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Young, Oyunchimeg

Monterey, California: Naval Postgraduate School

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**NAVAL  
POSTGRADUATE  
SCHOOL**

**MONTEREY, CALIFORNIA**

**THESIS**

**DEVELOPMENT OF THE RUSSIAN FAR EAST:  
CHALLENGES FACING RUSSIA'S PIVOT TO ASIA**

by

Oyunchimeg Young

March 2018

Thesis Advisor:  
Second Reader:

James Clay Moltz  
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<b>REPORT DOCUMENTATION PAGE</b>			<i>Form Approved OMB No. 0704-0188</i>	
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington, DC 20503.				
<b>1. AGENCY USE ONLY (Leave blank)</b>	<b>2. REPORT DATE</b> March 2018	<b>3. REPORT TYPE AND DATES COVERED</b> Master's thesis		
<b>4. TITLE AND SUBTITLE</b> DEVELOPMENT OF THE RUSSIAN FAR EAST: CHALLENGES FACING RUSSIA'S PIVOT TO ASIA			<b>5. FUNDING NUMBERS</b>	
<b>6. AUTHOR(S)</b> Oyunchimeg Young				
<b>7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES)</b> Naval Postgraduate School Monterey, CA 93943-5000			<b>8. PERFORMING ORGANIZATION REPORT NUMBER</b>	
<b>9. SPONSORING /MONITORING AGENCY NAME(S) AND ADDRESS(ES)</b> N/A			<b>10. SPONSORING / MONITORING AGENCY REPORT NUMBER</b>	
<b>11. SUPPLEMENTARY NOTES</b> The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government. IRB number ___N/A___.				
<b>12a. DISTRIBUTION / AVAILABILITY STATEMENT</b> Approved for public release. Distribution is unlimited.			<b>12b. DISTRIBUTION CODE</b>	
<b>13. ABSTRACT (maximum 200 words)</b>  In the face of Western sanctions after Russia's invasion of Ukraine, President Putin has shifted the Kremlin's focus toward Asia to stimulate Russia's economic development. To aid in this process, he has prioritized developing the Russian Far East (RFE) by populating the region through multiple incentives, including a federal law granting a hectare of free land to those willing to relocate to the RFE. However, the plan has met several challenges, due to inadequate infrastructure to attract citizens from developed western regions of the country, limited employment opportunities, and a lack of domestic and foreign investment. These problems are closely related to one another and must be resolved simultaneously for development to succeed. Russian policy reforms, better incentives, more favorable immigration policies for foreigners (including neighboring Chinese), and a closer working relationship between the Kremlin and the local administration to decrease corruption will all be needed if Russia is going to have any hopes of deriving meaningful benefits from its pivot to Asia.				
<b>14. SUBJECT TERMS</b> Russia, Far East, Pivot to Asia, challenges of Far East development, Free Land Initiative, climate, out-migration, Trans-Siberian Railroad, environmental challenges, economic development			<b>15. NUMBER OF PAGES</b> 125	
			<b>16. PRICE CODE</b>	
<b>17. SECURITY CLASSIFICATION OF REPORT</b> Unclassified	<b>18. SECURITY CLASSIFICATION OF THIS PAGE</b> Unclassified	<b>19. SECURITY CLASSIFICATION OF ABSTRACT</b> Unclassified	<b>20. LIMITATION OF ABSTRACT</b> UU	

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**DEVELOPMENT OF THE RUSSIAN FAR EAST: CHALLENGES FACING  
RUSSIA'S PIVOT TO ASIA**

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**MASTER OF ARTS IN SECURITY STUDIES  
(EUROPE AND EURASIA)**

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## **ABSTRACT**

In the face of Western sanctions after Russia's invasion of Ukraine, President Putin has shifted the Kremlin's focus toward Asia to stimulate Russia's economic development. To aid in this process, he has prioritized developing the Russian Far East (RFE) by populating the region through multiple incentives, including a federal law granting a hectare of free land to those willing to relocate to the RFE. However, the plan has met several challenges, due to inadequate infrastructure to attract citizens from developed western regions of the country, limited employment opportunities, and a lack of domestic and foreign investment. These problems are closely related to one another and must be resolved simultaneously for development to succeed. Russian policy reforms, better incentives, more favorable immigration policies for foreigners (including neighboring Chinese), and a closer working relationship between the Kremlin and the local administration to decrease corruption will all be needed if Russia is going to have any hopes of deriving meaningful benefits from its pivot to Asia.



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## **LIST OF ACRONYMS AND ABBREVIATIONS**

APEC	Asia Pacific Economic Cooperation
APR	Asia Pacific Region
ASEM	Asia Europe Meeting
BAM	Baikal Amur Mainline
CASE	Center for Social and Economic Research in Warsaw
CER	Chinese Eastern Railroad
DPRK	Democratic People's Republic of Korea
EEU	Eurasian Economic Union
FEFD	Far Eastern Federal District
FMS	Federal Migration Service
GDP	Gross Domestic Product
GRP	Gross Regional Product
NCEI	National Centers for Environmental Cooperation
NPR	National Public Radio
OEC	Observatory of Economic Complexity
PRC	People's Republic of China
RFE	Russian Far East
ROK	Republic of Korea
SCO	Shanghai Cooperation Organization
USSR	Union of Soviet Socialist Republics
WTO	World Trade Organization



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## ACKNOWLEDGMENTS

This masterpiece would not have been what it is now without the advice and tireless efforts of my advisors. Professor Moltz, thank you for not giving up on me and reading and re-reading draft after draft to shape it into something readable and actually publishable. Thank you for being my voice of reason and calm when I was getting so close to hitting the panic button. Your advice made this thesis into a structured research. Professor Clunan, your ability to bring in your sense of humor when things got stressful and my tired mind was not making any sense helped me to stay afloat and keep going.

The many drafts cycled through my computer screen would not have been intelligible without the help of the many amazing coaches at the Graduate Writing Center and the Thesis Processing Office. Thank you for your patience in reading drafts—the good, the bad, and the ugly—and for showing genuine interest and asking questions to make each product better. Carla Orvis Hunt, thank you for listening to my ideas, thoughts, and frustrations, and still being willing to take on more pages of puzzles to solve. Chloe Woida, thank you for reading my drafts and giving perspective of what I *wanted* to say versus what I *actually* said and for painting a bigger picture for the puzzle pieces that I had created. Thank you both for your support and for your friendship.

To my family and friends, I would not be where I am without your love and support. This incredible journey that led me to the United States and eventually to the United States Air Force would not have formed the way it had without each of you touching my life some way. To my mom and dad, thank you for instilling the standards and ideals I have today.

To my wonderful husband, Keith, I would not have been able to do this without you. Thank you for being the dad and the mom for Christopher and holding down the fort while I was gone most days and in my own head for most nights. Christopher, thank you for being the best kid any parent could ask for. Thank you for giving me the desire to push harder to ensure you know everything is achievable with hard work.

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# I. INTRODUCTION

## A. MAJOR RESEARCH QUESTION

Over the centuries, the Far East of Russia, traditionally known to the world as Siberia,<sup>1</sup> has been the country's no-man's land, a land of prison camps where society's castoffs were sent for hard labor in extreme cold and difficult conditions. However, today, the Russian Far East (RFE)<sup>2</sup> has the potential to become a bridge that connects Russia with Northeast Asia, especially China, the Korean peninsula, Japan, and the rest of Asia Pacific, increasing Russia's political and economic relationships. For that to occur, this region needs to be ready to welcome foreign investors and businesses. As President Putin tries to pivot to Asia, in general, the Russian Federation faces great challenges, including economically revitalizing its own eastern region to reduce its dependence on the military and resource extraction industries, populating this vast land with immigration reforms, engaging East Asian countries, and attracting businesses and investments with policy reforms. The pivot, in many ways, depends on whether the Kremlin can successfully develop the RFE.

With populating and development efforts, the RFE could potentially become a gathering place for international organizations and investors interested in cooperative Asian development, and Russia could again become a superpower by leading this effort. Scholars, researchers, and economists, however, predict largely opposite outcomes from Russia's development efforts and seem skeptical about whether the RFE can become an international hub of Asia.

How successful will the Kremlin's efforts be in overcoming obstacles to developing the RFE region? The efforts and funds the Kremlin put in might not be the only way to develop RFE into its full potential. In order to determine what if anything needs to change

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<sup>1</sup> The term "Siberia" normally refers to Russian territories east of the Ural Mountains. This research will focus on the Far Eastern Federal District, which comprises the federal region east of Lake Baikal.

<sup>2</sup> Although the official Russian name for the region is "Far Eastern Federal District," the author chooses to use the term "Russian Far East" (RFE) in future references as it is the commonly acknowledged international terminology.

for successful development of the RFE, this thesis explores the population and development challenges, what the Kremlin is doing to overcome them, how Russia's neighbors in Asia perceive these actions, and in response to the business environment promised by these economic developments, what, if anything, these neighbors might do to support these efforts.

## **B. SIGNIFICANCE OF THE RESEARCH QUESTION**

Given the far-reaching economic impact of China and North Korea's nuclear threat,<sup>3</sup> world focus is unwaveringly focused on Asia—specifically northeastern Asia. Russia's territory bordering this region has become a strategic location with this attention. In light of President Putin's desire to develop better economic partnerships with his Asia-Pacific neighbors, Russia's need to develop this region to world standards is more urgent than ever.

Developing a region that has been cut off from the world for centuries (except for a brief period from the late 1800s through the 1920s) is not an easy task. Efforts to populate the region through development have been discussed for decades now with little to no progress, under both Soviet, and now post-Soviet rule. Internal struggles to access basic necessities have become an issue the government cannot silence. To add to this struggle, Vladivostok—over 5,600 miles away from the Kremlin—and the surrounding areas have been featured on the world news because of its borderline shady deals with North Korea—trading laborers for measly payments and basic food.<sup>4</sup> Further exploration of regional development issues concerning the RFE is essential in understanding the potential effects of these deals on the future of North Korea and the East Asian region. Additionally, with current sanctions and ongoing tensions with Russia, as well as North Korea's development of nuclear weapons and other arsenals, the world is focused on Northeast Asia, at the edge

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<sup>3</sup> Christopher W. Hughes, "North Korea's Nuclear Weapons: Implications for the Nuclear Ambitions of Japan, South Korea, and Taiwan," *Asia Policy* 3, no. 1 (2007): 75, [http://www.nautilus.org/wp-content/uploads/2011/12/copy\\_of\\_07021Hughes.pdf](http://www.nautilus.org/wp-content/uploads/2011/12/copy_of_07021Hughes.pdf).

<sup>4</sup> Andrew Higgins, "North Koreans in Russia Work 'Basically in the Situation of Slaves,'" *New York Times*, July 11, 2017, <https://www.nytimes.com/2017/07/11/world/europe/north-korea-russia-migrants.html?mcubz=0>.

of which lies the RFE. Russia and China's relationships with North Korea could greatly influence how North Korea proceeds in its development of weapons. In order to have an influence on the Asia-Pacific Region, Russia could utilize a hub in Asia without having to cross multiple time zones and travel thousands of miles.

Internationally, if Russia desires to be a bridge between Europe and Asia, the region, undoubtedly, needs to be a priority for the Kremlin for development and economic stability to shoulder that mantle. This is especially because of the impacts Northeast Asian developments have on relations between the U.S. and the Asian countries of China, Japan, North Korea, and South Korea and the relationships of these countries among themselves and with the rest of the world. More specifically, it is also an important policy matter for the U.S. to monitor the progress of development in the RFE.

Studying not only the challenges of the RFE in developing economically but also the efforts by the Kremlin to overcome these challenges will certainly benefit U.S. foreign policy development and strategic decision-making for its relationship with the Russian Federation, as well as its Northeast Asian neighbors.

### **C. LITERATURE REVIEW**

Russian tsars and communist dictators alike all have made multiple efforts to populate their Far Eastern territory through centuries, whether through forced civilian migration, prison labor, or communist incentives, but these settlements were not permanent. Russia experienced a mass exodus shortly after the fall of communism when its borders opened and residents no longer needed to acquire state approval for foreign travels or register their in-country relocations. Young people, especially, left in droves.<sup>5</sup> With over 6.2 million square km of land, the RFE has only about 6.3 million residents; only 4.9% of Russian citizens live in an area comprising 36.4% of Russia's overall territory.<sup>6</sup> The Kremlin's recent initiative might be new and exciting for the world to see.

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<sup>5</sup> Sebastian Strangio, "Corruption Hobbles Russia's Far East," *Christian Science Monitor*, September 20, 2011. <http://www.csmonitor.com/World/Asia-Pacific/2011/0920/Corruption-hobbles-Russia-s-Far-East>.

<sup>6</sup> "Far Eastern Federal District," Official Website of Envoy of the President of Russian Federation in the Far Eastern Federal District, accessed May 18, 2017, <http://www.dfo.gov.ru/district/>.

However, these efforts need to be more appealing than the comparative reasons for people to leave the region. The difficulty of accomplishing this settlement process is clear due to the harsh climate, lack of infrastructure, and limited options for development. Russia has had limited success in settling the region with the help of party-dictated orders and incentives in the past,<sup>7</sup> including the attempted re-settlement of Jews in their own autonomous region.<sup>8</sup> Whether the Kremlin will achieve these goals today without substantial financial incentives to offset the given harsh conditions, however, is highly debatable.

The RFE's potential role in Russia's pivot to Asia is widely debated. This far-away land is not necessarily the center of discussion in the Kremlin, except for the issues related to Asia. Even then, the topic appears controversial as to whether to spend funds for domestic development or for international relations. The majority of the scholars, politicians, and even journalists who observe the RFE are divided into two schools of thought: some see the RFE as a likely success, while others predict a likely failure. On the optimistic side, the RFE could develop a metropolis and bridge for the Russian relationship with its Asian neighbors.<sup>9</sup> From the more pessimistic point of view, the funding provided thus far seems not to have promoted regional development but, instead, seems to have resulted in more illegal activities and corruption.<sup>10</sup> Thus, critics suggest that Russia should discard the idea of RFE becoming a bridge to Asia.<sup>11</sup> The Kremlin's obstacles in

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<sup>7</sup> Isabel Kim Dzitac, "An Examination of the 'Friendship of the Peoples' Policy and the 1937 Koryo Saram[2] Deportation," *The School of Russian and Asian Studies*, April 15, 2015, [http://www.sras.org/friendship\\_koryo\\_saram\\_deportation](http://www.sras.org/friendship_koryo_saram_deportation).

<sup>8</sup> Alfonso Daniels, "Why Some Jews Would Rather Live in Siberia than Israel," *Christian Science Monitor*, June 7, 2010, <https://www.csmonitor.com/World/Europe/2010/0607/Why-some-Jews-would-rather-live-in-Siberia-than-Israel>.

<sup>9</sup> See Artyom Lukin, "Russian Far East: Positive Scenario," *The Asan Forum*, January 25, 2016, [http://www.theasanforum.org/category/alternative-scenarios/?post\\_id=6522](http://www.theasanforum.org/category/alternative-scenarios/?post_id=6522); Rensselaer Lee and Artyom Lukin, *Russia's Far East: New Dynamics in Asia Pacific and Beyond* (Boulder, CO: Lynne Rienner, 2015).

<sup>10</sup> See Gilbert Rozman, "Russian Far East: Negative Scenario," *The Asan Forum*, January 25, 2016, [http://www.theasanforum.org/category/alternative-scenarios/?post\\_id=6517&c\\_id=6524#content\\_wrap](http://www.theasanforum.org/category/alternative-scenarios/?post_id=6517&c_id=6524#content_wrap); Vladimir Kontorovich, "Can Russia Resettle the Far East?," *Post-Communist Economies* 12, no.3 (2000): 365, <https://doi.org/10.1080/14631370050173441>.

<sup>11</sup> Paradorn Rangsimaporn, "Interpretations of Eurasianism: Justifying Russia's Role in East Asia." *Europe-Asia Studies* 58, no. 3 (2006): 389, <http://dx.doi.org/10.1080/09668130600601750>.

developing the RFE cannot be overlooked. According to a group of authors, struggles with the lack of population, vast land with few access points, illegal settlers, and unfulfilled ideas and promises have made both foreign and domestic investors hesitant to bring funds into the region.<sup>12</sup> This section examines the studies that theorize the region's development as a likely success and those that speculate the efforts at development are likely to result in failure. The review surveys these opposing ideas through the categories of environment, domestic economy, and foreign investment.

## 1. Environment

The RFE, with its vast land, untapped resources, and strategic location adjacent to major Asian powers, has the potential—according to some experts—to become a significant asset to Russia's economic development and international relations and support President Putin's plan of pivot to Asia. To populate the region and provide opportunities for Russians to prosper, the government has implemented a law to provide every Russian citizen with a free hectare of land in the region: President Vladimir Putin signed the Federal Law Number 119-F3 of the Russian Federation on May 1, 2016.<sup>13</sup> With this decree, every Russian citizen, if he/she wishes, can acquire a hectare of land in RFE. This promise of free land was greeted both with skepticism and with interest from a number of other individuals. The Kremlin hopes it will boost the area's repopulation by giving Russian citizens a chance to own a piece of mother Russia,<sup>14</sup> one of the biggest efforts that President Putin's administration initiated to populate the region.

On the other hand, in order to attract people to settle in the region, the Kremlin needs to develop RFE, and for that, Russia needs a work force. Who is going to develop

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<sup>12</sup> Pavel Koshkin, "Fulfilling Eastern Economic Forum Pledges: Easier Said than Done," *Russia Direct*, September 5, 2016, <http://www.russia-direct.org/analysis/fulfilling-eastern-economic-forum-pledges-easier-said-done>; Natasha Kuhrt, "The Russian Far East in Russia's Asia Policy: Dual Integration or Double Periphery?" *Europe-Asia Studies* 64, no.3 (May 2012): 477–478, <https://doi.org/10.1080/09668136.2012.661926>.

<sup>13</sup> "Федеральный закон от 01.05.2016 № 119-ФЗ," Official Internet Portal for Legal Information for the Russian Federation, May 1, 2016, <http://publication.pravo.gov.ru/Document/View/0001201605020007>.

<sup>14</sup> Dolgov, "Authorities in Russia's Far East Try Land Giveaway to Attract Residents," *Moscow Times*, September 4, 2015, <https://themoscowtimes.com/articles/authorities-in-russias-far-east-try-land-giveaway-to-attract-residents-49349>.



the RFE, and where will these developers find the labor force to do so? Vladimir Kontorovich, professor of economics at Haverford College and a Novosibirsk University graduate, predicts the land will be taken over by an ever-growing Chinese presence in the region because of declining population of the region.<sup>15</sup> He relates this outflow to the decline of public goods and services after the fall of Communism and even credits the inflow of people during Communism to the “better pay and benefits package” compared to what was “available in European Russia.”<sup>16</sup> However, these packages and benefits are non-existent today and so are the public services from that era. Instead, Kontorovich notes that residents have suffered a decline of heating and water supplies, especially in the winter.<sup>17</sup> Even Vladivostok, with the highest concentration of population in the region, is “plagued by interruptions in heat, power and water supply, municipal transport and other services.”<sup>18</sup> Re-occurring accidents affecting the Far East Unified Energy Grid are not only troubling but also detrimental to the region and potentially the country, if left unresolved. Energy Minister Alexander Novak is rather optimistic, but could not deny the increasing number of regions and people being affected.<sup>19</sup> Lack of necessities of heat and power in the coldest of regions in Russia could be a substantial factor of overall population decline.

With this vast land, the issue of security also looms. Many criticize how the Kremlin has managed and protected this territory. For example, after the fall of Communism, the Kremlin appointed envoys to deliver its messages to people; but the people, understandably, thought the communication through envoys was to be a two-way street.<sup>20</sup> Multiple vertical layers and confusing new bureaucracies with different

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<sup>15</sup> Vladimir Kontorovich, “Can Russia Resettle the Far East?,” *Post-Communist Economies* 12, no.3 (2000): 365, <https://doi.org/10.1080/14631370050173441>.

<sup>16</sup> *Ibid.*, 370.

<sup>17</sup> *Ibid.*

<sup>18</sup> *Ibid.*

<sup>19</sup> “Meeting on Implementation of Major Investment Projects in Far Eastern Federal District,” *Kremlin News*, August 3, 2017, <http://en.kremlin.ru/events/president/news/55286>.

<sup>20</sup> Natasha Kuhrt, “The Russian Far East in Russia’s Asia Policy: Dual Integration or Double Periphery?” *Europe-Asia Studies* 64, no.3 (May 2012): 477–478, <https://doi.org/10.1080/09668136.2012.661926>.

presidencies, since the fall of Communism, further alienated the region from the central government and made it even less appealing for Russians to stay in the RFE.

## 2. Domestic Economy

Should the program to attract new residents into the region work, the region needs to focus on catching up with its Asian neighbors in development. Pavel Koshkin, editor-in-chief of Russia Direct,<sup>21</sup> has weighed both sides of the argument regarding how successful the Kremlin has been in its efforts to spur development. He addresses one of Kremlin's ambitious goals of turning Vladivostok into a Russian San Francisco.<sup>22</sup> If the 2016 Eastern Economic Forum is any indication, the gathering of over 3,000 people from 56 countries and the discussion of 500 new investment projects estimated at over \$46 billion prove the priority the Kremlin places on the need for development of this region.<sup>23</sup> As a "territory of priority development," the region is entitled to offer investors "streamlined administrative procedures, lowered taxes, a privileged customs regime, and easier rules for hiring foreign labor."<sup>24</sup> Artyom Lukin, Deputy Director for Research at the School of Regional and International Studies of Far Eastern Federal University, further sees this as a definite advantage for development, especially when China's economic presence increases dramatically in the region with its free-port development in Vladivostok.<sup>25</sup>

From current research and publications, the majority of those who are positive about successful development of the RFE are Russian scholars and analysts. However, they are not alone in their optimism. Harley Balzer, a professor of Government and International

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<sup>21</sup> Founded in 2013, Russia Direct features original reporting as well as fresh writing from a wide variety of experts from both Russia and around the world who deliver insight often missing from today's media landscape. For more information, see <http://www.russia-direct.org/about-us#about>.

<sup>22</sup> Pavel Koshkin, "The Bold Plan to Turn Vladivostok into a Russian San Francisco," *Russia Direct*, September 2, 2016, <http://www.russia-direct.org/analysis/bold-plan-turn-vladivostok-russian-san-francisco>.

<sup>23</sup> Ibid.

<sup>24</sup> Artyom Lukin, "Russian Far East: Positive Scenario," *The Asian Forum*, January 25, 2016, [http://www.theasianforum.org/category/alternative-scenarios/?post\\_id=6522](http://www.theasianforum.org/category/alternative-scenarios/?post_id=6522).

<sup>25</sup> Ibid.; Rensselaer Lee and Artyom Lukin, *Russia's Far East: New Dynamics in Asia Pacific and Beyond* (Boulder, CO: Lynne Rienner, 2015).

