

**LINKAGES BETWEEN DOMESTIC AND  
FOREIGN POLICIES UNDER GORBACHEV:  
THE CASE OF KOREA**

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## ABSTRACT

A shrinking world is a knot of intertwined political, economic, ethnic, national, military, and environmental problems. Foreign and domestic matters have become inextricably linked in contemporary international relations. Nations are becoming increasingly interdependent in a highly developed industrialized society. In this process we may find a key to unlocking the riddle about how domestic and foreign policy stimuli interact in an environment characterized as 'cascading interdependence'.

In this thesis, I have attempted to highlight the internal and external factors which were very interactive under Gorbachev. Domestic policy within the Soviet Union had a profound impact on the nature of its foreign policy and, similarly, the impact of the latter determined significant aspects of domestic policy-making.

The thesis concludes with an overall assessment of the linkage between perestroika and new political thinking. Are there any particular features of the link between Domestic and foreign policies under Gorbachev toward the Korean peninsula? There are some elements: international environment, the changes of Soviet domestic politics, the economic factor, political leadership, timing, and Seoul's northern policy. In the case of Korea, therefore, we can not say domestic factors had an important role or external factors an unimportant role. Rather, a dynamic of internal-external interaction went on under the situation of a reduction in cold-war hostilities and increasing accommodation between the superpowers in the late 1980s. Hence one has to construct a model of linkages between domestic and foreign policies under Gorbachev, if one is to understand why particular policies were chosen at a particular time.

In sum, although domestic factors played an important role, it is my position that neither domestic nor external factors alone best explain Gorbachev's policy but, rather, the complex interplay of international politics on domestic politics and vice versa, within the context of increasing global interdependence.



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## Chapter 1. Introduction

True, we need normal international conditions for our internal progress. But we want a world free of war, without arms races, nuclear-weapons and violence; not only because this is an optimal condition for our internal development. It is an objective global requirement that stems from the realities of the present day.<sup>1</sup>

During the Gorbachev period, the Soviet Union underwent revolutionary changes in its political, economic, moral and cultural life. The Soviet people also had to acquire new ways of thinking. Gorbachev inherited a system in terminal decay, characterised by rampant corruption, coercion, and technological and economic obsolescence. His main problem was that this society had been frozen solid under the pressure of the totalitarian state ruled arbitrarily by a post-revolutionary bureaucratic class, organised in a minority party, enjoying a monopoly of power. So, he had to mobilise the constructive forces of Soviet society, provoke the adversaries of change into open opposition in order to be able to crush them with the popular power he tried to activate and to win the support of the people.<sup>2</sup> In this respect, time was very important for the Soviet Union, because such a great power could not allow itself to fall behind second-class power status.

The starting point in the concept of perestroika was the profound conviction that we couldn't go on living as we were.<sup>3</sup>

Gorbachev's response to the decline in power was *perestroika*. *Perestroika* began as a plan for radical economic reform, to lift the Soviet Union out of economic decay

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1. M. Gorbachev, *Perestroika i Novoe Myshlenie dlya Nashei Strany i dlya vshego Mira* (Moscow: Politizdat, 1988), pp.5-6.

2. Lothar Ruhr, Gorbachev - New Era, New Perspective?, in Armand Clesse and Thomas C. Schelling, eds., *The Western Community and The Gorbachev Challenge* (Baden-Baden: Nomos Publishing Company, 1989), p.265.

3. M. Gorbachev, *The August Coup: The Truth and the Lessons* (London: Harper Collins Publishers, 1991), p. 102.

by introducing the use of market relations and advanced technology. *Perestroika* referred to the decentralization of authority to make major economic decisions, and to the creation of markets to coordinate those decisions. *Perestroika* meant an end to the cold war, stopping the waste of massive resources on defence, and bringing the country out of isolation from the West.<sup>4</sup> Above all, Gorbachev held that true economic reform would bring a free flow of information and access to the West. The force of a mobilized population was needed to break the entrenched power of the bureaucracy, embodied in the Communist Party and the vast central ministries, which would naturally resist economic reform. In making this decision, Gorbachev deliberately opted for a different approach than that of the Chinese Communist leadership, which opened up the economy while keeping a lid on political freedom.

In order to prompt economic and political reform within the Soviet Union, it was also necessary for Gorbachev to endeavour to materialize his 'new political thinking' in external policies (see chapter 3). Gorbachev's policy of improving the international situation corresponded to the need to create favourable external conditions for reform in the Soviet Union. Moreover, domestic policy made it necessary to develop broad and multi-faceted cooperation with foreign countries (see chapter 2).

Soviet policy thus sought to call on external aid to help the internal environment, on condition that the political costs at home were held to a manageable minimum. Therefore, opening up the Soviet Union to global economic influences inevitably expanded the role of 'low politics' in the foreign policy process. Now, in world politics, it is accepted that the 'low politics' of economic and social affairs dominates the 'high

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4. For a detailed definition of *perestroika*, see Gorbachev, *Perestroika i Novoe Myshlenie dlya Nashei Strany i dlya vshego Mira*, p. 30.

politics' of military security.<sup>5</sup>

Gorbachev argued for domestic and foreign policies based on "*Perestroika*" and "New Thinking", i.e., interdependence among nations was increasing. and that big powers could not dominate small powers as they both became more interdependent. Shevardnadze also said that the protection of the national interest increasingly depended on economic, technological, and financial factors, whereas enormous arsenals of weapons could not provide rational answers to the challenges of the day.<sup>6</sup>

### 1.1 Political Science / International Literature on Domestic and Foreign Linkages

The term 'linkage politics' was first used by James N. Rosenau to describe a relatively new approach within the discipline of political science. Rosenau defines linkages as 'any recurrent sequence of behavior that originates in one system and is reacted to in another'.<sup>7</sup>

Rosenau contends that the literature on economic and political development often refers to the ways in which foreign policies of modernizing societies are shaped by their internal needs, such as the sustaining of charismatic leadership, the need for elite identity and prestige, and the needs of in-groups to divert the attention away from

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5. Commensurate to the deepening of interdependence, Joseph Nye acknowledges in his book, "power is becoming less fungible, less coercive, and less tangible". In other words, the military factor has become less decisive, whereas the economic factor has assumed an ever increasing importance in the discourse of building as well as maintaining a new global order. Taking into consideration that technologies, either for military or civilian use, have increasingly become "commercialized", the importance of the economic factor is undeniable, even in the field of security. With the end of Cold War, the tendency has turned to be a reality. See Joseph S. Nye, Jr., *Bound to Lead: The Challenging Nature of American Power* (New York: Basic Books, 1990), pp. 188-198.

6. Eduard Shevardnadze, *Moi Vybor v Zashchitu Demokratii i Svobody* (Moscow: Novosti, 1991), p. 105 ; On a changed conception of national interest, see Robert Jervis and Seweryn Bialer, des., *Soviet-American Relations after the Cold War* (Durham: Duke University Press, 1991), p. 4.

7. James N. Rosenau, ed., *Linkage Politics* (New York: Free Press, 1969), p. 44.

domestic problems and thereby to placate their opposition.<sup>8</sup>

No matter what the system of government, many of the leaders of the new nations use foreign policy as a means to escape intractable internal difficulties and as a device to achieve domestic cohesion. The international arena provides an opportunity for drastic measures which are impossible at home.<sup>9</sup> In this respect, Rosenau states:

[An] example...is provided by the leaders of underdeveloped countries who often seem to be better able to overcome domestic strife and inertia by citing the hostility of the external environment than by stressing the need for hard work and patience at home. In effect, they attempt to solve domestic issues by redefining them as falling in the foreign policy area.<sup>10</sup>

Rosenau asserts that in the absence of systematic efforts to delineate how the foreign and domestic areas might differ, contradictory assertions abound. Even if issues of foreign and domestic policy are assumed to be distinct from one another, there also a tendency to stress that in a shrinking world, foreign and domestic matters have become inextricably linked and that only for analytic purposes can distinctions between them be drawn.<sup>11</sup>

According to Edward Morse, both the international and the domestic settings in which foreign policies are formulated and conducted are subjected to continual and revolutionary transformation once high levels of modernization exist.<sup>12</sup> Internationally,

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8. Rosenau, 'Pre-Theories and Theories of Foreign Policy', in R. Barry Farrell, ed., *Approaches to Comparative and International Politics* (Evanston: Northwestern University Press, 1966), p. 33.

9. Henry Kissinger, 'Domestic Structure and Foreign Policy', in Rosenau, ed., *International Politics and Foreign Policy: A Reader in Research and Theory* (New York: The Free Press, 1969), p. 272.

10. Rosenau, 'Foreign Policy as an Issue-Area', in Rosenau, ed., *Domestic Sources of Foreign Policy* (New York: The Free Press, 1967), p. 25.

11. Rosenau, *Foreign Policy as an Issue-Area*, p. 21.

12. Edward L. Morse, *The Transformation of Foreign Policies: Modernization, Interdependence and Externalization*, in Michael Smith, Richard Little and Michael Shackleton, eds., *Perspectives on World Politics* (London: Croom Helm, 1981), p. 146.

modernization is accompanied by increased levels and types of interdependencies among national societies. Domestically, it is associated with increased centralization of governmental institutions and governmental decision-making as well as with increased priorities for domestic rather than for external needs.<sup>13</sup>

As a result of these transformations, Morse indicated that three general sets of conditions have developed. First, the ideal and classical distinctions between foreign and domestic affairs have broken down, even though the myths associated with sovereignty and the state have not. Second, the distinction between 'high politics' and 'low politics' has become less important as low politics have assumed an increasingly large role in any society. Third, although there have been significant developments in the instrumentalities of political control, the actual ability to control events either internal or external to modernized societies - even among the Great Powers - has decreased with the growth of interdependence, and is likely to decrease further.<sup>14</sup>

As Morse mentioned above, the linkages between domestic and foreign policies constitute the basic characteristic of the breakdown in the distinction between foreign and domestic affairs in the modernized, interdependent international system. This statement does not imply that foreign and domestic policies are indistinguishable; for with regard to articulated goals and problems of implementation they remain separate. Rather, Morse contends that it is suggestive of the ways in which foreign policies are transformed by the processes of modernization and the development of high levels of

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13. *Ibid.*

14. Morse, *The Transformation of Foreign Policies: Modernization, Interdependence and Externalization*, pp. 146-147.

interdependence.<sup>15</sup>

Interdependence has doubtless produced benefits, but it has not been without costs. Increased trade can reduce as well as increase the number of available jobs, for example. Thus policymakers find that their domestic success is increasingly dependent on their ability to create a favourable political and economic environment abroad; and that in turn is often a product of what happens at home, economically as well as politically.<sup>16</sup> More than ever, then, policymakers must play 'two-level games'<sup>17</sup> simultaneously, one at the domestic level, the other at the international.<sup>18</sup>

According to William Wallace, the characteristic which distinguishes foreign policy from domestic policy is that it is intended to affect, and is limited by, factors outside the national political system as well as within it.<sup>19</sup> Students of foreign policy are all agreed in stressing the importance of the international environment in limiting the choice of alternatives available to policy-makers. They are not agreed, however, on how compelling the pressures of external circumstances are - to what extent a nation's

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15. Morse, *The Transformation of Foreign Policies*, p. 149; Much thinking about interdependence was shaped by events of the early and mid-1970s. During that period, America's detente with the Soviet Union, recognition of China, and withdrawal from Indochina reflected a series of changes in superpower relations. At the end of 1980s, however, in light of revolutionary changes in Eastern Europe and the Soviet Union and the decline of East-West conflict, attention to questions of interdependence once again increased. See Robert J. Lieber, *No Common Power: Understanding International Relations*, Second Edition (New York: Harper Collins Publishers, 1991), pp. 342-343.

16. See Michael Mastanduno, David A. Lake and G. John Ikenberry, 'Toward a Realist Theory of State Action', *International Studies Quarterly* 33 (December 1989), pp. 457-473; cited in Charles W. Kegley, Jr. and Eugene R. Wittkopf, *World Politics: Trend and Transformation*, Fourth Edition (New York: St. Martin's Press, 1993), p. 210.

17. Two-Level Games are dictated by the fact that interdependence implies mutual sensitivity and mutual vulnerability. See R. Keohane and J. Nye, *Power and interdependence: World Politics in Transition* (Boston, M.A.: Little, Brown and Company, 1977), pp. 3-22.

18. See Robert Putnam, 'Diplomacy and Domestic Politics: The Logic of Two-Level Games', *International Organization* 42 (Summer 1988), pp. 427-460; cited in Kegley and Wittkopf, *World Politics: Trend and Transformation*, p. 210.

19. William Wallace, *Foreign Policy and the Political Process* (London: Macmillan Press, 1971), p. 17.



foreign policy is determined by its external position, to what extent it is still open to choice or to manoeuvre - or on the weight that should be given to external, as opposed to internal, factors in the making of foreign policy. Most writers on international politics consider the external situation a more compelling factor in the formulation of foreign policy than domestic pressures: if not determining the course of policy, then at least severely limiting the options open to the policy-maker.<sup>20</sup>

Stern proposes interacting between internal and external factors: Attitudes in respect of both domestic and foreign policy are shaped by the vicissitudes of domestic politics, pressures and personalities, by technological developments, and by the actions and reactions of other states.<sup>21</sup>

Aspaturian argues that some of those who approach the subject from the point of view of national case studies are more inclined to balance external and internal factors and to stress that foreign policy decisions 'are products of internal responses to both external factors and domestic political considerations operating in dynamic interrelation or as discrete variables'.<sup>22</sup>

To conclude, academics perceive the relationship between domestic politics and foreign policy in different ways.

## **1.2 Linkages in the Soviet area literature**

Western specialist on Soviet foreign policy can be divided into two major schools: those who stress the role of domestic factors (Marxist-Leninist ideology, the Communist political system, Russia's cultural traditions and the personalities of its

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20. *Ibid.*

21. Geoffrey Stern, 'The Foreign Policy of the Soviet Union', in F. R. Northedge, ed., *The Foreign Policies of the Powers* (London: Faber and Faber, 1968), p. 71.

22. Wallace, *Foreign Policy and the Political Process*, p. 18; Vernon V. Aspaturian, 'Internal Politics and Foreign Policy in the Soviet System', in Farrell, ed., *Approaches to Comparative and International Politics*, p. 235.

political leaders) in explaining Soviet behaviour, and those who focus on the determining role of the international environment. The emphasis in each case is rather different. The former 'micro-analytic' approach explains Soviet foreign policy primarily in terms of internal needs. This view generally insists that these internal forces exert powerful demands which Soviet policymakers cannot escape in their foreign policy choices.<sup>23</sup>

The second school stresses the 'macro-analytic' approach, focusing on variables external to the Soviet Union. Rejecting the view that, because of its internal arrangements or circumstances, the USSR is a unique phenomenon, this school usually considers the Soviet Union as a traditional power striving to survive in the hard and, at times, brutal international political environment. Its basic foreign policy objectives - national security, defence of strategic frontiers, national economic well being, international prestige - are seen as conventional rather than unique. Much depends on the particular shape of the international environment, on the specific possibilities and dangers confronting them.<sup>24</sup>

Foreign policy analysis became a significant branch of international relations some thirty years ago. But it is only relatively recently that this approach has been applied to the study of Soviet foreign policy.<sup>25</sup>

Foreign policy analysts began to examine what the effects of group decision-making were, particularly in crisis situations; to utilise what had been discovered in

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23. Morton Schwartz, *The Foreign Policy of the USSR: Domestic Factors* (Encino, California & Belmont, California: Dickenson Publishing Company, 1975), p. 1.

24. *Ibid*; The nature of the interaction between micro and macro phenomena is the subject of controversy. For a historical account of the disputes over this question, see Jeffrey C. Alexander and Bernhard Giesen, "From Reduction to Linkage: The Long View of the Micro-Macro Link", in J. C. Alexander et al., eds., *The Micro-Macro Link* (Berkeley : University of California Press, 1987), pp. 1-42; On some approaches to the Micro-Macro Linkage, see Rosenau, *Turbulence in World Politics: A Theory of Change and Continuity* (London: Harvester Wheatsheaf, 1990), pp. 141-156.

25. Margot Light, International Relations, in Tania Konn, ed., *Soviet Studies Guide* (London: Bowker-Saur, 1992), p. 93.

other social sciences about how bureaucracies operate; and to apply the findings of organisational theory to the study of foreign policy. Their critics often objected that the shift in focus to the domestic political process had been made at the expense of examining policy outcomes or effects. Analysts, they pointed out, were neglecting foreign policy itself and they often ignored the international environment in which foreign policy was conducted. Many of these criticisms were justified, but whatever its shortcomings, foreign policy analysis encouraged a more rigorous and systematic ordering of data and the application of an explicit methodology. It also made it impossible to neglect domestic and perceptual influences on foreign policy. For many years there were few studies of Soviet foreign policy that incorporated these developments.<sup>26</sup>

During the 1980s the gap between foreign policy analysis and the Western study of Soviet foreign policy seemed to become narrower. For one thing, the aspirations of foreign policy analysts became more modest. But specialists in Soviet foreign policy also changed. Even those who had been most opposed to 'theory' began to display greater methodological rigour. Moreover, some of their assumptions were tempered by the detente of the 1970s. More scholars began to be interested in Soviet perceptions and the domestic and international contexts in which Soviet foreign policy was made.<sup>27</sup>

The influence of foreign policy analysis is most evident in studies of foreign policy that are devoted to various aspects of the decision making process.<sup>28</sup> Although many of the books discussed in the general and historical section contain chapters devoted to domestic inputs, a number of works have been published in the last few decades that concentrate on the domestic context in which foreign policy matters are

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26. Light, 'International Relations', p. 94.

27. Light, 'International Relations', p. 96.

28. Light, 'International Relations', p. 99.

decided.<sup>29</sup> Western writings on the interrelationship between domestic factors and foreign policy is not really explored in either. But, in an article, 'Domestic and International Factors in the Formation of Gorbachev's Reforms', S. Bialer said 'one cannot deny that domestic factors are fundamental in explaining Gorbachev's reforms.<sup>30</sup> Yet if one does not take the international factors that informed his actions into account, the explanations and analyses remain one-sided. Only by understanding the interaction of domestic and international factors can we begin to grasp the nature of Gorbachev's revolutionary programme.<sup>31</sup>

What do Soviet sources have to say about the relationship between the internal and foreign policies of a Communist government? One Soviet source<sup>32</sup> states following Lenin that the internal and foreign policies of all governments are interconnected and

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29. For example, writing on the domestic sources of Soviet foreign policy, see Jone A. Armstrong, 'The Domestic Roots of Soviet Foreign Policy', *International Affairs*, vol. 41, no. 1 (1965), pp. 37-47; Vernon V. Aspaturian, 'Internal Politics and Foreign Policy in the Soviet System', in Farrell, ed., *Approaches to Comparative and International Politics*, pp. 212-287; also *ibid.*, in Aspaturian, *Process and Power in Soviet Foreign Policy* (Boston: Little, Brown and Company, 1971), pp. 491-551; Schwartz, *The Foreign Policy of the USSR: Domestic Factors* (Encino, California: Dickenson, 1975); Alexander Dallin, 'The Domestic Sources of Soviet Foreign Policy', in S. Bialer, ed., *The Domestic Context of Soviet Foreign Policy* (Boulder: Western Press, 1982); Seweryn Bialer, *Soviet Foreign Policy: Sources, Perceptions, Trends*, in *ibid.*; Curtis Keeble, ed., *The Soviet State: The Domestic Roots of Soviet Foreign Policy* (Aldershot: Gower for the Royal Institute of International Affairs, 1985).

30. After 1985, when Gorbachev became general secretary of the CPSU, the issue of whether links exist between Soviet domestic reform and foreign policy suddenly became highly topical - *aktual'nyi* in the soviet sense. William Zimmerman, 'Reform, Democratization, and Soviet Foreign policy', in Jervis and Bialer, eds., *Soviet-American Relations after the cold war*, p. 77.

31. Seweryn Bialer, 'Domestic and International Factors in the Formation of Gorbachev's Reforms', *Journal of International Affairs*, vol. 42, no. 2 (Spring 1989), p. 282; also Bialer, 'Domestic and International Factors in the Formation of Gorbachev's Reforms', in Dallin and Lapidus, eds., *The Soviet System in Crisis* (London: Western Press, 1991), pp. 28-29; On linkages between Soviet domestic and Foreign policy under Gorbachev, see Alex Pravda, 'Linkages between Domestic and Foreign Policy in the Soviet Union' in Clesse and Schelling, eds., *The Western Community and The Gorbachev Challenge*, pp. 92-107; also Pravda, 'Linkages between Soviet Domestic and Foreign Policy under Gorbachev' in Tsuyoshi Hasegawa and Alex Pravda, eds., *Perestroika: Soviet Domestic and Foreign Policies* (London: SAGE Publications, 1990), pp. 1-24.

32. 'Nauchnye osnovy vneshnei politiki', in A. A. Arzumanyan et al., *Stroitel'stvo Kommunizma i mirovoi revolyutsionnyi protsess* (Moscow, 1966), pp. 409-415.

puts emphasis on internal factors as the determinants of a government's transactions in the international field.<sup>33</sup> Elgiz Pozdnyakov in an article in *International Affairs* (Moscow) stressed the connection between internal and external factors in the formation of domestic and foreign policies, especially in the Gorbachev era. Under the pressure of objective processes, especially those linked with the needs of the internationalisation of production and with the danger of nuclear and ecological catastrophes, seemingly eternal "iron" and other curtains that divided the world into bellicose states and their groupings began to crumble. So, the traditional distinction between the internal world and the external world eroded as well. The development of transport and communications made easily their territory and population easily penetrable. This was furthered by the ever growing need for broad international economic, scientific and technological, and cultural exchanges.<sup>34</sup>

As a consequence of these developments the foremost problems of national life - economic, power-generation, ecological, food and many others took on external as well as internal aspects and dimensions. Furthermore, Pozdnyakov argued that it became obvious that they could not be satisfactorily solved within a narrow national framework.<sup>35</sup>

Hence the evolution of the world has made all countries more interdependent than ever. One has to recognise the close connection and interaction between the internal and external factors of the state's development. The impact of these on the formation of both its domestic and foreign policies and their degree depends on each individual instance, not on a recognised priority of one group of factors over others, but on concrete historical circumstances.<sup>36</sup>

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33. Ibid.; cited in Ploss, 'Studying the Domestic Determinants of Soviet Foreign Policy', p. 78.

34. Elgiz Pozdnyakov, 'Foreign and Home Policy: Paradoxes of Interconnection', *International Affairs* (Moscow), no. 11 (1989), p. 45.

35. Pozdnyakov, 'Foreign and Home Policy', p. 45.

36. Pozdnyakov, 'Foreign and Home Policy', p. 45.

*Perestroika* and the attending political, economic and social changes in the Soviet Union exerted an influence not only on the formation of Soviet foreign policy, but on the entire international situation as well. Conversely, the restructuring drive and the domestic and foreign policies corresponding to it were largely conditioned by modern world processes, i.e., external factors.<sup>37</sup> Another important facet of the interdependence of internal and external factors was stressed during the Gorbachev years, namely the establishment in international relations of the priority of universal interests over class, party and any other narrow interest. The concept of class struggle in international relations was rejected, and the concept of the struggle of the two opposing systems was reviewed (see chapter 3.).<sup>38</sup>

According to Pozdnyakov, broad vistas for Soviet foreign policy opened up along this path. Progress in this direction gave it the scope, initiatives and creative impetuses it needed, and rid it of the fettering binds of ideological rigidity and petty reflexiveness. This progress made it possible to elaborate the central conceptual direction which, embodied in concrete plans for disarmament, economic development and cooperation in other fields, imparted to it the deep meaning and concrete goals without which disarmament, economic cooperation and interaction with the outside world in other spheres would hardly be able to extend beyond the framework of the structures and practice of inter-state relations that took shape during the Cold War years.<sup>39</sup>

The starting point of the second chapter is a brief overview of the links between Soviet domestic and foreign policies in the pre-Gorbachev era. This chapter will expose the major dimensions of *perestroika* that bear on the relationship between Soviet domestic and foreign policy reform under Gorbachev. To do this we need to see

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37. Pozdnyakov, 'Foreign and Home Policy', p. 45.

38. Pozdnyakov, 'Foreign and Home Policy', p. 47.

39. Pozdnyakov, 'Foreign and Home Policy', pp. 47-48.

linkages under three broad headings<sup>40</sup>: Resources (harnessing the military, the world economy), policy thinking and domestic politics affected in Soviet external policy, most notably in the Gorbachev period.

Chapter 3 will deal with the interrelationship between 'new thinking' and Soviet foreign relations. This chapter will show that it was the changes in the Soviet Union and in its foreign policy and security behaviour that was the most dynamic element propelling the revolution in world politics. The magnitude of change that occurred in Soviet external policy and behavior would have been unthinkable without profound internal change in Soviet politics. First, I will touch on the roots and the main principles of the new political thinking. This chapter also briefly reviews Gorbachev's main accomplishments in his Soviet foreign policy: U.S, Western Europe, and Eastern Europe.

Chapter 4 will explore the close relationship between the Soviet Union and the Asia-Pacific area. I think Gorbachev came to recognize that Asia and Europe were equally important for his country's domestic and foreign policy. Gorbachev's domestic reforms were linked both in their origins and potential effects to Moscow's intricate relations with the Asia-Pacific area.<sup>41</sup> His Asia-Pacific policy, most notably the initiatives in Vladivostok (1986) and Krasnoyarsk (1988), envisaged a close interrelation between tackling domestic economic problems and a much more active Soviet involvement in the forming of a division of labour in the Asia-Pacific region, with enough potential to become a future "system of Asia-Pacific economic cooperation." These speeches were accompanied by a flurry of diplomatic activity in the region. This chapter will examine the various aspects of Soviet Asia-Pacific policy. The first part of this chapter briefly reviews Soviet Asia-Pacific policy since Stalin,

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40. For example, S. Bialer, 'Soviet foreign policy: sources, perceptions, trends' pp. 409-441; Bialer organizes his discussion under the headings capabilities, politics and beliefs.

41. Daniel C. Matuszewski, Soviet Reforms and the Asia-Pacific Challenge, in Pushpa Thambipillai and Daniel C. Matuszewski, eds., *The Soviet Union and The Asia-Pacific Region: Views from the Region* (New York: Praeger, 1989), p.1.

including Brezhnev's Asian Collective Security initiative. The second part of this chapter examines the moves and impacts of new political thinking in the Asia-Pacific region. The concluding part of this chapter explores the Soviet Union's attempts to build up economic cooperation and its efforts to construct a new security system in the Asia-Pacific region. Special emphasis will be given to factors that have been most important in determining Soviet policy towards this region.

Chapters 5, 6, and 7 deal directly and in some depth with Korea, from the perspective of the close relationship between domestic and foreign policies under Gorbachev. These chapters will analyze how much Gorbachev's linkage policy was really affected by the Korean peninsula. The new approach of the Soviet leadership in its relations with Korea was first and foremost connected with the evolution of domestic political life in the Soviet Union.<sup>42</sup> Thus, the requirements of Gorbachev's domestic reforms and efforts to participate in the network of Asia-Pacific economic cooperation compelled Moscow to seek diplomatic relation with Seoul. In chapter 5, "The Soviet Union and The Korean Peninsula," the first part sketches a brief historical background covering the period (1860-1910) and needed to analyze current relations between the USSR and Korea. It goes on to consider some aspects of developments on the Korea peninsula and the policy of the Soviet Union towards Korea since Stalin, and also the new political thinking on the Korean peninsula. Chapter 6, "Gorbachev and North Korea," is devoted to North Korea's relations with the Soviet Union during the Gorbachev era. I will examine North Korea's responses to the new international environment created by Gorbachev's new political thinking, and also analyse the impact of Gorbachev's reform on North Korea. Finally, I look at economic relations including

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42. In his book [Charles E. Ziegler, *Foreign Policy and East Asia: Learning and Adaptation in the Gorbachev Era* (Cambridge: Cambridge University Press, 1993)], Ziegler develops the concept of learning in foreign policy by exploring the link between Gorbachev's domestic reforms and the radical transformation of Soviet relations with North-east Asia in the 1980s. He argues that, although international factors may have played a role, it was pressures for domestic change, and economic reform in particular, which had the greatest impact on Soviet new thinking.



North-South Korean economic ties. In chapter 7, "Gorbachev and South Korea," I will touch upon the development of South Korea's northern policy. This chapter explores Seoul-Moscow relations during the Gorbachev era and China's policy changes after Moscow-Seoul normalization.

The thesis concludes with an overall assessment of the linkage between perestroika and new political thinking. Are there any particular features of the link between domestic and foreign policies under Gorbachev toward the Korean Peninsula? Thus, the major task is to construct a model which enables us to consider simultaneously the effects of Soviet foreign policy and domestic political factors in shaping the normalization between the USSR and the ROK. Some answers to this conundrum will be offered in this chapter.

The overall aim of the thesis is to produce a systematic analysis of the relationship between domestic developments and foreign policy reforms in Gorbachev's foreign policy. I have especially focused on his Far East Asian Policy(the Korean peninsula) to examine the connections between domestic circumstances and international factors. This perspective has thus far been neglected in accounts of Gorbachev's Far East Asian policy. Hence my research hopes to fill this particular lacuna.

The sources employed for the thesis include a large volume of material from Soviet, Chinese, Japanese, and Korean journals and newspapers, as well as relevant Western literature. A 10-month stay in Moscow which coincided with Gorbachev's final period of influence also aided a good insight into the development of Far East policy under Gorbachev

## Chapter 2. Domestic and Foreign Linkages in the Soviet Union

...at the present time domestic and foreign policy are so closely interwoven with each other that there is a direct connection between every question of internal policy and foreign policy as a whole...<sup>1</sup>

### 2.1 The Pre-Gorbachev Period

Soviet foreign and domestic policies have been closely related at various stages. Ambitious and costly foreign policies have impacted on domestic policies, and domestic conditions have necessitated changes in foreign policy.

The founders of scientific communism invariably stressed the interconnection and interconditionality of domestic and foreign policy. Marxism-Leninism, examining them in dialectical unity as a single whole and "policy generally", considers that they cannot be separated from each other, to say nothing of treating them as opposites. Lenin wrote in the article "The Foreign Policy of the Russian Revolution": "No idea could be more erroneous or harmful than to separate foreign from home policy".<sup>2</sup>

Lenin's diplomacy was actively engaged in the establishment of a system of international relations that would provide favourable external conditions for socialist transformation within the Soviet Russia.<sup>3</sup> Lenin is cited to the effect that "the very deepest roots of both the internal and foreign policy of our state are shaped by the

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1. A speech by Chicherin at the Third Soviet Congress in May 14, 1925. See Jane Degras, ed., *Soviet Documents on Foreign Policy, vol. ii, 1925-1932* (Oxford: Oxford University Press, 1952), p. 33.

2. V. I. Lenin, *Collected Works*, vol. 25 (1964), p. 85; cited in Oleg Selyaninov, 'Lenin on the Connection between Domestic and Foreign Policy', *International Affairs* (Moscow), no. 10 (1987) p. 59.

3. Oleg A. Grinevsky, East-West: Problems of Security, Confidence and Disarmament, in Armand Clesse and Thomas C. Schelling, eds., *The Western Community and The Gorbachev Challenge* (Baden-Baden: Nomos Publishing Company, 1989), p.304.

economic situation of the dominant classes of our state".<sup>4</sup> Given the poor state of the Soviet economy, Lenin's government could not survive for long without some assistance from the capitalist nations. In order to save the Soviet regime, therefore, in 1918 Lenin had to accept a peace treaty with the Central Powers. Lenin's decision to make peace with Germany at Brest-Litovsk basically represented a choice between the immediate security of the Soviet state and the immediate, all-out promotion of world revolution. He evidently decided in favour of the former on the basis of a rational calculation that the best chance for the eventual triumph of Communism throughout the world was its secure establishment in Russia - a calculation which eventually led to a Stalin's doctrine of 'socialism in one country'.<sup>5</sup> This set a seal on the dominance of domestic concerns.<sup>6</sup>

Lenin made economic and political agreements with a number of countries, but always on the assumption that these were merely of temporary validity. As Lenin said in March 1919:

We live not only in a state, but in a system of states, and the existence of the Soviet Republic side by side with the imperialist states for a prolonged period of time is unthinkable. In the meantime a series of frightful collisions will occur.<sup>7</sup>

Such then was the Leninist conception of 'coexistence' between the Soviet Republic and the Capitalist world.<sup>8</sup> Peaceful coexistence, proclaimed in October 1917

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4. Sidney I. Ploss, Studying the Domestic Determinants of Soviet Foreign Policy, in Erik P. Hoffmann and Frederic J. Fleron, Jr., eds., *The Conduct of Soviet Foreign Policy* (Chicago: Aldine Atherton, 1971), pp. 78-79.

5. John A. Armstrong, The Domestic Roots of Soviet Foreign Policy, *International Affairs*, vol. 41, no. 1 (1965), p.38.

6. Alex Pravda, 'Politics of Foreign Policies', in Stephen White, Alex Pravda and Zvi Gitelman, eds., *Developments in Soviet & Post-Soviet Politics*, Second Edition (London: Macmillan, 1992), p. 255.

7. Geoffrey Stern, 'The Foreign Policy of the Soviet Union', in F. S. Northedge, ed., *The Foreign Policies of the Powers* (London: Faber and Faber, 1968), p. 77.

8. Stern, 'The Foreign Policy of the Soviet Union', p. 77.

as a key principle of Soviet foreign policy, implied that the contest between the two opposed socio-economic systems could and must be transferred, notwithstanding the persistence of ideological contradictions, from the sphere of military conflict to that of economic and social competition. It presupposed both rivalry and broad cooperation. For the first time in history the principle of peaceful coexistence was embodied in the Rapallo Treaty signed by Soviet Russia and Germany in 1922.<sup>9</sup>

In 1921 the New Economic Policy (NEP) quickly introduced large doses of private enterprise and markets in the economy. It demonstrated Lenin's willingness to deal with capitalist systems in the interests of the Soviet state. Lenin thought that "the very deepest roots of both the internal and foreign policy of our state are shaped by economic interests," and by "the economic situation of the dominant classes of our state." Thus, the holders of power who ruled in the name of the so-called dominant classes of workers and peasants would give priority to the tasks of internal construction, the fulfillment of which would sooner or later improve the material lot of Soviet citizens, over schemes to aggrandize the Soviet Union abroad.<sup>10</sup>

Perhaps no leader since Stalin has been so persuaded of the decisive bearing that domestic strength has on the effective conduct of foreign policy. This persistent motif in his speeches recalls Stalin's famous inventory in 1946 of specific production goals essential for achieving security from attack and for fuelling the international advance of socialism. The Soviet Union joined the League of Nations in 1934 at a time when Stalin was engaged in costly industrialization. When the Soviet Union needed to avoid or postpone a war for which it was not prepared (as a result of the purging of the military and domestic dislocations), Stalin signed a non-aggression pact with Nazi Germany. Although the Soviet Union was a victor in World War II, the wartime alliance was replaced by the cold war. Stalin closed the country to foreigners and lowered the 'iron

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9. Selyaninov, 'Lenin on the Connection between Domestic and Foreign Policy', p. 63.

10. Ploss, 'Studying the Domestic Determinants of Soviet Foreign Policy', pp. 78-79.

curtain' because of the need to conceal the country's weakness and extensive wartime losses. When domestic conditions improved, the iron curtain was partly lifted in the mid-1950s.<sup>11</sup>

Stalin's foreign policy was viewed 'through the prism of internal needs and problems, principally that of maintaining the dictator's rule unchanged'; while post-Stalin foreign policy was limited in its ability to revise its external aims by the link between its ideological commitment (and the presence of external 'enemies') and its internal legitimacy.<sup>12</sup> Foreign policy issues clearly act as a resource in the domestic political process in many countries. In the Soviet Union they provided a powerful resource in the factional struggle among the top leadership.<sup>13</sup> The images of the outside world were also a resource for domestic politics.

Khrushchev simultaneously pursued ambitions, domestic and foreign policy change.<sup>14</sup> The interconnection of domestic and foreign policy may also be surmised from Khrushchev's repeated advocacy of internal reform and detente with the U.S. at one and the same time.<sup>15</sup>

In January 1958 Khrushchev publicly proposed the sale of state-owned agricultural machinery to the collective farms, thus embarking on a course of raising collective farm income. Khrushchev in the same speech proposed a heads-of-government meeting, evidently to induce the kind of external atmosphere needed to liberate investment funds earmarked for conventional military projects.<sup>16</sup> The 1961

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11. M. Curtis, *Introduction to Comparative Government* (Glasgow: Harper Collins Publishers, 1990), p. 384.

12. Adam B. Ulam, *Expansion and Coexistence: Soviet Foreign Policy, 1917-1973* (New York: Holt Rinehart & Unwin, 1974), pp. 347, 606.

13. Ulam, *Expansion and Coexistence*, p.403.

14. Pravda, 'The Politics of Foreign Policy', p. 255.

15. Ploss, 'Studying the Domestic Determinants of Soviet Foreign Policy', p. 85.

16. *Pravda*, 25 January 1958, pp. 2-3; cited in Ploss, 'Studying the Domestic Determinants of Soviet Foreign Policy', p. 85.

party programme declared that 'The CPSU considers that the chief aim of its foreign policy activity is to provide peaceful conditions in the USSR and developing the world socialist system, and together with the other peace-loving peoples to deliver mankind from a world war of extermination'.<sup>17</sup> After high-level talks in July 1963 to conclude an agreement to limit nuclear testing, Khrushchev implied the linkage of effort to pull up weak sectors of the economy and curtail military procurement by telling a delegation of American farm experts: "Now we shall reduce expenditure on defence, and we shall direct this money to the production of chemical fertilizers".<sup>18</sup> In August 1964, the premier fought for new approaches to the chronic peasant question, including a scheme for the decentralization of marketing practices in the socialized sector, and he told the British publisher Roy Thomson that he was ready for a summit meeting to ease the burden of military spending.<sup>19</sup> In sum, Khrushchev sought to employ foreign policy largely in the service of domestic economic advance. He justified detente with the West as enabling a transfer of resources from military expenditure to the domestic economy.

Brezhnev showed the preeminence of domestic policy. Brezhnev's policy of technological cooperation with the West, a cornerstone of detente, was partially motivated by the desire to avoid difficult reform of the domestic economy.<sup>20</sup> The results of Brezhnev's economic opening to the West were disappointing, apparently strengthening opponents of detente within the leadership. Nevertheless, the need for Western technology continued to strongly influence the making of general Soviet

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17. *Pravda*, 1 November 1961, p. 3.

18. N. S. Khrushchev, *Stroitel'stvo Kommunistizma v SSSR i razvitie sel'skogo khoziaistva* (Moscow, 1964), VIII, 51; cited in Ploss, 'Studying the Domestic Determinants of Soviet Foreign Policy', p. 85.

19. *Pravda*, 11, 17 August 1964, p. 3; cited in Ploss, 'Studying the Domestic Determinants of Soviet Foreign Policy', p. 85.

20. *Pravda*, 10 August 1966, p. 3.

policy.<sup>21</sup> These technological considerations and diminishing Soviet potential for economic growth made it difficult to envisage a lengthy period of heightened international tensions without a further reallocation of resources to the military sector.<sup>22</sup>

There were two implications of recent technological advances, firstly as they related to economic development and secondly as they affected military matters. 'Peaceful co-existence' signalled Russia's reliance on economic rather than military means in bringing about ultimate change. The Soviets had been blamed for the crises of 1956, and the Khrushchev leadership introduced economism to prevent new ones. Later on, Gorbachev reaffirmed economism before any new crisis broke out.

In the Soviet Union of the 1980s, economic and political issues, and domestic and foreign ones, were more intimately connected to one another than at any previous period in Soviet history. Soviet policy-makers faced not only the complexity of an advanced, late-industrial economy, but also unprecedented shortages of natural resources, capital, and manpower. Not since the 1920s had the Kremlin had to wrestle with the problem of economic stagnation. Not since the First Five-Year Plan had the Soviet leaders been so dependent on the West for technology and industrial equipment as they were during the 1980s, especially in energy. And most important of all, the economic strains of the 1980s would bring home to the leaders the full costs of their military programmes and the burdens of the empire, which raised the issue of military spending for the first time since the early 1960s.<sup>23</sup> In the Gorbachev years domestic politics was shaped by economic and foreign issues more than ever before.

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21. R. J. Mitchell, Soviet Foreign Policy Alternatives Under Gorbachev: Decision-Making Context and Prospects, in Alexander Shtroumas and Morton A. Kaplan, eds., *The Soviet Union and the Challenge of the Future: Volume 4: Russia and the World* (New York: Paragon House, 1989), pp.13-14.

22. Mitchell, 'Soviet Foreign Policy Alternatives under Gorbachev', p. 14.

23. S. Bialer and T. Gustafson, eds., *Russia and the Crossroads: The 26th Congress of the CPSU* (Boston: Allen & Unwin, 1982), p. 2.

There was some careful thought about the effects of economic difficulties on the Soviet regime's sources of stability and on power formation within the political elite. This also included how the Soviet Union's domestic difficulties might constrain its foreign policies. In the past the Soviet regime had been quite successful at insulating its foreign policies from its domestic ones; maintaining such insulation was an objective in itself, and this explains much of Soviet behaviour in foreign trade and commercial relations with the West in the second half of the 1970s.<sup>24</sup> Indeed, for a number of reasons the overall technological gap became even more important - and this was perceived by the Soviet leaders - than it was in the past. In this situation, strong expansion of trade and technological infusion from the West were major changes in Soviet economic life in the late Brezhnev era.

## 2.2 The Gorbachev Period

Gorbachev said "If we in the Soviet Union are setting ourselves such truly grandiose plans in the domestic sphere, then what are the external conditions that we need to be able to fulfill those domestic plans?"<sup>25</sup>

"The organic tie between each state's foreign and domestic policies becomes particularly close and practically meaningful at crucial moments. A change in the domestic policy inevitably leads to changes in the attitude to international issues. ..., in the conditions of perestroika, the uniformity of our activities at home and in the international arena is more striking and more tangible than ever before."<sup>26</sup>

*Perestroika* was an economic and political restructuring of Soviet society.<sup>27</sup>

*Perestroika* was brought to life by the objective need to overcome the crisis

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24. Bialer and Gustafson, eds., *Russia and the Crossroads*, p. 5.

25. *Time*, 9 September 1985.

26. Gorbachev, *Perestroika i Novoe Myshlenie*, p. 134.

27. *Sovetskaya Rossiya*, 20 August 1989, p. 1.



endangering national security and interests.<sup>28</sup> *Perestroika*'s main objective was to modernize the country and to redress the disastrous state of the economy that had endangered not only the Soviet Union's international position, but also its domestic stability. In a major interview with the German magazine *Der Spiegel* in March 1991 the Soviet leader reaffirmed that the policy of far reaching reform had not changed.<sup>29</sup> The policy would be aimed at achieving greater democracy, reforming the relations of ownership and establishing a mixed economy. Gorbachev stressed his determination to move towards a market-based economy and confirmed that a private sector would exist alongside the state and cooperative sectors.<sup>30</sup>

Under these new conditions, foreign policy had to assist the attainment of this main goal. There existed, in other words, a clear and visual causal connection between these two fields in the sense that the new features of Soviet foreign policy were a logical consequence of the innovatory processes taking place inside the Soviet Union itself.

The new foreign policy strategy was declared by Gorbachev at the April 1985 Communist Party Central Committee plenary session. It was closely linked with the efforts of perestroika and democratization of society and the whole country. Soviet diplomacy had to make a direct, effective contribution to the new conceptual approach in the conduct of international affairs.<sup>31</sup> In his speech to the Helsinki Conference in July 1985, Shevardnadze drew an unusual linkage between Moscow's internal and foreign policies as follows:

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28. Shevardnadze, *Moi Vybory v Zashchitu Demokratii i Svobody* (Moskva: Novosti, 1991), p. 103.

29. *Izvestiya*, 25 March 1991, p. 4.

30. *Soviet Weekly*, 28 March 1991, p. 2.

31. Shevardnadze, *Moi Vybory v Zashchitu Demokratii i Svobody*, p. 88.

The foreign policy of any state is inseparably linked to its internal affairs' and that to implement its vast internal plans to improve the economy, 'the Soviet Union needs a durable peace.'<sup>32</sup>

In his speech at the French Parliament, Gorbachev emphasised the necessity of interdependence to accelerate the social and economic development of society as follows:

It is not difficult to understand that not only stable peace but a calm, normal international situation are paramount conditions for attaining these ends (internal requirements). These are the priorities that determine our foreign policy, a policy in which we naturally strive to take into full consideration the interests and requirements of other peoples, all the realities of the modern era....The interconnection and interdependence of countries and continents is becoming increasingly closer. This is an indispensable condition for the development of the world economy, scientific and technological progress, the acceleration of the exchange of information and the movement of people and things on earth and even in space, in short, for the entire development of human civilisation.<sup>33</sup>

At the 27th Party Congress in February 1986, Gorbachev said that everything is inextricably linked in this world, and that all nations are interdependent. In his report on "the contemporary world: its main tendencies and contradictions", Gorbachev noted the importance of interdependence:

The course of history, of social progress, requires ever more insistently that there should be constructive and creative interaction between states and peoples on the scale of the entire world....Such interaction is essential in order to prevent nuclear catastrophe, in order that civilization could survive....The real dialectics of contemporary development are in the combination of competition and confrontation between the two systems and in the growing tendency towards interdependence of the states of the world community. This is precisely the way, through the struggle of opposites, through arduous effort, groping in the dark to some extent, as it were, that the contradictory but interdependent and, in many respects, integral world is taking shape.<sup>34</sup>

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32. *Izvestiya*, 31 July 1985, p. 5.

33. *Izvestiya*, 4 October 1985, p. 1.

34. *Pravda*, 26 February 1986, p. 3; also see Gorbachev, "Politicheskii doklad Tsentral'nogo Komiteta KPSS XXVII s'ezdu Kommunisticheskoi Partii Sovetskogo Soyuza," *Kommunist*, no.4 (1986), p. 19.

The new Soviet foreign policy was almost exclusively regarded as a function of domestic policy. As early as May 1986, Gorbachev asked the Soviet diplomatic service to secure peace and to "create the most favourable conditions possible for the acceleration of the socio-economic development of Soviet society". At a plenary meeting of the Central Committee of the Communist Party of the Soviet Union on June 16, 1986, Gorbachev emphasized that foreign policy is a product of domestic political factors as follows:

...our extensive plans for social and economic development are inextricably linked with a foreign policy aimed at promoting peace and all-round international cooperation.<sup>35</sup>

At the International Forum for a Nuclear-Free World and for Humanism in International Relations held in February 1987, Gorbachev said:

...before the whole world, I state with full responsibility that our international policy is, more than ever before, determined by domestic policy, by our interest in concentrating on constructive endeavours to improve our country. This is why we need lasting peace, predictability and constructiveness in international relations.<sup>36</sup>

In 1987, Foreign Minister Shevardnadze came up with the following formula: "First of all, we must follow the basic guideline according to which foreign policy has to create the maximum favorable external conditions needed in order to conduct internal reform."<sup>37</sup> In July 1988, the nineteenth all-union party conference ended, having reaffirmed the main priority of securing by political means the favorable external conditions needed to bring about change inside the country.<sup>38</sup> In a document adopted at the plenary meeting of the CPSU Central Committee on 10 January 1989, the profound

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35. *Pravda*, 17 June 1986, p. 1.

36. *Pravda*, 17 February 1987, p. 1.

37. Shevardnadze, *Moi Vybory v Zashchitu Demokratii i Svobody*, p. 12.

38. *Ibid.*, p. 52.

changes occurring in the internal life of Soviet society were inseparably linked with the essentially revolutionary changes in foreign policy.<sup>39</sup>

How did the Soviets' internal situation affect their foreign policy and vice versa?

In an interview with Soviet television on 19 November 1990 Gorbachev outlined the Soviet position thus:

"As we broadened the scope of restructuring, we looked around us: What was happening beyond our borders? How should we live in the real world today? We have realized the need to change our mentality. Therefore, everything that is happening in our country has an impact on our foreign policy. Domestic and foreign policies are always interlinked. And, of course, domestic policy and internal processes give an impetus to foreign policy. Without the restructuring, renewal, democratization and humanization of our society, our foreign policy could never have become more democratic and humane....By creating favourable conditions for international cooperation and by turning to civilization, we are creating favourable conditions for tackling our own problems. What we need now are favourable conditions and international cooperation, and we are benefiting from the new foreign policy and from the new state of international relations. All these things are linked very closely."<sup>40</sup>

As mentioned above, the linkage between domestic and foreign policy was an axiom of the Marxist-Leninist approach to international relations, and from the very beginning Gorbachev insisted that restructuring of the country's foreign relations was an integral part of domestic perestroika. The organic ties between each state's foreign and domestic policies become particularly close and practically meaningful at crucial moments. A change in domestic policy inevitably leads to changes in the attitude to international issues.<sup>41</sup> International links, especially economic links, have come to effect a wider range of interests.<sup>42</sup>

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39. *Pravda*, 13 January 1989, p. 1.

40. *Izvestiya*, 20 November 1990, p. 1.

41. Richard Sakwa, *Gorbachev and his Reforms 1985-1990* (London: Philip Allan, 1990), pp. 315-116.

42. See *Pravda*, 'The Politics of Foreign Policy', in Stephen White, Alex Pravda and Gitelman, eds., *Developments in Soviet & Post-Soviet Politics* (London: Macmillan, 1992), pp.250-261.

## 2.3 Linkages of Perestroika: Domestic and Foreign Policies

### Harnessing the Military

We intend to persevere in our pursuit of real arms reductions. This is a difficult but essential process in order for mankind to advance to a world free of violence and nuclear weapons and for us to solve major domestic problems of an economic, social and moral nature.<sup>43</sup>

The close connection between security demands and domestic economic development had long been prominent in the Soviet Union. That domestic economic pressures themselves played a key role in the drive to reduce military expenditure was suggested by the growing emphasis placed on defence cuts since 1987 as the economic situation worsened.<sup>44</sup> This shift stemmed from the twin imperatives of maintaining technological parity and modernizing the domestic economy, both of which required demilitarization of security and of the domestic economic system. The complex of interconnected security and domestic factors involved in harnessing the military thus constituted a very strong resource linkage between internal and external policy under perestroika.<sup>45</sup> Following Gorbachev's accession to power in 1985, he became increasingly sensitive to the interconnections between the economic and security elements.

A new concept of national security of the USSR was formulated: protection from external and internal threats, stability against unfavourable external influence and the establishment of internal and external conditions that guarantee the inviability of the state and the comprehensive progress of society and its citizens. Increased awareness that state security would be achieved by political negotiations as part of general and equal security led the Soviet political leadership to reject the arms race. Logically, this

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43. Gorbachev's Odessa speech, *Izvestiya*, 19 August 1990, p. 2.

44. Hasegawa and Pravda, *Perestroika: Soviet Domestic and Foreign Policies*, p. 6.

45. *Ibid.*, p. 7.

entailed a new Soviet military doctrine to be based on the principle of reasonable defence sufficiency (see section 2.2),<sup>46</sup> and the idea to establish a comprehensive international security system. The Soviet Union took practical steps towards reducing its armed forces and the military budget, recalling major military contingents and converting part of the defence industry to civilian production. So, military reform in the Soviet Union was closely related to the results of mutual disarmament, the military and political situation in the world and in the Soviet Union itself. Shevardnadze said 'problems of strategic offensive weapons cuts and regional conflict resolutions were discussed along with the task of enlisting political and material support for perestroika at home.'<sup>47</sup>

Gorbachev admitted that the Soviet economy "has been the most militarized economy in the world with the biggest military spending."<sup>48</sup> The military's share of GNP was pushing beyond a grotesque 25 percent. The weapons, forces and capabilities that the Soviet Union was building were of a size and potential menace consistent with its requirements. As for the internal economic effect of such politics, only one key figure should be taken into consideration - more than 60 percent of Soviet industrial facilities worked for the militarized sector of the economy. In view of such a

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46. For the detailed discussion, see Josef Joffe and Lev Semeiko, 'Reasonable Sufficiency in Defence', *Moscow News*, no. 1 (1989), p. 6; Vladimir Dvorkin and Valery Torbin, "On Real Sufficiency of Defence: Military Specialists' Point of View", *Moscow News*, no. 26 (1989), p. 6; Mary Fitzgerald, "Gorbachev's Concept of Reasonable Sufficiency in National Defence", in George E. Hudson, ed., *Soviet National Security Policy under Perestroika* (London: Unwin Hyman, 1990), pp. 175-195.

47. Shevardnadze, *Moi Vybory v Zashchitu Demokratii i Svobody*, p.43.

48. Gorbachev, quoted from Henry Trofimenko, Pan-European Security, in *Journal of International Affairs* (Summer, 1991), p.114.

disproportion any considerable export of arms could slow down the process of conversion and economic reforms in general.<sup>49</sup>

With nearly 5 million personnel under arms and an estimated 20 to 30 percent of gross national product devoted to defence, the Soviet Union had one of the world's most militarized economies. Under pressure to reduce military expenditure, the State Programme for the Conversion of the USSR Defence Industry<sup>50</sup> was approved by a decree issued by the USSR Council of Ministers on 15 December 1990.<sup>51</sup> According to the state conversion programme of 1990, 422 military factories and 100 non-military factories were to be converted to the manufacturing of civil products. The proportion of civilian products at military factories was to rise to 65 percent by 1995.<sup>52</sup> The minister in charge of defence conversion said that converting Russia's military industrial complex to civilian use would cost at least 48 billion dollars.<sup>53</sup>

Mr. Kortunov, head of the foreign policy department at the USA and Canada Institute in Moscow, said that defence conversion grew out of "Gorbachev's desire to

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49. Kuzmenko, p. 12. The value of arms sales to the Third World by the former Soviet Union fell from 11.2 billion dollars in 1990 to 5 billion dollars in 1991, according to a study by the US Congressional Research Service, as reported in *The New York Times* on 21 July, Soviet arms sales had peaked at 24.8 billion dollars in 1986. See *RFE/RL Research Report*, vol. 1, no. 31 (31 July 1992), p. 59; Russia had exported 1.55 billion dollars worth of arms in 1991, resulting in a thirteen-fold drop in profits compared with the average level of profits from Soviet arms exports in the 1980s. It said that 69 percent of the arms sold in 1991 had gone to the Near (8%) and Middle East (61%). See *Nezavisimaya gazeta*, 29 September 1992, p. 1; this data is not corroborated by other sources. Various Russian sources have suggested that the value of arms exports fell from 14 billion dollars in 1990 to 8 billion dollars in 1991 and 3-4 billion dollars in 1992. See Stephen Foye, 'Russian Arms Exports after the Cold War', *RFE/RL Research Report*, vol. 2, no. 13 (26 March 1993), p. 62.

50. On the Conversion of the Defense Industry, see Thierry Malleret, *Conversion of the Defense Industry in the Former Soviet Union* (New York: Westview Press for the Institute for East-West Security Studies, 1992).

51. *Ekonomika i Zhizn'*, no. 34 (1991), pp. 2-3; Keith Bush, 'Russia's Latest Programme for Military Conversion', *RFE/RE Research Report*, vol. 1, no. 35 (4 September 1992), pp. 32-35.

52. Viktor I. Novozhilov, 'Soviet Views on the problems of Security in the Asia-Pacific Region,' A paper presented at the 3rd International Conference on the Change of Soviet Military Policy and the Two Koreas: Nuclear Issues and Arms Control, Seoul (November 4, 1991), p. 5.

53. *The Wall Street Journal* (Europe), 31 January- 1 February 1992, p. 1.

show the people a peace dividend out of the withdrawals from Eastern Europe. But letting individual plants produce consumer items changes nothing if the military simply adds a production line for civilian goods. The end result is that the military gets more resources than it had before and no structural change is made. Until the structural change is made and these enterprises are removed from the military command system, conversion won't really help".<sup>54</sup> Conversion, however, contributed to the extension of disarmament measures, as well as to the building of a new order of confidence. This created a vast potential space for international cooperation.<sup>55</sup>

### **The World Economy**

The world economy is becoming a single entity, outside of which no state can develop normally, regardless of its social system or economic level.<sup>56</sup>

On the eve of the 21st century the world economy has approached an important landmark, as ideological confrontation gives way to a new perception of global integrity. This idea is substantiated by ever increasing interdependence as humanity is repeatedly challenged by global issues calling for greater cooperation and common efforts. So, the Soviet Union does not conceive of its future development without a greater participation in the world economy.<sup>57</sup>

As Shevardnadze suggested above, the world economy was becoming increasingly integrated, and interdependence was becoming more and more evident in

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54. Jim Hoagland, 'The Soviet Military Complex is holding Gorbachev back,' *International Herald Tribune*, 13 August 1991, p. 4.

55. Ksenya Gonchar, 'Soviet Conversion and European Security', in Jyrki Livonen, ed., *The Changing Soviet Union in the New Europe* (London: Edward Elgar, 1991), p. 162.

56. *Izvestiya*, 8 December 1988, p. 1.

57. Shevardnadze, *Moi Vybor V Zashchitu Demokratii i Svobody*, p. 167.



different spheres of international relations. One cannot deny the commitment of the Soviet leadership to integrate their country into the world economy.<sup>58</sup>

As Shevardnadze told a Ministry of Foreign Affairs audience in July 1987, 'we have to become a more organic part of the world economic system'.<sup>59</sup> Shevardnadze said in 1989 that 'the diplomatic service must turn more boldly to the problems of the economy.... Our main priority is to provide conditions maximally favourable for perestroika in the country'.<sup>60</sup> Thus, economic relations with other countries were important instruments of Soviet foreign policy.

After six years of failed economic reform with one still-born plan following another, the Soviet Union turned to the West for large-scale help. In a remarkable series of statements, signals and acts, Gorbachev warned that his nation must become part of the world economy or face catastrophe. In other words, unless the Soviet economy was integrated into the world economy, a perestroika of the Soviet economic system would be impossible: active participation in the international economic system was crucial, and the advantages and benefits of the international division of labour had to be used.<sup>61</sup>

The most important function of increased economic involvement with the advanced world lay in stimulating and promoting radical reform and efficiency within

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58. J.M.C. Rollo, *The New Eastern Europe: Western Response* (London, Pinter Publishers, 1990), pp. 109-110.

59. Shevardnadze, 'Bezuslovnoe Trebovanie - Povernut'sya litsom k Ekonomike' speech on July 4, 1987 at a meeting of the aktiv of the Ministry of Foreign Affairs, *Vestnik Ministerstva Inostrannykh Del SSSR*, 3 (1987), p. 4.

60. Shevardnadze, 'Foreign policy begins at home,' interview by Galina Sidorova, *Novoye Vremya*, no. 28 (July 7, 1989), pp. 8-10.

61. Nikolai Shmelev, 'Perestroika and East-West economic interaction', in Gary Bertsch and Steven Elliott-Gower, eds., *The Impact of Governments on East-West Economic Relations* (London: Macmillan, 1991), p. 5.

the Soviet economy.<sup>62</sup> A radical reorganization of the management of foreign economic relations began even earlier. A State Foreign Economic Commission, a standing body of the USSR Council of Ministers, was set up to coordinate all work in this field. New legislation on foreign trade was worked out and effective instruments for the protection of Soviet state interests on the foreign market, including a new customs tariff of the USSR, were being created.<sup>63</sup>

Gorbachev understood that greater incentives and decentralization were the key to revitalising Soviet industry. In the summer of 1987, he produced his law on state enterprises, the cornerstone of a proclaimed "New Economic Mechanism".<sup>64</sup> This law allowed the setting-up of the first wholly foreign-owned firms in Soviet history. It extended the principle of *khozraschet*, a system of economic accounting that theoretically gave companies a degree of control over their own destiny. Since the 1917 Bolshevik Revolution, the Kremlin kept a tight rein on the economy, maintaining direct ownership of all areas. State investment was directed into heavy industry at the expense of consumer goods and services. The law on state enterprises attempted to change this.

Foreign investors were given the same rights as Soviet investors, including tax preferences. Guarantees against nationalization were also given. Under the above mentioned law 100 per cent foreign-owned enterprises could be created, and concessions would be widened. Foreign capital was supposed to take part in the ongoing process of privatization in the USSR. Even though the basic law on foreign investment was adopted, there remained the need for many decrees and rules to be adopted by republican governments and ministries.

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62. Hasekawa and Pravda, *Perestroika: Soviet Domestic and Foreign Policies*, p. 8.

63. A Ministry of Foreign Economic Relations of the USSR replaced two governmental departments - the USSR Ministry of Foreign Trade and the USSR State Committee for Foreign Economic Relations. The associations functioning under the new Ministry of Foreign Economic Relations trade in raw materials, foodstuffs, individual types of machines and equipment, and other commodities. *The Korea Herald*, 16 November 1990, Supplement p. 3.

64. *The Independent*, 28 December 1989, Supplement, p. 1.

The transfer of major enterprises to a corporate form of ownership would provide foreign investors with an opportunity not only to acquire shares, but to participate in the establishment and management of new corporations in the USSR as well. Here the laws concerning foreign companies' operations in the USSR were based on principles common to most countries of the world community. Besides, a meeting between Gorbachev and the leaders of the seven major Western nations was followed by a complete transformation of Western philosophy. Important agreements regarding the mechanism of the USSR's integration into the world economy were expected to be concluded.

Official data on joint ventures<sup>65</sup> in the USSR show that in the first quarter of 1991 the contribution of this kind of enterprise to Soviet output was still tiny but had grown fast. Some 2,600 joint ventures with firms from over sixty countries had registered by the end of 1991.<sup>66</sup> When we see this trend, we can find the main factors which determined the investment climate in the USSR. First, the international political climate in relations between the East and the West was improving. Second, the internal political climate in the USSR was formed by diverse processes. On the one hand, Soviet society's rapid democratization created a freer and more creative atmosphere, which promoted the idea of Joint Ventures. On the other hand, political reorganization contained some tendencies that might lend to hinder the process.

Gorbachev placed more and more emphasis on reformist structures and orientations in East-West relations. He saw close East-West commercial ties as a vital part of the USSR's response to domestic economic problems, especially declining productivity and low-quality manufactured goods, if the USSR was to avoid

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65. The first normative act to govern the establishment and operation of joint ventures in the USSR were developed on 19 August 1986.

66. Vladimir Ranenko, "Sovmestnoe Predprinimatel'stvo v Rossii", *Ekonomika i Zhizn'*, no. 5 (1992), p. 13.

international economic and political disparities.<sup>67</sup> Gorbachev began his reforms of Soviet foreign economic policy with a diplomatic offensive designed to normalize Soviet relations with international economic organizations and therefore with the world economy.<sup>68</sup> Gorbachev's government revised its policy towards a quite number of international organizations.<sup>69</sup> The Soviet Union wanted to take part in world economic organizations, such as GATT (General Agreement on Tariffs and Trade), IMF (International Monetary Fund), World Bank, OECD (Organization of Economic Co-operation and Development) and the EC (European Community).<sup>70</sup> Soviet policy towards international economic institutions underwent a transformation as part of the general change of course under Gorbachev. The Soviet Union wanted to become a part of the successfully developed Western world. Gorbachev explained the Soviet approach to GATT in an interview in *L'Unita*, published in May 1987 thus: "it is one of those international mechanisms which can and, we believe, must be used to unite the efforts of all countries in the task of improving world economic relations. Hence our interest in GATT and the multilateral trade talks being held within its framework."<sup>71</sup> Thus, after decades of self-isolation the Soviet Union set a consistent course for the integration of its economy into the world economy. Gorbachev was convinced that this was an important way of getting the Soviet Union accepted as a 'normal' member of the international community. Economic motives were equally or more important. Doing business, Soviet leaders hoped, would help them to modernize the Soviet Union.

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67. Hoffman, 'Gorbachev and the Western Alliance: Reassessing the Anticoalition Strategy' in R. F. Laird & S. L. Clark, eds., *The USSR and the Western Alliance* (London: Unwin Hyman, 1990), pp. 75-76.

68. Ed. A. Hewett with Clifford G. Gaddy, *Open for Business: Russia's Return to the Global Economy* (Washington DC: The Brookings Institution, 1992), p. 33.

69. A. Aslund, "The New Soviet Policy towards International Economic Organizations," in *The World Today*, vol. 44 (January-December, 1988), p. 27.

