1996</td>
<td>15</td>
<td>190,000</td>
</tr>
</tbody>
</table>

In June 1999 alone, forty-four soldiers went absent without leave in the Far East due to systematic abuse and beatings by senior servicemen and officers. Military investigators determined that twenty of these soldiers had verifiable injuries and another fifty in the barracks had illnesses caused by neglected injuries. There have also been reports of “selling” soldiers, particularly to the units fighting in Chechnya. The Committee for the Protection of the Rights of Servicemen and Their Families rescued forty-two Bashkir conscripts who were “sold” to units in the Northern Caucasus Military District. There are also numerous reports of conscripts being sent to fight in Chechnya as punishment.\textsuperscript{15}

**Military reforms**

During the late Yeltsin years, the military establishment experienced a number of policy shifts and numerous changes in leadership that created instability within the institution of the armed forces. The responsibility for defense policy was severely contested among a number of political and military leaders. The armed forces became quite politicized. After the 1996 election, Yeltsin replaced Minister of Defense Pavel Grachev with Igor Rodionov and in May 1997 replaced the Minister of Defense yet again with Igor Sergeyev. Grachev had favored his airborne troops, Rodionov had spent his career in the Strategic Missile Forces and favored them, and both seemed to disparage the ground forces. Many personalities also fought for precedence including Aleksandr Lebed who was briefly in charge of the Security Council as part of a payback for supporting Yeltsin’s 1996 campaign in the second round of the presidential elections. A Defence Council and Security Council as well as the legislature with its various committees, presidential administration, executive branch including ministries, and many others all had a hand in confusing the issues related to defense.

Throughout 1996 and 1997, the Yeltsin administration and Minister of Defense Igor Sergeyev worked on the reform and restructuring of the Russian military. They proposed reducing the size of the armed forces, merging the Strategic Rocket Forces and space forces into the Air Force, a unification of all air defense tasks under one branch of service, and ensuring funding for the armed forces and social needs of military personnel released from the service. The reforms would be carried out over 7 years. However, by early 1999, there were still no laws detailing the organization and operation of the armed forces beyond the basic constitutional provisions. Without a legal foundation and agreed upon goals, the military remained a political football and suffered from haphazard development, duplication of efforts among the branches, and a proliferation of military-type and paramilitary units all governed by as many as twenty different laws.

Recently, some of the reorganization plans have been implemented. In the 1998–9 reorganization of Russian military districts, Sakha was transferred
from the Transbaikal district of the FEMD and the total number of military districts was reduced. Also in 1998, a number of forces were consolidated into the “Northeastern Group of Troops and Forces,” often called the Kamchatka Group of Forces, to facilitate better command and control by the military district of forces in Kamchatka and Chukotka. Previously, these forces had reported to their particular branch of the service but now all would report to one admiral under the auspices of the Pacific Fleet. The Kamchatka Group of Forces includes the Kamchatskii flotilla of the Pacific Fleet, Fleet Ballistic Missile Submarines (SSBNs) based at Petropavlovsk-Kamchatskii, one army corps, coastal defense forces, and other multi purpose units. The new arrangement clarifies command and control of the now unified forces thus allowing better coordination of action and centralizes supply that is reaping huge logistical savings in time and money.

**Paramilitaries and militias in the RFE**

The RFE, like much of Russia, has experienced increasing crime and increasing vigilantism. The public do not feel well served by the police and other official security organs. So many have taken the law into their own hands and formed private military units. In addition, the central or regional government has offered funding and authority to some forces that are not part of the military structure in order to guard the borders and provide security. Many regions in the RFE have militias; some are sponsored by the regional governments, some are encouraged by the regional governments, and others are fairly autonomous. In the Jewish Autonomous Oblast, Governor Volkov signed a decree recommending villagers defend the border with China by organizing volunteer militias. In the Amur Oblast, a militia unit began detaining Chinese poachers in early 1997. Militias have been reported in most of the territories of the RFE mainly in response to rising crime rates and ineffectual, corrupt police.

The Cossack Hosts throughout Russia and its borderlands have a long history of combat, often for the Tsars or other Russian governments. Cossack units were integral in the colonization of the RFE but were repressed during the Soviet era. In 1991, Cossack units began to reestablish themselves based on their Cossack communities. In 1993, the Khabarovsk Cossack troops were formed in the FEMD and were given military land and buildings for the purpose of establishing a Cossack settlement. Between 1997 and 1998, a number of Cossack units formed and were supervised by the Main Directorate of Cossack Troops in the Presidential apparatus. These Cossack units are provided with pay and weapons by whatever force employs them: Border Guards, Ministry of Defense, municipal militias, or the Ministry of Emergencies.

The Ussuri and Khabarovsk Cossacks in the RFE operate as border guards and participate in FEMD military exercises. Throughout Russia about fifteen
units of the armed forces and thirty-nine border guard posts are staffed with approximately 50,000 Cossacks. They have been provided with weapons and some funding from the central government and now patrol the border and do other military tasks. These types of patrols have increased since the US war in Afghanistan began in fall 2001.

The Russian armed forces of the FEMD

The headquarters of the FEMD is in Khabarovsk. Exact troop deployment and force structure in the RFE is difficult to determine since the Conventional Forces in Europe Treaty (CFE) requires that Russia make all unit assignment west of the Urals available publicly but this does not include the area east of the Urals which includes all of the FEMD. As mentioned above, the FEMD is divided into branches of service and we will take a brief look at the status of each of these branches below with a special emphasis on the RFE.

The forces under the FEMD include:

- 2 Ground Forces headquarters
- 2 Corps headquarters
- 10 motorized rifle divisions
- 2 motorized rifle division (training)
- 2 artillery divisions (machine gun)
- 1 artillery division
- 9 artillery brigades/regiments
- 1 airborne brigade
- 1 motorized rifle brigade
- 3 surface-to-surface missile brigades
- 5 surface-to-air missile brigades
- 1 Spetsnaz (Special Forces) brigade
- 1 anti-tank brigade
- 2 attack helicopter regiments
- 2 assault transport regiments

The Russian Navy: the Pacific Fleet

Under the Soviets, the Pacific Fleet was admired and feared. However, since the demise of the Soviet Union, the Pacific Fleet has fallen on very tough times. US Admiral R. J. Kelley, former Commander in Chief of the US Pacific Fleet, said that Russia was no longer a world-class naval power capable of projecting their influence worldwide but was still able to project power in Asia and would continue to do so due to their economic interests in protecting the resources of the RFE. Many Pacific Fleet sailors have never even put out to sea since training budgets are almost nonexistent. Fuel is short and the Navy owes huge debts for electricity, transportation, and other services.
The Pacific Fleet, once the most powerful fleet in the Soviet Navy, had a surface fleet that was half as large in 1998 as it had been only 8 years before. In 1990, the Pacific Fleet commanded 41 large surface ships including 16 cruisers, 14 destroyers, and 11 frigates. By 1998, the Fleet had only 4 cruisers, 11 destroyers, and 3 frigates some of which are not considered operational. Coastal vessels and small combatants had taken a similar toll. The submarine fleet has fared even more poorly. From a high of over 90 attack subs, the Pacific Fleet has fewer than 9 operational nuclear ballistic missile submarines and 19 non-nuclear subs. It has been reported that fewer than 2 subs patrol at a time due to numerous problems with spare parts, repairs, and funds since 1998.

Naval air forces (AV–MF, Aviatsia voenno-morskoyo flota) are similarly crippled by budgetary and other problems. Flight time is less than one-sixth of recommended for basic competence due to fuel restrictions and the condition of many aircraft. The FEMD, however, does still have approximately 300 MiG-31 Foxhound and Su-27 Flanker aircraft to fly reconnaissance and air defense.