Affairs at Georgetown University, agrees. Balzer predicts positive outcomes for the Kremlin in developing the RFE and commends President Putin for sponsoring studies and publications of several papers on regional defense and economic development.<sup>26</sup> He further asserts that Putin's breadth of knowledge in economic development, especially the use of energy sources in developing the region, will play to the advantage of the region, where reforms are gradually bringing subtle yet positive changes. Although he also argues that President Putin needed to reconsider some of his judgments regarding political and economic policies after his re-election in 2004, which only suggests that he is looking forward with Russia becoming a major influence in the region and the world again.<sup>27</sup> With all eyes on the RFE, could Kremlin prioritize its efforts in the region's development, attract foreign investors, and push RFE development to the next level?

In order for RFE to become a bridge to Asia, the region as a whole or at least the port cities need to reach a compatible level of development as other port cities in Asia to receive trade and tourists. Gilbert Rozman, emeritus professor at Princeton and editor-in-chief of the *Asan Forum*, argues that RFE is filled with Moscow's failed promises and, given how Russia's bureaucratic barriers are blocking Chinese investment, it is turning into an even more isolated land with unrealized dreams and development projects.<sup>28</sup> Despite years of promises from a multitude of leaders, a new hope kindles within the local population with each new leader. Results and promises of the Eastern Economic Forum of September 2016 are debated from both positive and negative perspectives. Koshkin explores many ambitious pledges made during this Eastern Economic Forum that are rather unrealistic.<sup>29</sup> He quotes Christopher Hartwell, the president of the Center for Social and Economic Research in Warsaw (CASE), who states: "Russia should be less ambitious and

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<sup>26</sup> Harley Balzer, "The Putin Thesis and Russian Energy Policy," *Post-Soviet Affairs* 21, no 3. (2005): 210–211, 214–219, <http://www.tandfonline.com/doi/abs/10.2747/1060-586X.21.3.210>.

<sup>27</sup> *Ibid.*, 210–225.

<sup>28</sup> Gilbert Rozman, "Russian Far East: Negative Scenario," *The Asan Forum*, January 25, 2016, [http://www.theasanforum.org/category/alternative-scenarios/?post\\_id=6517&c\\_id=6524#content\\_wrap](http://www.theasanforum.org/category/alternative-scenarios/?post_id=6517&c_id=6524#content_wrap).

<sup>29</sup> Pavel Koshkin, "Fulfilling Eastern Economic Forum Pledges: Easier Said Than Done," *Russia Direct*, September 5, 2016, <http://www.russia-direct.org/analysis/fulfilling-eastern-economic-forum-pledges-easier-said-done>.

assess its opportunities realistically to get its long-term plans off the ground,”<sup>30</sup> given Russia’s current inability to integrate the region’s local population and provide them with necessities to stay and develop the region.

Moreover, although the Kremlin seems to bring forth regulatory incentives that should help the investment stream, Rozman argues that they are just that: regulations on paper with no way of executing them.<sup>31</sup> The ideas to jumpstart the region into the 21st century and the reforms to turn Vladivostok into Russia’s first duty-free port with “visa-free commerce” made news, but the reality has yet to materialize.<sup>32</sup> In the end, the negative school of thought is mainly focused on the unfulfilled ideas that are just ideas or regulations on paper. The disconnect between the Kremlin and local government appears rather wide.

Russia needs a stable economy for RFE development. In addition to China’s presence in Russia, due to the ruble’s exchange rate in relation to the yuan, local produce delivery might be shifted, with “Russian goods [becoming] not only cheaper but more attractive for customers” in China than their local goods.<sup>33</sup> Ivan Zuenko, a research fellow at the Center for Asia Pacific Studies of the Russian Academy of Sciences, has studied Russia and China’s economic relationship over the years, and predicts upcoming positive shifts in the region. He believes that all the main regional centers, such as cities of Vladivostok, Khabarovsk, Ussuriysk, and Blagoveshchensk, will become “magnets” for Eastern Russian residents and Chinese visitors; he even declares Vladivostok will become the “eastern capital of Russia.”<sup>34</sup> Because the region is already set up with transportation infrastructure, with its geographical advantage, he says, the RFE will “fulfill the function of a bridge between Asia and Europe.”<sup>35</sup> Russian scholars, professors of Far Eastern

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<sup>30</sup> Koshkin, “Fulfilling Eastern Economic Forum Pledges: Easier Said Than Done.”

<sup>31</sup> Gilbert Rozman, “Russian Far East: Negative Scenario II,” *The Asan Forum*, March 30, 2016, [http://www.theasanforum.org/category/alternative-scenarios/?post\\_id=6517&c\\_id=6877#content\\_wrap](http://www.theasanforum.org/category/alternative-scenarios/?post_id=6517&c_id=6877#content_wrap).

<sup>32</sup> Ibid.

<sup>33</sup> Ivan Zuenko, “Cooperation between China and the Russian Far East,” *The Asan Forum*, May 26, 2016, [http://www.theasanforum.org/category/alternative-scenarios/?post\\_id=7269#slide\\_header](http://www.theasanforum.org/category/alternative-scenarios/?post_id=7269#slide_header).

<sup>34</sup> Ibid.

<sup>35</sup> Ibid.

studies, and analysts of the region, such as Koshkin, Lukin, and Zuenko, are rather optimistic in their publications regarding the RFE becoming a development hub for the international arena.

Russia's authorities hope the Far East will one day serve as a bridge between European and Asian economies. Even with the region's natural resources, with its stalled development, the region is not progressing any more than it did during Communism. Koshkin sees that, although European economists might be interested in a Vladivostok free-trade zone to connect Asia with Europe, Russia is in a deep economic crisis. He further quotes Ulf Schneider, the general director of Schneider Group, a global business consultancy, as saying that "at the moment Russia is at a dead end and it needs to get ideas [of single economic space from Vladivostok to Lisbon] of how to get out of this very difficult situation."<sup>36</sup> As Russia looks for foreign investors for development of the RFE, it first needs to stabilize its internal economy. With the drop of commodity prices and ever-changing policies of the central and local governments regarding the RFE,<sup>37</sup> the Russian economy needs better economic institutions and qualified specialists to implement any of its plans in the Far East.<sup>38</sup> With an unstable economy not only in the region but in the nation as a whole, Russia needs to first invest in itself and implement the priority development projects in the RFE in order to be viable for further development and possibly attract funds from abroad.

### **3. Foreign Investment**

The positive outlook focuses on not only China and Russia's economic relations and Chinese investment in the Russian Far Eastern region, but it also includes Japan playing an important role. Prime Minister Abe's trip to Moscow in April 2013, shortly following his December 2012 re-election, clearly indicated the importance of Russia in Japan's foreign policy and Abe's desire to advance Japan's economic ties with Russia. Kazuhiko Togo, former Sovietologist at the Japanese Foreign Ministry, who has also taught

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<sup>36</sup> Koshkin, "The Bold Plan to Turn Vladivostok into a Russian San Francisco."

<sup>37</sup> Rozman, "Russian Far East: Negative Scenario."

<sup>38</sup> Koshkin, "Fulfilling Eastern Economic Forum Pledges: Easier Said Than Done."

at universities in Seoul, Moscow, Tokyo, and the United States, looks at this development as rather positive for joint economic ventures and successful establishment of commercial activities on the four islands that comprise the disputed Northern Territories.<sup>39</sup> Elena Litsareva sees the RFE pivot from a historian's perspective and explains that Russia is still a superpower; as such, Russia has a duty to ensure it builds successful political and economic cooperation with countries in the Asia-Pacific region as it has done in Europe.<sup>40</sup> Litsareva further focuses on Russia's abundance of resources in the Far East and the possibility of utilizing raw materials and energy for the region's economic and social development.<sup>41</sup> Russia's resources are valuable commodities, especially for its Asian neighbors and, with opportunities to extract and trade these resources, Russia will have greater appeal to foreign investors from China, Japan, and beyond.

Overall, the school of thought for successful development of the RFE through foreign investment linked with the Kremlin's efforts to overcome obstacles is broad in its spectrum of scholars, analysts, and politicians in the Far East, in Moscow, and abroad. As an essential member of the Asia-Pacific Economic Cooperation (APEC) group, Shanghai Cooperation Organization (SCO), Eurasian Economic Union (EEU), and other Asia-Pacific- focused international organizations with economic and development aims, Russia could—according to these authors—successfully pivot to Asia and come out as the leading superpower of the region through its development of the RFE.

The Russian government needs foreign investment to develop the RFE. Nevertheless, this is not happening, or is not happening as fast and extensively as the government would wish. Stephen Blank, a senior fellow at Foreign Policy Research Institute, is not optimistic about future investments. He predicts trade with Japan, China,

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<sup>39</sup> Kazuhiko Togo, "Breakthrough in Japan-Russian Relations and Advancing Regional Security," *The Asan Forum*, December 28, 2016, [http://www.theasanforum.org/category/alternative-scenarios/?post\\_id=7786&c\\_id=8066#content\\_wrap](http://www.theasanforum.org/category/alternative-scenarios/?post_id=7786&c_id=8066#content_wrap).

<sup>40</sup> Elena Yu. Litsareva, "'Pivot' Toward Asia: The Strategic Direction of Russia's Foreign Policy Concept in Changing Balance of Powers," *Journal of Advocacy, Research and Education* 2, no. 1 (2015): 46–53, [http://kadint.net/journals\\_n/1430116506.pdf](http://kadint.net/journals_n/1430116506.pdf).

<sup>41</sup> *Ibid.*

and South Korea, which collapsed in 2015, most likely will not recover.<sup>42</sup> Blank further clarifies his predictions by giving examples of: Chinese banks' hesitation to lend money to Russia and their skeptical view of Russia's possible economic upturn; Japan's decision not to take on investments until Japan and Russia's territorial dispute is resolved; and stalled trans-Korean gas pipelines due to sanctions imposed on the Democratic People's Republic of Korea (DPRK), among others.<sup>43</sup> He concludes that Russia's pivot to Asia has turned into "a pivot to nowhere."<sup>44</sup> Unfortunately, for Russia, many Western analysts share his outlook on economic and developmental issues in the RFE.

As this review suggests, the future of RFE and its relations with East Asian powers is widely debated. The polarized views are either that Russia will be a superpower again and dominate the Eastern hemisphere or that Russia is doomed and cannot compete with current great powers. How to solve the existing issues to reach the potential the strategic location offers is highly debated and controversial.

#### **D. POTENTIAL EXPLANATIONS AND HYPOTHESES**

Some argue that Russia will succeed in developing the RFE with its free-land initiative, abundance of natural resources, and strategic location to bridge Europe and Asia. Others argue that successful development does not seem likely because of the region's inadequate labor force for development, outdated infrastructure, and unstable institutions and regulations to appeal to foreign investors. This thesis investigates why successive governments have failed to develop the RFE's potential in order to reveal what the central obstacles to development have been and what policies might work going forward. To this end, the thesis evaluates causes identified in the literature review as the key barriers to development: lack of labor force and old or lacking infrastructure. These causes suggest that if the labor force were increased, infrastructure modernized and central governance

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<sup>42</sup> Stephen Blank, "Russia in Decline: Russian Writers on the Decline of Russia in the Far East and the Rise of China," *The Jamestown Foundation: Global Research and Analysis*, September 13, 2016, <https://jamestown.org/program/stephen-blank-russian-writers-on-the-decline-of-russia-in-the-far-east-and-the-rise-of-china/>.

<sup>43</sup> Ibid.

<sup>44</sup> Ibid.

enhanced, the RFE would become developed. In the following chapters, I trace out how these three causes were treated under the tsarist, communist and post-communist regimes.

Many argue that the infrastructure is present in the region and development would not be as hard as one might imagine. The 5,867-mile-long Trans-Siberian railway, built by 1916, connects Moscow and Vladivostok, as well as neighboring countries of China and Mongolia, and still serves as the main method for travel, transportation, and trade.<sup>45</sup> Could Russia revitalize this trade route and expand its purpose and utility for economic development in the region? The out-of-date infrastructure—not only the railway, but also the roads, electrical and water sources and even building structures—are showing neglect since the Soviet era.<sup>46</sup> Conditional to the Kremlin’s actions, this initiative to develop RFE into 21st century and attract Asian investors could turn into either successful venture or rather disastrous one. This thesis will investigate how these challenges may need to be prioritized in order to develop the region in most effective way, given the long-term impact this initiative will have within the region, if the Kremlin means to have RFE to become a major player in the Asia Pacific Region. If Russia does not substantively restructure its current incentives for settlement and development at the domestic level and open up more favorable terms for investment and possible in-migration of foreigners, the Kremlin’s plan for developing the RFE will fail.

## **E. RESEARCH DESIGN**

The thesis uses a single historical case study of Russia from historical perspective of pre and during communist regime, as well as post communism, focusing on the RFE. This method provides a room for in-depth look at challenges, efforts, and measurements of

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<sup>45</sup> Anastasia Liliopoulou, Michael Roe, and Irma Pasukeviciute. “Trans Siberian Railway: From Inception to Transition,” *European Transport* 29 (2005): 45–46, [https://www.openstarts.units.it/bitstream/10077/5865/1/Liliopoulou\\_Roe\\_Pasukeviciute\\_ET\\_29.pdf](https://www.openstarts.units.it/bitstream/10077/5865/1/Liliopoulou_Roe_Pasukeviciute_ET_29.pdf).

<sup>46</sup> Pål Kolstø, *Political Construction Sites: Nation-Building in Russia and the Post-Soviet States*. (Boulder, CO: Westview Press, 2000); Saul Estrin, Klaus E. Meyer, and Maria Bychkova, “Entrepreneurship in Transition Economies,” *The Oxford Handbook of Entrepreneurship* (2006): 694. [https://s3.amazonaws.com/academia.edu.documents/5097554/2006\\_estrin\\_meyer\\_bychkova\\_handbk.pdf?AWSAccessKeyId=AKIAIWOWYYGZ2Y53UL3A&Expires=1504801589&Signature=WwpS0mWaQkQVU2K1g8i3NfZUEzs%3D&response-content-disposition=inline%3B%20filename%3DEntrepreneurship\\_in\\_transition\\_economies.pdf](https://s3.amazonaws.com/academia.edu.documents/5097554/2006_estrin_meyer_bychkova_handbk.pdf?AWSAccessKeyId=AKIAIWOWYYGZ2Y53UL3A&Expires=1504801589&Signature=WwpS0mWaQkQVU2K1g8i3NfZUEzs%3D&response-content-disposition=inline%3B%20filename%3DEntrepreneurship_in_transition_economies.pdf).



success. I will consider and prioritize multiple challenges facing the development of the region. Furthermore, I will analyze the merits and weakness of each of the potential causes that could lead to success (or failure) in overcoming these challenges. The extensive scholarly and analytical literature written about the RFE as well as possible development of the region with foreign investment, especially investment from Asia-Pacific great powers, provides a broad perspective and outlook on possible roles the region could play in the international arena. This literature includes journal articles, books, and reports published by regional, national, and international educational, research, non-governmental, and political organizations, both in English and in Russian.

The structure of my thesis will lay out the current situation along with historical background and build from there to include other existing and probable future challenges. I will then discuss the development plans and ideas that could either add additional challenges or help with resolving the current obstacles blocking progress in the RFE.

## **F. THESIS OVERVIEW**

Chapter I introduced the main research question and provided the literature review. Chapter II will explore the settlement challenges of the Russian Far East and the possible initiative to populate the region and solutions through policy. Chapter III will discuss the RFE's environment such as climate and current infrastructure, as well as economic conditions of the region and how these environmental factors are causing challenges to populate the region. Chapter IV will discuss the Russia's relations with its Asian neighbors: China, Japan, South and North Korea, and what role these countries play in development of the RFE in becoming a bridge to Russia's pivot to Asia. Finally, Chapter V will conclude with summary, outlook to the future, impacts, and recommendations.

## II. SETTLEMENT IN THE RUSSIAN FAR EAST

The wings of the Russian eagle are spread too far over Asia to leave the slightest doubt as to their presence. Our organic connection with all these countries is the warrant of our future, when the term “Asiatic Russia” will signify the whole of Asia.”

— Prince Esper E. Ukhtomsky, 1900<sup>47</sup>

The introductory chapter discussed the challenges of developing the Russian Far East (RFE) and debated how successful the Kremlin will be in establishing the region as a bridge to Asia. Many regional experts disagree on the possibility of success, however, they mostly agree upon the essential roadblocks and that those obstacles can be traced back to Russia’s first occupation of these lands, as well as current conditions in the region. One major roadblock is populating the region, providing a valuable workforce for development and for land maintenance. This chapter focuses on this roadblock by exploring historical settlers of this land and Russia’s initial settlement and incremental efforts to settle the region with Russians, touching on the efforts to populate the region with military personnel and laborers from prison camps. Finally, the chapter considers the latest developments in the region of out-migration and the immigration policy changes that needed to take place after the fall of Communism as well as Moscow’s latest initiative to settle the region—to provide a free land in the RFE to all Russian citizens.

Over the centuries, the RFE has changed hands from rulers to conquerors to tsars to dictators. Due to how far it is from Moscow and how unforgiving the weather can be for humans and livestock alike, the use of this land and region has been associated with mostly one thing: labor camps filled with outcasts. How, then, is Moscow going to attract people from the hustle and bustle of big cities and convenience of 21st century amenities to a frozen tundra with no roads let alone shopping malls, cell phone towers, or solid Internet connections? Although the entire region has many different sub-climates, Russians and

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<sup>47</sup> John J. Stephan, *The Russian Far East: A History* (Stanford, CA: Stanford University Press, 1994), 53.

foreigners alike are hesitant to see this land as anything other than a frozen tundra fit only for society's rejects. The Kremlin, therefore, faces quite a narrative challenge to populate the region with Russian citizens.

### A. NO MAN'S LAND: THE RUSSIAN FAR EAST

Before exploring the historical change of ownership in the RFE over time, it is vital that we realize the enormity of the region, so as to understand the reasons for the challenges to settle and develop this land. Over 6.2 million square km of land, the Russian Far Eastern Federal District (Figure 1) has about 6.3 million residents; just 4.9% of Russian citizens live in 36.4% of the territorial land.<sup>48</sup> All of the European Union and Mexico could fit in the Russian Far East.<sup>49</sup>



Figure 1. Russian Federation and Its Federal Districts (Okrugs)<sup>50</sup>

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<sup>48</sup> "Far Eastern Federal District," Official Website of Envoy of the President of Russian Federation in the Far Eastern Federal District, accessed May 18,

<sup>49</sup> "Area: Countries Compared," NationMaster, accessed January 10, 2018, <http://www.nationmaster.com/country-info/stats/Geography/Area/Total>. See the site for land area in square km references for European Union (4.3 square km) and Mexico (1.9 square km).

<sup>50</sup> Source: Map of Federal Districts of Russia, *Budgets of Regions of Russia*, 2003, [http://openbudget.karelia.ru/budnord/russian/fo\\_main.htm](http://openbudget.karelia.ru/budnord/russian/fo_main.htm).

This vast and mostly untapped land is wedged between China, the Korean Peninsula, Japan, and the United States with open sea access and possibly in an advantageous location for development of Russia's relationship with its eastern neighbors. Its history over the years, harsh climate, and its distance from Moscow have hindered its demographics as well as development.

Spanning a vast northern land mass, the weather can be quite drastic in the region. The seas surrounding the region impact different areas, while the inlands are dry and temperature changes are drastic. Although the coastal areas (such as Vladivostok) are rather moderate in temperature fluctuation, the drier areas (such as Yakutsk) can have changes of over 100 degrees through the year, and that is not considering the wind-chill. This land, that spreads over four time zones,<sup>51</sup> has a rich but turbulent history and has yet to see the end to these changing winds.

## **B. HISTORICAL BACKGROUND: CHANGING OWNERSHIP OF THE RFE**

Though sparsely populated and far removed, and perhaps even untouched, the land in this far eastern reaches has a troublesome history. John J. Stephan asked why this region did not develop like other port areas, such as British Columbia or Hokkaido, with its rich land, hard-working people, and "bordering such dynamic economies."<sup>52</sup> Stephan comments on how "geography, demography, and economics provide [only] partial answers," as this "unfulfilled potential" is also due to "an undercurrent of tragedy that cannot be ascribed to any ideology, party, or regime."<sup>53</sup> With this tragic past, the best intentions still wreaked havoc: "oppression in the name of progress, militarization in the name of security, homicide in the name of race or class, ecocide in the name of growth."<sup>54</sup> Successive Russian leaders, under tsarism, communism, and quasi-capitalism have all

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<sup>51</sup> "World Time Zone Map with Current Time," *World Time Zones*, January 1, 2018. <https://www.worldtimezone.com/>.

<sup>52</sup> Stephan, *The Russian Far East: A History*. 3.

<sup>53</sup> Ibid.

<sup>54</sup> Ibid.

failed to make good use of this bountiful land and its people, with the result that the Far East has remained a backwater both domestically and within Northeast Asia.

### **1. Russia's Expansion to the Far East**

Up until the 1500s, the Russian empire was small and confined to eastern Europe west of the Ural mountains, a place referred to as Muscovy.<sup>55</sup> With around 6.5 million people, the sixteenth century population in Russia was either nobility (who owned land) or peasantry (who worked the land).<sup>56</sup> Muscovy covered about 1.1 million square miles in 1550, while, with the eastward expansion, the Russian Empire's territories by 1897 covered 8.5 million square miles.<sup>57</sup> These expansions were mostly driven by peasants looking for land to work or fur traders for better game with little resistance from the "indigenous peoples of the forest."<sup>58</sup> Russia reached the Pacific coast in 1639 and briefly sent traders in the 1700s and early 1800s onto the North America continent through the Russian-American Company to benefit from the rich fur resources there, before eventually selling its claims to the United States. As the Chinese empire declined, Russia finally acquired the fertile southern reaches of the Pacific Far East (the Amur and Ussuri basins) in around 1860, with the use of its expanding "regular army, firearms, and organizational might."<sup>59</sup>

With this victory, the relationship between China and Russia seemed to get tenser, as many Chinese still lived in a region that had now become part of the Russian state. Amid such a rocky relationship with China, the RFE faced harsher rule from Moscow. This vast land and natural resources of game, fish, minerals, and precious metals attracted many merchants, hunters, and mercenaries alike.<sup>60</sup> To institute some measure of control, Moscow tried to divide the region "into intendancies, each ... commanded by a military

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<sup>55</sup> "Muscovy" is a name often given to Russia before the time of Peter the Great (1682–1725).

<sup>56</sup> David Moon, "Peasant Migration and the Settlement of Russia's Frontiers, 1550–1897," *The Historical Journal*, 40 no 4 (1997): 859.

<sup>57</sup> *Ibid.*, 870.

<sup>58</sup> *Ibid.*, 872.