70. On the USSR and International Organizations, see Leonard Geron, *Soviet Foreign Economic Policy under Perestroika* (London: Pinter Publishers, 1990), pp. 54-64; Hewett with Gaddy, *Open for Business*, pp. 33-54.

71. *Pravda*, 20 May 1987, p. 4.

Furthermore, international influence would increasingly depend on how the country performed economically by world standards. These elements and, indeed, the entire nexus of resource issues, thus provided an ever more important and complex linkage connecting the domestic and international dimensions of perestroika.<sup>72</sup>

The movement of the Soviet Union to an open economy was to be regarded as an integral part of the general, common policy exercised by the USSR, the leading Western countries, international economic organizations and financial centres. For the Soviet Union this would provide the acceleration of the transfer to a market-oriented and mixed economy, of overcoming economic crisis while acquiring an opportunity to receive Western assistance.

After six years of failed economic reform with one still-born plan following another, the Soviet Union turned to the West for large-scale help. In a remarkable series of statements, signals and acts, Gorbachev warned that his nation must become part of the world economy or face catastrophe.

### Policy Thinking

Amendments to the programme for internal perestroika prompted us to deal more extensively with questions of international cooperation in science, technology, economics, and environmental problems, and we reacted to the emergence of new priorities with rapid innovations in our internal structure.<sup>73</sup>

As Shevardnadze said above, the scope and depth of the connection between the domestic and international dimensions of *perestroika* emerges more clearly when we turn to the area of policy thinking.

Gorbachev made 'new political thinking' the centerpiece of his foreign policy (see chapter 3). As it was adopted in a series of resolutions during the 27th CPSU Congress in 1986, 'new political thinking' provided the intellectual framework for a series of

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72. Hasegawa and Pravda, *Perestroika: Soviet Domestic and Foreign Policies*, p. 10.

73. Shevardnadze, *Moi Vybory v Zashchitu Demokratii i Svobody*, p. 44.

Soviet initiatives that transformed the international environment. As time passed, it acquired an increasingly pragmatic tone regarding the emphasis of economic and diplomatic factors in determining Soviet international interests. Gorbachev's restructuring foreign policy drew a broad response and gained recognition all over the world, and brought about a considerable improvement in the international political climate. Precisely this policy met internal requirements, strengthened the international position of the Soviet state, raised its prestige, favoured the forming of civilised relationships all over the world, and brought mankind closer to a peaceful era in its development.<sup>74</sup>

One of the reasons for the emergence of 'new thinking' was the rise to influence of three specialist groups who advised and wrote on both domestic and international issues.<sup>75</sup> The first group consisted of a new generation which had recently emerged on the political arena - both practitioners and academics, mostly in their 30s and 40s - who had the opportunity to serve or travel abroad and possessed not only a broader general education and better linguistic skills, but also a familiarity with Western writings in the social sciences and international relations, as well as different methodologies of research and styles of argument and debate. For the moment it remains a hypothesis, and no more, that their collective role was decisive in effectively advancing - in conversations and in memoranda to their superiors - many of the ideas that came to be identified with the 'new political thinking.' Second, a more senior group close to the new leadership advised the decisionmakers in the same vein. This group included political scientists who were all products of the Khrushchev era, like Georgii Shakhnazarov, Evgenii Primakov and Fyodor Burlatsky, who shared key formative political experiences with many of their reformist colleagues in either the international or the domestic spheres. Finally, some key policy makers such as Eduard Shevardnadze

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74. *Pravda*, 6 February 1990, p. 2.

75. See Alexander Dallin, *New Thinking in Soviet Foreign Policy*, in Archie Brown, ed., *New Thinking in Soviet Politics* (London: Macmillan, 1992), pp. 79-80.

and Aleksandr Yakovlev had to be prepared to listen and accept new formulae and approaches. The new political thinking was basically corroborated by these original allies of the Soviet president. Over the years (1985-1990), Shevardnadze's flexibility and pragmatic approach eased the negotiation of major East-West arms agreements. He retained a strong interest in domestic policy as he spent his entire previous career in that area, and he continued to play an important role at home. In the West, he was respected and made friends for his candid style and his achievements in translating 'new political thinking' into the liberation of East Europe, the winding down of the Cold War and a host of disarmament agreements. Yakovlev also played a key role in internal and external affairs, being both one of Gorbachev's closest associates in the general area of ideology and head of the new International Affairs Commission of the Central Committee, thus effectively in charge of coordinating foreign policy strategy. He had been praised as the main driving force behind *glasnost*: promoting free speech and openness after 70 years of Communist oppression.

The coincidence of these three groups made the appearance of the 'new political thinking' in foreign policy relatively smooth and simple, compared to the more bitterly contested questions like economic reform or the future of the Soviet Union. External and domestic factors were essential components of adequate explanations of Soviet international behaviour and derived their importance from their effect on elite attitudes, which in turn shaped the priorities of Soviet leaders.

Gorbachev wanted to escape from the old pattern of arms races, and to deal with the threatening international situation by political rather than by military means. He stressed the need for a stable and peaceful international environment in order to concentrate on domestic reforms, and put forward 'new political thinking' as a conceptual framework to guide Soviet foreign policy in a new direction.<sup>76</sup>

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76. David Holloway, 'State, Society, and the Military', in Dallin & Ladipus, *The Soviet System in Crisis* (Boulder: Westview, 1991), p. 619.

Whereas 'new political thinking' on foreign policy issues clearly owed its ascendancy to the change in the domestic climate, influence flowed predominantly from the international to the internal sphere. This was due to the fact that new thinking was easier to formulate and deploy successfully in the international arena than on the less tractable domestic front. Success gave 'new thinking' and associated policies considerable impact on domestic development.<sup>77</sup> Although this is one example of the unintended stimulation of domestic change by foreign policy innovation, Gorbachev on occasion deliberately sought to use the international success of 'new political thinking' to boost the domestic fortunes of *perestroika*.<sup>78</sup> Efforts of this kind to reinforce the linkage between international and domestic policy thinking contribute to the general strengthening of connections between international issues and domestic politics.<sup>79</sup> In the following chapters, I will attempt a comprehensive analysis of this connection.

### **Domestic Politics**

On 25 December 1991, immediately after President Gorbachev's resignation, the red hammer-and-sickle flag of the USSR was pulled down from the flagstaff on the roof of the Kremlin to be replaced by the Russia's white, red and blue banner. The political changes in the former Soviet Union have taken a rapid turn: the revolutionary transformation of a totalitarian dictatorship into a more liberated society.

Gorbachev came to power in 1985 and he made many moves over the following period: *perestroika*, democracy and political and economy reforms, and *glasnost*. These policies were formulated at the April 1985 Plenary Meeting of the CPSU Central Committee; the subsequent 27th Congress of the Party in 1986; the January and June plemums of the Central Committee in 1987; at the 19th Party Conference, developments in the economy, restructuring of the Party and constitutional reforms in

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77. Hasegawa and Pravda, *Perestroika: Soviet Domestic and Foreign Policies*, pp. 15-16.

78. See, for instance, his speech to the Supreme Soviet, *Pravda*, 2 August 1989, pp. 1-2.

79. Hasegawa and Pravda, *Perestroika: Soviet Domestic and Foreign Policies*, p. 16.



1988; and the campaign for and elections to the Congress of People's Deputies in 1989; elimination of Article Six of the Soviet Constitution in the plenary session of the CPSU Central Committee in February 1990; and at the 28th Party Congress in 1990.

*Glasnost'* was perhaps the most significant of the changes that was introduced into Soviet domestic affairs.<sup>80</sup> The principle of *glasnost'* was increasingly applied to foreign as well as domestic policy. The policy of openness produced a change in the Soviet approach to verification of international agreements, especially in the area of arms control, and led to proposals for measures that cannot help but increase confidence and trust.<sup>81</sup> Greater freedom of speech was intended to expose the misdeeds of a "Brezhnevite" bureaucracy and thereby mobilize the support of the people. To justify *perestroika*, it was necessary to tell the truth about the country's desperate condition.<sup>82</sup> Gorbachev began the policy of *glasnost'* through the press and the other mass media and with the active participation of citizens. He said, we need *glasnost'* as we need oxygen.<sup>83</sup> Especially, a free press was one of the most powerful weapons against Communist Party hardliners who sought a return to total centralized control by the Kremlin. A mass movement could not exist without an influential newspaper, without direct contacts between the ideologists of that movement and each of its participants. There could be no influential public movement without an influential newspaper. Lenin was quite right when he spoke about a newspaper as a collective organizer.<sup>84</sup> Gorbachev initially started *glasnost'* as a weapon rather than a principle. It

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80. Stephen White, *Gorbachev and After*, Third Edition (Cambridge: Cambridge University Press, 1992), p. 258.

81. Yuri Davydov, 'Old Problems, New Thinking', in Abraham Brumberg, ed., *Chronicle of a Revolution: A Western-Soviet Inquiry into Perestroika* (New York: Pantheon Books, 1990), p. 229.

82. Peter Cipkowski, *Revolution in Eastern Europe* (New York: John Wiley & Sons, 1991), p. 155.

83. Gorbachev, *Perestroika i Novoe Myshlenie dlya Nashei Strany i dlya vshego Mira*, p. 75.

84. *New Times*, no. 28 (16-22 July 1991), p. 14; Lenin argued this in *What is to be Done?* (Moscow: Progress Publishers, 1978), pp. 149-174.

was his tool for exposing the mistakes of his predecessors and the conservatives who surrounded him. By 1988 it had become a way of life. Press and public were eagerly discussing their past and present as they had never done for the previous 70 years.

Therefore, we cannot overestimate the role of the mass media in the process of change in Soviet society. The main role at the last stage of perestroika was played by the masses. The change of the people's consciousness caused the regime to collapse. The change of the people's consciousness itself was caused by glasnost policy and the mass media. Therefore, we can say it was Gorbachev's glasnost' policy and the activities of the mass media that ended the communist totalitarian regime.<sup>85</sup>

After the January 1987 Plenary Meeting of the CPSU Central Committee, the Soviet Union entered a period of bold and far-reaching reforms. It was the June 1987 Plenary Meeting of the CPSU Central Committee, for example, which adopted "Fundamentals of Radical Restructuring of Economic Management."<sup>86</sup> At that time, Gorbachev contended that this was the most important and most radical programme for economic reform in the Soviet Union since Lenin introduced NEP in 1921.<sup>87</sup>

A series of resolutions calling for the further democratisation of Soviet society and for the reform of the political system were adopted at the Nineteenth All-Union Party Conference, held from 28 June 1988 to 1 July 1988. Gorbachev introduced multicandidate elections and created a full-time parliament, cutting across significant lines of Communist party authority. An entirely new electoral law, for instance, approved in December 1988, broke new ground in providing for a choice of candidate

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85. Fumio Uda, 'What Mass Media Did in the Past and What It Can Do in the Present and Future', in Osamu Ieda, ed., *New Order in Post-Communist Eurasia* (Sapporo, Japan: Slavic Research Centre, Hokkaido University, 1993), p. 36.

86. See, *Pravda*, 27 June 1987, pp. 2-3.

87. Gorbachev, *Perestroika i Novoe Myshlenie dlya Nashei Strany i dlya vshego Mira*, p. 29.

at elections to local and national-level authorities.<sup>88</sup> In March 1989, Soviet citizens voted for the first time in multiparty elections. In the first elections for the Congress of People's Deputies, the supreme body of the state, many powerful old Communist deputies were defeated, further weakening the old guard. This parliament actively debated and even opposed government programs. For example, on 12 December 1989 forty percent (a vote of 1,138 to 839 with 56 abstentions) of the deputies at the Second Congress voted in favour of immediate discussions on 'Article Six' of the Soviet Constitution, the clause which layed down that the Communist Party must have a 'leading role' in society.

The lesson of 1989 in Eastern Europe was that the Communist party could rule no more. The Soviet leader decided that he had to remove the party from the centre of the stage as gracefully but as firmly as he could. In January 1990, Gorbachev tried to transfer political authority from the Party to the government - a delicate exercise that involved reducing the Party's day-to-day administrative role. It also required ending the ban on competing political parties, and establishing a strong presidency. In theory, a complete transition would mean that his real power would be derived from his position as president rather than as general secretary.<sup>89</sup> On 5-7 February 1990, the plenary session of the CPSU Central Committee became a climax in the efforts taken by the Soviet leaders and aimed at overcoming the economic, social and political dogmas, obsolete stereotypes in domestic policy and obsolete views upon global revolutionary process and global development as a whole. The experiences of perestroika and glasnost in the Soviet Union proved that a broad public in the Soviet Union abandoned everything that brought the USSR into isolation from the global stream in the development of productive forces and the remarkable achievements of the civilization

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88. Stephen White, 'Towards a Post-Soviet Politics?', in White, Pravda and Gitelman, eds., *Developments in Soviet and Post-Soviet Politics*, Second Edition (London: Macmillan, 1992), p. 11.

89. Peter Cipkowski, *Revolution in Eastern Europe*, pp. 164-165.

of the 20th century.<sup>90</sup> In this plenary session, the Communist Party leadership also repudiated Article 6 of the Soviet Constitution, which guaranteed the leading role of the Communist Party.<sup>91</sup> This fundamental change permitted the rise of a multiparty system. Gorbachev realized that it was difficult for a government to govern without free elections that provide feedback as to the success of its policies.<sup>92</sup>

On 25 July 1991 the Communist Party's policymaking Central Committee considered a proposed new platform, a reformist programme preparing the party to compete in a pluralist, parliamentary democracy and support a mixed, market-oriented economy.<sup>93</sup> The platform's adoption had fundamental significance for the Soviet Union since, at that time, the Communist Party remained the strongest political force in the country. No longer would the party claim, as it did in the platform adopted in 1986, to be preparing for "the planned and all-round perfection of socialism, for Soviet society's further advance to communism through the country's accelerated socio-economic development." The party's draft programme, the first since a 1960s version forecast the "victory of Communism" within 20 years, stressed social democratic values that embraced free enterprise and private property.

On 25 July 1991, in an opening speech of a Central Committee session, Gorbachev declared 'we should abandon claims to be "the backbone of the state" and adopt as its ideology "all the riches of Soviet as well as world socialist and democratic thought", rather than just Marxism-Leninism'.<sup>94</sup> This sort of broad-church party was central to his concept of the Soviet Union as an integral part of world civilisation.

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90. Vladilen B. Vorontsov, 'Developments in the USSR and the ROK: Impact upon Soviet-South Korean Relations' in the third Korean-Soviet Conference in Seoul, Korea (16-17 April 1990), p. 2.

91. *Izvestiya*, 6 February 1990, pp. 1-2.

92. *The Gorbachev Revolution: End of Empire*, The Guardian Collection, no. 5 (1991), p. 18.

93. *Izvestiya*, 26 July 1991, pp. 1-2.

94. *Izvestiya*, 26 July 1991, p. 2.

Indeed, he boasted that at the London G-7 Meeting (July 15-17, 1991), 'a start was made to the organic integration of the USSR into the world economy' - which his hardline critics called a sell-out to capitalism.<sup>95</sup> The most prominent issue was the question of Western financial aid to the Soviet Union. The G-7 leaders virtually agreed that giving large-scale financial aid to the Soviet Union was premature. Instead, they formed a basic agreement to incrementally expand support in accordance with the pace of Soviet economic reform. But the attitudes of each of the G-7 countries toward the Soviet Union differed. Problems also existed on the Soviet side. One question was 'Can the Soviet Union really develop effective economic reform plans on its own?'

The Congress of People's Deputies passed a law suspending sections of the Soviet Constitution and created a three-part interim structure: a State Council comprising Gorbachev and the leaders of participating republics, and an Inter-republic Economic Committee. Gorbachev said that the treaty would help ensure the continuance of the USSR as a world power. He stressed that the USSR's continuing obligations to other states was important not only for the USSR, but for the world community "which highly values our country's contribution to the shaping of new international relations." Because the republics were now free, within the framework of a common foreign policy, to enjoy their own diplomatic, trade, cultural and other contacts with foreign states, there were new opportunities for mastering world experience and the USSR's integration into the world economy.<sup>96</sup>

After the abortive coup in August 1991, Gorbachev suspended the party, dismissed his cabinet, purged the KGB, created a new power-sharing State Council, recognized the Baltic states, and gave up the party leadership. He seemed to be moving toward a new union treaty, with a new lease on life for himself, as disoriented republic

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95. *The Gorbachev Revolution: End of Empire*, p. 58.

96. *Soviet Weekly*, no. 2579 (8 August 1991), p. 3.

presidents huddled around the Kremlin, alarmed at the prospect of chaotic disintegration.

In fact Gorbachev's fate was sealed when on 8 December 1991, the three most powerful republics - Russia, Ukraine and Belorussia - signed an agreement on the establishment of the Commonwealth of Sovereign States behind his back. It would have no part of any new Moscow-based federation or agreement, and when its residents voted overwhelmingly for independence at the beginning of December 1991, the union was finished. On 25 December 1991, the 'Gorbachev era' ended when Gorbachev, the last leader of the Soviet Union, ceded place to Yeltsin, the first ruler of the new Russia. On 1 January 1992 the Soviet Union was formally disbanded and replaced by a Commonwealth of Independent States composed of 11 former Soviet republics.

As the twentieth century entered its final decade, one thing was clear: Gorbachev's attempt to conduct a reform from above had stirred up a revolution from below. The reverberations of this revolution shook virtually every aspect of Soviet domestic and foreign policy. Processes of reform that were initially aimed at stimulating the Soviet economy and reviving the population's involvement in the country's political life had led to a dramatic turnabout in Moscow's relations with the West and to the transformation of the postwar political order.<sup>97</sup>

As mentioned above, internal developments were intimately connected with foreign policy. Gorbachev and his chief supporters announced at the outset that the restructuring of the Soviet domestic system would be accompanied by parallel efforts to effect a *perestroika* in international relations.<sup>98</sup> Soviet internal changes of policy made possible a dramatic change in Soviet foreign policy for nearly seven years of Gorbachev's *perestroika*. They contributed to the changing climate in international affairs. Particularly, these developments brought major changes in Soviet's relations

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97. Michael J. Sodaro, *Moscow, Germany, and West: From Khrushchev to Gorbachev* (London: I. B. Tauris, 1991), p. 382.

98. Sodaro, *Moscow, Germany, and West: From Khrushchev to Gorbachev*, p. 319.

with U.S., Eastern and Western Europe, and Asia-Pacific area. The following chapters will deal with the major changes in Soviet foreign policy in this area in more detail.

## Chapter 3. New Thinking and Soviet Foreign Relations

### 3.1 Background of New Political Thinking

The CPSU will pursue a vigorous international policy stemming from the realities of the world we live in.<sup>1</sup>

Revolutionary internal change in the Soviet Union made it imperative that Soviet foreign policy, too, be renewed rather than simply improved. Foreign-policy priorities are dictated by international priorities: foreign policy must adequately reflect the requirements of the internal development of a state as well as its social system, rather than merely ensure the best possible conditions for achieving its internal goals.<sup>2</sup> That is why as early as April 1985 Gorbachev asked himself what foreign policies perestroika must pursue.<sup>3</sup>

There are two roots of the 'new thinking'(or 'new political thinking'). The first is the domestic changes that have taken place in Soviet society and its political system in the post-Brezhnev era. The realities of Soviet society have undergone tremendous changes in the past thirty years, and now, in Gorbachev's view, it faced grave problems. It is no longer necessary to prove that the command, extensive and bureaucratic economy and the authoritarian, bureaucratic and overcentralised political system that went hand in hand with it had exhausted their capabilities by the early 1980s and required cardinal change.<sup>4</sup> After the legacy of Brezhnev's "zastoi (stagnation)" Gorbachev's foreign-policy changes were designed to cope with Soviet domestic

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1. *Pravda*, 26 February 1986, p. 2.

2. Oleg A. Grinevsky, East-West: Problems of Security, Confidence and Disarmament, in Armand Clesse and Thomas C. Schelling, eds., *The Western Community and The Gorbachev Challenge* (Baden and Baden: Nomos Publishing Company, 1989), p. 304.

3. See *Pravda*, 24 April 1985, pp. 1-2.

4. Konstantin Nikolayev, *The New Political Thinking: Its Origins, Potential and Prospects* (Moscow: Novosti Press Agency, 1990), p. 48.



difficulties; the means to solve them was by increasing access to Western technology, expanding trade, and relieving some of the burden of military expenditure.

As mentioned above, the principal points of departure for Gorbachev's foreign-policy thinking were domestic changes. The democratization of political life in the Soviet Union provided the basis for democratization in the area of international relations as well. The development of pluralism in the Soviet Union made it possible to view the political structures and decisionmaking processes in other countries with far greater objectivity.<sup>5</sup> It was thus perestroika and internal renewal that gave an impetus to the ideas of new thinking and promoted its wide acceptance in international relations.<sup>6</sup> For this, Gorbachev's foreign policy effort was directed toward contributing to the creation of favourable conditions for perestroika, for political, economic and social reforms meeting the interests of all Soviet people.<sup>7</sup>

Secondly, Gorbachev's new foreign policy was also formulated in the light of the realities of rapidly changing world. At the 27th Party Congress of February 1986, Gorbachev said:

The changes in current world developments are so deep-going and significant that they require a reassessment and a comprehensive analysis of all factors. The situation created by the nuclear confrontation calls for new approaches, methods, and forms of relations between the different social systems, states and regions.<sup>8</sup>

In his speech on the Soviet moratorium on nuclear explosions, 'A call for a policy of realism,' Gorbachev said:

The present-day world is complicated, diverse and controversial. At the same time, it is becoming, objectively, ever more interdependent and integral.... The aggravation of global problems is also characteristic of

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5. Yuri Davydov, Old Problems, New Thinking, in Abraham Brumberg(ed.), *Chronicle of a Revolution: a Western-Soviet Inquiry into Perestroika* (New York: Pantheon Books, 1990), pp. 228-229.

6. Oleg A. Grinevsky, 'East-West: Problems of Security, Confidence and Disarmament', p. 305.

7. The Foreign policy and Diplomatic Activity of the USSR (November 1989 - December 1990) A survey prepared by the USSR Ministry of Foreign Affairs, *International Affairs* (Moscow), April 1991, p. 5.

8. *Pravda*, 26 February 1986, p. 8.

today's world. But they cannot be resolved without pooling the efforts of all states and peoples.... Many new world processes have thus been tied into a tight knot.... Soviet foreign policy is based on an understanding of the profound changes occurring in the world.<sup>9</sup>

In his speech on progress in implementing the decisions of the 27th CPSU Congress and the tasks of promoting perestroika, Gorbachev, from the standpoint of the world with its mounting nuclear menace, said:

...while concentrating enormous funds and attention on the military aspect of countering imperialism, we did not always make use of the political opportunities opened up by the fundamental changes in the world in our efforts to assure the security of our state, to scale down tensions, and promote mutual understanding between nations. As a result, we allowed ourselves to be drawn into an arms race, which could not but affect the country's socio-economic development and its international standing.<sup>10</sup>

Thus Gorbachev's new political thinking rested squarely on the premise that we live in an interconnected and interdependent world. The global problems affecting all mankind require a common effort to solve them. The prospect of a nuclear holocaust was depicted as a crucial danger that had to be faced and overcome. This is also true for ecology no less than for the search for security. The imperative that the challenge of global problems had to be met could equally be understood to imply that the Soviet Union give up antagonism against the West in order to allow for joint efforts against common challenges, such as modern war and constantly growing environmental destruction.<sup>11</sup>

The idea of world harmony has produced a new vision of the entire range of the East-West relations. It is not only that the East and the West can and must coexist. The fundamentally new idea was that the two socio-economic systems were in a way useful and even necessary to each other. The change toward more tolerance put a new

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9. *Pravda*, 19 August 1986, p. 1.

10. *Pravda*, 29 June 1988, p. 3.

11. Gerhard Wettig, 'Basic concepts of Gorbachev's new security thinking', in Jyrki Livonen, ed., *The Changing Soviet Union in the New Europe* (Aldershot: Edward Elgar, 1991), p. 88.

perspective on the problem of a nation's right to choose its own social and economic forms of life. The more complicated world becomes with its advancing economies, social forms and relations, the more these interact with one another, and the more alternatives open up before civilisation, society and man. General human values should constitute the criterion of any action and initiative in international politics. These fundamental ideas lead new political thinking to a broader understanding of security.<sup>12</sup>

In sum, in an official review of foreign policy prepared by the Soviet Foreign Ministry, the following factors were held to influence the evolving concept of 'new political thinking':

- The rapid development of science and technology, especially in the areas of electronics and information;
- The mounting trend towards an interpenetration of economic mechanisms at regional and global level;
- Changes in the political sphere where ideas of freedom and democracy, the supremacy of law and order, and freedom of choice are increasingly taking hold of people's thinking;
- Change in the very concept of national security, with the stress less on military factors than economic, technological and monetary factors; and
- Unity and interdependence of the world... and the supremacy of universal interests.<sup>13</sup>

Therefore, the rethinking of the realities of international development found its conceptual expression in the set of policy guidelines known as new political thinking, which is not a sudden revelation but rather a logical result of the development of philosophic as well as political thought and of the moral and ethical rules of the second half of the twentieth century.<sup>14</sup>

### **3.2 Principles of New Political Thinking**

'New political thinking' is widely used to describe the distinctive approach to international affairs by Soviet officials and academics in the second half of the 1980s.

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12. Nikolayev, *The New Political Thinking: Its Origins, Potential and Prospects*, pp. 18-19.

13. The Foreign Policy and Diplomatic Activity of the USSR (April 1985 - October 1989) A Survey Prepared by the USSR Ministry of Foreign Affairs, *International Affairs* (Moscow), January 1990, pp. 8-10.

14. Grinevsky, 'East-West: Problems of Security, Confidence and Disarmament', p. 305.

This new image of the world can be found in its various stages of evolution in Gorbachev's speeches and reports, and in the speeches of his advisers and supporters. On 25 February 1986, the idea of the world as being integral and interdependent was officially formulated for the first time, in the Political Report of the CPSU Central Committee to the 27th Party Congress. At this Congress Gorbachev introduced the new political thinking as a comprehensive part of the basic framework of Soviet foreign policy:

The situation has reached a turning point not only in internal but also in external affairs. Changes in current world development are so profound and so significant that they require rethinking and complex analysis of all factors. The situation of nuclear confrontation calls for new approaches, methods, and forms of relations between the different social systems, states, and regions.<sup>15</sup>

New thinking flowed directly from this concern. In his speech at the UN, Gorbachev said of the new thinking:

...the concept of comprehensive international security is based on the principles of the UN Charter and the assumption that international law is binding on all states. While championing demilitarization of international relations, we would like political and legal methods to reign supreme in all attempts to solve the arising problems. Our ideal is a world community of states with political systems and foreign policies based on law. This could be achieved with the help of an accord within the framework of the UN on a uniform understanding of the principles and norms of international law; their codification with new conditions taken into consideration; and the elaboration of legislation for new areas of cooperation. In the nuclear era, the effectiveness of international law must be based on norms reflecting a balance of interests of states, rather than on coercion....International ties will fully reflect the real interests of the peoples and reliably serve the cause of their overall security only when man and his concerns, rights and freedoms are in the centre of things.<sup>16</sup>

In his speech at a special session of the National Assembly of Cuba in April 1989,

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15. M. Gorbachev, 'Politicheskii doklad Tsentralnogo Komiteta DPSS XXVII s"ezdu Kommunisticheskoi Partii Sovetskogo Soyuz,' *Materialy XXVII s"ezda Kommunisticheskoi Partii Sovetskogo Soyuz* (Moscow: Politizdat, 1986), p. 4.

16. *Izvestiya*, 8 December 1988, p. 2.

Gorbachev explained that the concept of new political thinking had

developed as a result of an ever more in-depth analysis of the international situation and through a generalisation of our experience in foreign policy. On the one hand, it has shown how difficult it is to secure concerted action when there is a great diversity of forces acting in the international arena. Each of them, whether we speak of social systems or states, mass movements or political parties, above all pursues its own aims, which in some ways coincide and in some ways clash. Nobody can ever stop the ideological and political struggle stemming from the pluralism of interests and convictions. On the other hand, the experience of recent times has demonstrated that, despite the contradictions and disagreements existing in the world, it has been possible to move the barometer's needle noticeably closer to "clear". This means that the area of common, concurrent interests is wide enough to enable it to serve as the basis for joint action on a global scale.<sup>17</sup>

In his speech on major directions of the USSR's domestic and foreign policy on May 30, 1989, Gorbachev emphasized the principles of the Soviet foreign policy course as follows:

The country's security should be ensured primarily through political means, as a component of universal and equal security, in a process of demilitarization, democratization and humanization in international relations, with a reliance on the prestige and resources of the United Nations Organization; -Nuclear weapons should be eliminated in the course of the negotiating process which should be oriented towards disarmament and reduction of countries' defence potential to the point of reasonable sufficiency; -The use of force or threat of force to attain any political, economic or other ends are inadmissible; a respect for sovereignty, independence and territorial integrity in relations with other countries are indispensable; -Dialogue and negotiations to achieve a balance of interests, and not confrontation, should become the only means of resolving international issues and settling conflicts; -We are in favour of making the Soviet economy part of the world economy on a mutually beneficial and equitable basis, and in favour of active participation in the formulation and observance of the rules of the present international division of labour, scientific and technological exchanges, trade, and cooperation with all those who are prepared for it.<sup>18</sup>

Under such conditions, Gorbachev opted for a very intelligent and courageous

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17. *Pravda*, 6 April 1989, p. 2.

18. *Pravda*, 31 May 1989, p. 3.

approach: according to his assessment, a paradigm shift in world politics was inevitable. By this, the traditional pattern of hegemony-oriented power politics would be superseded by new, global challenges, such as ecological issues, North-South relations, etc., which could be solved only by reaching international cooperation. Since coming to power, Gorbachev has tried to gain a leading role for the Soviet Union in this paradigm shift, thus maintaining or regaining international reputation and sympathy, allies and impact.<sup>19</sup>

On the basis of the new political thinking, those principles in its foreign policy can be summarized as follows:

### **Principles of equality and reciprocity**

In February 1989, in Kiev, Gorbachev maintained that Soviet relations with the socialist states should be based on "unconditional independence, full equality, and strict non-intervention in internal affairs."<sup>20</sup> This had profound implications for Soviet policy towards Eastern Europe, the West, and the Third World.

In the past, peaceful coexistence served from the time of its emergence and for a long historical period as a principle governing the state-to-state relations of socialism and capitalism. Today, however, according to Gorbachev, it was interpreted as a supreme, universal principle of mutual relations among all the world's states, without exception.<sup>21</sup> Having embraced the idea of a single world, Gorbachev argued, one realizes sooner or later that it is impossible to ensure national interests unless they are placed in the context of 'universal human values' rather than class interests. Ensuring the survival of humanity, delivering it from the risk of nuclear war, ecological disaster, hunger and whatever may pose a threat of annihilation of paramount importance.

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19. Albrecht A.C. von Muller, 'Conventional Stability 2000: How NATO Could Regain the Initiative', in Clesse and Schelling, eds., *The Western Community and The Gorbachev Challenge*, p. 332.

20. *Pravda*, 24 February 1989, p. 3.

21. See, Oleg Nikolayevich Bykov, 'The Concept of Peaceful Coexistence in Light of the New Thinking', in Steve Hirsch, ed., *MEMO 2: Soviets Examine Foreign Policy for a New Decade* (Washington: The Bureau of National Affairs, 1991), pp. 183-200.

Universal human priorities prevail over differences in social systems, world outlooks, ways of life and traditions.<sup>22</sup> The new trends led to the vital principles of a 'state based on law' and 'respect for the individual.' Then came the notions of 'dialogue' and 'solving political conflicts by political means.'

Therefore, the creative development and enrichment of the concept of peaceful coexistence is an important component of the new political thinking and new approach to solving urgent current problems.<sup>23</sup>

### **Freedom of choice**

According to traditional Soviet thinking, progress from capitalism to socialism is historically inevitable. So the choice of the socialist system was predetermined. On the contrary, the secession from socialism runs counter to progress according to Marx's interpretation of history. Thus the old ideology did not in fact recognize 'freedom of choice.'

A basic idea in the new thinking is the concept of 'freedom of choice.' This concept stems from the unprecedented and mounting diversity of the world. In his book *Perestroika*, Gorbachev emphasized the principle of the 'freedom of choice.'

Every nation is entitled to choose its own way of development, to dispose of its fate, its territory, and its human and natural resources. International relations cannot be normalized if this is not understood in all countries. For ideological and social differences, and differences in political systems are the result of the choice made by the people.<sup>24</sup>

At the 43rd Session of the UN General Assembly in September 1988, Shevardnadze emphasised the freedom of choice as the key element in new political thinking as follows:

Probably nowhere is the role of law so important as in ensuring freedom of choice, which is the key element in new political thinking. For

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22. Grinevsky, 'East-West: Problems of Security, Confidence and Disarmament', p. 306.

23. Bykov, 'The Concept of Peaceful Coexistence in Light of the New Thinking', p. 190.

24. Mikhail Gorbachev, *Perestroika i Novoe Myshlenie dlya nashey Strany i dlya vsego Mira* (Moscow: Politizdat, 1988), p. 184.

there can be no freedom to choose one's own way as long as international law is being constantly violated, as it is in Southern Africa, the Middle East, Central America, and elsewhere. Freedom of choice defies restrictions within ideological borders or geographical zones. It cannot be stopped by crusades; it can only be recognized. It is absolute, and equally absolute is our respect for it, regardless of what a particular country's orientation is.... we hope to use this key to open many doors that until now have been tightly locked.<sup>25</sup>

Gorbachev also noted in his UN speech in December 1988 that socialist pluralism dictated the principle of 'freedom of choice' for all countries. On the notion of 'freedom of choice' Gorbachev stated:

We also clearly see that the principle of freedom of choice is a must. Refusal to recognize this principle will have serious consequences for world peace. To deny a nation the freedom of choice, regardless of the pretext or the verbal guise in which it is cloaked, is to upset the unstable balance that has been achieved at this point. Freedom of choice is a universal principle to which there should be no exceptions.<sup>26</sup>

In July 1989, in his speech to the Council of Europe, Gorbachev reiterated the Soviet Union's adherence to a policy of non-interference in the affairs of other countries. He stressed:

Social and political orders in one or another country changed in the past and may change in the future. But this change is the exclusive affair of the people of that country and is their choice. Any interference in domestic affairs and any attempts to restrict the sovereignty of states, both friends, allies or any others are inadmissible.<sup>27</sup>

This principle which every nation is free to choose the ways and means of its own developments, gave tremendous help to the forces of change in the countries of Central and Eastern Europe including the demolition of the Berlin Wall in November 1989. This principle was 'a fundamental precondition for building up a new type of

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25. *Pravda*, 28 September 1988, p. 2.

26. *Izvestiya*, 8 December 1988, p. 1.

27. *Pravda*, 7 July 1989, p. 2.



world order.'<sup>28</sup>

### **Equal security**

Gorbachev's regime introduced new political thinking in its military policy which was completely different from the previous one. The new principle was that the use or threat of force could no longer be an instrument of foreign policy. Without disarmament, reduction of military expenditure, conversion of military industries, it would be very difficult to manage increasingly problems both with perestroika and with global affairs. So, Gorbachev radically altered the Soviet concept of national security.<sup>29</sup>

The Gorbachev period witnessed a spate of unprecedented foreign policy initiatives, particularly in the sphere of arms control. When we analyze Gorbachev's series of arms control proposals, we can find some new concepts in his military strategy. First, a new security view - 'nonmilitarization' - appeared. The economic and technological development of a country was becoming a key factor of its security, while the significance of the military factor diminished. The relations among nations influenced each other more through economic and technological means than through military power. Second, mutual security theories which did not threaten the security of other countries emerged. Third, the Soviet Union's military doctrine was converted from "parity" doctrine to a defence doctrine based on "the principle of reasonable sufficiency", particularly to free the country from the excessive cost of the arms race and confrontation and to channel the resources thus released toward peaceful activities and perestroika. Gorbachev first introduced this notion at the 27th Party Congress in

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28. *Pravda*, 3 July 1990, p. 3.

29. On the Concept of National Security, see the Foreign Policy and Diplomatic Activity of the USSR (April 1989 - October 1990) A Survey prepared by the USSR Ministry of Foreign Affairs, *op. cit.*, pp. 9-10.

1986.<sup>30</sup> Fourth, Gorbachev's new security view inevitably broke with Brezhnev's theory of nuclear deterrence. Finally, the Soviet Union had 'the denial of violence' as its object in revolutionary support towards the Third World.<sup>31</sup>

As mentioned above, the attitude of new military strategy reflected the change in the international revolutionary strategy of the Soviet Union. This attitude was also relevant to their less hostile approach towards the West. Gorbachev's "mutual dependence" and "mutual security" basically changed the West's foreign and military policy which was previously based upon the assumptions of a "the Soviet's threat" and "deterrence" after the Second World War.

### **Balance of interests**

In the past, differences often acted as barriers; today they can develop into factors of rapprochement and mutual enrichment, specific interests underlie all differences between social systems, ways of life, and value preferences. There's no getting away from this fact. But then, there's also no getting away from the necessity to balance these interests on the international level. Their balance is a vital condition of survival and progress.<sup>32</sup>

As Gorbachev announced in the above UN speech, ideology could no longer play a dominant role in relations among nations. As Gorbachev emphasised, balance of interests formed the foundation on which interstate relations in the present-day world

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30. Gorbachev said as follows: renunciation by the nuclear powers of war - both nuclear and conventional - against each other or against third countries; Prevention of an arms race in outer space, cessation of all nuclear weapons tests and the total destruction of such weapons, a ban on and the destruction of chemical weapons, and renunciation of the development of other means of mass annihilation; a strictly controlled lowering of the levels of military capabilities of countries to limits of reasonable adequacy; disbandment of military alliances, and as a stage towards this - renunciation of their enlargement and of the formation of new ones; balanced and proportionate reduction of military budgets. *Pravda*, 26 February 1986, p. 8.

31. For discussions on the military rethinking, see Stephen M. Meyer, 'The Sources and Prospects of Gorbachev's New Political Thinking on Security', in Sean M. Lynn-Jones, Steven E. Miller and Stephen Van Evera, eds., *Soviet Military Policy* (Cambridge: The MIT Press, 1989), pp. 110-149; Gerard Holden, "Soviet 'New Thinking' in Security Policy", in Mary Kaldor, Gerard Holden and Richard Falk, eds., *The New Detente: Rethinking East-West Relations* (London: Verso, 1989), pp. 235-250; Michael McGnire, *Perestroika and Soviet National Security* (Washington: The Brookings Institution, 1990); Gerard Holden, *Soviet Military Reform: Conventional Disarmament and the Crisis of Militarised Socialism* (London: Pluto Press, 1991).

32. *Izvestiya*, 8 December 1988, p. 1.

should be built.<sup>33</sup> The Soviet Union attached greater importance to its policy of national interest than to ideological approaches. As an important element of the new political thinking Gorbachev said of 'balance of interest' at the 19th All-Union conference of the CPSU:

As we analysed the contemporary world, we realised more clearly that international relations, without losing their class character, are increasingly coming to be precisely relations between nations. We noted the enhanced role in world affairs of peoples, nations, and emerging new national entities. This implies that there is no ignoring the diversity of interests in international affairs.<sup>34</sup>

Shevardnadze also elaborated on this theme in his book:

We did this so that governments could learn to cooperate with each other and respect each other's interests despite differences in ideology, and to look for points in common instead of subjecting their foreign policies to ideological tenets which are often at odds, and are the product of only some part of humanity, be it small or large.<sup>35</sup>

As mentioned above, balance of interests formed the foundation on which interstate relations in the present-day world should be built. So, this principle of the new thinking was based on an analysis of the entire history of the East-West relations and the relations among all nations. Deideologising relations among countries has brought down many prejudices, biased attitudes and suspicions and has cleared and improved the international atmosphere.

Now that an interrelated and interdependent world is shaping up the recognition of the primacy of 'common' is the pivot of balance of interests. The problem of survival of humankind cannot be resolved beyond this combination.<sup>36</sup>

### **An integral part of the world economy**

The country's economic invigoration can be promoted by

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33. *Pravda*, 22 September 1988, p. 4.

34. *Pravda*, 29 June 1988, p. 3.

35. Eduard Shevardnadze, *Moi Vibor v Zashitu Demokratii i Svobody* (Moscow: Novosti, 1991), pp. 118-119.

36. *Pravda*, 22 September 1988, p. 4.

implementing one of the main principles underlying the new political thinking - the Soviet economy's integration into the world economic system.<sup>37</sup>

A major foreign policy instrument meant to support economic perestroika was the deepening integration of the Soviet Union into the world economy. International economic ties were crucial to Gorbachev's efforts to modernize the Soviet economy. The rapid decline in the Soviet economic situation necessitated concerted efforts to eliminate the economic isolation of the USSR from the rest of the global economy. Improving international economic cooperation with the west was one goal of Gorbachev's new foreign-policy, especially in terms of gaining access to foreign high technology, investment and managerial expertise in order to reverse this process of decline.

From the very beginning of his term in office Gorbachev planned far-reaching expansion in the sphere of Soviet foreign economic relations, as he revealed in a speech of 23 April 1985:

The Soviet Union is advocating fruitful and all-round economic, scientific and technological co-operation built on the principles of mutual benefit and excluding any sort of discrimination; it is prepared to continue to expand and develop trade relations on the mutual interests of both sides.<sup>38</sup>

Gorbachev was keenly sensitive to the interconnections between the domestic and international components of perestroika. He viewed arms control, diplomatic, cultural, and commercial ties between the East and the West as prerequisites for his country's socio-economic transformation.<sup>39</sup> Regarding the link between internal reforms and foreign trade policy, his report on the guidelines for the economic and social development of the USSR for 1986-1990 and for the period ending in 2000 stated the

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37. Shevardnadze, *The world has become a safer place* (Moscow: Novosti Press Agency, 1989), p. 23.

38. *Pravda*, 24 April 1985, p. 2.

39. Erik P. Hoffman, 'Perestroika and the new international economy', in Marie Lavigne, ed., *The Soviet Union and Eastern Europe in the Global Economy* (Cambridge: Cambridge University Press, 1992), p. 182.

following:

We hold that in the modern world, active development of economic, scientific and technical ties and participation in the international division of labour are vitally necessary. We consider this an important means of maintaining and strengthening peaceful, good-neighbourly relations among states, and of rendering mutual assistance in resolving national economic problems.<sup>40</sup>

On the basis of the new political thinking, Gorbachev indicated the following principle in his foreign policy at the Congress of People's Deputies of the USSR in June 9, 1989:

The Soviet economy must become an integral part of the world economy on the basis of equality and mutual advantage, must actively participate in the shaping and observance of the rules of the contemporary international division of labour, scientific and technological exchange, and trade.<sup>41</sup>

As mentioned above, the Soviet Union sought an international trading position equal to its economic potential and political status. World economy is interconnected and interdependent as a result of rapidly expanding economic, scientific-technological, cultural and information exchanges.

All these principles imparted a dynamism to Soviet foreign policy and made it possible to come forward with a whole series of major initiatives.

### **3.3 Practices of New Political Thinking**

Gorbachev's fall from power cannot diminish the fact that he changed the world more than any leader since the second world war. Gorbachev and Shevardnadze, his foreign minister, transformed Moscow's view of the world and the world's view of Moscow. They co-managed a transformation in Soviet foreign policy from cold War rivalry to co-operation in all areas, from arms control to the freer flow of information

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40. *Izvestiya*, 4 March 1986, p. 4.

41. *Izvestiya*, 10 June 1989, p. 1.

and people.

The Soviet Union pursued two objectives in implementing the principles of their new foreign policy. In his speech at the third session of the USSR Supreme Soviet on the results of the summit with the President of the USA and the outcome of the meeting of the Political Consultative Committee of the Warsaw Treaty member states, Gorbachev said,

the first objective is to create the necessary favourable external environment to enable us to tackle both domestic tasks and the overall problem now facing mankind - how to ensure its survival. The second is that we want to ease the burden on our economy. The Soviet Union intended to take radical measures to attain both objectives.<sup>42</sup>

There are two ways to assess the importance of new political thinking in the Soviet Union. First, there is its foreign dimension, which created the possibility of breaking some of the major deadlocks in international relations. Second, there is its domestic role, for the new political thinking can be regarded as a function of the general change in the Soviet Union.<sup>43</sup> Gorbachev's priority was to set his own house in order by focusing on the internal requirements of economic growth and political change. These demanding domestic tasks required a more placid external environment and a long-term reduction in military spending.<sup>44</sup>

### **Soviet-U.S Relations**

Foreign policy, based on the new thinking, yielded positive results between the Soviet Union and the United States. Signs of the changing times were quick to surface in foreign policy. In November 1985, Gorbachev and Reagan met in Geneva, and embarked on a journey which led to an end of the cold war. Moscow made the first in

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42. *Izvestiya*, 13 June 1990, p. 2.

43. Victor A. Frenenyuk, 'Soviet New Thinking on Superpower Rivalry' in John F. Weeks, ed., *Beyond Superpower Rivalry: Latin America and the Third World* (New York: New York University Press, 1991), p. 21.

44. Michael J. Sodaro, *Moscow, Germany, and the West: From Khrushchev to Gorbachev* (London: I. B. Tauris, 1991), p. 319.

a series of shifts in the Strategic Arms Reduction Treaty (START) negotiations that signalled a move in the Soviet position towards the American proposal for 'deep cuts' in strategic missiles.

On January 15, 1986, the Soviet Union carried out a number of important practical measures in the large-scale disarmament programme. Gorbachev announced a new initiative for phased arms reduction and the elimination of all nuclear arms by the year 2000. The Soviet Union discontinued nuclear tests and called upon the United States to follow suit.<sup>45</sup> The importance of this qualified concession was enhanced in February 1986 at the Twenty Seventh Party Congress when Gorbachev affirmed Moscow's willingness "to stop nuclear tests and to resolve the question of medium-range missiles in the European zone - with no direct connection to the problems of strategic arms and space."<sup>46</sup> At the Reykjavik summit on 11 October 1986, Gorbachev almost charmed President Reagan into scrapping the world's strategic nuclear weapons. They outlined a broad agreement to reduce long-range missiles and bombers by half in five years and totally by 1996, and to eliminate all but 100 medium-range missiles on each side, including those deployed in Europe, half in the first five-year phase and the balance by 1996. But in the end the meeting foundered on the US refusal to limit SDI, and the Soviet side reversed its previous offer to conclude a separate agreement on INF.

1987 was a pivotal year in Moscow's evolving detente policy. After a Central Committee plenum in January heard Gorbachev call for "truly revolutionary and comprehensive transformations in society," the Soviet leader declared on 28 February 1987 that Moscow was now prepared to negotiate an INF accord with the United States without insisting that the Americans renounce SDI.<sup>47</sup>

After the December 1987 Washington summit relations between the two

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45. Shevardnadze, *The future belongs to freedom*, p. 49.

46. *Pravda*, 26 February 1986, p. 8.

47. Sodaro, *Moscow, Germany, and the West: From Khrushchev to Gorbachev*, p. 324.

countries began to change. Gorbachev succeeded in his new policy of concessions and more flexible diplomacy through the signing of a treaty on intermediate-range nuclear force (INF) missiles, which eliminated an agreement on SDI as a precondition to other agreements. The Soviet leader's programme for a stage-by-stage moved to a world free of nuclear weapons. While the superpowers raced towards fresh arms-cutting accords, Gorbachev moved unilaterally to trim back the hugely expensive Soviet military.

U.S.-Soviet detente increased further after the signing of the INF treaty in March 1988. This landmark achievement in arms control provided clear evidence that the formative phase in Gorbachev's efforts to build a reformist coalition was largely over. The INF treaty also ushered in a new phase in East-West relations. In the Soviet Union, the INF accord opened the gates to the most critical and comprehensive reappraisal of Soviet foreign policy to be conducted in open forums since the 1920s.<sup>48</sup>

In December 1988, Gorbachev's visit to the United Nations to address the UN General Assembly aroused memories of an event of almost thirty years ago when another Soviet leader, Khrushchev, spent almost a month in New York, from 19 September to 13 October 1960. In Gorbachev's speech to the United Nations, he issued a breathtaking blueprint for world peace and an end to the "missionary" rivalry between the two superpowers. He matched his words with a dramatic unilateral cutback in the Soviet Union's conventional forces. It certainly appeared to offer real hope of fresh progress in East-West arms control.

Finally, Gorbachev and U.S President Bush pronounced the cold war dead and both countries have ceased to regard each other as enemies in December 1989.<sup>49</sup> The Malta summit marked the end of the bipolar world. In the process of amazing changes in Eastern Europe, Bush and Gorbachev discussed a wide range of issues at their first summit at Malta. They outlined a vision of cooperation between East and West as the

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48. Sodaro, *Moscow, Germany, and the West*, p. 324.

49. See Arnold L. Horelick, 'U.S.-Soviet Relations: Threshold of a New Era', *Foreign Affairs*, vol. 69, no. 1 (1989/1990), pp. 51-58.



world moved away from Cold War into a new era of prolonged peace. The two leaders declared that they had opened a new era of cooperation - rather than competition - between the two superpowers, and stressed that they had established a good working relationship.

Gorbachev got a "surprise present" from Bush at Malta in December 1989: explicit U.S. support for observer status for the Soviet Union at GATT. Thus Moscow virtually obtained a passport to the West's most important trade body. The U.S. pledge of support for Soviet entry into GATT was an indication that the Cold War structure was beginning to collapse. It was also a demonstration of the United States willingness to cooperate in Gorbachev's perestroika experiments, and that success in these market-oriented reforms would serve the interests of the West as well.

The outcome of the Soviet-US summit talks in Washington in early June 1990 was confined to achievements in the area of arms reduction. But a number of 'breakthrough' agreements were signed on other topics, of which the agreement on trade was foremost. This testified to the stable development of Soviet-American relations not only in terms of removing the military threat but also now in other areas of 'normal partner' relations.<sup>50</sup>

In July 1991, Gorbachev and Bush met in Moscow to sign a treaty cutting strategic nuclear stockpiles. The reciprocal U.S. and Soviet tactical/theatre "denuclearization" initiatives of September and October 1991 altered in a fundamental sense our conceptions of what constitutes military security at this stage in history. On September 27, 1991, President Bush announced the most dramatic reduction of U.S. nuclear weapons since the Cold War started the arms race, scaling back U.S. military power around the world because of the death of Soviet communism. In response to Bush's unilateral arms reduction, Gorbachev declared radical arms cuts including abolition of Soviet short-range nuclear weapons, matching U.S. initiatives and setting

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50. Yevgenii Primakov, 'Perestroika in the USSR and World Development Now', in Abel Aganbegyan, ed., *Perestroika Annual*, vol.3 (London: Futura, 1991), pp. 119-120.

the world on a new path of disarmament. Gorbachev said he would scrap 1,000 strategic warheads beyond mutual cuts already agreed and examine cooperation in space-based defence systems: something Moscow had mockingly rejected for nearly a decade. Gorbachev, who also announced a one-year moratorium on nuclear tests, desperately needed to cut military spending to feed his population and support market reforms. He stated that strategic warheads would be cut to 5,000 rather than the 6,000 agreed under one-third cuts with the U.S. in the Strategic Arms Reduction Treaty (START).<sup>51</sup>

In making concessions over arms cuts, Gorbachev sought to recast the traditional relationship between Soviet domestic politics and external policy. His predecessors tended instinctively to link the pursuit of external security with internal regimentation. In contrast, Gorbachev was attempting to moderate Western military behavior by capitalizing on the dramatic new programme of internal political liberalization that he first unveiled before the Central Committee in January 1987.<sup>52</sup>

During the Gorbachev era, the Soviet-U.S. summit was a major event in the process of profound positive changes in Europe and the rest of the world. Mutual understanding and cooperation between the two great states led to a number of practical steps. The atmosphere, content and nature of the Soviet-U.S. summit confirmed the vitality of the policy of new thinking. The new stage of Soviet-American relations based on cooperation and partnership was beneficial for both nations and the world community as a whole.<sup>53</sup>

The above events made it even more evident that Gorbachev wanted to de-Stalinize and demilitarize Soviet society, reduce the burdens of empire, and integrate

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51. *Izvestiya*, 7 October 1991, p. 1.

52. Bruce Parrott, 'Soviet National Security Under Gorbachev', in Dallin and Lapidus, eds., *The Soviet System in Crisis: A Reader of Western and Soviet Views* (London: Westview Press, 1991), p. 586. --

53. See, Gorbachev's speech at the third session of the USSR Supreme Soviet, *Izvestiya*, 13 June 1990, pp. 2-3.

the Soviet Union more effectively into the world trading system.<sup>54</sup> These intentions 'changed the entire world situation for the better and launched a movement towards an unprecedentedly peaceful period in the life of humanity.'<sup>55</sup>

### **Soviet-Western Europe Relations**

In Gorbachev's era he possessed an active policy toward Western Europe, seeking to undo much of the harm done in the late Brezhnev era and under his two immediate predecessors. His policy toward Western Europe was much more active than that toward Eastern Europe and, as it became more flexible, demonstrated his learning process at work.

The Soviet Union started shaping the concept of her relations with European states, envisaging the deepening of the Helsinki principles, at the April 1985 plenary meeting. Priority on Gorbachev's foreign policy agenda was given to the improvement of Soviet-West European relations and Moscow's hope to be accepted into the European house. This hope was a powerful factor in Gorbachev's decision to abandon Soviet control of Eastern Europe and allow German unification.<sup>56</sup>

His distinctive style of diplomacy - including numerous trips to West European capitals - received a favorable response from West European leaders. In July 1985, shortly after his appointment as foreign minister, Eduard Shevardnadze began to argue that more attention should be paid to expanding pan-European economic, scientific and technological and ecological cooperation-filling the neglected second 'basket' of the Helsinki agreement.<sup>57</sup> During his first visit to a Western country, to France in October 1985, Gorbachev outlined the agenda of Soviet policy vis-a-vis Western Europe. He

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54. Sodaro, *Moscow, Germany, and the West: From Khrushchev to Gorbachev*, p. 319.

55. Gorbachev's Political report of the CPSU Central Committee to the 28th CPSU Congress and the Party's tasks, *Pravda*, 3 July 1990, p. 3.

56. Vernon Aspaturian, 'Soviet Foreign Policy', in Roy C. Macridis, ed., *Foreign Policy in World Politics* (New Jersey: Prentice-Hall, 1992), p. 172.

57. Neil Malcolm, 'The 'Common European Home' and Soviet European Policy', *International Affairs*, no. 4 (1989), p. 663.

mentioned the necessity of the expansion of goodneighbourliness and cooperation with Western Europe to improve the international climate.<sup>58</sup>

During Gorbachev's first two years in power, some seeds of change in Soviet-West European relations were sown. But the main emphasis in foreign policy continued to be on the more important superpower relationship. Policy towards Western Europe was conceived of as a way of moderating the relationship with the United States.<sup>59</sup>

However, 1987 was christened 'the year of Europe' in Soviet diplomacy. It would be more accurate to say that 1987 was the starting date in a campaign of active European diplomacy. In April 1987, Gorbachev proposed the dismantling of his entire short-range missile armoury in Europe.

In early 1988, the visit by Federal Chancellor Kohl, who went to Moscow with a large delegation of officials and businessmen was regarded as the significant development of Soviet-Western European relations. The event was claimed by the German Chancellor to have 'broken the ice' in Soviet-West German relations.<sup>60</sup>

The pan-European meeting in Vienna, which concluded in January 1989, was a watershed. The Vienna agreements were a major step in the development of the common European process, raising the continent to a new level of security and cooperation. There were three main achievements of the Vienna meeting. Firstly, it became possible to make the disarmament aspect of the Helsinki process more meaningful. The CSCE structure for the first time had a disarmament foundation. The second achievement of the Vienna meeting was a genuine breakthrough in the humanitarian and legal field. Finally, an unprecedented programme of activities aimed at furthering European co-operation for the next three years.<sup>61</sup> These initiatives were the key to changing the Western image of the Soviet Union, a change that would ensure a

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58. *Izvestiya*, 4 October 1985, p. 2.

59. Neil Malcolm, 'The 'Common European Home' and Soviet European Policy', p. 663.

60. *International Herald Tribune*, 28 October 1988.

61. Yuri Kashlev, *The Helsinki Process: A New Dimension* (Moscow: Novosti Press Agency, 1989), pp. 2-4.

calm international environment as the Soviets embarked on the perilous course of engaging the energies of their people through political democratization. A change that would make it more likely that the West would be willing to assist actively in the daunting process of restructuring the Soviet political economy.<sup>62</sup> The implementation of the Vienna accords was bound to have a beneficial effect on Soviet domestic affairs. The Vienna meeting was also a comprehensive approach to international affairs in the spirit of new political thinking.

After the Vienna meeting, there were a number of multilateral meetings devoted to various aspects of cooperation in Europe. In the spring and summer of 1989, Gorbachev embarked on a series of visits to the capitals of Western Europe, the first since his trip to Paris in 1985. He made the fullest statement of the new European policy at the Parliamentary Assembly of the Council of Europe in Strasbourg on 6 July 1989. These all fit into the concept of a common European home, developing into a structure with a clear outline, one resting on trust and expanding ties between states at all levels and in all areas.<sup>63</sup>

The Soviet idea of the 'common European home' was much used in Gorbachev's diplomacy towards Western Europe.<sup>64</sup> When Gorbachev used the common European home idea in 1985, it was in a context similar to that in which Brezhnev first used it in 1981 during a visit to Bonn,<sup>65</sup> when it was conceived of as an element in the well-worn Soviet tactic of playing up discord inside NATO at times of superpower tension in the hope of exerting a moderating influence on American policy.<sup>66</sup> In his address to the

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62. Michael McGwire, 'The New Challenge of Europe', in Armand Clesse and Thomas C. Schelling, eds., *The Western Community and The Gorbachev Challenge*, p. 291.

63. Shevardnadze, *The world has become a safer place*, p. 23.

64. Neil Malcolm, 'The 'Common European Home' and Soviet European Policy', p. 659.

65. *Pravda*, 24 November 1981, P. 2; See H. Adomeit, 'The Impact of Perestroika on Europe', this paper presented at the Royal Institute of International Affairs, 1988, p.17, cited in Malcolm, 'The 'Common European Home' and Soviet European Policy', p. 662.

66. Malcolm, 'The 'Common European Home' and Soviet European Policy', p. 662.

Council of Europe, Gorbachev explained the "common European home" as follows:

The philosophy of the common European home concept rules out the probability of an armed clash and the very possibility of the use of force or threat of force - alliance against alliance, inside the alliances, wherever. This philosophy suggests that a doctrine of restraint should take the place of the doctrine of deterrence. This is not just a play on words but the logic of European development prompted by life itself.<sup>67</sup>

This idea was connected with Soviet's domestic policy of reintegrating Russia and Eastern Europe back into European civilization and the world economy and with the foreign and military policies that were necessary to achieve it.<sup>68</sup>

In sum, the major successes of Gorbachev's policy toward Western Europe were as follows: First, the conclusion of the treaty eliminating intermediate-range nuclear forces in December 1987, in which the Soviet Union, in order to achieve an agreement with the West, made major compromises on questions of verification, decoupling INF from the question of strategic defense, and the inclusion of British and French nuclear forces, hitherto viewed as non-negotiable issues. Because of the concessions made in the INF treaty, the Soviet Union's image as a country sincerely dedicated to defusing tensions in Europe and pursuing arms control was enhanced. Second, as the situation in Eastern Europe deteriorated, Gorbachev became more actively involved in the search for closer economic ties with Western Europe. The steady progress in EC-CMEA negotiations finally produced an agreement between the two bodies in June 1988. Shevardnadze signed a ten year trade and cooperation agreement with the European Community on 18 December 1989 that fully reversed the thirty-year-old Soviet disregard of the Community and demonstrated how seriously Gorbachev took the process of European integration - a fact underscored by his appearance at the Council of Europe in July 1989.<sup>69</sup>

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67. *Pravda*, 7 July 1989, p. 2.

68. Jerry F. Hough, Gorbachev's Politics, *Foreign Affairs*, vol. 68, no. 5 (Winter 1989/90), p. 33.

69. Angela Stent, 'Gorbachev and Europe: An Accelerated Learning Curve', in Harley D. Balzer, ed., *Five Years That Shook the World: Gorbachev's Unfinished Revolution* (London: Westview Press, 1991), p. 145.

What caused this change in the Soviet Union's approach? It seems to me that Europe was the most suitable region of the world for this, since it is Europe where particularly favorable conditions exist for the realization of new political thinking and which has called for an expansion of constructive cooperation. Conditions also exist there for creative interaction of cultures and systems and for joint efforts in developing initiatives built upon the priority of common human values and freedom of choice.<sup>70</sup>

The Soviet Union insisted that it should be based on interaction between countries in the political, military, humanitarian, economic, ecological and other spheres in order to build a fundamentally new security model in Europe. In the context of the Soviets' new political thinking about international relations, Gorbachev had a genuine interest in peace at this period, since a benign and tranquil international environment would be important to the success of domestic perestroika.

### **Soviet-East European Relations**

The most traumatic transformation was the process of rethinking Soviet relations with Eastern Europe.<sup>71</sup> In the new international political situation evolving in the late 1980s and the early 1990s the Soviet Union relinquished its dominant role over Eastern Europe. Two changes guided policy towards its allies. First, the old notion of "socialist internationalism," for decades a euphemism for Soviet tutelage, was replaced by something far closer to laissez-faire. In his book *Perestroika*, Gorbachev elaborated on this point thus:

...the entire framework of political relations between the socialist countries must be strictly based on absolute independence. This is a view held by the leaders of all fraternal countries. The independence of each Party, its sovereign right to decide the issues facing its country and its

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70. Vitaly Zhurkin, The European Dimension of Soviet Foreign Policy, in Clesse and Schelling, eds., *The Western Community and the Gorbachev Challenge*, pp. 243-244.

71. See Sabrian P. Ramet, *Social Currents in Eastern Europe: the Sources and meaning of the Great Transformation* (Durham: Duke University Press, 1991), pp. 295-313.

responsibility to its nation are the unquestionable principles.<sup>72</sup>

Second, the Brezhnev Doctrine no longer set the same limits to change. In accordance with the principle of freedom of choice, the Soviet Union adopted a policy of non-interference in the process of radical change of regimes in Central and East European countries.

Eastern Europe became Communist under Soviet influence<sup>73</sup> after the Second World War(1939-1945). Stalin used the Soviet army's control over Eastern Europe to set up Communist governments. Following Stalin's death, Soviet troops were sent into Hungary(1956) to crush an uprising and Czechoslovakia(1968) to suppress a reform movement. Popular unrest, which began with the Solidarity trade union in the 1970s in Poland, culminated in late 1989 with the collapse of Communist rule in Poland, Hungary, East Germany, Bulgaria, Czechoslovakia, and Romania. The mellowing of the Soviet Union in the process of perestroika gave all those liberal democratic forces an impetus to follow suit and to change the regimes in their respective countries in a popular, democratic way.<sup>74</sup>

Soviet policy slowly began to change around the time of the 27th Congress of the Soviet Communist Party(CPSU) in 1986. Gorbachev's lengthy speech before the Congress barely touched on Soviet-East European relations, but his extensive comments about the failings of the Soviet economy and the need for "radical reform" were a promising sign to those in Eastern Europe who hoped to move in a reformist direction themselves. Even Gorbachev's brief comments about Eastern Europe, modest though they were, seemed to offer greater leeway for internal experimentation.<sup>75</sup> In

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72. Gorbachev, *Perestroika i Novoe Myshlenie Dlya Nashey Strany i Dlya Vsego Mira*, p. 170.

73. See Christopher D. Jones, *Soviet Influence in Eastern Europe: Political Autonomy and the Warsaw Pact* (New York: Fraeger, 1981).

74. Henry A. Trofimenko, 'Soviet Policy vis-a-vis Europe: a Soviet View', in Jyrki Livonen, ed., *The Changing Soviet Union in the New Europe* (London: Edward Elgar, 1991), p. 13.

75. Mark Kramer, *Beyond the Brezhnev Doctrine: A New Era in Soviet-East European Relations?*, *International Security*, vol. 14, no. 3 (Winter 1989/90), p. 30.



fact, Gorbachev emerged as a reformer who supported domestic political liberalization in Eastern Europe.