Naval ground forces are in better shape. The naval infantry is still considered a well-trained elite combat force of 14,000. This is a heavily armed force similar to the American Marines whose jobs include sea-borne assaults, coastal defense, and special forces tasks similar to the US Navy Seals (sabotage and infiltration attacks).

Russia’s economic crisis has manifested in numerous ways for the Navy including substantially less training, inadequate fuel and logistical support, wage arrears with accompanying morale problems, and seriously restricted bluewater activities. Classroom and book learning are now emphasized more strongly than real practice or war games. And combat readiness has plummeted as a result. Housing problems are also particularly acute in the RFE and further erode morale and readiness. In addition, the reduction of the number of ships in the fleet means fewer opportunities for promotion. Less time at sea also is highly correlated with fewer promotions. So the Navy is suffering from a type of brain drain – the best and brightest are not staying with the service. However, the drain has not been as serious as it might have been. Russian naval forces, especially the officers and those with a family naval tradition, have an intense commitment to Russia and to the Navy that has kept many officers in the Navy who might otherwise have left.

The Pacific Fleet still constitutes a threat but it is currently mostly an environmental threat. Over 100 nuclear subs are being decommissioned or are sitting idle and awaiting processing. They are listing in bays around the Far East. Some leak and others are just potentially hazardous. They are regular targets of crime and still have active nuclear reactors and fissile materials that could be, or have been, stolen. The US has spent significant quantities of money trying to dismantle these subs but that has dwindled to a trickle. Following 11 September 2001, Congress has once again appropriated money...
for the Nunn-Lugar Program. The 2003 US budget allocates $416 million for Nunn-Lugar whose goals include nuclear safety. Much of this money will be spent in the RFE. The Congress will also provide $50 million for the destruction of chemical weapons, some of which will be spent in the Far East. The Japanese have also spent substantial amounts but the amounts fell dramatically in the aftermath of the Asian financial crisis of 1997. As Asian economies rebound, the spending is likely to increase once again.

Despite serious problems, the Pacific Fleet has also been trying to deal with new threats since the demise of the Soviet Union including pirates. There have been over twenty acts of piracy per year during the 1990s and the Pacific Fleet has worked to help counter this threat. This has allowed the Fleet to do some real training, but it is still a wholly inadequate amount of sea time.

Some scholars argue that the large reduction in naval forces in the Pacific Fleet is the result of conscious decision making and qualitative improvement. Under the Soviets, there had been an eclectic mix of classes of ships that made spare parts, maintenance, docking, and other logistics more difficult than necessary. Reducing the number of ships has allowed the Pacific Fleet to concentrate on the classes of ships that best serve their purposes and retire others. In addition, the threat is reduced and naval strategy has changed to emphasize the defense of the littoral instead of bluewater power projection. However, the sheer size of reductions makes this logic problematic. No Navy would totally gut its ability to project power for that reason.

Minister of Defense Igor Rodionov in 1996 described himself as the “minister of a disintegrating army and a dying navy.” Since then, however, Putin has announced a new effort to improve the status and readiness of the Russian Navy. In July 2001, Putin signed a new Navy doctrine that calls for the Russian fleet to be present in all the world’s oceans. Admiral Mikhail Zakharenko, former commander of the Pacific Fleet, was promoted to deputy commander in chief of the Navy after the announcement of the new doctrine he authored. Following Putin’s speech, Defense Minister Sergei Ivanov announced that he would do everything in his power to restore the Pacific Fleet to its former glory. In order to achieve the former glory of the Fleet, Russia must pay for more than 200 new, modern warships, approximately 100 new submarines, and around 100 large surface ships, as well as substantially increased spending on the maintenance of existing vessels and on training for naval forces. This new doctrine, if realized, could be a boon to the economies of many of the territories in the RFE who rely on naval bases and ship building to support the local economies.

The Air Force

The Air Force (V-VS, Voenno-vozdushnye cily) and the Air Defense Troops (V-VPO, Voiska-protivovozdushnoi oborony) in the RFE are also chronically underfunded like the Navy. They lack spare parts and suffer from severe
shortages of jet fuel that hinder training and preparedness as well as morale. Russia received some 60 percent of all Soviet aircraft but the forward-based, newest and most high tech planes went to Ukraine and other newly-independent states. The Far East had a number of state-of-the-art aircraft since it was also considered a forward base. However, most combat aircraft have been removed from bases on the Kurile Islands and Sakhalin.

Wage arrears plague all of the branches of the military. In 1996, fighter pilots at Yelisova Air Base went on a hunger strike to try to get their back pay and there are many similar stories. Economic problems have also affected crew flight times which have been drastically reduced from 150 hours a year to 20–5 hours, sometimes fewer, and there are currently more available pilots than aircraft due to spare parts and maintenance problems. The production of military aircraft for domestic use was virtually halted for several years in the 1990s. In 1990, the military industrial complex produced 40 bombers, 430 fighters, 120 transport aircraft, and 450 helicopters. In 1997, no bombers or transports were produced and only 35 fighters and 70 helicopters were manufactured. Between 1993 and 1997, not a single new MiG-29 was delivered to the Russian Air Force.

When the Soviet Union collapsed, about 50 percent of its airbase network remained on Russian territory. Only in 1999, did the Russian Air Force try to begin to move these bases into alignment with their new geopolitical situation. About 70 percent of air force aircraft are deployed on the European side of Russia. Of the 30 percent stationed east of the Urals around 20 percent are located in the Far East.

More problematic is the fact that a substantial number of maintenance depots were lost in the break up of the Soviet Union, around 40 percent of standard maintenance and repair capacity for the Air Force ended up outside Russia: mostly in Estonia, Lithuania, Ukraine, Georgia Ukraine, and a large number of high-quality depots throughout Eastern Europe.

When the Air Force and Air Defense Forces were merged in 1999, further disruption occurred. The present infrastructure for the combined services repairs only 9 percent of airplanes and 5 percent of engines per year. And estimates are that 50 percent of aircraft are out of order and 40 percent of air defense systems at any given time. Despite these serious problems, the Air Force is still a pretty potent force, especially if you include the Naval Aviation forces.

**Ground forces**

Ground forces, as all of the military structures in Russia, have suffered from restructuring, sharply reduced funding, low levels of procurement, little training, wage arrears, poor morale, inadequate housing, inadequate food, and hazing. Withdrawal of ground troops from Europe and the former Soviet republics has impacted the Ground Forces more heavily than most other branches of service and caused more disruption as well. In addition, the
Ground Forces in European Russia (west of the Urals) are subject to the Treaty on Conventional Forces in Europe (CFE) limits on deployments which indirectly affects the troops in the RFE since some of the troops located west of the Urals can be shipped east so that western deployed troops and materiel meet treaty standards. However, that has not happened to a large degree and troops east of the Urals have fared better than those to the west since their geography did not change. However, over a decade of transitional uncertainty have taken their toll on morale, combat readiness, and equipment.

The threat in the Far East has changed to some extent. Overall the frontier with China is half as long as it was under the Soviets since the five Central Asian states became independent. In addition, Russia withdrew its forces from Mongolia. In addition, tensions with China are down sharply for a variety of reasons (these are addressed in Chapter 5 on regional and foreign policy).

The USSR had over 200 divisions of Ground Forces most of whom were deployed in eastern Europe or the union republics closest to Europe with about 25 percent of forces east of the Urals. By 1999, the number of divisions was around twenty-four. The two Chechen wars have not had much impact on the Ground Forces in the FEMD, however, some units have participated including a motorized infantry regiment from Khabarovsk in 1994–5.