<sup>59</sup> *Ibid.*

<sup>60</sup> Stephan, *The Russian Far East: A History*, 3–21.

officer called a *voevoda*.”<sup>61</sup> The aboriginals, who had largely peacefully co-existed with the Chinese settlers, experienced turbulence under the tsarist Russian military and, after receiving no help from the Chinese, became subject to the Russian tsar’s military officials. Within a century of arriving, the Russians made their mark in the region, harshly treating the locals and bringing in political upheaval, along with the evils of modern society: cocaine, prostitution, blackmail, and other decrepit Western lifestyles.<sup>62</sup> Later, Bolshevik and tsarist Russians, as well as Japanese forces fought over the region, and, finally, the region was left under Red Army control and officially became the Far Eastern Republic of the Soviet Union.<sup>63</sup> The residents who had lived there for centuries suffered the most under this change of occupation.

## 2. Soviet Union’s Plan for Its Far East

The Soviet Union boasted of developing the far eastern region with roads, rails, universities, and the revolutionary ideals of Bolshevism and Communism; yet, the control of the region fell on the military from the old tradition of the tsarist times. The tsarist military became the Soviet Army, with literally some of the same people having simply changed uniforms. Between the years of 1926 and 1938, the Far East province was officially called “*Dalnevostochny krai*” (Far Eastern Region) and colloquially called DVK or Dalkrai,” and party, state, army, and security organizations were created around this territorial unit.<sup>64</sup> The province, its leaders being chosen from within the region, continued their contacts with their Asia-Pacific neighbors, and depended on self-reliance learned from being a buffer zone, first for tsarist Russia and later for Bolshevik Lenin’s Russia.<sup>65</sup> The territory was next to impossible for Moscow to control, being so far removed, regardless of the Soviet Union’s desire for control and unity.

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<sup>61</sup> Stephan, *The Russian Far East: A History*, 21.

<sup>62</sup> *Ibid.*, 81–126.

<sup>63</sup> *Ibid.*, 126–155.

<sup>64</sup> *Ibid.*, 173.

<sup>65</sup> *Ibid.*.

This far-away land attracted any who wanted to rebel against the regime. Traditionally “a haven for mavericks: convicts and exiles, escaped serfs, hunters and trappers, and gold prospectors,” the region was a home for “fiercely independent communities” that did not take readily to the regimentation from Moscow bureaucrats.<sup>66</sup> To bring Soviet law to the Dalkrai, the Kremlin created the Special Far Eastern Army in 1929, initially assigning over 80,000 troops, who had special ranking within the Soviet military. The assignment attracted a “formidable concentration of talent,” shaping “the region’s economy, society, and culture.”<sup>67</sup> Separated from the capital and with a lack of oversight, the elite military unit eventually turned the region into a “military backwater,” as they became the dictators, while aboriginals became the subjects, falling under the thumbs of the devils in different uniforms.<sup>68</sup> The Far East seemed to have no progress in sight with peasants from tsarist times serving the new dictators of the Stalinist period.

This far-flung land played a heroic role in the nation’s propaganda with its socialist ideals; but, in reality, the land was a ground zero for the daily terror of trigger-happy political zealots who suspected everyone and anyone of conspiracy. Stalin proclaimed overwhelming success in building modern cities in the frozen tundra, the defense of the nation from “Chinese bandits, and Japanese samurais,” and the unlocking secrets of nature in the arctic.<sup>69</sup> In the meantime, the Soviet leaders in the region dished out harsh retribution to those whom they suspected of conspiracy, crime, and overly zealous tendencies. As Soviet Russia’s farthest periphery, the region posed special problems to Moscow in its effort to bring the union as a whole under the communist umbrella and to russify the region, eliminating any possible conspirators: mostly anyone who was not Russian. In the name of collectivization in the 1930s, the state police unearthed conspiracies and “killed 6,000 peasants and Cossacks and forcibly relocated 30,000 survivors” of Amur Cossacks and Old

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<sup>66</sup> Stephan, *The Russian Far East: A History*, 174.

<sup>67</sup> *Ibid.*, 180–181.

<sup>68</sup> *Ibid.*, 181.

<sup>69</sup> *Ibid.*, 189.

Believers to “Yakutia and Kazakhstan.”<sup>70</sup> These repressive operations brought terror in the region by targeting the intellectuals, aboriginals, and the religiously devout.

As the Great and Patriotic War started in 1941, the region was already in a state of constant fear from cultural cleansing. The RFE became an armed camp for the sustainment of military efforts, paying a heavy price in the war as prisoners were brought in for hard labor. With the harsh climate, unsuitable living conditions, and inadequate food, shelter, and supplies, more or less “15 percent of its inhabitants, excluding labor camp inmates, died in combat or from disease and malnutrition.”<sup>71</sup> As Moscow focused its efforts in investing in its western front, the Far East sank further into desperation, and people, who were able to, left the region in droves in search of work. Over 600,000 Japanese prisoners of war were sent to Siberia, most of whom to the Far East as laborers for the winning USSR to supplement the shortage of labor.<sup>72</sup> After Stalin’s death in 1953 and Khrushchev’s de-Stalinization campaign<sup>73</sup> in the mid-1950s, the prison system slowly began to be dismantled and many prisoners were given amnesty to return home.<sup>74</sup> Even though the Soviet government, under the leaderships of Khrushchev and Brezhnev, sought to send civilian workers to the region with promises of high wages, which some people took up, the region stayed labeled as a gulag. It also populated the area with military personnel after 1960, when it engaged in a major military build-up against communist rival China, a presence that lasted until the late 1980s, when Gorbachev finally made massive military cuts. Today, the camps are not there, but their history still haunts the region. Most of the houses, offices, and factory buildings from the labor camps were destroyed either by the government or even by just some locals so as to not keep the cursed places around. With this in the back of their minds and with the harsh climate, along with the lack of luxuries

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<sup>70</sup> Stephan, *The Russian Far East: A History*, 191.

<sup>71</sup> *Ibid.*, 244.

<sup>72</sup> *Ibid.*, 246.

<sup>73</sup> Bruce Grant, “Nivki, Russians, and Others: The Politics of Indigenism on Sakhalin Island,” in *Rediscovering Russia in Asia: Siberia and the Russian Far East*, ed. Stephen Kotkin and David Wolff (Armonk, NY: M.E. Sharpe, 1995), 166–167.

<sup>74</sup> Roy Medvedev, *Khrushchev*. (Oxford, England: Basil Blackwell Publisher, 1982): 59.



of western Russia, the younger generation has been moving out of the region as soon as they are able.

## **C. POPULATION CHALLENGES: OUT-MIGRATION AND IMMIGRATION**

### **1. Russian Immigration: Organization and Policy**

Following the drastic change in Eurasian geography, migration policy in the region was transformed. Except for the rare cases of the few elite Soviet citizens allowed to travel abroad, Russia never had an immigration policy or an agency to establish or implement such a policy before the fall of communism.<sup>75</sup> The newly independent states, including Russia, began setting up institutions to manage flow of population from one former Soviet republic to another, and with the new institutions, the state needed new regulations and reformed immigration laws.<sup>76</sup> President Boris Yeltsin created the Federal Migration Service (FMS) in June of 1992, which was first of its kind in Russia's history.<sup>77</sup> The goals of this agency were to create immigration legislation as well as account for the flow of population in and out of the country.

Russia's newly established institution of the FMS registered over two million refugees and forced migrants in Russia as of 1993, although Kevin Tessier argues that this figure is highly understated, since the FMS is taking into consideration only the numbers of migrants who officially registered with them.<sup>78</sup> Moreover, the FMS estimates about 500,000 illegal immigrants to be living in Russia, which perhaps is also underestimated especially considering the lack of border security and porous borders in the East especially

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<sup>75</sup> Kevin Tessier, "Immigration Law in the Russian Federation," *Indiana Journal of Global Legal Studies* 3, no 1 (1995): 249. <https://www.repository.law.indiana.edu/cgi/viewcontent.cgi?referer=https://www.bing.com/&httpsredir=1&article=1066&context=ijgls>.

<sup>76</sup> Olga Chudinovskikh and Mikhail Denishenko, "Russia: A Migration System with Soviet Roots," *Migration Policy Institute*, May 18, 2017. <https://www.migrationpolicy.org/article/russia-migration-system-soviet-roots>.

<sup>77</sup> Tessier, "Immigration Law in the Russian Federation," 247.

<sup>78</sup> *Ibid.*, 245.

between Russia and China.<sup>79</sup> Russia has been unable to cope with mass influx of population economically, as the country struggles to adjust to a market economy after seven decades of a state-run system. However, many of the newly independent former Soviet republics established immigration and citizenship laws that required fluency in the native language as a prerequisite to granting citizenship.<sup>80</sup> Russia is still yet to have a program to assimilate those migrating to Russia from nearby countries, many of whom have been the technical elites in these former Soviet republics; as a result, these “top-grade specialists” have scattered through Russia and have lost their skills.<sup>81</sup> Russia simply was not prepared to receive migrating ethnic Russians in mass numbers, let alone provide them with employment appropriate to their skill sets.

As Russia faced mass forced migration for the first time since perestroika, “these phenomena,” as Albina Fayzullina called them, “demanded the renovation of the regulatory and legislation framework of the migration policy.”<sup>82</sup> Immigration laws and regulations were needed to deal with issues arising from mass migration and open borders and free movement that Russia had not experienced during the days of the Soviet Union. The first two laws drafted by the FMS were The Law on Refugees and the Law on Forced Resettlement, both of which were implemented in March 1993.<sup>83</sup> The Law on Refugees applies to non-Russian citizens who are seeking residence in Russia and defines who may be considered as a refugee, how to apply for refugee status in Russia, what benefits and duties such a refugee would be entitled to, and, finally, what the state’s obligations would be toward a person granted refugee status.<sup>84</sup> In describing this law, Kevin Tessier, a professor at Indiana University School of Law, concludes that the benefits offered through this legislation might seem generous, however, “they amount to little more than empty

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<sup>79</sup> Tessier, “Immigration Law in the Russian Federation,” 245.

<sup>80</sup> *Ibid.*, 246.

<sup>81</sup> *Ibid.*, 246–247.

<sup>82</sup> Albina R. Fayzullina, “The Formation of Legal Framework of Migration Policy in Russian Federation (1992-2010),” *Journal of Sustainable Development* 8, no 5 (2015): 12.

<sup>83</sup> Tessier, “Immigration Law in the Russian Federation,” 248.

<sup>84</sup> *Ibid.*, 248–249.

promises” veiled in vague verbiage.<sup>85</sup> On the other hand, the Law of Forced Resettlement applies to Russian citizens who were “forced to leave [their] permanent residence[s] in Russia” to avoid threats against them or their family members based on “race, national origin, religion, language, or membership in a certain social group, or due to political belief[s]” among other things.<sup>86</sup> This law seems to have broad descriptions to protect ethnic Russian who are Russian citizens, and in some cases provide monetary and non-monetary support until the re-settlers are settled and have employment. However, these same benefits do not apply to refugees, and differentiating between these laws are not clear in the vague language of “stateless persons,” and “compatriots” either law instituted.<sup>87</sup> In addition to these interpretive issues of the laws that apply to citizen and non-citizen ethnic Russians, the FMS needed guidelines to deal with internal migration issues.

## **2. Out-migration from the Region**

The Kremlin is facing the challenge of keeping the local population in the region. Studies conducted by the European University Institute concluded that the migration of people leaving the Far Eastern region, especially Kamchatka Krai, Magadan Oblast, and Chukotka Autonomous Okrug are the highest within Russia.<sup>88</sup> Brunarska uses the Russian Federation Population Migration Censuses in her analysis and concludes that over the years between 2007 and 2013, the sub-regions within the FEFD showed a “negative migration balance” of up to 15%, indicating every region within the district saw a decline in population.<sup>89</sup> Further comparison of censuses from 2002 and 2010 reveal the RFE saw the highest depopulation rate with up to a 15% decrease.<sup>90</sup> Brunarska attributes this decline in

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<sup>85</sup> Tessier, “Immigration Law in the Russian Federation,” 249.

<sup>86</sup> Ibid.

<sup>87</sup> Fayzullina, “The Formation of Legal Framework of Migration Policy in Russian Federation (1992–2010),” 15.

<sup>88</sup> Zuzanna Brunarska, “Regional Out-migration Patterns in Russia,” *European University Institute Working Papers* 56 (2014): 6, [http://cadmus.eui.eu/bitstream/handle/1814/31382/RSCAS\\_2014\\_56.pdf?sequence=1](http://cadmus.eui.eu/bitstream/handle/1814/31382/RSCAS_2014_56.pdf?sequence=1).

<sup>89</sup> Ibid., 13.

<sup>90</sup> Ibid., 14.

population to regional challenges, such as living conditions and opportunities for employment. However, she argues that these challenges should not be considered only as a regional problem, but one that needs a federal level involvement.<sup>91</sup> The out-migration from the RFE is not a new problem, however, as noted by James Moltz, that the region in the post-Soviet era is being stripped of its skilled workers and some areas could even become depopulated altogether.<sup>92</sup> The challenge of not being able to keep the population that lived there during the days of USSR and grew up there after the fall of communism could cause a significant problem if not addressed by Moscow.

To address the issue, the Kremlin's focus could be on who is leaving and why they are leaving before it can create an atmosphere for them to consider staying. Brunarska emphasizes that out-migration further hinders the region's potential for development, especially when the people who opt for migration are usually "the most entrepreneurial individuals."<sup>93</sup> The brain drain of the region has rung the alarm bells in the Kremlin. As he prepared for the 2016 Eastern Economic Forum in Vladivostok, President Putin emphasized the need for educated young professionals in the region and said that to attract such individuals, the Kremlin needed to create an effective system of training for these individuals within the region.<sup>94</sup> With the educated and entrepreneurial minded leaving the region, opportunities to create jobs and possibly build the economy might be decreasing drastically. Brunarska sums this up by explaining that "migration outflow deepens the peripherality of the most peripheral regions and thus acts as an impediment to their economic development and leads to further deterioration of living conditions of their residents."<sup>95</sup> To divert this spiral decline, the outflow of the populace is a priority problem for Moscow to resolve.

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<sup>91</sup> Brunarska, "Regional Out-migration Patterns in Russia," 6.

<sup>92</sup> James Clay Moltz, "Core and Periphery in the Evolving Russian Economy: Integration or Isolation of the Far East?" *Post-Soviet Geography and Economics* 37, no 3 (1996): 182.

<sup>93</sup> Brunarska, "Regional Out-migration Patterns in Russia," 14.

<sup>94</sup> "Preventing Outflow of Population From Russia's Far East Top Priority: Putin," *Xinhua News*, September 1, 2016. [http://www.xinhuanet.com/english/2016-09/01/c\\_135652410.htm](http://www.xinhuanet.com/english/2016-09/01/c_135652410.htm).

<sup>95</sup> Brunarska, "Regional Out-migration Patterns in Russia," 14.

### 3. Immigration: Could It Be a Solution?

With Moscow's inability to settle people in the Far East or entice the current residents to stay in this vast land, one plausible option to populate this land seems to be foreign settlers or legal residents from other countries. Since the beginning of Russia's expansion in the 1600s, immigrants to Russia have been mostly from Russian occupied territories. During the days of "Iron Curtain," the Soviet Union had closed its borders in both directions "aside from labor agreements, the hallmark of the external migration regime during the Soviet period,"<sup>96</sup> and with occasional temporary labor migrants from other Soviet satellite countries such as Bulgaria, North Korea, and Vietnam,<sup>97</sup> with the spreading of Soviet ideals. This system had encouraged ethnic "Russians to move to the periphery of the Soviet Union," resulting in the percent of Russians in non-Russian states doubling from 9.6% in 1926 to 19.6% in 1970 and then falling slightly to 18.2% by 1989.<sup>98</sup> This ensured ethnic Russians constituted a majority in many of the non-Russian republics and that ethnic Russians would occupy the highest-ranking positions. The ethnic Russians in non-Russian republics enjoyed their traditions and cultures while speaking their language, and more importantly, enjoyed a privileged status, high-prestige professions, and higher shares of managerial positions.<sup>99</sup> However, this ethnic Russian expansion and occupation had an end.

### 4. Post-Soviet Immigration

The fall of communism brought a sudden stop to this expansion and with it, the privileges the ethnic Russians had enjoyed. More than 25 million ethnic Russians who were outside of Russian territory<sup>100</sup> returned, causing a massive immigration of ethnic Russians

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<sup>96</sup> Olga Chudinovskikh and Mikhail Denishenko, "Russia: A Migration System with Soviet Roots," *Migration Policy Institute*, May 18, 2017, <https://www.migrationpolicy.org/article/russia-migration-system-soviet-roots>.

<sup>97</sup> Ibid.

<sup>98</sup> Timothy Heleniak, "Migration Dilemmas Haunt Post-Soviet Russia," *Migration Policy Institute*, October 1, 2002, <https://www.migrationpolicy.org/article/migration-dilemmas-haunt-post-soviet-russia>.

<sup>99</sup> Ibid.

<sup>100</sup> Ibid.

coming into Russia<sup>101</sup> from the 14 non-Russian republics. With thousands of Russians returning home with hopes of finding the same luxuries they had enjoyed, many others were leaving for a better life in the West, where the economic and educational benefits were already established. As Timothy Heleniak, a professor of Russian, Eurasian, and East European studies at Georgetown University, argues that the migration is for people who are willing to adapt to changing circumstances, and as such those who migrate “tend to be more ambitious,” and overall more willing to take risks.<sup>102</sup> Russia was losing its ambitious and educated people who were able to take on changes and face challenges and was left with population that was not compatible with the emerging market economy and rather open borders.<sup>103</sup> Russia’s population peaked in 1992 with the inflow of ethnic Russians coming back from former Soviet republics, while emigration abroad was not as drastic.<sup>104</sup> However, the outward flow included “disproportionate numbers of people in highly skilled occupations,” causing brain drain from not only the major cities of Russia, but also most every region of Russia, including the Far Eastern reaches. Russia needed a system to control this flow and secure borders.

With the sudden split of republics and re-drawing of borders, Russia found itself bordering with 14 countries and needing to manage 450 different official border-crossing points.<sup>105</sup> Securing this vast border and managing the border points have been difficult tasks, along with nation-building and constructing a market economy after 70 years of centrally planned dictatorship with a command economy system. The strict control of population movements within the regime through internal passport, residency registration requirements, and at times by coercion, and keeping people within its borders did not work

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<sup>101</sup> Chudinovskikh and Denishenko, “Russia: A Migration System with Soviet Roots.”

<sup>102</sup> Timothy Heleniak, “Migration and Restructuring in Post-Soviet Russia,” *Demokratizatsiya* 9, no 4 (2001): 531–532, <https://search.proquest.com/docview/237203684/fulltextPDF/E7EECB7087AF41FAPQ/1?accountid=12702>.

<sup>103</sup> *Ibid.*

<sup>104</sup> *Ibid.*, 535–536.

<sup>105</sup> Heleniak, “Migration Dilemmas Haunt Post-Soviet Russia.”

anymore under Russia's new political conditions.<sup>106</sup> With this loss of control, the existing immigration policy became obsolete for not only Russia but for all of the newly independent nations as well.

Internal migration in post-Soviet Russia has been a major factor in the country's economic restructuring, especially labor distribution. Heleniak's research concludes the predominant internal migration flow to have been "out of Siberia, the Far East, and the European North toward central Russia."<sup>107</sup> Although his research does not provide conclusive evidence to "the economic causes of migration,"<sup>108</sup> this internal migration flow, especially those leaving Siberia and the Far East, could be attributed to people either returning to their homeland after the Soviet era forced settlement or people migrating in search of better living conditions. With the shift to a market economy, Moscow simply could not afford to utilize the RFE as a forced settlement location where the natural resources were harvested for the consumption of the whole nation, as the depopulation of this periphery reached a critically low level. Heleniak states the RFE's overall depopulation to be at a 7.1% decline from 1989 to 1998.<sup>109</sup> This accounts for a 15% decline of the working age population (males of 16–59, and females of 16–54) and a 24% decline in the young working age population (ages 25–39), while the retirement-age population increased by 9%.<sup>110</sup> With not many options to populate the region, the Kremlin fears "Chinese expansion into Russia's Far East" as well as internal migration, especially the depopulation of regions and aging population in these regions, so much so that President Putin classified these issues along with country's eroding infrastructure to be among the country's most serious problems.<sup>111</sup> Despite the efforts to populate the region, migration out-flow has crippled the RFE in its economic development. The settlement efforts, thus, cannot be the

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<sup>106</sup> Heleniak, "Migration Dilemmas Haunt Post-Soviet Russia."

<sup>107</sup> Heleniak, "Migration and Restructuring in Post-Soviet Russia," 539–540.

<sup>108</sup> *Ibid.*, 541.

<sup>109</sup> *Ibid.*, 545.

<sup>110</sup> *Ibid.*

<sup>111</sup> *Ibid.*, 539–546.

sole focus, as a comprehensive solution requires improved infrastructure, economic development, and the creation of a hospitable environment for foreign investors. However, in order to proceed with these efforts, the population challenge rises to the top again and is one for which the Kremlin hopes to have found a solution.

**D. SOLUTION TO POPULATE THE LAND: FREE LAND TO ALL RUSSIANS**

On top of this land being a frozen tundra where prison camps existed, the Kremlin must move people of all walks to the RFE: those who are leaving the region, and those who have never been to the region. First came the idea of investing into the region with infrastructure, construction, and military unit build-ups. Moscow's new solution to develop the region to be a bridge with Northeast Asia was to offer Russian citizens a hectare<sup>112</sup> of free land for each person who wished to move to the Far Eastern Federal District. In preparation for the September 2012 APEC (Asia-Pacific Economic Cooperation) conference, Russia wanted Vladivostok to look like a modern city, and as Sebastian Strangio, a correspondent for the Christian Science Monitor says, Moscow wanted this opportunity to be the "coming-out party for the region, hoping to promote foreign investment and stave off perceptions that it will one day be dominated by China."<sup>113</sup> A construction boom brought just over \$15 billion (USD) into the region – which equaled to 60 times Vladivostok's annual budget—without being much help to mend the region. As Strangio interviewed residents of the Far Eastern Federal District, he received answers of "young people ... still leaving the region in droves."<sup>114</sup> Locals called this free land initiative as more government "propaganda."<sup>115</sup> It might be a good propaganda for Moscow folks, but not for the locals.

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<sup>112</sup> A hectare is approximately 2.5 acres.

<sup>113</sup> Strangio, "Corruption Hobbles Russia's Far East."

<sup>114</sup> Ibid.

<sup>115</sup> Ibid.



As Derek Lambie posted in the *Siberian Times*, the idea of free land was first thought of in mid-2013, floated by then-Assistant to the President Yuri Trutnev<sup>116</sup> in a bid to stimulate the economy and populate the region. Finally, with President Putin’s full backing, the project was launched in January 2015.<sup>117</sup> This article along with many similar in topics were positive with many excited comments from readers of all nations. The Kremlin-backed media advertised heavily about it in 2015, when it still was just talk. The idea of giving away free land to Russian citizens came as a surprise to many—pleasant, in most cases, until one read the fine print on contingencies.