The radical nature of Gorbachev's pronouncements from the beginning of 1987 naturally led to much speculation about the impact of his policy on Eastern Europe. More relaxation, democratization, and decentralization within the Soviet Union led to more leeway for the countries concerned in the pursuit of their own internal affairs.

Gorbachev formulated the main lines of his Central-European policy on the occasion of the 70th anniversary of the Bolshevik Revolution in 1987. At this Anniversary, Gorbachev announced de-Brezhnevisation of doctrine through a "declaration of nonintervention policy towards socialist allies." Toward the end of the speech Gorbachev said:

All parties are fully and irreversibly independent. We said that as long ago as the 20th Congress. True, it took time to free ourselves from old habits. Now, however, this is an immutable reality.<sup>76</sup>

Such a statement showed that the Kremlin increasingly distanced itself from the "Brezhnev doctrine" as proclaimed in 1968, on the right of the USSR to intervene in the affairs of neighbours in order to protect the interests of socialism. It was increasingly clear that the Soviet Union had no intention of interfering with or trying to influence the changes taking place in Eastern Europe.

On 14 March 1988 Gorbachev arrived in Belgrade on the first visit to Yugoslavia by a Soviet party leader since 1976. At the talk between Gorbachev and Yugoslav president Lazar Mojsov, the two sides accepted in principle the text of a new declaration on Soviet-Yugoslav relations. They agreed that "nobody could claim a monopoly on models for building socialism." And that they "prohibit any threat and use of force and interference in the internal affairs of other states under any pretext whatsoever."<sup>77</sup> Next day, in a speech at a dinner in Belgrade, Gorbachev said the

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<sup>76</sup>. *Pravda*, 3 November 1987, p. 5.

<sup>77</sup>. *Pravda*, 19 March 1988, p. 1.

declaration on state and party relations reaffirmed "all the basic premises" of documents signed by Khrushchev and Tito in the 1950s on Yugoslavia's nonaligned status.<sup>78</sup> Gorbachev's "new Belgrade declaration" amounted to a change of policy toward Eastern Europe. In addition, Gorbachev expressed 'nonideology' in his General Assembly address of December 1988. After that, Eastern Europe began changing rapidly.

The first step in the radicalization of Soviet policy toward Eastern Europe was taken in connection with the negotiations on the establishment of a Solidarity-led Polish government.<sup>79</sup> Gorbachev has denied applying any pressure on the Polish authorities:

Perestroika was born out of our conditions, and we need it....But we will not impose our methods of development on anyone else. I believe the Polish people themselves must decide what to do for the development of Poland.<sup>80</sup>

When the Polish Communists were wavering about whether to allow a non-Communist prime minister, Tadeusz Mazowiecki, to take over the reins of government, Gorbachev personally telephoned the Polish Party leader to tell him to accept.<sup>81</sup> Shortly thereafter, prime minister Mieczyslaw Rakowski declared that he would seek "partnerlike cooperation" with Solidarity, a communist party(PZPR) press official praised Solidarity for its "realistic approach," and the outgoing Communist prime minister, Stanislaw Kiszczak, lauded Mazowiecki as "an outstanding personality" and "a wise man."<sup>82</sup>

Gorbachev promoted the principle of freedom of choice for all nations within the

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78. *Pravda*, 17 March 1988, p. 2.

79. Mette Skak, 'The Changing Soviet-East European Relationship', in R. Kanet, D. Miner, and T. Resler, eds., *Soviet Foreign Policy in Transition* (Cambridge: Cambridge University Press, 1992), p. 31.

80. *Pravda*, 23 May 1988, p. 2.

81. *FBIS-EEU-89-162*, August 23, 1989, pp. 40-41.

82. *Ibid.*, p.40, cited in Mark Kramer, *Beyond the Brezhnev Doctrine: A New Era in Soviet-East European Relations?*, p. 49.

arena of Europe itself. In a speech to the Council of Europe in July 1989, Gorbachev asserted 'respect for each people's sovereign right to choose a social system as it sees fit represents a most important precondition for a normal European process'. He also stressed that 'any interference in internal affairs of whatever kind, any attempts to limit the sovereignty of states, both of friends and allies, no matter whose it is, is impermissible'.<sup>83</sup>

In October 1989, Gorbachev's visit to Helsinki was the first time a Soviet leader had visited there since that of Khrushchev 32 years before. During talks with Finnish President Koivisto, the Soviet leader spelled out more graphically than ever the demise of the so-called "Brezhnev doctrine" which was used to justify armed intervention in Czechoslovakia in 1968: what was happening in Eastern Europe was the sole concern of the countries involved. Reporting what Gorbachev had told the Finnish President, Gennady Gerasimov the Soviet spokesman said "we have no moral or political right to interfere, and we assume that others accept they have none either."<sup>84</sup> They were set out in the communique issued after Gorbachev-Egon Krenz, then the new GDR Communist Party leader, meeting on 1 November 1989 as: 'Respect for the principles of sovereignty, the inviolability of borders and the territorial integrity of all states and of non-interference in the internal affairs of other countries...'<sup>85</sup>

The pace of change ushering in the new era was symbolized most graphically by the destruction of the Berlin Wall in November 1989. The Berlin Wall, erected in 1961 to isolate East Germany from the West and a symbol of the division of Europe between socialist and nonsocialist countries, was dismantled, and free passage between East Germany and West Germany was permitted for the first time since 1948.<sup>86</sup> The

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<sup>83</sup>. *Izvestiya*, 7 July 1989, p. 2.

<sup>84</sup>. *The Independent*, 26 October 1989.

<sup>85</sup>. *Observer Sunday*, 12 November 1989, p. 11.

<sup>86</sup>. John M. Thompson, *Russia and the Soviet Union: A Historical Introduction* (London: Westview Press, 1990), p. 291.

destruction of the wall resulted in a massive movement of ideas, commodities, capital, technology, and people. These changes, along with the election of noncommunist governments in virtually every regime in Eastern and Central Europe, increasingly close ties between Eastern and Western Europe, and the swift rise to continental ascendancy of a united Germany, are fundamentally redefining the identity of Europe.<sup>87</sup>

Gorbachev, at a post-Malta summit meeting of the Warsaw Pact in Moscow on 4 December 1989, officially denounced the 1968 invasion of Czechoslovakia by Warsaw Pact troops.<sup>88</sup> It was the first time Moscow had formally changed its attitude to the crushing of the "Prague Spring". In late 1989, Gorbachev apparently made clear to the other Eastern European leaders that he would not allow Soviet troops to support suppression of indigenous democratic movements. In rapid succession, the communist regimes in the German Democratic Republic (GDR), Czechoslovakia, Romania, and Bulgaria confronted broad-based popular opposition in the form of massive demonstrations and rallies.

At the beginning of 1990, the Soviet Union faced a fundamentally transformed political situation in Eastern Europe. The institutional framework of Soviet influence and control was being rendered illegitimate and irrelevant. East Germany, Moscow's important "strategic ally," was disintegrating as a socialist state. In Poland and Czechoslovakia, Moscow's other two strategic allies in the "northern tier," the main noncommunist opposition movements, Solidarity and Civic Forum, had become the dominant political forces in their respective countries and governments. Hungary had declared itself an independent, democratic state based on democracy, pluralism, the rule of law, and a market economy. In Romania, the Ceausescu regime had been overthrown, and in Bulgaria, the communist party was engaged in a fundamental

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87. Mark Kesselman and Joel Krieger, eds., *European politics in Transition* (Massachusetts: D.C. Heath and Company, 1992), p. 4.

88. *Pravda*, 5 December 1989, p. 1.

revision of its principles and policies.<sup>89</sup>

Gorbachev's leadership pursued a non-interventionist East European policy. The draft platform of the CPSU Central Committee for the 28th Party Congress spoke approvingly of the revolutions in Eastern Europe and declared Soviet willingness to cooperate with virtually all political parties in the region.<sup>90</sup>

Since its inception in 1955, the Warsaw Pact had been a means for the Soviet Union to effectively dominate Eastern Europe. As the Eastern European communist governments were falling, a widely expressed idea was that the Warsaw Pact needed to be demilitarized, deideologized, and depoliticized. In February 1991 it was announced that on April 1 the military structures of the Warsaw Treaty Organization(WTO) would be dissolved and on July 1, 1991, at a quiet ceremony in Prague, the Warsaw Pact was officially disbanded.<sup>91</sup>

Soviet behavior during late 1989 and 1990 marked the shift to a new policy in Eastern Europe based upon laissez-faire and the pursuit of a deideologized Soviet nationalist interest.<sup>92</sup> The turbulent processes in Eastern Europe were a direct result of perestroika. When one examines Soviet-East European relations in the closing years of the 1980s, one is tempted to attribute the tumultuous changes that occurred during these years to the personality and policies of Gorbachev. The Soviet Union's relations with six Eastern European allied countries based on the principles of full equality and freedom of choice. With the relaxation of Soviet control over the nations of Eastern Europe, they have become freer to develop in more pluralistic and diverse ways. For the peoples of Eastern Europe Gorbachev was the second Soviet liberator in half a century. He made it possible for them to regain their identity and sovereignty, without

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89. Hannes Adomeit, 'Gorbachev and German Unification: Revision of Thinking, Realignment of Power,' in Dallin and Lapidus, eds., *The Soviet System in Crisis*, p. 539.

90. K gumannomu, demokraticheskomu sotsializmu' in *Materialy Plenuma Tsk KPSS 5-7 Fevralya 1990 g.* (Moscow: Politizdat, 1990), pp. 374-375.

91. See *Izvestiya*, 1 July 1991, p. 4; also see *Izvestiya*, 2 July 1991, p. 5.

92. Skak, 'The Changing Soviet-East European Relationship', p. 39.

having to replay the bloody street fighting of Berlin, Budapest, Warsaw and Prague which rose hopelessly against a Red Army. Gorbachev led his country out of more than 70 years of paralysis and suppression. He made possible the free development of the peoples of central, east and southern Europe, and strengthened their right to choose their own path of development.

The rapidity of these developments stunned observers in both East and West. Combined with Soviet concessions in arms reductions, they created an even stronger groundswell of popular support for Gorbachev's reform efforts among the Western public. Particularly in sanctioning the dismantling of the Berlin Wall, Gorbachev provided tangible evidence of his commitment to a more open, democratic approach. Gorbachev's Eastern European policy bolstered domestic demands for self-determination and free emigration rights in the Soviet Union itself. Whereas previously Gorbachev's perestroika was at the vanguard of political reform in the Soviet bloc, by the beginning of 1990, the USSR was already lagging behind several of its Eastern European allies in the process of democratization and economic transformation.<sup>93</sup>

All the above changes on the basis of new political thinking were related to a profound conceptual revolution in foreign affairs. The urgency of the domestic economic, social, and political crisis demanded a more stable and predictable international environment and a sharp reduction of the enormous military burden that traditional Soviet policies entailed. At the same time, the new political thinking was the centerpiece of the effort to normalize the Soviet approach to the international system. With its stress on interdependence, on shared human values, on the search for political rather than military solutions to international problems, and the renunciation of the use of force in the pursuit of political objectives, the new political thinking radically broke with the traditional Soviet outlook. All the main accomplishments of Soviet foreign

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93. Joan Debardebelen, 'The USSR: Gorbachev and Perestroika: From Glasnost to Crisis', in Kesselman and Krieger, eds., *European Politics in Transition*, p. 585.

policy during the Gorbachev period were a consequence and a product of perestroika.<sup>94</sup>

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94. Shevardnadze, *The World has become a safer place*, p. 3.

## Chapter 4. The Soviet Union and the Pacific Area

Russia is not only in Europe, it is also in Asia; and a Russian is not only a European, but also an Asiatic. Moreover, there is more hope for Russia in Asia than in Europe. Perhaps Asia is the best outlet for us in the future.<sup>1</sup>

For the future history of the world, the conquest of Siberia will be more important than most of the modern history of European Russia.<sup>2</sup>

The Soviet Union had put less on the table in Asia than in Europe. In part, this may be because the Soviet leadership was so deeply preoccupied domestically and had concentrated its foreign policy energies on more pressing matters in Europe.<sup>3</sup> The impact of historical realities and 'Eurocentrism' had relegated Soviet Asia-Pacific policy to the sidelines for a long period of time; it also had a negative influence on the economic and social development of Siberia and the Soviet Far East.

Many countries of the Asia-Pacific region had a mixed, even negative perception of the role of the Soviet Union in Asia. It was often seen as a competitive superpower, the Soviets were accused of expansionism, and there were certain grounds for that charge. The situation changed dramatically under Gorbachev. The revolutionary renovation of all the aspects of Soviet society and the drastic changes in Soviet foreign policy destroyed the image of an 'aggressive' country. In particular, the Soviet Union realized that it would suffer inevitable damage if it stayed aloof from the dynamic political and economic changes which had been taking place in the Pacific region. That was why, when perestroika began, Gorbachev was able to help promote the development of new political thinking and new approaches to the Soviet foreign policy

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1. Dostoevsky, *The Diary of a Writer*, January 1881.

2. Vladimir (1899), 'Russia on the Pacific,' cited by Mairin Mitchell, *The Maritime History of Russia: 848-1948* (London: Sidgwick & Jackson, 1949), p. 30.

3. Joseph L. Nogee and Robert H. Donaldson, *Soviet Foreign Policy since World War II* (New York: Pergamon Press, 1981), p. 130.



in the Asia-Pacific region.

In the Asia-Pacific region, Soviet foreign policy under Gorbachev was largely shaped by its security and geopolitical interests and its drive for economic development. The important objectives that motivated Soviet foreign policy in the Asia-Pacific included: to maintain and strengthen relations with friends and allies; to expedite political rapprochement with China; to expand bilateral relations with the non-socialist countries of the region; to downplay the use of force and enhance economic-diplomatic activities for the economic development of Siberia and the Soviet Far East; and, finally, to challenge and possibly undermine the United States' preeminence in the region.<sup>4</sup>

#### 4.1 Soviet Asia-Pacific Policy since Stalin

...the Pacific Ocean is the Mediterranean of the future. In that future the part played by Siberia, the land that lies between the Ocean, Southern Asia, and Russia, will be extremely important.<sup>5</sup>

From the October Revolution to the outbreak of the Second World War the Soviets' main problems were with the West, not with the East. The situation did not change after 1945. There was no doubt that the Cold War began in Europe. In attempting to gain security the Soviets concentrated on relations with the USA and its European allies. The Cold War also compelled the Soviets to adopt Western proposals about the rules of the game, which included vigorous military competition.

In the years immediately following the October Revolution, Soviet foreign policy seemed to centre on Europe. Lenin and his followers were preoccupied with consolidating their hold on power and with establishing a functioning economic system in Russia. The confused Soviet activity of this period reflected multiple approaches to

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4. Nogee, 'The Soviet Union in the Third World: Successes and Failures', in Robert H. Donaldson, ed., *The Soviet Union in the Third World: Successes and Failures* (London: Westview Press, 1981), p. 445; Lau Teik Soon and Bilveer Singh, eds., *The Soviet Union in the Asia-Pacific Region* (Singapore: Heinemann Asia, 1989), p. 199.

5. Alexander Herzen, *My Past and Thoughts*, vol. 1, translated by Constance Garnett (London: Chatto & Windus, 1968), p. 243.

the outside world. Lenin supported nationalists in their anticolonial struggle, while maintaining relations with ruling governments where appropriate. The Soviet Union of the 1920s, lacking the economic and military capabilities associated with the Moscow of the 1980s, could hardly expect to play a more major role in the Third World.<sup>6</sup>

In the complicated international situation of the 1930s the Soviet Union considered it expedient to conclude non-aggression pacts 'with all countries, and above all with neighbouring ones'. It attempted to settle the Japanese-Chinese conflict (1894-95). Soviet diplomacy put forward the idea of creating a system of security at the regional level in the Pacific area in the 1930s. Soviet hopes for a class-orientation policy were especially high. The help rendered to Mongolia and China in their conflicts with Japan made it possible to guarantee the relative security of Soviet borders.<sup>7</sup>

Stalin's primary approach to the problem of security had followed the long-standing Russian policy of expansion and consolidation of control over regions adjacent to Soviet territory. But limited capabilities, the eventual reaction of the West, and the internal demands of the Soviet system itself prevented the Soviet Union from expanding its zone of control beyond those territories occupied by the Red Army at the conclusion of the Second World War, although the communist victory in China in 1949 appeared to extend Soviet influence over the largest country in Asia. China, with India, had increasingly become the priority of Soviet foreign policy in Asia. In the years immediately following the war the Soviets focused their efforts mainly on consolidating their position in Eastern Europe.<sup>8</sup>

Due to the victory of the anti-fascist coalition in the Far East, favourable conditions for strengthening cooperation among states with different social systems

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6. Carol R. Saivetz and Sylvia Woodby, *Soviet-Third World Relations* (Boulder: Westview Press, 1985), p. 7.

7. Nina G. Golovyatenko and Artem Yu. Rudnitsky, 'In Search of Soviet Policy in the Pacific', *The Pacific Review*, vol. 3, no. 3 (1990), p. 201.

8. Roger E. Kanet, 'The Evolution of Soviet Policy toward the Developing World from Stalin to Brezhnev', in Edward A. Kolodziej and Roger E. Kanet, eds., *The Limits of Soviet Power in the Developing World: Thermidor in the Revolutionary Struggle* (London: Macmillan, 1989), p. 42.

were created, as they were in Europe. That opportunity was not seized and the Cold War brought a return to a state of confrontation. A bipolar structure of international relations sprang up.<sup>9</sup>

On the whole, that was convenient for Soviet foreign policy in East Asia, even taking into account such undesirable events as the Korean war or the crises of Taiwan. The unprecedented growth of the influence of socialism in Asia-Pacific, the successful people's revolutions in China and Indonesia, the formation of people's democratic governments in the north of Vietnam and of Korea, and the rapid development of national liberation movements in Southeast Asia accompanied by the fierce guerilla warfare waged by communist parties-all promised quick victory for the 'class union of socialism and peoples of the Orient'. The 1950s were considered 'the golden age' for the Soviet Union in Asia.<sup>10</sup> National liberation movements and newly independent states were considered 'natural allies' favouring the solution of problems in the interests of socialism.<sup>11</sup> Yet, other trends began to be clearly seen in regional affairs from the mid-1960s. Hopes that socialism would quickly create a society of social justice and stable economic success turned out to be unrealistic.<sup>12</sup>

Under Khrushchev, the instruments of Soviet policy in the Third World were the traditional ones used by great powers in their relations with lesser powers: economic and military aid, technical assistance, trade, diplomacy, propaganda and, in a few rare instances, the use of military force. Of these, economic and military assistance were particularly important. Soviet use of aid programmes to influence the Third World began in the post-Stalin period. The construction of large, 'showy' projects in the

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9. Golovyatenko and Rudnitsky, 'In Search of Soviet Policy in the Pacific', pp. 201-202.

10. Donald Zagoria, ed., *Soviet Policy in East Asia* (New Haven: Yale University Press, 1982), p. 61.

11. By the mid-1950s, many Third World elites, having rejected "capitalism" as the Godfather of colonialism, looked to "socialism" - and for a time the Soviet Union - for an alternative model of development and nation-building. See Alvin Z. Rubinstein, *Moscow's Third World Strategy* (Princeton: Princeton University Press, 1988), pp. 18-19.

12. Golovyatenko and Rudnitsky, 'In Search of Soviet Policy in the Pacific', p. 202.

underdeveloped countries was the hallmark of Khrushchev's foreign policy.

At the 20th Soviet Party Congress on 14 February 1956, Khrushchev proclaimed his priority in foreign policy of "peaceful coexistence" between differing social-political systems. He also endorsed the idea that the newly independent states, together with the socialist countries, formed a vast "zone of peace".<sup>13</sup> At the 21st congress of the CPSU, in Khrushchev declared that "a zone of peace, above all an atom-free zone, can and must be created in the Far East and the entire Pacific basin".<sup>14</sup> Khrushchev was an active diplomat and became personally associated with attempts to win new friends and allies in the Third World.<sup>15</sup> Asian states were important objects of Soviet attention in this period. The new Soviet effort to cultivate friendly relations with Third World governments was dramatically and vividly demonstrated in Asia.<sup>16</sup>

The Soviet European-oriented attitude began to change in the 1960s, with a number of developments that compelled the Soviet Union to pay more attention to Asia. Foremost among them was the dispute with China and that country's development of nuclear weapons, Japan's emergence as a major economic power and, of course, the Vietnam War.

The year 1965 can be considered a watershed in the development of the Pacific region. The crushing of the communist party of Indonesia became one of the main events in a chain of pessimism concerning the success of revolution in the Third World. In the mid-1960s a young national capitalism was becoming stronger as an 'intermediate' force, which was disturbing the bipolar structure of international relations in the region. The middle powers, including the NICs, members of ASEAN, Australia

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13. *Pravda*, 15 February 1956, p. 3; Recognizing the danger of a nuclear war with the United States, Khrushchev needed to establish an ideological basis for the existence of a long-term relationship between communism and capitalism that would not lead to war. He recognized that nuclear weapons had fundamentally altered the character of international politics. See Noguee and Donaldson, *Soviet Foreign Policy Since World War II*, p. 27.

14. *Pravda*, 28 January 1959, p. 7.

15. Saivetz and Woodby, *Soviet-Third World Relations*, p. 31.

16. *Ibid.*, p. 36.

and New Zealand, developed a policy of regionalism, which envisaged the consolidation of independence and a less ideological approach. The formation of the young regional capitalism meant not only the import of foreign capital and technology, but also the preservation of a degree of national control. Yet, the Soviet Union failed to appreciate the new conditions. The formation of regionalism did not fit their black-and-white scheme of international development, which left no place for existing 'intermediate' forces. Inevitably, the attitude of the Soviet Union to the setting up of ASEAN in 1967 was negative.<sup>17</sup> The importance of the region to Moscow increased as a result of the 1979 Vietnamese invasion of Cambodia and the open conflicts between China and Vietnam.<sup>18</sup> The anti-communism of the ruling circles of the Southeast Asian countries, the participation of Thailand and the Philippines in the Vietnam war and the coup d'etat in Indonesia overshadowed the objective place of the ASEAN Association in the whole system of international relations in the Pacific. The development of ties between the Soviet Union and ASEAN nations took place in the 1970s and 1980s,<sup>19</sup> but their scale was insignificant and they were not used to draw the Soviet Union into processes of regional integration.<sup>20</sup>

Brezhnev's policy towards Asia aimed at promoting normal, good-neighbour by relations with all the Asian countries. Particularly, he attached great importance to the achievements of extensive and diversified cooperation on the basis of mutual benefit with China, India and Japan.

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17. Singh, *Soviet Relations with ASEAN, 1967-88*, p. 45. When ASEAN was founded in 1967, Moscow had diplomatic relations only with Indonesia and Thailand. By 1977 all the ASEAN countries had successfully established diplomatic relations with the Soviet Union, the last of them being the Philippines in 1976.

18. Joseph L. Noguee, 'The Soviet Union in the Third World: Successes and Failures', in Donaldson, ed., *The Soviet Union in the Third World: Successes and Failures*, p. 446.

19. On the Soviet policies towards ASEAN, see Bilveer Singh, *Soviet Relations with ASEAN, 1967-88* (Singapore: Singapore University Press, 1989), pp. 29-54; also on Gorbachev's policy towards ASEAN, see *Ibid.*, pp. 115-132; Singh, 'The Soviet Union and ASEAN: Policies, Problems and Prospects', in Lau Teik Soon and Bilveer Singh, eds., *The Soviet Union in the Asia-Pacific region* (Singapore: Heinemann Asia, 1989), pp. 135-167; Sukhumbhand Paribatra, 'The Soviet Factor in ASEAN's Diplomacy since 1975: Bridging the Unbridgeable', *Ibid.*, pp. 167-198.

20. Golovyatenko and Rudnitsky, 'In Search of Soviet Policy in the Pacific', p. 202.

In the late 1960s and the early 1970s Asia also provided a golden opportunity for Soviet expansion as the West showed signs of withdrawing from the region. Britain announced that most of its forces would leave areas east of Suez, especially the Indian Ocean region, by the end of 1971. In June 1969, President Nixon set about reducing the over-commitment of US forces around the world, particularly in Asia. The Nixon Doctrine created a climate of uncertainty in the region. The international changes that occurred since the late 1960s had a tremendous impact on Southeast Asia, as well as on the great powers, and this elicited a slight modification in Soviet attitude towards ASEAN.<sup>21</sup> The Kremlin apparently decided that the power vacuum created by the withdrawal of the West should be filled by the Soviet Union - or it might be filled by China and Japan instead.

Realization of the idea of 'collective security in Asia', which Leonid Brezhnev once again announced in 1969,<sup>22</sup> became one of the important strategies devised to oppose capitalist-type regional integration. But the widely advertised Brezhnev's initiative, which contained a number of reasonable components, was not implemented. The Soviet Union's collective security proposal was that Moscow's power emplacement in Asia, especially military power, was expanding rapidly, yet politically and diplomatically, it was isolated in the region. By 1970, the Soviet Union only had three 'friendly states' (North Vietnam, North Korea and Mongolia) in Asia.<sup>23</sup> In the conditions of the late 1960s and the early 1970s, as well as in the context of Soviet Pacific policy of that time, it was perceived as an attempt to unite Soviet allies for more successful confrontation against 'their enemies' and in creating an alterantive military bloc.<sup>24</sup>

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21. Singh, *Soviet Relations with ASEAN, 1967-88*, p. 39.

22. That idea was put forward earlier at the 20th CPSU Congress. See *Pravda*, 15 February 1956, p. 3.

23. Bilveer Singh, 'The Soviet Asian Collective Security System: from Brezhnev to Gorbachev', *Sino-Soviet Affairs* (Seoul), vol. 12, no. 2 (1988), p. 174.

24. Golovyatenko and Rudnitsky, 'In Search of Soviet Policy in the Pacific', p. 203.

The main objective pursued by the Soviet Union in Asia since the mid-1960s was to exert greater influence on the region's political, military, and economic developments. This was pursued chiefly with the intention of becoming an Asia-Pacific power fully competitive with the United States and of scoring advantages in the global dispute with them.

### **Brezhnev's Asian Collective Security<sup>25</sup>**

On 7 June 1969 at the International Conference of Communist and workers' parties in Moscow, Brezhnev made the following bold proposal of an Asian collective security system:

For us, the burning problems of the present international situation do not push into the background more long range tasks, especially the creation of a system of collective security in those parts of the globe where the threat of outbreak of a new world war and a threat of armed conflicts is centered. Such a system is the best substitute for the existing military-political groupings.... We think that the course of events also places on the agenda the task of creating a system of collective security in Asia.<sup>26</sup>

Three years later he expressed similar thoughts to the 15th Congress of Soviet Trade Unions in March 1972 as follows:

The idea of ensuring Asian security on a collective basis has aroused growing interest in many Asian countries. It is becoming increasingly clear that the road to security in Asia is not one of military blocs and groupings, not one of setting the countries against each other, but one of good-neighbourly cooperation among all the states interested in such cooperation.... Collective Security in Asia should be based on such principles as renunciation of the use of force in relations between states, respect for sovereignty and inviolability of borders, non-interference in domestic affairs and extensive development of economic and other cooperation on the basis of complete equality and mutual advantage. We have advocated the establishment of such collective security in Asia and

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25. On Brezhnev's Asian collective security system: see V. Pavlovsky, *Azii-Kollektivnuyu bezopasnost'*, *Kommunist*, no. 15 (October 1973), pp. 55-66; I. I. Kovalenko, *Sovetsky Soyuz v bor'be za mir i kollektivnuyu bezopasnost' v Azii* (Moskva: Nauka, 1976); E. M. Zhukov, M. I. Sladkovsky, G.V. Astafyev and M.S. Kapitsa, *Mezhdunarodnye otnosheniya na Dal'nym Vostoke v poslevoennye gody (1958-1976 gody)*, tom 2 (Moskva: Mysl', 1978), p. 239-258; Kapitsa, D.V. Petrov, B.N. Sravinsky, V.D. Tikhmirov, F.L. Shabshna and V.K. Pak, *Istoria mezhnunarodnykh otnoshenia na Dal'nym Vostoke 1945-1977* (Khabarovskoe Knizhnoe Izdatel'stvo, 1978), pp. 540-548.

26. *Pravda*, 8 June 1969, p. 4.

will continue to do so; we are ready to cooperate with all countries for the sake of carrying out this idea.<sup>27</sup>

On 15 August 1973 Brezhnev, speaking in Alma Ata, indicated that the Soviet Union was firmly convinced that collective security was a realistic way to achieve 'the laws of peace' in Asia:

Why do we advocate collective security in Asia? Because we want to eliminate wars, armed conflicts and imperialist aggression on the Asian continent, because we want every country and every people to have guarantees of free development and national rebirth, because we want a spirit of confidence and mutual understanding to prevail in relations between Asian countries.<sup>28</sup>

On 21 May 1973, Podgorny, Chairman of the Presidium of the USSR Supreme Soviet, spoke of the creation of a reliable security system on the Asian continent as an urgent task as follows:

...the key elements of the collective security system should envisage the renunciation of the use of force in relations between states, respect for sovereignty, invariability of frontiers, non-interference in internal affairs, and broad kinds of cooperation. This system would fully conform with the requirements of the UN Charter and would not be directed against any states.<sup>29</sup>

At the 25th congress of the CPSU in 1976, Brezhnev highlighted the importance of reinforcement for collective security campaign in Asia:

The Soviet Union intends to continue to participate actively in searches for ways to strengthen peace and security on the Asian continent and to develop equal cooperation there. We shall work along these lines both in the framework of bilateral contacts and on a multilateral basis. We have several times set forth our views on this score and emphasized our readiness to pay every attention to all proposals dictated by concern for tasting peace and security in Asia and for ensuring these conditions by collective efforts.<sup>30</sup>

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27. *Pravda*, 21 March 1972, p. 2.

28. *Pravda*, 16 August 1973, p. 2.

29. *Pravda*, 22 May 1973, p. 2.

30. *Pravda*, 25 February 1976, p. 3.



The concept was, however, received coolly in Asia from the outset and after ten years was still far from materialization. China was bitterly hostile to it, calling it an attempt to encircle China by organizing something like the old American-led SEATO (the military bloc for Southeast Asia). Japan, potentially the most important member of the proposed organization, showed no interest at all. The Soviet Union, therefore, gave up hope of achieving this aim directly and chose to seek its gradual realization through bilateral treaties with individual Asian nations.<sup>31</sup> The collective security was reviewed by Gorbachev.

Thus the situation which had formed by the mid-1980s demanded urgent action to restore the authority of the Soviet Union in the Pacific basin, and to guarantee the real security of the country's far eastern borders. Foreign policy had to be brought into line with the objective laws of regional development.<sup>32</sup>

#### **4.2 Gorbachev's New Political Thinking in the Asia-Pacific Region**

Here the Soviet Union comes into contact with states and nations of the Asian continent, which is also essential. So in terms of foreign policy, Siberia and the Far East are of crucial importance.<sup>33</sup>

During the Gorbachev era, the Asia-Pacific region, which represents the largest single land area of the world, was characterized by an immense variety of countries with different stages of economic and political development and cooperation. For example, there are among them: highly developed capitalist countries (the United States, Canada, Japan, Australia and New Zealand); the socialist countries (the Soviet Union, China, North Korea, Vietnam and Cambodia); the new industrialized countries (NICs: South Korea, Taiwan, Singapore and Hong Kong) which have achieved a high level of capitalist development; and representatives of the 'second wave' of the new

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31. *Asian Security 1981* (Tokyo: Research Institute for Peace and Security, 1981), p. 39.

32. Golovyatenko and Rudnitsky, 'In Search of Soviet Policy in the Pacific', p. 203.

33. *Izvestiya*, 18 September 1988, p. 1.

industrialized countries (ASEAN: Thailand, Indonesia, Malaysia, the Philippines, Singapore and Brunei), which have together turned Asia-Pacific into the most dynamic region of the world.

Under Gorbachev, the Soviet Union's interest in Asia was emphasized far more vigorously than at any other previous time and conspicuously extended towards the Pacific region.<sup>34</sup> Gorbachev's main goals in the Asia-Pacific region were improving interaction with the United States, better relations with Canada and Mexico, lowering military tensions, normalizing relations with Japan and continuing improvement of relations with China, strengthening connections with the ASEAN countries, Australia and New Zealand, retaining its traditional ties with the Democratic People's Republic of Korea and the countries of Indochina and the development of mutually beneficial relations with the Republic of Korea and Taiwan. The goal of promoting peace and better understanding among the countries of the region was the prime goal of Soviet policy in the Asia-Pacific.<sup>35</sup>

The necessity to change Soviet policy in the Asia-Pacific region came from domestic circumstances and certain international factors in this region. In particular, the Soviets wanted Chinese, Japanese and South Korean participation in Siberian development projects. This would contribute to the easing of tensions in the Soviet Far East, and enable the Soviet Union to carry out its development plans in the region: critical to the Soviet Union's national interests and its badly slumping economy.

The Soviet Union under Gorbachev showed an interest in pursuing relationships at a secondary level with all countries in the region. Not only was the military factor

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34. On Soviets' particular importance to the Asia-Pacific region, see Richard H. Solomon and Masataka Kosaka, eds., *The Soviet Far East Nuclear Buildup: Nuclear Dilemmas and Asian Security* (London: Croom Helm, 1986); Ni Xiaoquan, 'Gorbachev's Policy Toward the Asia-Pacific Region', in Pushpa Thambipilliar and Daniel C. Matuszewski, eds., *The Soviet Union and the Asia-Pacific Region: Views from the Region* (London: Praeger, 1989), pp. 14-18; Rajan M. Menon, 'New Thinking and Northeast Asian Security', *Problems of Communism* (March-June 1989), pp. 1-29.

35. Henry Trofimenko, 'Goals and Roles of U.S., U.S.S.R., PRC and Japan in the Next Ten-Fifteen Years, Asian Perspective', *A Journal of Regional and International Affairs*, vol. 15, no. 1 (Spring-Summer 1991), pp.69-97.

judged to be counterproductive, but the new approach of building links through non-military means matched the demands of the countries in the Asia-Pacific region. It coincided with Gorbachev's domestic agenda, which laid a heavy emphasis on economic efficiency. It also gave the impression of a Soviet Union trying to translate its growing military strength in the region into political, diplomatic and economic capital. The various dimensions added by Gorbachev in his Asia-Pacific initiative were seen as something new and novel.

In his principal speeches in Vladivostok (1986) and Krasnoyarsk (1988), Gorbachev began to look at the foreign and Soviet Far East as interconnected, understanding that the development of Soviet Far East would have gone much faster if the area had participated in the broader regional division of labour. The outcome of this analysis was the notion of integrating the development of the Soviet Far Eastern economic and social structures with the growth of international economic cooperation in the region through Soviet foreign policy. This became official Soviet strategy in the middle of the 1980s. Gorbachev understood that it would be impossible to implement the global objectives of his foreign policy and to create the most favourable external conditions for reinforcing his country's economic and socio-political development without promoting genuine security: maintained not only by military means, but solidly based in political, economic, ecological, and humanitarian considerations.

#### **4.2.1 Gorbachev's positive initiatives toward this region**

One of the most important achievements of the new political thinking was a revision of Soviet Pacific policy. Gorbachev considered this to be as important as relations with Europe or with the United States. The basic elements of the Soviet approach to the problems of the Asia-Pacific region in the spirit of the new political thinking were set out in a series of Gorbachev's speeches as well as a number of other documents. In all his speeches, Gorbachev stressed the Asia-Pacific credentials of the Soviet Union, called for peaceful coexistence in the region, initiated policies to reduce military conflicts, called for arms control and disarmament measures and for political

dialogue with all countries in the region irrespective of political, economic and social systems.

He spoke of the importance of the Asia-Pacific region during the 27th CPSU Congress in 1986 as follows:

The significance of the Asian and Pacific direction is growing. In that vast region there are many tangled knots of contradictions and, besides, the political situation in some places is unstable. Here it is necessary, without postponement, to find the relevant solutions and paths. Evidently, this has to begin with the coordination and then the pooling of efforts in the interests of a political settlement of painful problems so as, in parallel, on that basis to at least take the edge off the military confrontation in various parts of Asia and stabilise the situation there.<sup>36</sup>

In his Vladivostok speech of 28 July 1986, Gorbachev addressed a broad range of regional issues and reasserted the Soviet Union's keen interest in the Asia-Pacific region, as well as a desire for better relations with many of the countries within it as follows:

The Soviet Union is also an Asian and Pacific country. It is very much aware of the complex problems facing this vast region. They concern it directly. This is what determines its balanced comprehensive view with regard to this huge part of the world where a large number of different nations and peoples are concentrated. Our approach to it is based on a recognition and understanding of the existing realities in the region....We are in favour of building together new, fair relations in Asia and the Pacific.<sup>37</sup>

In his Krasnoyarsk speech of 16 September 1988, Gorbachev indicated his country's willingness to carry out the Vladivostok initiative in the region:

The chance of using the colossal potential of Asia and the basin of two great oceans for general progress and world peace will be missed if we don't get down seriously to dealing with the entire tangle of the complex problems in the vast region....Our Vladivostok initiatives have evoked a wide response among the states of the region.<sup>38</sup>

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36. *Pravda*, 26 February 1986, p. 8.

37. *Izvestiya*, 29 July 1986, p. 2.

38. *Izvestiya*, 18 September 1988, p. 2.

In his speech on the major directions of USSR domestic and foreign policy on 30 May 1989, Gorbachev said:

We shall continue to pursue the Vladivostok policy in the Asia-Pacific region. The diversity of tasks in this area is still greater. Both an 'agenda' and the tone of relations with many countries have been determined: well-wishing, constructive and respectful. Like everywhere, there are countries in the region the relations with which will continue to draw our special attention.<sup>39</sup>

In his speech at Stanford University on 5 June 1990, Gorbachev said:

The Pacific Ocean is the Mediterranean of the future....The Pacific Ocean was for a long time a force field of confrontation and the arms race....But different winds have begun to blow in Asia. Asia is developing rapidly according to its own logic, and offers striking examples of economic efficiency and international collaboration. The Japanese, the Chinese, the Koreans, and other Asian peoples have lessons to teach the whole world. And in order to avoid being left on the sidelines in the Pacific, it is necessary to consider how we can most rapidly abandon military-political rivalry.<sup>40</sup>

In a policy statement of the 28th Congress of the CPSU (13 July 1990), the party advocated the following as foreign policy guidelines:

...the consolidation in all areas of positive trends in relations with the People's Republic of China; active policies in the Asia-Pacific Region, with the aim of turning it into a zone of peace and cooperation; participation with the non-aligned movement and cooperation with the developing states.<sup>41</sup>

Gorbachev thus suggested the construction of a new order for peace and mutually beneficial broad cooperation instead of a cold war system in the Asia-Pacific region. In a series of declarations the Soviet Union had emphasised its Asia-Pacific credentials. Gorbachev's initiative was to establish a durable and all-embracing structure of stable and interdependent cooperation among countries and peoples, linking the

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39. *Izvestiya*, 31 May 1989, p. 3.

40. *Pravda*, 6 June 1990, p. 1.

41. *Pravda*, 15 July 1990, p. 4.

military, political and economic interests of each and every participant.

#### 4.2.2 New Political Thinking's impacts in this region

By putting the principles of new political thinking in foreign policy into practice the Soviet Union was able to achieve progress, improving relations with most of the countries of the Asia-Pacific region.<sup>42</sup> As a result, bilateral and multilateral relations with all these countries underwent considerable change. The Soviet Union normalized relations with China in May 1989 after more than 20 years' conflict between two biggest socialist countries. The normalization was clearly the outstanding success of Soviet Asia policy. The Soviet Union had achieved a comprehensive dialogue and growing all-round cooperation with China. Border trade expanded and the old projects for development of the Amur Waterway and air rail links were revived. Both countries were the first in Asia to take practical steps towards the mutual reduction of armed forces, as well as confidence-building measures on the border (see section 4.3.1).

As a result of Soviet-Chinese normalization, the outlines of a settlement in South-East Asia became more visible. Vietnamese troops pulled out of Cambodia. A peace accord was signed on 23 October 1991 to end the civil war in Cambodia, where a general election was to be held in May 1993. The formal resumption of diplomatic relations between China and Indonesia after a break of 23 years took place in Jakarta on 7 August 1990. China and Vietnam put 13 years of hostility and venom behind them, sealing the normalization of bilateral relations in November 1991. From 1986 onwards the Soviet Union actively pursued diplomatic and trade activities with ASEAN countries. There were more promising developments in trade and economic relations with ASEAN countries.

Japan was the only major "adversary" power with which the Soviet Union did not substantially improve relations in the Gorbachev era. However, even though they had

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42. A. V. Vorontsov, <<Treugol'nik>> USA. Japan. South Korea: *Mifili realnost'* (Moskva: Nauka, 1991), p. 173.

territorial disputes which prevented radical improvements on any level: political, commercial and diplomatic, the resumption of constructive dialogue between the Soviet Union and Japan contributed to the peace, stability and development in the Asia-Pacific region. Sino-Japanese relations reached a new high with the exchange of high-level visits along with normalizing diplomatic ties between the two countries. South Korea established diplomatic relations with the Soviet Union in September 1990. Japan and North Korea started preparatory talks on the normalization of bilateral ties in November 1990. Normalization talks began in January 1991. In talks on normalizing relations between the DPRK and Japan, Tokyo set the acceptance by the DPRK of international inspection as a precondition, thwarting progress in the talks. Although the United States was officially still implacably hostile to North Korea, she tried to ease tensions on the divided Korean peninsula. North Korea-US high-level talks were held several times and were important for the improvement of bilateral relations, but the improvement has just started. The United States announced it would reduce its military presence in Asia and the Pacific.<sup>43</sup> The two Korean states began an active peaceful dialogue, developed economic ties and gained membership of the United Nations in 1992. Although there were some moves towards national reconciliation and relaxation of tension on the Korean peninsula, the situation in the area remained complicated and uncertain. Economic relations between South Korea and China expanded quickly through the exchange of trade offices in Seoul and Beijing in January 1991. South Korea gained full diplomatic relations with China in August 1992 which helped stability in Northeast Asia ( On the Korean peninsula, see chapters 5, 6, 7).

The United States and the Soviet Union had a 'honeymoon' relationship under Gorbachev. Improved Soviet-American relations made it possible to begin direct ties between the Soviet Far East, the Chukchi Peninsula, Kamchatka and Sakhalin, and Alaska and the West Coast of the United States. Soviet-Canadian ties made

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43. *U.S. News & World Report*, 13 January 1992, p. 37. The Pentagon has announced plans to withdraw only 5,000 to 6,000 of its 50,000 troops from Japan and 7,000 of its 44,000 from South Korea; *Far Eastern Economic Review*, 26 November 1992, p. 18, The US left finally Subic Bay on 24 November 1992.

considerable progress. There were obvious changes for the better in relations with Australia and New Zealand.<sup>44</sup> The Soviet Union also developed relations with a number of island nations in the South Pacific, such as Kiribati, Vanuatu, and Fiji. This interest aroused attention since this area is near the transPacific shipping lanes between the United States and the western Pacific rim.<sup>45</sup>

The Soviet Union took unilateral steps to considerably reduce its armed forces in the Asian part of Soviet territory. But the Soviet Union still retained massive offensive military forces in the region. The Soviet Union proposed to begin discussions on the limitation and reduction of naval forces and activities in the Pacific area. (See section 4.4.3 in this chapter.)

Thus there were many improvements in the general political atmosphere, the outlines of settlement of regional conflicts and the higher level of culture and economic ties in bilateral relations. However, the 'cold war' in Asia has not yet ended. Today, rather contradictory processes are going on in the Asia-Pacific international relations. After the end of the cold war in Europe, Asia's peace is only relative. The last land frontier of the cold war still divides the Korean peninsula. There is no assurance in Cambodia that the presence of UN peace-keepers means that the civil war is really over. There is still no security mechanism to deal with the military situation and military issues in the Asia-Pacific region.

Although the Soviet threat to capitalist Asia has to all practical purposes evaporated, plenty of uncertainties remain in the Asia-Pacific region.

### **4.3 The Soviet Union and the Pacific Economy**

In line with the concept of our country's accelerated social and economic growth, we pay special attention to the territories east of the

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44. Richard A. Herr, 'The Soviet Union in the South Pacific', in Ramesh Thakur and Carlyle A. Thayer, eds., *The Soviet Union as an Asian Pacific Power* (London: Westview press, 1987), pp. 135-151; David Hegarty, 'The Soviet Union in the South Pacific in the 1990s', in Ross Babbage, ed., *The Soviets in the Pacific in the 1990s* (Australia: Brassey's Australia, 1989), pp. 113-127.

45. Ni Xiaoquan, 'Gorbachev's policy toward the Asia-Pacific region', p. 20.



Urals whose economic potential is several times that of the European part of the USSR. We believe that joint firms and ventures set up in collaboration with the business circles of Asia-Pacific countries could take part in tapping the wealth of these areas.<sup>46</sup>

As Gorbachev indicated above, in accomplishing large-scale tasks of accelerating social and economic development the Soviet Union devoted paramount attention to Siberia and the Far East, which are part of the Asia-Pacific region (APR).<sup>47</sup> Siberia (West and East) has a combined area of 6,550,000 square kilometres, some 29.3 per cent of the territory of the then USSR. The Soviet Far East is a vast area over 6,215,900 square kilometres accounting for 27.7 percent of Soviet territory.<sup>48</sup> A large part of Soviet natural resources are concentrated in Siberia and the Far East. Yet, it is weak in agriculture, light industries and labour resources.<sup>49</sup>

After a long period of economic isolationism the Soviet Union was profoundly interested in active economic interaction with the states of the Asia Pacific area to secure competitive conditions and a fair share of the market for profitable deals.

With the Soviet economy in a downward spiral, inflation mounting, the consumer market failing, the rouble virtually worthless and the budget deficit expanding, the Soviet government saw Asia as the home of nations growing richer in capital and technology. For its own economic salvation, the Kremlin cultivated greater economic

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46. Gorbachev, *Perestroika i Novoe Myshlenie*, p. 191.

47. *Izvestiya*, 24 April 1986, p. 1.

48. Kapitsa, Petrov, Slavinsky, Tikhmirov, Shabshina and Pak, *Istoriya Mezhdunarodnykh Otnoshenii na Dar'nem Vostoke 1945-1977*, p. 520. Far Eastern Economic region in USSR as follows: Khabarovsk, Primorski Krai, Amur, Kamshatka, Sakhalin, Magadan Oblast and Yakutia. The territory of this region is a unique economic and geographic position in Russia and the Asian-Pacific Region.

49. On the Siberia and the Far East economic region, see, Paul Cydolph, *Geography of the USSR*, Third Edition (New York: John Wiley & Sons, 1977), pp. 336-467; Denis Shaw, 'Siberia: Geographical Background', in Alan Wood, ed., *Siberia: Problems and Prospects for Regional Development* (London: Croom Helm, 1987), pp. 9-34; Aleksandr G. Gramberg, 'The Economy of Siberia-Tasks of Structural Policy', *Kommunist*, no. 2 (1987), pp. 31-40; Theodore Shabad, 'The Gorbachev Economic Policy: Is the USSR Turning Away from Siberian Development?' in Alan Wood and R. Anthony French, eds., *The Development of Siberia: People and Resources* (London: Macmillan, 1989), pp. 256-260; Aleksandr G. Granberg, 'The Restructuring of the Soviet Economy and Prospects for Siberia's Development', *International Regional Science Review*, vol. 12, no. 3 (1989), pp. 291-304; Leslie Dienes, 'Siberia: Perestroika and Economic Development', *Soviet Geography*, vol. 32, no. 7 (1991), pp. 445-457.

ties with the Asia-Pacific countries - solicited trade, credits, investment, economic assistance, technology and joint ventures regardless of ideological lineage. Therefore, an important element of Soviet policy in the region aimed at strengthening trade and economic as well as scientific and technological cooperation with the countries of the Asia-Pacific region.

From the beginning of his term in office, Gorbachev took the view that the Soviet Union had a 'Pacific destiny'. Nobody favoured the development of Soviet-Pacific basin relations more strongly than Gorbachev, who chose Vladivostok, or "conquering the East", as the site of his first major foreign policy address on 28 July 1986. The Vladivostok speech envisaged a close interrelation between tackling domestic economic problems and a much more active Soviet participation in the system of division of labour emerging in the Asia-Pacific, with enough potential to become a future 'system of Pacific economic cooperation'.

In a reply to a question put by the Indonesian newspaper *Merdeka* on 21 July 1987, Gorbachev said:

The best and the only solid basis for international affairs is equality, mutual respect, non-interference, mutual benefit. These very objectives will be served by the Soviet Committee for Asian and Pacific Economic Cooperation which is being set up in this country.<sup>50</sup>

In August 1987 the Central Committee of the CPSU in conjunction with the Council of Ministers of the Soviet Union adopted a new long-term programme for the economic and social development of the Soviet Far East and the adjacent regions till the year 2000.<sup>51</sup> The programme stipulated capital investments into the region's economy 2.4 times greater than that of the Soviet Far East, the opening of special

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50. *Izvestiya*, 23 July 1987, p. 2.

51. Leslie Dienes, 'A comment on the new development programme for the Far East Economic Region', *Soviet Geography*, vol. 31, no. 4 (1988), pp. 420-422.

territorial zones for joint ventures, and preferential treatment for foreign investors.<sup>52</sup>

In his Krasnoyarsk speech of September 1988, Gorbachev indicated his country's willingness to take the initiative in the region. He noted:

We followed with interest the activity of the conference on Asia-Pacific economic cooperation, greeted its recent session in Osaka, and are ready to join the work of that international organization in any form which its members will deem acceptable.<sup>53</sup>

He also indicated that the Soviet Union was thinking about the creation of 'special zones for joint ventures' in the Far East. These zones could become an important form for developing Soviet export potential and a motive force for the intensification of their commercial and economic relations with the Asia-Pacific region.

In his book, *Moi vybor* (My choice), Edward Shevardnadze emphasized a link between the economy of the Far East and Siberia with the Asian Pacific economic complex:

I realize that much remains to be done so that the economic presence of the Soviet Union in the Asia-Pacific will reach a level commensurate with its economic possibilities. Here active economic diplomacy and new forms of incorporation into the economic life of the region are needed on our part. That will require internal measures to speed the development of the economy and the market in the Asian part of the Soviet Union and the Soviet Far East, and measures to create a favourable political and legal environment for investment.<sup>54</sup>

On 18 April 1991, in his Tokyo speech, Gorbachev indicated the importance of the Asia-Pacific region as a zone of potential openness, cooperation and prosperity as follows:

The time has come for a practical approach to the idea of creating a cooperation zone in the Sea of Japan. It could become a useful testing ground for economic integration in the Asia-Pacific region. We are interested in linking the economy of the Far East and Siberia to the

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52. S. Dykov, 'Vozmozhnosti delovogo sotrudnichestva so stranami ATR', *Vneshnyaya Torgovlya*, 12/1990, p. 34.

53. *Izvestiya*, 18 September 1988, p. 2.

54. Shevardnadze, *Moi Vybor v Zashchitu Demokratii i Svobody* (Moskva: Novosti, 1991), pp. 278-279.

economic complex taking shape in the Asia-Pacific region. While being aware of the difficulties involved, we also see enormous opportunities in this.<sup>55</sup>

In order to boost the economy and develop the social infrastructure material and financial resources were allocated. All these efforts created favourable conditions for the intensification of foreign economic relations. The Gorbachev government no longer criticized economic organizations in this region - e.g. the Pacific Economic Cooperation Conference (PECC) of 1980, and Asia-Pacific Economic Cooperation (APEC)<sup>56</sup> of 1989 - but sought to take active part. In 1991, the Soviet Union's total exports to APEC-member countries(except Brunei) reached 9,538 million roubles compared to 9,228 million roubles in 1990. Soviet imports from APEC-member countries (except Brunei) totalled 18,319 million roubles in 1991 compared to 20,605 million roubles in 1990.<sup>57</sup> The trade of the Soviet Union with this region recorded about 19 billion roubles, but USSR's share did not exceed 1 per cent of the whole foreign trade volume of Asia-Pacific countries.<sup>58</sup> The APR's share in the Soviet Union's trade turnover changed notably over Gorbachev's years, increasing from 8.0 percent in

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55. *Izvestiya*, 17 April 1991, p. 5.

56. APEC, created in November 1989, forum encompasses Thailand, Indonesia, Malaysia, the Philippines, Singapore, Brunei, Japan, South Korea, Canada, the United States, Australia, New Zealand, China, Hong Kong and Taiwan. APEC's aim has been the integration of a dozen mostly booming, individualistic Asian economies into a massive free-trade zone stretching from the United States to Japan and Australia and including, since mid-November, China, Taiwan and Hong Kong. It accounts for nearly 50 percent of global output of goods and services and one-third of the world's trade. APEC comprises a diverse multi-cultural population of well over 1.6 billion consumers and includes the two economic superpowers America and Japan (The economies of the United States and Japan are inextricably bound together and add up to 40 per cent of the world's GNP. *International Herald Tribune*, 28 January 1992, p. 4.) and, potentially, the world's biggest consumer market, the People's Republic of China. *International Herald Tribune*, 21 November 1991, p. 9. As noted above, the Asia-Pacific region is the most dynamic part of world placed new centre of international economic relations. To promote trade and economic cooperation in Asia, Russian President Yeltsin put forward the idea of forming a regional economic cooperation body, while hoping to participate in the 15-nation forum of APEC. See *The Korea Herald*, 20 November 1992, p. 2.

57. *Vneshnyaya Torgovlya*, 4-5/1992, pp. 48-51.

58. A. Rodionov, 'SSSR i Aziatsko-Tikhokeanskoe Ekonomicheskoe Sotrudnichestvo', *Vneshnyaya Torgovlya*, August 1991, p. 15.

1986 to 18.0 percent in 1991.<sup>59</sup>

On 22 May 1991, the Soviet Union reaffirmed its intention to become a full economic partner in Asia, presenting itself as a vital bridge between the region and Europe. Vladimir Kamentsev, chairman of the USSR National Committee for Asia Pacific Economic Cooperation, made the following remarks on the closing day of PECC: 'I would like to emphasize our intention to become a comprehensively involved participant of economic processes in Asia and the Pacific, to widen the scope of our cooperation'.<sup>60</sup>

In September 1991, RSFSR president Yeltsin decreed that the Far Eastern port city of Vladivostok would be opened to foreigners as of January 1, 1992, for the first time in 40 years. The Soviet military, which vetoed an initial attempt in spring 1991 to open the city, citing security requirements, agreed this time, and sensitive military communications and security operations are being moved out.<sup>61</sup>

Under these circumstances, the Soviet Union was forced to seek improvement in practical relations in the Asia-Pacific region, especially Far East Asia, for the purposes of gaining investment, hightechnology, and skilled manpower in the development of Siberia and the Far East. Integrating Siberia and the Far East with the regional economy was a priority. Given the dynamics of the international economy, the Soviet Union's position in relation to the nations of the Asia-Pacific region was the most promising source of stimulus for change.<sup>62</sup>

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59. There were more than 1150 branch and representative offices of foreign firms in Russia in 1991; nearly all of them - in Moscow and 81 percent of them - from Europe. The share of the North Pacific countries was 9.5 percent, including Japanese share of 6.1 percent, Republic of Korea's - 0.4 percent, the U.S.A - 2.9 percent and Canada's 0.1 percent. The one-sided European priority in the international economic policy contradicts the long-term interests of Russia. Alexander B. Parkansky, 'The Disintegration Trends in the Eastern Russia and the Russian Economic Opportunities in the Northern Pacific Area', in Osamu Ieda, ed., *New Order in Post-Communist Eurasia* (Sapporo, Japan: Slavic Research Center, Hokkaido University, 1993), pp. 131-132.

60. *The Korea Herald*, 24 May 1991, p. 7.

61. *International Herald Tribune*, 28 November 1991, p. 7.

62. Daniel C. Matuszewski, 'Soviet Reforms and the Asia-Pacific Challenge', in Thambipillai and Matuszewski, eds., *The Soviet Union and the Asia-Pacific Region: Views from the Region*, p. 6.

#### 4.3.1 Trade with China

Trade between the Soviet Union and China was unique because of the combination of three main features. First, the two countries are neighbours. Second, China and the Soviet Union can be seen as complementary economies. Third, China and the Soviet Union had some similarities in their ideology and system of government.<sup>63</sup>

During the 1950s' honeymoon, Soviet-Chinese trade reached remarkable levels. In 1959 Soviet trade with China reached 1,849.4 million roubles, a significant rise from 1,252.7 million roubles in 1955. Because of ideological and political differences from the early 1960s to 1970s, Soviet foreign trade turnover with China dropped sharply. For example, total trade with China was 41.9 million roubles in 1970.<sup>64</sup>

The recovery of Sino-Soviet economic relations in the early 1980s was one of the earliest products of communist detente. Economic ties play a major role in Sino-Soviet relations. One result of rapprochement between the two countries was that Sino-Soviet trade increased rapidly: from 488.2 million roubles in 1983, 1,614.9 million roubles in 1985, 1,850.1 million roubles in 1988, to 2,412.0 million roubles in 1989 and 5,668.1 million roubles in 1990.<sup>65</sup> Trade volume between the two countries soared to more than 5,930.3 million roubles in 1991, surpassing the previous Soviet-Chinese record. Sino-Soviet trade, however, still accounted for only 3-4 percent of China's foreign trade<sup>66</sup> and about 1.5 percent of the Soviet Union's. In 1991 Soviet-Chinese trade (5930.3

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63. Gerald Segal, *The Soviet Union and the Pacific* (London: Unwin Hyman, 1990), p. 140. The Russian and Chinese economies are much similar in quality, structure, the culture of consumption and the technological level of industry. Hundreds of the Chinese factories are still using the Soviet equipment, which needs renewing. See Parkansky, 'The Disintegration Trends...', p. 133.

64. *Moscow News*, no. 4, 1989, p. 6.

65. In July, 1990, the governments of China and the Soviet Union signed the agreement of investment protection and the Agreement for Avoidance of Double Taxation. In August, the inter-governmental agreement of labour service cooperation was signed. These agreements laid the juristical foundation for the further development of economic and trade relations between the two countries. See *Almanac of China's Foreign Economic Relations and Trade 1991/92* (Beijing, China: The Editorial Board of the Almanac of China's Foreign Economic Relations and Trade, 1992), p. 382.

66. *Beijing Review*, 23-29 April 1990, p. 9.

million roubles) was less than Soviet-Japanese (7950.5 million roubles) and Soviet-US (7874.6 million roubles).<sup>67</sup> By the end of 1980s, it was clearly shown that bi-lateral trade volume increased almost 14 times during the last ten years.<sup>68</sup> In 1992, total trade volume between China and various countries of the former Soviet Union was 5.23 billion dollars, of which China's exports were 2.58 billion dollars and its imports were 2.65 billion dollars.<sup>69</sup>

Table 4.1 Soviet Trade with China  
(Million Roubles)

	1985	1986	1987	1988	1989	1990	1991
Turnover	1,614,9	1,822,0	1,474,9	1,850,1	2,412,0	5,668,1	5,930,3
Export	780,4	910,3	724,3	1,005,2	1,328,5	2,390,6	2,882,7
Import	834,5	911,7	750,6	844,9	1,083,5	3,277,5	3,047,6

Sources: *Vneshnyaya Torgovlya*, 3, 1985-1990; *ibid.*, 4-5, 1992.

### Border trade

Sino-Soviet border trade also grew significantly in a variety of forms. It particularly increased in Heilongjing province, Inner Mongolia and the Xinjiang Uygur autonomous region. It was in 1983 that China and the Soviet Union restored border trade. In the following five years, border trade reached a total of 100 million Swiss francs, while the 1990 border trade reached 720 million Swiss francs. In 1991 it rose to 1.6 billion Swiss francs.<sup>70</sup> In 1989 border trade between the two countries exceeded

67. *Vneshnyaya Torgovlya*, 4-5, 1992, pp. 49-51.

68. M. Bureev, 'Sovetsko-Kitaiskaya Torgovlya ot Kliringa k SKV', *Vneshnyaya Torgovlya*, 10, 1990, p. 11; Among them: Russia trade with China (export 1,912.76 million US dollars/ import 1,327.86 million US dollars). Source: China's Customs Statistics.

69. *China Daily*, 4 March 1993, p. 2.

70. *China Daily*, 5 June 1992, p. 1.

500 million roubles, more ten times that of 1987.<sup>71</sup> At present barter is the major pattern in Russian-Chinese border trade. China sells its foodstuffs, textiles and other consumer products to Russia. In turn, it gets heavy machinery and raw materials.<sup>72</sup>

According to the Heilongjiang mayor Xu Furu, Soviet barter trade is set to increase steadily. The local and border trade between the two countries were developed continuously in 1990. According to statistics, the total value of the local and border trade was 1 billion US dollars.<sup>73</sup> By the end of May 1991, the two nations had signed contracts worth 692 million Swiss Francs with an actual export and import volume of 254 million Swiss Francs, six times the total volume from 1957 to October 1966.<sup>74</sup> While steadily maintaining barter trade, Chinese workers in the Heilongjiang entered the Soviet labour market to make up for a shortage of labour on the Soviet side. Over the past three years, the city has signed 25 co-operative projects. The 22 projects which are already under way have resulted in the sending overseas of 2,920 workers. Labour co-operation has spread from construction and timber felling to agriculture, hydraulic engineering, medical care and catering services.<sup>75</sup>

When bilateral governmental trade dropped slightly, the local and border trade between the two countries developed continuously in 1991, reaching 1.797 billion US dollars, up 79.7 percent over that of the previous year.<sup>76</sup> According to Russian ambassador Igor Rogachev, non-governmental border trade accounted for 60-80 per cent of trade volume in 1992. Much of this trade was carried on by freelance peddlars,

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71. V. Andreev, D. Borusov, 'SSSR-Kitai: Svyazi Rasshiyayutsya', *Vneshnyaya Torgovlya*, 8, 1990, pp. 12-13.

72. *China Daily Business Weekly*, 4-10 July 1993, p. 4.

73. *Almanac of China's Foreign Economic Relations and Trade 1992/93*, p. 433.

74. *Beijing Review*, 30 December 1991-5 January 1992, p. 19.

75. *Ibid.*, p. 20.

76. *Almanac of China's Foreign Economic Relations and Trade 1992/93*, p. 433.



business tourists and exchange students from the two countries.<sup>77</sup> On 16 March 1992 a Sino-Russian border agreement boosted the exchange along the border region that stretches from the Japan sea around Heilongjian and ends in East Siberia.<sup>78</sup>

### **Joint Ventures**

After the signing of an agreement for joint ventures in mid-1988, operating joint ventures between the two countries soon emerged. The Sino-Soviet venture Jian Libao drink factory set up in the Soviet Union in June 1990 is one example. The contract had a total investment of 9 million Swiss francs with 40 per cent coming from China and 60 per cent from the Soviet Union.<sup>79</sup> About 15,000 Chinese labourers are currently working inside the Soviet Far East on various construction projects. Since 1988, migrant Chinese farm workers started to cultivate the Novosibirsk area.<sup>80</sup> In 1990, 6 projects of Chinese-foreign equity joint ventures with Soviet investment in China were approved, the contract value of foreign investment was 8.35 million US dollars. 25 joint ventures setting up in the Soviet Union were approved with the Chinese investment of 18.93 million US dollars.<sup>81</sup> In 1991, There were 409 contracts of project contracting and labour service cooperation in the Soviet Union with the contractual value of 820 million US dollars. There were 65 joint ventures setting up in the Soviet Union approved with the investment by the Chinese side valuing at 22 million US dollars.<sup>82</sup> On 12 July 1991 the Sino-Soviet joint venture, for example, the Kamaz Automobile Maintenance Co. Ltd. was established in Hailar City, capital of Hulun Buir League, Inner Mongolian Autonomous Region. Of the total investment of 3.54 million Swiss Francs, China contributed 53.25 per cent, with the remainder coming from the Soviet

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77. *Far Eastern Economic Review*, 24-31 December 1992, p. 10.

78. *China Daily*, 31 March 1992, p. 1.

79. *Beijing Review*, 23-29 July 1990, p. 29.

80. *Financial Times*, 12 March 1990.

81. *Almanac of China's Foreign Economic Relations and Trade 1991/92*, p. 383.