Priorities have changed as well. Russia is seeking to modernize the armed forces. Instead of the traditional focus on large numbers of troops fighting a European land war, the new doctrine of the Ground Forces will be highly mobile forces that are rapidly deployable as well as information and electronic warfare. The Russian General Staff has also recognized that in the current economic situation, all units cannot be maintained as combat ready so they are designating two divisions per military district to ensure that there are combat-ready forces available throughout the country. They are calling these units “units of constant readiness” or permanent readiness units which means they must be maintained with at least 80 percent of wartime strength at all times. One motorized infantry division in the FEMD has received this designation so far. There have been many critics within the military and among civilians that constant readiness is a hollow concept particularly due to problems with training, logistics, and the draft, especially since many units report 10–50 percent readiness and are on reduced operations.

**The military under Putin**

The image of Russia’s military is at an all-time low. Morale is extremely poor. The population of eligible draftees is falling due to low birth rates and a large number of draft-age men either evade the draft or are “not suitable” for health or other reasons. Of the annual draft quota in 2001, only 12 percent were actually sworn in to serve. Many were refused for health reasons or educational deferments but 27,000 were classified as draft dodgers. The military is in trouble.
The military is also very top heavy. The Russian military has a huge number of generals. In the most recent round of military reform, Putin has announced a troop reduction but also the retirement of 300 generals. Even with that reduction, there are far too many generals in the Russian armed forces, especially when one in three midlevel officer positions stands vacant.

Putin signed a new Naval Doctrine in July 2001 that calls for the Russian fleet to once again be a bluewater navy and have a presence in all the world’s oceans. Putin promoted the admiral who wrote the new doctrine, Admiral Mikhail Zakharenko, from head of the Russian Pacific Fleet to deputy commander in chief of the Russian Navy. In the same month, Defense Minister Sergei Ivanov celebrated Russian Navy Day in Vladivostok. Ivanov announced that he will do everything in his power to restore the Russian Pacific Fleet to full strength. In real terms, this shift in policy would require that Russia budget money to build about 250 new, modern warships and 95–100 submarines over the next 15 years.

In September 2001, plans were announced to upgrade the readiness and modernize 80 percent of the Russian Air Force as well. The Air Force has not received many new aircraft for 10 years and those they have are in dire need of modernization. The Air Force will reduce the number and kinds of aircraft they order to simplify spare parts and training issues. Where the money comes from for this plan is not clear. However, in October 2001, Putin announced that Russia would close their bases in Cuba and Vietnam. These have been very expensive to maintain and could free up a large sum for other uses.

The Putin administration has managed to increase military pay. In July 2002, military pay would increase around 86 percent and salaries would no longer be lower than all other modes of public service. Unfortunately, the same law ends housing and utility subsidies that have been a substantial help to most military families and some officers’ pay will only increase around 35 percent. So a net increase in salary is doubtful.

**Defense budget**

In 1992 the Russian defense budget was 12 percent of GDP and in 1999 it had fallen to 2.6 percent. This is a serious problem since the international average for adequate defense spending is 3–4 percent of GDP. The money was allocated differently as well, for example, the share of the Air Force in the military budget was 20 percent in 1992; in 1998 it was only 9 percent. Defense Minister Igor Sergeyev referred to the level of 1999 military expenses planned by the government as “fatal.” The fact was that 1999 was planned to be the year of the lowest level of military spending ever: 2.4 percent of the GDP or 92.2 billion rubles. International standards and a decree of the Russian president state that levels of spending on national defense must total no less than 3.5 percent of GDP, which would mean 133 billion rubles in 1999. Debts to procurement, R&D, and military personnel are in excess of 80 billion rubles.
The 2001 military budget was approved by the Russian Duma at a level they deemed sufficient for the needs of a reduced military. However, in February 2002, the Duma discovered that only 67 percent of the 2001 military budget actually was spent despite the testimony of the executive branch in 2002 budget negotiations that the military had a surplus left over from the 2001 appropriation. The fact that the branches of government are not communicating about spending needs and funding, and that much needed and appropriated funds are not being allocated, is a very bad sign for the alleviation of wage arrears, low levels of procurement, inadequate training, and other severe problems facing the Russian military.

Problems with the military–industrial complex

The military–industrial complex (VPK, Voenny promyshlenii kompleks) in the Soviet Union was huge and occupied first priority in most budgetary and political decisions. The VPK had a constant supply of large domestic orders as well as international sales of their products and they had no need to deal with profits or losses since those had no meaning under the planned Soviet economy. They got the best and the brightest people to work for them and got first shot at materiel. Secrecy was integral to the Soviet system and the VPK often operated in secret or closed cities and in nondescript buildings. Often the plants were built in the middle of nowhere to facilitate secrecy and Russia, east of the Urals, fit that description very well. Often workers built such a small part of a whole product that they were unaware of what the completed product was.

The Soviet Russian republic (RSFSR) contained the lion’s share of the VPK within its borders. In 1991, Russia had over 260 plants each employing around 7,000 workers. When the Soviet Union collapsed, there were 32 major defense enterprises located in the Russian Far East. They employed over 13 percent of the workforce in the region. In Primorye and Khabarovsk, the military industrial complex employed 20 percent and 24 percent respectively. The vast majority of these enterprises now face either conversion to civilian use or bankruptcy and sometimes both. Many jobs have been lost and those who retain their jobs often go many months without pay. In a country where pay is still an envelope full of cash in many places and where checks and credit cards are virtually nonexistent, this makes life very, very difficult. By 2000, these numbers had fallen drastically throughout Russia and in the RFE.

Several problems became apparent following the collapse of the Soviet Union in 1991. The Soviet defense industries were, like all industry in the USSR, created to serve the interests of the Soviet state and one of those interests was to keep the territory of the USSR together. So “an industry” did not really exist in Russia. Aviation is one example. The bodies of the plane were built in one republic, avionics in another, engines in two republics, munitions in yet another, seats in another, and so on. So when the Soviet
Union collapsed, Russia could not manufacture an entire plane because many of its parts were now made in foreign countries. In addition, the Soviet military had a blank check and first priority for all of its needs. Given the economic and political problems of post-Soviet Russia, that would not continue. And the Defense Ministry and armed forces did not worry about debts or R&D and procurement costs either. They just spent whatever they wanted. Russia would not have that luxury. And the huge debts for R&D and procurement became an election issue in 1996. Yeltsin, to gain support in the military and VPK, promised to pay off those debts and created a new Ministry of Defense Industries to coordinate VPK efforts and liberalized the rules defense industries had to follow to get capital and investment. However, this ministry was disbanded in 1998. Added to these logistical and financial woes were some serious production questions. During his stint as prime minister, Viktor Chernomyrdin complained that Russian defense industries were producing vast amounts of unusable and unwanted products. Even in Soviet times, many defense plants also manufactured civilian goods but in the post-Soviet era there has been a huge push to convert defense plants into civilian manufacturing centers since the defense economy could no longer support so many of them and unemployment was not a good option. This was true from a public policy standpoint, but also many Russian towns are company towns – the defense plant is the sole or main employer and closing it would destroy the local economy.

In addition, pressures to privatize and ensuing market pressures drove many military companies to insolvency. Government arrears in paying on contracts caused further financial harm to firms. A free labor market also caused problems. It became difficult to attract and keep workers at the often remote and secretive weapons factories, especially when they could make more money working at a foreign company like McDonalds. Factories owned by the government also had problems with huge wage arrears. The cost of borrowing money and holding inventory increased as well during several years in the mid-1990s when interest rates were so high and so variable, due in part to hyper inflation, that they could only be called usury in most countries.