### **1. The Free Land Project in the News**

Russia’s ability to control its media and advertise this project in a positive light seemed easily achievable, considering how the empire had nearly perfected this ability over seventy years of dictatorship. However, state media reports were rather dull and lacked critical information, forcing interested citizens to turn to private media and blogs. After the July 2013 initial announcement, many local and foreign news reported on this idea, giving it a force and a mention of 106 times in the first month as Table 1 highlights.

The next boost of this news came in January 2014 when Putin delivered his annual briefing and expressed his intent to think this through and addressed the benefits and challenges, bringing the report for this month to 313. Within the year, Putin had approved the project in his State of the Union address and promised the law to be written and approved in timely manner. Positive news of the free land soared again, this time to 266 mentions in January 2015 alone. Putin’s announcement of creating a free port in Vladivostok and “establishment of priority development areas in the Far East”<sup>118</sup> did not go unnoticed. The Russian public within and without its borders seemed rather hungry for

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<sup>116</sup> Yuri Petrovich Trutnev was Assistant to the President between May 2012 and August 2013, and was appointed as the Deputy Prime Minister of Russia and Presidential Envoy to the Far Eastern Federal District on August 31, 2013 (Source: Russian Federation’s Official website: <http://government.ru/en/gov/persons/21/events/>).

<sup>117</sup> Derek Lambie, “Come and Get It! Free Land Soon Up for Grabs to Every Resident in Far East,” *The Siberian Times*, January 29, 2015, <http://siberiantimes.com/home/voice-of-siberia/v0008-come-and-get-it-free-land-soon-up-for-grabs-to-every-resident-in-far-east/>.

<sup>118</sup> Lambie, “Come and Get It! Free Land Soon Up for Grabs to Every Resident in Far East.”

news of this development and anticipated growth for the region and the nation overall, with a positive outlook for the region from Russians and foreigners alike.

Table 1. Russian Far East and Free Land Related News Coverage via ProQuest News Stand<sup>119</sup>

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013							106	16	14	116	21	12
2014	313	33	20	125	52	11	131	10	25	109	42	44
2015	266	30	32	118	34	54	125	27	60	158	42	29
2016	145	55	32	109	45	47	79	63	66	61	52	77
2017	58	50	54	114	87	9						

However, the news media was mostly re-addressing Putin’s speeches or Yuri Trutnev’s interviews with comments from people all over the world, although the news from the Western hemisphere was rather limited. The Washington Post and New York Times each picked up this news only once in an 18-month period. The Moscow Times and three state controlled news channels (TV1, TV2, and NTV) ran Putin’s and Trutnev’s speeches and discussions on the matter while local channels in the Far East region re-broadcasted the messages. Still, the news was vague and could not explain how this would actually work. As the Moscow Times reported, Far Eastern Development Minister Alexander Galushka estimated the start of the program to be as early as 2015, and the land allotted could be much more than one hectare, according to his interview in late 2014.<sup>120</sup> Unclear and vague news from state media continued.

The Kremlin needed some positive outcome from this effort to help spread the news and spark interest in not only residents of the Far Eastern and Siberian Districts but all Russian citizens, including those living abroad as well. Perhaps in the hopes of positive

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<sup>119</sup> The counts of reporting come from author’s research in news of ProQuest News Stand with parameters of Free Land, Hectare, Russia, Far East, and Law (counted to eliminate non-related or redundant sources); Search dates: July 1, 2013 through June 5, 2017 – 4 year span. <https://search.proquest.com/results/23520EA706A84070PQ/1?accountid=12702>.

<sup>120</sup> “Moscow to Give Free Land to Every Russian in Far East,” *Moscow Times*, January 20, 2015, <https://themoscowtimes.com/articles/moscow-to-give-free-land-to-every-russian-in-far-east-43059>.

public attention, President Putin highlighted Russia's Far East Free Land project in his speech at the Eastern Economic Forum in 2015.<sup>121</sup> As he welcomed the international audience to Vladivostok, Putin stressed the Far East region's development, counting off major projects of oil and gas pipelines, the Vostochny Space Launch Center, and Trans-Siberian railway modernization.<sup>122</sup> He emphasized that these projects would only be fruitful with the help of citizens in the Far East and those who were willing to come live and work in this beautiful region and expressed his desire to thank them by granting a hectare of land.<sup>123</sup> The talk brought on a somewhat different tone of what people may have expected in terms of the land being free or having conditions for ownership.

Whether it was this speech or something entirely different, the news did not pick up, as many viewers or bloggers and the comments made and blogs published had a rather different tone, either neutral and questioning the reasons or fully negative with an astounding (negative) change of attitudes. Compared to these private bloggers and commenters, the *Moscow Times* seemed rather positive after Putin's speech in regard to an article emphasizing the offer of land to attract people and a labor force,<sup>124</sup> drawing a multitude of negative comments on the re-emergence of the Soviet regime, and the failed effort of land bargaining for the creation of another gulag. Although the survey in the article claimed one in five Russian would settle in the Far East should they receive free land,<sup>125</sup> the content of this speech posed more questions of when and why and if the land was really entirely free.

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<sup>121</sup> "Putin Addresses Economic Forum in Russia's Far East – Kremlin Transcript," Official website of the President of the Russian Federation, September 5, 2015, <http://kremlin.ru/events/president/news/50232>.

<sup>122</sup> Ibid.

<sup>123</sup> Ibid.

<sup>124</sup> Anna Dolgov, "Authorities in Russia's Far East Try Land Giveaway to Attract Residents," the *Moscow Times*, September 4, 2015, <https://themoscowtimes.com/articles/authorities-in-russias-far-east-try-land-giveaway-to-attract-residents-49349>.

<sup>125</sup> Ibid.

## 2. Free Land in the Russian Far East: Gift or Burden?

The long-anticipated dream for many Russian citizens seemed to be realized with a legal right to own land free of charge and even will it to one's children. President Vladimir Putin signed the Federal Law Number 119-F3 of the Russian Federation on May 1, 2016, which was published on the Federation's Official Internet Portal for Legal Information.<sup>126</sup> This 81-page document had 20 articles that were divided into further sub-articles and sections. It spelled out the following:

- the regions of the Far Eastern Federal District (Figure 2),
- the land grant provided to Russian citizens,
- categories the citizens must meet to qualify for the land, and
- the requirements for the usage of the land for the next one, three, five, and ten years before the land would completely belong to the owner to do as he or she wished.<sup>127</sup>

The law was to be implemented in three phases.

- Phase 1: 1 June 2016 – Far Eastern Region: the residents of nine municipalities (see Figure 2) in the region are able to apply for land within their respective regions.
- Phase 2: 1 Oct 2016: Every resident of the Far Eastern region is able to apply for a land.
- Phase 3: 1 Feb 2017: Application process is open to all Russian citizens.

To help with understanding this law for the phases, requirements, and picking out the plot of land one might want, the Federation published searchable and interactive instructions, as well as a site for online applications with the catchy title “Every Russian citizen has a

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<sup>126</sup> “Федеральный закон от 01.05.2016 № 119-ФЗ.”

<sup>127</sup> Ibid.

right to receive a hectare land in the Far East.”<sup>128</sup> It may have seemed like once-in-a-lifetime opportunity to own a piece of mother Russia, a dream denied to all during the Soviet regime; however, it also came with a series of strings attached, as the people started the application process or even simply read into the fine print of this Federal law.

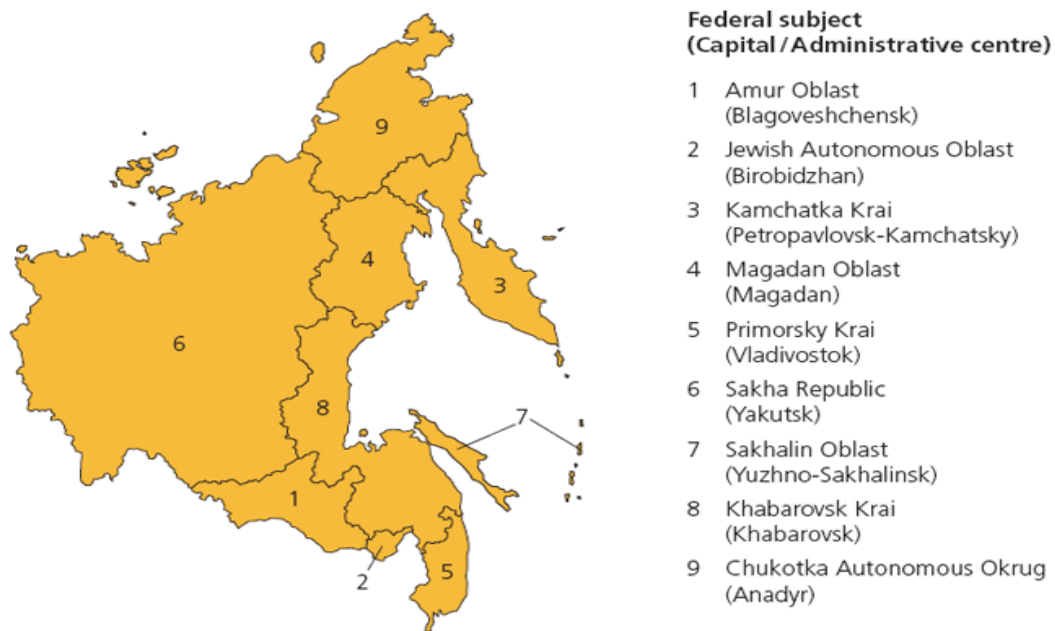


Figure 2. Far Eastern Federal District of Russia by Federal Subject<sup>129</sup>

### 3. Implementation of the Free Land Law

Once the law was signed and published, the Kremlin had exactly a month to ensure the application site was ready and people were excited with this God-given right of every Russian citizen to invest in a small piece of the motherland. On 4 May 2016, the application site had its preview with a video instruction of steps to apply, including how to choose

<sup>128</sup> “Every Citizen of the Russian Federation Has the Right to Get a Hectare of Land in the Far East,” Ministry of Russian Federation for the Development of the Far East, accessed January 30, 2017. <https://надальнийвосток.рф/>.

<sup>129</sup> Source: “Map Far Eastern Federal District of Russia,” Federal State Statistics Service of Russia, 2016, [http://www.gks.ru/wps/wcm/connect/rosstat\\_main/rosstat/en/main/](http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/en/main/).

one's hectare entirely online. This video instruction<sup>130</sup> went viral on YouTube with over 243,000 views and numerous shares of different videos and multiple TV channels and was updated and corrected for each subsequent phase. The first to publish the start of Phase 1 was the state-sponsored RAPSI News – Russian Legal Information Agency.<sup>131</sup> The article stated the instruction of the free land allocation of one hectare that how one could choose from many desirable locations as well as “fill all necessary registration documents” entirely online.<sup>132</sup> With the promise of 30-day processing of applications, the first plots were to be allocated by the end of July 2016.<sup>133</sup> The article also highlighted the terms of land usage within the initial five years, subject to lease ownership conditions. This seemed to be the end of government control on who relayed what news to the general public and relaying it ahead of the private news media.

The law was signed and the implementation process had started as promised, yet the media could not be convinced to follow the Kremlin's positive outlook. The first of many scathing reports on this Far Eastern Hectare project came from Crime Russia site, run by Hong Kong-based Russian expats.<sup>134</sup> At first glance, the gesture seemed noble, the article starts. But it raised questions on the implementation mechanism and difficulty of registering the chosen lot in the first days of the website's launch. Crime Russia questioned the corruption in place to enable certain people with the most desirable lands in the Far East.<sup>135</sup> Moscow responded to the blocking of access to certain lands, through RAPSI News, with the explanation that some of the newly allocated territories did not fall under the “hectare” law regulation due to the “presence of large deposits of peat” and assured the

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130 “Дальневосточный Гектар,” YouTube video, 2:23, posted by APЧК ДВ, originally published: May 4, 2015, republished with Phase III additions: January 30, 2017, <https://youtu.be/ofyp5rggqb0>.

131 “Law Allowing Citizens to Get Land for Free Enters into Force in Russia,” RAPSI News, June 1, 2016, [http://www.rapsinews.com/legislation\\_news/20160601/276228870.html](http://www.rapsinews.com/legislation_news/20160601/276228870.html).

132 Ibid.

133 Ibid.

134 “‘Far Eastern Hectare’: Benefit for Russians or Corrupt Scheme to ‘Appropriate’ Lands?,” *Crime Russia*, June 17, 2016, <https://en.crimerussia.com/corruption/-far-eastern-hectare-benefit-for-russians-or-corrupt-scheme-to-appropriate-lands/>.

135 Ibid.

public that a change was being made in the regulation to include these lands and on the site to specify available lands.<sup>136</sup> Although the *Moscow Times*, RAPSI News, and other government-sponsored news media were working to ensure positive news would cycle both in print and online, most viewers seemed to focus on the online video channels, especially after the airing of the YouTube instruction video.<sup>137</sup> Even with a number of positive spikes and the government's indication that its surveys were positive, only around 23% of the Russians polled expressed interest in this initiative.<sup>138</sup> Unofficial channels of the media, especially YouTube and other private blog sources, did not mince words in criticizing the seemingly endless problems with the instructions, application process, and overall impossibility of obtaining land through the means provided.

#### **4. Challenges of the Far Eastern Hectare Project**

With the state-controlled news channels and multiple websites dedicated to selling the free land project, and millions of hectares of land still to offer, the Kremlin has yet to control the media and sway a majority of public opinion. Three of the major TV channels, Channels 1, 2, and NTV, and a half-dozen of Russian nationally distributed newspapers are state-owned or controlled. Just with these statistics, one would think that the media would be bombarded with the benefits of the free land claim in the Far East on a daily basis. Both Putin and Trutnev had different priorities or they simply discounted the reach of thousands of individuals with a laptop and a camera to voice their opinions.

Without the private news sources' input, the Kremlin has still made substantial mistakes in its media relations. First, a faulty website<sup>139</sup> for the land application stopped many excited Russians from applying. Second, incomplete and vague information

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<sup>136</sup> "Additional 400,000 Hectares to be Allocated as 'Free Land' in Russia," RAPSI News, July 13, 2016, [http://www.rapsinews.com/legislation\\_news/20160713/276490013.html](http://www.rapsinews.com/legislation_news/20160713/276490013.html).

<sup>137</sup> "Дальневосточный гектар," originally published: May 4, 2015, republished with Phase 3 additions: January 30, 2017, <https://youtu.be/ofyP5rggqB0>.

<sup>138</sup> "Over 2 Million Russians Plan to Lay Claim to Free Hectare of Land in Far East," Sputnik International, Jan 12, 2017, <https://sputniknews.com/russia/201701121049515068-russian-far-east-free-land/>.

<sup>139</sup> "Дальневосточный гектар."

delivered via state media channels gave room for amateurs and skeptical citizens to draw their own rather negative conclusions. Third, slow responses to the application process and an inability to pick their plots as promised on the website<sup>140</sup> raised questions of government corruption to keep the better locations for select people and drove negative coverage to peak. To add to all that, all of the government news channels seemed unable to respond with anything solid or positive, which left people to draw their own conclusions and fill in the gaps of what the media and the Kremlin were not answering.

As the news of the free land circled, many Russians researched and some applied. As of February 1, 2018, a year after the Phase 3 started, the progress of land application seems to be still slow and cumbersome. The application website reveals that thus far 110,532 applicants have submitted their request, of which 35,546 applicants have been granted land and 74,986 applicants' requests are being considered.<sup>141</sup> These numbers reveal that no application has been denied. This could give Russians hope that everyone's request will be granted or this could potentially mean that if one is unsuccessful in receiving land, then, the application of such persons would be buried and never looked at again. Moreover, the comments on the site and its YouTube instructional video posting has turned rather negative, with messages of the site shutting off mid-application and the customer service at the provided phone number failing to answer questions or requests.<sup>142</sup> However, the comments section of the YouTube video has been disabled.<sup>143</sup>

Through this initiative, Putin has decided to slice out plots in no-man's land in gratitude to those who are willing to support his ideals; whether the land will be a gift to the average Russian to own a piece of the motherland or a shackle to subject himself to great Russian dictatorship is yet to be determined. The strategy of free land was initiated to give new life to the Far East with an able work force to develop the region. As Putin's

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<sup>140</sup> “Дальневосточный гектар.”

<sup>141</sup> “Every Citizen of the Russian Federation Has the Right to Get a Hectare of Land in the Far East.”

<sup>142</sup> These comments were pulled from YouTube site: <https://youtu.be/ofyP5rggqB0> within a week of latest video with Phase 3 on January 30, 2017. However, all comments have been removed and further commenting has been disabled as of June 10, 2017 and remains disabled as of February 15, 2018.

<sup>143</sup> Ibid.



speech from the Economic Forum indicated, this is for the development of the Far East to strengthen Russia's relationship with East Asia, namely, with China, Japan, and the Korean Peninsula.<sup>144</sup> But the free land program, with all its requirements and contingencies for application and usage of the plot, has been frustrating for the average Russian citizen and raises questions as to whether it is free really or if they will end up as subjects to this frozen land with no way out. Even if the Kremlin is able to answer the questions of the citizens interested in the land yet who are hesitant because of the vaguely worded conditions, this major initiative needs a drastic facelift to bring a positive outcome.

## **5. Unsuccessful Initiative: Non-existent Benefits Package**

Who is going to develop the RFE, and where will these developers find the labor force to do so? Vladimir Kontorovich, a professor of economics at Haverford College and a Novosibirsk University graduate, contemplates the declining population of the region and provides the grim prediction that the land will be taken over by an ever-growing Chinese presence in the region.<sup>145</sup> He relates this outflow to the decline of public goods and services after the fall of Communism and credits the inflow of people during Communism to the "better pay and benefits package" compared to what was "available in European Russia."<sup>146</sup> However, these packages and benefits are non-existent today and so are the public services from that era. Instead, Kontorovich notes that residents have suffered a decline of heating and water supplies, especially in the winter.<sup>147</sup> Even Vladivostok, with the highest concentration of population in the region, is "plagued by interruptions in heat, power and water supply, municipal transport and other services."<sup>148</sup> Re-occurring accidents affecting the Far East Unified Energy Grid are not only troubling but also detrimental to the region and, potentially, the country, more so if left unresolved. Energy Minister Alexander Novak is rather optimistic, but could not deny the increasing number

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<sup>144</sup> "Putin Addresses Economic Forum in Russia's Far East – Kremlin Transcript."

<sup>145</sup> Kontorovich, "Can Russia Resettle the Far East?" 365.

<sup>146</sup> *Ibid.*, 370.

<sup>147</sup> *Ibid.*

<sup>148</sup> *Ibid.*, 371.

of regions and people being affected.<sup>149</sup> Lack of heat and power in the coldest of regions in Russia contribute substantially to overall population decline.

Russia experienced a mass exodus shortly after the fall of communism when its borders opened and residents no longer needed to acquire state approval for foreign travel or to register their in-country relocations. Young people, especially, left in droves.<sup>150</sup> With over 6.2 million square km of land, the RFE has only about 6.3 million residents; only 4.9% of Russian citizens live in an area comprising 36.4% of Russia's overall territory.<sup>151</sup> This translates to approximately one person for each square km of land. However, the population concentration is mainly in the coastal city of Vladivostok and the capital of the district, Khabarovsk, together accounting for one-fifth of the region's population.<sup>152</sup> The Kremlin's recent initiative might be new and exciting for the outside world to see, but not so much for the locals or the people who experienced bureaucratic red tape in trying to acquire a piece of land. These efforts need to be more appealing than the comparative reasons for people to leave the region.

Together with the free land, higher pay and better benefits could be an attractive reason for Russians to move to the RFE; however, the detractions also weigh heavily. Troyakova credits this to "a poor foundation" for development, including multiple factors left over from the Soviet regime, such as "ineffective management, low labor productivity, lack of market institutions, and a poor banking system."<sup>153</sup> These poor conditions discourage people from believing in the promises made by the Kremlin and from hoping that rapid development and investment funds will come into the region.<sup>154</sup> However, Troyakova also notes that the sparse population creates high demand for labor, increasing

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<sup>149</sup> "Meeting on Implementation of Major Investment Projects in Far Eastern Federal District," *Kremlin News*, Aug 3, 2017, <http://en.kremlin.ru/events/president/news/55286>.

<sup>150</sup> Strangio, "Corruption Hobbles Russia's Far East."

<sup>151</sup> "Far Eastern Federal District," Official website of the Envoy of the President of the Russian Federation in the Far Eastern Federal District, accessed May 18, 2017, <http://www.dfo.gov.ru/district/>.

<sup>152</sup> *Ibid.*

<sup>153</sup> Tamara Troyakova, "The Russian Far East: Isolation or Integration?," *Problems of Post Communism* 54, no 2 (2007), 64.

<sup>154</sup> *Ibid.*

wages, and the cost of living, so that “the lowest wage is much higher in the Far East than in the rest of Russia.”<sup>155</sup> Regardless, population decline has been quite drastic over the last two decades, and the Russian Federation Security Council considers this Far Eastern situation a security issue.<sup>156</sup>

With President Putin’s desire to strengthen Russia’s relationship with its Asian neighbors, the region needs to be attractive for investors to come to Eastern Russia or at least be willing to anchor at its Far Eastern ports. To create an attractive and welcoming economy in the region, Russia needs to develop the infrastructure or at least make it look better than abandoned ghost towns frozen in the communist era. The region needs people who are willing to shoulder hard work in its development and the improvement of relations with Asia, and it is a challenge for Moscow to repopulate the region. However, despite the advantages promoted in the free land project, the Kremlin still has not been able to entice any mass movement toward the eastern reaches of its vast land. Rather, out-migration, perhaps even de-population, continues.

As Moscow struggles to reform its policies in retaining individuals and creating an environment better suited for development and foreign investment, a hard look at living conditions in the Far East is past due. The struggling economy in the RFE is not only due to its sparse population but also the lack of infrastructure and much-needed amenities to attract people. The next chapter will delve into the life in the RFE in regard to its climate, environment, infrastructure, transportation, and economic conditions and challenges. Chinese migrants settling in the RFE, whether legally or illegally, is an issue closely tied to the region’s economic development and foreign investments coming into the RFE and as such will be discussed in a later chapter.

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<sup>155</sup> Troyakova, “The Russian Far East: Isolation or Integration?,” 64.

<sup>156</sup> *Ibid.*

### III. INTERNAL FACTORS AFFECTING THE DEVELOPMENT OF THE RUSSIAN FAR EAST

Vladivostok offers experiences that Moscow never would: hovels in which people live, the bad conditions of the streets, the primitive sewage disposal system and fitfully functioning public services, and the prisoners marched daily through the streets to and from work by soldiers with fixed bayonets.