82. *Almanac of China's Foreign Economic Relations and Trade 1992/93*, p. 433.

Union.<sup>83</sup> A rail link between Urumchi and Alma Ata was scheduled to be opened on 1 July 1992.<sup>84</sup> The construction of the railway is of great importance to economic transactions in Sino-Soviet border areas. More steamer routes along the Amur River link Soviet and Chinese cities were open. Direct flights between Khabarovsk and Harbin, and between Moscow and Shanghai began.<sup>85</sup> In 1992 China signed 613 contracts on construction projects and labour services with CIS countries worth 1.04 billion dollars. The actual business volume same year was 180 million dollars, and nearly 30,000 people were sent to work in the CIS. China has set up 96 joint venture firms in the CIS with contract investment of 100 million dollars, 43.7 percent from the Chinese side.<sup>86</sup>

Thus, Sino-Soviet relations in terms of volume of trade and economic cooperation developed rapidly in recent years. Bilateral trade was based on equality and mutual benefits. Looking to the future, border and regional co-operation will play an increasingly bigger role. In addition, similarity in their economic structures makes both countries interested in expanding trade and developing co-operation.

However, obstacles and problems in both trade relations and economic co-operation between China and the Soviet Union remain. First, the low-level trade structure hinders the expansion of economic and trade relations. Second, there are many defects in settlement-on-account trade, which affects the development of economic co-operation between the two countries. Third, transportation has become a major problem.<sup>87</sup> These should have resolved by the joint efforts of both countries so that trade relations and economic co-operation can develop smoothly.

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83. *Beijing Review*, 12-18 August 1991, p. 29.

84. *Asahi Shimbun*, 21 October 1989.

85. *Financial Times*, 12 March 1990.

86. *China Daily Business Weekly*, 30 May - 5 June 1993, p. 8.

87. *Beijing Review*, 23-29 July 1990, pp. 10-11.

#### 4.3.2 Trade with Japan

Japan restored diplomatic relations with Moscow in 1956, and by the late 1970s had become one of the Soviet Union's leading trading partners in the West. Soviet-Japanese economic relations developed gradually after a trade agreement was signed on 6 December 1957. Since 1966 trade between the two nations has been regulated by five year agreements, the first of which covered the period 1966-70. Until the middle 1970s the value of trade doubled almost every five years: in 1961-65, 1,300 million roubles; 1966-70, 2,600 million; 1971-75, 6,100 million roubles. The barter in the process of implementation of trade agreement of the second five year(1971-1975) increased an average by 26.6 per cent, rising from 652.3 million roubles in 1970 to 1983 million roubles in 1974. During 1974 alone bi-trade increased by 69 per cent with increase of Soviet export by 46 per cent and import - more than twice by 108 per cent.<sup>88</sup> Japan standing in first place in Soviet trade with capitalist countries had moved into second place in 1977.<sup>89</sup>

During the years 1976-1980, the trade volume of both countries increased almost 1.9 times in comparison with the previous five years' trade volume.<sup>90</sup> The volume of Soviet-Japanese trade in 1979 reached about 2,605,4 million roubles. Among them Soviet exports to Japan amounted to 944,4 million roubles, and import to 1,661,0 million roubles. During five years (1976-1980), trade between the Soviet Union and Japan amounted to 12 billion roubles, or double that of the previous five years.<sup>91</sup>

Total trade rose from 128.8 billion roubles in 1987 to 132.1 billion roubles in 1988. Japan stood in sixth place in terms of exports (4.6 per cent), and fourth place in

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88. *Problemy Dal'nego Vostoka*, no. 1, 1976, pp. 95-96.

89. L. N. Kutakov, *Moskva-Tokio: Ocherki Diplomaticheskikh Otnoshenii 1956-1986* (Moscow: Mezhdunarodnye Otnosheniya, 1988), p. 153.

90. *Vneshnyaya Torgovlya*, 12, 1990, p. 8.

91. *SSSR-Yaponiya: Problemy Torgovo-Ekonomicheskikh Otnoshenii* (Moscow: Mezhdunarodnye Otnosheniya, 1984), p. 82.

terms of imports (5.3 per cent) in Soviet trade with capitalist countries in 1990.<sup>92</sup> Trade in 1990 totalled just 10,033.1 million roubles, only 1.3 percent of Japan's total, and 7950.5 thousand roubles in 1991, accounting for only one percent of Japan's trade.<sup>93</sup>

Table 4.2 Soviet-Japanese trade  
(Million Roubles)

	1985	1986	1987	1988	1989	1990	1991
Turnover	3,214,9	3,185,3	2,600,7	3,135,	1 3,481,0	10,033,1	7,950,5
Export	928,9	979,9	972,5	1,184,2	1,343,0	4,071,8	3,734,3
Import	2,286,9	2,205,4	1,628,2	1,950,9	2,138,0	5,961,3	4,216,2

Sources: *Vneshnyaya Torgovlya*, 3, 1985-1990; *ibid.*, 4-5, 1992.

By the end of September 1990, Japanese investment in the Soviet Union totalled \$233 million - only 0.1 percent of its total overseas investments (see table 4.2.1).

Table 4.2.1 Japanese Investments in the Former Soviet Union (1951-Sep.90)  
(Unit of Projects, Million Dollars)

	51-80	81-85	86	87	88	89	90	Total
Project	6	0	1	1	8	12	9	37
Amount	193	0	1	1	9	19	10	233

Source: Korea Ministry of Trade and Industry

Throughout 1988-1990, the Soviet Union continued to show enthusiasm for a quick and sharp expansion in economic relations, calling for participation by Japan in Siberian and Far Eastern development in the form of joint ventures. But bilateral trade actually fell in 1991, dropping from 10,033.1 million roubles to 7,950.5 million roubles as shown in Table 4.2. Due to the Kuril Islands issue, there was to be no dynamic development of economic relations. Overall, the economic relationship showed more

92. *Vneshnyaya Torgovlya*, 2, 1992, p. 40.

93. *Vneshnyaya Torgovlya*, 4-5, 1992, p. 49.

promise than the political one despite the absence of any overall agreements during the Gorbachev era.

#### 4.3.3 Trade with Indochina

Vietnam's trade with the Soviet Union grew along with increasing political ties. As the Vietnam War intensified in and after 1967 the trade rapidly grew, but slowed down slightly with the peace negotiations. As Sino-Vietnamese relations began to deteriorate in 1978 (Vietnam became a CMEA member in 1978), Soviet-Vietnamese trade expanded, reaching in 1979 593.8 million roubles, having gone up about 6.3 times since 1965 and about 3.2 times since 1969(see table 4.3).

The level of economic assistance to Vietnam over the period 1981-1985 was estimated to be \$1.1 billion annually.<sup>94</sup> Soviet bloc economic aid to Vietnam was increased after Gorbachev came to power. Increased Soviet economic aid to Vietnam was announced when Le Duan visited Moscow in June-July 1985 as part of a long-term economic and technical cooperation agreement.<sup>95</sup>

By the end of 1987, the Soviet Union was Vietnam's main trading partner: the USSR accounted for 64 per cent of Vietnamese total foreign trade (48 per cent of Vietnam's exports went to the Soviet Union and 68 per cent of her imports came from the Soviet Union).<sup>96</sup> Delivery of goods from the Soviet Union played a crucial role in the Vietnamese economy. For example, 100 per cent of oilproducts, 90.9 per cent of lorries, 81.2 per cent of ferrous metals and 68.0 per cent of chemical fertilizer imported by Vietnam came from the Soviet Union.<sup>97</sup>

Laos and Cambodia are the poorest and the most isolated from the economic

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94. *International Herald Tribune*, 25-26 October 1986, cited in Lau Teik Soon and Bilveer Singh, eds., *The Soviet Union in the Asia-Pacific region*, p. 121.

95. *Izvestiya*, 1 July 1985, p. 1.

96. A. Yampol'sky, 'SSSR-Vietnam: Zadachi sovershenstvovaniya torgovo-ekonomicheskikh otnoshenii', *Vneshnyaya Torgovlya*, 5, 1988, p. 6.

97. *Ibid.*

growth and new pattern of international relations in the Pacific. Though military and economic aid to the Indochina had previously been channeled through Vietnam, in 1981 the Soviet Union began to provide this directly to Laos<sup>98</sup> and Cambodia.

There were some signs in the late 1980s of a future increase in Soviet trade with both states as the Soviet Union sought new influence in Indochina. In January 1976, between the Soviet Union and Laos signed a document on deliveries of Soviet goods to Laos.<sup>99</sup> During 1976-1986 bilateral trade volume rose from 10,6 million roubles to 67,3 million roubles, i.e., more than by 6.3 times.<sup>100</sup> In 1990, Soviet-Cambodia trade reached 311.7 million roubles in comparison with 55.7 million roubles in 1982 and with 1.8 million roubles in 1967 (see appendix 7). The Soviet Union was by far Cambodia's main trade partner.

As a result of economic reform, the Soviet Union drastically cut assistance to its socialist Asian allies. This put pressure on Indochina to look to the West for help in developing a market economy.<sup>101</sup>

Table 4.3 Soviet trade with Indochina  
(Million Roubles)

	1985	1986	1987	1988	1989	1990	1991
<b>Cambodia</b>							
Export	91,1	114,0	112,0	117,3	128,5	271,0	13,7
Import	9,1	8,7	11,2	13,1	12,3	40,7	8,3
<b>Laos</b>							
Export	85,5	62,2	78,2	74,6	73,7	55,6	9,7
Import	2,3	5,1	9,4	11,4	15,6	16,4	4,7

98. On Soviet-Laos economic relations, see V. Timofeev, 'SSSR-Laos: Desyat let plodotvornykh torgovo-ekonomicheskikh otnoshenii', *Vneshnyaya Torgovlya*, 1, 1986, pp. 18-21; Ustinov, Feonova and Nikolaev, eds, *Edonomika i Vneshne-Edonomicheskie Svyszi SSSR*, pp. 200-201.

99. I. N. Ustinov, L. A. Feonova and D. S. Nikolaev, eds., *Ekonomika i Vneshne-Ekonomicheskie Svyazi SSSR* (Moscow: Mezhdunarodnye Otnosheniya, 1989, p. 200.

100. Ustinov, Feonova and Mikolaev, eds., *Ekonomika i Vneshne-Ekonomicheskie Svyazi SSSR*, p. 200.

101. *The Nikkei Weekly* (Tokyo), 9 November 1991, p. 18.

#### Vietnam

Export	1165,3	1318,4	1454,5	1393,6	1390,9	1307,1	444,8
Import	280,8	294,3	318,9	388,6	519,7	703,5	406,0

Sources: *Vneshnyaya Torgovlya*, 3, 1985-1990; *ibid.*, 4-5, 1992.

### 4.3.4 Trade with ASEAN, NICs and other countries

The Soviet Union's policy toward these nations was in line with its general policy designed to promote the relations of good neighbourliness and cooperation, the principles of equality, mutual benefit and non-interference in internal affairs. The USSR recognised ASEAN as a group working to promote economic, social and cultural development and declared itself ready to cooperate with it. Economic ties with these countries had to be developed from a low starting-point. A negative balance of Soviet trade with ASEAN members for 10 years had reached about 3.9 billion roubles. The rate of Soviet export-import to and from ASEAN was for one of seven. Such imbalances prevented a stable and dynamic development of Soviet foreign trade in the region.<sup>102</sup> The USSR mainly imported raw materials and food products from ASEAN: rubber from Malaysia and Indonesia, palm and coconut oil copra from the Philippines and Malaysia, tin from Malaysia and Singapore, raw sugar from the Philippines, maize and rice from Thailand.<sup>103</sup>

Table 4.4 Soviet Trade with ASEAN States  
(Million Roubles)

	1985	1986	1987	1988	1989	1990	1991
<b>Indonesia</b>							
Export	3,7	3,1	11,2	16,1	26,3	24,1	53,9
Import	90,5	42,3	56,6	24,3	68,2	152,8	52,1
<b>Malaysia</b>							
Export	10,8	7,6	11,0	17,7	12,9	65,6	58,9
Import	180,4	96,6	104,8	81,4	152,7	265,0	184,5

102. A. Mikhailov, 'Puti Sotrudnichestva so Stranami ASEAN', *Vneshnyaya Torgovlya*, 6, 1989, p. 25.

103. *Far Eastern Affairs*, 4 November 1988, p. 66.

Philippines

Export	10,9	7,4	11,3	13,3	5,5	34,3	41,3
Import	28,8	10,0	15,8	11,3	16,1	32,6	15,1

Singapore

Export	10,7	26,7	37,2	25,6	58,4	162,0	246,8
Import	79,6	35,9	48,1	35,9	100,2	590,7	334,5

Thailand

Export	13,4	10,2	24,0	24,2	35,9	164,3	334,4
Import	54,5	80,7	30,8	40,2	220,7	192,0	155,3

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Sources: *Vneshnyaya Torgovlya*, 3, 1985-1990; *ibid.*, 4-5, 1992.

The Soviet Union knew that trade and economic ties with ASEAN states was inadequate, and that opportunities for their growth existed. The Soviet government delegation led by Yakov Ryabov, the Deputy Chairman of the USSR Council of Ministers, which went to Indonesia and Malaysia late in 1985 emphasised the need to identify new areas and to apply progressive forms of economic cooperation.<sup>104</sup> There was a growing opinion in ASEAN favouring wider trade and economic contacts with the Soviet Union. These positive trends were confirmed during the USSR Foreign Minister Shevardnadze's visit to Indonesia and Thailand in 1987 and the visits to the USSR by the Prime Minister Mahathir Mohamad of Malaysia, the Foreign Minister of Thailand Siddhi Savetsial and the Foreign Minister of Indonesia Mochtar Kusumatmadja.<sup>105</sup> In 1986-1987 a joint Soviet-Indonesian commission on trade and economic cooperation was set up, then the Soviet-Thailand intergovernmental commission on trade; an agreement on cooperation between the USSR chamber of Commerce and Industry and its counterpart in Malaysia was signed, as well as an agreement on the avoidance of double taxation with Malaysia.<sup>106</sup> At the 24th ASEAN meeting in 20 July 1991, Soviet Deputy Prime Minister Yuri Maslyukov attended the

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104. *Soviet News* (Singapore), 22 January 1987, pp. 1-3.

105. *Far Eastern Affairs*, 4 November 1988, p. 66.

106. *Ibid.*, p. 71.



meeting for the first time as guest of the Malaysian government and held separate private talks with their ASEAN counterparts.<sup>107</sup> The Soviet Union tried to increase economic cooperation with ASEAN, but trade volume was very low (see table 4.4).

The new focus on richer states, and the recognition of the new structural features of the developing world, were both particularly visible in the Soviet Union's relations with the NICs.<sup>108</sup> The Soviet Union had problems with the fact that the Newly Industrialized Countries are rarely countries in the full sense of the term. Only Singapore had full independence. Hong Kong and Taiwan were both claimed by China, and the Soviet ally, North Korea, insisted its friends maintain a solid front in not recognizing South Korea. It was only a pragmatic Soviet leadership that put aside these diplomatic problems in order to get on with business.<sup>109</sup>

In 1981 Soviet-Singapore trade relations, which were established in April 1966, reached 117,2 million roubles, increased more than 46 times in comparison with the trade volume of 1966.<sup>110</sup> But bilateral trade decreased in the following years. In 1986 total trade amounted to 62,6 million roubles, which was 4.3 times of trade volume in 1975.<sup>111</sup> In 1991, the trade volume of both countries increased almost 6.5 times in comparison with that of 1985 (see table 4.4).

Total Hong Kong exports to the former Soviet Union surged by 74 per cent in 1991 to over 1.5 billion HK dollars (192 million dollars) and a further 6 per cent growth was recorded for the January-April period in 1992. The Hong Kong Trade Development Council (TDC) organized a delegation of 10 companies to participate in

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107. *Beijing Review*, 5-11 August 1991, p. 12.

108. In the early 1992, companies coming from NICs invested about 300 million dollars (more than half of it comes from South Korean companies) in the former Soviet Union. *Delovie Lyudi*, June 1992, p. 43.

109. Segal, *The Soviet Union and the Pacific*, p. 165.

110. Ustinov, Feonova, Nikolaev, eds., *Ekonomika i Vneshne-Ekonomicheskie Svyazi SSSR*, pp. 282-283.

111. *Ibid.*, p. 283.

the first Pan-Pacific Consumexpo in Vladivostok in September 1991.<sup>112</sup>

The new Soviet interest in the NICs focused on the untapped potential of relations with Taiwan and South Korea (We will discuss economic ties between the Soviet Union and South Korea in chapter 7.). Taiwan is, in many ways, more sensitive, because of the importance of Sino-Soviet detente. Yet China's own trade contacts with Taiwan have also increased in the 1980s and therefore it has become easier for other states, including the Soviet Union, to explore relations with this so-called province of China.<sup>113</sup>

Taiwan sought to expand economic ties with the Soviet Union from the late 1980s, after more than 30 years of antagonism.<sup>114</sup> Taiwan benefited from the collapse of communism in Eastern Europe, with a steady stream of visitors. Taiwan banned contact with the Soviet Union until the late 1980s, when political tensions began to ease. Most of the Soviet officials and economists visiting Taiwan have been those associated with Yeltsin. In cooperation with the Russian republic, Taipei opened a trade office in Moscow at the end of 1991.<sup>115</sup> Taiwan began delivery of 100,000 tons of rice, worth about 20 million dollars, to Russia as part of a programme of emergency aid to former Soviet republics in March 1992.<sup>116</sup>

Trade in 1989 was reportedly worth 127 million dollars (nearly 4 times the 1988

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112. *China Daily*, 1 August 1992, p. 2. Hong Kong traders interested in tapping the newly opened market of the former Soviet Union may take advantage of the flourishing Sino-Russian border trade. To be able to sell more effectively to the market, Hong Kong companies may consider dealing through border trade companies in Heilongjiang.

113. Segal, *the Soviet Union and the Pacific*, p. 165.

114. In his press conference in Beijing on 17 May 1989, Gorbachev said on the trade between the Soviet Union and Taiwan as follows: 'As for trade with the Asian region, not only are we in favour of this in principle, but we are also doing a lot towards developing positive processes in that direction. We've recently been looking very optimistically at the prospects of trade and economic exchanges with Asian countries. This will not mean any explosion or disruption of the economic links existing there. I think that it will be an organic and natural process. We can see that our goods are needed there; and we'll find a use for the products of those states, too'. *Pravda*, 20 May 1989, p. 2.

115. *Far Eastern Economic Review*, 5 September 1991, p. 5.

116. *The Japan Times*, 16 March 1992, p. 7.

figure), although total Taiwanese trade with Eastern Europe was valued at 350 million dollars. Soviet trade with Taiwan climbed from 700 million dollars in 1987 to 1.8 billion dollars in 1991.<sup>117</sup> Taiwan was clearly interested in buying Soviet fuel, raw materials and participating in the development of Siberia and the Far East. When the Soviets announced changes in joint venture laws in 1988, cooperation between the Soviet Union and Taiwan became increasingly possible.

Table 4.5 Soviet trade with other countries  
(Million Roubles)

	1985	1986	1987	1988	1989	1990	1991
<hr/>							
<b>Australia</b>							
Export	13,7	8,2	12,4	13,9	17,7	49,8	15,3
Import	532,1	509,1	348,2	350,0	587,4	641,1	691,2
<b>New Zealand</b>							
Export	4,3	5,2	6,3	9,8	15,9	35,8	2,1
Import	86,6	88,5	67,9	102,0	127,9	382,5	295,3
<b>Canada</b>							
Export	17,8	9,8	47,3	16,4	38,5	155,2	133,4
Import	949,0	623,8	449,4	535,0	412,9	1882,6	2036,2
<b>Mexico</b>							
Export	4,2	4,3	6,2	2,5	4,5	22,6	11,1
Import	16,1	7,6	27,8	88,3	57,6	89,9	76,2
<b>USA</b>							
Export	326,1	312,5	279,0	331,5	529,9	1577,9	1267,8
Import	2376,4	1146,0	919,5	1772,6	2865,2	6112,2	6606,8

Sources: *Vneshnyaya Torgovlya*, 3, 1985-1990; *ibid.*, 4-5, 1992.

Soviet trade with the fully developed capitalist economies such as Australia, New Zealand, USA and Canada was overwhelmingly unbalanced and based on commodity

117. Guacang Huan, 'The New Relationship with the Former Soviet Union', *Current History*, vol. 91, no. 566 (August 1992), pp. 95-96.

exports to the Soviet Union. These countries showed interest in joint implementation of projects on the processing of natural resources in the Far East.

On 1 December 1987, when the Australian prime minister visited Moscow, a development programme of trade-economic cooperation between USSR and Australia for 1988-1995 was signed.<sup>118</sup> A three year contract(1989-1991) of bilateral trade of about 600-700 million roubles was also agreed. Most of Australian's export goods to the Soviet Union were agricultural products (about 92 per cent).<sup>119</sup>

New Zealand's prime minister visited Moscow in November 1988. The visit gave a new impulse to the progress of Soviet-New Zealand economic and scientific-technologic relations. The Soviet Union imports from New Zealand mutton, wool, milk products, and exports to New Zealand machinery, fish and sea-products, mineral fertilizers and chemicals.<sup>120</sup> Soviet-New Zealand economic relations developed gradually after a trade agreement of 1988. The trade volume of the two countries in 1990 reached 418.3 million roubles in comparison with 1988 figure of 111.8 million roubles.

The imbalance of Soviet trade with the industrial West is shown in table 4.5. During the period 1985-1990 the USSR accumulated a negative trade balance with the Western countries. In some cases this was particularly high: with the US (-4,534.3 million roubles), Canada (-1,727.4 million roubles), Australia (-591.3 million roubles) and New Zealand (-346.7 million roubles) in 1990. The most significant gap in the trade imbalance was registered in trade with the United States.

#### **4.4 The issues of Military Security**

High on the list of priorities is the problem of Asian security. It affects in a direct way the future of the entire world. Therefore the Soviet

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118. *Vneshnyaya Torgovlya*, 5, 1988, p. 52-53.

119. Yu. Chumakov, 'Sovetsko-Avstralskie Torgovo-Ekonomicheskie Svyazi na Novom Etape', *Vneshnyaya Torgovlya*, 1, 1990, p. 14.

120. *Vneshnyaya Torgovlya*, 10, 1989, p. 32.

leadership is so persistently seeking to contribute to the start of serious and specific discussions of the problems of Asia-Pacific region.<sup>121</sup>

The rapid growth of economies in the Asia-Pacific region led to the recognition that economic development is impossible without peace and security. Gorbachev's approach towards this region had the long-term objective of attaining Asian security. Although Gorbachev referred to the possibility of an all-Asian forum which would bring together all Asian countries in order to improve relations and deal with issues of common concern, he was ultimately aiming at a collective security system for balancing and checking the influence of the United States in the Asia-Pacific region.

What was Gorbachev's conception of an all-Asian collective security system? On 21 May 1985, he revived the 1969 Brezhnev proposal for an Asian collective security system. In his speech at a dinner in honour of the Indian Prime Minister, Rajiv Gandhi, Gorbachev proposed an 'All Asian Forum' as a collective security concept for Asia:

In Asia, the problems of peace and security are today no less and, in some areas, even more acute and painful than in Europe. It is understandable, therefore, that a number of new important and constructive initiatives on some aspects of the security of the Asian continent and its individual regions have been put forward in recent years....Now the question arises: Is it not advisable, considering all these initiatives and, in some measure, Europe's experience, to think of a common, comprehensive approach to the problem of security in Asia and of a possible pooling of efforts by Asian states in this direction? Of course, the way to this is complicated. But the road to Helsinki was not smooth or even either. Here various methods are evidently possible-bilateral talks and multilateral consultations-up to holding an all-Asian forum for an exchange of opinions and as joint search for constructive solution at some point in the future.<sup>122</sup>

After this speech Gorbachev repeatedly referred to the idea of a common and comprehensive approach to Asian security. The Soviet government statement on the Asia-Pacific Region of 23 April 1986 indicated:

The Soviet Union proposes, through bilateral and multilateral consultations, to work for the resolution of disputed issues, for better

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121. *Pravda*, 28 September 1988, p. 2.

122. *Izvestiya*, 22 May 1985, p. 2.

mutual understanding and for building confidence, and thereby to create prerequisites for the holding of an all-Asian forum to conduct joint searches for constructive solutions.<sup>123</sup>

On 27 July 1986, Gorbachev set out the Soviet Union's ideas and specific proposals concerning a workable process for building up international security and peaceful cooperation in the Asian and Pacific region in his Vladivostok speech:

Our views about security in the Asia-Pacific region did not come out of thin air....Nowadays, we have witnessed the efforts of a number of states to solve in practice common economic problems and the attempts somehow to regulate conflicts. In the activities of the ASEAN and in bilateral ties many positive steps have been taken. After the plan for a 'Pacific community' had been rejected, discussions began on the idea of a 'Pacific economic cooperation'....For an objective, however, we would like to propose a conference, in the model of the Helsinki conference, to be attended by all countries gravitating towards the Ocean....In summary, I would like to emphasize that we stand for integrating the Asia-Pacific region into the general process of establishing a comprehensive system of international security proposed at the 27th Congress of the CPSU.<sup>124</sup>

The major objective of this policy was to obtain peace, cooperation and security in the Asia-Pacific region. These ideas were reiterated by Gorbachev in his interview with *Merdeka*<sup>125</sup>, an Indonesian newspaper in July 1987 and later in his book *Perestroika*:

New relations in our complex world, and in such an intricate region as Asia and the Pacific, can be built only along the road of cooperation where the interests of all states are brought together....There was much comment when it was suggested that there be in the foreseeable future a Pacific conference attended by all countries gravitating towards the ocean. This idea was put forward as a kind of a working hypothesis as an invitation to discussion....It does not mean, however, that the European 'model' can be transplanted to Asia-Pacific soil. But in our time any international experiment has some general, global traits.<sup>126</sup>

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123. *Izvestiya*, 24 April 1986, p. 1.

124. *Izvestiya*, 29 July 1986, p. 2.

125. *Izvestiya*, 22 July 1987, p. 2.

126. Gorbachev, *Perestroika i Novoe Myshlenie dlya Nashei Strany i dlya vsevo Mira* (Moscow: Politizdat, 1988), p. 191.

In his Krasnoyarsk speech on 16 September 1988, Gorbachev suggested a new package of ideas and proposals aimed at the reduction of political and military confrontation in the Asia-Pacific region, the development of confidence and good-neighbourly relations and the transformation of the region into zone of peace and cooperation.<sup>127</sup>

In his Beijing speech on 16 May 1989, Gorbachev said:

The region of Asia and the Pacific has not yet produced established negotiating structures or a mechanism for regular multilateral consultations. Therefore the question arises: is it not time for all interested states, acting with the assistance and support of the United Nations, to give an impetus to what could be called an all-Asian process?...But, in our view, such a task of cardinal importance both for Asia and for the entire world can much more easily be accomplished precisely through collective efforts....The Pacific is no longer a barrier separating Asia from America; rather, it serves as a type of link. Consequently, the problem of security in Asia is an integral part of universal, global security.<sup>128</sup>

Here Gorbachev meant that there would be no military role for organizations such as NATO and WTO in the Asia-Pacific area. In this region, all countries had to construct a mechanism for an all-Asian security.

Shevardnadze delivered a major policy speech on Asia in Vladivostok on 4 September 1990. He said the Soviet Union wanted to become a bridge of 'security and stability' between Asia and Europe, and called for the creation of regional structures to deal with the problems of the Asia-Pacific region.<sup>129</sup> He proposed that the foreign ministers of all Asia-Pacific countries should meet in a regional security conference by 1993 which could lead to a 'pan-Asian summit meeting'.<sup>130</sup> Shevardnadze's proposal for the idea of 'all Asian forum' was regarded as an attempt to realize Gorbachev's

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127. *Izvestiya*, 18 September 1988, pp. 1-3.

128. *Pravda*, 17 May 1989, p. 2.

129. Shevardnadze, 'The Asia-Pacific Region - Dialogue, Peace, Cooperation', *International Affairs* (Moscow), November 1990, p. 127.

130. *Ibid.*, p. 133.

approach (expressed in the idea of a 'Helsinki-type all Asian Security conference' in his Vladivostok address of July 1986, an all-Asian security and cooperation conference proposed in the Krasyanorsk address of September 1988 and an 'all-Asian process' suggested in the Beijing address of May 1989) in a more flexible manner.

On 4 April 1991, Soviet Deputy Foreign Minister Igor A. Rogachev (now Russian ambassador in China) stressed the 'urgent need' for establishing a 'viable negotiating mechanism' to discuss a new system of security relations among countries in Asia and the Pacific. At the 47th session of the U.N. Economic and Social Commission for Asia and the Pacific(ESCAP), he said that the Soviet Union was prepared to search for and try specific 'Asian' or 'Pacific' methods of dealing with security issues. Rogachev said that 'building upon the Vladivostok and Krasnoyarsk platform, as well as on Mikhail Gorbachev's idea that in the future it would be logical for Europe, Asia and the Pacific to come together to form a single Eurasian space of security and cooperation, proposals have been advanced for adopting confidence-building measures in the military field, establishing a regional conflict prevention centre, convening a conference of states possessing large military potentials, holding a meeting of the foreign ministers of the countries of Asia and the Pacific, and some others.'<sup>131</sup>

In April 1991, in his the Japanese parliament speech, Gorbachev proposed 'a five-sided conference' for consultations, joint identification and discussion of common problems in the Asia-Pacific region:

In this sense we are talking about the expediency of beginning a five-sided conference involving the USSR, the United States, the PRC, India and Japan. It is precisely this meaning that we attach to our proposal to hold a meeting of foreign ministers of all countries of the Asia-Pacific region in 1993.<sup>132</sup>

Gorbachev also suggested a new relationship with Japan and a trilateral conference with Japan and the United States to 'remove suspicions and build confidence

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<sup>131</sup>. *The Korea Herald*, 5 April 1991, p. 2.

<sup>132</sup>. *Izvestiya*, 17 April 1991, p. 5.



through concrete agreement'. He put forward the idea of a Soviet-Japanese security conference and a zone of co-operation in northeast Asia around the Japan Sea.<sup>133</sup>

It is clear from the above that Gorbachev proposed a series of security initiatives, such as an Asian version of the Conference on Security and Cooperation in Europe (CSCE) and controls on superpower naval forces, to solve many of the outstanding Asian issues that had remained after Brezhnev's earlier proposal. This comprehensive international security system marked a new stage in the evolution of the concept of security achieved through 'the new political thinking.' The Soviet proposals showed that the Soviet government was devoted to enhancing peace and better understanding in the region. The Soviet Union believed that while there were no politico-military alliances in the APR, there was a need to think how to ensure - by the combined efforts of all the states located there - regional security as part of the comprehensive system of

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133. On 19 November 1992, while addressing the Korean National Assembly for the first time as Russia's head of state, the Russian president Yeltsin proposed multilateral security consultations among countries in Northeast Asia as a preliminary step for formation of a regional security consultative body in Asia and the Pacific. He also called for creation of a body for mediating international military disputes and a centre for regional strategic research in the region. *The Korea Herald*, 20 November 1992, p. 2.

international security.<sup>134</sup> But it was widely dismissed as having little relevance to very different Asian conditions.

#### 4.4.1 Sino-Soviet Relations<sup>135</sup>

##### Boundary disputes

The Gorbachev leadership enjoyed more success in its policy toward China. Both sides had boundary problems. With regard to the long-standing dispute over the demarcation of the Sino-Soviet border along the Amur and Ussuri rivers, Gorbachev acknowledged for the first time in his Vladivostok speech that the official boundary would be 'the main channel of the river.'<sup>136</sup> This approach was based on the mutual acceptability of the balance of interests, and was manifested by the Soviet Union in the

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134. *Moscow News*, no. 4, 1989, p. 6; on the view of the United States about a collective security system in Asia. The United States sees no need for a multilateral security structure in Asia given the lack of a major security threat and America's continued military presence in the region. Richard Solomon, then the assistant secretary of state for East Asian and Pacific affairs, said the United States felt there was no "impulse" or "rationale" for Asian nations to establish a multi-lateral security system similar to the Conference on Security and Cooperation in Europe. "The only reason you had successful security structures in Europe was that there was a very clearly defined threat," Solomon said. "You have not had that kind of a situation in the Asia-Pacific region." See *Korea Herald*, 17 April 1992, p. 2.; Asian collective security was anathema to the cautious Bush administration, but the Clinton hands have proved more receptive. Winston Lord, new U.S. assistant secretary of state for East Asian and Pacific Affairs, said at a confirmation hearing before the East Asia-Pacific panel of the Senate Foreign Relations Committee "Asia is not Europe. We do not envisage a formal structure for the region like the CSCE. We will heed the ideas of others, such as Japan, Australia and ASEAN, which have been particularly fertile in this domain. Together we can explore new Asia-Pacific paths toward security." See, Winston Lord, 'It is time for America to help build a new Pacific Community', *International Herald Tribune*, 9 April 1993, p. 6. They have already endorsed the regional security discussions held under the auspices of the six-member Association of South East Asian Nations. Japan, South Korea, Australia, New Zealand and the United States are formal ASEAN "dialogue partners." But that still leaves East Asian military powers like Russia, China, Vietnam and Taiwan excluded. China's flouting of proliferation rules and Taiwan's peculiar diplomatic status might argue for proceeding without them, at least initially. But Russia surely belongs in any post-Cold War Asian security system, as its role in the Korean crisis demonstrates. And now that it is cooperating with its neighbours over Cambodia, so might Vietnam. See *International Herald Tribune*, 20-21 March 1993, p. 4; Kissinger said 'Once America has redesigned its relations with China and Japan, it will be able to go beyond a set of bilateral relationships and enable the nations of Asia to communicate with each other in some larger framework. In the long run, an Asian Security Conference including Russia and the United States could be an important first step in that direction'. See Henry Kissinger, 'America in Asia: Don't Disengage and Do Consult', *International Herald Tribune*, 14 June 1993, p. 5.

135. For detailed on Sino-Soviet Relationship(1945-1990), see M. L. Titarenko, ed., *40 Let KNR* (Moscow: Nauka, 1989), pp. 110-124; Lowell Dittmer, *Sino-Soviet Normalization and Its International Implications, 1945-1990* (Seattle: University of Washington Press, 1992).

136. *Izvestiya*, 29 July 1986, p. 2.

course of border negotiations with China. When Foreign Minister Shevardnadze met the then PRC Foreign Minister Wu Xueqian in New York on 25 September 1986, they agreed to resume Sino-Soviet border talks at the vice foreign minister level. With this shift, the PRC at last became engaged once more with the Soviet Union in bilateral negotiations affecting a concrete security issue.<sup>137</sup>

After an interruption of more than eight years, China and the Soviet Union resumed border talks in February 1987. The talks were initially conducted in Moscow by the vice foreign ministers. When the talks began, the then Chinese Vice Foreign Minister Qian Qichen made a public statement calling for a comprehensive and equitable overall settlement, but conspicuously omitted two demands: first, that the Soviets acknowledge that much of their holdings in the Far East were acquired through 'unjust treaties' imposed on China by the Tsars;<sup>138</sup> and second that prior to a new adjudication of the border, the Soviet Union agree to a preliminary withdrawal of the armed forces of both sides from all those regions which China chose to identify as being in dispute. The jettisoning of these propaganda demands,<sup>139</sup> which Mao had known would never be accepted by the Soviet Union, was a reflection of the new Chinese belief that a deal with Gorbachev over the border was not only possible but also desirable.

A second round of Sino-Soviet talks held in August 1987 in Beijing resulted in an agreement to set up a working group of experts to consider where the border would

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137. *Izvestiya*, 26 September 1986, p. 5.

138. Since 1969, the Chinese have always made it clear that they do not claim any of the territory gained by the USSR through these 'unjust treaties', but only those additional areas which they say were illegally occupied by Tsarist Russia and the Soviet Union in violation of the treaties. Nevertheless, the traditional Chinese demand that the Soviet Union acknowledge that the treaties were in fact unjust -- as an added prerequisite for any border settlement -- had imposed a political precondition which effectively blocked movement toward a settlement.

139. The PRC had evidently been preparing for this change in negotiating position for some time. In the last previous official Chinese statement regarding the border dispute both of these demands were omitted by Zhao. Ever since then, the Chinese had avoided discussing the subject publicly.

run throughout the length of the eastern part.<sup>140</sup> The study groups met three times in 1988, alternating between the two capitals, and were able to reach agreement on most of the eastern part during their third meeting, in October 1988 in Moscow.<sup>141</sup>

By late 1988, the Chinese attitude regarding the future of the border talks was conditioned by newly accumulating evidence that Gorbachev had indeed begun to retreat from some of the military deployments around the Soviet periphery undertaken by Brezhnev and long objected to by the Soviet Union's neighbours. In May 1989, in a Sino-Soviet joint communique, both sides agreed to solve the remaining border issues between the Soviet Union and China fairly and rationally, on the basis of the treaties on the present Sino-Soviet border. They agreed to intensify their efforts to work out mutually acceptable solutions regarding the eastern and western parts of the border simultaneously.<sup>142</sup> Most significant, both sides showed a 'willingness to make progress'. Gorbachev also exhibited political flexibility.

On 13 February the Russian Supreme Soviet ratified the agreement between the USSR and China concerning the eastern section of the two states border that had been signed in May 1991. The debate focused on the fate of islands in the waterways along the border, a matter of considerable historical importance to both countries. Russian Foreign Minister Andrei Kozyrev said that of the 1,845 islands, more than half (in terms of both number and area) belonged to Russia. He noted that two islands in the region of Khabarovskaya and Argun were still a matter of dispute, ITAR-TASS reported on 13 February 1992.<sup>143</sup>

Delegation from China and the Russian Federation spent a full four weeks in talks

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140. *Izvestiya*, 22 August 1987, p. 4.

141. *China Daily*, 1 November 1988.

142. *Izvestiya*, 19 May 1989, p. 1.

143. *RFE/RL Research Report*, vol. 1, no. 9, 28 February 1992, pp. 76-77.

aimed at a reduction of military forces on the border and an increase in mutual trust.<sup>144</sup> The talks were held from 21 March to 16 April 1992 in Beijing. It was the sixth time the two sides had met.<sup>145</sup> In 1991 a treaty was negotiated and signed before the breakup of the Soviet Union. It affected portions of the border now part of Russia. Rogachev, the newly appointed Russian Ambassador, disclosed that a Sino-Soviet agreement on the east section of the borders, except for one place near Boli (Khabarovsk) and another on the Ergune River, has been reached and approved by the Chinese National People's Congress and the Russian congress. He said that the west section of the former Sino-Soviet boundary is now shared by China and three more republics of Kazakhstan, Kirgizia and Tadzhikistan, in addition to Russia. Rogachev believes that it will be more convenient for the four republics to talk in concert with the Chinese side.<sup>146</sup>

In June 1993, the 10th round of talks to reduce the military presence on borders between China and Kazakhstan, Kirghistan, the Russian federation and Tadzhikistan was held in Beijing. They discussed ways to increase understanding in the military area. They continued exchanging views on issues concerned and the talks made some new progress. Both sides agreed that the next round of talks would be held in Moscow, according to Chinese Foreign Ministry sources.<sup>147</sup>

Yeltsin and his Chinese counterpart Yang Shangkun signed the joint declaration on the basic principles governing bilateral relations in Beijing on 18 December 1992. On the issue of the boundaries, the two sides agreed that negotiations needed to be continued for a fair and reasonable solution to the unsettled boundary disputes between

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144. On 3 March 1992, Radio Moscow reported that Russia had agreed to withdraw 4,000 tanks and artillery pieces from the Chinese-Russian border region. *RFE/RL Research Report*, vol. 1, no. 11, 13 March 1992, p. 51.

145. *China Daily*, 17 April 1992, p. 1.

146. *Beijing Review*, 20-26 April 1992, p. 8.

147. *China Daily*, 12 June 1993, p. 1.

the two countries.<sup>148</sup> Questions over the ownership of the Heixiazi islands and some other territories remain unsettled, but the two sides have agreed to carry on negotiations on these subjects.<sup>149</sup>

Proceeding from the results of the former Sino-Soviet border talks, China continued such talks with Russia on the mutual reduction of armed forces in border areas. Borders between China and Russia in most sectors have already been determined by boundary agreements. The border negotiations with China are still in progress.

#### **4.4.2 The Southern Kuriles Issue with Japan**

The Southern Kuriles dispute<sup>150</sup> stems from the Yalta Agreement which assigned 'the Kuril Islands' to the Soviet Union. The 1951 San Francisco Peace Treaty renounced all claims to 'the Kurils' without precisely defining their geography.<sup>151</sup> In 1956 in a Japanese-Soviet joint statement<sup>152</sup> on the occupied islands it was agreed that 'Habomai' and 'Shikotan' should be handed over to Japan on the conclusion of a Japan-Soviet peace treaty.

However, the Soviet Union maintained that Japan renounced her claims to all four islands in the San Francisco Peace Treaty, which was based on the Yalta Agreement. Japan countered that the Soviet Union was not entitled to quote the San Francisco Treaty, which it had not signed. In 1956, instead of a formal peace treaty, the

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148. *China Daily*, 19 December 1992, p. 1.

149. *China Daily*, 18 December 1992, p. 1.

150. For details about the Kurils' dispute, see David Rees, *The Soviet Seizure of the Kurils* (New York: Praeger, 1985); George Ginsburgs, 'The Territorial Question between the USSR and Japan: The Soviet Case and a Western Apercu', *Korea and World Affairs*, vol. no. (Summer 1991), pp. 259-278; for further detailed territorial issues during Gorbachev and Yeltsin governments, see Vladimir Eremin, *Rossiia-Yaponiya Territorial'naya Problema: Poisk Resheniya* (Moscow: Izdatel'stvo "Respublika", 1992); on policy changes after Yeltsin, see Hiroshi Kimura, 'Japanese-Russian Relations: Issues and Future Perspectives', in Trevor Taylor, ed., *The Collapse of the Soviet Empire: Managing the Regional Fall-out* (London: Antony Rowe for Royal Institute of International Affairs, 1992), pp. 79-89.

151. A full discussion of the historical background, see *Izvestiya*, 12 May 1992, p. 6.

152. See, John J. Stephan, *The Kuril Islands: Russo-Japanese Frontier in the Pacific* (Oxford: Oxford University Press, 1974), p. 247.

two countries finally exchanged diplomatic recognition. Since that time the Japanese government has held that only the territorial issue stands in the way of a peace treaty.

Soviet leaders had always been sensitive to the border question and made recognition of their existing post-war borders a condition of the 1975 Helsinki agreement. In the past, the Soviet side insisted that the territorial issue did not exist. This was the usual language of any formal Soviet response to Japan's reference to the territorial issue, although it sometimes alternated with the more conciliatory stance that some 'difficult problems' remained between the two nations. Under Gorbachev, the change in the Soviet approach was total: 'the territorial issue exists' and 'the issue must be settled.'

Under Gorbachev the discussion of the territorial issue came to the surface within Soviet political circles. Discussions raised such possibilities as the development of joint enterprises on the Kuril Islands, the creation of joint sovereignty or joint administration over them, and the return of two or even of all four of the islands.

In September 1989, Georgii Arbatov, the director of Institute of USA and Canada, pursued a conservative approach in Japan. He argued that the two states should emphasize economic ties and temporarily shelve the territorial issue, pending progress. He explicitly recognized the problem that any compromise on these territories could be invoked in the case of other disputed borders.<sup>153</sup>

In October 1989, historian Yury Afanasyev speaking in Japan, said in Japan that the Soviet government had an unconstructive approach in not wanting to improve Japanese-Soviet relations. He advocated the return of the islands in exchange for generous Japanese investment and government credits.<sup>154</sup>

Mikhail Titarenko, director of the Institute for Far Eastern Affairs at the Soviet Academy of Science, met Takahiro Yolomichi, Governor of Hokkaido, in Moscow on 6 June 1990. He spoke of the 'third way', outlined in Aleksandr Yakovlev's speech, i.e.,

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153. Susan L. Clark, Moscow's Opening to Japan, *Radio Liberty Research Bulletin*, 10 January 1990, p. 10.

154. *Pravda*, 20 October 1989, p. 7.

a multi-stage solution. He suggested four stages. First, Japan should withdraw its demand of the return of all four islands. Second, the Soviet Union should quickly withdraw its division of troops and military installations stationed in the four northern islands. Third, the declaration which included a promise to hand over Habomai and Shikotan to Japan should be reconsidered. Finally, both sides should enact comprehensive measures to create mutual confidence and ease tension with each other: for example, arms reductions, joint exploitation of the rich marine resources surrounding the islands etc.<sup>155</sup>

When he visited Japan in February 1990, Boris Yeltsin put forward a private proposal of a long-term programme which consisted of five stages for returning the northern territory to Japan. According to this programme, the Soviet government would, first, formally declare the existence of the northern territories issue and educate Soviet citizens about this problem. Second, the islands should be gradually established as a zone of free enterprise with the recognition of Japan's special interests and free access to Japanese citizens over the next three to four years. Third, the islands should be demilitarized within another five to seven years. Fourth, both sides should conclude a peace treaty. Finally, the Soviet-Japanese territorial dispute should be settled by future generations of leaders in both countries in a changed world political climate. At this stage, Yeltsin said that issues surrounding the islands' status could be solved in one of the following ways: joint Soviet-Japanese control; declaring the Kuriles a neutral zone; or transfer of the islands to Japan.<sup>156</sup> However, Yeltsin's offer did not raise much interest in Japan, some rejecting it as 'insufficiently radical'. Vitalii Gulii, a progressive member of the USSR Congress of People's Deputies, advocated another possible solution, 'a concept for joint sovereignty of the four islands'.<sup>157</sup>

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155. *Mainichi Shimibun*, 18 June 1990; On Yakovlev's 'third way', see *Tokyo Shimibun*, 14 November 1989, p. 1; *Mainichi Shimibun*, 3 January 1990, p. 2.

156. *Tokyo Shimibun*, 17 January 1990; see also *Moscow News*, no. 17, 21-26 September 1990, p. 4.

157. Radio Moscow, 11 November 1989, translated in *Foreign Broadcast Information Service, Daily Report: Soviet Union(FBIS-Sov)*, 219/89, 14 November 1989, p. 18.



A proposal of U.N. trusteeship for the Northern Islands was made in *Pravda* by Vsevolod Ovchinnikov, a leading Moscow commentator, 'Why... not transfer the islands... under U.N. trusteeship by proclaiming them a special economic zone jointly owned by the Soviet Union and Japan?' he asked. Ovchinnikov said the 45 year deadlock over the islands of Etorofu, Kunashiri, Habomai and Shikotan could only be solved by compromise.<sup>158</sup> This was the first sign of Soviet flexibility over the southern Kurile islands.

On 18 April 1991, a joint Soviet-Japanese declaration in Tokyo dealt with the issue of the islands. The Soviets proposed a reduction of the Soviet military presence,<sup>159</sup> the start of mutually profitable economic exchanges in the islands, no visa requirements for Japanese nationals visiting the islands and increasing exchanges between the Soviet residents of the islands and Japanese nationals.<sup>160</sup>

Both sides moved toward adjusting the bilateral relationship to the post-Cold War international environment through resolving the territorial issue. During his meeting with the Japanese foreign minister, Nakayama, on 14 October 1991, Soviet President Gorbachev indicated Moscow's policy of basing its approach to the territorial question on the 1956 Soviet-Japanese joint declaration in which the Soviet Union promised to return to Japan two of the four Soviet-held islands off Hokkaido. Russian Federation President Yeltsin also told Mr Nakayama that he favoured accelerating negotiations to conclude a peace treaty between the two nations by settling the territorial dispute "within this century."<sup>161</sup>

### **Negative position on the issue**

The territorial problem was closely linked with the internal political struggle and,

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158. *Pravda*, 1 July 1990, p. 7.

159. As a followup to an earlier pledge by ex-Soviet President Gorbachev in April 1991, the number of Russian troops deployed on the four islands has already been cut by 30 percent to roughly 7,000. See, *The Japan Times*, 22 March 1992, p. 1.

160. *Izvestiya*, 19 April 1991, p. 1.

161. *The Japan Times*, 21 October 1991, p. 24.

what is more important, with relations between Moscow and the Russian Far East.<sup>162</sup> Unpredictable political developments in the Soviet Union could make null and void the statements and commitments made by Gorbachev or by Yeltsin. There was the ever baffling question of who, Gorbachev or Yeltsin, or which, the Soviet centre or the Russian Republic, would be the final authority in handling the territorial issue.

Gorbachev was under strong pressure at home to keep the islands. First, the Soviet military considered a possible return of the Southern Kurils as detrimental to Soviet security interests.<sup>163</sup> In April 1991, General Viktor Novozhilov, commander of forces in the Soviet Far East, said that the Soviet Union could no longer be defined as a great power if it returned the islands to Japan. Loss of the islands 'would quite simply mean that the Soviet fleet would be immobilized', the general said. 'We could no longer call ourselves a great power'.<sup>164</sup> Second, There was strong feeling among the Russian population against returning the islands. In September 1991, authorities on the island of Sakhalin stated their opposition to any attempt to return the Kuriles to Japan.<sup>165</sup> A TASS report quoted Valentin Fedorov, head of the Sakhalin Oblast Soviet Executive Committee, as declaring "the motherland is not sold. People must be sure of the future, to live without anxiety in the future."<sup>166</sup> Sergei Baburin and Nikolai Pavlov, deputies of the RSFSR supreme Soviet said that "we must set out one front for territorial integrity of Russia", TASS reported.<sup>167</sup> According to an opinion poll made by *Sluzhba* in November 1991, 71 per cent of Russians opposed returning the Kuril Islands to Japan,

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162. *New Times*, no. 31, August 1992, p. 3.

163. Gennady Chufrin, 'The USSR and Asia in 1991: Domestic Priorities Prevail', *Asian Survey*, vol. xxxii, no. 1 (January 1992), p. 14.

164. *International Herald Tribune*, 18 April 1991, p. 1, p. 5.

165. See Stephen Foye, "The Struggle over Russia's Kuril Islands Policy", *RFE/RL Research Report*, vol. 1, no. 36, 11 September 1992, pp. 34-40; Kathryn Brown, "Sakhalin's Valentin Fedorov makes Nationalist Allies". *RFE/RL Research Report*, vol. 1, no. 38, 25 September 1992, pp. 33-38.

166. *Sovetskaya Rossiya*, 12 October 1991, p. 5.

167. *Ibid.*

only 14 per cent agreed them.<sup>168</sup>

Under Yeltsin it is evident that this dispute cannot be solved in a quick and elegant manner because of domestic political considerations.<sup>169</sup> Yeltsin cancelled a planned trip to Tokyo on 13-16 September 1992. It was doomed to failure because of differences over a decades-old territorial dispute. Yeltsin was under heavy pressure from conservatives at home to resist Japanese demands to hand back the northern islands. Politically Yeltsin is constrained by the vested interests of the 15,000 Russian civilians who now live on the islands and by the views of the armed forces, who regard the islands as strategically important.<sup>170</sup> Many parliament members criticized the Russian Foreign Ministry for insisting on its own plan on the territorial issue, while giving no consideration to the others. Oleg Rummyantsev, executive secretary of parliament's constitution committee, said the issue was not simply a diplomatic question. It concerned the interests of all nationalities, he said, adding Russia should not make a deal on the issue.<sup>171</sup> Russian nationalists and some lawmakers have since been pressuring Yeltsin not to give the islands away. Such an action, they say, would deprive Russia of an important radar post and rich fishing grounds (10 per cent of Russia's annual fish catch). Returning the islands also would wound national pride and could encourage claims on Russian territory by China and the Baltic states.<sup>172</sup>

When Prime Minister Viktor S. Chornomyrdin visited to Iturup Island on 17

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168. *Sluzhba*, no. 10 (November 1992), p. 1; in a same survey in August 1992, 76 per cent of Russians voted against the return of the four islands to Japan, 13 per cent of Russians voted for them. *Ibid*; According to a Moscow telephone poll, only 18 per cent prepared to accept Japanese conditions on the Kuriles on the Kuriles, 58 per cent rejected them. *Izvestiya*, 12 May 1992, p. 3.

169. Sergie Solodovnik, 'Stability in Asia: A priority for Russia', *International Affairs* (Moscow), February 1992, p. 66.

170. Artyom Ustinov, 'Stalemate over Japan's northern territories must end', *Moscow News*, no. 23, 1992.

171. *China Daily*, 30 July 1992, p. 8.

172. At a meeting of the scholars on Japan at the Institute of World Economics and International Relations, the possible losses were determined very precisely and far-sightedly: the loss of resources from the seas around the "northern territories," a shift in the military-strategic balance, and claims by other states on Russia's territory. See Vladimir Yereimin, 'Moscow won't have to make concessions', *New Times*, no. 23, 1992, p. 25.

August 1993, he said that Russia would "never" return the four main Kuril islands to Japan and asserted that the dispute over them was not an issue, the Interfax news agency reported.<sup>173</sup>

Thus, Russia and Japan can not find a reasonable compromise on the basis of a balance of bilateral interests. For this, both sides will, to begin with, have to dismiss previous proposals - to return or not to return two or four islands.

#### **4.4.3 Arms Control and Disarmament**

The Soviet Union focused its efforts in the Asia-Pacific region on reducing military confrontation, promoting the disarmament process in Asia and political solutions to conflicts. Many practical steps were taken during the Gorbachev era.

In a 15 January 1986 statement Gorbachev set out a plan for ridding the world of nuclear weapons by the year 2000: "We see our programme as a contribution to a search, together with all the Asian countries, for an overall comprehensive approach to establishing a system of secure and lasting peace on this continent".<sup>174</sup>

On 28 July 1986, in Gorbachev's Vladivostok speech, he outlined Soviet policy in Asia and the Pacific for years ahead. He said that the USSR would work to scale down military confrontation, to reduce the risk of nuclear war, and to limit naval forces, and that it would promote the settlement of regional conflicts and cooperation on an equal footing, regardless of affiliation to different alliances. Gorbachev favoured the establishment of nuclear-weapon-free zones in the South Pacific, Southeast Asia and the Korean Peninsula.<sup>175</sup>

As a result of reflections and an additional analysis and striving to further the cause of all-Asian security, Gorbachev made a 7-point proposal during his Krasnoyarsk speech: the freezing of the number of nuclear weapons in North Asia; the holding of a

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173. *International Herald Tribune*, 18 August 1993, p. 2.

174. *Izvestiya*, 16 January 1986, p. 1.

175. *Pravda*, 29 July 1986, p. 2.

conference with invitations to all naval powers in the region to discuss a freeze on the expansion of naval forces; the holding of multilateral negotiations among concerned nations on lessening military confrontations in North East Asia; the withdrawal of Soviet forces from Cam Ranh Bay but on the condition that the U.S. naval based be removed from the Philippines; the discussion of effective measures to prevent accidental incidents from taking place on the high seas and in the airspace in the region; the convening of an international conference to establish a peace zone in the Indian Ocean; the establishment of a cooperative body to discuss the above and other related questions.<sup>176</sup> Gorbachev's proposal was aimed at diminishing U.S. influence in the Asia-Pacific region and the same time at preventing the expansion of Japan-U.S. military cooperation.<sup>177</sup>

In a his speech at the Sino-Soviet summit, Gorbachev detailed how the 200,000 reduction of troops in Soviet Asia was to be accomplished: the ground forces in the Far East to be reduced by 12 divisions, 11 air regiments to be disbanded, and sixteen large warships to be withdrawn from the Soviet Pacific Fleet.<sup>178</sup> Soviet troops were withdrawn from the Mongolian People's Republic on 27 September 1992. In 1992 the removal of material was completed which signified an end to 25 years of Soviet military presence in Mongolia.<sup>179</sup> They also reduced the use of Vietnamese Cam Ranh Bay by the Soviet Navy, including the withdrawal of MIG-23 fighters and TU-16 bombers

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176. *Izvestiya*, 18 September 1988, p. 2.

177. See Donald S. Zagoria, 'Soviet Policy in East Asia, A New Beginning?', *Foreign Affairs*, vol. 68, no. 1 (1988/89), pp. 120-138.

178. *Pravda*, 18 May 1989, p. 1.

179. On 19 October 1992, after the sign of an agreement on bilateral relations and cooperation in Moscow, the Mongolian foreign and cooperation in Moscow, the Mongolian foreign minister said that the withdrawal of Russian troops from Mongolia did not signify an end to military cooperation with Moscow and called for these relations to be expanded. See *RFE/RL Research Report*, vol. 1, no. 43 (October 1992), pp. 60-61; But Mongolia is refusing to allow Russia to retain any of the former Soviet Union's military bases in its territory. See *Far Eastern Economic Review*, 17 December 1992, p. 8.

from Cam Ranh Bay which used to overfly the DPRK air space on their missions.<sup>180</sup>

Since the implementation of the Conventional Forces in Europe Arms Reduction Treaty in 1990, more than 16,000 tanks, 16,000 armoured fighting vehicles and 25,000 artillery pieces have been transferred east of the Urals. Russian officials say 50 per cent of the armour, mostly modern T72 and T80 tanks, was used to re-equip military units in central Asia and the Far East, while the last has been mothballed.<sup>181</sup>

Nothing that Soviet military capabilities in the Far East and the Western Pacific have been upgraded - not reduced - over the past decade, Japan's military establishment argued strenuously that the strategic change from 'confrontation to cooperation' between East and West was a phenomenon primarily limited to Central Europe and that the Soviet Union under Gorbachev remained a serious military threat.<sup>182</sup> Furthermore the strategic environment here did not fundamentally change during the Gorbachev era.<sup>183</sup>

Although the Asian military deployments inherited from the past had not been significantly altered, it was clear that there was, as never before in the postwar era, an opportunity for a general reduction of the armed confrontation between the Soviet Union and the U.S. alliance system in Northeast Asia. However, arms reduction and control have just started in the Asia-Pacific region.<sup>184</sup> The two major military powers

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180. Gennady Chufrin, 'Soviet policy on peace and security in Asia Pacific', a paper presented to the 1st Conference on Korean and Soviet Studies in the Soviet Union and Korea, Seoul, 13-14 May 1991, p. 2.

181. *Far Eastern Economic Review*, 26 November 1992, p. 28.

182. The Soviet military forces in the Far East introduced modern equipment, such as the Kiev-class air-carrier, Backfire bombers, Delta-III-class nuclear-powered strategic submarines, Ivan Logov-class amphibious ships, and SS-20 missiles (subsequently destroyed under the INF Treaty). Previously, such equipment had never been seen in the Far East theatre. Also, for the first time in its history, the Soviet Union established a headquarters for the command and control of all its units in the Far East. The last Soviet build-up was right at the start of the 1990s. Since then, Moscow has scrapped some equipment (most of which was obsolete) but continued to deploy more modern equipment in the Far East, though Russian activities overall have been relatively low-key. See Satoshi Morimoto, 'Security Implications for Asia and Japan', in Taylor, ed., *The Collapse of the Soviet Empire: Managing the Regional Fall-Out*, p. 142.

183. *Far Eastern Economic Review*, 29 August 1991, p. 12.

184. On Russian military deployment in Asia, see *Far Eastern Economic Review*, 26 November 1992, pp. 26-28.

still possess nuclear weapons and sophisticated conventional arms. They have maintained a strong military presence in the Asia-Pacific region.<sup>185</sup>

After the end of Cold War, although politically restructured and economically weakened, the former Soviet Union, or even Russia alone, is still a military superpower with security goals. Furthermore, the end of the Cold War reduced but did not eliminate the role of military force.<sup>186</sup> For example, military spending and the arms trade are booming in the Asia-Pacific region.<sup>187</sup> Now Asia is facing a new era of uncertainty and the build-up of armies.

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185. In August 1992, Japan estimated Russian troop strength east of Lake Baikal in Siberia at about 320,000. In the annual Foreign Ministry Diplomatic Blue Book released in Tokyo in April 1993, Japan said the continued presence of powerful Russian armed forces in East Asia were "a factor of instability concerning the security of the region." *International Herald Tribune*, 15 April 1993, p. 6.

186. Joseph S. Nye, Jr., *Bound to Lead: The Changing Nature of American Power* (New York: Basic Books, 1991), p. xiv.

187. East Asian nations made 35 percent of all major weapons purchases in 1991. See *International Herald Tribune*, 19 March 1993, p. 6. On recent Asia's arms race, see *Far Eastern Economic Review*, 24-31 December 1992, p. 20; *The Economist*, 20 February 1993, pp. 21-24; Leslie H. Gelb, 'Arms: East Asia's Colossal Shopping Spree', *International Herald Tribune*, 19 March 1993, p. 6; Michael Richardson, 'Arms Race Feared in East Asia if U.S. Leaves Too Quickly', *International Herald Tribune*, 10-11 April 1993, p. 5; Michael T. Klare, 'The Next Great Arms Race', *Foreign Affairs*, vol. 72, no. 3 (Summer 1993), pp. 136-152.

## Chapter 5. The Soviet Union and The Korean Peninsula

### 5.1 Russia-Korean Relations (1860-1917)

Russia was to be mistress of China, owner of Manchuria, dictator of Korea and patron of Japan.<sup>1</sup>

#### 5.1.1 Russia-Korean Relations (1860-1917)

Russia's policies regarding the Korean peninsula were based on expansionism. Russia aimed at colonializing the region. At that time the Korean monarch lacked the capability to cope effectively with the threat from outside and the people there were not yet equipped with a nationalist consciousness. Russia's intention to dominate the peninsula was confronted by a similar intention by the Japanese imperialists who later became the rulers of the peninsula.

When China was weak in the mid-19th century, Russia annexed a large section of Chinese territory on the Pacific coast as far south as the border with Korea, near to which it built its main Pacific naval base and the port at Vladivostok. Subsequently, Russia's Far East policy concentrated on obtaining ice-free ports in the south, that is, the Korean peninsula. In 1865, an armada of Russian warships was spotted off North Hamgyong. The Russian sailors surveyed the Korean topography and demanded trade with the Choson Kingdom. The Far East Asian region at the time was an arena of multinational confrontation involving Great Britain, France and the United States. In the early 1870s, greater forces were making for the opening of the country. The Korean Government was seriously alarmed by the advance of Russia to the north, and by the fact that General Ignatieff's brilliant statesmanship had secured the Usuri provinces for

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1. F. A. McKenzie, *The Tragedy of Korea* (London: Hodder and Stoughton, 1908), p. 89.



Russia.<sup>2</sup>

In the 1880s a new international crisis was developing in Korea out of the rivalry for influence among various Korean factions within Korea and between China and Japan from outside.<sup>3</sup>

In Seoul, formal diplomatic relations and a Korean-Russian treaty of commerce were concluded on 7 July 1884.<sup>4</sup> This was in part the product of a German maneuver to induce Russia to come out of its shell and into the Far East region, and in part the result of the Korean monarch's policy favouring the presence of Russia on the peninsula as a deterrent to Chinese expansion.<sup>5</sup>

In an effort to lessen Chinese intervention, the Korean monarch made a vigorous approach to Russia which in August 1888 resulted in the conclusion of a "treaty for land route trade" between the two countries. The conclusion of the treaty did not necessarily result in the development of economic relations between the two countries.<sup>6</sup> It was virtually aimed at enhancing Russian prestige on the peninsula, thus enabling the Russians to expand their role in eliminating the Chinese influence. However, the Russians lacked the capabilities to respond positively to the requests of the Korean monarch. Tsarist Russia was not in a position to get deeply involved in Far Eastern politics in the 1870s and 1880s. Moreover, Russia was too handicapped by the underdeveloped condition of Siberia, above all by the poor transportation system, to undertake an expansionist policy in the Far East, where serious resistance was

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2. F. A. McKenzie, *The Tragedy of Korea*, p. 11.

3. James William Morley, ed., *Japan's Foreign Policy 1868-1941: A Research Guide* (New York: Columbia University Press, 1974), p.350.

4. See B. D. Pak, *Rossiia i Koreia* (Moscow, 1979), pp. 58-60.

5. Mun-hyong Choi, 'The Background and Process of South Korea-Russian Diplomatic Relations,' in *100 Year History of South Korean-Russian Relations* (Seoul: Koreans History Research Association, 1984), p. 67.