The government policy of swapping weapons for debt and weapons for oil has also hurt enterprises that manufacture armaments. Russia owes Austria $2.8 billion. The government is servicing this debt by bartering MiG-29 fighters and a joint venture to manufacture MiG-110 business jets with Austria in return for debt reduction. A similar barter deal exists with Spain in which boats are being traded for debt. In addition, Rosoboronexport received permission in 2001 to trade arms for oil with countries like Iran, Libya, Jordan, Iraq, and Mongolia though Iraq will have to wait to partake of this offer until UN sanctions are removed. These “sales” mean business for VPK enterprises in the Far East and throughout Russia, but how will the factories get paid? Will the Russian government pay them since they are the ones getting debt forgiveness? Unlikely. Will the enterprises see the oil that is traded for their weapons? Again, unlikely.
At the same time, domestic orders dropped dramatically as a result of declining budgets and economic crisis. In 1998, the armed forces did not purchase a single tank, aircraft, or nuclear submarine and in 1999, overall procurement was down 90 percent from 1991 levels.38 Some firms were able to convert their production to civilian goods or successfully market their goods to other countries. For example, one boat manufacturing company in Primorye began to market its smaller boats as fishing or pleasure boats, mainly to the Japanese. Others adapted to the new market and politico-economic situation and excelled like the Sukhoi Aviation Military Industrial Combine that has a production facility in Komsomolsk. They build Sukhoi aircraft for the Chinese and Indian militaries. There have also been joint ventures between foreign firms and Russian ones.

The sale of Russian weapons

The Soviet Union, and now Russia, has always sold weapons. Arms sales have been a source of hard currency earnings and a source of prestige. However, under the Soviet Union, the primary mission of the VPK was to produce arms for the Red Army. In Russia, one could easily argue that the foreign arms market is what currently drives production since the armed forces of Russia are doing almost no procurement at all. This could cause some problems. First, Russia is selling to countries with whom Russia has not always been on the friendliest of terms, like China. Second, many of the enterprises that manufacture weapons are the sole or primary employer in a town or region and so the sale of weapons is absolutely essential to the success or failure of a local economy. And third, enterprises are selling arms illegally without the consent or knowledge of the Russian government. When the policy of Moscow differs from the needs of the locality, who will prevail given the corruption and lack of control in Russia today? And will arms sales today cause a serious security headache later?

Today, China is a major customer for Russian military exports. They buy huge quantities of hardware ranging from submarines and aircraft to destroyers and helicopters. In addition, small arms and automatic weapons are sold both to the government officially and on the black market.

According to The Moscow Times, India signed deals with Moscow worth $10.8 billion and China placed a $2 billion order, these orders will be delivered and paid for over the next few years. Malaysia, Iran, and Syria are also multi-million dollar clients. Deliveries made in 2001 on orders placed in 2000 were worth over $4 billion and annual revenues are expected to exceed $6 billion.39 Rosoboronexport, the state-controlled arms seller that controls over 80 percent of the Russian arms trade has declared that its earnings are well ahead of planned earnings. Most of the exports today are aircraft but in the near future battleships will be among the top products. These sales increases will help many of the defense industries in the RFE where helicopters, jets, transport aircraft, and ships are built.
NATO enlargement may also be a boon to Russian arms manufacturers. Poland, the Czech Republic, and Hungary are all required to upgrade their weaponry and military capacities now that they are part of NATO. The next round in 2002 may yield three to six additional NATO members all of whom will be in the market for new fighter aircraft, tanks, and other high tech arms. Russian enterprises are, and will, actively bid for this business.

**Corruption**

Corruption is a huge problem in Russia and the RFE. But it is especially problematic in the military. Many officers and soldiers are not being paid and even when they are, salaries are entirely inadequate for survival. These same people have access to guns and weapons valued for very large sums of money and many of them use their access to valuable weaponry to supplement their income or get rich.

In 1997, the former commander of the Russian Pacific Fleet, Admiral Khmelnov, was convicted of abuse of office during his tenure (1994–6) and Rear Admiral Nikolai Germonov, former commander of the Primorye-based submarine fleet, was indicted for selling materiel on the black market. In Amur, soldiers stole 500 kilos of explosives with fuses and blasting caps. According to authorities in the FEMD, its warehouses had “lost” over 4 grenade launchers, over 150 grenades, 120 semi-automatic and automatic weapons, numerous rifles, pistols, and over 120,000 rounds of ammunition. In 1998, a cache of weapons was stolen from the military base at Strellok Bay in Primorye.

Grigori Pasko, a naval captain and journalist in the Pacific Fleet, was charged with espionage in 1997 because he reported on the Russian Navy’s illegal dumping of nuclear waste in the Sea of Japan. He was later acquitted of high treason but sentenced to three years in prison for abuse of office.

In June 2001, a Pacific Fleet lieutenant and a sailor were arrested for stealing submarine parts including radioactive isotopes. It was the third arrest made public in the Pacific Fleet in 2001. More than ten people have been arrested for similar thefts in the last year. In 2000, two sailors sneaked into the nuclear reactor compartment of a submarine in Kamchatka to steal the catalysts for igniting the reactor and could have caused a nuclear accident. In January 1999, a conscript put a nuclear attack sub out of commission by stealing coiled wires used in vital control devices on the boat.

Accidents have also risen dramatically. Some accidents were due to corruption, some to poor training, and others to simple neglect. Between 1990 and 1996, seven naval ammunition dumps exploded in Vladivostok. The Jewish Autonomous Oblast has also suffered explosions from ammo dumps. Ships have rammed each other in port causing substantial damage as well.
Environmental problems

The environmental damage brought about by the virtual collapse of the military budget is a serious security problem for the Russians and others around the Sea of Japan. The Pacific Fleet has neither the money nor the manpower to deal with its own nuclear waste and its rapidly failing nuclear vessels. Over 100 nuclear submarines have been taken out of service in the last decade and many of them have not been properly decommissioned. Rusting hulls have been photographed listing on their sides near major ports and in rarely used inlets around the RFE. The Zvezda shipyard has decommissioned nineteen nuclear submarines and the U.S. Department of Defense is paying to do at least five more. The Japanese and French governments are also working on securing laid-up nuclear submarines in an environmentally safe manner but all of the funding for decommissioning was on hold in the last two quarters of 2001 due, in part, to economic problems in the donor states. Following 11 September 2001, the US government has once again budgeted monies to help increase nuclear security in Russia and safely decommission nuclear vessels from the Pacific and Northern Fleets.

From 1965 to 1994, the Pacific Fleet recorded some 60 accidents on its nuclear powered submarines including 9 fires, 8 nuclear power generation incidents, 20 collisions, and 4 groundings. In all, 107 people were killed and 1,300 suffered radiation exposure.44 There was a surge of accidents in 1989 on nuclear submarines. One sank off Norway in April and there were three more accidents including one during a missile launch that caused “large damage” to the water and nearby land.45 In August 1999, the manager of the Zvezda shipyard, Valery Maslakov, confirmed that a naval liquid radioactive waste tanker, Pinega, had been damaged and leaked radioactive waste. The tanker cruises near the shipyard and the city of Bol’shoi Kamen. He denied any radioactive material leaked into the sea. The radioactive liquid had frozen due to a faulty heater on board and come spring, it began to leak.46 In December 1999, a spent fuel barge caught fire near Primorye. An electrical short circuit caused the fire on the ship built in 1964. It had over 100 spent fuel assemblies on board. The Pacific Fleet has four such barges capable of holding 560 spent fuel assemblies each plus three storage tanks for liquid radioactive waste. The average age of the barges is 30 years.47

In July 2000, radioactive material thefts were reported in the RFE. A Russian Army major and a retired officer were charged with stealing Cobalt-60 and trying to sell it in the Amur region. They also had cesium-137 and other radioactive materials stolen from an aviation technical base in the region.48 In April 2001, two naval officers were arrested in Petropavlovsk-Kamchatskii for attempting to sell radioactive substances stolen from the local garrison.49
Conclusion

Problems facing the Russian military today include widespread corruption, large-scale desertion, theft, lack of food, lack of housing, poor training, high costs, wage arrears, and cruelty in the barracks. High rates of suicide are also prevalent and wages for lower ranks are below subsistence levels. Despite price inflation, there have been no regular salary reviews since 1995. Planned housing projects are less than one-third completed and estimates are that in 1998, 250,000 regular and retired officers and their families were without housing. In addition, polls show that 84 percent of officers want to work and live in European Russia and only 16 percent of officers expressed a willingness to live and work east of the Urals. Each time the government has announced a plan to end the housing shortage, very little has actually happened and expectations have not been met. Following the August 1998 financial crash, estimates are that it will be, at a minimum, another 8–10 years before the problem is adequately addressed. And that is with the aid of many Western countries such as Germany, Great Britain, Denmark, Norway, and Japan as well as from Soros Foundation, USAID, UNDP and the European Union Technical Assistance to the Commonwealth of Independent States (TACIS) program.