—O. Edmund Clubb, 1945<sup>157</sup>

Should the efforts of Moscow to increase the population of the Russian Far East (RFE) succeed, a key challenge will be how the newest settlers to the region will adjust to the lack of current amenities they would have available. Chapter II determined that the challenges of settling the RFE should not be considered as a population issue only, but rather, should be considered along with the factors that affect out-migration, such as environmental and infrastructural conditions that cause this out-migration. This chapter explores what the conditions of the RFE are like in terms of the current environment, infrastructure, as well as the governance of the region in view of its distance from the Kremlin and its reaches of control. In an effort to present the internal factors that compound the challenges of the RFE development, this chapter addresses the harsh climate and how it affects living conditions, the economic development of the region from the tsarist times to today, including the building of the railway system connecting Moscow to the country's far eastern reaches and its eastern neighbors. Finally, the chapter discusses how, in absence of residents in the RFE, illegal settlers are using the land without thought for its preservation and possibly causing additional damage to the already fragile environment.

Considering climate change, including issues of increasing global temperatures and overpopulation around the world, the RFE makes an exceptional case study. How is it that the RFE is short of people when the government lures citizens east with the offer of free land? Can people acclimate to the turbulent weather of the region if they want to live in

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<sup>157</sup> Stephan, *The Russian Far East: A History*, 243.

these far reaches? President Putin has highly prioritized the RFE's development to improve relations with Russia's Asia-Pacific neighbors and emphasized its need for development.<sup>158</sup> For development initiatives to succeed, however, the region needs an attractive infrastructure and favorable economic development conditions. Internal struggle to access necessities has become an issue the government cannot silence, and the Kremlin has yet to fully succeed in creating a thriving population in Siberia because of the harsh climate, lack of infrastructure, and unfavorable investment conditions.

As the largest country on earth, Russia experiences multiple environmental problems, and many of them could potentially have a global impact. With drastic changes in its social, political, and economic conditions since the breakup of the Soviet Union in 1991, Russia finally has allowed environmental activists to enter the region to research the existing environmental problems.<sup>159</sup> Successful development of the RFE clearly hinges on the conditions of the region and how the Kremlin compensates for the negative aspects the environment brings or how it turns them into opportunities and possibilities for those looking for a fresh start.

#### **A. ENVIRONMENTAL CHALLENGE: THE HARSH CLIMATE**

For years, explorers and travelers to the region have commented on the climate and how it influences life in the region. Stanislaus Novakovsky quotes a famous Russian scientist from the 19th century, A. Middendorff,<sup>160</sup> who stated:

Nowhere in all the world does the climate act in such an unfriendly manner toward vegetable and animal life, not excluding man, as it does in Siberia. Nowhere but there is the character of the country preconditioned to such

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<sup>158</sup> Troyakova, "The Russian Far East: Isolation or Integration?," 66–67

<sup>159</sup> Laura A. Henry and Vladimir Douhovnikoff, "Environmental Issues in Russia," *Annual Review of Environment and Resources* 33 (2008), 437–438.

<sup>160</sup> Alexander Theodor Von Middendorff (Александр Федорович Миддендорф), Russian zoologist and explorer, was a member of the expedition Novaya Zemlya (New World). Later he traveled to Siberia for exploration. Source: Frans A. Stafleu and Richard S. Cowan, "Taxonomic Literature: A Selective Guide to Botanical Publications and Collections," *Biodiversity Heritage Library*, vol III (1981), 442.

minute details by the climate, and nowhere is the triumph of life over the enmity of the outside world so complete as in Siberia.<sup>161</sup>

This sentiment has not changed much almost two centuries later. Novakovsky further stated that the scientists who studied the RFE during the 19th and 20th centuries mostly neglected the climate itself and focused on the agricultural and other economic possibilities instead.<sup>162</sup> He described multiple regions of the RFE as impossible or almost impossible for agriculture and determined the climatic conditions as the reason.<sup>163</sup> Although it has been almost two centuries since Midendorff's statement, the RFE climate has not warmed up much. Current average temperatures of the northern regions are still considered some of the coldest in the world.

Although global warming has contributed to an increase in the RFE's average "unfrozen ground" days, the average temperate has not changed significantly enough to make the region more habitable.<sup>164</sup> Bulygina and others conclude that the duration of the snow cover may have decreased over 40 years through a survey conducted between 1966 and 2007; however, "the amount of snow that falls during the cold season has generally increased."<sup>165</sup> The National Centers for Environmental Information (NCEI) reports monthly climate information and concludes that the RFE's average temperatures over the last 25 years have been rather unpredictable.<sup>166</sup> Although the average temperature increased by 5°C during the winter months, the region was reported to have about one degree cooler-than-average temperatures during the spring to summer months. The NCEI recognizes Siberia as of the locations having the harshest climate, which coincides with the

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<sup>161</sup> Stanislaus Novakovsky, "The Probable Effects of the Climate of the Russian Far East on human Life and Activity," *Ecology* 3, no 3 (1922): 181–182.

<sup>162</sup> *Ibid.*, 182.

<sup>163</sup> *Ibid.*, 183.

<sup>164</sup> Henry and Douhovnikoff, "Environmental Issues in Russia," 446.

<sup>165</sup> O. N. Bulygina, V.N. Razuvaev, and N.N. Korshunova, "Changes in Snow Cover Over Northern Eurasia in the Last Few Decades," *Environmental Research Letters* 4, no 4 (2009), 4–5, <http://iopscience.iop.org/article/10.1088/1748-9326/4/4/045026/pdf>.

<sup>166</sup> "Global Climate Report – July 2017," NOAA National Centers for Environmental Information, accessed November 28, 2017, <https://www.ncdc.noaa.gov/sotc/global/201703>.

northern regions of the RFE.<sup>167</sup> From this, we can conclude that the RFE might overall be warmer compared to its temperatures from the 20th century, yet it remains one of the coldest locations to live in and no sizeable expansion of its arable land has occurred.

For current development needs and in-migration of labor force purposes, exploration of how cold the temperatures really are is essential. Considering the region is vast and contains multiple climactic zones, comparative analysis of multiple cities' average day and night time temperatures as well as daylight hours through the year would be helpful to give a realistic picture of the region's climate. The average temperatures of Vladivostok, Khabarovsk, and Yakutsk have been charted for this comparison: Vladivostok is the regional development hub for port access and closest neighboring city to China, Japan, and the Korean peninsula; Khabarovsk is the regional capital, and Yakutsk is the biggest northern and inland city (see Table 2).

The temperatures, even at -45°F, as noted in the Table 2, do not include wind chill, and the average temperature fluctuates drastically from summer to winter as the change nears 100°F difference. Regardless of climate change and overall warmer weather during winter months, in the northern reaches of the RFE, the climates are extremely cold still and not suited for agricultural development or small business structures on which the local population depends. The limited use of this vast land by the local residents who are isolated from urbanization and the need for development of this region contradict what is happening around the world with environmental stresses of overpopulation causing unemployment. The undeveloped and isolated land, however, causes people to reconsider a move to the Far East, where there might not be any access to electricity, running water, or even roads, paved or unpaved.

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<sup>167</sup> "Global Climate Report – July 2017," NOAA National Centers for Environmental Information, accessed November 28, 2017, <https://www.ncdc.noaa.gov/sotc/global/201703>.

Table 2. Average Day-Time and Night-Time Temperatures (in Fahrenheit) of Three Cities in the RFE<sup>168</sup>

Month	Vladivostok		Khabarovsk		Yakutsk	
	Day	Night	Day	Night	Day	Night
Jan	18	3	1	-13	-35	-49
Feb	23	9	10	-8	-22	-42
Mar	37	21	28	10	9	-22
Apr	50	34	50	30	34	7
May	61	45	64	43	55	32
Jun	64	52	73	54	72	46
Jul	72	61	79	61	77	54
Aug	75	64	75	59	70	46
Sep	68	54	64	48	54	32
Oct	57	41	48	32	25	7
Nov	39	25	25	10	-13	-29
Dec	23	10	7	-8	-31	-45

All temperatures below freezing (0°C or 32°F) have been highlighted in red.

## B. ECONOMIC CONDITIONS

To create an attractive and welcoming economy in the region, Russia needs to develop the infrastructure or at least make it look better than the perception of abandoned ghost towns frozen in the communist era. The region needs people who are willing to shoulder this hard work, and it is a challenge for Moscow to repopulate the region. Despite the advantages gained through the recent promotion of the free-land project, the Kremlin seemed to have lost control of the effort to boost the free-land project and encourage people to move to the RFE. Perhaps, the next best option is to re-organize this campaign to what the actual conditions are currently and to appeal to Russians about how the region needs more people for the greater development of Russia.

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<sup>168</sup> Source: “Russia (Far East) Climate Guide: Monthly Weather Averages,” *Climate Guides*, United Kingdom: Global Support Limited, 2017. <https://www.weather2travel.com/climate-guides/russia-far-east/>. Within the Russia (Far East) sector, the author searched for cities of: Vladivostok, Khabarovsk, and Yakutsk to get the corresponding temperatures for each city.



## 1. Tsarist Russia's Economic Development of the RFE

From the days of Russian peasant settlement, those who came to this land were in search of economic freedom among other things. They came for “the wide-open spaces and economic opportunities” most escaping from serfdom and “looking for new commodities to trade and for land to farm.”<sup>169</sup> Being too dependent on seasonal goods and tsarist military imports, however, “the region was economically weak” and unable to support itself to desire local autonomy or even independence from Russia altogether.<sup>170</sup> Additionally, Russian policy in the Far East was aggressively implemented “with the arrival of a new Governor-General, Nikolai Nikolaevich Muraviev, who embodied the expansionist feelings ... [and] believed in the future prosperity and destiny of the RFE.”<sup>171</sup> Muraviev initially desired to “build healthy agrarian communities proved illusory,” with many new settlers abandoning their land in favor of part time labor and easier income sources, selling goods they had, or even “selling favors of their wives and daughters for provisions and drink.”<sup>172</sup> Muraviev’s approach, then, was to establish a strong Russian presence in this Asian Russia and do so with “expeditions, part exploratory and part military,” absorbing the region into the empire and organizing cities and ports.<sup>173</sup> With Vladivostok, founded in 1860, as the “anchor settlement on the Pacific for the Far East and as an outlet for the trade and commodities,” Russia took control of Amur region and became a dominant figure in the Far East.<sup>174</sup> Though the region was politically integrated into the structure of the Russian Empire, the distance from St. Petersburg and close ties with its Asian neighbors made this periphery region a separate entity economically.

A new era of economic development and trade was introduced to the Far East with the American interested in the region. In 1856, San Francisco merchant Bernard Peyton

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<sup>169</sup> Sue Davis, *The Russian Far East: The Last Frontier?* (New York, NY: Routledge, Taylor & Francis Group, 2003), 8.

<sup>170</sup> Ibid.

<sup>171</sup> Ibid., 10.

<sup>172</sup> Stephan, *The Russian Far East: A History*, 63.

<sup>173</sup> Davis, *The Russian Far East: The Last Frontier?*, 10.

<sup>174</sup> Ibid.

traveled to Irkutsk to meet with Governor-General Muraviev to persuade him “to let Americans manage Russo-Chinese trade, handle Russia’s Pacific shipping, construct a railroad from Lake Baikal to the Amur, and colonize the Amur valley.”<sup>175</sup> Initially these ideas were received well and St. Petersburg had no reason to deny these developments; however, with Californians making “themselves at home in Nikolaevsk, opening an American club and marketing Havana cigars, French pate, and Jamaican rum, the townsmen were divided about the Yankees.”<sup>176</sup> To bring trade back to Russian hands, Muraviev “restricted foreign commerce on all but the lower courses of the [Amur] river.”<sup>177</sup> The flourishing economy brought large number of migrants across its porous borders and with this traffic, “bandits infested the roads, river passages” while escaping from police and army patrols.<sup>178</sup> St. Petersburg saw these developments in the Far East as a threat from the United States, and made changes in its political structure by dividing Siberia and the RFE into two separate administrations and dismissing Muraviev.<sup>179</sup> The successors of Muraviev, however, realized free trade to be an efficient way to develop the region and restored some access to foreign trade and designated open ports.<sup>180</sup> Goods delivered to ship ports needed to be transported inland and with the division of administrations, this meant creating an easier route between Lake Baikal and Vladivostok. Russia turned to the idea presented by the Americans—constructing a railroad.<sup>181</sup> Although, building of the Trans-Siberian Railroad arguably enabled and caused internal conflicts between Russian leaders and the RFE authorities, as well as international clashes among Japan, Russia, and China as Russia’s dominance over China increased.<sup>182</sup> With this

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<sup>175</sup> Stephan, *The Russian Far East: A History*, 82.

<sup>176</sup> Ibid.

<sup>177</sup> Ibid.

<sup>178</sup> Davis, *The Russian Far East: The Last Frontier?*, 11.

<sup>179</sup> Ibid.

<sup>180</sup> Stephan, *The Russian Far East: A History*, 82–83.

<sup>181</sup> Davis, *The Russian Far East: The Last Frontier?*, 11–12.

<sup>182</sup> Ibid., 12.

rapid development and international interest in the Far Eastern reaches of the country, connecting the center with the RFE became a priority for Russia.

## 2. The Transport System—The Lifeline for Economic Prosperity

Industrialization and colonization efforts caused European Russia to expand eastward. The first of many government efforts to industrialize the RFE was the “building of the Trans-Siberian Railroad between 1891 and 1905,” which eventually spanned to over 9,000 km connecting Moscow to Vladivostok.<sup>183</sup> Tsar Alexander III announced the start of this project in 1891 and Count Sergei Witte served as the key figure in building the railroad.<sup>184</sup> This major achievement, “driven through thirty-three tunnels and over hundred bridges and viaducts,” benefited the development and settlement of the RFE.<sup>185</sup> To assist this endeavor of development and to help Russia’s imperial ambitions expand, convicts were brought to work on this railway project, as well as to settle and fill the labor shortage in the region.<sup>186</sup> Once the city of Vladivostok was connected to Blagoveshchensk in 1897, Vladivostok “grew into a bustling military and trading post with a population of about thirty thousand by the turn of the century,” connecting the Atlantic to the Pacific with new ways to expand commercial enterprise and trade.<sup>187</sup> Given the increased trade with China, especially Manchuria, Finance Minister Sergei Witte proposed plans to build a rail line from Transbaikalia across Manchuria to Vladivostok.<sup>188</sup> With Tsar Nicholas’s blessing, work on the Chinese Eastern Railroad (CER) started in 1896, energized by newly agreed upon Russo-Chinese treaties and funded by “Russo-Chinese Bank directed by Prince Ukhtomsky.”<sup>189</sup> The railroad lines invited investors along their routes for gold-mining,

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<sup>183</sup> Josh Newell, *The Russian Far East: A Reference Guide for Conservation and Development* (McKinleyville, CA: Daniel & Daniel Publishing, 2004), 46.

<sup>184</sup> Richard Cavendish, “The Trans-Siberian Railway Completed,” *History Today* 54, no 7 (2004). <http://www.historytoday.com/richard-cavendish/trans-siberian-railway-completed>.

<sup>185</sup> *Ibid.*

<sup>186</sup> *Ibid.*

<sup>187</sup> Newell, *The Russian Far East: A Reference Guide for Conservation and Development*, 48.

<sup>188</sup> Stephan, *The Russian Far East: A History*, 57–59.

<sup>189</sup> *Ibid.*, 59.

agricultural equipment and financing ventures from Europe to the Far East.<sup>190</sup> Due to the railway's rapid construction and lack of sufficient inspection and tests, the trip took weeks to complete with multiple stops and delays that required passengers to develop patience.<sup>191</sup> Still, this achievement catapulted the development of the isolated Far East into being truly a part of the Great Russian Empire and accomplished the Empire's dream of reaching to Asia.

During communism, the railroad served a rather different purpose for internal development. As Russia became the Soviet Union and welcomed communist ideals, it also closed its doors to foreigners and with it most foreign trade and investment. The railway was mainly used to transport goods to meet Stalin's five-year plan needs of transforming the RFE into a huge industrial complex,<sup>192</sup> as trains left the RFE full of raw materials for the center and returned with more workers—so called traitors sentenced for hard labor.<sup>193</sup> With the land rich in resources, through the years, the RFE has turned into a supplier of raw materials for the development of the nation and a far-flung military outpost for security from the east.

Open ports and free trade with its Asian neighbors halted as the RFE was to support mother Russia. With Stalin's rise in 1928, the RFE was to be "an important outpost of Soviet power, watching China, Japan, and the United States, as well as the entire Pacific region."<sup>194</sup> However, Russia still needed to secure its borders in the east and keep on amenable terms with its Asian neighbors, as Stalin focused on the brewing trouble in the west. To remove friction with Japan over China, Moscow sold the CER line to "Manchukuo in 1935 for less than it had cost to build."<sup>195</sup> By then, "Moscow had already

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<sup>190</sup> Newell, *The Russian Far East: A Reference Guide for Conservation and Development*, 48.

<sup>191</sup> Cavendish, "The Trans-Siberian Railway Completed."

<sup>192</sup> Newell, *The Russian Far East: A Reference Guide for Conservation and Development*, 48.

<sup>193</sup> Stephan, *The Russian Far East: A History*, 193–19, 265–269.

<sup>194</sup> Davis, *The Russian Far East: The Last Frontier?*, 15.

<sup>195</sup> Stephan, *The Russian Far East: A History*, 194.

decided to build a railroad parallel to the eastern section of the Trans-Siberian line.”<sup>196</sup> The manpower needs for the Baikal-Amur Mainline (BAM) were fulfilled by creating a cluster of labor camps; yet, in the end, the execution of the project “fell victim”<sup>197</sup> to the economic and political realities of the Soviet Union. At the Seventeenth Party Congress in 1934, Vyacheslav Molotov had announced the building of the BAM would take only three years;<sup>198</sup> however, forty years later, the railway was yet to be completed.

Just as Nikita Khrushchev succeeded in assembling thousands of young men and women to the Kazakh steppes for the Virgin Lands Program in the 1950s, Leonid I. Brezhnev endeavored to accomplish similar development aims by completing the BAM.<sup>199</sup> Thus, he pushed for a massive allocation of funds and promoted to complete the BAM as a “beacon of ‘developed socialism.’”<sup>200</sup> Energized Young Communist Youth League (Komsomol) members were mobilized to the BAM Zone, a 1.2 million square mile construction area, to finish this massive project that “would rival and eventually surpass the scope ... of the Trans-Siberian railroad.”<sup>201</sup> With all efforts of the Far East going into mining resources to send west or providing supplies to the railway workers known as *bamovtsy* (BAMers), the RFE struggled economically with the prediction that the BAM would “solve social as well as economic problems” of the RFE as stated by Yuri Andropov.<sup>202</sup> In the end, BAM cost \$15 billion and involved over 500,000 Komsomol members and professional BAMers, and was reportedly completed in September 1984,<sup>203</sup>

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<sup>196</sup> Stephan, *The Russian Far East: A History*, 194.

<sup>197</sup> Ibid.

<sup>198</sup> Ibid.

<sup>199</sup> Christopher J. Ward, “Selling the “Project of the Century:” Perceptions of the Baikal-Amur Mainline Railway (BAM) in the Soviet Press, 1974–1984,” *Canadian Slavonic Papers* 43, no 1 (2001): 75–77. <https://doi.org/10.1080/00085006.2001.1109227>.

<sup>200</sup> Ibid., 77.

<sup>201</sup> Ibid., 75–76.

<sup>202</sup> Stephan, *The Russian Far East: A History*, 266.

<sup>203</sup> Ward, “Selling the “Project of the Century:” Perceptions of the Baikal-Amur Mainline Railway (BAM) in the Soviet Press, 1974–1984,” 76–77.

even though it was still not fully operational until the next decade.<sup>204</sup> By 1985, the BAM was yet to bring a “tangible upswing in trade and transport, and the economic conditions were rather gloomy in the Far East, given that national priorities had shifted to the west, but the RFE could not get any help in capital or technology from Japan or the United States.<sup>205</sup> The planners in Moscow dictated the usage of land and its development in the exploitation of “precious metals, minerals, fisheries, and timber supplies” and exportation of these materials to the rest of the nation,<sup>206</sup> not giving much chance for the RFE administration to have a say in the development or use of these materials for enriching the region.

After the fall of communism, the Trans-Siberian Railroad has not added any branches; instead, disrepair has been wearing out this century-old railway. Today, with an already struggling economy, the aging railway serves not only as the main transportation link for goods between east and west, but as the main method of travel connecting multiple regions of the country including the RFE. The Trans-Siberian Railway connects Vladivostok to Moscow as well as Russia with its Asian neighbors of Mongolia, China, and North Korea. Although this rail system reaches to multiple oblasts within the RFE, including cities of Chita, Khabarovsk, and Vladivostok, many smaller oblasts have towns that are far removed from the path of the railway and unable to receive food and supplies coming from Moscow or Beijing via rail.

This leaves the options to be via roads, which are barely existent, via air, adding to the already high cost of living in this remote area, or via water, which would add miles of distance and weeks in time, with the additional challenge of rivers being frozen much of the year. Paul Goble states that Moscow’s power is not well projected when the Kremlin cannot establish nor maintain any roads or railway to reach to every region and every oblast within its borders.<sup>207</sup> However, he accepts the difficulty of building rail and road corridors

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<sup>204</sup> Stephan, *The Russian Far East: A History*, 266.

<sup>205</sup> *Ibid.* 270.

<sup>206</sup> Newell, *The Russian Far East: A Reference Guide for Conservation and Development*, 46.

<sup>207</sup> Paul Goble, “Lack of Roads in Russian Far East Limits Moscow’s Power Projection in Pacific,” *The Jamestown Foundation: Global Research and Analysis*, October 6, 2015.

in Russia. Given the conditions of the Far East, it would be even more difficult and expensive there.<sup>208</sup> Sandara Maladyrova, a transportation engineering researcher at the University of Barcelona, states that about 1,400 settlements in the RFE do not have a year-around road network, although the majority of the supply transportation is accomplished by road.<sup>209</sup> Her research also reveals that air transport plays an important role in the RFE especially in the “hard-to-reach areas” of northern Far East.<sup>210</sup> With the fall of communism, however, the previously heavily subsidized fixed price for flights has gone away and air transportation has become a luxury “beyond the means of most Far Easterners.”<sup>211</sup> Maladyrova describes the waterways of the Northern Maritime corridor as “the shortest sea route” that connects the European part of Russia with the Far East.<sup>212</sup> This route “opened to international navigation in 1991” and is estimated to increase in traffic by about ten times by the year 2019.<sup>213</sup> This additional traffic could bring supplies to the port, but would still need a road structure for delivery to remote settlements. The need for reliable transport that functions year-round is essential in the region’s development, and overcoming this challenge would be the first of many steps in further developing the RFE.

### **3. Economic Development: Priority or Periphery?**

Although the Russian leadership has expressed the urgency of developing the RFE, the region remains isolated with no solid transport system and no other successful plans for development. In the days following perestroika and fall of communism, many economists argued that leveraging its natural resources for development of the region would bring

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<sup>208</sup> Goble, “Lack of Roads in Russian Far East Limits Moscow’s Power Projection in Pacific.”