6. Kye-sun Im, 'A Secret Agreement Between Korea and Russia (1884-1894)', *ibid.*, p. 118.

envisaged.<sup>7</sup>

Then, Russia came more and more to the front in Korea. Russia was making her way eastwards. The Trans-Siberian Railway was pushed forward to the Pacific. From the moment that the decision to develop the Trans-Siberian Railway was taken, Russian statesmen convinced themselves of the possibility of territorial domination on the Pacific Coast.<sup>8</sup> Russian agents were most active in every Asian Court. In Seoul, in particular, the Russians adopted a bold and aggressive policy.<sup>9</sup>

The Russian Minister, M. Waeber, intervened. On 9 February 1886, his Legation guard was increased to 160 men. Two days later the Europeans in Seoul were aroused by the intelligence that the Korean King Kojong had escaped from his gaolers at the palace on 11 February 1896, and had taken refuge with the Russians. The King and his son arrived at the Russian Legation very much agitated. They were expected, and were at once admitted.<sup>10</sup> During the period between February 11, 1896 and February 21, 1897, when Kojong resided at the Russian legation, Russia's influence grew rapidly as the conservatives gained strength.<sup>11</sup> The Korean government sought close ties with Russia. A Russian-language school was opened by the Korean Government in April 1896, mining and timber concessions were granted to Russians, Colonel Potiata and a number of Russian officers and men were employed to reorganise and drill the Korean troops, and Russia's financial and political influence was supreme.<sup>12</sup>

A cordial relationship between Korea and Russia, and Korean dependence on Russian advice and assistance, was carefully cultivated by the able diplomat Waeber, and such a relationship lasted even after the king left the Russian legation and moved to

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7. Morley, ed., *Japan's Foreign Policy 1868-1941*, p. 349.

8. McKenzie, *The Tragedy of Korea*, p. 89.

9. McKenzie, *The Tragedy of Korea*, p. 55.

10. McKenzie, *The Tragedy of Korea*, pp. 77-78.

11. Andrew C. Nahm, *Korea: Tradition & Transformation* (Seoul: Hollym, 1989), pp. 185-186.

12. McKenzie, *The Tragedy of Korea*, p. 92.

the Kyong-un Palace.<sup>13</sup> The action of Waeber in giving shelter to the King was in keeping with the new aggressive policy of the Russian Government in the Far East.<sup>14</sup>

The ascendance of Russian influence in Korea that followed King Kojong's flight to the Russian legation led the Japanese to seek an understanding with the Russians.<sup>15</sup> Japan turned to diplomacy. In the summer of 1896 two remarkable agreements were drawn up between the respective Governments: the first signed by M. Waeber and Baron Komura at Seoul on 14 May 1896, and the second by Marshal Yamagata and Russian Foreign Minister Lobanov at St Petersburg on 9 June 1896. Under the first of these, the powers mutually consented to advise the Korean Emperor to return to his own palace, and Japan promised to take effective measures for the control of Japanese guards, although three companies then stationed in Korea were to remain for a time in order to protect of the Japanese telegraph line from Pusan to Seoul. The Russian guards were not to be more numerous than those of Japan.<sup>16</sup> In the Lobanof-Yamagata agreement Japan and Russia promised to afford their assistance to Korea, if necessary, for foreign loans; to leave to the native Government, as soon as possible, the formation and upkeep of a national army and police sufficient to maintain internal peace; and to retain the telegraph lines in Japanese hands. Russia reserved the right to build a telegraph line from Seoul to her own frontier.<sup>17</sup> This agreement left unsettled the question of military instructors for training a Korean army as well as the question of the Korean government's employment of foreign advisers.<sup>18</sup>

Unfortunately for Russia, the prudent and statesmanlike policy of M. Waeber did

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13. Nahm, *Korea: Tradition & Transformation*, p. 190.

14. MaKenzie, *The Tragedy of Korea*, p. 89.

15. Nahm, *Korea: Tradition & Transformation*, p. 186.

16. C. I. Eugene Kim and Han-Kyo Kim, *Korea and the Politics of Imperialism 1876-1910* (Berkeley: University of California Press, 1967), p. 90.

17. McKenzie, *The Tragedy of Korea*, pp. 91-92; Eugene Kim and Kim, *Korea and the Politics of Imperialism 1876-1910*, p. 91.

18. Nahm, *Korea: Tradition & Transformation*, p. 188.

not meet with the approval of his official superiors, and in September 1897, M. de Speyer succeeded him as Charge d'Affaires. The change was received with universal regret by all foreigners in Korea. M. Waeber had done splendidly. He had been a real influence for good throughout the country and, even from an exclusively Russian point of view, his cautious policy had gained for his Government more credit and influence than any other course of action could have done. Speyer plainly had orders to quicken the pace, and did so. He assumed a most aggressive and unpleasant attitude towards other foreigners, and this quickly brought matters to a crisis, and caused his downfall.

A Russian Financial Adviser, Mr. Kerr Alexieff, agent of the Russian Finance Minister, arrived in Seoul on 5 October 1897. On the 25th of the same month, the Department of Foreign Affairs appointed him as successor to Mr. McLeavy Brown, an experienced member of the Chinese Customs, who was delegated to manage the Korean service.<sup>19</sup>

In 1898, the leasing by China to Russia of the Liaotung Peninsula was announced. This step ended all hopes of a Japanese-Russian alliance, and it made it no longer necessary for Russia to maintain such a hold on Korea. About the same time that Russia secured Port Arthur, she entered into a fresh treaty with Japan about Korea. She could afford to be generous, and she was. Both Powers pledged themselves to recognize the entire independence of Korea, and both agreed not to take any steps for the nomination of military instructors or financial advisers without having come previously to a mutual agreement. Russia recognised the supremacy of Japanese enterprise in Korea, and promised not to impede the development of Japanese commercial and industrial policy there.<sup>20</sup> On 15 January 1898 the Russian Minister to Japan, Roman R. Rosen, met the Japanese Foreign Minister, Nishi Tokujiro, and told him that Russia was prepared to assist Japan, as far as possible, in her commercial and industrial interests in Korea. Nishi remarked that it was difficult to reach a satisfactory

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19. McKenzie, *The Tragedy of Korea*, p. 94.

20. McKenzie, *The Tragedy of Korea*, p. 95.

understanding with Russia "unless Russia was ready to abandon her position on the subject of the drilling of the army and the engagement of a Financial Adviser" in Korea. It was at this time that Nishi proposed Russia's recognition of the "preponderance" of Japanese interests in Korea, and introduced a scheme to exchange Korea for Manchuria - or the so-called *Mankan kokan* idea in which Russia recognized Korea as within the Japanese sphere of influence in return for Japan's recognition of Manchuria as falling within the Russian sphere of influence. Nishi did not succeed in establishing the *Mankan kokan* ("Manchuria for Korea") understanding, but recognizing the recent attitudes of the Russian government, i.e., the "desire to conciliate us in order to make an enemy less," he carried out negotiations, and brought about the Nishi-Rosen Protocol of April 25, 1898.<sup>21</sup>

The news of this agreement and the fact that the Russian military instructors and financial adviser were withdrawn from Seoul came as an overwhelming surprise to Europe. "The Convention simply registers the victory of Japan in the long diplomatic duel she has been fighting with Russia over Korea since the peace with China," proclaimed the *Times*.<sup>22</sup> The Russian *Official Messenger* tried to put the best face it could on the matter, but it was not very successful.<sup>23</sup> By this time, Russia's influence in Korea dwindled conspicuously. Japan and Russia managed to maintain an uneasy "peaceful coexistence" in Korea until the end of the 19th century.

After occupying Manchuria in January 1901, Russia proposed to Japan "a scheme for the neutralization of Korea under the joint guarantee of the Powers". The official

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21. Nahm, *Korea: Tradition & Transformation*, pp. 194-195. In it, it was agreed that : 1) both Japan and Russia "definitively recognize the sovereignty and entire independence of Korea, and mutually engage to refrain from all direct interference in the internal affairs of that country"; 2) desiring to avoid every possible cause of misunderstanding in the future, the governments of Russia and Japan would not "take any measure in the nomination of military instructors and financial advisers, without having previously come to a mutual agreement on the subject"; and 3) Russia would "not impede the development of the commercial and industrial relations between Japan and Korea". It is significant to note that such an understanding was established only after the withdrawal from Korea of Russian military instructors and a financial adviser and only after Russia leased the Liaotung peninsula on 27 March 1898.

22. McKenzie, *The Tragedy of Korea*, p. 95.

23. McKenzie, *The Tragedy of Korea*, p. 95.

Russian position was that Russia could not renounce its interest in Korea altogether and that Manchuria could not be considered as a *quid pro quo* for Korea.<sup>24</sup> Japan turned down the proposal because from her point of view, the Russian occupation of Manchuria made Korean independence illusory just as Japan's leasing of the Liaotung peninsula in 1895 had been regarded by the Russians as a threat to Korea. The Japanese continued to seek a free hand in Korea and to secure Russian recognition of their "preponderant" position in the peninsula. Thus the plan to exchange "Manchuria for Korea", the so-called Mankan kokan idea, was reintroduced.<sup>25</sup>

As time went on it became more and more clear that the struggle between Russia and Japan over Korea had not yet ended. From 1896 to 1897, Russia pursued an active policy toward Korea and she gained an advantage over Japan. However, in the early part of 1898, Russia began to yield to Japan in order to placate Japan over Russia's lease of the Liaotung peninsula. Thus, in 1902, the Russian Minister told the Foreign Office that as Korea had granted Japan the right to lay telegraph cables along her shores, Russia would expect to receive permission to connect the Korean telegraphs in the north with the Siberian system at Vladivostock. Russia obtained a timber concession on the River Yalu, and laid telegraph wires and built up a Russian station at Masampo on the Korean side of the river. This station was practically a cavalry depot, and was occupied, despite protests, by Russian troops.<sup>26</sup>

The year 1903 found Korea at the centre of a very interesting situation. Russia had aroused serious alarm, especially among British and American people, by her determined policy in the Far East. She had practically seized Manchuria, although she did not attempt, outside the Liaotung Peninsula, to interfere with local administration. Her forces were steadily, and apparently irretrievably, advancing upon Korea itself, and

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24. Eugene Kim and Han-kyo Kim, *Korea and the Politics of Imperialism 1876-1910*, p. 99.

25. Nahm, *Korea: Tradition & Transformation*, pp. 201-202.

26. McKenzie, *The Tragedy of Korea*, p. 103.

it seemed only a matter of time before at least Northern Korea must become Russian.<sup>27</sup>

Russia was for exclusive trading privileges in Korea. The Koreans of the north, at least, were well aware that they could obtain in the Russian Usuri provinces easy conditions of living, fair administration, and justice. The condition of the Koreans in Eastern Siberia, prosperous, peaceful, and contented, was an amazing contrast to that of those under Japanese rule in Korea itself.<sup>28</sup>

Russia remained inactive up until 1894. In the meantime, Japanese influence had been steadily expanding, especially after the Korean government became heavily dependent on the Japanese military forces for suppressing a civil rebellion triggered by farmers in 1894. The expansion of Japanese influence was a threat to both Russia and China. The Russians began taking active measures to deter the growth of Japanese power, but she only succeeded in establishing through a diplomatic channel a joint consultative system involving three countries - Japan, Russia and China - to deal with the Korean question. Russia's intention was to establish a buffer zone on the Korean peninsula in order to prevent Manchuria from becoming the target of a Japanese invasion.<sup>29</sup> The rival relations between Russia and Japan over spheres of influence in Manchuria and on the Korean peninsula resulted in the outbreak of the Russia-Japanese War( 1904-5).<sup>30</sup> The war ended in a Russian defeat. Henceforth, the Russians lost their foothold on the Korean peninsula. Previously, Russian policies were based on an intention to colonize, whereas the Korean monarch had been desperately struggling to protect his country's sovereignty through a maintenance of a balance of forces among the world powers.

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27. McKenzie, *The Tragedy of Korea*, pp. 103-104.

28. McKenzie, *The Tragedy of Korea*, p. 152.

29. Won-su Kim, "Sino-Japanese War, Intervention by three countries and Russian policy toward Korea," *ibid.*, p. 157.

30. The military victory of Japan over Russia changed the structure of power politics in the Far East and marked the start of new relations between the two countries. Morley, ed., *Japan's Foreign Policy 1868-1941*, p. 372.

During the critical period 1900-1904, the Korean government failed to take steps either to establish a strong tie with Russia against Japan, or to form a concrete understanding with Japan to preserve Korean sovereignty and independence. Instead, it put its trust in, or relied on non-existent, American good will for Korea's national security. The Russo-Japanese War of 1904-1905 was disastrous for Korea, to say the least. During the war, the Japanese forced the Korean government to conclude a series of agreements favourable to their aggressive designs.<sup>31</sup> On 23 February 1904, for example, Korea was forced by the Japanese to sign a protocol effectively making Korea an ally of Japan.<sup>32</sup> When the War was concluded by the Treaty of Portsmouth in September 1905, it became clear that Japan was free to do as it wished in Korea. The fragile independence of the country balancing between the two empires could be secured no longer, and Korea was swallowed up by Japan in November 1905. This signalled the end of Russia's first involvement in Korean affairs. The Russian Prime Minister, Sergey Yn. Witte, mentions in his memoirs that even before the conclusion of the Treaty of Portsmouth, there was an understanding in St. Petersburg that Korea had been lost.<sup>33</sup>

A treaty was also signed on 30 July 1907. It stipulated mutual recognition of each other's spheres of interest in Manchuria, Russian recognition of Japan's control over Korea, and Japanese recognition of Russia's special status in Outer Mongolia.<sup>34</sup> In 1910, the annexation of Korea by Japan forced the Russian Legation to withdraw from

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31. Nahm, *Korea: Tradition & Transformation*, p. 201; In 1904, existing treaties between Korea and Russia were abrogated as a result of a protocol compelled by Japan.

32. The desire to control Korea was especially strong, as the Japanese have long viewed Korea as the bridge to Asia and also as a "danger pointed at the heart of Japan". It should be noted that during the early period of Japanese expansion Germany, Russia, Great Britain, and France were also helping themselves to concessions in the Far East and the United States became a colonial power in the Pacific with its acquisition of the Philippines in 1898. Robert B. Hall, Jr., *Japan: Industrial Power of Asia* (New Jersey: Van Nostrand, 1963), pp. 19-20.

33. S. Yn. Witte, *Vospominaniya*, vol. 2 (Moskva, 1956), p. 397, cited in Constantine V. Pleshakov, Republic of Korea-USSR Relations: Psychological Choices and Political Challenges, *Korea and World Affairs*, vol. 14, no. 4 (Winter, 1990), p. 691.

34. Morley, *Japan's Foreign Policy 1868-1894*, pp. 373-374.



Korea and instead a Russian Consulate opened. Under the Japanese colonial rule for 35 years, Russia and the Soviet Union began supporting the nation liberation movement in Korea and Korean nationalists accepted gladly such support from the Socialist government.

## **5.2 Soviet-Two Korean Ties( 1945-1985)**

The territorial division of the Korean peninsula into following the end World War Two in 1945 converted the region into an arena of Cold War confrontation between the West and the East led by the United States and the USSR, respectively. An arms race between South Korea and North Korea stimulated by the United States and the USSR started and it eventually led to the outbreak of the Korean War (1950-53). After the truce, the two Korean sides engaged in a continuous military buildup in order to maintain superiority over the other. The Korean peninsula is a strategic location, the interests of four powers, i.e., China, Japan, the Soviet Union and the United States were interesting. So, Korea became the scapegoat of the Cold War confrontation.

### **5.2.1 The Soviet Union and North Korea**

The height of Soviet influence in North Korea began and ended with Stalin. Apart from Lenin, no other leader received the acclaim that Stalin did in North Korea.<sup>35</sup> On 12 October 1948, the USSR became the first country to establish diplomatic relations with the DPRK. The primacy of Soviet influence, which was evident in the pattern of DPRK diplomacy, was due to adroit Soviet planning and execution.<sup>36</sup>

While the precise extent of initial Soviet control remained to be revealed, it seems clear that Soviet control was effected by Soviet officers and advisers placed at almost

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35. Wayne S. Kiyosaki, *North Korea's Foreign Relations: The Politics of Accommodation, 1945-75* (New York: Praeger, 1976), p. 33.

36. *Ibid.*, p. 34.

all levels of North Korean governmental and economic structure.<sup>37</sup> The agreement reached in March 1949 between Stalin and Kim Il-sung, for example, included all the "features of satellite treaties."<sup>38</sup>

The first salvos fired on the morning of 25 June 1950 in Korea started the bloodiest war of the second half of the 20th century. Yet only 40 years later were we able to uncover the story about who started the Korean War.<sup>39</sup> Only in 1990 did some serious Soviet publications acknowledge that it was the North that unleashed the war.<sup>40</sup>

In his a book, Khrushchev said "For many years we insisted that the initiative for starting the Korean War came from South Korea. Some say there is no need to correct this version of events because it would be of advantage only to our enemies. I am telling the truth now for the sake of history: it was the initiative of Comrade Kim Il-sung, and it was supported by Stalin and many others - in fact, by everybody".<sup>41</sup>

According to Li Sang-cho, who was Pyongyang's deputy Chief of General Staff at that time, Kim Il-sung was the actual mastermind behind the war of 'national liberation' and he indeed consulted Stalin about it. Kim did his best to convince Stalin of the plan's guaranteed success and received the latter's go-ahead despite Stalin's concern

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37. George M. McCune and Arthur L. Grey, Jr., *Korea Today* (Cambridge: Harvard University Press, 1950), p. 180.

38. The North Korean Communists were required to observe the following unwritten but implicit "articles of faith": 1) acceptance of the Soviet Union as a superior country and the fountainhead of wisdom; 2) acceptance of Soviet political and economic forms as the only means of achieving human progress; and 3) the grant to the Soviet Union of a monopolistic hold over the foreign intercourse of the country, to the exclusion of all influence considered inimical to the Soviet Union. See U.S., Department of State, *North Korea: A Case Study in the Techniques of Takeover*, Department of State Publication 7119, Far Eastern Series no. 103 (Washington, D.C.: U.S. Government Printing Office, 1961), p. 103; cited in Chin-o. Chung, *Pyongyang between Peking and Moscow: North Korea's Involvement in the Sino-Soviet Dispute, 1958-1975* (Alabama: The University of Alabama Press, 1978), p. 11.

39. See Song-kil Syn and Sam-son Sin, who started the Korean War, *Korea and World Affairs*, vol. xiv, no. 2 (Summer 1990), pp. 241-257.

40. See, for example, *Moscow News*, no. 5 (29 June-5 July 1990), p. 12; *ibid*, no. 6 (6-12 July 1990), p. 13; Jerrold L. Schecter and Vyacheslav V. Luchkov, trans. and eds., *Khrushchev Remembers: The Glasnost Tapes* (Boston: Little, Brown and Company, 1990), pp. 144-147.

41. Schecter and Luchkov, eds., *Khrushchev Remembers*, p. 144.

about the possibility of Washington getting involved.<sup>42</sup>

For most people these 'revelations' revealed nothing new - unlike in the Soviet Union, where the Korean war was a taboo subject until very recently. There was a controversy over Stalin's part in the war; some say he issued the order to start the war, in order to spread the communist dictatorship throughout the peninsula and weaken the US's strategic position in the Far East.<sup>43</sup>

Until 1953, however, Soviet influence was greater than Chinese influence because of Soviet power and because of Stalin. It was Stalin who put Kim in power and it was Stalin to whom the North Koreans went for help in paying their bills and obtaining military assistance. Moreover, Stalin was both a mentor and model for Kim. Kim's link to Stalin was far too personal to be transferred to Khrushchev automatically.<sup>44</sup>

The period ranging from 1953 to 1957 was called "the period of building the bases of socialism" in North Korea. It was a period devoted to the rehabilitation of the devastated DPRK economy.<sup>45</sup>

North Korea's economic and military dependence upon the Soviet Union disappeared after the Korean Conflict, and China clearly emerged as the Soviet Union's principal rival in influencing North Korea.<sup>46</sup> However, the primacy of Soviet influence in North Korea seems to have been maintained until Pyongyang's growing emulation of Chinese policies began in the summer of 1958.<sup>47</sup> Soviet influence was particularly evident in the North Korean army, which ironically had only Soviet advisers even after

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42. *Moscow News*, no. 6 (6-12 July 1990), p. 13.

43. *Moscow News*, no. 5 (29 June-5 July 1990), p. 12.

44. Kiyosaki, *North Korea's Foreign Relations: The Politics of Accommodation, 1945-75*, p. 44.

45. *Ibid.*, p. 49.

46. See John Bradbury, 'Sino-Soviet Competition in North Korea', *The China Quarterly*, no. 6 (1961), pp. 15-28.

47. Chung, *Pyongyang between Peking and Moscow*, p. 24.

the Korean Conflict.<sup>48</sup>

Pyongyang's initial response, from 1956 to 1961, was to straddle the fence. Although it clearly sympathized with Beijing on major issues - such as de-Stalinization, the cult of the individual, and the policy toward imperialism - it nonetheless paid lip service to the new lines emanating from Moscow. At the same time, Pyongyang continued to strengthen its ties with Beijing.<sup>49</sup>

The abrupt cancellation of Premier Nikita Khrushchev's plan to visit North Korea in 1960 suggested that all was not well in Pyongyang-Moscow relations. First Deputy Premier Alexei Kosygin, however, did visit Pyongyang in May 1961. In July of the same year, Kim Il-sung flew to both Moscow and Beijing to conclude mutual defence treaties.

By late 1962, however, North Korea found itself solidly allied with the PRC; Pyongyang unequivocally supported Beijing in the Sino-Indian border clash of October 1962, and indirectly criticized Moscow for backing down in the Cuban missile crisis in the same month.<sup>50</sup>

In 1962 Khrushchev cut off all economic aid to Pyongyang in an effort to blackmail North Korea into supporting Moscow against Beijing in the early days of the Sino-Soviet conflict.<sup>51</sup> Relations with Moscow steadily deteriorated, and by September 1963, *Nodong Sinmun* was openly criticizing the Soviet Union, accusing the latter of having exploited North Korea economically and of practicing "big power chauvinism" and "xenophobia".<sup>52</sup> North Korea's relations with the Soviet Union ebbed to their

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48. Glenn D. Paige and Dong-jun Lee, "The Post-War Politics of Communist Korea," in Robert A. Scalapino, ed., *North Korea Today* (New York: Praeger, 1963), p. 25.

49. Byung-chul Koh, *The Foreign Policy systems of North and South Korea* (Berkeley: University of California Press, 1984), p. 205.

50. Koh, *The Foreign Policy Systems of North and South Korea*, p. 206.

51. Donald S. Zagoria, 'North Korea: Between Moscow and Beijing', in Robert A. Scalapino and Jun-yop Kim, *North Korea Today: Strategic and Domestic Issues* (Berkeley: University of California, 1983), p. 352.

52. *Nodong Sinmun*, 30 January 1963; cited in Koh, *The Foreign Policy Systems of North and South Korea*, p. 206.

lowest point at the end of the Khrushchev era in 1964.<sup>53</sup>

The situation was dramatically reversed after October 1964 when Khrushchev was succeeded by Brezhnev and Kosygin as, respectively, first secretary and chairman of the USSR Council of Ministers. This marked the beginning of a move to improve the badly deteriorated relationship between the Soviet Union and North Korea. The new leadership in Moscow provided an opportunity for the Pyongyang leadership to reestablish closer economic, political and cultural ties with Moscow.

A change in Soviet-North Korean relations was signalled by the visit of a high-level Soviet delegation led by Premier Kosygin to Pyongyang. On 12 February 1965, Kosygin met Kim Il-sung in Pyongyang and promised economic and military assistance. During his visit, Kosygin soon emphasized that his purpose was to seek to strengthen the relationship between the two countries through "an exchange of opinions on the question of the international situation and other problems of concern to our Parties and our countries."<sup>54</sup> Soviet-North Korean relations were exacerbated during Khrushchev's era when Party differences spilled over into state differences. The Kosygin visit, by restoring the distinction between party and state relations, allowed state relations between Moscow and Pyongyang to improve. Up until then, North Korea's military and economic development programmes had been retarded by Moscow's decision to curtail Soviet military and economic assistance to the DPRK. The Soviet decision was in retribution for Pyongyang's decision to side with Peking over ideological issues.<sup>55</sup>

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53. The growing cleavage between Moscow and Beijing erupted into the open in 1960. Although Pyongyang was ideologically closer to Beijing than to Moscow, North Korea adopted a cautious neutral stance toward the Sino-Soviet dispute. Because North Korea desperately needed economic and military assistance from both Moscow and Beijing. At the same time, North Korea utilized the opportunity given by the Sino-Soviet rift. The decline of Soviet influence during the Khrushchev era was also influenced by the circumstances that forced the North Koreans to make a choice between Soviet-style or Chinese-style socialism during the early stages of the Sino-Soviet dispute. Pyongyang's choice was a Korean-style socialism. Wayne S. Kiyosaki, *North Korea's Foreign Relations: The Politics of Accommodation, 1945-75* (New York: Praeger, 1976), p. 5; On Soviet Politics in the 1960s, see Joung-won, A. Kim, 'Soviet Politics in the North Korea', *World Politics*, vol. 22 (1970), pp. 237-254.

54. *Izvestiya*, 13 February 1965, p. 1.

55. Kiyosaki, *North Korea's Foreign Relations*, pp. 68-69.

Possibly as a reward for the noticeably changed attitudes of the Pyongyang regime toward the Soviet Union, a Soviet-North Korean military agreement was signed in Moscow on 31 May 1965, whereby the Soviet Union promised to bring a fresh flow of military hardware into North Korea.<sup>56</sup> By the end of September 1965, Brezhnev, in his speech at the CPSU Central Committee plenum, was able to claim that "interstate and interparty contacts and ties" between the Soviet Union and North Korea had been considerably strengthened.<sup>57</sup> Brezhnev, in his report to the Twenty-third Congress, declared that the CPSU and the Soviet people "fully support the fraternal Korean people, who are struggling against American imperialism for the unification of Korea".<sup>58</sup> Throughout 1966, the Soviet party organs carried an increasing number of friendly articles on North Korea.<sup>59</sup>

In the years following 1967 the Soviet Union played an important role in the development of North Korean heavy industrial enterprises. The two countries coordinated their wide-ranging functional ties by establishing, in October 1967, the intergovernmental Economic and Scientific Technical Consultative Commission, a ministerial body meeting annually.<sup>60</sup> By the time of the *Pueblo* incident in January 1968,<sup>61</sup> the North Korean armed forces were being completely reequipped with the latest Soviet military hardware, including submarines, T-54 and T-55 tanks, Komar missile ships, radar and ground-to-air missiles, and MIG-21 jet fighters. The Russians more than doubled the number of surface-to-air missile sites in North Korea from 14 to 35, representing a total of 210 launchers. At the same time, Moscow resumed vigorous

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56. *Pravda*, 1 June 1965, p. 3; also see *The Economist*, vol. xxxvii, no. 6376 (6 November 1965), p. 600; Henry S. Chang, "Plans and Starts," *Far Eastern Economic Review*, vol. 55, no. 3 (19 January 1967), p. 94.

57. *Pravda*, 30 September 1965, p. 2.

58. *Pravda*, 30 March 1966, p. 2.

59. For example, see *Izvestiya*, 17 March 1966, p. 2.

60. *Izvestiya*, 24 October 1967, p. 4.

61. *Izvestiya*, 26 January 1968, p. 2.

support of North Korea's diplomatic campaigns against South Korea.<sup>62</sup> Despite the improvement of North Korea-Soviet relations in the late sixties and early seventies, however, there were clear signs of strain. The Russians were appalled at Kim's seizure of the *Pueblo* and his shooting down of an American reconnaissance plane in April 1969. These incidents came immediately after the Soviets had delivered its latest military equipment to North Korea, including the ground-to-air missiles and advanced electronic equipment that North Korea used in two provocative military acts against the United States.<sup>63</sup>

By the early 1970s Soviet-North Korean relations reached a point at which the Soviets refused to ship to Pyongyang modern air and air-defence weapons that they were routinely delivering to their Arab clients - Egypt, Libya, Iraq, and Syria. On 5 July 1971 on the occasion of the tenth anniversary of the 1961 treaty, however, the two countries in Pyongyang recalled with satisfaction that they had achieved many successes in strengthening bilateral cooperation "in all spheres of life."<sup>64</sup> The treaty was renewed to 1976.<sup>65</sup>

But in the mid-1970s, there were again serious signs of strain in the North Korean-Soviet relationship. The most dramatic evidence of this strain was Kim Il-sung's failure to visit Moscow in the spring and summer of 1975 after a tour that took him to China, Eastern Europe, and North Africa. It was Kim's first trip outside Korea in ten years.<sup>66</sup>

Between 1978 and 1981 there were new indications of a North Korean desire to

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62. See Donald S. Zagoria and Young-kun Kim, "North Korea and the Major Powers," in William J. Barnes, ed., *North Korea and the Major Powers* (New York: New York University Press, 1976).

63. The detailed analysis of Soviet-North Korean relations during the *Pueblo* and EC-121 crisis in Donald S. Zagoria and Janet Zagoria, "Crisis in the Korean Peninsula," in Stephen Kaplan, ed., *Mailed Fist, Velvet Glove: Soviet Armed Forces as a Political Instrument* (Washington, D.C.: Brookings Institution, 1982).

64. *Pravda*, 6 July 1971, p. 4.

65. *Pravda*, 6 July 1976, p. 1.

66. Zagoria, 'North Korea: Between Moscow and Beijing,' p. 351.

improve relations with Moscow. In January 1978 Pyongyang welcomed to North Korea a Soviet Politburo member, D. A. Kunayev, the first time in five years that such a high-ranking Soviet official had been in Pyongyang. On 12 October 1978, a *Pravda* editorial, celebrating the thirtieth anniversary of the establishment of diplomatic relations between the U.S.S.R. and North Korea, came close to endorsing for the first time North Korea's claim to be the sole sovereign state on the Korean peninsula.<sup>67</sup> This is a claim that the Chinese, but not the Russians, had endorsed earlier. *Pravda* assailed Seoul, Washington, and Tokyo for promoting a policy of "two Koreas," which, it said, "symbolizes the bright future of the Korean people."<sup>68</sup>

On 7 May 1980 Kim Il-sung met Brezhnev at Tito's funeral in Yugoslavia. *Nodong Sinmun* called the meeting a "historic event of weighty significance".<sup>69</sup> On 9 October 1980 a Soviet politburo member, V. V. Grishin, attended the North Korean party congress. Pyongyang treated Soviet and Chinese delegations at their sixth congress even handedly, if not identically.<sup>70</sup>

A fresh impetus to this process was given by the talks between the Soviet and Korean leaderships during the May 1984 visit to the USSR of a DPRK party and government delegation headed by General Secretary of the Workers' Party of Korea (WPK) Central Committee, President of the DPRK, Kim Il-sung. The agreements reached by the two countries in the course of the visit made it possible to radically expand cooperation in political, economic, cultural and other fields.<sup>71</sup>

As far as could be ascertained in the mid-1970s, the Soviet leadership appeared to take a pragmatic attitude toward Kim Il Sung's seemingly unyielding stand on

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67. *Pravda*, 12 October 1978, p. 4.

68. *Ibid.*

69. *Foreign Broadcast Information Service (FBIS): Daily Report\Soviet Union*, 16 July 1980, p. 10.

70. Zagoria, 'North Korea: Between Moscow and Beijing', p. 364.

71. V. Andreyev and V. Osipov, 'Friendship and cooperation between the peoples of the USSR and the DPRK,' *Far Eastern Affairs* (4, 1986), p. 170.



unification. Peace and stability in the Korean peninsula were the continuing themes in Soviet foreign policy pronouncements. The Soviet Union perhaps did not intend to identify closely with the militant stance of Kim Il-sung at a time when the Americans were in a very tense mood and also when the tension on the Korean peninsula reached its peak after American setbacks in Indochina.<sup>72</sup>

The power structure in East Asia underwent a fundamental change from a bipolar confrontation to a new Asian power balance among the United States, the Soviet Union, China, and Japan.<sup>73</sup> The new four-power arrangement was a complex one, characterized by overlapping patterns of quadrilateral, as well as bilateral and triangular, relationships among the powers involved in the region.<sup>74</sup>

### **5.2.2 The Soviet Union and South Korea**

The new detente in the international arena that surfaced in the 1970s had a great impact on Seoul-Moscow relations. The Foreign Affairs Minister of South Korea made public in August 1971 that South Korea was willing to open diplomatic ties with the Soviet Union. Responding favourably to South Korea's expressed interest in relations with "nonhostile" Communist states, the Soviet Union reportedly signalled an interest in establishing cultural relations with South Korea. In September 1971, the Soviet coach of the Iranian national soccer team came to Seoul with his players to hold goodwill games with South Korea much to North Korea's chagrin. The first and only visit made by a soviet citizen to Seoul since Korea was divided was interpreted by one Japanese news agency as Moscow's willingness to "establish a contact with South Korean

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72. Chung, *Pyongyang between Peking and Moscow*, p. 149.

73. In the 1970s, the U.S.-PRC rapprochement, Soviet-American detente, the conclusion of a Soviet-West German Treaty--which dealt a blow against the DPRK formula for Korean unification--the improvement of Soviet-Japanese relations, and informal Soviet contacts with Taiwan and South Korea, all caused aggravations in Pyongyang.

74. Chung, *Pyongyang Between Peking and Moscow*, PP. 149-150.

authorities".<sup>75</sup> The Soviet Union began to adopt an "open South Korea policy" in response to Seoul's overture to develop relations with Moscow.<sup>76</sup> In June 1973, a Korean dramatist, who participated in the Congress of the International Theater Association in Moscow, was the first South Korean to enter the Soviet Union with a Korean passport since World War II. Pyongyang was obviously annoyed and expressed its displeasure by boycotting the Universiad (World University Games) in Moscow in August 1973 because a South Korean team was invited and participated in the Games.<sup>77</sup>

An intention by the South Korean government was reaffirmed in a special announcement of a foreign policy statement by President Park Chung-hee on 23 June 1973. He declared that the operational direction purported to open Seoul's door to "all the nations of the world on the basis of the principles of reciprocity and equality".<sup>78</sup> Park's statement was an expression of South Korea's intention that it was ready to abandon the Holstein Doctrine and was willing to open diplomatic ties with even those countries which maintained relations with North Korea.

In November 1973, South Korean Ambassador to Washington Kim Tong-cho and Soviet Ambassador Anatoly Dobrynin met together to discuss the Korean question. In the meeting which took place at a suburban villa near Washington, D.C., Dobrynin was reported to have suggested 'the desirability of a basic arrangement to be concluded between Seoul and Pyongyang similar to that of East and West Germany'.<sup>79</sup>

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75. *Dong-A Ilbo*, 14 September 1971; cited in Hak Joon Kim, 'The Soviet Union's New Attitude Towards South Korea in the 1970's: Its Motivation and Limits', Hak-joon Kim, *Korea's Relations with Her Neighbors in a Changing World* (Seoul: Hollym, 1993), p. 304.

76. Youn-soo Kim, 'Towards the Opening of New Relations between Korea and East European Countries: The Soviet Union as the Key Actor', *Korea & World Affairs*, vol. 1, no. 2 (Summer 1977), p. 181; cited in Hak-joon Kim, 'The Soviet Union's New Attitude Towards South Korea in the 1970's', p. 306.

77. *Peking Review*, vol. 16, no. 34 (24 August 1973), p. 20.

78. Byung-chul Koh, *The Foreign Policy Systems of North and South Korea* (Berkeley: University of California Press, 1984), p. 203.

79. *The Korea Herald*, 12 November 1973; cited in Kim, 'The Soviet Union's New Attitude Towards South Korea in the 1970's', p. 307.

Soviet policies toward South Korea appeared to be improving. In September 1975, the Soviet Union granted entry visas to South Korean sportsmen.<sup>80</sup> At the United Nations, ROK correspondents reportedly revealed that there had been increased "amicability on the part of Russian correspondents toward South Koreans".<sup>81</sup> On 28 August 1974, Soviet diplomats at the U.N. hinted that diplomatic relations could be established between Seoul and Moscow if U.N. forces in Korea were dissolved.<sup>82</sup> The Soviet diplomats also indicated that Moscow would not be concerned about the American military presence in Korea because the matter should be settled by an agreement between the United States and the ROK. A Soviet diplomatic source, however, subsequently denied in part the earlier report.<sup>83</sup> Responding to a South Korean initiative, the Lenin National Library expressed its desire to establish a regular exchange of materials with the Library of the ROK National Assembly.<sup>84</sup>

Any sign of Moscow's interest in establishing informal contacts with South Korea created an air of apprehension in Pyongyang, and Peking also promptly seized on the issue in criticizing Moscow. This strong reaction from North Korea evidently discouraged the Soviet Union, for *Pravda* denied the existence of a "political rapprochement between Seoul and Moscow" and "Soviet-South Korean contacts and rapprochement in trade and other areas," which was previously reported by a West German correspondent.<sup>85</sup>

In April 1978, Moscow showed a comparatively amicable attitude toward Seoul when a Korean Air Lines(KAL) plane made an emergency landing in Murmansk. In

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80. Donald S. Zagoria and Young-kun Kim, "North Korea and the Major Powers," *Asian Survey*, vol. XV (December 1975), p. 1031.

81. *Far Eastern Economic Review*, vol. 81, no. 32 (13 August 1973), p. 5.

82. *Dong-A Ilbo*, 29 August 1974, cited in Chung, *Pyongyang between Peking and Moscow*, p. 152.

83. *Dong-A Ilbo*, 31 August, and 11 September 1974, cited in Chung, *Pyongyang between Peking and Moscow*, p. 152.

84. *Dong-A Ilbo*, 26 July 1974, cited in Chung, *Pyongyang between Peking and Moscow*, p. 152.

85. *Pravda*, 24 November 1974, p. 5.

June 1978, the passengers, but not the aircraft, its captain and navigator, were repatriated.<sup>86</sup> In September 1978, Korean Health-Social Affairs Minister Shin Hyon-hwack attended a World Health Organization(WHO) conference in Alma-Ata, widening unofficial contacts between the two countries.<sup>87</sup> In April 1979, a Seoul-Moscow telephone line was opened.<sup>88</sup>

A Soviet parliamentarian visited Seoul to make preparations for the 70th general assembly of the International Parliamentarians Union(IPU) in July 1982.<sup>89</sup> In August 1984, two South Korean representatives attended an international geological meeting in Moscow.<sup>90</sup>

South Korea's efforts in the 1980s to approach China had a negative effect on the improvement of relations between Seoul and Moscow: South Korea's possible joining in the anti-Soviet triangle apparatus involving the United States, Japan and China remained a stumbling block in the improvement of Seoul-Moscow relations.

After Korea was liberated from Japan at the end 35 years of colonial South and North Korea, South Korea and the Soviet Union had limited non-political contacts until Mikhail Gorbachev came to power in 1985.

### **5.3 Gorbachev and Korea**

#### **5.3.1 The Soviet approach to the Korean issue**

During the Cold War, the Soviet Union sought a two-Korea policy by beginning

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86. Hak-joon Kim, South Korean Perceptions of the Soviet Union, in Pushpa Thambipillai and Daniel C. Matuszewski, eds., *The Soviet Union and The Asia-Pacific Region: Views from the Region* (New York: Praeger, 1989), p. 43.

87. *The Korea Herald*, 18 November 1992, p. 2.

88. *The Korea Herald*, 2 October 1990, p. 2.

89. *Ibid.*

90. Chae-jin Lee, South Korea in 1984: Seeking Peace and Prosperity, *Asian Survey*, vol. 25, no. 1 (January 1985), p. 85.

to decouple the Korean issue from its global rivalry with the U.S. and South Korea from its traditional relations with North Korea.<sup>91</sup> Officially Moscow supported any of Pyongyang's proposals on Korea and reacted negatively to Seoul's international activity.

Under his domestic reforms, Gorbachev's Vladivostok (July 1986) and Krasnoyarsk (September 1988) initiatives proclaimed new philosophic principles regarding the Korean regional conflict. In the summit between the Soviet Union and China in May 1989, both sides confirmed that tension and military confrontation in the Korean peninsula needed to be decreased.<sup>92</sup> It was obvious that a similarity in Soviet and Chinese stances created better prospects for the peaceful solution of the Korean problem. In his press conference in Beijing, Gorbachev also emphasized that 'it would be better to have broad South-North Korea dialogue and to create the conditions for the normalization of relations between North Korea and the United States and Japan'.<sup>93</sup>

As shown in section 3.3, Gorbachev's new political thinking had clear implications for Soviet relations with the Korean peninsula. These were spelled out in an article by F. Shabshina, a leading Soviet specialist on the latest and modern problems of Korea, who argued in favour of the recognition of South Korea as follows:

Finally, it is necessary to consider our national interests. For a very long period of time they were not taken into account in the Korean politics of the USSR. In fact, we lacked such policies. We only supported automatically the policy of our ally - KPDR and even in questions which exceeded the limits of purely internal affairs of Korea. We, for example, for long periods persistently rejected economic contacts with South Korea, which would have been advantageous for the Soviet Union. At the same time, some other socialist countries, while considering their own national interests, acted independently and for a long time maintained such contacts (even if they were indirect). Now, while we start to have economic ties with South Korea, we, for some reasons, do not go further ahead, we do not establish with the South's connections in all directions, which could expand and strengthen the possibility of economic cooperation and promote the

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91. For details about the Soviet basic policies toward the Korean peninsula, see Oleg Davidov, 'Soviet Policy towards the Korean peninsula in the 1990s', *The Korean Journal of International Relations*, vol. 30, no. 2 (1990), pp. 424-425.

92. *Pravda*, 18 May 1989, p. 2.

93. *Izvestiya*, 20 May 1989, p. 2.

relaxation of tension on our Far Eastern borders. The recognition of the South could enhance our international prestige and our new political thinking.<sup>94</sup>

Soviet policy towards Korea turned towards pragmatism and rationalism in 1990. The Soviet-South Korean diplomatic relations was a result of the logic of Soviet perestroika and of Soviets' new political thinking in international affairs. The lack of normal relations with the ROK was inconsistent with the new image which the Soviet Union sought to project. The Soviet Union established wide-ranging ties with the ROK while preserving traditional good-neighbourly relations with the DPRK which enabled the Soviet Union to pursue a double-track approach to Korea.<sup>95</sup>

The development of relations between Moscow and Seoul resulted in a sharp deterioration of Soviet-North Korean relations. But there were good reasons for the diplomatic recognition of South Korea: the processes of reforms in the Soviet Union resulted in the dismantling of the old military, administrative and economic basis of the ties between the Soviet Union and North Korea. New political thinking freed Soviet foreign policy, including the relations with socialist allies, from ideological restraints. When the establishment of normal conditions of mutual cooperation and reciprocity was beneficial to the Soviet Union, this policy was pursued in accordance with political realities, and confirmed the faithfulness of Soviet intentions.

Changes in the international climate also removed the idea of a strengthening of military cooperation between Moscow and Pyongyang in order to form an anti-

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94. F. Shabshina, 'Mozhno Li Rasputat' <<Koreisky Uzel>>: Mnenie Sovetskovo Uchenovo', *Izvestiya*, 1 September 1989, p. 5.

95. Sergey S. Razov, 'Some Aspects of the Soviet Foreign Policy in the Asian Pacific Region and the Situation on the Korean Peninsula', A paper presented at an international Conference in Seoul, 4-5 November 1991, p. 10.

imperialistic front.<sup>96</sup> Although both countries maintained cooperation in the military sphere, the Soviet Union did not export offensive weapons to the North and military shipments were substantially reduced. In this sphere the Soviet Union consistently observed the principle of reasonable defence sufficiency. The transition to market relations blocked to a considerable degree the administrative and economic channels of Soviet-North Korean cooperation. Soviet enterprises all the more applied the criterion of market effectiveness in cooperation with North Korean companies, who did not merely obey the administrative orders.

In an article in *Izvestiya*, Shevardnadze, commenting on the Soviet Union's new approach towards the Korean peninsula, said: 'The solution of the old and very complicated Korean problem would greatly promote the cause of peace and genuine neighbourliness in the region. This task is a key element of the Soviet Asian policy.' 'Our policy in the Asia-Pacific region, aimed at strengthening peace and stability and at broad international cooperation, is based on comprehensive consideration of the political realities which have shaped up there. It was precisely the existing realities that prompted the decision to fully normalize relations with South Korea. And these realities are as follows: There are two independent Korean states, the DPRK and ROK, on the peninsula. Of course, we took into consideration the fact that South Korea has now become a weighty political, economic and even military factor in Asian affairs. It would have been unnatural to ignore it'. 'The Soviet Union also carefully studied public opinion in our country. Numerous meetings with the people's deputies of the USSR and

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96. The basic principles of Soviet Korean policy proceeded in the context of East-West political and military confrontation in East Asia were as follow: 1. To avoid the renewal of military hostilities in Korea. 2. Not to allow the U.S. to establish control over the whole Korean peninsula and exclude possibility of extension of capitalist system to the Northern part of Korea. 3. To contribute to consolidation of socialist system in the DPRK in order to create more favourable condition for peaceful reunification between South and North Korea. 4. To maintain military balance between the DPRK and South Korea in order to keep equilibrium of forces on the Korean peninsula as well as strategic parity in the Far East. See Alexander Z. Zhebin, Senior Researcher, The Institute of Far Eastern Studies, 'Russian-North Korean Relations: Present and Future' the paper presented at the fifth Institute for Sino-Soviet Studies, Hanyang University and Institute of Far Eastern Studies, Russian Academy of Sciences, Seoul, 13-14 October 1992, p. 18; also see Vasily V. Mikheev, 'A Korea Settlement: New Political Thinking vs. Old Ambitions', *Korea and World Affairs*, vol. 13, no. 4 (Winter 1989), p. 681; Oleg Davydov, 'Soviet Policy towards the Korean peninsula in the 1990s', pp. 424-425.

Russian federation from our Far Eastern regions took place and the views of researchers and specialists were heard out. The conclusion was unequivocal: the USSR and the ROK should build their relations as independent civilized states on the basis of the generally recognized norms of international law, in conformity with the UN charter. It will not be an exaggeration to say that a sufficiently broad public trend in favour of normalization of relations with the ROK shaped up in the USSR'.<sup>97</sup>

The establishment of diplomatic ties with Seoul met that the Soviet Union officially recognized the reality that existed two sovereign states, South and North Korea, on the Korean peninsula. The Soviet Union came to recognize Seoul's traditional position that inter-Korean problems should be solved on the basis of the recognition of the reality of territorial division. Therefore, new political thinking in Soviet foreign policy made it impossible for Gorbachev's government to ignore the existence of two independent states on the Korean peninsula.

### **5.3.2 New Political Thinking towards the Korean Peninsula**

....It is evident that some supplementary levers are needed to turn the idea into reality. One of them can be seen in the establishment of diplomatic relations of the USSR and other socialist countries with South Korea (Cross recognition is not an exception: we recognize South Korea; USA and its allies recognize the KPDR). We will endeavour to weigh the pro and cons of such theses, approaching them from positions of some new political thinking.<sup>98</sup>

Since the mid-1980s, the Soviet Union had been reviewing its foreign policy principles as noted in chapter 3. In line with them, it has made serious changes in its Far Eastern policy. The Soviet policy in Korea began at last to acquire the features and the orientation which were previously barred by strong bureaucratic opposition to common

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97. Eduard Shevardnadze, 'Dinamika Pozitivnykh Peremen: Prizvana Razrushin' Konfrontatsiyu v Aziatsko-Tikhookeanskom Regione', *Izvestiya*, 2 October 1990, p. 7. This article explained why the Soviet Union entered into full diplomatic relations with South Korea.

98. *Izvestiya*, 1 september 1989, p. 5.



sense in Soviet foreign-policy organizations. The inevitable, though rather protracted destruction of stereotypes, led to the September 30 1990 decision on the establishment of diplomatic relations with the ROK.<sup>99</sup>

Most importantly, Soviet foreign policy experts and leading analysts quickly changed over from irreconcilable opposition to the South Korean regime to advocacy of better relations with the ROK. This fact showed that even the most orthodox Soviet ideologists had realized the need to resolutely change the Soviet Union's Korean policy in favor of a more pragmatic approach.

New Political Thinking was an important force in the Soviet decision to change its Korean policy. Previously, the Soviet Union gave nearly unconditional support to a North Korean government committed to the forcible reunification of the Korean peninsula, even at the risk of triggering a nuclear war. Gorbachev's initial review of Soviet Asia policy must have made clear to him that one of the world's major potential nuclear flashpoints existed partially as the result of Soviet involvement.

Soon after the Soviet Union chose to attend the 1988 Olympics in Seoul, Soviet-South Korea trade relations began to grow at a high rate. The Soviet policymakers had become more realistic in assessing the whole Korean question. In his interviews with local journalists on 11 September 1989 in Seoul, Georgi Arbatov, the head of the Institute of the US and Canada in Moscow, admitted that among policymakers in Moscow, some were strongly in favour of opening up relations with Seoul soon.<sup>100</sup> By 1990, this idealistic concern was being overtaken by a Soviet realization of the possibilities that Korean trade, investment, technology, and managerial know-how had for revitalizing the increasingly troubled Soviet economy. The two motivations, of course, were not incompatible. As one Soviet commentator noted:

Practical experience has shown that the removal of ideological fetters from our foreign policy is by no means at variance with our national

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99. Vasily Mikheev, 'The USSR-Korea: gains or losses?', a paper presented at a seminar in Seoul, 1990; recited in special report on Gorbachev-Roh summit of *The Korea Herald*, 21 December 1990, p. 4.

100. *Far Eastern Economic Review*, 28 September 1989, p. 36.

interests and does not mean that we are forgetting the interests of third countries. This approach is in line with common sense and with the entire course of world development.<sup>101</sup>

The three meetings between Gorbachev and his South Korean counterpart Roh symbolized the two faces of the New Political Thinking. The important lesson one carries away from this review of the effect of the New Political Thinking on Soviet-Korean relations is that Soviet establishment of diplomatic ties and growing commercial relations with South Korea marked a dramatic departure in its regional policy. For the first time since its involvement in this area began, the Soviet Union was committed to maintaining stability through close ties with both Korean governments.

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101. S. Maksimov, "Has the Diplomats' hour come?," *Komsomolskaya Pravda*, 2 June 1990, p. 3.

## Chapter 6. Gorbachev and North Korea

### 6.1 Soviet-North Korean Relations

Soviet policy towards North Korea basically revolved around its attitude towards China, based on mutual interest. After Gorbachev came to power, he, more or less, succeeded in reversing the traditional tilt towards China.

Events of 1989-1990 drastically changed the situation, as seen in chapters 2 and 3. The direction of developments within the Soviet Union, towards a gradual renouncing of socialist dogma, ultimately reshaped Soviet policy towards North Korea. Firstly, reality was recognized and diplomatic relations with South Korea were established. Secondly, Soviet-North Korean economic difficulties in the USSR reduced Soviet-North Korean cooperation and dismantled the old basis of these links, providing greater freedom for those analysts who claim to be unbiased to speak out. Thirdly, the Soviet social and psychological environment itself changed. Ideas of democracy, freedom of speech, and a nervously critical attitude towards any manifestation of totalitarianism produced a new kind of intolerance - nonetheless with old roots - towards those who, unlike the Soviet Union, did not want to dismantle state socialism, its administrative system and command economy.<sup>1</sup>

On the basis of the treaty of Friendship, Cooperation and Mutual Assistance signed on 6 July 1961, the Soviet Union and North Korea were steadily developing bilateral relations. The USSR and the DPRK actively exchanged high-level delegations, signed and began to realize major agreements on economic, military and cultural cooperation before the Seoul Olympic games of 1988.

On 18 April 1985, Kim Yong-nam, Member of the CC WPK Politburo, Deputy Premier of the Administrative Council and Foreign Minister of the DPRK met the

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1. Vasily V. Mikheev, 'New Soviet Approaches to North Korea: A Problem of Morality in Foreign Policy', *Korea and World Affairs*, vol. 15, no. 3 (Fall 1991), pp. 444-445.

Soviet General Secretary M. Gorbachev in the Kremlin. He delivered Kim Il-sung's personal message to Gorbachev.<sup>2</sup> From 1-30 August 1985, "a month of North Korea-Soviet friendship", held in North Korea to mark the 40th anniversary of Korea's liberation from Japanese colonial rule, was a vivid demonstration of Soviet-North Korean friendship. On this occasion, a party and government delegation led by Geidar A. Aliyev, a Member of the CC CPSU Politburo, First Deputy Chairman of the USSR Council of Ministers, a military delegation led by Marshal of the Soviet Union, First Deputy Minister of Defence V. I. Petrov and envoys from ministries, departments and other organisations having contact with Korean colleagues, took part in the celebrations.<sup>3</sup>

On 21 January 1986, on the invitation of the CC WPK and the DPRK government, Eduard Shevardnadze, Member of the CC CPSU Politburo and Minister of Foreign Affairs of the USSR, went to Pyongyang. During the talk with Kim Il-sung there was an exchange of views on a wide range of problems concerning Soviet-Korean relations and international affairs which showed an absolute consensus on all matters under discussion.<sup>4</sup> On 22 January 1986, North Korea and the Soviet Union concluded two agreements in Pyongyang, one on boundaries of economic sea zones and continental shelves, and another on procedures concerning civilian travel between the two countries.<sup>5</sup>

North Korea demonstrated its solidarity with the Soviet initiative concerning a unilateral moratorium on nuclear tests with its subsequent prolongation. The WPK showed a profound understanding of Soviet peace proposals set forth in the January 15,

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2. *Pravda*, 19 April 1985, p. 1.

3. *Pravda*, 15 August 1985, p. 4.

4. *Pravda*, 22 January 1986, p. 4; V. Andreyev and V. Osipov, 'Friendship and cooperation between the peoples of the USSR and the DPRK,' *Far Eastern Affairs*, no. 4 (1986), pp. 170-171.

5. *Pravda*, 23 January 1986, p. 4.

1986 Statement by General Secretary of the CC CPSU, Mikhail Gorbachev.<sup>6</sup> "In the Statement issued on January 15, 1986", stressed comrade Kim Il-sung, "the General Secretary of the CC CPSU, Comrade Mikhail Gorbachev, came out with a new peace initiative aimed at achieving the complete elimination of nuclear armaments".<sup>7</sup>

On 22-26 October 1986, Gorbachev and Kim exchanged views on questions concerning the development of Soviet-Korean relations in Kremlin. They expressed their satisfaction with these relations, dynamic developments in the Party, political, economic and cultural spheres and noted that there were possibilities for the further deepening of bilateral ties in all spheres of cooperation.<sup>8</sup> They also emphasized the important significance of the Soviet-Korean treaty in 1961.<sup>9</sup> Military, techno-scientific, economic and cultural cooperation between the two countries was stepped up.

In April 1987, on the occasion of 75th jubilee of Kim Il-sung, he was decorated with the highest Soviet award - the second Order of Lenin; his collected works were published in the Soviet Union, and the DPRK reciprocated with the publication of Gorbachev's collected works.<sup>10</sup>

Military contacts reached unprecedented levels and scale. The DPRK hosted visits by the First Deputy-Ministers of Defence V. Petrov and P. Lushev; Commander of the Soviet Navy B. Chernavin; Chief of the Main Political Department of the Soviet Army and Navy A. Lizichev, Chief of the Civil Defence V. Golikov, as well as high-ranking representatives of the Main Intelligence Directorate, the KGB, and the defence industry of the USSR.<sup>11</sup> The USSR in turn hosted visits by the DPRK Minister of

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6. *Pravda*, 16 January 1986, pp. 1-2.

7. *Nodong Sinmun*, 12 March 1986.

8. *Pravda*, 25 October 1986, p. 1.

9. *Izvestiya*, 25 October 1986, p. 1.

10. Alexander Z. Zhebin, 'Russian-North Korean Relations: Present and Future', this paper presented at the fifth Institute for Sino-Soviet Studies, Hanyang University and Institute of Far Eastern Studies, Russian Academy of Sciences Joint Conference, Seoul, 13-14 October 1992, p. 6.

11. Zhebin, 'Russian-North Korean Relations: Present and Future', p. 6.

People's Armed Forces Oh Zin-wu, the commanders of various services of the Korean Peoples' Army, and other high-ranking military commanders.

1985-1986 saw three exchanges of visits by naval ships and military aircraft between the two countries. Several joint Soviet-DPRK naval exercises were carried out in the Sea of Japan, and Soviet military aircraft, while undertaking certain missions, could use the airforce airfields in the DPRK. A large group of officers was sent from the DPRK to study in Soviet military institutions. The DPRK began to modernize some systems of weapons with Soviet military supplies (mainly anti-air defence) equipment: interceptor-fighters MIG-23, MIG-27, SU-25, anti-aircraft artillery and anti-aircraft missiles.<sup>12</sup>

Both sides reaffirmed their commitment to these stands in Moscow, when General Secretary of the CPSU Central Committee Mikhail Gorbachev on 4 May 1988 met with Kim Yong-nam, member of the Politburo of the WPK Central Committee, vice-premier of the Administrative Council and DPRK foreign minister, who paid an official friendly visit to the USSR.<sup>13</sup> The Soviet-Korean talks evinced the unity of the CPSU and the WPK, the USSR and the DPRK in major areas of their bilateral relations and as regards the international situation, their reciprocal intention in an effort to consolidate peace and security on the Korean peninsula and in the entire Asian Pacific region.<sup>14</sup>

### **After the Seoul Olympic Games**

The Soviets' change in attitude towards North Korea began to be conspicuous by 1988. In the greetings sent to the celebrations of the 40th anniversary of North Korea's foundation on 9 September 1988, the Soviet government used words such as 'national reconciliation' and 'balance of interests' in the name of new political thinking. This meant that the Soviet Union, in its policy towards the Korean peninsula, would no

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12. Ibid.

13. *Izvestiya*, 6 May 1988, p. 1.

14. *Izvestiya*, 6 May 1988, p. 1; *Far Eastern Affairs*, no. 5, 1988, p. 79.

longer adhere to a pro-North Korea policy only. In addition, in his Krasnoyarsk speech delivered just after the Seoul Olympics, Gorbachev indicated that the Soviet Union wanted economic relations with South Korea.<sup>15</sup> After this speech, economic ties with South Korea were steadily increased (see section 7.4).

In fact, for a very long period of time, the Soviet Union automatically supported only the policy of their ally - DPRK, even in questions which exceeded the limits of Korea's internal affairs. The Soviet government, for example, for long periods persistently rejected economic contacts with South Korea, which would have been advantageous for the Soviet Union.

However, the Soviet Union did not fundamentally change its policy towards North Korea. The Soviet Union was still careful not to imply that political normalization might follow economic developments.<sup>16</sup> For example, when Shevardnadze met North Korean leaders between 22-24 December 1988 in Pyongyang, he said, 'the Soviet Union will neither recognize South Korea officially nor have political and diplomatic ties with the Seoul government.'<sup>17</sup> As in the past, the Soviet Union showed its basic posture once more. As mentioned above, the Soviets' posture towards North Korea, based on class principles, was still an obstacle to normalizing relations with South Korea.<sup>18</sup> However, the dismantling of socialism in the USSR has destroyed the traditional basis of its friendship with the DPRK. The patrocronic basis of

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15. At the same time the DPRK reacted rather passively to the initiatives set forth in Gorbachev's Krasnoyarsk speech. Suffice is to say that the brief resume of the speech was published in North Korean mass media only five days later, on 21 September 1988, after the persistent requests of the Soviet Embassy in Pyongyang. The resume skipped all Soviet proposals that mentioned South Korea. See Zhebin, 'Russian-North Korean Relations: Present and Future', p. 14.

16. *Pravda*, 18 September 1988; also see Ziegler, *Foreign Policy and East Asia*, p. 117.

17. *Izvestiya*, 25 December 1988, p. 4.

18. Vasily V. Mikheev, 'New Soviet Approaches to North Korea: A Problem of Morality in Foreign Policy', *Korea and World Affairs*, vol. 15, no. 3 (Fall 1991), p. 446; Back in the beginning of 1989 nobody believed the Soviet government to be absolutely free from its old ideological convictions. Hence, the gradual approach seemed to be the best possible proposal. George F. Kunadze, 'USSR-ROK: Agenda for the Future', *Korea and World Affairs*, vol. 15, no. 2 (Summer 1991), p. 201.

the Soviets' links has disappeared.<sup>19</sup>

After the Soviet-South Korea summit in San Francisco, relations between Moscow and Pyongyang clearly cooled.<sup>20</sup> For example, Soviet and North Korean ambassadors assigned to each other's countries were absent from their assignments for a long time. The Soviet Union suspended aid for constructing nuclear power stations in North Korea and said it would continue this stance until North Korea signed an agreement on nuclear safeguards. North Korea signed the nuclear non-proliferation treaty in 1985 but had since turned down requests for on-site inspection by the International Atomic Energy Agency(IAEA)(see section 6.2.1). Under an agreement with North Korea in 1985, the Soviet Union obliged itself to offer aid in building a nuclear power station that would be equipped with four reactors.<sup>21</sup> Valentin Falin, in charge of the foreign affairs section of the Communist Party's policy-making Central Committee, said at a news conference that both sides are entitled to express their points of view. He said " We can either agree or disagree. Recently, we've been disagreeing more often". "A lot is changing on the Korean Peninsula. We believe this will bring about new changes", Falin said.<sup>22</sup> According to *Sankei Shimbun*, a Japanese newspaper, the Soviet Union looked set to slow arms sales to North Korea. This paper also quoted Falin as saying of Moscow's relationship with North Korea: 'we are going to reduce arms exports.'<sup>23</sup> He confirmed that the Soviet Union had been cutting back oil exports to North Korea, though he said this was due to economic, not political, considerations.<sup>24</sup>

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19. Mikheev, 'New Soviet Approaches to North Korea: A Problem of Morality in Foreign Policy', p. 447.

20. The dismantling of socialism in the USSR had destroyed the traditional basis of its friendship with the DPRK. The patocratic basis of Soviets' links had disappeared. Mikheev, 'New Soviet Approaches to North Korea: A Problem of Morality in Foreign Policy', p. 447.

21. *The Korea Herald*, 22 July 1990.

22. *Japan Times*, 8 July 1990, p. 4.

23. *Sankei Shimbun*, 31 July 1990.

24. *Ibid.*



When Shevardnadze visited Pyongyang on 2-3 September 1990, he unprecedentedly did not meet Kim Il-sung. This illustrated North Korean dissatisfaction about the establishment of Soviet-South Korea diplomatic ties. When Shevardnadze met his counterpart Kim Young-nam in Pyongyang, he should have explained the Soviet government's position about full ties with South Korea. On 11 September 1990, Kim Il-sung secretly visited 'Shenyang' in China for talks with top Chinese leaders on issues related with changing political situations around the Korean Peninsula. In his meeting with Jiang Zemin they discussed political joint steps to cope with improving relations between Seoul and Moscow.<sup>25</sup>

Basically, there was no change on the Soviet relationship with North Korea. At a joint conference, Shevardnadze said 'Nothing is changing. I think that more favourable conditions are being established to develop and expand our relationship with North Korea and all other countries within the region'.<sup>26</sup> In his article in *Izvestiya*, 'Dynamics of Positive Changes: Urge to demolish the confrontation in Asian-Pacific region', Shevardnadze said 'It must be stressed that the Soviet Union intends to continue developing the traditional friendly and good-neighbourly relations with the DPRK, to cooperate with it in the international arena and to contribute in every possible way to the accomplishment of the task of peaceful reunification of Korea'.<sup>27</sup>

Asked about Moscow's view on North Korea's refusal to sign the nuclear safeguards agreement under the IAEA, Gorbachev noted, "The Soviet's position is that nuclear weapons should never be allowed to proliferate".<sup>28</sup> In effect, his remark was an indirect expression of Moscow's position that Pyongyang should join the IAEA's pact. Gorbachev reiterated his country's stance on the military questions on the Korean peninsula, saying, "The USSR holds the view that if an accord is reached to turn the

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25. *Far Eastern Economic Review*, 27 September 1990, p. 11; *ibid.*, 4 October 1990, p. 26;

26. *The Korea Herald*, 2 October 1990, p. 1.

27. *Izvestiya*, 2 October 1990, p. 7.

28. *The Korea Times*, 15 December 1990, p. 1.