The Far East is even more dependent on the military and VPK than other parts of the Russian Federation and so will suffer more unless a way is found to deal with the overdependence on the military, environmental problems, and corruption. One of the most important problems not dealt with here at any length is extremely difficult to gauge and that is to whom do local military units feel loyalty and what will the effect of varying loyalties be?

A partial list of the military forces and defense industries in the Russian Far East

Amur

73rd Division in Ukrainka
Bomber regiment, Ukrainka
Svobodnii Cosmodrome

Chukotka

Coastal Defense Forces
Air Force Division (Tu 95 Bear bombers) at Anadyr

Kamchatka

Aleksyevka – two bomber regiments (Tu-22M Backfire bombers)
Kura landing range
Kamchatka Group of Forces
Kamchatskaia flotilla, Petropavlovsk-Kamchatskii
Rybachi, Petropavlovsk-Kamchatskii
Naval Operations Regiment, Tu-95 MR Bear E and Tu-142 M Bear F, Petropavlovsk-Kamchatskii
Palana

Khabarovsk

Motorized Infantry Regiment
Lenin Komsomol Submarine Plant – Komsomolsk na Amure
Komsomolsk-na-Amure Aviation Industrial Association – producer of Su-27, Su-33
Sovetskaya Gavan – with two ship repair yards
Vanino port
Spetsnaz/Special Forces Brigade, Khabarovsk
Anti-Aircraft Defense Army for FEMD, Khabarovsk
Khabarovsk Cossack Regiment

Magadan

Pacific Fleet port

Primorskii

Primorskaia flotilla, Vladivostok
Pavlovskoe SSBN base
Guards Fighter Regiment outside Vladivostok
Naval Bomber regiment, TU-22 M Backfire bombers, Artem
83rd Air Assault Brigade, Ussurisk
Spetsnaz/Special Forces Brigade, Ussurisk
Taria Bay All Pac Fleet Akulas stationed here
10th Operational Naval Squadron – Kilos stationed here. Fokino on the Bay of Strellok
Zolotaia Dolina Air Base near Nakhodka (will be converted to international airport)
Naval Operations Regiment, Tu-142 M Bear F and Tu-142 MR Bear J, Provideniya
14,000 Naval Infantry troops attached to Pac Fleet, 55th Naval Infantry Division
Zvezda Naval Shipyards in Bol’shoi Kamen
Yelisova Air Base
11th Air Army/Air Defense army military airlift regiment
Ship building in Vladivostok  
Aircraft manufacturing in Arsen’yev  
Vostochnaia Verf – builds boats for the border guards  
Dalzavod shipyard  
Progress – produces military helicopters  

*Sakha*

Air Force Division – Tu 95 Bear bombers at Tiksi  

*Sakhalin/Kurile Islands*

Mixed helicopter detachment  
MiG-23 fighters removed from Kuriles and Sakhalin in 1993  

*Other*

Korsakov, Maritime reconnaissance regiment, Il-38 May  
Naval Operations Regiment, Tu-22 M Backfire and Tu-142 M Bear F, Sovyetskaya
The Russian Far East is a vast and fascinating, yet little studied, region of Russia. While none of us can predict the future with 100 percent accuracy, I think we can use the past and present as indicators of the path the future might take. So in conclusion, I would like to highlight some of the trends in the RFE that were dealt with in depth in the chapters of this book, pose some answers to the questions posed in Chapter 2, and suggest my view of what the future will look like for the RFE.

Federal relations and politics in the RFE

The RFE has gone through three political or federal stages since the fall of communism. I would call the first phase, the sovereignty phase. This phase started under communism when Yeltsin told the regions to take as much sovereignty as they could swallow in his political struggle with Gorbachev. Most of the provinces declared some form of sovereignty or autonomy and made demands on Moscow. However, Yeltsin retained significant control over the political and economic life of the regions. He appointed the governors, withheld permission to hold legislative elections in many provinces, and controlled the presidential representatives (*predstaviteli prezidenta*).

Yeltsin also pushed through his Federal Treaty that was signed in March 1992. In this treaty Moscow retained significant rights including control of defense and security, substantial taxation authority, and the right to decide disputes about the meaning of various clauses in the treaty. The regions gained permission to conduct their own foreign trade, their boundaries were recognized, and they gained some control over their natural resources. However, Moscow remained ascendant. This first period lasted from 1991 to 1992.

Toward the end of 1992, it became obvious a new stage was dawning. Sakha (as well as Tatarstan and Bashkortostan) issued a warning that Moscow should not infringe on the budgetary and legal rights of the province. Many of the regions had discovered that since almost half of Moscow’s revenues were raised locally, they had more bargaining power than they had thought they had. From 1993 to 1999, this new phase – let us call it the power to the regional
governments phase – was in full swing. Moscow, and the old ruling class, were otherwise occupied so regional leaders had a free hand. Yeltsin and the parliament had a virtual war on the streets of Moscow culminating in the shelling of the White House (parliamentary headquarters) and the writing of a new constitution. The *nomenklatura* (the ruling elite from the communist era) were busy with building their own wealth through privatization and stealing state assets. Many made billions through the control of export licenses and the bribes one had to pay to get one or by illegally exporting natural resources. So few of the Muscovite leaders had much time to pay attention to what was happening in the hinterlands. Regions with crucial natural resources or monopolies, like Sakha, were the most vocal since they not only had revenues to use as leverage but also diamonds, gold, oil, or other key resources they could withhold in a struggle for power.

The first regional governors were elected in 1993. Since Yeltsin’s candidates in these eight regions fared poorly, he withheld permission for additional elections until 1995 when another thirteen were held. In 1996, Yeltsin finally authorized all of Russia’s regions to hold elections for governor. These elections, and the popular mandate they gave to regional governors, fueled the regions to demand and take more powers from Moscow.

A number of horizontal links among provinces were formed in this period as well including the Siberian Association, the Far East Association, and the Trans Baikal Association that could operate as levers against central power. Some were simply declarations of cooperation but others were attempts to promote independence from Moscow and increased political or economic autonomy for the group’s members.

Despite these trends toward more power to the regions, the key powers of the budget and taxes remained pretty firmly in Moscow’s control. Bickering among regional leaders as well as the continuing central control over the power ministries also limited the power potential for Russia’s regions. Of the regions in the RFE, only Sakha managed to negotiate a bilateral treaty granting it unprecedented power and control over its diamonds, mineral wealth, and many of its revenues.

As Yeltsin’s star dimmed and Vladimir Putin came to power, a new phase began. The assumption seemed to be that Russia could not be both united and truly federal. So Putin began to take back power from the regions in a number of ways enumerated in Chapter 3. In addition, the struggle for wealth and resources is basically over. Now the oligarchs are moving to build their companies into truly national and powerful corporations, which means that they too are moving into Russia’s regions. This has also served to decrease local powers and prerogatives. I call this stage the reassertion of central power.