<sup>209</sup> Sandara Maladyrova, “Main Transportation Modes in Far East Russia,” May 14, 2015. <https://prezi.com/wwgeyjc6zg4p/main-transportation-modes-in-far-east-russia/>.

<sup>210</sup> Ibid.

<sup>211</sup> James Clay Moltz, “Core and Periphery in the Evolving Russian Economy: Integration or Isolation of the Far East?,” *Post-Soviet Geography and Economics* 37, no 3 (1996), 182.

<sup>212</sup> Maladyrova, “Main Transportation Modes in Far East Russia.”

<sup>213</sup> Ibid.

neighbors from Asia eagerly jumping on this win-win opportunity.<sup>214</sup> With the plan of regions supporting themselves, the Kremlin's support of the RFE has been transferred to its Asian neighbors,<sup>215</sup> adding to already difficult economic conditions. These experts did not consider how drastic the economic change would be, not only in the region, but in all of Russia in the struggle to build a capitalist system with a socialist mindset.<sup>216</sup> *The Economic Times* explains that with this mindset, any if economic reform is to happen, it will be necessitated out of crisis and not out of conviction.<sup>217</sup> To successfully develop the RFE beyond just mining of its natural resources and building roads and rails to transport these resources, Russia's strategic vision for the RFE must focus on the long-term benefits the region could potentially bring.

The Kremlin intends to leverage the development of the Far East to balance the gaps that were created during communism by raising the quality of life and promoting further settlement.<sup>218</sup> This effort to repair infrastructure and revive manufacturing, the Kremlin hopes, will slow out-migration, reduce economic disparity, and build the confidence of the RFE's population in the prospects of successfully creating a gateway to the Asia-Pacific region.<sup>219</sup> Moreover, in order to realize its ambitious goals to reach out to Asia, the Kremlin established the Ministry for the Development of the Far East.<sup>220</sup> This Ministry has been tasked to serve "both Moscow's centralized take on policy formulation

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<sup>214</sup> Moltz, "Core and Periphery in the Evolving Russian Economy: Integration or Isolation of the Far East?," 182.

<sup>215</sup> Ibid.

<sup>216</sup> "Socialist Mindset," *The Economic Times*, September 10, 2002.  
<https://economictimes.indiatimes.com/socialist-mindset/articleshow/21692351.cms>.

<sup>217</sup> Ibid.

<sup>218</sup> Tadashi Maeda, "Infrastructure Development and Financing in the Russian Far East," *The Northeast Asian Economic Review* 2, no 1 (2014), 25.

<sup>219</sup> Ibid.

<sup>220</sup> Helge Blakkisrud, "An Asian Pivot Starts at Home: The Russian Far East in the Russian Regional Policy," in *Russia's Turn to the East: Domestic Policy Making and Regional Cooperation*, ed. Helge Blakkisrud and Elena Wilson Rowe (Covenry, UK: Palgrave MacMillan): 11. [https://doi.org/10.1007/978-3-319-69790-1\\_2](https://doi.org/10.1007/978-3-319-69790-1_2).



and the difficulties of micro-managing politics in a region distant in time and space.”<sup>221</sup> However, this intention for development and organization of the ministry are a strategic vision that has yet to be implemented.

The RFE desires to play a bigger role in Russia’s economy—more than being a resource supplier. Currently, the Far East contributes to Russia’s Gross Domestic Product (GDP) with mostly extracted resources of coal, timber, and oil, all of which are vital for Russia’s economy. However, the Gross Regional Product (GRP) contributes a meager 5.6% of national GDP.<sup>222</sup> Although low in production, the region’s economic growth rate has been consistent for 12 years since 1999.<sup>223</sup> Maeda is optimistic about the RFE’s manufacturing future with increased production of automobiles, output of aircraft, and development of infrastructure.<sup>224</sup> Anna Shkuropat agrees with this optimism in describing the RFE’s economic prognosis to be good, especially if the Kremlin were to improve its efforts to establish positive international relations with the Asia-Pacific region.<sup>225</sup>

Along with this positive outlook, the obstacles of power shortages and aging structures cannot be overlooked, especially as the RFE desires to house more manufacturing sites within its boundaries for further development. Many manufacturing and defense facilities depend on steady power sources and the 1994 power shortage, as Primorsky Krai Governor Yevgeniy Nazdratenko reported, necessitated shutting off power in entire residential districts to ensure operation of the “Zvezda” plant to continue repairs of nuclear submarines.<sup>226</sup> Such near-crises, regrettably, occur more often than reported and many are due to regional politics, corruption and even local mafia.<sup>227</sup> Without the centrally

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<sup>221</sup> Blakkisrud, “An Asian Pivot Starts at Home: The Russian Far East in the Russian Regional Policy,” 11.

<sup>222</sup> Maeda, “Infrastructure Development and Financing in the Russian Far East,” 26.

<sup>223</sup> *Ibid.*, 27.

<sup>224</sup> *Ibid.*, 25.

<sup>225</sup> Anna V. Shkuropat, *Emergence of Pacific Russia: A Primorsky Perspective* (Princeton, NJ: Princeton University Press, 1995), 36.

<sup>226</sup> Moltz, “Core and Periphery in the Evolving Russian Economy: Integration or Isolation of the Far East?” 183.

<sup>227</sup> *Ibid.*, 183–185.

planned system of the communist umbrella, the RFE is trying to figure out how to progress and become an inviting location for Russian residents and foreign investors alike. With many diverse predictions of progress and doom, the path is open for the RFE to eliminate internal negative factors and increase its value to achieve higher priority in Kremlin's budget.

### **C. ILLEGAL ACTIVITIES, ENVIRONMENTAL DESTRUCTION, AND ENSUING POLLUTION**

This vast land with its rich resources sits largely unoccupied and unsecured. Given the need for labor and development, and with no swift decisions or positive support from far-off Moscow, immigration, legal and illegal, has become an issue that requires immediate attention.

#### **1. Illegal Activities with No Regard to the Environment**

Given the issues of mass out-migration, mostly undeveloped vast open land, and a harsh climate, as well the RFE's economic strain, securing the borders and patrolling the land for environmental protection have not been a top priority for either Moscow or the local administration. Troyakova expresses the feeling of abandonment of Far Eastern residents as they

see neighboring China as an economic and cultural threat. A growing number of Chinese have become Russian citizens or have permanent residency, and the long and porous Sino-Russian border contributes to the growing problem of illegal Chinese immigration. According to Ishakov, 150,000 immigrants arrive every year legally, and the annual inflow of illegal immigrants is about 350,000.<sup>228</sup>

With already high demand for labor and high wages, officials and locals alike turn a blind eye to illegal Chinese settlers, for they will often do the work the locals refuse to do so and at much cheaper pay, too.<sup>229</sup> However, with cheap labor in urban settlements

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<sup>228</sup> Tamara Troyakova, "The Russian Far East: Isolation or Integration?," *Problems of Post Communism* 54, no. 2 (2007), 65.

<sup>229</sup> Maria Repnikova and Harley Balzer, "Chinese Migration to Russia: Missed Opportunities," Woodrow Wilson International Center for Scholars: Eurasian Migration Papers 3 (2009), 27, [https://www.wilsoncenter.org/sites/default/files/No3\\_ChineseMigtoRussia.pdf](https://www.wilsoncenter.org/sites/default/files/No3_ChineseMigtoRussia.pdf).

comes another environmental issue. They have added more of a carbon footprint to the already over-populated cities, where three-fourths of the RFE population live.<sup>230</sup> Ironically, in this vast empty land, overpopulation in cities has exacerbated problems of clean water and sewage treatment. Sewage and water purification systems are old, inefficient, and some even non-functioning. Artyom Lukin calls attention to Vladivostok where “more than 90 percent of sewage goes into the sea without treatment, polluting the coastal waters,” biologically killing the Vladivostok harbor and the surrounding bay.<sup>231</sup> Already outdated infrastructure is overburdened with the growing number of illegal immigrants and barely legal temporary workers, causing irrevocable harm to the region’s environment.

Not every person who crosses the border, however, is settling in the cities. Because of Russia’s inability to secure its eastern borders and to control this vast land, the number of Chinese within the RFE borders is widely estimated at from 200,000 to 450,000.<sup>232</sup> Overcrowding is not the only reason Chinese settlers decide to go native or go off the grid. Henry and Douhovnikoff discuss Chinese settlements located in the unpopulated and isolated areas only being discovered after these illegal settlements in the vast lands have caused forest fires.<sup>233</sup> Although these settlements are no means the only cause for forest fires in the remote areas of the RFE, they add to the already unresolved environmental issues of destruction of massive areas of harvestable timber. Moreover, they add another challenge in the path of development for the RFE and another issue the Kremlin is yet to address.

An air quality measurement survey revealed a vast expanse of the RFE to have low chemical concentrations except in zones downwind of forest fires, which are a major contributor of air pollution and smoke in the region.<sup>234</sup> Vyachislav Mikhailovich Buznik

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<sup>230</sup> Repnikova and Balzer, “Chinese Migration to Russia: Missed Opportunities,” 27–28.

<sup>231</sup> Artyom L. Lukin, “Environmental Security of Northeast Asia: A Case of the Russian Far East,” *Asian Affairs: An American Review* 34 (2007), 30–31.

<sup>232</sup> Repnikova and Balzer, “Chinese Migration to Russia: Missed Opportunities,” 14.

<sup>233</sup> Henry and Douhovnikoff, “Environmental Issues in Russia,” 447.

<sup>234</sup> *Ibid.*

credits 85% of all forest fires in the region to be triggered by human activities.<sup>235</sup> Fires impact not only reforestation issues and the timber industry but also cause soil erosion, air pollution, and destroy animal habitats. Buznik urges the central and local governments to work together in establishing legislation and ways to enforce such laws.<sup>236</sup> With barely existent laws and with no way of enforcing them, a vast land with no way of patrolling it, and a high number of illegal settlers with no reason to follow any laws, the region's resources are diminishing with no benefits for sustainable development.

Many Russians boast of the RFE's abundant natural resources. President Putin calls the forest of the Far East "the powerful green lungs of the planet," but he also acknowledges Russia faces issues of illegal logging.<sup>237</sup> Illegal logging does not end with one crime. According to Corey Flintoff's radio broadcast, "illegal loggers are often linked to violent organized crime, and together, they undermine what officials say could be sustainable forests and contribute to Russia's endemic corruption by paying off local officials."<sup>238</sup> Flintoff further discusses the illegal logging connection to a certain Mr. Yu, an executive of the large Chinese wood products company, Xingja. However, NPR's attempt to contact Mr. Yu was met with a single response to say that any and all accusations were lies.<sup>239</sup> The wildfires, air pollution, illegal logging, and impact to wildlife habitat all have changed the ecological structure of what was once known to be most pristine region of the world. Weak legal structures, the lack of an effective government system of enforcement and protection, and deeply rooted corruption in the central and local governments hinder any progress that local, international, and non-governmental organizations attempt to make.

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<sup>235</sup> V.M. Buznik, "Russian Far East Environmental Problems," *The Role of Environmental NGOs--Russian Challenges, American Lessons: Proceedings of a Workshop*. Washington, DC: The National Academies Press, 2001, 129–130, <https://doi.org/10.17226/10240>.

<sup>236</sup> Ibid.

<sup>237</sup> Corey Flintoff, "In Russia's Vast Far East, Timber Thieves Thrive," *National Public Radio: All Things Considered*, October 22, 2013, <http://www.npr.org/sections/parallels/2013/10/22/239665474/in-russias-vast-far-east-timber-thieves-thrive>.

<sup>238</sup> Ibid.

<sup>239</sup> Ibid.

The cold weather, sparse population, and illegal immigration are not the only issues the Far Eastern officials have on their hands. With no way to deport the illegals due to a lack of security forces, and no way even to account for the whereabouts of those that have migrated in, illegals are settling in where there is nobody and using what resources they can. Michelle Nijhuis writes of environmentalist Jonathan Slaght's travels through the RFE.<sup>240</sup> Slaght described the region to have been "a place of wonders, preserving a unique assemblage of high-latitude and subtropical species."<sup>241</sup> To preserve this place of wonders as he remembers it, Slaght is working with logging companies and key wildlife habitat organizations to prevent illegal logging and hunting.<sup>242</sup> The challenges the Russian Far East is facing today are complex in nature, for to solve one challenge the others have to be considered simultaneously. Slaght's work alone is not enough to address, however, the range of threats to the environment and protect from those illegally residing or illegally using the natural resources are not the only issues harming the environment. Many of the developmental projects that claim to bring prosperity to the RFE are not taking environmental protection into consideration mostly due to lack of enforceable laws and corrupt deals to avoid reporting any harmful activities.

## **2. Proposed Solution to Resolve Issues Related to the Region's Periphery Status**

With President's Putin's urge to energize the country's Far East and to resolve the issue of population decline, many interesting proposals and ideas have been presented on online blogs informally and in-person presentations formally. One of the proposals on the region's development has come from Yuri Krupnov, chairman of a think-tank organization on Russian regional development.<sup>243</sup> His proposal is to move "Moscow to the Pacific

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<sup>240</sup> Michelle Nijhuis, "A Fuller Vision of Russia's Far East," *The New Yorker*, October 10, 2016, <https://www.newyorker.com/tech/elements/a-fuller-vision-of-russias-far-east>.

<sup>241</sup> Ibid.

<sup>242</sup> Ibid.

<sup>243</sup> Inga Velanskaya, "Move Moscow to Far East Russia?," *Asia Times*, August 29, 2017, <http://www.atimes.com/article/move-moscow-far-east-russia/>.

coast.”<sup>244</sup> The reasons he proposed this are quite practical and reasonable especially considering how President Putin’s focus of development have shifted to Asia. In his proposal “Doctrine of De-Moscovication,” Krupnov argues that Moscow has been a center for political and economic development for the country for decades and as such enjoyed “unrestrained growth” while many of the periphery regions shriveled under lack of attention.<sup>245</sup> His proposal calls for this move because he believes extreme measures are needed to reset the country’s priorities. This shift to Asia, he says, “reflects our realities, because our Far East is located in the very heart of the modern geo-economic map. It is next-door to China, South Korea and Japan, and the U.S. is just across the ocean.”<sup>246</sup>

Considering half of the country’s population lives in the 15 largest cities, all of which are located west of the Urals, this move, Krupnov believes, will balance the country’s growth.<sup>247</sup> Although the likelihood of moving the capital to the east of Urals might be low, the argument brings up an issue that the country focused on for many decades: building European Russia. The focus of building better relations with Asia would be an ideal step to capitalize on part of Krupnov’s proposal of building a Russia that is balanced through and through and which in political and economic emphasis could be focused on every region of the country, especially the Far East, and not just on the metropolitan cities surrounding the capital.

The RFE, with its vast land, untapped resources, and strategic location adjacent to major Asian powers, has the potential to become a significant asset to Russia’s economic development and international relations to support President Putin’s plan of pivoting to Asia. However, the challenges for this potential to be realized are numerous and some cannot be resolved easily. The climate issue is mostly out of the hands of environmentalists except be prepared for the natural disasters that could present due to the climate changes. Populating the region is not an easy task either, especially because the climate is uninviting

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<sup>244</sup> Velanskaya, “Move Moscow to Far East Russia?”

<sup>245</sup> Ibid.

<sup>246</sup> Ibid.

<sup>247</sup> Ibid.

and the limited infrastructure is outdated and poorly maintained. The issue of accounting for the legal and illegal immigration coming through the region's borders, settling in, and using all the land has to offer is upsetting to not only the locals but the Kremlin as well. To add to these issues, the illegal settlements are causing added environmental issues through the destruction of an already fragile eco-system with forest fires, air pollution, and illegal logging. The vicious cycle of one challenge compounding other challenges and with no way to resolve one without tackling all simultaneously, the Russian government has to populate the region, update the infrastructure, and resolve the issues of the illegal settlers all at once while dealing with internal corruption and the rough climate. As Russia works on securing its borders and patrolling this vast land to discourage further settlements and illegal migration, the next step for Moscow is to establish a foreign policy friendly to its Asian neighbors for investment and tourism to the Far East.

#### **IV. THE POTENTIAL ROLE OF NORTHEAST ASIA IN THE DEVELOPMENT OF THE RUSSIAN FAR EAST**

Outstanding sons of our country—pioneers, industrialists, and statesmen—bound their names to the Far East’s development. Times and political systems have changed, but the course of developing this region remains unchanged.

—Vladimir Putin, 2015<sup>248</sup>

The Russian Far East (RFE) has the potential to become a bridge to Northeast Asia, especially China, Japan, and the Korean Peninsula, through which Russia could expand its political and economic relationships. As President Putin tries to pivot to Asia, however, the Russian Federation is facing challenges in engaging East Asian countries, including economically revitalizing the RFE to reduce its dependence on the military and resource extraction industries, repopulating this vast land through immigration reforms, and attracting businesses and investments with policy reforms. Russia’s neighbors in Northeast Asia may perceive the Kremlin’s actions either positively or negatively as Moscow works to overcome these challenges. China, Japan, and the Koreans may or may not cooperate with Russia in its attempt to develop its far eastern region, which, in turn, might assist Russia in becoming a regional power in Asia, or, instead, might relegate it to remain in a backwater status within a highly developed region.

Russia’s cooperation with its Asian neighbors is essential for the economic development of the RFE. Close attention to the RFE is also necessary for China, Japan, and the Koreans due to centuries of interaction between the RFE and these countries. These neighbors have invested in the RFE, and settlers and temporary Chinese and North Korean workers have migrated into the region. Looking at the RFE’s economic development and the role foreign funds and foreign labor play in this development, as well as the political and economic interactions of Russia with its neighbors will help explore the region’s

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<sup>248</sup> “Welcome Speech to First Eastern Economic Forum,” Official website of the President of Russia, September 4, 2015, <http://en.kremlin.ru/events/president/news/50232>.



perception of the RFE and its goal to be Russia's bridge to Asia. With the rise of Chinese economic power and the increased security threat North Korea poses in the region and the world, observing former communist Russia's relationship with its past allies is vital to anticipating the future decision-making processes of Japan, Republic of Korea (ROK) and the U.S., in considering the region's stability and continued economic development. Russia needs the cooperation of these countries in order to succeed in its effort to establish its standing in Asia. Chapter IV explores Russia's identity as a member of the Asia-Pacific region, followed by Russia's bilateral relations with each of its four major Asian neighbor countries: China, Japan, South Korea, and North Korea. It concludes by examining how these relationships will shape Russia's pivot to Asia and the development of the RFE with its Asian neighbors.

#### **A. RUSSIAN FEDERATION**

Through the years, Russia's strategy has been clear—one of dominance, power, and force. Whether founded upon old imperialistic ideals, long before Marx and Engels penned the Communist Manifesto and long before Lenin brought the country from capitalism to communism through this Manifesto, or born from Communist Party leaders' agendas and then interpreted into five year plans, Russia's strategy has been one of standing out and being unique. Russia's strategic culture has foundationally embraced the pursuit of vast territorial expansion and the spread of Russian Orthodoxy.<sup>249</sup> With these elements entrenched in its identity for centuries, Russia has adopted an exceptionalist vision centered around an obsession with territorial expansion and the hope that it would one day become the third Rome through its espousal of Christianity.<sup>250</sup> The Soviet Union's strategy, as the superpower of the communist system, was to treat all other socialist countries as satellites and demand they pay tribute to Soviet Union's achievements and leadership without question and follow its dictates without delay.

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<sup>249</sup> Isabelle Facon, "Russian Strategic Culture in the 21<sup>st</sup> Century: Redefining West-East Balance," in *Strategic Asia 2016–17: Understanding Strategic Cultures in the Asia-Pacific*, eds. Ashley J. Tellis, Alison Szalwinski, and Michael Wills (Seattle, WA: The National Bureau of Asian Research, 2016), 62.

<sup>250</sup> *Ibid.*, 72.

With its rich history, geographic location, and vast land with natural resources, Russia's strategic concerns have been focused around securing its borders and keeping internal conflicts in check. Facon points out that Russia's inability to secure its borders from external threats led Moscow to create buffer zones, which Russia controlled either "militarily or politically," pointing to the Soviet satellite countries.<sup>251</sup> After the fall of communism, the so-called buffer zone was gone; however, Russia's attempts to influence these same countries for physical security or political alliance reasons continue. As Kuchins indicated, "Russia is an unusual case" of strategic power within Asia for Russia has experienced falls from power and is in an attempt to rebuild its status.<sup>252</sup> Additionally, while the Soviet Union did not focus on becoming a commercial (vs. military) power in Asia, Putin's desire to pivot to Asia shows its intent to shift power in all its forms "from the West to Asia."<sup>253</sup> With the fall of communism, an unsuccessful attempt at democracy, and the rise of Vladimir Putin, Russia is charting its own distinctive path to become "a great power with global responsibility" again.<sup>254</sup> Russia, undoubtedly, desires to forge a unique path that no nation has taken before.

The fact that Russia is, by sheer size alone, a key player within Eurasia, suggests that it has a role to play in both continents, and yet Russia seems to be experiencing an identity crisis. Russia arguably has taken on an interesting role as a part of Northeast Asia. Although many ethnic Russians consider themselves European, its political elite aggressively rejects the more liberal components associated with the Western world. Instead, the emphasis is on bridging the gap between up-and-coming Asia and an indifferent Europe.<sup>255</sup> Russia's actions and behaviors are driven by its efforts to reclaim a seat among the international community as a leading power. Russia continues to focus its

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<sup>251</sup> Facon, "Russian Strategic Culture in the 21<sup>st</sup> Century: Redefining West-East Balance," 72.

<sup>252</sup> Andrew C. Kuchins, "Russian Power Rising and Falling Simultaneously," in *Strategic Asia 2015–16: Foundations of National Power in Asia-Pacific*, eds. Ashley J. Tellis, Alison Szalwinski, and Michael Wills (Seattle, WA: The National Bureau of Asian Research, 2016), 125.

<sup>253</sup> *Ibid.*, 125.

<sup>254</sup> Facon, "Russian Strategic Culture in the 21<sup>st</sup> Century: Redefining West-East Balance," 65.

<sup>255</sup> *Ibid.*, 73.

efforts on the West with the hopes of gaining the recognition it claims to deserve. Hence, if looking at the Northeast Asia region strictly in terms of how much power a country exercises based on money, time, and effort, Russia would not exactly be among the key players expected to emerge. Although Russia would like to have a breakthrough in its relations with Asian economic powers, Russia is still categorized as “a second-class citizen” in the region due to many policy challenges.<sup>256</sup> Moltz describes these challenges to be Russian policy weaknesses and contributes them to lack of presidential initiative, reluctance “to open to the East” for fear of foreign control, and “failure of the Russian legal system to provide foreign investors with adequate protections against illegal state, government, or criminal seizures.”<sup>257</sup> In addition to how Russia looks to its Asian neighbors to help in upgrading its citizenship status, it is pertinent to see how Russia’s neighbors perceive their relationship with Russia especially at this time of Russia’s focus to East. While Russia has indicated a new pivot to the East, its Asian counterparts may be a bit skeptical about Russia’s presence and commitment to the region.