Korean peninsula into a nuclear-free zone, all problems will be settled".<sup>29</sup> In a press conference in Tokyo on 19 April 1991, Gorbachev said 'we are maintaining and developing relations with the DPRK. This is important for making a positive contribution to the establishment of constructive dialogue in the name of finding ways to settle problems on the peninsula in the interests of the Korean people. On the other hand, this will be important also for our cooperation in the region'.<sup>30</sup> As indicated by Gorbachev, the Soviet Union still saw the Kim Il-sung regime as an important ally and good-neighbour.

As soon as Pyongyang's positions became a real hindrance for the new Asian-Pacific policy of the Soviet Union, normalization of relations with all states in the region, the apparent peace in Soviet-North Korean ties was broken. In fact, there started the disintegration of the old structure of connections between the two totalitarian regimes had rested upon the similarity of interests of both sides. Although the Moscow-Pyongyang relationship had had its ups and downs, North Korea had been and remained a critical factor in the Korean situation. Under Gorbachev, the traditional relationship between Pyongyang and Moscow started a new era of close cooperation and partnership based upon just established formal diplomatic relations.

## **6.2 North Korea's responses to a new international environment created by Gorbachev's new political thinking**

North Korea knew that it could no longer stick to old policies in the midst of the rapidly changing world situation. Pyongyang also proved itself capable of adopting pragmatic stances and flexibility vis-a-vis the external environment. North Korea badly needed foreign capital and know-how, for which opening its door was a must; joining the world body (UN membership) was a significant step in this regard.

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29. *The Korea Times*, 15 December 1990, p. 1.

30. *Izvestiya*, 20 April 1991, p. 4.

President Kim's new year messages in 1990<sup>31</sup> and 1991<sup>32</sup> were particularly revealing in terms of ascertaining the extent to which North Korea was prepared to cope with the external disturbances resulting from 'new political thinking' and 'perestroika'.

The Soviet Union and East European countries, under changing internal and external circumstances, were not so much interested in North Korea as before, either as a diplomatic ally or as trade partner. North Korea's diplomacy, therefore, had a serious setback in its relations with the Soviet Union and East European countries. The diplomatic normalization between South Korea and the Soviet Union on 30 September 1990, for instance, was a serious blow to North Korea.

During his visit to Pyongyang on 2-3 September 1990, Shevardnadze conveyed Moscow's intention to establish diplomatic relations with Seoul and asked his counterpart Kim Young-nam why such a move would constitute an obstacle to Korea's unification, as Pyongyang insisted. At this meeting Kim strongly protested against Soviet policy and handed over to Shevardnadze a memorandum expounding Pyongyang's objections.<sup>33</sup> The tone of this memorandum obviously reflected Pyongyang's displeasure over Gorbachev's new policy toward the Korean peninsula. In this memorandum, the hint at having their own nuclear weapons was a serious and

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31. See *The Pyongyang Times*, 1 January 1990, pp. 1, 3.

32. See *The Pyongyang Times*, 1 January 1991, p. 3.

33. Pyongyang's objection to the Soviet policy, as contained in its six-point memorandum, was as follows: 1) If the Soviet Union establishes diplomatic relations with South Korea, it will result in the recognition and legitimization of the existence of two Koreas on the peninsula thus perpetuating the division; 2) Soviet recognition of South Korea is fundamentally different from the case of other countries because the Soviet Union, together with the United States, is responsible for the division of Korea as the sole legitimate government on the peninsula; 3) Moscow's normalization of relations with Seoul will help South Korea materialize its nordpolitik, which, in essence, is designed to isolate North Korea internationally; 4) It will mean the formation of a tripartite alliance with the Soviet Union joining the United States and South Korea in a conspiracy to subvert the socialist system in North Korea; 5) If Moscow establishes diplomatic ties with Seoul, then the North Korean-USSR Alliance Treaty will automatically be reduced to a dead letter and it will leave North Korea no other choice but to seek independent measures to procure weapons by itself, and 6) it will result in pouring cold water on the desires of the Korean people, especially of the South Korean people, for reunification. See, *Minju Chosun* 19 September 1990, as reprinted in *Korea & World Affairs*, vol. 14, no. 4 (Winter 1990), p. 784.

concern-raising fact, especially if we bear in mind the anxiety of the world community about the development of nuclear capability in Pyongyang. But the development of atomic weapons was related not so much to Soviet-South Korean relations but rather to the realization of DPRK's own military doctrine. Besides, nuclear ambitions would not contribute to the improvement of the DPRK's position in the world community. So, it does not become very clear how North Korea was going to combine its nuclear policy and the search for new partners in the West under conditions of more loose economic and political ties with the Soviet Union.<sup>34</sup>

On 5 October 1990, the Korean Communist Party newspaper *Rodong Sinmun* carried a commentary entitled "Diplomatic Relations Bargained for Dollars."<sup>35</sup> In this harsh and acrimonious statement Pyongyang criticized Moscow's establishment of diplomatic relations with Seoul as an act of "betrayal," stating that "the Soviet Union sold off the dignity and honour of a socialist power and the interests and faith of an ally for 3 billion dollars."<sup>36</sup> In addition, the statement, issued by the official news agency in the name of the Pyongyang-based South Korean National Democratic Front(Hanminjon), said "this dirty mendicant diplomacy is a grave act of national division which fosters antagonism and confrontation by antagonising the North."<sup>37</sup> The bitterness of Pyongyang's reaction was clearly shown in the charge, in the same article, that "the Soviet Union, making a complete about-turn in its stand, decided to establish diplomatic ties with South Korea."<sup>38</sup> This fact, the article continued, "belongs to the category" of "incidents marred by scandals and stains" rather than "shining with reputation and honour" in the chapters of human history. It went on to characterize the Soviet decision coming "at a time when the Soviet Union is going downhill to ruin,

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34. *The Korea Herald*, 21 December 1990, supplement, p. 4.

35. *Rodong Shinmun*, 5 October 1990, as reprinted in *The Pyongyang Times*, 6 October 1991, p. 12.

36. *Rodong Shinmun*, 5 October 1990, as reprinted in *The Pyongyang Times*, 6 October 1991, p. 12.

37. *The Korea Herald*, 23 April 1991.

38. *Ibid.*

floundering in chaos and confusion in the vortex of perestroika".<sup>39</sup> Soviet responses to these charges and to other attacks in the North Korean press were firm. Shevardnadze sharply stated that the "Soviet Union is a sovereign state that can decide, on its own, which countries it wants to have relations with."<sup>40</sup>

Pyongyang downgraded its diplomatic relations with Moscow. When Shevardnadze was on a two-day visit to Pyongyang, Kim Il-sung refused to meet him. This reflected the extent to which Pyongyang would go to express its displeasure with Gorbachev's new policy of perestroika. While Pyongyang was criticizing the Soviet policy of diplomatic normalization with Seoul, North Korea endeavored to normalize its relations with Japan, the United States and Asian countries.

Soviet domestic change and the collapse of the Stalinist regimes in Eastern Europe greatly changed the political and psychological environment for Pyongyang, but the basic geopolitical elements of the regional situation were still in place. Moreover, the North Korean leadership-partly because of its inflexibility in the past-could further broaden its room for manoeuvre by opening-up to Japan, another major power in the region.<sup>41</sup>

For North Korea, which had been opposed to 'crossrecognition', normalization between the Soviet Union and South Korea was surely an outrage, perpetuating the division of the Korean peninsula and deepening Pyongyang's feeling of isolation. On the other hand, Soviet-South Korean normalization indirectly gave momentum to North Korea to actively improve and extend its relations with China, Japan, U.S. and Asian countries.

### **6.2.1 China and North Korea**

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39. *Ibid.*

40. "Ties Said to Pose No Danger," Radio Moscow broadcast of 29 September 1990, as transcribed in *FBIS Daily Report: Soviet Union*, FBIS-SOV-90-191 (2 October 1990), p. 18.

41. Igor E. Malashenko, 'The geopolitical consequences of domestic change in the Soviet Union,' in Yu-nam Kim, ed., *Korea, America, and the Soviet Union in the 1990s: Problems and Policies for a Time of Transitions* (Seoul: Dankook University Press, 1991), p. 59.

North Korea began to tilt more toward China, away from its reliance on the Soviet Union.<sup>42</sup> The sudden decrease in the Soviet military capability implied that the importance of China dramatically increased for North Korea. China could exert more leverage on North Korea than previously. However, China, like the Soviet Union, sought most of all to ensure peace on the Korean peninsula.

Kim Il-sung unofficially visited China between 5-7 November 1989. During the meetings with Deng Xiaoping and Jiang Zemin, both sides exchanged views on furthering the friendly relations between the two parties and two countries. They also expressed their determination to persist in Party leadership and the socialist road.<sup>43</sup>

Premier Yon Hyong-muk's visit to China on 23-28 November 1990, for instance, was part of Pyongyang's desperate effort to lessen its diplomatic isolation as well as to induce Chinese economic and military assistance in place of the Soviet's. China's biggest diplomatic worry was North Korea. Like South Korea and Japan, China had little interest in seeing Kim Il-sung's shabby regime get its hands on the bomb. But neither could China bring itself to publicly condemn North Korea's blatant flouting of NPT obligations. The foreign minister, Qian Qichen, gave a clear warning that China would veto attempts to use force against North Korea.<sup>44</sup>

On 23 March 1993, Foreign Minister Qian Qichen told a news conference that the dispute should be settled by patient consultation. "If the question is referred to the Security Council it will only complicate the matter", he said. "We are opposed to the application of sanctions".<sup>45</sup> On 30 March 1993, China again rejected a U.S. proposal to impose sanctions against North Korea. The Chinese Foreign Ministry said, "The problem between the DPRK and the IAEA should be properly settled through patient

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42. Dan C. Sanford, 'ROK's Nordpolitik: Revisited', *The Journal of East Asian Affairs*, vol. vii, no. 1 (Winter/Spring 1993), p. 12.

43. *Beijing Review*, vol. 32, no. 48 (27 November-3 December 1989), p. 8.

44. *International Herald Tribune*, 7 April 1993, p. 6.

45. *Oman Daily Observer*, 30 March 1993, p. 5.

consultations. Exerting pressure and imposing sanctions will only complicate the matter".<sup>46</sup>

Top Chinese leaders advised Kim Il-sung to introduce reforms and to become more realistic in his foreign policy, when he visited China between 4-13 October 1991. Beijing suggested that North Korea follow the "Chinese model": targeted economic reform while maintaining authoritarian political control.<sup>47</sup>

### **6.2.2 Japan and North Korea**

Realizing that times had changed in the post-Cold War era, North Korea, the only country in the world with which Japan has no diplomatic ties, appeared to be considering a more flexible foreign policy. What underlied the diplomatic moves on North Korea's approach to Japan was serious economic difficulty and crisis. In order to revitalize its stagnant economy North Korea was desperately in need of foreign credit and new technology from abroad. With the decline in its trade relations with the Soviet Union and Eastern European countries, Pyongyang had to find a new outlet for its foreign economic relations.<sup>48</sup>

On 4 June 1990 Foreign Minister Nakayama said that Japan was willing to open diplomatic relations with North Korea and would take other steps to improve ties with the hard-line communist regime.<sup>49</sup> Then a message from Japanese Prime Minister Kaifu, which called for talks aimed at improving bilateral relations, was delivered to a high-ranking North Korean official by a Japan Socialist Party (JSP) delegation visiting Pyongyang on 21 July 1990. Pyongyang told the visiting Japan Socialist Party delegation that it would welcome a visit by a delegation of Japan's ruling Liberal

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46. *International Herald Tribune*, 31 March 1993, p. 6.

47. *Far Eastern Economic Review*, vol. 154, no. 42 (1991), p. 15.

48. Hong-nack Kim, 'The Normalization of North Korean-Japanese Diplomatic Relations: Problems and Prospects', *Korea and World Affairs*, vol. xiv, no. 4 (Winter 1990), pp. 655-656.

49. *The Korean Times*, 6 June 1990.

Democratic Party's (LDP) politicians. On 24 September 1990 the LDP sent a mission to North Korea for a five-day visit, a move intended to lead to a thaw in the ice-cold relations between the two countries.<sup>50</sup> In his meeting with Kanemaru Shin, a powerful leader of the ruling LDP on 27 September 1990, Kim Il-sung revealed his willingness to undertake diplomatic negotiations with Japan for the normalization of Pyongyang-Tokyo relations.<sup>51</sup>

Its willingness to negotiate with Japan, as announced on 28 September 1990,<sup>52</sup> was a complete turnaround from Pyongyang's previous stance. Prior to this point North Korea had steadfastly refused to open formal talks with Japan, its sworn enemy and a former colonial power, on the grounds that diplomatic ties with Japan would recognize and perpetuate the status quo, i.e., the existence of two Koreas on the Korean peninsula. The ongoing normalization talks between Japan and North Korea reached a major turning point. On 18-20 November 1991, a change in atmosphere was evident following the fifth round of talks in Beijing. Both sides expressed satisfaction with the progress made in the talks.<sup>53</sup>

Pyongyang's approach to Tokyo was economically motivated.<sup>54</sup> North Korea demanded that Japan, and Japan agreed in principle, pay compensation for Japanese colonial rule of Korea for 35 years prior to the end of World War II. The amount of compensation quoted by various sources ranges from 500 million to 5 billion dollars.<sup>55</sup> North-South Korean membership of the United Nations eliminated an obstacle to the

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50. *Financial Times*, 24 September 1990.

51. *Japan Times*, 28 September 1990.

52. On 28 September 1990, a Joint Declaration issued by the LDP, the Japan Socialist Party and the Korean Workers' Party in Pyongyang. *The Japan Times*, 29 September 1990.

53. *The Nikkei Weekly*, 7 December 1991, p. 6.

54. The two-way trade volume between North Korea and Japan came to 240 million dollars in the first half of 1991, accounting for a mere 1.5 percent of the 16,420 million dollars traded between South Korea and Japan in the same period. *The Korea Herald*, 21 April 1992, p. 8.

55. *The Economist*, 29 September 1990, pp. 35-36.



on-going negotiation with Japan towards a normalization of relations. But the International Atomic Energy Agency(IAEA) safeguard issue was one of the conditions that Japan insisted North Korea must accept before progress could be made in the negotiations.<sup>56</sup>

On DPRK-Japanese relations, Kim Il-sung said the lack of progress in the normalization talks was due to the fact that the two sides did not reach a common understanding of the significance of the improvements in bilateral ties and of the principles concerned. Kim also said he hoped that the normalization issue would be satisfactorily resolved.<sup>57</sup>

### **6.2.3 The United States and North Korea**

Pyongyang was also interested in impressing the United States in its desire to establish normal relations. Since 1988 US and North Korean diplomats below ambassadorial level met in Beijing to discuss the general situation on the Korean peninsula, but these talks made little progress.<sup>58</sup> By joining the United Nations Pyongyang wished to contribute to improving relations with the United States and to talks on the pullout of the 43,000 U.S. troops based in South Korea. Although the United States was officially still implacably hostile to Kim Il-sung's strict communist regime, the State Department tried to ease tensions on the divided Korean peninsula. In prepared testimony before the House Subcommittee on Asian and Pacific Affairs on 25 July 1990, then Deputy Assistant Secretary Desaix Anderson told "four unilateral actions" towards North Korea: 1) Broadening American diplomatic contact with North Korean counterparts. 2) Encouraging North Korean private citizens to visit the U.S. 3) Facilitating travel to the North by Americans. 4) Allowing limited export of American

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56. *Pravda*, 27 May 1991, p. 6.

57. *China Daily*, 4 April 1992, p. 8.

58. *Far Eastern Economic Review*, 24 May 1990, pp. 24-25.

food and medical products to North Korea which "meet basic human needs".<sup>59</sup> High-level talks were held with North Korean officials in New York in 1990, and less direct contacts have been continuing ever since.

There has been a subtle change between the U.S. and North Korea, especially following the latter's return of the alleged remains of American servicemen killed in the Korean War on 28 May 1990.<sup>60</sup> This was a positive step in bilateral relations. North Korea proposed direct talks with the United States as a precondition to accepting on-site nuclear inspections by IAEA.<sup>61</sup> During a keynote speech to the South-North Prime Minister's talks, North Korea prime minister Yon Hyong-muk proposed a peace treaty between North Korea and the United States.<sup>62</sup>

On 22 January 1992, North Korea's highest-level contacts with the U.S. since the Korean War ended in 1953 were declared satisfactory and held in an "open-minded" atmosphere. The two sides discussed the issue of nuclear weapons on the Korean peninsula in their meeting in New York. They also discussed improved ties between Pyongyang and Washington and other matters of common concern. The meeting was between the U.S. under then secretary of state for political affairs, Arnold Kanter, and the assistant secretary of state for East Asian affairs, Richard Solomon, and a delegation led by Mr Kim Yong-sun, the ruling Communist party's secretary for international relations.<sup>63</sup>

Kim Il-sung said that his country hoped for better ties with the United States, *Rodong Simun*, the official newspaper of the DPRK reported on 3 April 1992. In an

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59. Daryl M. Plunk, 'Recent Changes on the Korean Peninsula and US Policy Toward Pyongyang', *The Journal of East Asian Affairs*, vol. v, no. 1 (Winter/Spring 1991), pp. 18-19.

60. Ibid.

61. *The Japan Times*, 22 July 1990; On 17 March 1993, diplomats from the United States and North Korea began "back channel" diplomatic talks in Beijing seeking to resolve the crisis resulting from North Korea's withdrawal from the global nuclear inspection agreement. *International Herald Tribune*, 18 March 1993, p. 1.

62. *The Korea Herald*, 6 September 1990.

63. *Financial Times*, 24 January 1992, p. 4.

interview with the Japanese newspaper *Asahi Shimbun* in April 1992, Kim said the U.S. held direct responsibility for the Korean issue, and Korean unification was related to U.S. policy on the peninsula.<sup>64</sup> He added that the DPRK was concerned about DPRK-U.S. relations and had always been trying to improve them. He said the recently held DPRK-U.S. high-level talks were important for the improvement of bilateral relations, but the improvement had just started, and he called for a bold change in U.S. policy on the DPRK.<sup>65</sup> President Kim Il-sung's interview with the *Washington Times* on 14 April 1992 was the first time in years he had granted a U.S. publication an interview. In his interview, Kim Il-sung said 'there is spring between the people of our country and the people of the United States; spring begins', Kim was quoted as saying 'my wish is to establish (a U.S. embassy) as quickly as possible. We are ready'.<sup>66</sup> As indicated in Kim Il-sung's statements, North Korea was willing to normalize its relation with the United States.

#### 6.2.4 Asian Countries and North Korea

After losing its diplomatic tug-of-war with arch-rival South Korea in Eastern Europe, Pyongyang's diplomatic focus was shifting from a concentration on its traditional hardline communist allies and the Third World to Asian-Pacific Region countries. It also attached considerable importance to contacts with the ASEAN states. Relations with the latter were re-activated in the mid-1980s by the visits of DPRK Foreign Minister Kim Yong-nam to Malaysia, Indonesia and Thailand, of Vice-President Li Jong Ok to Indonesia, and of WPK CC Politburo member Kim Hwan to Thailand. Discussed during the visits were matters related to cooperation between the DPRK and ASEAN countries.<sup>67</sup> The shift was ordered by Kim Il-sung. Kim said in his

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64. *China Daily*, 4 April 1992, p. 8.

65. *China Daily*, 4 April 1992, p. 8.

66. *The Korea Herald*, 16 April 1992, p. 1.

67. V. Mikheyev, 'The DPRK's Regional Economic Relations', *Far Eastern Affairs*, no. 2 (1989), p. 68.

1991 new year's address that 'the government of the republic will actively develop relations of friendship and cooperation with the peoples of many Asian countries.' North Korean Premier Yon Hyong-muk toured three Southeast Asian nations - Thailand, Indonesia and Malaysia - from 29 January to 7 February 1991, making some progress in strengthening diplomatic and economic links. North Korea's new, southward diplomacy was aimed at restoring a balance and compensating for the loss of east European allies to Seoul's own "Northern diplomacy" of the late 1980s.

As mentioned above, a significant improvement in ties would provide new evidence that, with the apparent end of the Cold War, Pyongyang was preparing to end its isolation from the non-communist world. Pyongyang's more flexible attitudes vis-a-vis Japan, the United States and Asian countries (including South Korea) were clear evidence of the change.<sup>68</sup> North Korea adopted competitive diplomacy in response to South Korea's success in improving relations with both Moscow and Beijing. However, for domestic political reasons involving a rigid control over the population at home, North Korea defended its foreign relations and diplomacy abroad in terms of the principle of independence and self-reliance in the conduct of foreign relations.

Conventional wisdom holds that neither Moscow nor Beijing had much influence over internal North Korean affairs since the Korean war. But the leverage that Pyongyang once had by playing Moscow against Beijing had faded.

In a long term prospect, North Korea will gradually shift toward Chinese-style pragmatism and accept peaceful coexistence with the South. North-South relations will progress one step forward and precede one or two steps backward depending upon changes in the internal and external situation around the Korean peninsula.

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68. On 5 November 1992, North Korea had appealed to the European Community(EC) for economic cooperation. In a luncheon with Oliviero Rossi, the Italian ambassador to China, in Pyongyang, Kim Il-sung spoke frankly of the dire economic straits of his country and almost pleaded for EC investment. *The Korea Herald*, 17 November 1992, p. 2.

### 6.3 North Korea's A-bomb Potential<sup>69</sup>

The Korean peninsula is at the centre of the world's most complicated concentration of big-power interests and firepower. Three nuclear powers, America, Russia and China, have military forces in or near the peninsula. Each has strong connections with one or other of the Koreas, as does the second economic superpower, Japan. Nuclear instability in this setting is not fun to contemplate.<sup>70</sup>

North Korea is withdrawing from the Nuclear Non-proliferation Treaty (NPT). On 12 March 1993, First Vice-Foreign Minister Kang Sok-ju said that in February 1993, the resolution adopted by the International Atomic Energy Agency (IAEA) to impose a special inspection of nuclear sites violated DPRK's sovereign rights and interfered in its internal affairs, aiming to strangle the cause of socialism there. Under such circumstances, the DPRK could in no way continue to fulfill its obligations under the treaty and had to withdraw from it to defend its supreme interests, Kang said, reading a government statement at a press conference.<sup>71</sup> On 12 March 1993, North Korea warned that it would adopt a "strong defensive countermeasure" if Western countries imposed sanctions following its announcement earlier in the day that it was withdrawing from the NPT.<sup>72</sup> The Korean Workers' Party paper, *Rodong Sinmun*, also urged North Koreans to prepare militarily to crush "any provocative plot by hostile forces".<sup>73</sup> The move has further strengthened suspicions that the secretive state is well on the way to developing nuclear weapons. The decision caused consternation among its Asian neighbours and in the West.

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69. For detailed on DPRK's Nuclear Policy, see Byung-ki Kim, "North Korea's nuclear policy in the year 2000: sources, strategy and implications for the Korean peninsula", *The Journal of East Asian Affairs*, vol. vii, no. 1 (Winter/Spring 1993), pp. 32-57.

70. *Economist*, 9 November 1991, p. 67.

71. *China Daily*, 13 May 1993, p. 1.

72. *International Herald Tribune*, 13-14 March 1993, p. 1.

73. *The Independent*, 15 March 1993, p. 12.

A spread of nuclear weapons around the world is going to be one of the chief dangers of the next few years, because both the demand for these murderous weapons and their potential supply have simultaneously increased. North Korea now has the capacity to produce a small, crude nuclear bomb. The main objective of its nuclear programme continues to be the production of nuclear weapons.

North Korea is believed to have started its nuclear research project in the mid-1960s as part of the *juche* (self-reliance) ideology of President Kim Il-sung to create an independent defence capability. The North Korean leader worried that he could no longer rely on Soviet military backing, after the fiasco of the 1962 Cuban missile crisis<sup>74</sup>, if a second Korean war broke out.<sup>75</sup>

DPRK joined the Nonproliferation Treaty in December 1985 when it hoped the former Soviet Union would help it build nuclear reactors. The Soviet Union had decided to stop supplying materials and technology for the construction of atomic power stations in North Korea until it accepts the international demands for on-site inspections of nuclear facilities.<sup>76</sup> But it only opened its facilities to international inspection last year, after traces of plutonium production had apparently been covered up. They concluded an agreement on the safeguards protocol at the beginning of last year, which was ratified in April.<sup>77</sup> They provided an inventory of all facilities on 4 May 1992. The IAEA has performed six inspections of North Korean facilities since then.<sup>78</sup> But it rejected a February 25 request from the IAEA giving it one month to accept a

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74. Khrushchev's withdrawal of missiles from Cuba marked a turning point in North Korean foreign policy. The North Korea took a strong and militant position on the Cuban crisis. They indirectly criticized Khrushchev's policy on Cuba as appeasement of "American imperialism," and urged "all friends of peace and socialism to stand firm and to force the American imperialists to take their...hands off Cuba at once. See *Nodong Shunmun*, 29 October 1962. North Korea leaders might have begun to question the Soviet Union as a reliable ally in case of emergency as shown in section 6.2.

75. *Financial Times*, 13-14 March 1993, p. 3.

76. *The Korea Herald*, 20 October 1990, p. 1.

77. *Far Eastern Economic Review*, 8 April 1993, p. 12.

78. *The Independent*, 14 March 1993, p. 16.

special inspection of two sites in Yongbyon, north of Pyongyang. No other nation has withdrawn from the Nuclear Nonproliferation Treaty, which has 154 other nations as signatories. The treaty, drawn up in 1968, bars nations from facilitating the spread of atomic weapons. Pyongyang's decision to withdraw from the treaty could become effective June 12, 90 days after it was announced. However, Pyongyang decided to reverse its decision to withdraw from the treaty on 12 June 1993.

### **Some Hypotheses**

Why has North Korea delayed the IAEA inspection for so long? Why does North Korea not sign the agreement? What does it intend to achieve by not doing so? Why is North Korea withdrawing from the Nuclear Nonproliferation Treaty? What are the North's objectives, if North Korea is seen to gain some advantage by withdrawing from the NPT? Several hypotheses are conceivable. First, Pyongyang might be serious in developing nuclear weapons. In view of its international isolation and the widening economic gap with South Korea, North Korea may well attempt to drastically change the strategic environment on the Korean peninsula by acquiring nuclear weapons. If this should be the case, the game North Korea has been playing with the international community over an IAEA safeguards agreement would turn out to be just camouflage to buy time for nuclear development.

Second, North Korea might intend to draw maximum political and security concessions from the U.S. and South Korea by using the nuclear card.<sup>79</sup> In this case,

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79. In fact, North Korea got concessions from them. The decision of U.S. President George Bush to scrap tactical nuclear arms, as announced on 27 September 1991, has completely removed any precondition that North Korea has put forward for refusing to sign a safeguard accord. On 8 November 1991, President Roh Tae-woo declared that his nation would renounce the manufacture, possession or use of nuclear and chemical weapons and called on North Korea to make the same pledge. Roh's declaration followed Bush's decision to withdraw all U.S. nuclear arms from South Korea. Key points of Roh's declaration: 1) The ROK will use nuclear energy solely for peaceful purposes, and will not manufacture, possess, store, deploy or use nuclear weapons. 2) The ROK will continue to submit to comprehensive international inspection all nuclear-related facilities and materials on its territory in compliance with the NPT and with the nuclear safeguards agreement it has concluded with the IAEA under the treaty, and will not possess nuclear fuel reprocessing and enrichment facilities. 3) The ROK aspires for a world of peace free of nuclear weapons as well as all weapons of mass destruction, and we will actively participate in international efforts toward the total elimination of chemical-biological weapons and observe all international agreements. *The Korea Times*, 9 November 1991, p. 1.

Pyongyang's main objective would be to make the best use of such a possibility as a bargaining chip.<sup>80</sup> The conditions which North Korea attaches to accepting safeguards, namely the removal of U.S. nuclear weapons allegedly stored in South Korea and the assurance that nuclear weapons will not be used against North Korea, suggests this possibility. In addition, proponents of this second hypothesis maintain that Pyongyang cannot afford to develop nuclear weapons economically and technologically. If so, there would be some room for diplomatic efforts.<sup>81</sup>

Third, Pyongyang may have persuasive strategic and political reasons for going nuclear. Certainly, the North has been taken more seriously since the nuclear issue arose. A bomb in Pyongyang's hands could offset the perceived threat of U.S. nuclear weapons, compensate for the loss of Moscow as a reliable ally in the post-cold war period, and give the North a low-cost strategic equalizer to the conventional military strength of the South.<sup>82</sup> If North Korea wants one, a deal might involve the cancelling

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80. Foreign Minister Han Sung-joo suggested drawing up a package of potential benefits for Pyongyang if it complies with international inspections and changes its mind about leaving the treaty. Among the possibilities for such a package, he said, would be extending nuclear inspections to South Korean military installations as well as those in the north; Downgrading the annual U.S.-South Korean military exercise by changing its name, location or size; providing security guarantees against attacks on North Korea; increasing trade possibilities; and offering the prospect of improved ties between Pyongyang and Washington, Pyongyang and Tokyo. *International Herald Tribune*, 31 March 1993, p. 6.

81. On 21 April 1993, high-level talks between Washington and Pyongyang would end the deadlock over the nuclear issue, Ho Jong, North Korea's ambassador to the United Nations, said in an interview published in Japan's *Mainichi Shimbun*. Mr. Ho said North Korea would return to the treaty if U.S.-South Korean joint military drills were cancelled and U.S. military bases in South Korea were inspected. He added that Pyongyang also would ask that the U.S. pledge not to make nuclear attacks and to respect North Korean socialism. *International Herald Tribune*, 22 April 1993, p. 3.

82. Andrew Mack, 'Seoul might prefer to live with a Pyongyang bomb', *International Herald Tribune*, 13 May 1992, p. 6; Andrew Mack, "North Korea and the Bomb," *Foreign Policy*, no. 83(Summer 1991), pp. 90-91. Then CIA Director Robert Gates said on 27 March 1992 at the House Armed Services Committee as follows: North Korea could become more determined to develop nuclear weapons to make up for its outdated conventional forces, with dire consequences for stability in Northeast Asia. Pyongyang's military advantage will erode throughout this decade, due largely to decreasing support from its traditional allies and North Korea's continuing economic problems. The North's defense industry is based on 1960s technology and beset by quality problems. Pyongyang lacks the hard currency to purchase more advanced technology. We have seen no deliveries of major weapons from the Soviet Union or its successors since 1989. China cannot provide the types of weapons, such as modern aircraft or surface-to-air missile systems, that the Soviet supplied. *The Korea Herald*, 29 March 1992, p. 2.



of future military exercises.<sup>83</sup> If North Korea is ready to return to the NPT fold, America is prepared to be flexible. Team Spirit might be scaled down, even scrapped, if tension eases between the North and the South.

Fourth, North Korea is trying to improve its (nuclear weapons) negotiating leverage with South Korea and its allies, the U.S. and Japan. Now the North Koreans want to talk to the United States to resolve differences. Talks between Washington and Pyongyang could break the impasse and cool off the hotheads in both Koreas.<sup>84</sup> Opening up the entire peninsula to nuclear inspections could reassure all Koreans and their neighbours that the nuclear nightmare has vanished, opening the way to wider political and economic ties with Pyongyang.<sup>85</sup> Pyongyang realised its nuclear weapons programme was proving to be counterproductive as its economy deteriorated. Its need for foreign investment from South Korea, the U.S. and Japan to revive the economy led it to make apparent concessions on the nuclear issue to reduce suspicions blocking ties with these countries.

Finally, there are other explanations for North Korea's apparently rash response. One is that the nuclear programme has become a key issue in a power struggle between hard-liners and reformers in Pyongyang. While the reformers were in the ascendant last year and successfully pushed for nuclear concessions in return for foreign investment,

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83. On 14 November 1992, North Korean Ambassador to Russia Son Sung-pil said on the controversial issue of North Korea's nuclear development programme that 'If the United States and South Korea accept inspections on U.S. nuclear weapons and nuclear facilities in South Korea in a sincere manner, then the matter of inter-Korean inspections for denuclearization of the Korean peninsula could naturally be solved'. *The Korea Herald*, 17 November 1992, p. 2.

84. On 5 May 1993, U.S. and North Korean officials met in Washington to lay the groundwork for high-level talks to defuse tension over the nuclear programme. But several U.S. and Japanese officials said they doubted that diplomacy would lead the North to back down. *International Herald Tribune*, 7 May 1993, p. 4.

85. *International Herald Tribune*, 13-14 March 1993, p. 4.

the hardliners might be gaining power now.<sup>86</sup> Another explanation is that officials fear public discontent as the economy collapses and are creating a crisis atmosphere about a U.S. threat, in the form of the Team Spirit as one reason for its abandonment of the inspection accord.<sup>87</sup> Kim Il-sung is seeking to distract the North Korean public and the military from their many miseries - a critical shortage of food and fuel and a bankrupt economy.<sup>88</sup>

Which hypothesis is right has yet to be proved. Certainly, they are not all mutually exclusive. The nuclear issue is one of the few cards North Korea possesses in its bargaining with the U.S. and South Korea. Pyongyang, therefore, will not give up this card easily. If North Korea were allowed to become a nuclear power, the consequences would be global, not only regional, and herald an extremely unstable new world disorder. Successful development of an atomic weapon would almost certainly provoke an Asian nuclear arms race involving South Korea, Japan, Taiwan and two unofficial members of the nuclear club, India and Pakistan. North Korea has missiles capable of carrying one far enough to menace not just South Korea, but also China,

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86. Growing of the Junior Kim to succeed his father Kim Il-sung as the nation's leader began in 1973 when he was elected a party secretary. In an interview in the Washington Times on 14 April 1992, Kim Il-sung said 'his son Kim Jong-il is already taking full responsibility for our country. In fact, all affairs of our country are run by him'. *The Korea Herald*, 16 April 1992, p. 1. On 9 April 1993, the North's government said that Kim Jong-il, the son and heir apparent of the nation's founder, had been appointed chairman of the country's National Defence Committee, one of the three highest posts in the nation. The move strengthened the Mr. Kim's authority over the North Korean military and removed most doubts over whether he would actually succeed his father, Kim Il-sung, as president. The move indicates the transfer of power in a communist nation is nearing completion. Elder Kim remains president and general secretary of the Korean Workers' Party. Kim Jong-il is now formally in control of the military. He is believed to be in charge of the country's arms programme, including its suspected nuclear weapons project and its efforts to develop a new missile - believed to be capable of carrying nuclear and chemical weapons - that American officials believe will be completed this Year. *International Herald Tribune*, 10-11 April 1993, p. 5; The junior Kim, who can boast of no genuine 'revolutionary accomplishments' of his own, will likely attempt to solidify his power base by pushing more vigorously far an adventurist scheme beyond the North's borders. This may lead to acts which run counter to the peaceful and reconciliatory mood shaping the world today.

87. *Financial Times*, 13-14 March 1993, p. 3.

88. North Korea, according to reports in Seoul from Russian observers living in Pyongyang, wants to isolate itself as much as possible from the outside world during the dangerous period when President Kim Il-sung will be transferring power to his son Kim Jong-il. In fact, the regime may be glad to point to an outside enemy, whether it be the U.S. or U.N., in order to rally support. *Oman Daily Observer*, 10 April 1993, p. 9.

Russia and Japan.<sup>89</sup>

If Pyongyang was trying to use the nuclear card to extract concessions from the West on foreign investment and the establishment of diplomatic relations, it should be shown that this course will be counterproductive. The Clinton administration should publicly re-emphasize U.S. support for South Korea. Therefore, Pyongyang's choice to return is clear: they don't want to deepen their diplomatic and economic isolation.

6.4 Economic Relations

6.4.1 Soviet-North Korean Economic Ties

Table 6.1 Soviet trade with North Korea (by five-year period)  
(Million Roubles)

	1946-50	1951-55	1956-60	1961-65	1966-70	1971-75	1976-80	1981-85	1986-90
Turnover	319	276	522	753	1245	1871	2071	3563	7317.3
Export	186	138	264	371	720	1187	1046	1855	4609.6
Import	133	138	258	382	525	684	1025	1708	2708.5

Sources: *Vneshnyaya Torgovlya SSSR* in 1945-1990, various issues; N. Zhukov, 'SSSR-KNDR: Kurs na Uglublenie Vzaimodeistviya,' *Vneshnyaya Torgovlya SSSR*, no. 11, 1986, p. 12.

In developing their economy, the North Korean Communists undoubtedly sought assistance from Moscow, to which the Soviet Union responded with material and technical aid. A formal agreement on mutual economic and cultural cooperation was

89. The new missile, called the Rodong No. 1(Scud D), has a 1,000-kilometer(600-mile) range and is capable of striking the cities of Osaka, Kyoto, Hiroshima, Fukuoka and Kagoshima, according to a Japanese military source. The missile is thought to be capable of carrying a nuclear payload with a destructive power half that of the atomic bomb dropped by the United States on Hiroshima in August 1945. See *Yomiuri Shimbun*, 4 January 1992, p. 3; *International Herald Tribune*, 11 March 1992, p. 5; According to the annual White Paper of the Japanese Defense Agency, Japan was seriously concerned by the missile, which can carry a nuclear payload. The paper said 'a combination of nuclear arms development and the Rodong-1 development would pose extreme danger'. The outgoing foreign minister, Kabun Muto, has said that Japan must be ready to consider developing atomic weapons should North Korea acquire nuclear arms. *International Herald Tribune*, 31 July - 1 August 1993, p. 4.

signed in Moscow on March 17, 1949.<sup>90</sup> The agreement called for the development of trade and provided for reciprocal most-favoured-nation treatment for the exchange of technical specialists and for information on agriculture and industry.<sup>91</sup> In the field of trade, volume between the Soviet Union and North Korea increased from 74 million roubles in 1946 to 265 million roubles in 1948. In 1946-1949, North Korean foreign trade with USSR increased 19.2 times,<sup>92</sup> about 90 percent of total North Korean foreign trade.<sup>93</sup> From 1946 to 1949, Korean exports to the USSR went up more than 10-fold, while overall trade turnover between the two countries increased 24-fold.<sup>94</sup> Trade with the Soviet Union in 1950 expanded over 750 million roubles. This figure represented more than three-quarters of North Korea's total foreign trade.

Changes in North Korea's trade pattern showed the decline of Soviet preponderance and the rising importance of trade with Communist China.<sup>95</sup> But, as of 1957, the Soviets managed to stay well ahead in the game. In 1957, for example, the Soviet Union accounted for 57 percent of North Korea's total trade, while China's share was about 27 percent. On 17 March 1959, an agreement was signed between the Soviet Union and North Korea.<sup>96</sup> The agreement provided for technical assistance by the Soviet Union to North Korea in the construction of "a thermopower station with a

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90. I. D. Svsyanii, E. Yu. Bogush and O. B. Borisov, eds., *Beneshnyaya Politika Sovetskogo Soyuz* (Moscow: Politizdat, 1978), p. 97.

91. *Pravda*, 21 March 1949, p. 1.

92. N. Samsonov, 'Podyem Ekonomiki i Razvitie Vneshneekonomicheskikh Svyazei KNDR', *Vneshnyaya Torgovlya*, no. 9 (1958), p. 8.

93. F. I. Shbshina, G. F. Kim, B. V. Sinitsin, G. D. Tyagai and V. I. Shipaev, *Koreya: Sever i Yug* (Moskva: Nauka, 1965), p. 68.

94. M. Meshcheryakov, 'Soviet-Korean Relations: Thirty years,' *Far Eastern Affairs*, no. 4 (1975), p. 48.

95. China gave big help to North Korea in the reconstruction of national economy. On 23 November 1953, both countries signed the agreement of economic and cultural cooperation in Beijing. At the same time, Chinese government decided to give a grant 8 billion Yuan (Chinese Monetary Unit) to North Korea in a period of four years (1954-1957). See G. Kim, 'Ekonomicheskoe razvitie Koreiskoi Narodno-Demokraticheskoi Respubliki', *Voprosy Ekonomiki*, August 1955, p. 116.

96. *Pravda*, 18 March 1959, p. 1.

generating capacity of 200,000 kilowatts, ammonium and chloride-vinyl factories, and flax spinning and woolen textile mills." By an agreement signed between the Soviet Union and North Korea on 7 September 1959, the Soviet Union was to provide technical assistance to North Korea "in constructing an atomic research reactor, a nuclear physics laboratory, an isotope laboratory, a betatron and a cobalt installation", in training North Korean cadres, and in other forms of technical cooperation in the "peaceful use" of atomic energy.<sup>97</sup> It was significant that this agreement came after Moscow unilaterally abrogated, in June 1959, the Sino-Soviet atomic agreement of October 1957, and refused to supply the Chinese with a sample of an atomic bomb and technical data concerning its manufacture.<sup>98</sup> North Korea hailed the Soviet offer,<sup>99</sup> and this certainly strengthened the Soviet-North Korean relationship.

A Soviet-North Korean trade protocol on mutual delivery of goods for 1958 was signed on 9 January 1958, on the basis of "the spirit of equality, mutual benefit, friendship and cooperation".<sup>100</sup> An extended trade agreement and protocol on mutual delivery of goods for 1959 between Pyongyang and Moscow was signed on 30 December 1958.<sup>101</sup> The conclusion of a trade agreement between the Soviet Union and North Korea opened new broad perspectives for the development of economic cooperation. Total trade volume in 1959 exceeded that of 1946 by more than 13 times and made up over half-billion roubles.<sup>102</sup> Total trade volume between the two countries in 1958(420 million roubles) was less than that in 1957 (490 million roubles), mainly because of a decline in North Korea's exports to the Soviet Union, as shown in Appendix 5.

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97. *Pravda*, 8 September 1959, p. 3.

98. *The New York Times*, 14 September 1963, pp. 1 and 6-9.

99. *Nodong Shinmun*, 8 September 1959.

100. *Pravda*, 10 January 1958, p. 5.

101. *Pravda*, 31 December 1958, p. 5.

102. L. Karshinov, 'V interesakh KNDR i Sovetskovo Soyuzu', *Vneshnyaya Torgovlya*, no. 10 (1960), p. 14.

The 1960 Trade and Navigation Treaty<sup>103</sup> and the 1961 Treaty of Friendship, Cooperation and Mutual Assistance<sup>104</sup> between the two countries were major landmarks in their growing friendship, trade and economic cooperation, ushering in a new stage in their fraternal relations. The treaties laid down the major terms of trade and other forms of economic ties between the two states, and postulated one of the most important foreign-trade principles, that of the most favoured nation. On 24 December 1960, the two countries signed their first long-term trade agreement for a period of five years (1961-1965), which had been drawn up to take into account Korea's tasks under the 7-year economic development plan (1961-1967), providing for the reconstruction and enlargement of old enterprises and the building of big new ones to be fitted out with modern equipment.<sup>105</sup> The first trade agreement was considerably overfulfilled. Over the five years, trade increased 1.6-fold, while the share of machinery and equipment in the Soviet Union's deliveries to Korea grew three-fold. The second long-term trade agreement (for 1966-1970) was also successfully fulfilled.<sup>106</sup>

The scale of economic and scientific exchanges between the Soviet Union and North Korea was not increased in 1962. The only exception was in the field of trade between the two countries. North Korean imports from the Soviet Union increased from 69 million roubles in 1961 to 73 million in 1962, and its exports to the Soviet Union also increased from 71 million roubles to 79 million during the same period.<sup>107</sup> During 1962, five minor treaties or protocols were signed between Moscow and Pyongyang, while there were eight agreements between Moscow and Pyongyang. A protocol on the exchange of commodities for 1962 between Moscow and Pyongyang

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103. *Pravda*, 24 June 1960, p. 6.

104. *Pravda*, 7 July 1961, p. 1.

105. *Pravda*, 25 December 1960, p. 5.

106. M. Meshcheryakov, 'Soviet-Korean Relations...' p. 49.

107. V. Wolpert, 'Turns in North Korea Trade', *Far Eastern Economic Review*, no. 143, 13 February 1964, p. 386.

was signed on 26 February 1962.<sup>108</sup> Soviet trade volume with North Korea increased from 94.5 million roubles in 1956 to 152 million roubles in 1962. This amounted to an average annual increase in the trade volume of about 10 million roubles. The increase of the trade volume between 1962 and 1963 was only 1.2 million roubles (see Appendix 4). In 1963, compared with 1955, North Korea's trade turnover with the Soviet Union increased almost doubled, imports (1.9 times) and exports (2.2 times).<sup>109</sup> Trade volume from 1963-1964, for the first time since the Soviet-North Korean economic relations began in 1945, dropped about 6 million to +2 million roubles in favour of the Soviet Union (see Appendix 4). Soviet exports to North Korea, which needed Soviet industrial equipment and goods for economic development, declined considerably.

Several trade agreements signed in 1965<sup>110</sup> between Moscow and Pyongyang reportedly provided an increase in the trade volume over 1964. The basic form of Soviet-North Korean economic cooperation was foreign trade. In 1966, the commodity circulation of both sides increased almost 20 times in comparison with that of 1946, in which Soviet exports to North Korea rose more than 15 times and imports from North Korea 23 times.<sup>111</sup>

During 1961-1973, the Soviet Union's exports to North Korea increased 6.3 times, imports from North Korea - doubled.<sup>112</sup> During 1965-1973, the USSR supplied 536.7 million roubles' worth of machines and equipment to North Korea.<sup>113</sup> North Korea's trade turnover with the USSR in 1970 exceeded more than 2.5 times that of

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108. *Pravda*, 27 February 1962, p. 3.

109. *Vneshnyaya Torgovlya SSSR za 1955-1959* (Moskva, 1961), p. 13; *Vneshnyaya Torgovlya SSSR za 1963* (Moskva, 1964), p. 14.

110. *Pravda*, 15 February 1965, p. 1.

111. M. Meshcheryakov, 'Sovetsko-Koreiskie Torgovo-Ekonomicheskie Svyazi', *Vneshnyaya Torgovlya*, no. 9 (1967), p. 41.

112. E. A. Kononov, M. E. Trigubenko and Ya. B. Shmeral', eds., *Koreiskaya Narodno-Demokraticeskaya* (Moskva: Nauka, 1975), p. 128.

113. *Vneshnyaya Torgovlya SSSR in 1960*, Statistics survey. Also see *Mezhdunarodnye Otnosheniya* (1961), p. 172, 175; *ibid.* 1973, p. 245, 248.

1961.<sup>114</sup> Machinery and equipment had a prominent part in the USSR's deliveries: in 1973, these made up more than 36 percent of the total.<sup>115</sup> In the early 1970s, CMEA countries in overall DPRK foreign trade had about 55 percent and the Soviet Union alone - more than 40 percent.<sup>116</sup> In the early 1970s, North Korea was the Soviet Union's second largest trading partner in the Pacific, providing 10 percent of Soviet Pacific imports and taking 23 percent of Soviet Pacific exports in 1972. But both figures fell by nearly half as the North Korean economy stagnated.<sup>117</sup>

Many forms of cooperation related to various industries and transport were developed in border areas of the USSR and the DPRK. One of the initial forms of cooperation between the USSR and the DPRK in the Soviet Far East was logging in the Amur Region and the Khabarovsk Territory carried out by Korean workers on a shared basis. The success of this cooperation, begun in 1967, and the accumulated experience, prompted a decision to expand its scale. In January 1975, the Soviet Union and the DPRK agreed to expand the volume of logging on Soviet territory by Korean workers.<sup>118</sup>

Table 6.2 Soviet-North Korean Trade  
(Million Roubles)

Years	Total	Export	Import	Balance
1985	1051.2	648.4	402.8	+245.6
1986	1207.1	757.2	450.7	+306.5
1987	1232.1	800.2	431.9	+368,3
1988	1601,7	1062,2	539.5	+532.7

114. *Problemy Dal'nevo Vostoka*, no. 4 (1972), p. 35.

115. M. Meshcheryakov, 'Soviet-Korean Relations...', p. 50.

116. Kapitsa, Petrov, eds., *Istoriya Mezhdunarodnykh Otnoshenii na Dal'nem Vostoke 1945-1977* (Khabarovskoe Knizhnoe Izdatelstvo, 1978), p. 401.

117. Gerald Segal, *The Soviet Union and the Pacific* (London: Unwin Hyman, 1990), p. 157.

118. N. Shlyk, 'Economic ties between the USSR and the DPRK,' *Far Eastern Affairs*, no. 2 (1986), p. 137; *Ekonomicheskaya Gazeta*, no. 33 (1980), p. 20.



1989	1502.0	940.5	561.5	+379.0
1990*	1774.4	1049.5	724.9	+324.6
1991*	606.3	307.6	298.7	+8.9

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Sources: *Vneshnyaya Torgovlya*, 3, 1985-1990 ; \**Vneshnyaya Torgovlya*, 4-5, 1992, p. 49.

During the Gorbachev period, the Soviet Union was North Korea's primary trading partner, with close to 50 percent of its total foreign trade, although Soviet trade with North Korea accounted for only 1 percent of its total foreign trade. According to figures compiled by the Japan External Trade Organisation (JETRO), the Soviet Union accounted for about 58 percent of the North's foreign trade, while China accounts for about 13 percent.<sup>119</sup> Therefore, Pyongyang needed Moscow as a trade partner more than Moscow needed Pyongyang. Moreover, the Soviet Union had been the source of technological assistance and material supply. Major goods of North Korea's exports to the Soviet Union: Magnesia clinker (approximately 20 percent of total exports), rolled black metal (about 20 percent), textile goods, rice, metal-cutting lathes. The Soviet Union exports to North Korea: oil and oil products (about 30 percent of imports), machinery and equipment (over 20 percent), cotton, solid fuel, wheat.<sup>120</sup> North Korea received crude oil and petroleum products, coal, metals, machinery, grain and light-industrial products from the Soviet Union and China, mostly through barter-trade agreements.<sup>121</sup>

By the mid-1980s, North Korea had slipped to fifth place among Soviet Pacific trade partners. By 1988 North Korea was back to fourth place, taking 17.2 percent of Soviet exports to the Pacific and providing 8 percent of Soviet imports from the region. However, Moscow's trade-related aid to North Korea dropped from 260 million dollars

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119. *Far Eastern Economic Review*, 23 August 1990, p. 54.

120. A. T. Irgebaev and A. A. Timonin, *Koreiskaya Narodno-Demokraticeskaya Respublika: Spravochnik* (Moskva: Izdatel'stvo Politicheskoi Literatury, 1988), p. 42.

121. *Far Eastern Economic Review*, 23 August 1990, p. 54.

in 1981 to 95 million dollars in 1986.<sup>122</sup>

In December 1985 Kang Song-san, Member of the CC WPK Politburo and Premier of the DPRK Administrative Council, paid an official friendly visit to Moscow. After the talks, a series of intergovernmental agreements were signed, namely those on economic and technical cooperation, on economic and technical cooperation in the development of the Korean power industry, and the protocol on the results of talks between the two countries' planning bodies concerning the development of trade and economic cooperation between the USSR and the DPRK for the 1986-1990 period.<sup>123</sup>

In 1985, trade turnover between the two partners increased by almost 50 percent as compared with the previous year, reaching 1,051.2 million roubles.<sup>124</sup> In overall volume, Soviet exports accounted for 648.4 million roubles and imports-for 402.8 million roubles (see table 6.2). Comparing January to September 1990, with the same period in 1991 exports decreased by 47 percent (630.4/295.6), imports decreased by 50 percent(540.8/269.5) from the Soviet Union. On the other hand, South Korea's exports increased by 139 percent (270.0/375.4), import increased 83 percent (440.4/367.2) to the Soviet Union.<sup>125</sup> Affected by Soviet policy under perestroika, two-way trade volume dropped sharply to 606.3 million roubles during Gorbachev's last year against the 1774.4 million roubles registered in 1990.<sup>126</sup>

As shown in Table 6.1, even though, from 1961 to 1965, bilateral trade between the two countries accounted for 753 million roubles, it reached 3563 million roubles during the period (1981-1985), that is, increased 4.7 times.<sup>127</sup> Between 1986 and 1990

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122. *Far Eastern Economic Review*, 27 April 1989, p. 33; also see Segal, *The Soviet Union and the Pacific*, p. 157.

123. *Pravda*, 27 December 1985, p. 1, 4.

124. *Vneshnyaya Torgovlya*, no. 3, 1986.

125. *Vneshnyaya Torgovlya*, no. 1, 1992, p. 25.

126. *Vneshnyaya Torgovlya*, no. 4-5, 1992, p. 49.

127. *Vneshnyaya Torgovlya*, no. 7, 1986, p. 17.

the volume of trade between the USSR and the DPRK was more than double that of the previous five-year-plan period, reaching as much as 7.3 billion roubles.

The Soviet Union continued to render techno-economic assistance in the construction of several major industries. The USSR assisted the DPRK in the construction of 70 industrial facilities which account for over one-fourth of its industrial output, including 63 percent of the generated electricity, 50 percent of the country's coal, 50 percent of its petroleum products and 33 percent of steel.<sup>128</sup> The DPRK's largest Pukchan power station's capacity was increased up to 1.6 million Kilowatt and industrial capacity of Kim Chak metallurgy plant in Chonjin was increased to 2.4 million tons per year. The Soviet Union also helped to build the Chonjin power station and the plants producing aluminium, micro-electric engines, ball-bearings, car accumulators, and enamel wire.<sup>129</sup>

According to Naewoe Press, which specializes in North Korean and Communist world news, the agreement on trade and economic cooperation for 1991 which was signed between North Korea and the Soviet Union envisaged a transition to payments in convertible currency at world prices.<sup>130</sup> The USSR agreed to provide loans to North Korea and cooperate in the construction of the East Pyongyang thermal power plant. A list of commodities delivered to the USSR in return for the cancellation of North Korea's debts to the Soviet Union.<sup>131</sup> As of early 1992, North Korea's total debt to the former Soviet Union amounted to 3.3 billion roubles.<sup>132</sup>

There developed new forms of cooperation: the two sides started to set up joint ventures in the machine-building industry, and to cooperate in consumer goods

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128. *Far Eastern Affairs*, no. 4, 1985, p. 55; *ibid.*, no. 2, 1989, p. 68.

129. Zhebin, 'Russian-North Korean Relations: Present and Future', p. 7.

130. *The Korea Herald*, 2 May 1991. The Soviet-North Korean agreement on the new mechanism of economic ties between the two countries (2 November 1990).

131. *Radio Liberty: the Soviet Union* no. 21 (1991), pp. 33-34.

132. Zhebin, *Russian-North Korean Relations: Present and Future*, p. 16.

production: fabrics were sent to the DPRK and clothes were supplied back to the Soviet Union. Vadim A. Medvedev proposed that Moscow and Beijing establish a free economic zone with North Korea to increase regional economic cooperation among the three countries. South Korea is trying to join this project.<sup>133</sup> North Korea was eager to turn the river region into a special economic zone to attract foreign investment. Pyongyang has proposed a new economic free zone in an effort to attract Asian capital for its sagging economy. Foreigners will be given tax exemption to set up businesses in an area of the North Hamgyong province near the Soviet border.<sup>134</sup> The economic sphere appears the most realistic instrument for involving the DPRK in the projects for regional economic cooperation in Northeast Asia (Tumenjiang, a gas-pipe from Russia through North and South Korea to Japan, international system of radio-navigation, and others).<sup>135</sup> Such involvement on the part of the DPRK would react positively on domestic political processes in North Korea and its policy towards the Korean issue.

The United Nations Development Programme (UNDP)<sup>136</sup> brought together China, Japan, the Soviet Union, Mongolia, North Korea and South Korea for discussions about establishing a special economic zone along the Tumen River, which covers a 10,000-square kilometer (4,000-square-mile) coastal area that includes parts of China, North Korea and the Russian port of Vladivostok. A UNDP report estimates that 30 billion dollars<sup>137</sup> will be required to develop the Tumen River basin into a

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133. *International Herald Tribune*, 18 September 1991, p. 7.

134. *The Guardian*, 3 January 1992, p. 5.

135. *Izvestiya*, 9 September 1992, p. 2.

136. Eui-kon Kim, 'Development of the Tumen River Delta Area: A Litmus Test For Northeast Asian Regional Cooperation', in Bum-joon Lee, Sugn-chul Yang, eds., *The Changing World Order Prospects for Korea in the Asia Pacific Era* (Seoul: The Korean Association of the International Studies, 1992), pp. 232-237.

137. The estimated expenses (30 billion dollars) as follows: ports and terminals (4 billion dollars), inland port (1 billion dollars), airport (2 billion dollars), railroads (2 billion dollars), roads (2 billion dollars), community development (8 billion dollars), power plants (2 billion dollars), telecoms (1 billion dollars), potable water (1 billion dollars), waster disposal (1 billion dollars), education (1 billion dollars), contingencies (5 billion dollars). *Far Eastern Economic Review*, 16 January 1992, p. 17.

special economic zone over the next 20 years and to build more than 10 ports, cities and related facilities.<sup>138</sup>

The North was eager to develop the river region into a special economic zone to attract foreign investment. North Korea attended United Nations-backed talks on the development of the Tuman River area in Seoul on 27 February 1992. It was the first North Korean government delegation to visit South Korea for an international meeting. Pyongyang hosted another international gathering aimed at spurring its stagnant economy on 2-3 May 1992. Some 130 experts from North and South Korea, China, Russia, Japan and the United States discussed capital investment and technological cooperation in developing the Tumen River delta as a 'second Rotterdam'.<sup>139</sup> The Pyongyang meeting was a follow-up to the first inter-governmental consultations held in Ulan Bator in early July 1991, which was the first practical measure taken to facilitate technical and economic cooperation. The meeting agreed to focus on four priority areas for a new sub-regional programme in Northeast Asia, trade and investment promotion in the development of the Tumen River basin; efficient coal utilization and air pollution control; expansion of temperate zone food crops; and the development of alternative and renewable sources of energy.<sup>140</sup>

The strategic location of the Tumen River delta area in terms of global trading patterns has enormous potential. It is an area situated within easy access to major markets in the industrialized Chinese provinces of Jilin and Heilongjiang, and to favourable supply factors such as labour and natural resources from Russia, North Korea and Mongolia. The Tumen River area has the additional advantage of proximity to Japan and South Korea and of providing access to Europe. The intention in setting up the zones is to accelerate North Korea's economic development and boost economic and trade relations with other countries.

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138. *International Herald Tribune*, 21 November 1991, p. 11.

139. *The Korea Herald*, 23 April 1992, p. 9, *Beijing Review*, vol. 35, no. 16 (20-26 April 1992), pp. 5-6.

140. *The Korea Herald*, 27 February 1992, p. 6.

## Chapter 7. Gorbachev and South Korea

### 7.1 South Korea's Northern policy

#### 7.1.1 Background

The ROK first expressed interest in establishing relations with "nonhostile" Communist states, including the Soviet Union, in January 1971. In his Independence Day message to the Korean people, then President Park Chung-hee declared:

I will encourage relations of cooperation and reciprocal benefit in as many fields as possible between our Republic and any nation that respects our national integrity and does not engage in acts of hostility against us, irrespective of political system and ideology.<sup>1</sup>

This became an important cornerstone for the northern policy of South Korea. South Korea's motivations appeared to be to counterbalance North Korea's diplomatic expansion into non-Communist countries, to enhance South Korea's diplomatic flexibility vis-s-vis "nonhostile" Communist states, to help ensure against possible Chinese domination in the aftermath of American military withdrawal from Asia, and to adjust to the new multipolar power balance.<sup>2</sup>

Nearly ten years later, President Park's idea paved the way for the declaration of Korea's northern policy during the Chun Doo-hwan administration by then Foreign Minister Lee Bum-seuk in his speech on 29 June 1983.<sup>3</sup> However, there was no real progress because of the South's situation at that time and due to the policies of North

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1. *Dong-A Ilbo*, 15 August 1971.

2. Chin-o Chung, *Pyongyang between Peking and Moscow* (Alabama: University of Alabama Press, 1978), p. 151.

3. Dal-joong Kim, 'The Concept, Goals and Background of the Northern Policy', *Journal of International Politics* (in Korean), vol. 29, no. 2, p. 42, cited in In-joung Whang, "Korea's Northern Policy: a response to a changing world order", Il-yung Chung, ed., *Korea in a Turbulent World: Challenges of the New International Political Economic Order and Policy Responses* (Seoul: Nanam Publishing House, 1992), p. 423.

Korea.

After Chun Doo-hwan's retirement from the political scene, South Korea changed. Roh Tae-woo was democratically elected president. Positive changes began to be implemented in internal and external policies.<sup>4</sup> In his inauguration speech, President Roh promised to pursue a vigorous policy towards socialist countries. In his view, 'improved relations with countries with ideologies and social systems different from ours will contribute to stability, peace and common prosperity in East Asia'.<sup>5</sup> Following this speech, 7 July 1988, Roh announced 'A Special Declaration in the Interest of National Self-Esteem, Unification and Prosperity'. Declaring that 'today, the world is entering an age of reconciliation and cooperation transcending ideologies and political systems', he promised to 'continue to seek improved relations with the Soviet Union, China and other socialist countries' to help speed the attainment of unification.<sup>6</sup>

President Roh's '7th July Declaration' was well received by the Soviet authorities. A Soviet Korean specialist called it 'Seoul's switch of its policy to a more thoroughly considered course'.<sup>7</sup> Roh's Northern Policy was further developed in a speech delivered on 18 October 1988 at the 43rd session of the United Nations General Assembly. In a positive speech, Roh stressed that his government was 'also taking positive steps to improve its relations with countries such as the PRC, the USSR and many East European nations'.<sup>8</sup> At the same time, he called for the holding of a consultative conference for peace in Northeast Asia. South Korea would no longer seek to isolate North Korea internationally but would pursue changes with it in nonmilitary fields. He

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4. *Sovetskaya Rossiya*, 8 July 1989, p. 5.

5. The Presidential Secretariat, the Republic of Korea, *Korea, A Nation Transformed: Selected Speeches of President Roh Tae-woo* (Seoul: The Presidential Secretariat, The Republic of Korea, 1990), p. 62.

6. *Ibid.*, p. 67.

7. Oleg Davidov, 'Soviet Policy toward the Korean Peninsula in the 1990s', a paper presented at the 10th International Conference on 'new Changes in International Order and the Roles of South and North Korea' by the Korean Association of International Relations, Seoul, 18 August 1990, p. 6.

8. The Presidential Secretariat, the Republic of Korea, *Korea, A nation Transformed: Selected Speeches of President Roh Tae-woo*, p. 9.

also made clear the South's willingness to cooperate with Pyongyang to improve ties with the United States and Japan. In parallel, he would seek improved ties with the Soviet Union and China.

In sum, Korea's northern policy involved three steps, each of the first two acting as a catalyst for the next. The first step was to expand economic ties with those countries which had traditionally befriended North Korea and to open a trade window between North and South Korea. The second step was to exploit newly created economic interdependence between South Korea and Communist nations to elicit diplomatic relations with Seoul. The third step was to create a condition of complete international cross-recognition of North and South Korea (including United Nations membership by both countries and superpower recognition of both). This third step, combined with increasing South Korean and western communication and trade with North Korea, would present the optimum climate for reunification of the Korean peninsula under terms favourable to the South.<sup>9</sup>

### **7.1.2 Its achievements**

Korea's Northern Policy stipulated the development of many-sided relations with socialist countries up to the establishment of diplomatic relations<sup>10</sup>, despite initial hesitation in improving relations with South Korea for fear of damaging the ties which they had built up with North Korea in the past. As mentioned above, the northern policy indicated a set of policy actions and measures designed to improve relations not only with other socialist countries but also with North Korea. Such policy initiatives indicated South Korea's intention to preserve its stability and security and to reduce tensions on the Korean peninsula through cooperation with China and the Soviet Union.

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9. Hak-joon Kim, "The Republic of Korea's Policy to Bring Peace to the Korean Peninsula", *The Journal of East Asian Affairs*, vol. 6, no. 1 (Winter/Spring 1992), p. 3; cited in Dan C. Sanford, "ROK's Nordpolitik: Revisited", *The Journal of East Asian Affairs*, vol. vii, no. 1 (Winter/Spring 1993), pp. 2-3.

10. *Sovetskaya Rossiya*, 8 July 1989, p. 5.



Fortunately for the ROK, the implementation of the Northern Policy coincided with highly favourable developments in the world community. These included the introduction of a far-reaching foreign policy by the Soviet Union, reflecting the new thinking of the Soviet leader, Gorbachev; the wave of reform and openness in East Europe; and the Seoul Olympic Games, a great festival for global peace which was held in Korea for the first time.