The net result of these federal processes is that Russia’s regions, including the ten in the RFE, are becoming increasingly subordinate to the center once again. Putin’s government has chosen unity over federalism and is working to ensure that Russia stays together. Despite predictions of the ultimate collapse
of the Russian Federation, it seems that even during the phase when regions seemed ascendant, the center maintained control of certain key ministries and powers and Russia was not in danger of implosion.

So is the RFE truly Russian and will it choose to secede from Russia in some way? The answer here seems clear. The RFE is very much a part of Russia and will remain so. The vast majority of the population is ethnically Russian and there are numerous political reasons for remaining in Russia dealt with in Chapter 3. The RFE flirted briefly with the idea of additional sovereignty or even independence but leaders there dismissed these ideas quite rapidly. Due to the location of the RFE on the border with China and North Korea, the region has serious security issues. Demographics also come into play. Many Far Easterners are quite worried that while the RFE is sparsely populated and rich in resources, the border provinces of China are densely populated and resource poor. Also, the far northern portions of the Far East, cannot survive without help and subsidies from Moscow or another power, and despite pleas to the UN and others, no one else is offering substantial subsidies either.

The federal bargaining continues as it does in most federal states. Sometimes the center gains power, other times it loses power to the constituent parts since no truly federal system is static. The future status of the Russian Federation depends upon how far Putin wants to take his campaign to recentralize the Russian system. Is he bent on re-establishing a more authoritarian system or does he want a more centralized federation to ensure the unity of Russia? At this point in time, it is unclear what his intentions are.

The economic outlook

Economically, the RFE is not a unified whole, it has several distinct regional divisions. The northern parts of the Far East (Magadan and Sakha) tend to rely heavily on mining raw materials like gold and diamonds. They have a very harsh climate and more important and more politicized indigenous groups as well who compete with the dominant Russian nationality for political and economic power. The littoral of the Sea of Japan and Okhotsk relies heavily on fishing and related industries, has serious problems with natural disasters like earthquakes and volcanoes, and may have vast supplies of oil and gas lurking under the sea nearby. This area also tends to have an extremely impoverished population (Chukotka, Koryak AO, Sakhalin, Kamchatka). The southern tier borders China and operates most of the potentially lucrative ports and includes most of the infrastructure in the region. These areas are dominated by the military–industrial complex and have a milder climate with a better outlook for agricultural pursuits (Amur, Jewish AO, Khabarovsk, Primorye).

The Far East is far from doomed economically. There is substantial potential for many of the provinces to develop and for some to become relatively
wealthy. However, the Far East is constrained economically by its lack of infrastructure, its climate, and its small population. It is also constrained by Moscow’s budget problems that affect the subsidies traditionally given to the area and military spending, which is a large part of the economy in some parts of the RFE. It is also constrained by the confusing mess of laws coming out of the federal government, the lack of adequate contract enforcement, a weak court system, and the bizarre and punitive tax structure of Russia. Corruption also plays a key role here and has a number of facets. Corruption, such as theft or illegal trading, can mean that a small number of people or firms benefit from the sale of natural resources and the vast majority of the population see no benefits because taxes are not paid, investments are not made, and capital leaves the country. Some types of corruption, contract killings or extortion, can make the area much less attractive to investors, tourists, and others interested in working in the local economy. Bribery is also a form of corruption that dramatically raises the cost and increases the risk of doing business. It is common knowledge in Russia that you pay protection money, called a *krysha* or roof, if you want to do business and you offer bribes to get paperwork done and licenses approved. For American businesses, this is particularly problematic since if caught abiding by these local “rules” American businessmen are violating a number of American laws and business ethics.

Since the reorganization of the Federation Council in 2000–1, national business interests – mostly Moscow-based businesses run by the so-called oligarchs – have begun to exercise economic and political power in the RFE. National banks, large enterprises, and lobbyists have all started to operate in the RFE. This may actually serve to diversify the economies of the RFE and operate as engines for growth and development instead of simply increasing federal power as some analysts have suggested. At this point it is too early to tell what direction the involvement of national corporations will have on the Far East, but I am willing to bet that these businesses will act in their own best interests and not necessarily in the interests of Moscow. Thus they could actually become very important allies to regional leaders in their quest for investment monies and other resources from Moscow.

There are many heartening signs of economic improvement. The interest of the oligarchs in the Far East bodes well since they would not be interested if they did not feel they could profit from working in the region. The Sakhalin oil and gas fields are slowly coming on line and Governor Igor Farkhutdinov is using his power to require foreign investors to not only drill for oil but to invest in infrastructure that will bring broader benefits. Granted, so far the people of Sakhalin have not seen much improvement, but there is great hope that the roads, hospitals, etc, being built by the oil companies will eventually have great benefits for the Oblast. Khabarovsk and Primorye appear to be improving economically. Oil and gas have been found in the Jewish AO and Amur’s economy is growing.

The RFE, as a whole, is not destined to be rich. But neither is it doomed to
the poverty it has suffered recently. Some parts of the Far East have better prospects than others. The southern portion has especially good prospects if they can get a handle on corruption, somehow reinvigorate the military–industrial complex through conversion, and become a profitable transit hub for Asian shipments to Europe. Those portions of the north with raw materials will obviously do better than those without. And some, like Chukotka, will likely remain poor unless something dramatic happens.

The effects of the neighborhood on the RFE

In the introduction, I posed the question, will the RFE want to leave Russia and embark on its own or join forces somehow with one of its Asian neighbors? I think the facts presented in this book are pretty conclusive that the RFE will not secede from Russia. It also seems clear that their neighbors do not want to induce the RFE to join forces or become part of their state. The major Asian countries seem interested primarily in raw materials and expertise. Neither of which is likely to lift the RFE out of poverty and into prosperity. The only actor likely to find the types of investment capital that the RFE needs is Russia. And Russia will eventually find capital to invest due to the importance of the resources the RFE has to the overall Russian economy.

In addition, most Russians in the RFE seem to be frightened or at least wary of the huge Chinese presence to the south and of Japan to the east. Some of the more populist politicians play on, and increase, these fears in their campaigns and few political actors are trying to minimize or quell these fears. Most Russians are also fiercely proud of their motherland (rodina) and the nationalist political parties have tended to do well in the Far East because of that patriotism. I believe that nationalism and xenophobia will also keep the RFE firmly within Russia.

The military

One of the biggest institutional losers in the entire transition from communism to the present day situation has been the military and any industry associated with it. The RFE was the most militarized part of Russia and so has been hit hardest by the problems of transition. The military lost its prestige, its budget, and its mission in a few short years. Since then it has been a political pawn with a revolving door of leadership at the top. Putin is, rhetorically at least, ready to reinvest in the military, restore at least some of its prestige, and cope with its problems. It should be noted that most of these problems are problems for Russia as a whole and not unique to the Far East, like desertion, suicide, hazing, draft evasion, corruption, and so on.

In the Far East, some military factories have managed to become successful despite the lack of Russian procurement. They sell arms to China, India, or others. Some have converted to civilian production and make yachts for the
new Russian rich, boats for fishermen, and snowmobiles. Some have failed or are failing. Unfortunately, the latter make up the majority in the Far East.

But the single most important question regarding the military in the Far East is where does the loyalty of each unit lie? Are they loyal to the regional governors and mayors who pay their utility bills or offer other forms of aid to the bases? Are they loyal to the chain of command and Moscow? Or are they loyal to their local commander and no one else? This is a question I cannot answer but would like to explore further.