## **B. CHINA**

Russia needs a strong ally in China because of the lengthy border they share, thousands of Chinese residing in Russia, especially in the RFE, and their common interests in using North Korea—as both support the Kim regime despite multiple UN sanctions—to disrupt the security interests of the United States and its allies. From a former communist brethren, to clashing for the top, and then back to being best friends, China’s desire to associate itself with Russia, a country that makes the daily international news thanks to Putin acting like a bull in a china shop, has changed.

China has been an integral part of the Russian Far East through the years and the Russo-Chinese relationship through several centuries has affected both countries’ extent of support for one another. China’s influence in the Far East has started long before the first Russian settlers arrived. Later, during the tsarist years, Chinese agricultural and merchant

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<sup>256</sup> James Clay Moltz, “Russia in Asia in 1996: Renewed Engagement,” *Asian Survey* 37, no 1 (1997): 88.

<sup>257</sup> *Ibid.*, 88–89.

settlers “moved freely across the Manchurian frontier.”<sup>258</sup> Chinese merchants brought goods to the Far Eastern settlers that Moscow could not deliver and Chinatowns along the Amur River served the daily needs of Russian settlers as well as traders and travelers.<sup>259</sup> Realizing China would make an ideal ally in the East, tsarist Russia signed a treaty with Qing Empire. The Treaty of Mutual Assistance and Joint Defense of June 3, 1896 (aka the Sino-Russian Secret Treaty), which called for mutual support in the event of an attack by Japan on either country, including sea and land troops as well as weapons and food.<sup>260</sup> As communist ideals spread first to Russia and then, to China, the Soviet Union and the People’s Republic of China continued this alliance through two other treaties. The Sino-Soviet Treaty of Friendship and Alliance of August 14, 1945, called for a victorious war against Japan with necessary mutual assistance in military and other necessities.<sup>261</sup> The Sino-Soviet Treaty of Friendship, Alliance, and Mutual Assistance of February 14, 1950 promised both parties mutual assistance to prevent aggression and to provide military and other assistance in case either country was attacked.<sup>262</sup> The two countries’ strategic partnership overcame wars, revolutions, and political shifts, resulting in the signing of three alliance treaties in just over a 50-year period and solidifying the presence of a strong partnership to the world.

When the Chinese communists came to power in 1949, one could conceive of China and Russia as allies, partners, and even trusted friends. Reuters lists the relationship of these two nations in a timeline with the beginning of the Soviet Union recognizing the People’s Republic of China (PRC) “just one day after it [was] proclaimed in Beijing.”<sup>263</sup> The alliance of friendship seemed to prosper as the Soviet Union provided military aid to

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<sup>258</sup> Stephan, *The Russian Far East: A History*, 71.

<sup>259</sup> *Ibid.*, 71–74.

<sup>260</sup> Elena Devaeva, “Economic Cooperation Between the Russian Far East and Northeast Asia: Present State, Problems, and Prospects,” *Far Eastern Affairs* 32, no 1 (2004): 77–78.

<sup>261</sup> *Ibid.*, 78.

<sup>262</sup> *Ibid.*

<sup>263</sup> “Timeline: Russia-China Relations,” *Reuters*, May 19, 2008, <https://www.reuters.com/article/us-russia-medvedev-foreign-timeline/timeline-russia-china-relations-idUSL1912530020080519>.

China during the Korean War (1950-1953), transferred Soviet rights of the Chinese Eastern Railroad (CER) to China, extended joint control of Port Arthur (1952), increased Soviet economic aid to China (1953-1954), and signed a Nuclear Cooperation Agreement (1955).<sup>264</sup> Although the start of this relationship seemed like one of a united front, the relationship morphed into “two countries [vying] for supremacy in the communist world,” which soon brought them to a political split in 1960 and to the point of border clashes in 1969.<sup>265</sup> However, by the late 1980s, with the atmosphere changing in the Soviet Union, the relationship of the two countries strengthened with multiple visits from heads of states, including Mikhail Gorbachev’s visit to China in 1989 for the purposes of normalizing relations in discussions with Deng Xiaoping and with Jiang Zemin’s visit to Moscow in 1991 as the communist party leader.<sup>266</sup> These official visits continued after the dissolution of the Soviet Union with trips by Boris Yeltsin, Vladimir Putin, Hu Jintao, Dmitry Medvedev, and Xi Jinping.

During the last of these visits on July 3–4, 2017, Presidents Xi Jinping and Vladimir Putin made multiple joint statements, three of which are included here due to their relevance to the thesis. DD Wu emphasizes the weight of their first joint statement, considering that both nations are permanent members of the United Nations Security Council. This “joint statement implies a strong alliance between the big two” in regards to a non-military solution of the Korean Peninsula issue.<sup>267</sup> Their second joint statement, which touched “on the current world situation and major international issues,” and indicated similar views and positions in opposing terrorism and weapons of mass destruction sounded like “an ideological manifesto,”<sup>268</sup> one that was far removed from reality. However, it is their third joint statement that really was more practical and

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<sup>264</sup> Peter Jones and Sian Kevill, *China and the Soviet Union 1949–84* (New York: Facts on File Publications, 1985), 2–4.

<sup>265</sup> “Timeline: Russia-China Relations.” Reuters, May 19, 2008, <https://www.reuters.com/article/us-russia-medvedev-foreign-timeline/timeline-russia-china-relations-idUSL1912530020080519>.

<sup>266</sup> DD Wu, “Russia-China Relations Reach a New High,” *The Diplomat*, July 7, 2017, <https://thediplomat.com/2017/07/russia-china-relations-reach-a-new-high/>.

<sup>267</sup> Ibid.

<sup>268</sup> Ibid.

applicable to both countries. It regarded “deepening [a] comprehensive strategic partnership of coordination” and was the most detailed, covering “five main areas: political mutual trust, economic cooperation, security cooperation, cultural exchange, and international cooperation,” with specific projects mentioned for collaborative efforts.<sup>269</sup> With these joint statements issued, and multiple projects planned, especially in developing Pacific Russia as Putin envisioned, “Russia is having its best-ever relationship with China,” reported Stacey Yuen of the CNBC.<sup>270</sup> Nevertheless, does China really need Russia to make these statements and be heard by the international community?

Economically, China has far surpassed its once powerful rival Russia. Their alliance for economic cooperation, therefore, seems rather odd. For China, Russia seems to be its northern warehouse of raw materials, as China imports \$28 billion worth of crude petroleum, wood, coal, fish, and other materials, according to the Massachusetts Institute of Technology’s (MIT) Observatory of Economic Complexity (OEC) site.<sup>271</sup> This is only 2.4% of \$1.32 trillion worth of products China imported overall in 2016.<sup>272</sup> Russia, on the other hand, imports cheaply made, mass-produced Chinese electronics (telephones, integrated circuits, and televisions), as well as car parts worth \$38.1 billion from China, which amount to 21% of Russia’s imports.<sup>273</sup> Economically, it is still an unbalanced relationship considering China could import these raw materials from elsewhere, perhaps.

The most likely conclusion left is that Russia has massive untapped land that China is interested in. The Chinese have been creating their own civilizations within other countries, evident in the Chinatowns that dot most major cities in the Western world. China

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<sup>269</sup> DD Wu, “Russia-China Relations Reach a New High.”

<sup>270</sup> Stacey Yuen, “Russia is Having Its Best-Ever Relationship with China Right Now, the Country’s Wealth Fund Says,” CNBC, November 10, 2017, <https://www.cnbc.com/2017/11/10/russia-is-having-its-best-ever-relationship-with-china-rdif-ceo.html>.

<sup>271</sup> “What Does Russia Export to China (2016),” Observatory of Economic Complexity, accessed December 11, 2017, [https://atlas.media.mit.edu/en/visualize/tree\\_map/hs92/export/rus/chn/show/2016/](https://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/rus/chn/show/2016/).

<sup>272</sup> “China: Imports,” Observatory of Economic Complexity, accessed December 11, 2017 (2016 figures), <https://atlas.media.mit.edu/en/profile/country/chn/>.

<sup>273</sup> “Russia: Imports,” Observatory of Economic Complexity, accessed December 11, 2017 (2016 figures), <https://atlas.media.mit.edu/en/profile/country/rus/>.

once managed to do just that within Russia, especially in the RFE, as it once owned much of the Russia's southern territories on the Asian continent. After Russia established its presence, Olga Alexeeva traces Chinese migration to the RFE to as early as the 1860s, although these early migrations were mostly temporary and seasonal.<sup>274</sup> She credits these migrations to the rapid economic development of the RFE, whose requirements "called for a large work force, and [the fact that] internal Russian migration was unable to satisfy this demand."<sup>275</sup> The steady pace of migration continued during the Russian Revolution with Chinese people moving to communist Russia and some even enlisting in the Red Army. In the 1950s, the Soviet Union provided economic support to Chinese industry and educational support by sponsoring students to study in the Soviet universities for engineering and technical degrees.<sup>276</sup> With the fall of the Soviet Union, the population in the RFE diminished, with drastic political, economic, and social consequences, forcing Russia to accept "massive migration from the countries to its south," namely, China.<sup>277</sup> Today, Russia's need to develop its far eastern reaches and the lack of workers within the region enables the Chinese populace in the RFE to have an advantage and a major role in its development. With that, China can have a significant voice in the decision-making process regarding how the Chinese diaspora in the Far East is developed, since little Chinatowns in the Russian Far East could potentially expand to become a Russian region where Russians are a minority.

### C. JAPAN

The Russo-Japanese relationship has been mostly tumultuous: in different camps during the world wars, never having signed a mutual peace treaty after 1945, and with long-disputed islands. The earliest documented visit of Japanese to the mainland Far East came

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<sup>274</sup> Olga Alexeeva, "Chinese Migration in the Russian Far East: A Historical and Sociodemographic Analysis," *China Perspectives*, 2008, no 3 (July 2008): 20–21.

<sup>275</sup> *Ibid.*, 21.

<sup>276</sup> Austin Jersild, *The Sino-Soviet Alliance: An International History* (Chapel Hill, NC: The University of North Carolina Press): 2014, 31–38.

<sup>277</sup> Alexeeva, "Chinese Migration in the Russian Far East: A Historical and Sociodemographic Analysis," 25.

in 1809, when a surveyor Mamiya Rinzo traveled to the “Manchu post about 40 miles downstream from what is today Komsomolsk.”<sup>278</sup> Within four decades of a merchant named Takeda’s move to the region in 1861, about 4,000 Japanese had taken up residence in several towns of the Far East, most residing in port towns preferring trade and services instead of agriculture.<sup>279</sup> The Treaty of St. Petersburg (1875), the Treaty of Portsmouth (1905), and the Fisheries Convention (1907) brought more Japanese fishermen not only to fish off the coasts of Sakhalin, but also “allowed them to employ their own labor on Russian soil, a privilege that entrepreneurs exploited with particular vigor in Kamchatka,” causing animosity between Japanese fishermen and local residents.<sup>280</sup> The Japanese surprise attack on Port Arthur in February 1904 added fuel to this distrust.<sup>281</sup> The hostilities would continue with the world wars, revolutions, communism, and multiple treaties between China and Russia that specifically called out Japan as their mutual enemy.

With the fall of communism in Russia, it seemed the relationship between the two countries would take a positive turn. The Tokyo Declaration of Japan-Russia Relations, signed in 1993, noted the need for the two countries to sign a peace treaty and solve the disputes in regards to the Northern Territories.<sup>282</sup> According to the declaration, both parties made promises to engage in joint development and mutual support. Japan would participate “in large-scale cooperative development in the Northern Territories,” including the Kurile Islands, and “support Russia’s attempts to join APEC”; on the other hand, Russia would only support Japan’s desire “to become a permanent member of the UN Security Council.”<sup>283</sup> However, multiple hiccups and cancelled visits by President Boris Yeltsin activated strong opposition within both parties and doubt that a peace treaty would be

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<sup>278</sup> Stephan, *The Russian Far East: A History*, 76.

<sup>279</sup> *Ibid.*, 76–77.

<sup>280</sup> *Ibid.*, 78.

<sup>281</sup> *Ibid.*, 79.

<sup>282</sup> Feng Shaolei, “Russia and Contemporary East Asia: Also on the Interaction of Sino-Russian-Japanese Trilateral Relations in the Twenty-first Century,” in *Eager Eyes Fixed on Eurasia: Russia and Its Eastern Edge*, ed. Iwashita Akihiro (Sapporo, Japan: Hokkaido University, Slavic Research Center, 2007), 206.

<sup>283</sup> *Ibid.*



signed before the twentieth century ended.<sup>284</sup> The tumultuous relationship seemed to have no end in sight.

To reassure the Kurile Islands' population, Tokyo displayed enthusiasm and showed additional support to Russia. Japanese Prime Minister Koizumi Junichiro visited Russia in January 2003 to reignite the efforts of the declaration and assure Japan's support of the Kremlin's "bid to accede to the WTO," welcome Russia to take "part in the ASEM," and even to start talks on building "an oil pipeline from East Siberia to Nakhodka."<sup>285</sup> Again, Japan was going to do more than the Russian side. Sasakawa Peace Foundation USA has been monitoring recent developments between these two nations as Prime Minister Abe and President Putin have worked to resolve their territorial disputes.<sup>286</sup> Resolving the dispute over the Kurile Islands would be a major accomplishment for Putin in his effort to improve Russia's relations with Japan and to get the economic support it needs and establish Russia as a formidable power in Asia. However, will Japan and Russia resolve these disputes, sign a peace treaty, and iron out any differences that have plagued them for decades now? What is in it for each country to make this work?

Economic cooperation aside, the issue at the forefront of both parties, the territorial problem, needs to be resolved first in order to discuss any further engagements, which could potentially be a breakthrough in this relationship and open doors for Russia's welcome to Asia. While Russia believes that the Southern Kurile Islands are Russia's sovereign land because of the outcome of the World War II, Japan insists that the Soviet Union seized these four islands by force and held them illegally. It also asserts that the southern Kuriles were not included in the Japanese territories offered by the allies to the Soviet Union at Yalta for Moscow's entry into the Pacific war. Japan continues to assert its claim today and desires Russia to return these specific islands to Japan. Valery Kistanov, the head of the Center for Japanese Studies at the Institute of Far Eastern Studies of the

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<sup>284</sup> Shaolei, "Russia and Contemporary East Asia: Also on the Interaction of Sino-Russian-Japanese Trilateral Relations in the Twenty-first Century," 206.

<sup>285</sup> *Ibid.*, 206–207.

<sup>286</sup> Gilbert Rozman, "Japan Russia-Relations: Implications for the U.S.-Japan Alliance," Sasakawa Peace Foundation USA, 2016, [https://spfusa.org/wp-content/uploads/2016/05/Sasakawa\\_Japan-Russia.pdf](https://spfusa.org/wp-content/uploads/2016/05/Sasakawa_Japan-Russia.pdf).

Russian Academy of Sciences, credits the recent developments and discussions on resolving this dispute to Prime Minister Shinzo Abe.<sup>287</sup> Kistanov claims Abe's approach to be one of trying to get Putin to soften his position through economic cooperation, due to Russia's difficult conditions, caused by the ongoing Western sanctions over its intervention in Ukraine and the drop in oil prices. However, he fears that this will get Abe nowhere since the economic cooperation deals are not substantial enough to make much difference for either country's development and the looming issues of the territorial dispute and the unsigned peace treaty "seem to be beyond the visible horizon."<sup>288</sup> Both countries, although friendly, seem insistent on their respective end goals, neither of which can be achieved without the other caving in, leaving any possibility of a resolution at an impasse.

That said, the need for the two countries to cooperate economically still exists. Russia exports raw material and petroleum to Japan while Japan sends car parts, construction machinery, and electronics to Russia.<sup>289</sup> The OEC calculates Russia's exports to Japan to be at \$9.38 billion and Japan's exports to Russia at \$6.68 billion.<sup>290</sup> These numbers are insignificant compared to either country's total imports or exports, which confirms Kistanov's conclusion that economic cooperation is not a major factor in deciding the fate of this dispute and, in the end, the future relationship of these two countries. Regardless of what economic agreements Japan signs, Russia seems to be insistent upon keeping the islands as a war prize from decades ago. As the saying goes, a bird in the hand is better than two in the bush, Russia has claimed the Kurile Islands and, as such, declared ownership, while Japan continues to dispute this and will most likely not reach any agreement to its favor in the near future. Unless Russia openly discusses a favorable solution for both countries over the Kurile Islands, relations between Russia and Japan are unlikely to improve.

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<sup>287</sup> Valery Kistanov, "Can We Talk About a Breakthrough in Russian-Japanese Relations?," *Dialogue for the Future*, Valdai International Discussion Club, March 28, 2017, <http://valdaiclub.com/a/highlights/breakthrough-in-russia-japan/>.

<sup>288</sup> Ibid.

<sup>289</sup> "Japan," Observatory of Economic Complexity, accessed December 11, 2017 (2016 figures), <https://atlas.media.mit.edu/en/profile/country/jpn/>.

<sup>290</sup> Ibid.

#### D. SOUTH KOREA (ROK)

Korean Peninsula is another key player in Far Eastern history and the regions development. Korea's and Russia's relationship started with migrations before the Koreans were divided and while Russia still had tsars at the helm. Although Koreans have grown crops in the Far East before the Russians arrived, they had no legal status until 1884 with increasing immigration "after the Japanese annexation of Korea in 1910."<sup>291</sup> Koreans settled in the region with reputations of being hard workers, getting better harvests than the Russians, assimilating better than the Chinese, learning Russian, and even embracing the Orthodox faith.<sup>292</sup> With the divisions of the two Koreas and the Soviet Union's backing of Kim Il-sung, the relationship between the Soviet Union and South Korea became almost non-existent until 1990, when the two countries established diplomatic relations. TV-Novosti's Independent and non-commercial media project, "Russia Beyond," highlights the relationship over the years, the recent news coming out of South Korea, and Russia's current relations with the Korean Peninsula.<sup>293</sup> Even though Russia and South Korea have had a positive economic partnership, "Russia Beyond" states that the "Russian attempts to improve economic ties with Seoul" during President Park Geun-hye's administration were a failure.<sup>294</sup> Russia had been shopping for a new president for South Korea who would be friendlier to Moscow's desires. Russia, however, does realize that it is not a significant factor in choosing presidential candidates, and, if discussion of Russia were to be brought up, a rough understanding of the country has been sufficient to voters.<sup>295</sup> The most notable discussion platform was the candidate's stand on North Korea. With Russia's ever-continuing relations with North Korea, Moscow inevitably wanted a more progressive president to be elected in South Korea who would accept Russia's development agendas

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<sup>291</sup> Stephan, *The Russian Far East: A History*, 74–75.

<sup>292</sup> *Ibid.*, 75.

<sup>293</sup> "Which South Korean Presidential Candidate Best Suits Russia?," *Russia Beyond*, February 7, 2017, [https://www.rbth.com/international/2017/02/07/which-south-korean-presidential-candidate-best-suits-russia\\_696993](https://www.rbth.com/international/2017/02/07/which-south-korean-presidential-candidate-best-suits-russia_696993).

<sup>294</sup> *Ibid.*

<sup>295</sup> *Ibid.*

involving North Korea as a partner.<sup>296</sup> Regardless, it seems Russia is much more amenable to South Korea, since the improvement of economic ties with South Korea benefits Russia. Politically, though the countries do not have much influence on each other's domestic policies, President Moon has been thus far the more accepting of North Korea as well Russian relations with North Korea.

Economically, while Russia desires to increase its exports to South Korea, Russia remains one of many options of importing raw materials for South Korea. The value of the imports, mostly petroleum, coal, and fish, from Russia was \$8.64 billion in 2016, which is 2.2% of South Korea's total imports.<sup>297</sup> Russia, on the other hand, received mostly machinery and technology goods valued at \$5.11 billion, which counts for about 1% of South Korea's total exports.<sup>298</sup> According to the Sputnik New Agency, headquartered in Russia, the two countries' bilateral discussions have increased since their first bilateral meeting on September 6, 2013, during the G20 summit in St. Petersburg.<sup>299</sup> Today, South Korea "ranks among Russia's top three leading Asian foreign trade partners" while "Russia ranks fifteenth among South Korea's trade partners."<sup>300</sup> To continue this trade partnership, especially in its endeavor to export coal and oil to South Korea, Russia needs to create the most efficient route to deliver goods, which happens to be through the North. To utilize this route, Russia needs to maintain good relations with the DPRK. However, being too friendly with North Korea could potentially backfire by creating tensions with South Korea.

Russia appears optimistic about its relationship with South Korea. This optimism may be rather one sided, considering this positive attitude is coming from Russian

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<sup>296</sup> "Which South Korean Presidential Candidate Best Suits Russia?."

<sup>297</sup> "South Korea," Observatory of Economic Complexity, accessed December 11, 2017 (2016 figures), <https://atlas.media.mit.edu/en/profile/country/kor/>.

<sup>298</sup> "What Does Russia Import from South Korea?" Observatory of Economic Complexity, accessed December 11, 2017 (2016 figures), [https://atlas.media.mit.edu/en/visualize/tree\\_map/hs92/import/rus/kor/show/2016/](https://atlas.media.mit.edu/en/visualize/tree_map/hs92/import/rus/kor/show/2016/).

<sup>299</sup> "Russian-South Korean Relations," *Sputnik International*, July 7, 2017, <https://sputniknews.com/world/201707071055333192-russian-south-korean-relations/>.

<sup>300</sup> *Ibid.*

government officials. Russia's TASS News Agency quotes Russian Foreign Minister Sergey Lavrov in confirming the relations between the two countries to be on the rise.<sup>301</sup> This was from Lavrov's meeting with Song Young-gil, South Korea's Northern Economic Cooperation Committee during the Eastern Economic Forum in Vladivostok. Lavrov has high confidence that this Economic Committee will help solve Russia's economic tasks in Russia's Far Eastern Federal District.<sup>302</sup> Some of these supportive economic approaches have been to increase South Korean trade and investment in Russia, especially in the development of the RFE. Elizabeth Shim reports this economic cooperation as potential projects including "joint exploration of the North Pole, developing shipping channels that cross the Arctic Circle, shipbuilding and energy development."<sup>303</sup> Other opportunities include the reconnecting of the railroad that runs from South Korea to Russia through DPRK and ferry service that connects South Korea to China and Russia.<sup>304</sup> Russia is optimistic in future economic developments and investments, however, these potential projects continue to be potential until all parties share this optimism.