The northern policy, named after German statesman Willy Brandt's 'Ostpolitik', bore considerable fruit, riding the waves of sweeping reforms and changes in the Soviet-bloc countries. The northern diplomacy made remarkable progress in a short time in part because of the rapidly changing situation in the Communist bloc.

Starting with Hungary in February 1989, South Korea set up diplomatic relations with all the East European countries: Poland (November 1989)<sup>11</sup>, Yugoslavia (December 1989) Czechoslovakia (March 1990), Bulgaria (March 1990), Rumania (March 1990), the Soviet Union (September 1990), and Albania (August 1991). Full diplomatic relations with the socialist nations in Asia were also set up: first Mongolia (March 1990), China (August 1992) and Vietnam (December 1992), proving the same diplomatic success in the Asian region. Socialist states and South Korea established economic ties, cultural, science, sport exchanges and conducted exhibitions, fairs and seminars.<sup>12</sup>

As a result, South Korea expanded her role in the international community, was admitted to the United Nations with North Korea unwillingly following, and enhanced stability in inter-Korean relations including economic ties and established normal diplomatic ties with the Soviet Union and China, as well as brightening the prospect for national unification.

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11. The representative of embassy KPDR in Beijing said that he was <<extremely unsatisfied>>, indicating about the establishment of fully diplomatic ties between Poland and South Korea. <<South Korea is under the occupation of the United States. This is an American colony. There is no legal government here. Thus, they have no a right to have the diplomatic ties.>>, the diplomat added. *Izvestiya*, 1 November 1989, p. 5.

12. *Sovetskaya Rossiya*, 8 July 1989, p. 5.

The improvements in relations between South and North Korea became increasingly obvious. On the one hand, South Korea, taking advantage of the changed international situation, mainly the collapse of the USSR the major former ally of Pyongyang, actively sought normalization of relations with KPDR. On the other hand, - at an economic and political deadlock, North Korea showed signs to a way out of isolation.<sup>13</sup>

### **UN Membership: its impact**

On 17 September 1991 the two Korean states were admitted to the United Nations as full members; the two entities on the Korean peninsula were recognized worldwide.

North Korea's flexibility on dual U.N. membership for the two Koreas was the inevitable consequence of the revolutionary changes that had swept the communist world since Gorbachev came to power in 1985. The changes included the dramatic relaxation of tensions between the Soviet Union and the United States on the one hand, and between the Soviet Union and China on the other. There had also been the revolutionary impact of the Soviet withdrawal from East Central Europe, which had resulted in the overthrow or the substantial dilution of all the Stalinist regimes both inside and outside the now defunct Warsaw Pact. Finally, there was the establishment of diplomatic relations between Moscow and Seoul.

On 18 October 1990, Russian vice-foreign Minister George Kunadze, then general director of the Korea-Japan Political Affairs Department of the USSR Institute of World Economy and International Relations(IMEMO), said in Tokyo 'Since my country maintains normal diplomatic relations with South Korea, it is almost certain we won't exercise our veto power at the U.N. Security Council if Seoul applies for U.N. membership'.<sup>14</sup> At the third Seoul-Moscow summit, held on Cheju in April 1991, the Soviet Union made it clear that it was fully prepared to contribute to reconciliation and

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13. *Nezavisimaya Gazeta*, 21 February 1992, p. 2.

14. *Korea Daily*, 20 October 1990, p. 1.

stability on the Korean peninsula. In Cheju, Gorbachev said that the entry of the ROK into the United Nations would not obstruct Korean unification and that Moscow understood the necessity for the ROK to be admitted to the U.N.<sup>15</sup> Having officially recognized South Korea, the Soviet Union no longer set a veto on the issue of its membership of this organization.

The establishment of diplomatic relations between Moscow and Seoul and the expected diplomatic recognition of South Korea by China made possible the entry of both North and South into the United Nations Organization. Furthermore, during the visit of Chinese Premier Li Peng to Pyongyang on 3 May 1991, Beijing expressed its public support for a solution to the U.N. deadlock that was satisfactory to both North and South Korea. This marked the official end of China's support for Pyongyang's "single seat for all Korea" policy. China was playing an important role in both the economic, security and the political fields and changes in the Korean peninsula. On 27 May 1991, Pyongyang announced that it would seek separate U.N. membership, thereby reversing its policy of seeking joint membership with South Korea as a sovereign state. Pyongyang was now prepared to abandon its self-imposed isolation and join the international community as a responsible member.<sup>16</sup>

Regarding the impact of U.N. admission on inter-Korean relations for the future, the new development may bring about a situation conducive to peace in the Korean peninsula. U.N. membership per se will not bring about a drastic change in North-South Korean relations. This is because peace in Korea will depend, more than anything else, on the respective Korean attitudes and behaviour that enhances the sense of mutual trust and confidence. U.N. membership, however, gave North Korea less maneuverability vis-a-vis South Korea as it neutralizes its self-righteous, rigid and bellicose stance. It will, in short, de-ideologize and make North Korea more pragmatic. It will give both sides an environment advantageous to the reunification of the Korean

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15. *Izvestiya*, 23 April 1991, p. 1.

16. *Pravda*, 30 May 1991, p. 4.

peninsula.

### **North-South Korean Economic Ties**

The improvement in North-South Korean political and economic relations came largely from the sudden sweeping reforms in the former USSR and most Eastern European countries. The world has changed greatly and the end of the Cold War could not but influence the relationship between North and South Korea.

Direct and legitimate economic relations between North and South Korea did not exist until recently. In July 1988, then President Roh proposed opening trade between North and South and regarding North-South trade as intra-country trade. The Koreans had no direct transport or communication links but conducted indirect trade. Trade between the two economies had been minimal, and had generally been carried out through third countries such as China, Japan and Singapore. The Economic Planning Board (EPB) in Seoul indicated that South Korea received mostly nonferrous minerals, gold, silver and coal while sending chemicals, textiles and home appliances to North Korea.<sup>17</sup>

As the result of this proposal, there occurred overheated competition among South Korean private companies to bring North Korean goods into the South. As of January 1989, private companies requested import permits from the government for North Korean commodities, and the amount reached 40 million dollars.<sup>18</sup> The chairman of Hyundai Group visited North Korea in early 1989 and discussed joint ventures in manufacturing railway cars, participating in Siberian development and joint development of the Kum Kang Mountain. In February 1989, Hyosung Company received coal directly from Nampo to Inchon and Hyundai Co. did the first barter trade with North Korea.<sup>19</sup> Kolon opened the first L/C with North Korea's national bank. In December 1989, an executive member of a South Korean private company met with his

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17. *Financial Times*, 29 May 1992, supplement, p. 4.

18. *Ibid.*

19. *Financial Times*, 29 May 1992, supplement, p. 4.

North Korean counterpart in Tokyo for the first time since the War to discuss trade and joint ventures.<sup>20</sup> Also, the Hyundai group brought 40 kgs of fishery products for the first time since the division of the country from the North through indirect trade.<sup>21</sup>

In 1988, the total trade of both sides was 1.037 million dollars (see talbe 7.1). The trade structure between North and South Korea began to change rapidly after 1989. The bilateral trade volume amounted to 22.3 million dollars in 1989, about 21.5 times as much as the 1988 figure of 1.0 million dollars. In 1990, trade volume reached 25.1 million dollars and amounted to 192.2 million dollars in 1991,<sup>22</sup> or 10 percent of North Korea's total exports. South Korea was the fourth largest trade partner following the USSR, PRC and Japan in 1990. Total approved trade volume during 1992 reached 213 million dollars, up 11 percent from 192 million dollars in 1991.<sup>23</sup> Total bilateral trade volume could reach 26 billion dollars in a few years.<sup>24</sup> Mostly North Korean zinc, gold, cement and herbal medicines were sent to the South, and while the latter exports chemical products, textile and home appliances. While the statistics are comparatively tiny, they accounted for roughly 6 percent of all of North Korea's foreign trade.<sup>25</sup> The following table shows North-South trade from 1988 to 1991.

Table 7.1 North-South Trade  
(US Million dollars)

Years	Total	Export	Import	Balance
1988	1.037	1.037	0	+1.037
1989	22.304	22.235	0.069	+22.166

20. *Ibid.*

21. *Ibid.*

22. *The Chosun Ilbo*, 8 February 1992, p. 6.

23. *International Herald Tribune*, 10-11 April 1993, p. 8.

24. *Nezavisimaya Gazeta*, 24 December 1991, p. 4.

25. *International Herald Tribune*, 16 March 1993, p. 7.

1990	25.085	20.354	4.731	+15.623
1991	192.172	165.996	26.176	+139.820

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Source: The Korean Ministry of Trade and Industry

In joint ventures, almost all major corporations and some small businesses in South Korea are trying to develop contacts with North Korea counterparts. Ideally, these ventures should be designed to combine South Korea's access to capital and technology with North Korea's abundant labour force and natural resources. Such ventures are most likely to be formed in areas including consumer electronics, textiles and other manufactured goods, and mining and refining of zinc and other precious metals. For example, the chairman of South Korea's Daewoo Group of companies, Kim Woo-joong, agreed to set up two projects worth 1.1 billion dollars with North Korea in January 1992.<sup>26</sup> *Chosun Ilbo*, a Seoul newspaper, reported that Kim had visited Pyongyang and agreed with Kim Dal-hyon, the North Korean deputy prime minister, to set up a garment factory that would cost each side 300 million dollars and would be built in Haeju, just north of the border. The two men also agreed on a 500 million dollar project to construct an international hotel in Pyongyang.<sup>27</sup> Kim Woo-chung also discussed mining projects and a scheme in which 10,000 North Korean workers would be used on a Daewoo contract to build a highway in Pakistan.<sup>28</sup>

Lucky-Goldstar International Corp. received 20,566 metric tons of coal from North Korea in the second barter deal between the two countries, the National Unification Board reported: it shipped 2,100 TV sets and 200 metric tons of polyester film in return.<sup>29</sup> On 19 February 1992, Lucky Goldstar group, a major South Korean conglomerate, announced it had received a request from North Korea to supply 200 million dollars worth of crude oil a year. The request adds credence to frequent reports

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26. *International Herald Tribune*, 24 January 1992, p. 15.

27. *International Herald Tribune*, 24 January 1992, p. 15.

28. *Financial Times*, 29 May 1992, supplement, p. 4.

29. *International Herald Tribune*, 16 January 1992, p. 13.

that the economically hard-pressed Communist state had a short supply of crude oil and other raw materials. There have been reports that North Korea had no money to buy crude oil after China and the former Soviet states switched their trade with North Korea from a barter to a cash settlement basis.<sup>30</sup>

South Korea has strong economic incentives for furthering economic contacts with North Korea. South Korean industry, beset by rising wages and falling competitiveness, looks to North Korea as a place to set up a low-wage industrial base close to home.<sup>31</sup>

South Korean industries are facing soaring labour costs and a rapid loss in their export competitiveness. With their increasingly urgent need of cheap labour, South Korean businesses believe joint ventures with North Korea could cut one third or one fourth of the present wage level to only 50-100 dollars a month. It could restore South Korea's declining competitiveness in traditional export items such as footwear and clothes by shifting production to the North, instead of to low wage countries in Southeast Asia. The application of even modest South Korean technology to the North's abundant supply of cheap and disciplined labour would lead to big productivity gains. A byproduct of the process would be the direct access to 20 million North Koreans, who would constitute a virtually captive consumer market for the south's industry. In addition, southern access to the North's mineral and other natural resources would lessen its dependence on imports, while defence spending, which constitutes a quarter of government expenditure, could be substantially reduced.<sup>32</sup>

Pyongyang has made it clear that it has an ambitious development agenda of its own. Kim Dal-hyon said that Pyongyang would welcome broader foreign investment. Such statements, however, indicate just how far the North Korean government is

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30. *International Herald Tribune*, 20 February 1992, p. 13. China tightened economic pressure on North Korea by publicly announcing on 29 December 1992 that all trade beginning in 1993 must be paid for in cash rather than in barter. *International Herald Tribune*, 30 December 1992, p. 1.

31. *The Wall Street Journal*(Europe), 2 January 1992, p. 2.

32. *Financial Times*, 29 May 1992, supplement, p. 4.

prepared to go to attract foreign investment, which it believes can be confined to the Special Economic Zones (SEZs) or other specific areas, such as proposed tourist developments in mountainous areas revered by both North and South Koreans.

If direct trade between two sides were to be realized, the volume of trade would increase rapidly in the short run. In the long run differences in resource endowments and in the level of industrialization suggest a great potential for trade between the two sides. Relatively abundant resource endowments in the North and more sophisticated industrialization in the South would guarantee a strong complementary pattern of trade between the two sides. In addition, if the North's labour with the South's technology and capital could benefit greatly from such types of joint venture, the North could also earn valuable foreign exchange through exports to third countries. South Korea could increase international competitiveness in wide categories of goods by being able to use relatively cheap and efficient North Korean labour. Especially, some economic transactions and cooperation between North and South Korea would contribute to laying the foundations for economic integration which would ultimately lead to a climate of mutual trust on the Korean peninsula.

However, trade between South and North Korea could change according to a changing domestic and international situation surrounding the Korean peninsula. Recently inter-Korean trade plunged, mainly because of tension over the North's suspected nuclear-weapons programme.<sup>33</sup> So, North Korea will not expect any economic cooperation from the South unless and until the nuclear issue is resolved.

### **The Soviets' position on the unification of the Korean peninsula**

During the past 40 old years a number of suggestions were raised by South and

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33. In March 1993, the volume plunged by 55 percent to 17.6 million dollars, from 39.1 million dollars in March 1992. South Korea approved 130.000 dollars of sales to North Korea in March, down 91 percent from a year earlier, while allowing 17.4 million dollars in purchases, down 27.5 percent. *International Herald Tribune*, 10-11 April 1993, p. 8.



North Korea for the restoration of national unity,<sup>34</sup> but little progress was made. South and North Korea set forth three principles of reunification adopted by both sides in 1972.<sup>35</sup> Both sides presented their own reunification plan. On the one hand, in his report to the Sixth Congress of the WPK on 10 October 1980, President Kim Il-sung put forth a comprehensive proposal for the establishment of a Democratic Confederal Republic of Koryo (DCRK), a formula recognizing one nation and one state but two systems and two governments.<sup>36</sup> In his new year address for 1991, Kim said "we believe that the idea of establishing the DCRK is the fair common ground for national reunification which can serve as the basis of national agreement".<sup>37</sup> This would be a confederation of two autonomous governments based on the principles of coexistence, nonaggression, and nonsuppression of either side, while preserving existing systems. In this context, North Korean Kim Il-sung rejected German-style reunification of the Korean peninsula.<sup>38</sup>

On the other hand, South Korea put forward an idea of the formation of a 'Korean National Community' as an intermediate stage in the transition of the

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34. For more details of unification, see Donald S. Macdoland, 'Security in Northeast Asia: Two Koreas or One?', *The Washington Quarterly* (Autume 1989), pp. 139-153; Chol-sik Kim, Inter-Korea Relations: a view from Pyongyang, *Far Eastern Affairs*, no. 4 (1990), pp. 3-5; Nicholas Everstadt, 'Can the two Koreas be one?', *Foreign Affairs*, vol. 72, no. 5 (Winter 1992/93), pp. 150-165; Sung-moon Pae, 'Fallacy of the Vulnerability Thesis for Unification in Korea by the 1990s', *The Journal of East Asian Affairs*, vol. vii, no. 2 (Summer/Fall 1993), pp. 321-344.

35. 1) Independent efforts without being subject to external imposition or interference, 2) peaceful means, and not through use of force against each other, 3) transcending differences in ideas, ideologies and systems. National Unification Board (ROK), *A White Paper on South-North Dialogue in Korea* (Seoul: 31 December 1988), p. 55.

36. For details about the North's plan, see Il-sung Kim, *Report to the Sixth Congress of the Workers' Party of Korea on the work of the Central Committee, 10 October 1980* (Pyongyang: Foreign Languages Publishing House, 1980), pp. 71-79; also see Byung-chul Koh, *The Foreign Policy Systems of North and South Korea* (London: University of California Press, 1984), pp. 144-148; Rinn-sup Shin, 'Democratic Confederal Republic of Koryo: Motives, Contexts, and Implications', *Korea and World Affairs*, vol. xiv, no. 4 (Winter 1990), pp. 626-648.

37. *The Pyongyang Times*, 1 January 1991, p. 3.

38. *The Korea Herald*, 4 January 1991, p. 1.

unification of North and South Korea to a 'United Democratic Republic'.<sup>39</sup> This plan, which was set forth by then President Roh on 11 September 1989, included provision for an interim Korean Commonwealth.<sup>40</sup>

Although there existed many similarities in the respective policies, both sides were not prepared to compromise. Of course, the attempts of reaction by hardliners to unite the country by military means from 1950 to 1953 only widened the rift and caused incalculable sacrifices and devastation to the Korean people.<sup>41</sup> This was the result of suspicions and mutual confrontations between both sides. Now Seoul and Pyongyang were prepared to make some real progress not only in talks but also for an improved political atmosphere in the peninsula. North and South Korean Prime Ministers met to pave the road to Korean unity, but the session ended in deadlock with each side's main proposals apparently unacceptable to the other. This was the highest level meeting between the two Koreas since the peninsula was divided in 1945.

We can see the series of ideas contained in the South's suggestions took Pyongyang's position into account and reflected a constructive spirit. For example, Seoul was willing to carry on a many-sided dialogue with the KPDR, including negotiations of such important problems as military relaxation. South Korea also agreed to discuss American military presence in the South. The declaration of Roh Tae-woo's new steps in relation to the KPDR was not simple posturing but a preparedness for earnest dialogue with an equal partner.<sup>42</sup>

There was enough evidence of a sincere readiness for a compromise between both sides. But whenever the two sides met at a table for talks, they are restricted to discussions on insignificant procedural matters and mutual reproaches. Why do they not

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39. *Sovetskaya Rossiya*, 10 October 1989, p. 3.

40. See Dae-sook Suh, "Changes in North Korea and inter-relations", in *Korea and World Affairs*, vol. 14, no. 4 (Winter 1990), pp. 610-625; Hong-koo Lee, "Call for Building National Community - As a Prerequisite to Reunification", *Korea and World Affairs*, vol. 14, no. 4 (Winter 1990), pp. 609-610.

41. *Izvestiya*, 1 September 1989, p. 5.

42. *Ibid.*

go further than handshakes? According to *Pravda's* view, the main reason is that both sides are not prepared to compromise. Sometimes it seems that they speak in different languages, not understanding each other or even not hearing the other party. Of course, it is the result of suspicion and mutual attacks for the past 40 years.<sup>43</sup>

According to *Izvestiya's* view, the problem of the unification of the Korean peninsula is not only an internal issue of the Korean people but is also connected with many international issues and with Soviet national interests.<sup>44</sup>

The Soviet Union considered Korean reunification as an internal affair of the Korean nation and to be achievable on the basis of the will of North and South Koreans themselves, without any outside interference. In principle, the Soviet government supported the idea of peaceful unification.

However, the Soviet Union had always resolutely supported the DPRK's efforts to unify Korea. In his speech at a dinner in the Kremlin in honour of Kim Il-sung in October 1986, Gorbachev said 'the Soviet people fully support the Korean people's just cause - the reunification of their motherland. It is clear that the path towards reunification does not pass across the Korean peninsula alone. It is inseparably bound up with the general struggle against imperialist policy in the Asian-Pacific region, with the genuine improvement of the overall situation there, and with the development of good-neighbourly relations'.<sup>45</sup> In his interview with the Indonesian newspaper *Merdeka*, Gorbachev said 'we support the policy of the DPRK aimed at a peaceful reunification of the country, and at the elimination of military tension'.<sup>46</sup> In his Beijing address in May 1989, Gorbachev said 'I wish once again to reaffirm our unwavering support for the efforts of the DPRK aimed at the peaceful and democratic reunification of Korea. This, obviously, requires the defusing of tensions on the peninsula and the withdrawal of US

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43. *Pravda*, 16 October 1989, p. 6.

44. *Izvestiya*, 1 September 1989, p. 5.

45. *Pravda*, 25 October 1986, p. 2.

46. *Izvestiya*, 23 July 1987, p. 2.

troops: any arguments favouring the continued presence of those troops in the region have long ceased to be justified'.<sup>47</sup>

In December 1990, however, Gorbachev pledged to support the South Korean government's step-by-step approach toward the reunification of the divided nation.<sup>48</sup> During a meeting on Cheju Island in April 1991, Gorbachev reaffirmed that the Soviet Union shared the Korean people's aspiration for unity and would support all constructive efforts leading to this goal, first of all the dialogue between the governments of the northern and southern parts of the country. That, he made clear, was Moscow's unchanged position on this problem.<sup>49</sup> As shown above, Gorbachev reiterated the Soviet Union's principled position on the peaceful reunification of North and South Korea.

On the Soviet side, Korean reunification could not be settled on the basis of a capitalist or a socialist system. As the Korean War proved, any attempt to solve the Korean problem by force could only aggravate the situation in Korea and lead to a new international conflict. According to a Soviet Korean specialist, if a "neutral compromise" is suitable to both Pyongyang and Seoul then it could be accepted by the superpowers. Its main advantage lies in leading to an end of the Korean conflict and to the creation of preconditions for normal relations in the Far East.<sup>50</sup>

The reunification of Germany provided a clear-cut answer to the question of what it takes to make such processes possible. The Soviet Union recognized the existence of two Germanies back in the 1950s and claimed that their reunification was impossible.<sup>51</sup> But Gorbachev, in the event, accepted German reunification. On 4 October 1990,

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47. *Pravda*, 18 May 1989, p. 2.

48. *The Korea Times*, 15 December 1990, p. 1.

49. *Pravda*, 23 April 1991, p. 5.

50. Vasily V. Mikheev, 'A Korean Settlement: New Political Thinking vs. Old Ambitions', *Korea and World Affairs*, vol. 13, no. 4 (Winter 1989), p. 681.

51. Leonid Mlechin, 'Weighing anchor: New Soviet Policy on the Korean peninsula', *New Times*, no. 26 (1990), pp. 22-24.

reunification occurred when the parliaments from East and West Germany were brought together in a single parliament. Similarly, the Soviet Union once refused to admit the existence of two Koreas and then recognized the two Koreas and insisted on a reunification.

Perestroika of the international system opened new possibilities and expectations in the process of the unification of Korean peninsula. To begin with, one of the primary obstacles to the unification of Korea, the ideological bipolar conflict between socialism and capitalism on world scale, disappeared. According to a Soviet Korean specialist, once the chain reaction of diplomatic recognition of the ROK was underway, it was important not to miss one chance. Adherence to old ideological dogmas should not prevent the opportunity for reunification from being used.<sup>52</sup> Unqualified support for Pyongyang and refusal to recognize Seoul would hardly be advantageous to the Soviet Foreign Ministry which was anxious to rid itself of all aspects of the costly cold war structure.<sup>53</sup> Today, it partly remains only on the national level.

The problem of national unity should be solved along the way of national consensus, improvement of relations and gradual rapprochement of the two parts of the divided nation. Reunification does not seem to be feasible within a short period of time; it can be attained only through a gradual, peaceful and democratic process. The creation of peaceful conditions with the elimination of military confrontation is the primary pre-requisite for resolving the whole matter.

If the Russians could play a significant role in fostering Korean reunification under Seoul's direction, it could lead to a broad political modus vivendi between a noncommunist Moscow and a new unified Korea in the 1990s. With Korea's antagonism toward both China and Japan, that would give Moscow a new vantage point on East Asia geopolitics.

When he visited in Seoul in November 1992, Russian President Boris Yeltsin

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52. *New Times*, no. 25 (1990), p. 31.

53. *New Times*, no. 26 (1990), p. 23.

supported the South Korean position that inter-Korean issues including reunification should be resolved by the two Koreas. He said 'outside barriers in overcoming the division of the Korean peninsula have collapsed. Now, reunification is in the hands of people in the two Koreas'.<sup>54</sup> In the Korean-Russian joint statement of 20 November 1992, the two presidents concurred that unification of the two Koreas should be realized in a peaceful manner through dialogues between the two parties concerned and reaffirmed that the faithful implementation of the 'South-North Agreement on Reconciliation, Non-Aggression and Exchanges and Cooperation' and the 'South-North Joint Declaration on Denuclearization of the Korean peninsula' was essential for making meaningful progress in the South-North dialogues.<sup>55</sup>

Both Koreas are committed to the path of reunification by gradual transition. A more balanced and slower approach to unity will have greater chance of establishing long term harmony and effective order.<sup>56</sup> Peaceful reunification depends upon the ability of the North and the South, together with their political partners, to reject old ambitions and to create new solutions out of old contradictions.<sup>57</sup>

However, as Alexander Vobin, a political analyst for *Izvestiya*, observed in an interview with the Yonhap News Agency: 'the reunification of the two divided halves may be possible only after there is an epochal change in the North'.<sup>58</sup> As Vobin indicated, without a fundamentally changed government in North Korea, any substantive progress in the contacts for the unification between the North and the South will be slow at best.

## 7.2 Moscow-Seoul Relations

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54. *The Korea Herald*, 20 November 1992, p. 2.

55. *The Korea Herald*, 21 November 1992, p. 2.

56. Dan C. Sanford, 'ROK's Nordpolitik: Revisited', *the Journal of East Asian Affairs*, vol. vii, no. 1 (Winter/Spring 1993), p. 28.

57. Mikheev, 'A Korean settlement: new political thinking vs. old ambitions', p. 688.

58. *The Korea Herald*, 3 November 1990, p. 2.

Gorbachev's foreign policy towards South Korea took both internal and external factors into account. Internally, the Soviet Union had an economic problem. Gorbachev had been enforcing drastic economic reform since he came to power. For this 'national interest' he wanted economic cooperation with Seoul. Hence, he felt the necessity of changing their policies towards South Korea. Externally, the Soviet Union aimed to reduce the widely held perception of a Soviet threat and to gain acceptance as legitimate participant in the region's affairs.<sup>59</sup> This goal entailed a desire for improved relations with South Korea and suggestions of a peaceful coexistence between the two Koreas.

Gorbachev in his Krasnoyarsk speech indicated a positive shift in the Soviet Union's policy towards South Korea. The following statement appeared in the concluding section of the speech: 'I think that in the context of a general improvement of the situation in the Korean peninsula possibilities can open up for forming economic relations with South Korea as well'.<sup>60</sup> In this sentence, Gorbachev spelled out the 'possibility' of the Soviet Union forming economic relations with South Korea. In the light of the urgency and importance of accelerating the development of Siberia, the USSR viewed South Korean investment in natural resource exploration and infrastructure development as positive for the ongoing economic reform and modernization drive in the region.<sup>61</sup> The second reference was made in his seven-point proposal: 'the USSR suggests that the question of lowering military confrontation in the areas where the coasts of the USSR, the PRC, Japan, North Korea, and South Korea converge be discussed on a multilateral basis with a view to freezing and

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59. See Jurgen Glaubitz, "The Soviet Union and the Korean Peninsula", *Aussenpolitik*, no. 1 (1992), pp. 82-91; Mette Skak, "External Dynamics of the Korean Conflict: The Present Soviet Policy Reorientation", *Cooperation and Conflict*, vol. 24 (1989), pp. 19-33.

60. *Izvestiya*, 18 September 1988, p. 2.

61. Chan-young Bang, 'Seoul-Moscow: Economic Cooperation and Security', *Far Eastern Affairs*, no. 6 (1989), p. 76.

commensurately lowering the levels of naval and air forces and limiting their activity'.<sup>62</sup> In this sentence, Gorbachev's proposal for a multilateral conference deserves particular attention for two reasons. Firstly, he called for a five-nation conference excluding the United States. Second, his five-nation conference idea was closer to then South Korean President Roh Tae-woo's proposal of a six-nation conference including the United States than North Korea leader Kim Il-sung's proposal of a three-way meeting.<sup>63</sup> With Gorbachev's peace initiative, the Soviet government attempted to reduce external pressure so that it could concentrate on domestic issues.

All these proposals illustrated policies for closer economic ties and for a reduction of tension on the Korean peninsula. After Gorbachev's Krasnoyarsk speech the Soviet Union steadily increased its activity within the framework of non-political relations with South Korea. When Gorbachev visited Beijing in May 1989 he again called for convening an international conference of the two Koreas and the four major powers to discuss Korean problems. Shevardnadze reiterated this proposal in his September 1990 speech in Vladivostok.<sup>64</sup>

By being the first great power to establish diplomatic relations with both Koreas, Moscow hoped to put itself into a good position to play a mediating role.<sup>65</sup> In August 1988, an assistant to President Roh reportedly carried a presidential letter to President Gorbachev; the latter also sent a letter through an ethnic Korean academician to the former in December 1988. President Kim Young-sam, then President of the opposition Reunification Democratic Party (RDP), visited the Soviet Union at the invitation of Yevgeniy Primakov, then director of the Institute of World Economic and International

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62. Bang, 'Seoul-Moscow: Economic Cooperation and Security', p. 76.

63. In Kim Il-sung's the three-way conference, he proposed a tripartite talk between North Korea, South Korea and the United States to deal with such outstanding issues as the US troop withdrawal, the withdrawal of the nuclear weapons, the reduction of the North and South Korean military forces, and the conclusion of a peace treaty, which will replace the present Military Amistice Agreement.

64. Eduard Shevardnadze, 'The Asia-Pacific Region - Dialogue, Peace, Cooperation', *International Affairs* (Moscow) (November 1990), p. 127.

65. Peggy Falkenheim Meyer, 'Gorbachev and post-Gorbachev policy toward the Korean peninsula', p. 765.



Relations(IMEMO), in June 1989. The RDP and IMEMO agreed to develop mutual contacts.<sup>66</sup> At a press conference in Moscow the leader of RDP called for far broader contact between South Korea and the Soviet Union and other socialist countries.<sup>67</sup>

On 8 December 1989, the two countries agreed to establish de facto consular ties, and they exchanged consular offices in March 1990. The opening of a direct air service, and the establishment of telex, telephone and mail communication in March 1990 also contributed to the development of bilateral ties.<sup>68</sup>

By the autumn of 1989 the Soviet government became sure of the desirability of total recognition as soon as possible. Deputy foreign minister Kunadze said that 'It was indeed a revolution of our perceptions. Of course, it had much to do with the dramatic changes in overall Soviet policy. Also, the international environment was obviously changing for the better [see chapters 2,3 and 4], enabling us to consider a much more radical approach towards the ROK than the Soviet Union imagined possible only a year earlier'.<sup>69</sup>

### **7.2.1 Soviet-South Korean Summit Meetings**

#### **San Francisco Meeting (4 June 1990)**

On 4 June 1990, President Roh Tae-woo met Soviet President Gorbachev in San Francisco, as the latter was completing his leg of the summit meeting with the U.S. President George Bush. The summit meeting became possible in the context of the positive changes that had begun in the Asian-Pacific region.<sup>70</sup> It also reflected the USSR's principled approach in line with the new political thinking. From this junction

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66. *Moscow News*, no. 26 (1989), p. 6.

67. *Sovetskaya Rossiya*, 8 July 1989, p. 5.

68. Faminsky, *Nashi Delovie Partnery: Respublika Koreya*, p. 36.

69. Kunadze, 'USSR-ROK: Agenda for the Future', p. 202.

70. *Pravda*, 6 June 1990, p. 6.

Soviet-Korean ties were firmly put on a road to full-scale mutual recognition.<sup>71</sup>

Evidently, the Soviet leadership was prepared to normalize diplomatic relations between the two countries to maintain its own position in Northeast Asia, an area of vital importance to Soviet national interests.<sup>72</sup> For example, Anatoly Dobrynin, an advisor to Gorbachev, came to Seoul to meet President Roh on 23 May 1990. President Kim Young Sam, then executive chairman of the ruling Democratic Liberal party, also led a high-level party and government delegation to Moscow on 20 March 1990. During a meeting between Kim and Gorbachev, it was agreed that it would be good for both countries to normalize bilateral relations in the near future. The meeting provided an impetus to Soviet-South Korean relations. Kim reported back to then President Roh that the Soviet leader saw no insurmountable obstacles to the establishment of full diplomatic relations between the two countries, and President Roh began looking for the chance - a dramatic event to make it happen.<sup>73</sup> On 2 August 1990 a 20-member delegation from Seoul led by Kim Chong-in, Roh's senior secretary for economic affairs, visited Moscow for talks on economic cooperation and the establishment of diplomatic ties with Soviet government leaders.<sup>74</sup>

On the possibility of establishing diplomatic relations between the two countries, Gorbachev said 'this may arise as bilateral ties develop and in the context of the general improvement of the political situation in the region and on the Korean peninsula'.<sup>75</sup> In reply to a question on the possibility of diplomatic ties in early September Shevardnadze, who was visiting the Soviet Far East, said 'we will develop the

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71. Kunadze, 'USSR-ROK: Agenda for the Future', p. 203.

72. Gennady Chufrin, 'The USSR and Asia Pacific in 1990', *Asian Survey*, vol. 30, no. 1 (January 1991), p. 16.

73. *Newsweek*, 11 June 1990, p. 22.

74. Hak-joon Kim, 'The Republic of Korea's policy to bring peace on the Korean peninsula', *The Journal of East Asian Affairs*, vol. 6, no. 1 (Winter/ Spring 1990), p. 6.

75. TASS, 5 June 1990.

relationship with South Korea, proceeding, first of all, from our national interest'.<sup>76</sup> Defence Minister Yazov said, for the first time, that it would be possible to establish diplomatic ties between Moscow and Seoul 'in this year'.<sup>77</sup> Genrikh Kireev, general-director for Asian socialist countries at the Soviet Foreign Ministry, called Gong Ro-myung, then the head of the Korean Consular Department in Moscow, to his office in September 1990 and told him that his government might agree to set up full ties with South Korea during the foreign ministers' meeting on 30 September 1990, if Korea desired.<sup>78</sup>

On 30 September 1990, at a meeting in New York between Foreign Ministers Eduard Shevardnadze and Choi Ho-joong, it was announced that Seoul and Moscow would immediately establish diplomatic relations. The communique brought back to normalcy Korea-Soviet relations, which had been cut off with the abrogation of all treaties between the Choson Dynasty and Russia in 1904 forced by Japan. Shevardnadze said the normalization of ties between South Korea and the Soviet Union would become a turning point in Seoul-Soviet relations. Shevardnadze stated that the fact that there are two independent Korean states -the KPDR and the ROK- is the existing reality of the situation.<sup>79</sup> Shevardnadze emphasized at the same time that the Soviet Union intended to continue to develop its traditionally friendly and good-neighbourly relations with the KPDR. In this regard, no change was taking place between the two nations.<sup>80</sup>

Vasily Mikheev, deputy chief of the Asian socialist countries department at the Soviet Institute for International Economic and Political Studies, observed that 'these diplomatic relations are needed to fill the still-existing vacuum of political

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76. *Izvestiya*, 11 September 1990, p. 5.

77. Kyodo press, 17 September 1990, cited in *the Hankook Ilbo*, 19 September 1990.

78. *The Korea Herald*, 2 October 1990, p. 2.

79. *Izvestiya*, 2 October 1990, p. 7.

80. *Ibid.*

communication between and among the nations in the general Asian-Pacific structure of international relations. To reject normal contacts with any country only because the third side, let it be even our formal ally, objects, does not blend very well with the new philosophy of foreign policy'.<sup>81</sup>

Following this normalization of diplomatic relations, the process of interaction between Seoul and Moscow accelerated. On 16 November 1990, Vadim Medvedev, a member of the Soviet Presidential Council, came to Seoul with a 14-member mission, carrying a letter from President Gorbachev to President Roh, inviting Roh to visit Moscow. In the letter, Gorbachev expressed his strong desire for the expansion of bilateral economic cooperation in all fields.<sup>82</sup>

### **Moscow Meeting (14 December 1990)**

At the historic meeting in Moscow on 14 December 1990, President Roh Tae-woo and the Soviet President Mikhail Gorbachev issued a joint "declaration on general principles of relations," dubbed the "Moscow Declaration", which sought to define the overall relationship between South Korea and the Soviet Union.<sup>83</sup> After a two-hour talk at the Kremlin, they stated that Moscow and Seoul were fully determined to build relations in a spirit of good neighbourliness, trust and cooperation in the interests of the peoples of both states.<sup>84</sup>

In a declaration jointly issued with Roh on 14 December 1990, Gorbachev stressed the 'inadmissibility of the threat or use of force, of providing one's own security at the expense of other states, and of settling international controversies and regional conflicts by any means other than reaching political agreements on the basis of

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81. *The Korea Herald*, 21 December 1990, supplement, p. 4.

82. *Izvestiya*, 24 November 1990, p. 4.

83. In his letter, delivered by visiting Soviet Deputy Foreign Minister Igor Rogachev, Gorbachev said 'The declaration has contributed to laying a firm ground for the development of ties between the two countries and the fostering of peace, stability and cooperation in the Asia-Pacific region'. *The Korea Herald*, 8 January 1991, pp. 1-2.

84. *Izvestiya*, 15 December 1990, p. 1 and 7.

reasonable consent by all the parties concerned'.<sup>85</sup> It was an indication that Moscow would not back Pyongyang in the event of a northern invasion of the South. In his talks with Roh in Moscow, Gorbachev indicated that the Soviet Union was increasingly supportive of Seoul's position regarding such issues as entry into the United Nations, arms reduction on the peninsula, and the ultimate task of national reunification.<sup>86</sup>

Gorbachev agreed with Roh that South Korea should gain U.N. membership, preferably simultaneously with North Korea. He also agreed when Roh said that South and North Korea should first try to restore mutual trust and tackle inter-Korean problems in a gradual manner. They also pledged joint efforts toward the elimination of the cold war in Asia, the relaxation of tension on the Korean peninsula, and the eventual reunification of South and North Korea.<sup>87</sup> The principles of "good neighbourly" relations referred to respect for each other's sovereignty, territorial integrity and political independence, non-interference in the internal affairs and freedom to choose their own way of political and socioeconomic development.<sup>88</sup> In addition the two sides pledged to abide by such diplomatic norms as: compliance with the standards of international law, including respect for the U.N. Charter; rejection of the threat or use of force in settling international disputes; development of mutually beneficial cooperative measures; dealing with the global issues of reducing the arms race, preventing environmental disaster, overcoming poverty, famine and illiteracy, and narrowing the gap between the rich and poor nations; and establishing a secure and equitable world for the future.<sup>89</sup>

Proceeding from these general principles, a variety of agreements were signed by

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85. *Izvestiya*, 15 December 1990, p. 7; For full English text of the Moscow Declaration, see *The Korean Journal of International Studies*, vol. xxii, no. 1 (Spring 1991), pp. 149-151.

86. See *Vestnik Ministerstva Inostrannykh Del SSSR*, no. 1(83) (15 January 1991), p. 2.

87. *Ibid.*

88. See, *Izvestiya*, 15 December 1990, p. 7; also see *Vestnik Ministerstva Inostrannykh Del SSSR*, no. 1(83) (15 January 1991), pp. 3-4.

89. *Ibid.*

the officials of the two governments. These included agreements on trade, civil aviation, science and technology cooperation, and the avoidance of double taxation for investors. They also discussed the possibility of signing agreements on investment protection and fishery.<sup>90</sup>

On 6 January 1991 the Soviet deputy foreign minister Igor Rogachev arrived in Seoul, carrying a letter from Soviet leader Gorbachev. In his letter, Gorbachev said 'The Soviet Union's economic difficulties are not only its domestic problem but a matter related with interests of the international community. In this context, many countries of the world have been providing assistance to us, and I also hope for support from South Korea'.<sup>91</sup> Shevardnadze, until he announced his resignation on 19 December 1990, was scheduled to make the trip to Seoul to arrange, among other things, for Gorbachev's subsequent visit to Seoul in early 1991.<sup>92</sup> As it turned out President Gorbachev stopped overnight at Cheju Island, to meet with President Roh, on his way back from a visit to Japan in April 1991.

#### **Cheju Meeting (20 April 1991)**

The historic visit of Gorbachev to South Korea's southern island of Cheju, his third encounter with President Roh, symbolized the speedy pace of reconciliation between Seoul and Moscow. A couple of years earlier it would have been unimaginable.

Gorbachev and Roh touched on a broad range of issues, including trade expansion and new Soviet initiatives for peace between the two Koreas. "We view as valuable our relations with North Korea", Gorbachev told reporters before leaving. "At the same time I am happy that our relations with South Korea continue to develop." "I feel sympathy for the Korean people who feel deep pain about the division of the

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90. *Izvestiya*, 15 December 1990, p. 1.

91. *The Korea Herald*, 8 January 1991, p. 1.

92. *Izvestiya*, 16 December 1990, p. 4.

peninsula", he said.<sup>93</sup>

Gorbachev not only confirmed his promise to support the entry of South Korea into the United Nations later in the year but also proposed to conclude with Seoul a treaty of "good neighbourhood and cooperation" that would mark another step forward in Soviet-South Korean relations.<sup>94</sup>

In fact, during the meeting on Cheju Island President Roh appeared as a more consistent Gorbachev supporter than many prominent people who supported perestroika back home. It seems Roh understood the problems better than most: both hinted at their affinity as politicians burdened with the monumental task of liberating their societies from totalitarianism. South Korea's interest in the summit's success was even stronger. Seoul wanted and needed Soviet diplomatic support in its confrontation with communist North Korea. The "northern policy", crowned by relations with Moscow, was associated with Roh, who took the opportunity to flaunt his special relations with Gorbachev.<sup>95</sup>

South Korea and Soviet military leaders firstly made reciprocal visits to both countries since Seoul and Moscow established fully-fledged diplomatic relations in 1990. Lt. General Viktor I. Novozhilov, commander of the Soviet Army's Far Eastern Military District, exchanged views on peace and security in the Northeast Asian region with Defence Minister Lee Jong-koo in Seoul. General Novozhilov said that the Soviet Union had reduced its ground and naval forces deployed in the East Asian region down to the 200,000 level.<sup>96</sup>

What was in all this for Moscow? Although positive international shifts happened as indicated in chapter 3, 4 and 5, the biggest motivation to recognize the ROK grew

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93. *The Sunday Times*, 21 April 1991, p. 14.

94. *Vestnik Ministerstva Inostrannykh Del SSSR*, no. 9(91) (15 May 1991), p. 31; also see Gennady Chufrin, 'The USSR and Asia in 1991: Domestic Priorities Prevail', *Asian Survey*, vol. xxxii, no. 1 (January 1992), p. 15; For the full text of the Cheju summit agreement see *The Korea Herald*, 21 April 1991, p. 4.

95. *Soviet Weekly*, 9 May 1991, p. 3.

96. *The Korea Times*, 7 November 1991, p. 31.

out of Soviet domestic politics. A market economy, liberal democracy, basic human rights - all these concepts had been remarkably absent in and indeed profoundly alien to Marxism-Leninism. That was the main reason why domestic political forces became divided along the lines of radical liberalism versus orthodox Marxism. That was also the reason why Soviet hard-liners started to attack the cause of perestroika openly, quite logically using North Korea and Cuba as examples of model socialist societies. In Georgii Kunadze's, Deputy Foreign Minister of the Russian Federation, interpretation starting from the moment when North Korea appeared at the centre of Soviet domestic controversy, it became vitally important for all supporters of radical reforms in the USSR to push through the cause of the diplomatic recognition of the ROK as fast as possible in order to deny conservatives the very ground for their obstinate arguments.<sup>97</sup> Moscow wanted investment and trade and was prepared to undermine its long-standing and barren ties with North Korea to get them. Although economically South Korea was not in the same league as Japan, there was potential for a dramatic rise in cooperation. And, most importantly, Moscow finally secured a supporter in the emerging Asian-Pacific economic members include the U.S., Japan and Australia. South Korea sponsorship offered the hope of not being left out in the cold. Moreover, Gorbachev and Roh drew the parallels.<sup>98</sup>

### **7.3 China's policy changes after Moscow-Seoul relations**

#### **7.3.1 China-South Korean Relations**

South Korea and China buried 40 years of Cold War hostility by establishing

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97. George F. Kunadze, 'USSR-ROK: Agenda for the Future', *Korea and World Affairs*, vol. 15, no. 2 (Summer 1991), pp. 202-203.

98. *Soviet Weekly*, 9 May 1991, p. 3.



diplomatic relations on 25 August 1992.<sup>99</sup> Beijing and Seoul lacked formal ties since the Korean peninsula had been divided after World War Two and Communist China had been founded in 1949. The two fought on opposite sides in the 1950-53 Korean war and China remained a North Korean ally. South Korea regarded the establishing of formal ties with Beijing as a key to eventual detente with North Korea. President Roh said "the normalization of ties between our two countries marks a significant turning point in world history in that it heralds the beginning of the end of the cold war in East Asia."<sup>100</sup>

The two countries agreed to "develop good-neighbourly relations" and said the normalisation was "conducive to the relaxation of tension and stability on the Korean peninsula and also to peace and stability in Asia." Seoul recognised Beijing as "the sole legal government of China and respects the position of the Chinese side that there is but one China and Taiwan is part of China".<sup>101</sup>

A South Korean television report said on 8 September 1991 that Deng Xiaoping had sent a message to the South Korean government via Hong Kong calling for full diplomatic ties between Seoul and Beijing. The report also said that Mr. Deng had announced that the time had come for South Korea and China, once bitter foes, to set up diplomatic relations to enhance economic cooperation. Foreign Ministry officials were not available to comment. Although China recognized Communist North Korea only, its commercial ties with Seoul outstripped its trade with Pyongyang. The report further said Seoul and Beijing were expected to start talks on normalizing ties during Foreign Minister Qian Qichen of China visit to Seoul in November 1991 to attend the

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99. Over the 40 years China's ties toward South Korea has basically been changing to be subordinated to China-North relation as a part of China's East Asia strategy. Hao Yufan, 'China and the Korean Peninsula: A Chinese View', *Asian Survey*, vol. 27, no. 8 (August 1987), p. 862.

100. *Financial Times*, 25 August 1992, p. 4.

101. Taipei cut ties with Seoul pre-emptively and announced the suspension of airline flights. Taiwan officials said they were also considering trade retaliation and developing economic relations with North Korea. In 1991, Seoul recorded a surplus of 94 million dollars against a 203 million dollars deficit in 1990.

ministerial meeting of the Asia-Pacific Economic Cooperation Conference.<sup>102</sup>

Links with Beijing represented a vital part of Roh's "nordpolitik" policy - the wooing of communist and former communist patrons of North Korea to pave the way for reunification of the peninsula, divided into hostile halves for nearly four decades. Since Roh assumed the presidency in February 1988, Seoul had established diplomatic ties with most eastern European countries. In 1990 it set up diplomatic relations with Moscow.

China was the only one powerful enough to exert any influence on a fiercely independent Pyongyang and its autocratic leader Kim Il-sung. North Korea was certain to be unhappy at the prospect of diplomatic ties between its northerly neighbour and China. China had backed the North since the partition of the peninsula after the Second World War. "There will not be any changes to the treaties and agreements signed with the DPRK," Foreign Ministry spokesman Wu Jianmin told reporters after the signing ceremony.<sup>103</sup> Premier Li Peng told visiting then ROK Foreign Minister Lee Sang-ock that China maintained "very good" relations with the DPRK and that such relations would "continue to develop after the establishment of China's diplomatic ties with the ROK." He added that it would be conducive to the continued dialogue and improvement of relations between the ROK and the DPRK.<sup>104</sup>

Although Beijing insisted that its relations with North Korea would remain unchanged, the move would inevitably raise pressure on Pyongyang to be more accommodating in its dealings with Seoul. Thus, there was a danger that Chinese-South Korean relations might intensify North Korea's sense of isolation. That could push it further down the road to self-reliance - which Pyongyang might believe could be assured only through possession of nuclear weapons as seen in section 6.2.2.

The development of Beijing-Seoul ties could lead Pyongyang to forge ties with

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102. *International Herald Tribune*, 9 September 1991, p. 2.

103. *China Daily*, 25 August 1992, p. 1.

104. *Ibid.*

the United States and Japan - traditional allies of South Korea - and break down a vestige of the Cold War that had ended elsewhere in the world. The normalization would further enhance China's influence in Asia at a time of changing political relationships in the region and should boost already growing trade and investment links.

### 7.3.2 China-South Korean Economic Ties

Despite the lack of diplomatic relations, trade and investment links between the two countries expanded quickly in the 1990s. The Beijing-Seoul rapproachment came as trade between the two neighbours soared over the last 10 years and as South Korean investors established footholds throughout northeastern China.

In October 1990, the two sides agreed to establish unofficial representative offices in each other's capitals with the power to issue visas. Economic relations were further stimulated after the beginning of 1991 by the exchange of trade offices in Seoul and Beijing. Xi Kayou, head of the Chinese trade representative office in Seoul, observed that increased economic exchanges between South Korea and China would encourage the early establishment of diplomatic relations between the two countries.<sup>105</sup> In 1992, the two countries opened Bank of China and Korean Exchange Bank offices in each other's capitals.<sup>106</sup>

Table 7.2 China-South Korean Trade  
(US Million Dollars)

	Years	'79	'80	'81	'82	'83	'84	'85	'86	'87	'88	'89	'90	'91*	'92**
Total	19	183	335	122	129	442	1,246	1,249	1,613	2,937	3,055	3,702	5,812	8,220	
Export	15	73	148	81	83	233	607	615	866	1,387	1,705	2,268	3,441	3,730	
Import	4	110	187	41	46	209	639	643	747	1,550	1,350	1,434	2,371	4,490	

105. *Financial Times*, 23 August 1991, p. 6.

106. On 25 May 1993, the People's Construction Bank of China, the country's leading financier of capital construction, established a representative office in Seoul, South Korea. The move is designed to further promote trade between China and South Korea as well as strengthen co-operation in finance and investment. *China Daily*, 26 May 1993, p. 2.

Sources: Association of Korean Customs Trade: 1979-1990; \* See *Hankuk Ilbo*, 25 August 1992, p. 6; \*\* See *China Daily*, 29 March 1993, p. 2.

Beijing and Seoul began to have an indirect trade relationship since China carried out a reform and open door policy in 1979.<sup>107</sup> Since then their trade volume continued to rise up to 5.812 billion dollars in 1991. The ROK has been China's seventh largest trading partner, ranking fifth in accepting Chinese exports, and China ranks third on the ROK's foreign trade list. In 1989, Sino-South Korean trade totalled less than 3.1 billion dollars, less than double the 1987 figure. On 20 December 1991, South Korea and China initiated a trade accord to grant each other most-favoured-nation trading status.<sup>108</sup> Two-way trade in 1991 totalled 5.8 billion, putting China in fourth place close on the heels of Germany. In 1992, bilateral trade topped 8.2 billion dollars, a hefty 41.2 percent increase on the 1991 figure. Of the turnover, China's exports stood at 3.7 billion dollars and imports at 4.5 billion dollars.<sup>109</sup> The booming direct trade was expected to hit an 8 billion dollar level in 1993 with a first surplus seen for Seoul.<sup>110</sup> In the first three months of 1993, China was the biggest importer of iron and steel products and second-biggest buyer of cars from South Korea, after the US.<sup>111</sup>

Table 7.3 1985-1992 Korean investment in China  
(U.S. Thousand dollars)

Year	Total investment	Investment through the third country
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107. Xuecui Lou, Chen Xiurong, "'Yellow Sea Era' and Economic Cooperation between China and Korea", in *The Changing World Order*, Bum-joon Lee and Sung-chul Yang, eds. (Seoul: the Korean Association of the International Studies, 1992), p. 266.

108. *International Herald Tribune*, 21-22 December 1991, p. 15.

109. *China Daily*, 29 March 1993, p. 2.

110. *Far Eastern Economic Review*, 27 May 1993, p. 46.

111. For example, South Korean Hyundai models were selling at a premium in Peking and other cities, boosting the first quarter shipment to 14,700 units worth US\$9.5 million. *Far Eastern Economic Review*, 27 May 1993, p. 46.

	figure of item	volume of money	figure of item	volume of money
1985	1	144	-	-
1986	2	1.750	1	1.500
1987	1	6.034	1	6.034
1988	5	5.046	3	2.006
1989	17	12.033	5	5.060
1990	40	56.178	4	1.315
1991*	116	79.000	-	-
1992**	943	619.000	-	-

Sources: Bank of Korea: 1985-90; \* See Korea Ministry of Trade and Industry; \*\* See *China Daily Business Weekly*, 11-17 April 1993, p. 1.

Trade and investment links between the two countries have expanded quickly in recent years. The benefits of the bilateral ties forged in September last year are already evident in the trade and investment figures. Exports to China were up 162 percent in the first quarter over the previous year's levels, totalling 1.1 billion dollars; China now accounts for 30.2 percent of total overseas South Korean investment.<sup>112</sup>

Investments in China, concentrated mostly in six north-eastern areas including Shandong and Tianjin, grew impressively, reaching 140 million dollars in 1992 alone. This represented an enormous increase of over 42.4 million dollars in 69 projects carried out in 1991. By the end of 1992, Seoul's cumulative investments in China totalled 205 million dollars in 270 projects.<sup>113</sup>

South Korean businessmen people had already launched a number of joint ventures in China. Wei Xiaorong, deputy director general of the Asian Affairs Department of the Ministry of Economic Relations and Trade(Mofert), explained that about 90 percent of ROK's investment in China ended up in the manufacturing sectors, including the food, drink, textiles and electric and electronics industries. Wei added that ROK investment in China was also ready to move into commerce, tourism and real

112. *Far Eastern Economic Review*, 27 May 1993, p. 42.

113. *Ibid.*, p. 46.

estate. China has been the third largest country of ROK's overseas investment in terms of total volume, and the second largest after the US in terms of the number of projects.<sup>114</sup>

The Republic of Korea has become an important trade partner of China's Shandong and Liaoning provinces in recent years. For example, Shandong province has traded with ROK for many years and in 1991 the province's export volume to that country reached 342 million dollars, seven times that of 1988. The ROK has become the province's third largest trade partner after Japan and Hong Kong. At the same time the country has established 105 joint ventures in the Shandong Province with a total investment of 91 million dollars, accounting for more than 50 percent of its total investment in China. Meanwhile, the ROK has funded 158 enterprises in the Liaoning province, according to Jiang Delong, Deputy Director of the Liaoning Provincial committee of Foreign Economic Relations with Trade.<sup>115</sup>

During the first half of 1992, the Bank of Korea, the central bank, approved South Korean investments of 76 million dollars to China, compared with 79 million dollars for the whole of 1991 and 59 million dollars in 1990.<sup>116</sup> According to Mofert statistics, the ROK promised to invest 170 million dollars in 228 projects in China in the first six months of last year. Between 1979 and 1991, actual investment in the period was only 56.3 million dollars.<sup>117</sup> Through 1992 South Korea committed 619 million dollars to 945 projects in China. Actual input was 170 million dollars.<sup>118</sup> By the end of 1992, South Korea had launched 433 projects in China, with a total of 388 million dollars in promised investment.<sup>119</sup> The pace picked up sharply after the establishment of

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114. *China Daily Business Weekly*, 20-26 September 1992, p. 1.

115. *China Daily*, 29 August 1992, p. 2.

116. *Hankuk Ilbo*, 25 August 1992, p. 6.

117. *China Daily*, 26 August 1992, p. 2.

118. *China Daily Business Weekly*, 11-17 April 1993, p. 1.

119. *China Daily*, 26 March 1993, p. 2.

diplomatic relations, and scores of new investment agreements are now being signed each month. Park Chan-hyuk, director of the Korea Trade Centre in Beijing, said he expected trade between China and South Korea to top 20 billion dollars in 1993, with South Korean investment in China hitting 1 billion dollars in 1995. By that time, South Korea will be China's fourth biggest trading partner after Hong Kong, the United States and Japan.<sup>120</sup>

Existing South Korean investments in China are mainly labour-intensive industrial projects in Northeast China around the Bohai Sea, partly because of their proximity to that area.<sup>121</sup> Lin Kun, deputy director general of the foreign investment administration department of the Moftec, pointed out that "now they're moving to Central China, where lies the biggest potential economic power".<sup>122</sup>

In future, South Korean investors will expand to other parts of China. South Korean investors will feel it easier to invest in China now because their investments will be protected by formal ties. On the other hand, Beijing required close ties with Seoul because it needs economic cooperation for the attainment of its four modernization programmes. Taking the Beijing government's eighth five-year plan into account, China mainly imports fertilizer, chemical raw materials, steel and synthetic fibres from the ROK.<sup>123</sup>

#### **7.4 Soviet Economic Links with South Korea**

Today, Soviet society is very interested in the ROK. This is, above all, because the ROK has achieved the economic success that we want. We are confident that mutual cooperation in economic fields will contribute to

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120. *Ibid.*

121. So far, about 90 percent of South Korean investment in China has been in labour-intensive and raw-materials-processing sectors. *China Daily Business Weekly*, 11-17 April 1993, p. 1.

122. *China Daily Business Weekly*, 11-17 April 1993, p. 1.

123. *China Daily*, 26 August 1992, p. 2.

our perestroika cause.<sup>124</sup>

On 30 September 1990, when Soviet Foreign Minister Shevardnadze and ROK Foreign Minister Choi Ho-joong met in New York to establish formal relations, Genrikh Kireev, the chief of the Socialist Countries of Asia Administration at the Soviet Ministry of Foreign Affairs, stated: 'In deciding to establish diplomatic relations with the ROK we considered the economic factors too. As is widely known, we established direct trade and economic relations two years ago. At present, however, it has become very difficult to push economic cooperation without establishing government to government relations'.<sup>125</sup>

As mentioned above, the new economic relationship with Seoul with the opening of diplomatic ties was expected to help boost the Soviets' stagnant economy. The establishment of diplomatic relations paved the way for further strengthening of the economic partnership. When Roh visited Moscow in December 1990, both sides reached an agreement on 3 billion dollars of economic cooperation.<sup>126</sup> The Soviets wanted South Korea to help develop their resources (natural gas, coal, copper, asbestos, apatite), heavy industry (petrochemicals, paper, synthetic rubber), consumer products (automobiles, personal computers, video equipment, photo-copiers).<sup>127</sup>

#### 7.4.1 Trade

The new relationship between the Soviet Union and South Korea has a potential for strengthening the economic infrastructure of the Soviet Union and helping its

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124. *Aziya i Afrika Segodniya*, 5 May 1991.

125. Interview with Genrikh Kiryev, Moscow International Radio Service, 2 October 1990, in *FBIS-SOV-90-196*, 10 October 1990, p. 18.

126. In January 1991, South Korea promised 3 billion dollars of economic aid - 1 billion dollars in bank loans, 1.5 billion dollars in tied loans for the purchase of consumer goods and 500 million dollars for deferred payment for the procurement of industrial plants and equipment. *Delovie Lyudi*, June 1992, p. 42. It has provided 1 billion dollars in bank loans and 8 million dollars in export credit until March 1992. *the Korea Herald*, 18 March 1992, p. 2.

127. *Far Eastern Economic Review*, 20 September 1990, p. 86.



transition to a market economy. ROK had already made significant inroads into the trade of many Communist nations - for example, its trade volume even with PRC significantly exceeded that of the DPRK (see section 7.3.2).<sup>128</sup> The DPRK's Gross National Product, at the same time, was just a sixth of the size of that of the ROK. While relations with ROK were no panacea for the Soviet Union's many economic ills, it was a contact with a strong, vibrant economy that had had to overcome some, although not all, of the barriers to the former Soviet Union's economic restructuring. The problem was how able the Soviet Union would be in absorbing the lessons it could learn from ROK business and management.

It is necessary to stress that from the very beginning the development of Soviet-South Korean economic relations depended not only upon bilateral but also upon the regional economic situation. On the other hand growing Moscow-Seoul dialogue became an important factor of the contemporary situation in the Pacific area. At the end of 1980 Soviet-South Korean trade started from practically a zero level, but developed rather rapidly, because both sides tried to take advantage in this process of their unrealized trade potential.

The Soviet Union indicated the possibility of Soviet-South Korean economic

128. Table 7.4 China-North Korean Trade

(US Ten Thousand Dollars)

Year	1985	1986	1987	1988	1989	1990	1991*
=====							
Total	48,839	50,939	51,330	57,902	56,292	48,274	60,100
Export	23,147	23,339	27,711	34,535	37,737	35,816	9,000
Import	25,692	27,600	23,619	23,367	18,535	12,458	52,000
Balance	-2,545	-4,261	+4,092	+11,168	+19,202	+23,358	-43,000

Sources: Chinese Customs, \*Hankuk Ilbo, 27 August 1992, p. 3.

contacts in Gorbachev's Krasnoyarsk speech.<sup>129</sup> On 7 July 1989, "the week of the Republic of Korea" was opened at Krasnaya Presnya in Moscow. Such famous Korean firms as "Samsung", "Gold Star", "Daewoo", "Hundai" and other companies presented themselves and their products, especially, domestic electrics and consumer goods. The mission of KOTRA was also opened in the official atmosphere of the festival in Moscow. Its main goal was to assist the expansion of the economic ties between South Korea and the Soviet Union.<sup>130</sup>

Table 7.5 Soviet-South Korean Trade  
(US Million Dollars)

Years	1980	1983	1984	1985	1986	1987	1988	1989	1990	1991
Total	36.1	48.0	57.3	113.0	113.8	164.2	289.9	599.4	889.0	1202.4
Export	7.1	23.0	31.1	62.3	63.9	97.0	178.3	391.7	370.0	577.3
Import	29.0	25.0	26.2	59.7	49.9	67.2	111.6	207.7	519.0	625.1
Balance	-21.8	-2.0	+4.9	+2.6	+14.0	+29.8	+66.7	+184.0	-149.0	-47.8

Sources: Korea Trade Promotion Corporation(KOTRA)

Trade between both countries began in an indirect way as early as the mid-1970s. It was made after President Park Chung-hee's Declaration of June 23, 1973, which opened the road to South Korea's positive approach toward socialist countries. Economic cooperation between Korea and the Soviet Union remained in the form of indirect trade until the early 1980s.

As seen in Table 7.5, bilateral trade amounted to 36.1 million dollars in 1980 but it broke through the 113 million dollars level in 1985. In 1984 the trade volume between South Korea and the Soviet Union was relatively very low - 68 million dollars. Soviet-South Korean trade increased since 1985. The Soviet Union and South Korea increased their economic ties especially after the Seoul Olympics in 1988. Whereas in

129. *Izvestiya*, 18 September 1988, p. 2.  
130. *Sovetskaya Rossiya*, 8 July 1989, p. 5.

1987 its volume reached 164 million dollars, in 1988 the trade volume was 290 million dollars.

The total trade more than doubled in 1989 to 599.4 million dollars. Exports grew by 86 percent to 207.7 million dollars and imports grew by 120 percent to 391.7 million dollars, resulting in a Korean trade deficit of 184 million dollars. But the trade balance between the two countries was reversed, Korean exports increasing to 519 million dollars but Soviet exports decreasing to 370 million dollars.

In 1991, bilateral trade amounted to 12 billion dollars with Korea enjoying a slight surplus of 47.8 million dollars. The trade between South Korea and the Soviet Union had annually increased 51.8 percent on average during 1985-1989. Exports to the Soviet Union in the same period rose 36.6 percent per year as shown in Table 7.5.

In 1991, economic relations between the two countries had cooled down because of the Soviet Union's internal turbulence. As indicated in Table 7.5, the average annual growth rate of trade between Korea and the Soviet Union was especially high in the period 1987 to 1990, but began to slow down considerably after 1990. Thereafter, South Korean exports to Russia grew more rapidly than its imports from Russia (see Table 7.5). The trade surplus resulted from the South's donation of economic cooperation funds to the former Soviet Union. This also reflected the general situation in Soviet foreign trade. The total volume of trade between the two countries was very small compared with the trade volume between Korea and China as shown in Table 7.5 and Table 7.2 in 1991.

The basis of Soviet exports to South Korea is the supply of raw materials. In 1989, for example, the supply of electric and coking coal (1,2 million ton or 13,9%), steel and metal products (2,4 %), fishery-products (16,3%), nickel (8,5%), treated logs and cellulose (5,6%), fertilizers and so on predominated. The structure of Soviet imports is basically composed of manufactured articles and services. For example, in 1989 the main items of imports were yarn (25,7%), repair ships (19,2%), electric and

electronics articles (11,8%), footwear (6,1%), toiletries and tooth paste (6,7%)etc.<sup>131</sup>

As mentioned above, the composition of South Korean-Soviet trade was complementary, with South Korea mainly exporting manufactured goods and importing mostly raw materials.