**A final word**

This book has been an introduction to the complex and vast area that is the RFE. There is far more to learn and to know about this area than what can be covered here. There are numerous unanswered, and very important, questions such as how will the indigenous peoples of the Far East fare under the current economic and political system? What is to be done with the nuclear submarines awaiting decommissioning? How can corruption be tackled? To whom do local military units feel they owe their loyalty and more? I hope this book encourages some of you to go off and explore these topics and others like them.
APPENDIX I

Internet sites on the Russian Far East

General sites

Bellona on the Russian Pacific Fleet www.bellona.no/0/00/27/4.html
Center for the Study of Transnational Crime and Corruption www.american.edu/traccc
East West Institute Russian Regional Report www.iows.org/RRRabout.nsf
Far Eastern Economic Review www.feer.com/
Far Eastern Region in Russia Federation Council www.ieg.rug.ru/russia/okr_dalnvost.html council.gov.ru
Flags of Russian Regions and AO www.heraldry.hobby.ru/flags/e.regfl.html
Hokkaido Univ Slavic Research Center
Initiative for Social Action and Renewal in Eurasia www.isar.org/isar/rfe.html
Institute for the Study of Conflict, Ideology and Policy www.bu.edu/iscip/
Meeting of Frontiers frontiers.loc.gov
Moscow Carnegie Center carnegie.ru
Norwegian Center for Russian Studies www.nupi.no
Panorama on federalism www.panorama.ru:8101/works/fed/index.html
Regions of Russia www.regions.ru
RFE/RL Russian Federation Report www.rferl.org/russianreport/
Russia on the Net www.ru
Russian Arms Export Agency rusarm.ru
Russian Election Results www.cityline.ru:8084/politika/vybory/vybory.html
Russian Far East News www.acib.uaa.alaska.edu/arc/NEWS.htm
Russian Observer www.russianobserver.com/politics/
Russian regional website list weblist.ru/russia/11000
Scott Polar Research and Cambridge University www.spri.cam.ac.uk/rfn/
Unrepresented Nations and Peoples Organisation www.unpo.org

Regional sites

Amur www.cspp.strath.ac.uk/R-Level2-In-Amur-Oblast.html
www.g.lgg.ru/russia/reg28.html
Chukotka www.geocities.com/Athens/Atlantis/7097/
www.polarcircle.org/chukchi.htm
www.vladivostok.com/usis/CHUKCHI.htm
Jewish AO www.eao.ru
www.vladivostok.com/usis/EVREI.htm
Kamchatka www.biryukov.com/kamchatka.html
www.kamchatka.com
www.kamchatka.ru/
www.kamchatkapeninsula.com/kieg.html
Khabarovsk www.adm.khv.ru/invest2.nsf/folders/home
www.elect.khv.ru
www.khabrep.ru/
Koryak www.koryaks.net/geo.html
Magadan www.kolyma.ru/
www.magadan.ru
www.trianglevert.com/eng-magadan01.htm
Primorskii Krai www.fegi.ru/PRIMORYE
www.primorsky.ru/
www.vl.vladnews.ru
www.vlad.tribnet.com
Sakha (Yakutia) www.gazetayakutia.ru/
www.sakha.ru/
gov.yakutia.ru/
www.yakutiatravel.com/eng/photo.htm
Sakhalin www.adm.sakhalin.ru/
www.sakh.com/
www.sakhalin.ru/
## APPENDIX II

Major industries in the Russian Far East

<table>
<thead>
<tr>
<th>Industry</th>
<th>Specialties</th>
<th>Regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural and related</td>
<td>soybeans, rice, potatoes, vegetables, grain,</td>
<td>Amur, Jewish AO, Khabarovsk Krai, Primorye</td>
</tr>
<tr>
<td>products</td>
<td>corn, cows, pigs</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td>Khabarovsk Krai, Primorye, Sakhalin</td>
</tr>
<tr>
<td>Energy</td>
<td>coal, fuel, hydro power, geothermal</td>
<td>Amur, Kamchatka, Khabarovsk Krai</td>
</tr>
<tr>
<td>Fishing</td>
<td>fish, crab, mussels, other sea products</td>
<td>Chukotka, Kamchatka, Khabarovsk, Magadan, Primorye, Sakhalin</td>
</tr>
<tr>
<td>Machine building</td>
<td>planes, ships, turbines, electric equipment,</td>
<td>Amur, Jewish AO, Khabarovsk Krai</td>
</tr>
<tr>
<td></td>
<td>electronics, appliances</td>
<td></td>
</tr>
<tr>
<td>Mining</td>
<td>diamonds</td>
<td>Sakha</td>
</tr>
<tr>
<td></td>
<td>gold and silver</td>
<td>Amur, Chukotka, Khabarovsk, Magadan, Primorye, Sakha</td>
</tr>
<tr>
<td></td>
<td>coal</td>
<td>Amur, Primorye, Sakha, Sakhalin</td>
</tr>
<tr>
<td>Oil and gas</td>
<td></td>
<td>Kamchatka, Sakhalin (only minor amounts) unevaled and undeveloped reserves in Jewish OA and Sakha</td>
</tr>
<tr>
<td>Timber</td>
<td>hard and soft woods, pulp</td>
<td>Amur, Khabarovsk, Primorye, Sakhalin</td>
</tr>
<tr>
<td>Tourism</td>
<td>eco and adventure</td>
<td>Kamchatka, Khabarovsk Krai, Magadan, Primorye</td>
</tr>
<tr>
<td>Transit shipping</td>
<td>ports and rail transportation</td>
<td>Khabarovsk Krai, Primorye</td>
</tr>
</tbody>
</table>

NOTES

1 INTRODUCTION

1 Note on statistics: the Russian Federation as a whole is in great flux including the state committee on statistics (Goskomstat). Under the Soviet Union, statistics were extremely unreliable for a number of reasons and unfortunately remain fairly unreliable in the post-Soviet era. Scholars of the region are forced to do the best they can with available statistics and readers should keep in mind the inconsistencies and inaccuracies of statistics on the region, not only Russian statistics, but also those collected by international organizations, etc. Economic data are particularly problematic since so much of the economic activity in the Russian Federation occur na levo (on the left) in the shadow or black market economy and are not reported in official statistics.


3 One of the ways the Soviet system controlled movement was by issuing permits (propiskas) that were official permission to live in a city, town, or region. The post-Soviet Russian government has not removed all of these restrictions for a variety of domestic reasons.

2 HISTORY AND DEMOGRAPHICS OF THE RUSSIAN FAR EAST


3 The Manchu called themselves the Ching Dynasty when they ruled China.


5 Forsyth, pp. 28–47.

6 This process was also used under the Soviets for the same purpose and called the circulation of elites.

7 Stephen, pp. 53–8; on the economic development of the Far East see pp. 81–90.

8 Trench warfare was highly defensive and was designed to make warfare costly in terms of loss of life and materiel, which it succeeded in doing. Casualties for any offensive action were enormous.
NOTES

9 The Czechs were prisoners of war, captured during WWI, who were emancipated following the February Revolution.
10 Mote, pp. 79–83.
11 On the Nikolaev incident, see Stephen, pp. 135–7.
16 The Soviet secret police went by a number of names over the years. First, the secret police were called the Cheka (the Russian acronym for All-Russian Extraordinary Commission for the Suppression of Counterrevolution and Sabotage). To this day, many Russians refer to the security organs as chekists. During the 1920s, the secret police were called the OGPU (Ob'edinnoe gosudarstvennee politicheskoe upravlenie or Unified State Political Directorate). In 1934, the name was changed again to NKVD (Narodnii komissariat vnutrinikh del or People’s Commissariat for Internal Affairs). And eventually it was renamed the KGB (Komitet gosudarstvenii bezopasnosti or Committee on State Security).
17 GULAG is an acronym for the labor camp system in the Soviet Union. GULAG (Glavnoe upravlenie ispravitelno-trudovykh lagernii) or Main Directorate for Corrective Labor Camps.
19 These islands remain at the heart of Russo-Japanese relations today. Russia still controls the Kuriles, or the Northern Territories as the Japanese call them. This issue will be discussed in the chapter on regional and foreign policy.
20 Rodina means motherland.
21 Young Communist League.
22 Vladimir A. Zhdanov, “Contemporary Siberian regionalism,” in Kotkin and Wolff, pp. 120–32.
23 Mr Putin’s policies on regions will be covered in the politics chapter of this book.
25 As a point of reference, only five American states have population densities lower than the average RFE population density: North Dakota (3.6), South Dakota (3.5), Montana (2.1), Wyoming (1.8), and Alaska (0.4). Chukotka and Sakha are both less densely populated than Alaska. Data from: <www.demographia.com/db-landstatepopdens.htm> accessed on 19 February 2002.

3 OF GOVERNORS, OLIGARCHS, AND PRESIDENTIAL ENVOYS

1 Asymmetrical federalism is a situation in which the powers are divided between the central and constituent governments differently. In other words, one republic has more powers than another vis-à-vis the central government.
2 The Nine-plus-One negotiations refer to meetings called by Gorbachev in the waning days of the Soviet Union between nine of the constituents of the USSR (there were fifteen republics and six did not participate in the talks – the three Baltic states and the three states of the Caucasus) and the central leadership of
the USSR to discuss new federal rules that would allow the Soviet Union to avoid collapse and disintegration.

3 In fall 1993, the struggle between the parliament and the executive reached a fever pitch resulting in an armed conflict in central Moscow in which Yeltsin ordered the military to shell the parliament building. Yeltsin won the conflict and an era of presidential rule with minimal parliamentary interference ensued.

4 In general, the institutional arrangements and administrative competencies are poorly defined in Russia. The struggles over property, resources, and taxes have been plentiful because of these vagaries of the basic law. So although I will enumerate some of the powers given to the “subjects” and the center, keep in mind that the entire system is in flux.

5 Though beyond the scope of this chapter, federal institutional arrangements also play a role in federal bargaining. For example, the national parliament is bicameral. The lower house, the Duma, is apportioned by population and the upper house, the Council of the Federation, represents the “subjects of the federation.” Each subject has two seats in the Council of the Federation. The Council has prerogatives over issues of interest to the regions including budgets and taxes. The upper house thus represents the federal subjects and has the potential to sway the national government. In addition, the executive branch is intimately involved with federalism. The president is elected by the people and has the power to appoint presidential representatives to each “subject” thus exerting some control. These are only two small examples of how national institutions affect the federal process.

6 Also called presidential envoys, plenipotentiary representatives, and governor-generals.

7 Obviously these examples also show the continuing importance of the federal government in the RFE.

8 The Federation Council is the upper house of Russia’s parliament. The lower house is the State Duma. Together they are called the Federal Assembly.


10 The Council members are still designated as representing either the legislative branch (L) or executive branch (E).


14 For basic demographics and statistics on the size of the territories in the RFE, see tables in Chapter 2.


16 Yedinstvo (Unity) and Fatherland joined forces and became a single party, Unified Russia or the All Russian Party of Unity and Fatherland. Both were basically pro-government meaning pro-Putin. Officially, the merger took place in April 2002 but plans were many months in the making. The original agreement seems to have occurred in December 2001.


18 Orttung, p. 96.

19 Oligarch is the name given to many of the newly-rich Russians who have attempted to turn their economic power into political power. Under Yeltsin, it
was argued that the oligarchs became so powerful that they were the state. Putin has reduced their power but they remain a strong force.


22 Mumin Shakirov, note 20.

23 Mumin Shakirov, note 20.


26 Orttung, p. 154.

27 Orttung, p. 190.


30 Orttung, p. 221.

31 Orttung, p. 263.

32 Orttung, p. 318.

33 Orttung, p. 319.

34 This region is commonly called Primorskii Krai, Primorye, or the Maritime Province.

35 Orttung, p. 431.

36 For a complete explanation of the ouster see, Sue Davis, note 11.


38 IEWS RRR (6, 35) 10 October 2001.

39 For brevity’s sake, I will refer to the Sakha Republic (Yakutia) as Sakha throughout this chapter.


43 IEWS RRR (6, 35) 10 October 2001.

44 *The Moscow Times*, 21 December 2001, p. 3.

45 Orttung, p. 479.


47 The closest English equivalent would be relationships, contacts, power, influence, who you know . . . but with a distinctly underhanded nuance to them.

4 KATASTROIKA AND COLLAPSE OR BARTER, TRADE, AND POTENTIAL WEALTH?


2 See Chapter 5 for more on this line of reasoning.

3 See Chapter 6 for a more in depth discussion.


NOTES

10 RFERL BusinessWatch 30/10/01 (1, 16). For more see Transparency International’s website, the 2001 CPI is available at <www.transparency.org/cpi/2001/cpi2001.html>.
16 <www.fipa.khv.ru/ig/en/ig0.htm>.
22 The Gore–Chernomyrdin Commission is attempting to stimulate trade between the RFE and the US West Coast.
26 Sakhalin I has its own website for information about the project at <sakhalin1.ru>.
27 “Year 2002 regional budget battle is heating up,” The Sakhalin Times, 28 February–14 March 2002.

5 REGIONAL AND FOREIGN POLICIES

1 The G-8, formerly the G-7 or Group of 7, includes Canada, France, Germany, Great Britain, Italy, Japan, the United States, and Russia. The USSR and later Russia became a quasi-participant in the G-7 (often called the G-7 plus one or the P-8 for political eight at the time) as a reward and incentive for the changes under Mr Gorbachev. Russia became a true member of the club in 1998.
4 RFERL Security Watch (2, 29) 29/10/01.
5 These people are often called camels or bricks. It takes a lot of people, each carrying the 110 pounds of duty-free goods from China to Russia, to make a nice profit. Most of them are women. The camels make as many as three trips a day and earn around $17.


9 Arms sales are discussed in Chapter 6.


13 This smacks of comments in the nineteenth and early twentieth centuries by Russian governors-general. See Chapter 2 for more.


18 For more on the barges of radioactive wastes, see the Bellona Foundation <www.bellona.org>.

19 See note 17.

20 See note 17.

21 IEWS RRR. (6, 30) 29 August 2001.

22 IEWS RRR. (6, 30) 29 August 2001.


24 Ivanov, p. 140.

6 THE MILITARY AND THE MILITARY–INDUSTRIAL COMPLEX IN THE RUSSIAN FAR EAST

1 Intourist was the official Soviet tourism agency that many believed were mostly employed by the secret police (KGB) to monitor foreigners. They were notoriously surly though they were generally well versed in the official version of history.

2 The border issues and regional context are discussed in greater detail in Chapter 5.

3 KAL flight 007 was shot down and all aboard were killed.

4 For more on Russia–China relations see Chapter 5.


6 International Institute for Strategic Studies (IISS), p. 110.

7 <www.periscopel.com> data courtesy of the USNI Military Database “Periscope,” 2001. A similar source with numbers only slightly different is in


10 International Institute for Strategic Studies (IISS), p. 110.


22 Austin and Muraviev, p. 208.

23 Austin and Muraviev, p. 222.

24 Austin and Muraviev, p. 208.


28 International Institute for Strategic Studies (IISS), p. 110.


33 Nikunen (Lt General, Finland), see note 29.


38 Herspring, p. 172.
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41 FBIS-UMA-98-125. 5 May 1998.
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RFE/RL Security Watch. <www.rferl.org/securitywatch/>
Russian Far East News. <www.acib.uaa.alaska.edu/arc/NEWS.htm>
Russian Far East Update. <www.russianfareast.com>
Russian Space Web. <www.russianspaceweb.com>
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