7.4.2 Joint Ventures

Table 7.6 Korean Investment in the Soviet Union  
(US Million Dollars)

Year	1989	1990	1991	1992*
Amount	480,000	16.45	2.9	7.3
Number of Projects	2	3	9	12

\*January-October. Sources: Bank of Korea; cited in *Financial Times*, 18 November 1992, p. 4.

Korean investment in the Soviet Union was the area of economic cooperation which recieved most attention from both sides. Despite the high expectations from the two countries, however, the actual level of Korean investments in the Soviet Union remained relatively low. Only a few Korean joint ventures are actually operating in the former Soviet Union.

For example, total Korean investment in the Soviet Union, mostly in Russia, has amounted to 27 million dollars since 1989, when the two countries established trade offices. This was only about a tenth of the investment Korean companies made during the same period in China, another recently opened market for Korea, as shown in Tables 7.2 and 7.5.

131. Faminsky, Voitovsky, Ershov, Khaldin and Dykov (eds.), *Hashi delovye partnery: Respublika Koreya*, pp. 38-39.

Korean firms' direct investment in the Soviet Union has dampened much more than to China. Since the first Korean investment to the USSR was implemented in 1989, only three joint ventures, amounting to about 1.5 million dollars, have been established in Moscow and Svetlaya. Korean investment in the Soviet Union has declined from its peak in 1990, when it reached 16.4 million dollars. Investment dropped to 2.9 million dollars in 1991. Although it rose to 7.3 million dollars during the first 10 months of 1992, only 306,000 dollars has been committed since June 1992. Korean companies have been deterred by growing political turmoil and foreign exchange problems.<sup>132</sup> Political uncertainties in the former Soviet Union dampened investments, limiting the cumulative total to a surprisingly small 22.5 million dollars on the 19 projects realised so far. Potential for big-ticket projects such as energy extraction have however continued to excite Korean companies' interest.<sup>133</sup>

The Korean government had given permits to 27 investment projects in the former Soviet Union as of the end of October 1992, ever since Seoul and Moscow set up trade representative offices in 1989 as indicated in Table 7.6. Following the opening of official diplomatic ties between Korea and Russia in 1989, Korean companies have successfully engaged in wider economic cooperation with the Soviet Union.

Korea's Jindo Corp., a local fur goods-producing firm, is presently doing business in the Soviet Union with total investments of 480,000 dollars and a handful of Korean enterprises, including Hyundai and Samsung, are making a strong push for advancement into the Soviet Union. Among the contracts already concluded are Hyundai's 1 billion dollar project to develop Svetlaya's forestry and mineral resources, Daewoo's 1 billion dollars deal to ship electronics and other consumer goods, Goldstar's 800 million dollars electronics plant exports and Samsung's 900 million telecommunications system exports.<sup>134</sup>

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132. *Financial Times*, 18 November 1992, p. 4.

133. *Far Eastern Economic Review*, 27 May 1993, p. 46.

134. *The Korea Herald*, 13 December 1990, supplement, p. 1.

The ROK shows considerable interest in investing in a number of joint projects, including the development of timber resources in an area spanning 999 thousand hectares in Western Siberia; in the modernization of the ports of Nakhodka and Posiet; in building coal mines near the town of Partizansk; in processing fish and other marine products; in the development of coal deposits in South Yakut-Saha and in the construction of the railroad to Amur-Yakutsk.

The most notable cooperative project of Samsung has been the two VCR plants established in Voronezh and Novgorod. Each is capable of turning out 250,000 VCRs annually. The VCR plant project has brought parts and facilities costing a total of 160 million dollars.<sup>135</sup>

Beginning in September 1990 the Hyundai Group launched the development of forestry in Siberia. Hyundai was the most active among the Korean business concerns in advancing to the Soviet Union as it considered Siberia the 'last frontier' in its investment overseas. The group has signed contracts with the Soviet government to develop a coal mine and build soap and personal computer plants.<sup>136</sup>

The Samsung company signed a joint venture contract with a state-run company under the Russian Ministry of Communication concerning the TDX business in November 1991, which is now under a purchasing guarantee contract. Following its joint venture contract signing in November 1991, the company conducted a test operation using the 2,000 line TDX system already installed free of charge by Samsung at Petersburg City. President Yeltsin talked on the phone at the first test operation with Y.M. Chung, president of Samsung Information System Business.<sup>137</sup>

In the short term, Korea's investments into the former Soviet Union did focus on

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135. The Voronezh VCR plant turned out 250,000 units of VCRs in 1990, all of which were produced for the local market. Samsung exported VCR production facilities with an annual production capacity with an annual production capacity of 250,00 units and 30,000 parts to the Novgorod VCR plant with a loan worth 21 million dollars from the economic cooperation committee. *The Korea Herald*, 18 November 1992, supplement, p. 4.

136. *The Korea Times*, 21 November 1990, supplement, p. 1.

137. *The Korea Herald*, 18 November 1992, supplement, p. 4.

joint ventures manufacturing consumer items. In the longer term, developing business in cities was regarded as the most promising, in view of the region's easy supply of labour and transportation.<sup>138</sup>

Of course, there were several constraints. For example, the authority and role of the central government vis-a-vis the republics did not clearly redefine. More resolute economic reforms must have implemented to expedite a transition to a market economy. Trade and joint investments between the two countries were also hampered by the complexity of the Soviet foreign exchange rate structure, the inconvertibility of the rouble, and delays in the payment of import bills, as well as by infrastructure inadequacies in roads, telecommunications services and ports. Although the Soviet government was willing to come to grips with all those problems, the necessary reforms were not carried out quickly enough to enable ROK-USSR economic cooperation to move forward more vigorously.

In sum, the main problem complicating economic cooperation was the unstable political and economic situation in the former Soviet Union.

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138. *The Korea Herald*, 30 April 1991, p. 6.

## Chapter 8. Conclusion

As science and technology spread, the world became so small that specialists in comparative politics could no longer hold international variables constant in their models and, conversely, those who specialized in international politics could no longer afford to treat domestic variables as constant features of the world scene.<sup>1</sup> As indicated in chapter 1, after all, it is virtually a truism that nations are becoming increasingly interdependent and that external factors intrude into the internal life of every nation.<sup>2</sup>

In short, a shrinking world is a knot of intertwined political, economic, ethnic, national, military, and environmental problems. Foreign and domestic matters have become inextricably linked in contemporary international relations. Nations are becoming increasingly interdependent in a highly developed industrialized society. In this process we may find a key to unlocking the riddle about how domestic and foreign policy stimuli interact in an environment characterized as 'cascading interdependence'.

In the preceding chapters, I have attempted to highlight the domestic and external factors which were very interactive under Gorbachev. Domestic policy within the Soviet Union had a profound impact on the nature of its foreign policy and, similarly, the impact of the later determined significant aspects of domestic policy-making.

In other words, a major factor in the formation of Soviet foreign policy was the state of affairs in domestic politics which, in turn, was inextricably bound up with progress in the Soviet economic structure. Foreign policy results - and, equally, foreign policy developments outside direct Soviet influence and control - impacted upon domestic politics in a 'feedback loop' and occasionally substituted for domestic successes, but they were generally secondary to the internal scene in the pre-Gorbachev

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1. James N. Rosenau, 'Theorizing Across Systems: Linkages Politics Revisited', in Jonathan Wilkenfeld, ed., *Conflict Behavior & Linkage Politics* (New York: Cavid Makay Company, 1973), p. 42.

2. Rosenau, 'Foreign Policy as an Issue-Area', in Rosenau, ed., *Domestic Sources of Foreign Policy* (New York: The Free Press, 1967), p. 47.



era.<sup>3</sup> As Gorbachev said 'domestic and foreign policies are always interlinked',<sup>4</sup> links between domestic and foreign policy in the Gorbachev government were brought closer together than during the pre-Gorbachev period.

The domestic developments of perestroika, democratization and glasnost' introduced by Gorbachev led to a remarkable transformation of national perceptions. These were decisive sources of foreign policy behaviour. All factors of domestic policy: transformations in the Soviets' political, economic and social system, formation of parliamentary democracy, the elimination of the monopoly of ideology were transformed externally through foreign policy activity or other means. This was embodied in international relations (see chapters 3, 4, 5, 6 and 7).

These kind of domestic policy changes led to new political thinking in foreign policy (see sections 2.1 and 2.2) that stressed rationality and pragmatism, departing from the ideological line of class revolution. New political thinking was a carefully thought out construction that integrated domestic and foreign policy and carefully linked policy in all regions of the globe.<sup>5</sup> To bring about a favourable international atmosphere for a successful carrying out of perestroika, Gorbachev's new political thinking focused on achieving reconciliation and arms reduction, as well as promoting economic cooperation with western countries. Nikolai Slyunkov said at the meeting in the Kremlin Palace of Congresses on 5 November 1988 that 'this ensures more favourable foreign policy conditions for the successful implementation of the tasks of perestroika',<sup>6</sup> and also began receiving real benefits and fruits from cooperation with other states.<sup>7</sup>

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3. I. Zemtsov and J. Farrar, eds., *Gorbachev: The Man and The System* (Oxford: Transaction Publishers, 1989), p. 379.

4. *Izvestiya*, 20 November 1990, p. 1.

5. Deborah Nutter Miner, 'Introduction', in Roger E. Kanet, Deborah Nutter Miner and Tamara J. Resler, eds., *Soviet Foreign Policy in Transition* (Cambridge: Cambridge University Press, 1992), p. 3.

6. *Pravda*, 6 November 1988, p. 2.

7. *Pravda*, 5 July 1990, p. 2.

His Asia-Pacific policy was also based on a similar concept. The initiatives put forward by Gorbachev in Vladivostok (1986) and Krasnoyarsk (1988) played their role in the problem of reducing tension in the Asia-Pacific region and in normalizing relations between states in this area. To enhance the Soviets' involvement in the Asia-Pacific affairs was a timely and vital objective in Soviet national development. On the one hand, they tried to enter the Asia-Pacific region as a partner in the international economic community. Internal reforms in the Soviet Union and in particular the transition to a market economy made the task of evolving the USSR into the economic integration processes in this region all the more urgent. On the other hand, they also sought to solve security issues for stability in the Asia-Pacific region.<sup>8</sup>

It was in the context of the above policy framework that the Soviet Union began to pursue a pragmatic policy towards the Korean Peninsula, opposing any change disrupting stability. The following elements were at work behind the Soviet decision to establish diplomatic relations with South Korea. These elements can be applicable in the development of Soviet policy towards the Korean peninsula.

First, there was an economic factor. With regard to the Soviet Union's economic interests, the choice on the Korean Peninsula was very clear. The poor economic performance of the USSR was a strong stimulus to gain goods and credits from South Korea. The economic factor strongly influenced Moscow towards the renewal of diplomatic relations with South Korea. South Korea and the Soviet Union could have much to gain from each other. For example, highly advanced Soviet technology could be combined with Korea's manufacturing skills to produce advanced technology products. The Soviet Union could sell inexhaustible natural resources to Korea. Korea could provide consumer goods, build factories and develop natural resources.

Second, there was an international environment. The international environment was obviously changing for the better, enabling the Soviets to consider a much more

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8. At that time, Soviet Foreign Minister Shevardnadze admitted that it is indeed difficult to get a solution to the question of Asia-Pacific security unless South Korea takes part in the discussions. *The Korea Times*, 2 October 1990, p. 1.

radical approach towards South Korea. As a Soviet Asian specialist, Vasily Mikheev, said, relations between Moscow and Seoul are needed to fill the still-existing vacuum of political communication between and among the nations in the general Asian-Pacific structure of international relations.<sup>9</sup> In the Asia-Pacific region, new conditions for political and economic integration were being made, thus enabling closer cooperation with South Korea in the region that might be helpful to the Soviet Union. In this way, the Soviet Union received a good opportunity to demonstrate its active policy.

Third, the most important factor to recognize South Korea grew out of Soviet domestic politics. As mentioned in chapter 2, the more the Soviet Union entered the process of reforms, digging into the basics of what is good and what is bad for the society, the more it became clear that real reforms in the economics and politics, indeed in the conscience of the whole society were generally incompatible with the Marxist-Leninist theory. According to Kunadze's interpretation, starting from the moment when North Korea appeared at the centre of Soviet domestic controversy, it became vitally important for all supporters of radical reforms in the USSR to push through the cause of the diplomatic recognition of the ROK as fast as possible in order to deny pure conservatives the very ground for their obstinate arguments.<sup>10</sup>

Fourth, the political leadership also played a significant role (see 'policy thinking' in section 2.2.3).<sup>11</sup> Without the rise of Gorbachev to the top Soviet leadership, such a dramatic change in the power configuration on the Korean Peninsula would not have taken place. The role played by Shevardnadze in both formulation and implementation

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9. Vasily Mikheev, 'The USSR-Korea: gains or losses?', *The Korea Herald*, 21 December 1990, supplement, p. 4.

10. George F. Kunadze, 'USSR-ROK: Agenda for the Future', *Korea and World Affairs*, vol 15, no. 2 (Summer 1991), pp. 202-203.

11. On Mikhail Gorbachev as leader, see Part IV. Mikhail Gorbachev as Leader, in Ed. A. Hewett and Victor H. Winston, eds., *Milestones in Glasnost and Perestroika: Politics and People* (Washington, D.C.: The Brookings Institution, 1991), pp. 385-495.

of Soviet foreign policy based upon the new thinking should not be underestimated.<sup>12</sup>

Fifth, timing is another important factor. The rapprochement between the ROK and the USSR was conducted at the right time. The rapid progress of South Korea to a highly-efficient economy required a democratization of society that coincided in time with political changes in the Soviet Union as well as with good progress in international relations, especially between the East and the West.<sup>13</sup> Due to the perestroika processes in the Soviet Union and democratization of social and political life in South Korea, both sides gradually started to change their perception of the external threat. Accordingly, this contributed to destruction of decades-long ideological dogmas in Soviet-Korean policy.<sup>14</sup> In short, the two countries found themselves to be good partners in pursuit of important policies: perestroika and glasnost' in the Soviet Union and democratic reform and northern policy in South Korea.

Finally, the Soviet recognition of South Korea was attributed in part to the latter's northern policy. Northern policy was remarkably successful in establishing diplomatic relations with socialist countries and creating favourable conditions for the peaceful coexistence between the two Koreas (see section 7.1).<sup>15</sup>

In the case of Korea, therefore, we can not say domestic factors had an important role or external factors an unimportant role. Rather, internal-external interaction was positively played under the situation of a reduction in cold-war hostilities and increasing accommodation between the superpowers in the late 1980s. So, it was successful to make a model for linkages between domestic and foreign policies under Gorbachev period.

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12. Hiroshi Kimura, 'The Impact of the New Political Thinking Upon Northeast Asia' in Shugo Minagawa, ed., *Thorny Path to the Post-Perestroika World: Problems of Institutionalization* (Sapporo, Japan: Hokkaido University Press, 1992), p. 159.

13. Vladilen B. Vorontsov, 'Developments in the USSR and the ROK: Impact upon Soviet-South Korean Relations', a paper presented in the third Korean-Soviet Conference, Seoul, Korea (16-17 April 1990), p. 3.

14. Vorontsov, 'Developments in the USSR and the ROK: Impact upon Soviet-South Korean Relations', p. 4.

15. Seung-ho Joo, South Korea's Nordpolitik and the Soviet Union (Russia), *the Journal of East Asian Affairs*, vol. vii, no. 2 (Summer/Fall 1993), p. 405.

In sum, although domestic factors played an important role, it is my position that neither domestic nor external factors alone best explain Gorbachev's policy but, rather, the interplay of both in the complex interplay of international politics on domestic politics within the context of increasing global interdependence.

# Appendix 1. Soviet Trade with China( 1918-1991)

(In Million Roubles)\*

Year	Turnover	Export	Import	Balance
1918	4,6	-	4,6	-4,6
1919	0	-	0	0
1920	-	-	-	0
1921	0,1	-	0,1	-0,1
1921/22	0,1	-	0,1	-0,1
1922/23	0	-	0	0
1923/24	12,4	3,7	8,7	-5,0
1924/25	20,3	7,1	13,2	-6,1
1925/26	37,8	13,5	24,3	-10,8
1926/27	38,2	14,7	23,5	-8,8
1927/28	54,7	19,2	35,5	-16,3
1928(8-12)	12,0	6,3	5,7	+6,0
1929	45,4	18,3	27,1	-8,8
1930	41,6	22,4	19,2	+3,2
1931	33,0	19,6	13,4	+6,2
1932	32,9	18,6	14,3	+4,3
1933	30,9	14,1	16,8	-2,7
1934	12,7	5,3	7,4	-2,1
1935	11,4	5,1	6,3	-1,2
1936	13,5	6,6	6,9	-0,3
1937	12,9	6,0	6,9	-0,9
1938	21,7	7,4	14,3	-6,9
1939	23,5	5,8	17,7	-11,9
1940	26,2	8,8	17,4	-8,6
1941-45	-	-	-	
1946	67,1	11,4	55,7	-44,3
1947	141,1	68,9	72,2	-3,3
1948	193,3	112,1	81,2	+30,9
1949	308,6	179,7	128,9	+50,8
1950	518,9	349,4	169,5	+169,9
1951	728,8	430,6	298,2	+132,4
1952	871,2	498,8	372,4	+126,4
1953	1055,0	627,8	427,2	+200,6

1954	1203,9	683,4	520,5	+162,9
1955	1252,7	673,5	579,2	+94,3
1956	1347,5	659,7	687,8	-28,1
1957	1154,0	489,7	664,3	-184,6
1958	1363,7	570,6	793,1	-222,5
1959	1849,4	859,1	990,3	-131,2
1960	1498,7	735,4	763,3	-27,9
1961	826,9	330,6	496,3	-165,9
1962	674,8	210,1	464,7	-254,6
1963	540,2	168,5	371,7	-203,2
1964	404,6	121,8	282,8	-161,0
1965	375,5	172,5	203,0	-30,5
1966	286,6	157,8	128,8	-29,0
1967	96,3	45,2	51,1	-5,9
1968	86,4	53,4	33,0	+20,4
1969	51,1	25,0	26,1	-1,1
1970	41,9	22,4	19,5	+2,9
1971	138,7	70,1	68,6	+1,5
1972	210,6	100,2	110,4	-10,2
1973	201,3	100,5	100,8	-0,3
1974	213,9	108,4	105,5	+2,9
1975	200,9	93,1	107,8	-15,7
1976	314,4	179,8	134,6	+45,2
1977	248,5	118,4	130,1	-11,7
1978	338,7	163,8	174,9	-11,1
1979	332,5	175,2	157,3	+17,9
1980	316,6	169,6	147,0	+22,6
1981	176,8	82,6	94,2	-11,6
1982	223,5	120,1	103,4	+16,7
1983	488,2	255,6	232,6	+23,0
1984	977,8	467,9	509,9	-42,0
1985	1614,9	780,4	834,5	-54,1
1986	1822,0	910,3	911,7	-1,4
1987	1474,9	724,3	750,6	-26,3
1988	1850,1	1005,2	844,9	+160,3
1989	2412,0	1323,5	1083,5	+240,0
1990	5668,1	2390,6	3277,5	+886,9
1991	5930,3	2882,7	3047,6	-164,9

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Sources: *Vneshnyaya Torgovlya SSSR: Statisticheskii sbornik 1918-1966* (Moscow: Mezhdunarodnye otnosheniya, 1967); *Vneshnyaya Torgovlya za 1967-1973 god: Statisticheskii obzor* (Moscow: Mezhdunarodnye otnosheniya, 1967, 1969, 1971, 1973); *Vneshnyaya Torgovlya v 1975-1976* (Moscow: Mezhdunarodnye otnosheniya, 1975, 1976); *Vneshnyaya Torgovlya*, 4, 1978; *ibid.*, 5, 1979; *ibid.*, 4, 1980; *ibid.*, 3, 1981-1990; *ibid.*, 4-5, 1992, p. 49. \*A Non-commercial rate: end-1986 Rbo. 684: \$1; end-1987 Rbo. 602: \$1; end-1988 Rbo. 612:\$1; end-1989 Rbo. 633: \$1. See *The Economist Intelligence Unit Limited 1993*, 3rd quarter 1993, London.



## Appendix 2. Soviet trade with Japan(1918-1991)

(In Million Roubles)

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Year	Turnover	Export	Import	Balance
<hr/>				
1918	-	-	-	
1919	0	-	0	0
1920	-	-	-	
1921	-	-	-	
1921/22	0	-	0	0
1922/23	-	-	-	
1923/24	13,6	11,6	2,0	+9,6
1924/25	12,0	9,9	2,1	+7,8
1925/26	12,0	10,0	2,0	+8,0
1926/27	17,9	15,1	2,8	+12,3
1927/28	18,0	13,8	4,2	+9,6
1928(10-12)	3,6	2,6	1,0	+1,6
1929	21,6	15,1	6,5	+8,6
1930	25,8	12,6	13,2	-0,6
1931	25,4	15,5	9,9	+5,6
1932	11,7	7,9	3,8	+4,1
1933	13,0	7,2	5,8	+1,4
1934	9,9	4,5	5,4	-0,9
1935	12,8	4,3	8,5	-4,2
1936	16,1	5,0	11,1	-6,1
1937	11,2	2,0	9,2	-7,2
1938	3,9	1,2	2,7	-1,5
1939	0,5	0	0,5	-0,5
1940	1,0	0,2	0,8	-0,6
1941-45	-	-	-	
1946	0	0	0	0
1947	2,0	1,9	0,1	+1,8
1948	7,5	5,1	2,4	+2,7
1949	8,5	1,7	6,8	-5,1
1950	4,2	3,6	0,6	+3,0
1951	0	0	0	0
1952	0,5	0,3	0,2	+0,1
1953	2,0	2,0	0	+2,0

1954	1,8	1,8	0	+1,8
1955	3,6	2,0	1,6	+0,4
1956	3,4	2,7	0,7	+2,0
1957	15,4	7,6	7,8	-0,2
1958	33,9	17,9	16,0	+1,9
1959	51,1	30,0	21,1	+8,9
1960	123,9	68,5	55,4	+14,1
1961	161,6	101,7	59,9	+41,8
1962	232,9	101,7	131,2	-29,5
1963	260,4	111,5	148,9	-37,4
1964	332,1	148,2	173,9	-25,7
1965	326,1	166,5	159,6	+6,9
1966	416,6	214,8	201,8	+13,0
1967	466,8	317,7	149,1	+168,6
1968	518,6	352,1	166,5	+185,6
1969	558,7	321,3	237,4	+83,9
1970	652,3	341,4	310,9	+30,5
1971	733,6	377,4	356,2	+21,2
1972	815,6	381,7	433,9	-52,2
1973	994,4	622,0	372,4	+249,6
1974	1679,8	905,7	774,1	+131,6
1975	1922,4	668,9	1253,5	-584,6
1976	2120,5	748,4	1372,1	-623,7
1977	2297,8	853,4	1444,4	-591,0
1978	2319,8	736,1	1583,7	-847,6
1979	2605,4	944,4	1661,0	-716,6
1980	2722,8	950,2	1772,6	-822,4
1981	3029,5	816,8	2212,7	-1395,9
1982	3682,4	756,6	2925,8	-2169,2
1983	3000,5	825,0	2175,5	-1350,5
1984	2894,3	840,0	2054,3	-1214,3
1985	3214,9	928,9	2286,9	-1358,0
1986	3185,3	979,9	2205,4	-1225,5
1987	2600,7	972,5	1628,2	-655,7
1988	3135,1	1184,2	1950,9	-766,7
1989	3481,0	1343,0	2138,0	-795,0
1990	10033,1	4071,8	5961,3	-1889,5
1991	17950,5	5961,3	4216,2	+1745,1

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Sources: *Vneshnyaya Torgovlya SSSR: Statisticheskiy sbornik 1918-1966* (Moscow: Mezhdunarodnye otnosheniya, 1967); *Vneshnyaya Torgovlya za 1967-1973: Statisticheskii obzor* (Moscow: Mezhdunarodnye otnosheniya, 1967, 1969, 1971, 1973); *Vneshnyaya Torgovlya v 1975-1976* (Moscow: Mezhdunarodnye otnosheniya, 1975, 1976); *Vneshnyaya Torgovlya*, 4, 1978; *ibid.*, 5, 1979; *ibid.*, 4, 1980; *ibid.*, 3, 1981-1990; *ibid.*, 4-5, 1992, p. 49.

### Appendix 3. Soviet Trade with Korea (1918-1945)

(In Million Roubles)

Year	Turnover	Export	Import	Balance
1918-23	-	-	-	-
1923/24	0	0	-	0
1924/25	0,3	0,3	0	+0,3
1925/26	0,4	0,4	0	+0,4
1926/27	0	0	0	0
1927/28	0	0	0	0
1928 (10-12) -	-	-	-	-
1929	0,1	0,1	-	
1930	0,1	0,1	-	
1931	0	0	-	
1932	0,1	0,1	-	
1933	0,1	0,1	-	
1934-35	-	-	-	-
1936	0	0	-	
1937	0	0	-	
1938-45	-	-	-	-

Source: *Vneshnyaya Torgovlya SSSR: Statistichesky sbornik 1918-1966*  
(Moscow: Mezhdunarodnye otnosheniya, 1967).

# Appendix 4. Soviet Trade with North Korea(1946-1991)

(In Million Roubles)

=====				
Year	Turnover	Export	Import	Balance
1946	8, 6	3, 4	5, 2	-1, 8
1947	21, 5	12, 5	9, 1	+3, 4
1948	48, 4	25, 6	22, 8	+2, 8
1949	139, 6	82, 6	57, 0	+25, 6
1950	101, 1	62, 4	38, 7	+23, 7
1951	43, 2	16, 4	26, 8	-10, 4
1952	61, 7	35, 6	26, 1	+9, 5
1953	52, 6	29, 5	23, 1	+6, 4
1954	41, 5	16, 5	25, 0	-8, 5
1955	76, 4	39, 7	36, 7	+3, 0
1956	94, 5	48, 4	46, 1	+2, 3
1957	110, 3	54, 0	56, 3	-2, 3
1958	94, 6	52, 2	42, 4	+9, 8
1959	120, 0	73, 6	46, 4	+26, 2
1960	102, 7	35, 5	67, 2	-31, 7
1961	140, 5	69, 3	71, 2	-1, 9
1962	152, 0	72, 6	79, 4	-6, 8
1963	153, 2	73, 9	79, 3	-5, 4
1964	147, 2	74, 6	72, 6	+2, 0
1965	160, 3	80, 8	79, 5	-1, 3
1966	160, 1	77, 0	83, 1	-6, 1
1967	196, 5	99, 3	97, 2	+2, 1
1968	263, 8	155, 0	108, 8	+41, 2
1969	295, 3	181, 4	113, 9	+67, 5
1970	336, 0	207, 0	129, 0	+78, 0
1971	452, 3	330, 1	122, 2	+207, 9
1972	380, 0	251, 6	128, 4	+123, 2
1973	357, 3	224, 0	133, 3	+80, 7
1974	343, 2	194, 3	148, 9	+46, 4
1975	338, 2	186, 8	151, 4	+35, 4
1976	300, 5	181, 8	118, 7	+63, 1
1977	328, 7	164, 7	164, 0	+0, 7
1978	378, 1	176, 5	201, 6	-25, 1

1979	491,8	235,4	256,4	-21,0
1980	572,1	287,9	284,2	+3,7
1981	529,2	278,9	250,3	+28,6
1982	681,0	318,5	362,5	-44,0
1983	587,4	262,4	325,0	-62,6
1984	714,3	347,2	367,1	-19,9
1985	1051,2	648,4	402,8	+245,6
1986	1207,1	757,2	450,7	+306,5
1987	1232,1	800,2	431,9	+368,3
1988	1601,7	1062,2	539,5	+532,7
1989	1502,0	940,5	561,5	+379,0
1990	1774,4	1049,5	724,9	+324,6
1991	606,3	307,6	298,7	+8,9

---

Sources: *Vneshnyaya Torgovlya SSSR: Statisticheskii sbornik 1918-1966* (Moscow: Mezhdunarodnye otnosheniya, 1967); *Vneshnyaya Torgovlya za 1976-1973 god: Statisticheskii obzor* (Moscow: Mezhdunarodnye otnosheniya, 1967, 1969, 1971, 1973); *Vneshnyaya Torgovlya v 1975-1976* (Moscow: Mezhdunarodnye otnosheniya, 1976, 1976); *Vneshnyaya Torgovlya*, 4, 1978; *ibid.*, 5, 1979; *ibid.*, 4, 1980; *ibid.*, 3, 1981-1990; *ibid.*, 4-5, 1992, p. 49.

# Appendix 5. Soviet Trade with South Korea

(In Million Dollars)

Year	Turnover	Export	Import	Balance
1980	39.1	7.1	29.0	-21.8
1983	48.0	23.0	25.0	-2.0
1984	57.3	31.1	26.2	+4.9
1985	113.0	62.3	59.7	+2.6
1986	113.8	63.9	49.9	+14.0
1987	164.2	97.0	67.2	+29.8
1988	289.9	178.3	111.6	+66.7
1989	599.4	391.7	207.7	+184.0
1990	889.0	370.0	519.0	-149.0
1991	1202.4	577.3	625.1	-47.8

Source: Korea Trade Promotion Corporation(KOTRA)

**Appendix 6. Soviet trade with Vietnam(DPB) (1955-1991)**

(In Million Roubles)

=====				
Year	Turnover	Export	Import	Balance
1955	3,3	3,3	0	+3,3
1956-57	-	-	-	
1958	16,3	7,4	8,9	-1,5
1959	31,9	17,9	14,0	+3,9
1960	42,8	22,0	20,8	+1,2
1961	60,3	37,2	23,1	+14,1
1962	76,4	49,2	27,2	+22,0
1963	82,8	51,0	31,8	+19,2
1964	74,2	42,9	31,3	+11,6
1965	94,9	67,4	27,5	+39,9
1966	84,2	61,4	22,8	+38,6
1967	151,7	132,9	18,8	+114,1
1968	159,4	143,3	16,1	+127,2
1969	185,6	170,4	15,2	+155,2
1970	183,2	166,5	16,7	+149,8
1971	160,8	139,3	21,5	+117,8
1972	116,8	94,2	22,6	+71,6
1973	179,8	142,9	36,9	+106,0
1974	235,7	192,3	43,4	+148,9
1975	206,5	158,7	47,8	+110,9
1976	296,1	232,5	63,6	+168,9
1977	404,0	274,2	129,8	+144,4
1978	457,8	305,5	152,3	+153,2
1979	593,8	446,2	147,6	+298,6
1980	612,4	454,9	157,5	+297,4
1981	891,8	724,6	167,2	+557,4
1982	1010,7	804,2	206,5	+597,7
1983	1139,0	904,1	234,9	+669,2
1984	1261,9	1004,0	257,9	+746,1
1985	1446,1	1165,3	280,8	+884,5
1986	1612,7	1318,4	294,3	+1004,1
1987	1773,4	1454,5	318,9	+1135,6
1988	1782,2	1393,6	388,6	+1005,0



1989	1910,6	1390,9	519,7	+871,3
1990	2010,6	1307,1	703,5	+503,6
1991	850,8	444,8	406,0	+38,8

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Sources: *Vneshnyaya Torgovlya SSSR: Statisticheskii Sbornik 1918-1966* (Moscow: Mezhdunarodnye otnosheniya, 1967); *Vneshnayaya Torgovlya za 1967-1973 god: Statisticheskii obzor* (Moscow: Mezhdunarodnye otnosheniya, 1967, 1969, 1971, 1973); *Vneshnyaya Torgovlya v 1975-1976* (Moscow: Mezhdunarodnye otnosheniya, 1975, 1976); *Vneshnyaya Torgovlya*, 4, 1978; *ibid.*, 5, 1979; *ibid.*, 4, 1980; *ibid.*, 3, 1981-1990; *ibid.*, 4-5, 1992, p. 49.

# Appendix 7. Soviet Trade with Cambodia (1958-1991)

(In Million Roubles)

Year	Turnover	Export	Import	Balance
1958	0,4	0,4	0	+0,4
1959	1,2	1,2	0	+1,2
1960	4,6	1,9	2,7	-0,8
1961	7,0	1,4	5,6	-4,2
1962	7,5	2,0	5,5	-3,5
1963	4,8	2,9	1,9	+1,0
1964	2,3	1,6	0,7	+0,9
1965	3,7	2,6	1,1	+1,5
1966	2,7	2,2	0,5	+1,7
1967	1,8	1,2	0,6	+0,6
1968	2,5	0,6	1,9	-1,3
1969	-	-	-	-
1970	1.7	0.3	1.4	-1.1
1971	0.1	0.1	-	+0.1
1972-1981	-	-	-	-
1982	55,7	53,4	2,3	+51,1
1983	71,8	67,8	4,0	+63,8
1984	81,4	76,2	5,2	+71,0
1985	100,2	91,1	9,1	+82,0
1986	122,7	114,0	8,7	+105,3
1987	123,2	112,0	11,2	+100,8
1988	130,4	117,3	13,1	+104,2
1989	140,8	128,5	12,3	+116,2
1990	311,7	271,0	40,7	+130,3
1991	22,0	13,7	8,3	+5,4

Sources: *Vneshnyaya Torgovlya SSSR: Statisticheskii sbornik 1918-1966* (Moscow: Mezhdunarodnye otnosheniya, 1967); *Vneshnyaya Torgovlya za 1967-71 god: Statisticheskii obzor* (Moscow: Mezhdunarodnye otnosheniya, 1967, 1969, 1971); *Vneshnyaya Torgovlya*, 3, 1983-1990; *ibid.*, 4-5, 1992, p. 49.

# Appendix 8. Soviet Trade with Laos (1976-1991)

(In Million Roubles)

Year	Turnover	Export	Import	Balance
1976	10,6	10,6	0	+10,6
1977	22,6	22,6	0	+22,6
1978	11,8	11,6	0,2	+11,4
1979	25,2	25,0	0,2	+24,8
1980	37,3	37,0	0,3	+36,7
1981	37,1	36,2	0,9	+35,3
1982	66,2	64,2	2,0	+63,8
1983	77,8	75,5	2,3	+73,2
1984	67,1	65,0	2,1	+62,9
1985	87,8	85,5	2,3	+83,2
1986	67,3	62,2	5,1	+57,1
1987	87,6	78,2	9,4	+68,8
1988	86,0	74,6	11,4	+63,2
1989	89,3	73,7	15,6	+58,1
1990	82.0	55.6	16.4	+39.2
1991	14.4	9.7	4.7	+5.0

Sources: *Vneshnyaya Torgovlya*, 4, 1978; *ibid.*, 5, 1979; *ibid.*, 4, 1980; *ibid.*, 3, 1981-1990; *ibid.*, 4-5, 1992, p. 49.

# Appendix 9. Soviet Trade with Singapore (1960-1991)

(In Million Roubles)

Year	Turnover	Export	Import	Balance
1960	1,9	1,9	0	+1,9
1961-63	-	-	-	-
1964	3,0	3,0	0	+3,0
1965	2,6	2,6	0	+2,6
1966	2,5	2,5	0	+2,5
1967	4,9	4,8	0,1	+4,7
1968	8,0	6,2	1,8	+4,4
1969	6,6	5,6	1,0	+4,6
1970	8,4	5,5	2,9	+2,6
1971	8,1	4,4	3,7	+0,7
1972	9,0	4,4	4,6	-0,2
1973	9,6	6,4	3,2	+3,2
1974	18,0	4,5	13,5	-9,0
1975	14,5	3,8	10,7	-6,9
1976	21,0	11,9	9,1	+2,8
1977	26,7	13,9	12,8	+1,1
1978	38,9	8,8	30,1	-21,3
1979	66,9	15,1	51,8	-36,7
1980	83,3	14,9	68,4	-53,5
1981	117,2	49,0	68,2	-19,2
1982	71,4	30,6	40,8	-10,2
1983	88,8	23,2	65,6	-42,4
1984	227,4	24,3	203,1	-178,8
1985	90,3	10,7	79,6	-68,9
1986	62,6	26,7	35,9	-9,3
1987	85,3	37,2	48,1	-10,9
1988	61,5	25,6	35,9	-10,3
1989	158,6	58,4	100,2	-41,8
1990	752,7	162,0	590,7	-428,7
1991	581,3	246,8	334,5	-87,7

Sources: *Vneshnyaya Torgovlya SSSR: Statisticheskii sbornik 1918-1966* (Moscow: Mezhdunarodnye otnosheniya, 1967); *Vneshnyaya Torgovlya za*

1967-1973 god: *Statisticheskii obzor* (Moscow: Mezhdunarodnye otnosheniya, 1967, 1969, 1971, 1973); *Vneshnyaya Torgovlya v 1975-1976* (Moscow: Mezhdunarodnye otnosheniya, 1975, 1976); *Vneshnyaya Torgovlya*, 4, 1978; *ibid.*, 5, 1979; *ibid.*, 4, 1980; *ibid.*, 3 1981-1990; *ibid.*, 4-5, 1992, p. 49.

# Appendix 10. Soviet Trade with Tailand(1958-1991)

(In Million Roubles)

Year	Turnover	Export	Import	Balance
1958	0,3	0,3	0	+0,3
1959	3,4	0,8	2,6	-1,8
1960	4,4	1,3	3,1	-1,8
1961	10,3	1,5	8,8	-7,3
1962	9,3	0,9	8,4	-7,5
1963	4,6	1,4	3,2	-1,8
1964	1,6	1,6	0	-1,6
1965	2,1	1,6	0,5	+1,1
1966	2,2	2,2	0	+2,2
1967	4,2	3,4	0,8	+2,6
1968	3,4	3,0	0,4	+2,6
1969	2,8	2,5	0,3	+2,2
1970	3,4	2,6	0,8	+1,8
1971	6,6	2,5	4,1	-1,6
1972	6,0	2,8	3,2	-0,4
1973	4,5	2,1	2,4	-0,3
1974	11,1	1,3	9,8	-8,5
1975	17,3	4,0	13,3	-9,3
1976	10,2	7,8	2,4	+5,4
1977	8,4	5,9	2,5	+3,4
1978	11,8	5,7	6,1	-0,4
1979	34,1	7,8	26,3	-18,5
1980	173,1	8,6	164,5	-155,9
1981	320,4	8,0	312,4	-304,4
1982	141,8	8,9	132,9	-124,0
1983	62,5	7,8	54,7	-46,9
1984	73,9	11,3	62,6	-51,3
1985	67,9	13,4	54,5	-41,1
1986	90,9	10,2	80,7	-70,5
1987	54,8	24,0	30,8	-6,8
1988	64,4	24,2	40,2	-16,0
1989	256,6	35,9	220,7	-185,2
1990	356,3	164,3	192,0	-27,7

1991	489,7	334,4	155,3	+179,1
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Sources: *Vneshnyaya Torgovlya SSSR: Statisticheskii sbornik 1918-1966* (Moscow: Mezhdunarodnye otnosheniya, 1967); *Vneshnyaya Torgovlya za 1967-1973 god: Statisticheskii obzor* (Moscow: Mezhdunarodnye otnosheniya, 1967, 1969, 1971, 1973); *Vneshnyaya Torgovlya v 1975-1976* (Moscow: Mezhdunarodnye otnosheniya, 1975, 1976); *Vneshnyaya Torgovlya*, 4, 1978; *ibid.*, 5, 1979; *ibid.*, 4, 1980; *ibid.*, 3, 1981-1990; *ibid.*, 4-5, 1992, p. 49.

# Appendix 11. Soviet Trade with Indonesia(1951-1991)

(In Million Roubles)

Year	Turnover	Export	Import	Balance
1951-53	0	0	-	-
1954	0,1	0,1	0	+0,1
1955	3,4	0,1	3,3	-3,2
1956	11,8	0,2	11,6	-11,4
1957	22,9	5,1	17,8	-12,7
1958	34,9	24,5	10,4	+14,1
1959	24,1	14,2	9,9	+4,3
1960	42,9	14,6	28,3	-13,7
1961	58,7	28,2	30,5	-2,3
1962	87,5	52,7	34,8	+17,9
1963	71,7	44,9	26,8	+18,1
1964	65,6	42,4	23,2	+19,2
1965	77,8	49,0	28,8	+20,2
1966	32,0	4,3	27,7	-23,4
1967	26,6	4,7	21,9	-17,2
1968	21,9	4,7	17,2	-12,5
1969	24,6	3,2	21,4	-18,2
1970	29,5	4,5	25,0	-21,5
1971	20,2	10,1	10,1	0
1972	9,4	2,6	6,8	+4,2
1973	6,9	2,7	4,2	-1,5
1974	27,9	8,0	19,9	-11,9
1975	28,6	7,7	20,9	-13,2
1976	32,3	4,4	27,9	-23,5
1977	31,7	7,6	24,1	-16,5
1978	36,4	8,4	28,0	-19,6
1979	49,3	10,3	39,0	-28,7
1980	59,9	15,0	44,9	-29,9
1981	93,1	34,1	59,0	-24,9
1982	53,8	34,4	19,4	+15,0
1983	58,3	22,2	36,1	-13,9
1984	56,9	5,6	51,3	-45,7
1985	94,2	3,7	90,5	-86,8



1986	45,4	3,1	42,3	-39,2
1987	67,8	11,2	56,6	-45,4
1988	40,4	16,1	24,3	-8,2
1989	94,5	26,3	68,2	-42,1
1990	176,9	24,1	152,8	-128,7
1991	106,0	53,9	52,1	+1,8

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Sources: *Vneshniya Torgovlya SSSR: Statisticheskii sbornik 1918-1966* (Moscow: Mezhdunarodnye otnosheniya, 1967); *Vneshnyaya Torgovlya za 1967-1973 god: Statisticheskii obzor* (Moscow: Mezhdunarodnye otnosheniya, 1967, 1969, 1971, 1973); *Vneshnyaya Torgovlya*, 4, 1978; *ibid.*, 5, 1979; *ibid.*, 4, 1980; *ibid.*, 3, 1981-1990; *ibid.*, 4-5, 1992, p. 49.

# Appendix 12. Soviet Trade with Malaysia(1934-1991)

(In Million Roubles)

Year	Turnover	Export	Import	Balance
1934	0,4	-	0,4	
1935	1,7	-	1,7	
1936	2,4	-	2,4	
1937	3,2	-	3,2	
1938	4,7	-	4,7	
1939	1,3	-	1,3	
1940-46	-	-	-	-
1947	12,0	-	12,0	
1948	40,6	-	40,6	
1949	28,2	-	28,2	
1950	30,5	-	30,5	
1951	18,5	-	18,5	
1952	4,5	-	4,5	
1953	3,7	-	3,7	
1954	-	-	-	-
1955	19,6	-	19,6	
1956	75,6	-	75,6	
1957	43,9	-	43,9	
1958	106,2	-	106,2	
1959	114,8	0,8	114,0	-113,2
1960	102,3	1,9	100,4	-98,5
1961	154,4	1,8	152,6	-150,8
1962	146,9	2,0	144,9	-142,9
1963	124,3	3,9	120,4	-116,5
1964	63,8	0	63,8	-63,8
1965	101,4	0	101,4	-101,4
1966	113,0	0	113,0	-113,0
1967	87,0	0,1	86,9	-86,8
1968	90,5	0,1	90,4	-90,3
1969	111,1	1,5	109,6	-108,1
1970	112,6	1,6	111,0	-109,4
1971	79,1	1,5	77,6	-76,1
1972	59,4	1,0	58,4	-57,4

1973	97,6	0,9	96,7	-95,8
1974	188,7	0,7	188,0	-187,3
1975	102,1	0,8	101,3	-100,5
1976	107,7	4,2	103,5	-99,3
1977	136,4	8,6	127,8	119,2
1978	125,3	4,2	121,1	-116,9
1979	167,7	4,0	163,7	-159,7
1980	207,5	14,2	193,3	-179,1
1981	190,0	15,0	175,0	-160,0
1982	250,6	15,9	234,7	-218,8
1983	259,2	12,0	247,2	-235,2
1984	228,8	14,0	214,8	-200,8
1985	191,2	10,8	180,4	-169,6
1986	104,2	7,6	96,6	-89,0
1987	115,8	11,0	104,8	-93,8
1988	99,1	17,7	81,4	-63,7
1989	165,6	12,9	152,7	-139,8
1990	330,6	65,6	265,0	-199,4
1991	243,4	58,9	184,5	-125,6

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Sources: *Vneshnyaya Torgovlya SSSR: Statisticheskii sbornik 1918-1966* (Moscow: Mezhdunarodnye otnosheniya, 1967); *Vneshniya Torgovlya za 1967-1973 god: Statisticheskii obzor* (Moscow: Mezhdunarodnye otnosheniya, 1967, 1969, 1971, 1973); *Vneshnyaya Togovlya v 1975-1976* (Moscow: Mezhdunarodnye otnosheniya, 1975, 1976); *Vneshnyaya Torgovlya*, 4, 1978; *ibid.*, 5, 1979; *ibid.*, 4, 1980; *ibid.*, 3, 1981-1990; *ibid.*, 4-5, 1992, p. 49.

### Appendix 13. Soviet Trade with Philippine (1976-1991)

(In Million Roubles)

Year	Turnover	Export	Import	Balance
1975	12.8	0.4	12.4	-12.0
1976	68,3	1,4	66,9	-65,5
1977	108,1	1,8	106,3	-104,5
1978	35,3	6,9	28,4	-21,5
1979	63,0	7,6	55,4	-47,8
1980	134,2	8,5	125,7	-117,2
1981	157,5	0,5	157,0	-156,5
1982	93,6	13,1	80,5	-67,4
1983	60,6	5,6	55,0	-49,4
1984	62,6	4,7	57,9	-43,2
1985	39,7	10,9	28,8	-17,9
1986	17,4	7,4	10,0	-2,6
1987	27,1	11,3	15,8	-4,5
1988	24,6	13,3	11,3	+2,0
1989	21,6	5,5	16,1	-10,6
1990	66,9	34,3	32,6	+1,7
1991	56,4	41,3	15,1	+26,2

Sources: *Vneshnyaya Torgovlya SSSR v 1976 g.* (Moscow:

*Mezhdunarodnye otnosheniya*, 1976), p. 12; *Vneshnyaya Torgovlya*, 4, 1978; *ibid.*, 5, 1979; *ibid.*, 4, 1980; *ibid.*, 3, 1981-1990; *ibid.*, 4-5, 1992, p. 49.

# Appendix 14. Soviet Trade with Australia(1921-1991)

(In Million Roubles)

Year	Turnover	Export	Import	Balance
1921/22	0	-	0	-
1922/23	0,1	-	0,1	-
1923/24	1,6	-	1,6	-
1924/25	23,4	0	23,4	-23,4
1925/26	13,2	-	13,2	-
1926/27	12,2	0	12,2	-12,2
1927/28	22,8	0	22,8	-22,8
1928 (10-12)	7,7	-	7,7	-7,7
1929	13,7	0	13,7	-13,7
1930	9,7	0,2	9,5	-9,3
1931	2,4	0	2,4	-2,4
1932	4,7	0,1	4,6	-4,5
1933	0,1	0	0,1	-0,1
1934	1,4	0	1,4	-1,4
1935	3,5	0	3,5	-3,5
1936	4,5	0	4,5	-4,5
1937	5,5	0	5,5	-5,5
1938	8,6	0	8,6	-8,6
1939	3,0	0	3,0	-3,0
1940	0	0	-	-
1941-45	-	-	-	-
1946	0	0	-	-
1947	0,3	0	0,3	-0,3
1948	29,4	0	29,4	-29,4
1949	24,5	0,7	23,8	-23,1
1950	26,3	1,6	24,7	-23,1
1951	15,1	1,7	13,4	-11,7
1952	0,8	0,8	0	+0,8
1953	21,5	1,9	19,6	-17,7
1954	38,1	1,2	36,9	-35,7
1955	7,2	1,1	6,1	-5,0
1956	0	0	0	0
1957	0,4	0	0,4	-0,4

1958	0,4	0,4	0	+0,4
1959	5,3	0,2	5,1	-4,9
1960	31,6	0,4	31,2	-30,8
1961	26,6	0,6	26,0	-25,4
1962	27,1	0,4	26,7	-26,3
1963	53,6	1,1	52,5	-51,4
1964	123,3	1,1	122,2	-121,1
1965	92,1	1,4	90,7	-89,3
1966	35,2	0,9	34,3	-33,4
1967	18,6	1,3	17,3	-16,0
1968	36,9	1,0	35,9	-34,9
1969	41,9	1,7	40,2	-38,5
1970	61,8	1,5	60,3	-58,8
1971	69,4	1,3	68,1	-66,8
1972	73,0	1,8	71,2	-69,4
1973	198,0	3,2	194,8	-191,6
1974	183,9	5,4	178,5	-174,1
1975	329,4	2,1	327,3	-325,2
1976	409,7	3,1	406,6	-403,5
1977	328,9	4,3	324,6	-320,3
1978	279,4	4,6	274,8	-270,2
1979	398,5	5,3	393,2	-387,9
1980	781,4	6,0	775,4	-769,4
1981	549,3	11,2	538,1	-326,9
1982	523,2	13,6	509,6	-496,0
1983	416,0	11,7	404,3	-391,6
1984	503,3	22,1	481,2	-459,1
1985	545,8	13,7	532,1	-518,4
1986	517,3	8,2	509,1	-500,9
1987	360,6	12,4	348,2	-335,8
1988	363,9	13,9	350,0	-336,1
1989	605,1	17,7	587,4	-569,7
1990	690,9	49,8	641,1	-591,3
1991	706,5	15,3	691,2	-675,9

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Sources: *Vneshnyaya Torgovlya SSSR: Statisticheskii sbornik 1918-1966* (Moscow: Mezhdunarodnye otnosheniya, 1967); *Vneshniya Torgovlya za 1967-1973 god: Statisticheskii obzor* (Moscow: Mezhdunarodnye

otnosheniya, 1967, 1969, 1971, 1973); *Vneshnyaya Torgovlya SSSR v 1975-1976 g.* (Moscow: Mezhdunarodnye otnosheniya, 1975, 1976); *Vneshnyaya Torgovlya*, 4, 1978; *ibid.*, 5, 1979; *ibid.*, 4, 1980; *ibid.*, 3, 1981-1990; *ibid.*, 4-5, 1992, p. 51.

# Appendix 15. Soviet Trade with New Zealand(1955-1991)

(In Million Roubles)

=====				
Year	Turnover	Export	Import	Balance
1955	3,7	0	3,7	-3,7
1956-57	-	-	-	-
1958	4,9	0	4,9	-4,9
1959	0,4	0	0,4	-0,4
1960	8,0	0	8,0	-8,0
1961	7,9	0	7,9	-7,9
1962	2,4	0	2,4	-2,4
1963	0,8	0,8	0	+0,8
1964	3,5	0,2	3,3	-3,1
1965	7,4	0,4	7,0	-6,6
1966	14,8	0,2	14,6	-14,4
1967	13,4	0,3	13,1	-12,8
1968	9,6	0,6	9,0	-8,4
1969	18,8	0,6	18,2	-17,6
1970	19,6	0,7	18,9	-18,2
1971	27,4	1,3	26,1	-24,8
1972	22,6	1,0	21,6	-20,6
1973	38,7	1,4	37,3	-35,9
1974	60,4	2,4	58,0	-25,6
1975	31,1	2,0	29,1	-27,1
1976	81,1	2,4	78,7	-76,3
1977	121,6	3,0	118,6	-115,6
1978	45,2	3,2	42,0	-38,8
1979	116,9	3,2	113,7	-110,5
1980	169,6	3,1	166,5	-163,4
1981	174,4	6,5	167,9	-161,4
1982	237,4	7,7	229,7	-222,0
1983	185,5	6,4	179,1	-172,7
1984	56,5	7,9	48,6	-40,7
1985	90,9	4,3	86,6	-82,3
1986	93,7	5,2	88,5	-83,3
1987	74,2	6,3	67,9	-61,6
1988	111,8	9,8	102,0	-2,2



1989	143,8	15,9	127,9	-112,0
1990	418,3	35,8	382,5	-346,8
1991	297,4	2,1	295,3	-293,2

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Sources: *Vneshnyaya Torgovlya SSSR: Statisticheskii sbornik 1918-1966* (Moscow: Mezhdunarodnye otnosheniya, 1967); *Vneshnyaya Torgovlya za 1967- 1973 god: Statisticheskii obzor* (Moscow: Mezhdunarodnye otnosheniya, 1967, 1969, 1971, 1973); *Vneshnyaya Torgovlya SSSR v 1975-1976 g.* (Moscow: Mezhdunarodnye otnosheniya, 1975, 1976); *Vneshnyaya Torgovlya*, 4, 1978; *ibid.*, 5, 1979; *ibid.*, 4, 1980; *ibid.*, 3, 1981-1990; *ibid.*, 4-5, 1992, p. 51.

# Appendix 16. Soviet Trade with Mexico (1955-1991)

(In Million Roubles)

Year	Turnover	Export	Import	Balance
1955	2,0	0	2,0	-2,0
1956-57	-	-	-	-
1958	0,7	0,5	0,2	+0,3
1959	1,6	0,4	1,2	-0,8
1960	3,6	0,6	3,0	-2,4
1961	0,4	0,1	0,3	-0,2
1962	6,7	0,1	6,6	-6,5
1963	7,5	0,1	7,4	-7,3
1964	2,2	0,3	1,9	-1,6
1965	-	-	-	-
1966	9,9	0,6	9,3	-8,7
1967	9,0	0,7	8,3	-7,6
1968	10,0	2,4	7,6	-5,2
1969	5,8	0,8	5,0	-4,2
1970	1,0	0,7	0,3	+0,4
1971	9,5	0,3	9,2	-8,9
1972	8,4	0,6	7,8	-7,2
1973	0,6	0,5	0,1	+0,4
1974	2,4	1,1	1,3	-0,2
1975	6,1	4,4	1,7	+2,7
1976	18,0	6,9	11,1	-4,2
1977	2,9	1,2	1,7	-0,5
1978	13,4	2,4	11,0	-8,6
1979	4,8	0,7	4,1	-3,4
1980	13,8	11,9	1,9	+10,0
1981	22,7	4,0	18,7	-14,7
1982	28,8	7,8	21,0	-13,2
1983	11,6	2,9	8,7	-5,8
1984	16,1	1,7	14,4	-12,7
1985	20,3	4,2	16,1	-11,9
1986	11,9	4,3	7,6	-3,3
1987	43,0	6,2	27,8	-21,6
1988	90,8	2,5	88,3	-85,8

1989	62,1	4,5	57,6	-53,1
1990	112,5	22,6	89,9	-67,3
1991	87,3	11,1	76,2	-65,1

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Sources: *Vneshnyaya Torgovlya SSSR: Statisticheskii sbornik 1918-1966* (Moscow: Mezhdunarodnye otnosheniya, 1967); *Vneshnyaya Torgovlya za 1967-1973 god: Statisticheskii obzor* (Moscow: Mezhdunarodnye otnosheniya, 1967, 1969, 1971, 1973); *Vneshnyaya Torgovlya SSSR v 1975-1976 g.* (Moscow: Mezhdunarodnye otnosheniya, 1975, 1976); *Vneshnyaya Torgovlya*, 4, 1978; *ibid.*, 5, 1979; *ibid.*, 4, 1980; *ibid.*, 3, 1981-1990; *ibid.*, 4-5, 1992, p. 51.

# Appendix 17. Soviet Trade with the United States (1918-1991)

(In Million Roubles)

Year	Turnover	Export	Import	Balance
1918	11,8	0,6	11,2	-10,6
1919	0	-	0	-
1920	0,8	-	0,8	-
1921	31,7	0	31,7	-31,7
1921/22	34,5	0	34,5	-34,5
1922/23	3,9	0,4	3,5	-3,1
1923/24	45,6	5,6	40,0	-34,4
1924/25	180,5	22,2	158,3	-136,1
1925/26	119,8	24,0	95,8	-71,8
1926/27	132,8	18,4	114,4	-96,0
1927/28	169,1	21,9	147,2	-125,3
1928 (10-12)	30,3	7,0	23,3	-16,3
1929	172,5	33,5	139,0	-105,5
1930	239,4	32,1	207,3	-175,2
1931	198,1	17,8	180,3	-162,5
1932	38,3	13,5	24,8	-11,3
1933	24,0	11,0	13,0	-2,0
1934	25,2	11,2	14,0	-2,8
1935	43,9	20,8	23,1	-2,3
1936	60,7	23,3	37,4	-14,1
1937	64,6	22,8	41,8	-19,0
1938	84,5	15,1	69,4	-54,3
1939	66,1	14,6	51,5	-36,9
1940	95,3	19,2	76,1	-56,9
1941-45	-	-	-	-
1946	303,9	90,9	213,0	-122,1
1947	170,0	70,7	99,3	-28,6
1948	119,7	73,1	46,6	+26,5
1949	66,4	43,7	22,7	+21,0
1950	50,4	43,2	7,2	+36,0
1951	24,3	23,8	0,5	+23,3
1952	16,2	15,8	0,4	+15,4
1953	15,2	14,8	0,4	+14,4

1954	14,7	14,2	0,5	+13,7
1955	21,9	21,4	0,5	+20,9
1956	28,4	24,5	3,9	+20,6
1957	23,5	14,4	9,1	+5,3
1958	27,7	23,5	4,2	+19,3
1959	39,1	23,1	16,0	+7,1
1960	76,1	22,2	53,9	-31,7
1961	67,5	21,9	45,6	-23,7
1962	40,0	15,7	24,3	-8,6
1963	47,4	22,3	25,1	-2,8
1964	164,9	18,6	146,3	-127,7
1965	89,2	31,0	58,2	-27,2
1966	99,0	42,0	57,0	-15,0
1967	91,7	35,4	56,3	-20,9
1968	89,5	38,6	50,9	-12,3
1969	159,6	54,5	105,1	-50,6
1970	160,9	57,8	103,1	-45,3
1971	183,6	54,4	129,2	-74,8
1972	537,8	76,4	461,4	-385,0
1973	1161,0	137,8	1023,2	-885,4
1974	742,2	177,3	654,9	-477,6
1975	1599,5	137,4	1462,1	-1324,7
1976	2205,5	198,7	2006,8	-1808,1
1977	1527,9	271,6	1256,3	-984,7
1978	1855,2	255,3	1599,9	-1344,6
1979	2837,1	350,2	2486,9	-2136,7
1980	1502,5	151,0	1351,5	-1200,5
1981	1845,4	183,4	1662,0	-1478,6
1982	2226,4	154,8	2071,6	-1916,8
1983	1900,5	330,5	1570,0	-1239,5
1984	3134,9	305,9	2829,0	-2523,1
1985	2702,5	326,1	2376,4	-2050,3
1986	1458,5	312,5	1146,0	-833,5
1987	1198,5	279,0	919,5	-640,5
1988	2104,1	331,5	1772,6	-1441,1
1989	3395,1	529,9	2865,2	-2335,3
1990	7690,1	1577,9	6112,2	-4534,3
1991	7874,6	1267,8	6606,8	-5339,0

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Sources: *Vneshnyaya Torgovlya SSSR: Statistichesky sbornik 1918-1966* (Moscow: Mezhdunarodnye otnosheniya, 1967); *Vneshnyaya Torgovlya za 1967-1973 god: Statisticheskii obzor* (Moscow: Mezhdunarodnye otnosheniya, 1967, 1969, 1971, 1973); *Vneshnyaya Torgovlya SSSR v 1975-1976 g.* (Moscow: Mezhdunarodnye otnosheniya, 1975, 1976); *Vneshnyaya Torgovlya*, 4, 1978; *ibid.*, 5, 1979; *ibid.*, 4, 1980; *ibid.*, 3, 1981-1990; *ibid.*, 4-5, 1992, p. 51.

# Appendix 18. Soviet Trade with Canada(1921-1991)

(In Million Roubles)

Year	Turnover	Export	Import	Balance
1921	1,0	-	1,0	-
1921/22	1,0	-	1,0	-
1922/23	0	-	0	-
1923/24	0,1	-	0,1	-
1924/25	1,9	-	1,9	-
1925/26	0,6	0	0,6	-0,6
1926/27	2,1	0,1	2,0	-1,9
1927/28	8,9	-	8,9	-
1928(10-12)	0,5	-	0,5	-
1929	0,8	-	0,8	-
1930	2,0	0,9	1,1	-0,2
1931	0,1	0	0,1	-0,1
1932	2,4	0,8	1,6	-0,8
1933	0,6	0	0,6	-0,6
1934	1,3	0,2	1,1	-0,9
1935	1,9	0,2	1,7	-1,5
1936	0,7	0,1	0,6	-0,5
1937	10,0	0,7	9,3	-8,6
1938	5,5	0,3	5,2	-4,9
1939	1,0	0,2	0,8	-0,6
1940	0,3	-	0,3	-
1941-45	-	-	-	-
1946	5,8	0,7	5,1	-4,4
1947	0,3	0,2	0,1	+0,1
1948	0,3	0,3	-	-
1949	0,1	0,1	0	+0,1
1950	0,3	0,3	0	+0,3
1951	0,8	0,8	-	-
1952	1,6	1,6	0	+1,6
1953	0,7	0,7	0	+0,7
1954	5,3	0,7	4,6	-3,9
1955	4,1	1,8	2,3	-0,5
1956	24,0	1,9	22,1	-20,2

1957	11,8	3,8	8,0	-4,2
1958	24,8	2,1	22,7	-20,6
1959	17,2	3,6	13,6	-10,0
1960	13,7	4,7	9,0	-4,3
1961	45,3	4,2	41,1	-37,9
1962	4,7	2,3	2,4	-0,1
1963	160,4	3,1	157,3	-154,2
1964	296,5	4,7	291,8	-287,1
1965	240,0	12,2	227,8	-215,6
1966	324,8	13,1	311,7	-298,6
1967	147,0	20,3	126,7	-106,4
1968	131,2	17,6	113,6	-96,0
1969	40,1	10,5	29,6	-19,1
1970	125,3	7,5	117,8	-110,3
1971	148,6	12,4	136,2	-123,8
1972	299,8	18,7	281,1	-262,4
1973	265,0	20,9	244,1	-423,2
1974	111,0	28,9	82,1	-53,9
1975	471,2	31,9	439,3	-407,4
1976	541,2	41,9	499,3	-457,4
1977	417,3	49,2	368,1	-318,9
1978	387,6	28,7	358,9	-330,2
1979	485,8	32,4	453,4	-420,0
1980	1001,6	30,0	971,6	-341,6
1981	1426,4	49,5	1376,9	-1327,4
1982	1398,8	20,7	1378,1	-1357,4
1983	1301,9	24,1	1277,8	-1253,7
1984	1421,7	18,7	1403,0	-1384,3
1985	966,8	17,8	949,0	-931,2
1986	633,6	9,8	623,8	-614,0
1987	496,7	47,3	449,4	-402,1
1988	551,4	16,4	535,0	-518,6
1989	451,4	38,5	412,9	-374,4
1990	2037,8	155,2	1882,6	-1727,4
1991	2169,6	133,4	2036,2	-1902,8

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Sources: *Vneshnyaya Torgovlya SSSR: Statistichesky sbornik 1918-1966* (Moscow: Mezhdunarodnye otnosheniya, 1967); *Vneshnyaya Torgovlya za*



1967-1973 god: *Statisticheskii obzor* (Moscow: Mezhdunarodnye otnosheniya, 1967, 1969, 1971, 1973); *Vneshnyaya Torgovlya SSSR v 1975-1976 g.* (Moscow: Mezhdunarodnye otnosheniya, 1975, 1976); *Vneshnyaya Torgovlya*, 4, 1978; *ibid.*, 5, 1979; *ibid.*, 4, 1980; *ibid.*, 3, 1981-1990; *ibid.*, 4-5, 1992, p. 50.

# Soviet Trade with South Korea(1985-1991)

(In Millions of US Dollars)

=====				
Year	Turnover	Export	Import	Balance
<hr/>				
1985	113,0	53,3	59,7	-6,4
1986	113,8	63,9	49,9	+14,0
1987	164,2	97,0	67,2	+29,8
1988	289,9	178,3	111,6	+66,7
1989	599,4	391,7	207,7	+184,0
1990	889,0	370,0	519,0	-149,0
1991	1204,4	577,3	625,1	-47,8*
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Sources: Korea Trade Promotion Corporation(KOTRA): see,

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