On the other hand, there are current Russian-South Korean bilateral projects. One of the current cooperative endeavors between Russia and South Korea is energy cooperation. Russia and South Korea have attempted several times to "capitalize on major energy projects in the RFE and Eastern Siberia," including Sakha, Kovykta, and Sakhalin gas projects, as well as "the West Kamchatka joint oil exploration, the construction of an oil complex in the Vladivostok area, and a power grid interconnection project involving North Korea."<sup>305</sup> These cooperative efforts, unfortunately, have been riddled with problems.

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<sup>301</sup> "Russia's Relations with South Korea on the Rise, Lavrov Says," TASS Russian News Agency, October 13, 2017, <http://tass.com/politics/970539>.

<sup>302</sup> Ibid.

<sup>303</sup> Elizabeth Shim, "Russia, South Korea Exploring Economic Cooperation," *United Press International*, June 27, 2017, [https://www.upi.com/Top\\_News/World-News/2017/06/27/Russia-South-Korea-exploring-economic-cooperation/1091498570128/](https://www.upi.com/Top_News/World-News/2017/06/27/Russia-South-Korea-exploring-economic-cooperation/1091498570128/).

<sup>304</sup> Ibid.

<sup>305</sup> Se Hyun Ahn, "Framing Energy Security Between Russia and South Korea?: Progress, Problems, and Prospects," *Asian Survey* 50, no 3 (2010): 592.

One of these efforts, Kovykta Gas Project is a long-standing tale of woe. The Hando Group, the largest shareholder of the Kovykta Gas project went bankrupt in 1997, then, disagreements on where the gas pipelines would go caused the project's progress to halt altogether.<sup>306</sup> Then, as the North-South Korean relationship improved, South Korea made a proposal for the gas line to pass through the North, raising concerns over possibly high costs and political risks.<sup>307</sup> With South Korea's potential investment of \$12 billion, a successful project would bring a much-needed economic boost to the RFE, and South Korea would receive estimated seven million tons of gas annually.<sup>308</sup> However, the project, initiated in 1995, is yet to be approved by the Russian government because of Gazprom's hesitance "to sell gas to Western companies," and perhaps, its desire to have majority control of the development effort.<sup>309</sup> Many of its bilateral efforts are either delayed or do not even start because of "harsh conditions in the RFE, lack of efficient distribution networks for energy production, the North Korea Problem, and Russia's unpredictable policy," the most persistent one being the lack of mutual trust.<sup>310</sup> Although Russia is optimistic about expanding its economic cooperation with South Korea, Russia's focus must shift to reforming its domestic policies to create a for friendlier foreign investment environment, including options for multi-national shareholders that might attract investors from not only South Korea but from Japan and China as well.

#### **E. NORTH KOREA (DPRK)**

North Korea or the Democratic People's Republic of Korea (DPRK) came to be because of the former Soviet Union. Although not communist anymore, Russia still has close ties with the DPRK. This tie from decades ago keeps the two countries interested in each other through mutual economic and political benefits. Doug Bandow, a Senior Fellow

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<sup>306</sup> Ahn, "Framing Energy Security Between Russia and South Korea?: Progress, Problems, and Prospects," 593.

<sup>307</sup> *Ibid.*, 593–594.

<sup>308</sup> *Ibid.*, 594–595.

<sup>309</sup> *Ibid.*, 595.

<sup>310</sup> *Ibid.*, 601–602.

at the Cato Institute, sums this up by saying “the U.S. and Soviet Union divided the Korean peninsula, which had been a Japanese colony, after Tokyo’s surrender in World War II.”<sup>311</sup> With Stalin’s approval, Kim Il-sung planned to conquer the southern part of the peninsula as well. However, as Pyongyang invaded the south, “Stalin distanced [the] USSR ... in order to avoid conflict with America,” causing the DPRK to invite China to be its closest ally; yet, as both the USSR and PRC made some progress in moving away from Stalinism, Kim Il-sung was not ready to let go of Stalinist ideals.<sup>312</sup> Kim Il-sung’s de-facto monarchy was frowned upon both by China and the Soviet Union, dampening the Sino-Korean relationship as well. With the fall of communism and the dissolution of the USSR, the world looked anxiously upon Russia to see what its policy regarding North Korea would be. However, the two countries continued their relationship, albeit with some strains.

With Vladimir Putin at the helm, however, the relationship seemingly has strengthened. Multiple joint endeavors witness this newfound relationship. By all indications, the Kremlin has played a critical role in improving the DPRK’s economic condition. In 2012, after a series of meetings, Russia forgave 90% of the DPRK’s outstanding debt,<sup>313</sup> which totaled over \$10 billion. Unlike the other Asian neighbors noted in this chapter, North Korea is in economic hardship, and \$10 billion is a huge amount for the isolated DPRK, whose only source of hard currency comes mainly from limited exports of coal, textiles, and illicit drugs and weapons. On the other hand, Russia knew it would not recover these funds from North Korea and by officially forgiving this debt, Russia decided to make a goodwill gesture.

United Press International has reported on a Russian and North Korean joint venture to expand the Rajin-Hasan Railway that connects two countries.<sup>314</sup> With this

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<sup>311</sup> Doug Bandow, “Friends with Benefits: Russia and North Korea’s Twisted Tango,” *The National Interest*, March 6, 2015, <http://nationalinterest.org/feature/friends-benefits-russia-north-koreas-twisted-tango-12369>.

<sup>312</sup> Ibid.

<sup>313</sup> Ibid.

<sup>314</sup> Elizabeth Shim, “Russia, North Korea to Expand Railroad Cooperation,” United Press International, January 31, 2017, [https://www.upi.com/Top\\_News/World-News/2017/01/31/Russia-North-Korea-to-expand-railroad-cooperation/9131485879764/](https://www.upi.com/Top_News/World-News/2017/01/31/Russia-North-Korea-to-expand-railroad-cooperation/9131485879764/).

cooperative agreement, the DPRK will also send up to 24 students from Pyongyang University of Railroad Engineering to study abroad in the Far Eastern Federal University in Khabarovsk, all funded by the Russian government. Since this railroad is used to transport Russian coal to South Korea, this agreement is mutually beneficial.<sup>315</sup> In 2006, the DPRK's total exports were valued at \$2.83 billion while imports were at \$3.47 billion, although only 0.2% of its exports are to Russia, and 2.4% of imports are from Russia.<sup>316</sup> Considering these numbers, the economic cooperation between Russia and the DPRK is not significant enough to bring in adequate hard currency to keep the country afloat. The investments brought in by Russia keeps the DPRK's elite functioning and perhaps even gives the country's leadership a glimmer of hope to continue on the path they are on.

North Korea does have something to offer to Russia's development of its most isolated and harsh region. Samuel Ramani, a PhD candidate at the University of Oxford, points out another mutually beneficial economic transaction: oil companies of the RFE have increased their oil sales to the DPRK via the supply route linking Vladivostok to Rajin.<sup>317</sup> This route is also useful for Russia in delivering oil to South Korea, as well bringing much-needed income to the region. Ramani further notes the importance of "guest workers to construction projects" in the RFE, where 10,000 North Koreans provide cheap labor in "Putin's [attempt] to modernize Vladivostok," while sending much needed hard currency to the DPRK.<sup>318</sup> The economic agreements of debt forgiveness, railroad ventures, oil export, and labor exchanges provide some economic boost to the isolated RFE but also prove to be essential to secluded North Korea's survival. In appearance, Russia seems to be getting the better end of the deal by forgiving a debt that was not going to be paid anyways. However, in the end, gaining more advantage using this seemingly insignificant partnership with North Korea, Russia has much weight at the UN Security Council and

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<sup>315</sup> Shim, "Russia, North Korea to Expand Railroad Cooperation."

<sup>316</sup> "North Korea," Observatory of Economic Complexity, accessed December 11, 2017 (2016 figures), <https://atlas.media.mit.edu/en/profile/country/prk/>.

<sup>317</sup> Samuel Ramani, "Russia's Love Affair with North Korea," *The Diplomat*, February 13, 2017, <https://thediplomat.com/2017/02/russias-love-affair-with-north-korea/>.

<sup>318</sup> Ibid.



with its dealings with the Western world. With Russia's effort to utilize any advantage it could gain from this cooperation with North Korea, the RFE is left without any progress in development.

## **F. PROSPECTS OF REFORM IN THE RUSSIAN FAR EAST**

Given the political and economic utilities the RFE provides to Russia's relations with its Asian neighbors, one would presume Moscow would have a desire to bring the region into comparable standing with other regions of the country. With its share of the country's population at 4.4% and GDP contribution at a mere 5.6%, yet with a land mass at 36% of "Russia's national territory," the RFE "remains a weak and underdeveloped backwater."<sup>319</sup> Its centuries of troubled past did not change when communism ended; the RFE was confronted with the same uncertainties it had when the economic priorities and political leadership changed in Moscow in 1991. In the 1996 presidential election, Boris Yeltsin's campaign promised to "extract the RFE from its crisis."<sup>320</sup> The letdown from these empty promises resulted in yet another crisis in late 1996.

Some of the same paralyzing factors from the past contributed to this crisis of 1996. Gilbert Rozman, a Sociology Professor at Princeton University, analyzed this 1996 crisis and concluded that eight elements played a role in bringing the RFE into crisis.<sup>321</sup> First, high-energy costs imposed by Moscow resulted in a severe energy crisis, causing frigid indoor temperatures with only occasional electricity and hot water.<sup>322</sup> Second, heavy customs charges on traders, sailors, and fishermen resulted in a sudden cost increase in imported goods from China, Japan, and South Korea. Local travel firms closed their Asian shopping tours because of this business cost increase caused by Moscow's need to increase its tax revenues, which then caused an increase of criminal organizations and corruption in

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<sup>319</sup> Reinselaer Lee, "The Russian Far East: Opportunities and Challenges for Russia's Window on the Pacific," *Orbis* 57, no. 2 (2013): 315.

<sup>320</sup> Gilbert Rozman, "The Crisis of the Russian Far East: Who Is to Blame?," 4.

<sup>321</sup> *Ibid.*, 4–5.

<sup>322</sup> *Ibid.*, 5.

customs agencies.<sup>323</sup> Third, Moscow's reclassification of the region from debtor to donor status without truly understanding "how poor and vulnerable [the region] was" resulted in overall tax increases, high railroad tariffs, and steep energy costs.<sup>324</sup> Fourth, blackouts across the region, non-paid wages, and food rationing (which did not exclude military facilities and units) resulted in twenty reported killings within the RFE military district within two years.<sup>325</sup> Fifth, the contradictory policies in the presidential program to develop the RFE resulted in more distrust in the new leadership.<sup>326</sup> Sixth, Moscow's involvement in local elections and ousting of elected officials (to be replaced by appointed ones) and control of local policies from Moscow resulted in hunger strikes and mass walkouts, as well as more distrust in Moscow's decisions.<sup>327</sup> Seventh, the falling trust in Moscow and suspicion of government spurred criminal activities and further worsened the local economy.<sup>328</sup> Eighth, Moscow's control of media outlets resulted a reduction in independent media in the region.<sup>329</sup> These issues were not new to the region and many continue to persist today, even though the RFE had a glimmer of hope with Yeltsin's long-term development plan of 1996: to invest \$70 billion USD over 10 years into the region; but, he subsequently cancelled much of this planned investment due to a lack of federal funds.<sup>330</sup> In the 1990s, the broken promises, withdrawn investments, and Moscow's eventual retreat sent the RFE into further disarray.

Under Putin's control, however, the central government asserted its authority once again over the RFE. A "shift to controlled and managed international integration has been

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<sup>323</sup> Gilbert Rozman, "The Crisis of the Russian Far East: Who Is to Blame?," 4.

<sup>324</sup> *Ibid.*, 5.

<sup>325</sup> *Ibid.*

<sup>326</sup> *Ibid.*

<sup>327</sup> *Ibid.*

<sup>328</sup> *Ibid.*

<sup>329</sup> *Ibid.*, 4–5.

<sup>330</sup> *Ibid.*, 6.

taking place” in the RFE.<sup>331</sup> This so-called integration, however, has meant tighter federal control of the region’s foreign trade, especially exports of the main staples of the region, restrictions on imports, and tougher rules on foreign labor migrants, but also some major industrial projects with government-related funding.<sup>332</sup> This influence of central governance increased when, in 2006, President Putin Moscow’s strategic priorities shifted “to strengthen its power and presence in the RFE,” and developing the region became “a high national priority—to reaffirm and strengthen sovereign control over these regions.”<sup>333</sup> This high-priority modernization agenda proceeded with two tracks: “increased State interventions in the economy” and “closer regional integration with the fast-growing economies of the Asia-Pacific region.”<sup>334</sup> Considering the distance from Vladivostok to Moscow is over 5,600 miles, while to Beijing is 840 miles and to Tokyo only 670 miles, inviting foreign participation to develop the RFE seemed to be the preferable track. From Moscow’s perspective, however, “complete liberalization of foreign contacts would result in a loss of effective sovereignty.”<sup>335</sup>

During the Asia-Pacific Economic Cooperation (APEC) summit in 2007, Putin announced that he would host APEC 2012, a high-profile international event, in Vladivostok, a city of “almost nonexistent infrastructure.”<sup>336</sup> The announcement started the stopwatch for getting the city ready in time for this major event and launched “the Far Eastern program.”<sup>337</sup> This program implemented major projects, including construction of

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<sup>331</sup> Artyom Lukin and Tamara Troyakova, “The Russian Far East and the Asia-Pacific: Self Managed Integration,” in *FROM APEC 2011 To APEC 2012: American and Russian Perspectives on Asia-Pacific Security and Cooperation*, ed. Rouben Azizian and Artyom Lukin (Honolulu, HI: Asia-Pacific Center for Security Studies, 2012), 194.

<sup>332</sup> Lukin and Troyakova, “The Russian Far East and the Asia-Pacific: Self Managed Integration,” 194.

<sup>333</sup> Reinselaer Lee, “The Russian Far East: Opportunities and Challenges for Russia’s Window on the Pacific,” *Orbis* 57, no. 2 (2013): 316.

<sup>334</sup> *Ibid.*, 316–317.

<sup>335</sup> *Ibid.*, 318.

<sup>336</sup> Lukin and Troyakova, “The Russian Far East and the Asia-Pacific: Self Managed Integration,” 195.

<sup>337</sup> *Ibid.*

a “state-of-the-art university campus, two big sea bridges, a petrochemical plant, an oil pipeline from Eastern Siberia, a natural-gas pipeline from Sakhalin Island, and the reconstruction and enlargement of the Vladivostok airport.”<sup>338</sup> In 2009, funds for “an automobile assembly plant in Vladivostok, and two big shipyards to be built in the south of Primorsky Krai” were approved.<sup>339</sup> Unfortunately, Moscow did not ease its policies on investments from its neighbors. In favor of supporting struggling Russian car manufacturers, imported autos were “slapped [with] prohibitive tariffs,” which significantly reduced imports from Japan, and, according to Lukin and Troyakova, may have indirectly contributed to unemployment for up to 100,000 people in the RFE by the closure of import-related businesses and related service companies.<sup>340</sup> This is one of many government actions that reminds people of Soviet-era development policies—an inefficient bureaucracy causing a “waste of state resources, and rampant corruption,”<sup>341</sup> and arguably a reminder of how isolated the region really is, how unaware the Kremlin is of the RFE’s needs and its economic dependencies, and how disconnected the state is from the local functions. Central state control means the availability of major funds, which the local administration does not have, for investment in development projects; however, this comes with added layers of bureaucracy and at a sacrifice of autonomous decision making by local authorities. Resisting this control could also mean the possibility of total state control with no possibility of foreign trade, which would cause the region to fall back into isolation.

The region’s distance from the economic, political, and social hub of Russia adds difficulty to successful development of the region using only internal resources. The most suitable option seems to be “to develop closer economic relations with neighboring

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<sup>338</sup> Lukin and Troyakova, “The Russian Far East and the Asia-Pacific: Self Managed Integration,” 195–196.

<sup>339</sup> *Ibid.*, 196.

<sup>340</sup> *Ibid.*, 197.

<sup>341</sup> Reinselaer Lee, “The Russian Far East: Opportunities and Challenges for Russia’s Window on the Pacific,” *Orbis* 57, no. 2 (2013): 318.

countries in Northeast Asia.”<sup>342</sup> To avoid the complete control of Moscow in isolating the region altogether and “perpetuat[ing] the region’s economic backwardness,” however, a balancing of “the imperatives of openness and fast-track development with those of preserving sovereign control.”<sup>343</sup> In support of this balanced approach, Sergei Karaganov, of the Council for Foreign and Defense Policy in Moscow, proposes a measure of sacrifice from the state “in order to more fully exploit the vase grown potential of the Asia-Pacific market.”<sup>344</sup> His proposal advocates for control of economic, financial and social functions of the government to be transferred to “one or more cities in Siberia” and the RFE, “while retaining the cultural-judicial capital in St. Petersburg and a diplomatic-military capital in Moscow.”<sup>345</sup> Although this proposal might be similar in nature as Yuri Krupnov’s idea to move Moscow altogether, Karaganov believes, a decentralized Russian state would “ensure balance in international economic relations, especially to offset the looming presence of neighboring China with broader participation of Russia’s Western and Asian democratic partners in Siberian—RFE development projects.”<sup>346</sup> While Karaganov’s idea would likely prove more realistic than moving Moscow altogether, it remains unlikely that Moscow would relinquish even part of its authority.

A decentralization move would arguably energize the economy in the eastern regions of the country. Similar efforts have occurred in Germany and in Kazakhstan successfully. Germany revitalized development of not only of Berlin but of the whole eastern region of Germany when it moved the government from Bonn after reunification in 1989, and Kazakhstan shored up its northern regions when it moved its government seat from Alma-Ata to Astana.<sup>347</sup> Along with the move of major functions of the government,

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<sup>342</sup> Choongbae Lee and Michael J. Bradshaw, “South Korean Economic Relations with Russia,” *Post-Soviet Geography and Economics*, 38, no 8 (1997): 472.

<sup>343</sup> Lee, “The Russian Far East: Opportunities and Challenges for Russia’s Window on the Pacific,” 318.

<sup>344</sup> *Ibid.*

<sup>345</sup> *Ibid.*

<sup>346</sup> *Ibid.*

<sup>347</sup> Sergei Karaganov, Oleg Barabanov, and Timofei Bordachev, *Toward the Great Ocean or the New Globalization of Russia* (Moscow: The Valdai Discussion Club, July 2012): 67.

Karaganov calls for allowing participation in the development of the region by the international community, including China, Japan, South Korea, and the United States, as well as ASEAN and European countries.<sup>348</sup> Vision of the Siberia Project could then be realized as the RFE would truly connect Europe and Asia and become the hub of “production of Russian goods and resources for [the] Asian market.”<sup>349</sup> However, this proposal from 2012 remains a dream that is out of reach. Moscow continues its centralized control<sup>350</sup> and overrules local leaders of the RFE in making all decisions over foreign investment and development, thus effectively blocking any glimmer of interest from China, Japan, and South Korea while using the natural resources of the RFE without much return to the region. The RFE, on the other hand, continues to wait for a shift in the wind to be able to take advantage of its prime location as a neighbor to countries, who might choose to invest in its development if they had free trade options, labor migration opportunities, and an efficient and well-functioning rail transportation gateway for ground transportation to European Russia and to the economies of the European Union beyond.

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<sup>348</sup> Karaganov, Barabanov, and Bordachev, *Toward the Great Ocean or the New Globalization of Russia*, 63.

<sup>349</sup> Ibid.

<sup>350</sup> Lukin and Troyakova, “The Russian Far East and the Asia-Pacific: Self Managed Integration,” 202.

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## V. CONCLUSION AND RECOMMENDATIONS

This thesis examined the challenges of developing the Russian Far East (RFE), which Russia desires to achieve so that the RFE can serve as a bridge to Asia. The thesis sought to answer the following questions. What challenges does Russia face in populating the region and developing it economically? What is the Kremlin doing to overcome them? How are these development efforts perceived by Asian neighbors? This concluding chapter provides a summary of the research conducted, analyzes the challenges of development discussed in previous chapters, and proposes a closing argument as to whether the Kremlin can successfully develop the RFE and, in turn, pivot to Asia. This thesis argues that, as the RFE stands now, the success of this pivot is unlikely due to the depopulation of the region, the tenuous status of the infrastructure and economic system, and Russia's non-collaborative economic and political relations with its neighbors.

As a significant territory far distanced from the capital, the RFE constitutes a liability for Russia because of its remoteness, feeble transportation links to the country's center, under-population, and underdevelopment, including lack of basic infrastructure. On the other hand, this vast land contains valuable natural resources, including oil and natural gas, coal, iron ore, copper, gold, uranium, timber, fresh water, and fish stocks. From the time of its expansion to the east, Russia "has faced a recurring risk of losing control over [the region] as a result of external aggression, foreign encroachment, internal separatism, or [a] combination of all three."<sup>351</sup> The various governments of Russia—tsars, communist leaders, and beyond—have all tried to settle and develop the region, so the RFE could contribute to the state economy and serve to boost Russia's political relations with its Asian neighbors. However, the efforts to populate, to develop, and to invite investment are all interconnected and cannot be accomplished individually. Ultimately, the RFE, long known as the land of gulag at the frozen end of the earth, cannot reach its full potential as a donor region despite rich resources because development and investment opportunities have been

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<sup>351</sup> Lukin, "Russian Far East: Positive Scenario."



halted by a bureaucratic central government that has a socialist mindset<sup>352</sup> and is rampant with corruption.<sup>353</sup>

#### **A. SUMMARY OF RESEARCH: RUSSIA'S PIVOT TO ASIA**

The first chapter of the thesis introduced the main research question. How successful will the Kremlin's efforts be in overcoming obstacles to developing the RFE? To answer this question, the thesis, through three subsequent chapters, analyzed three challenges of the RFE's development in Russia's attempt to pivot to Asia: populating the region, domestic economic development, and relations with Asian neighbors, as well as the potential role these neighbors could play in the RFE's development. The analysis included scholars who study this region and the region's relations with the Kremlin, as well as whether its Asian neighbors predict success or failure of the region's development efforts.

Chapter I showed that some scholars see the RFE's successful development effort as possible. The experts who believe the Kremlin will successfully develop<sup>354</sup> the RFE argue that the Russian government has implemented multiple options for settling the region, including the law granting a piece of Mother Russia for all Russians, and, therefore, has ensured the RFE continues to be a priority region for development. In an effort to develop the RFE through foreign investment, Moscow has worked with multiple international and domestic organizations to boost the appeal of the region to Asia, especially for China, Japan, and South Korea.

On the other hand, the experts who predict the successful development of the RFE to be unlikely portray a rather grim outlook.<sup>355</sup> They argue that the declining population is unlikely to reverse itself and warn of the high likelihood of the land being taken over by the ever-growing Chinese presence. The lack of social benefits and basic infrastructure,

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<sup>352</sup> "Socialist Mindset."

<sup>353</sup> Lee, "The Russian Far East: Opportunities and Challenges for Russia's Window on the Pacific," 318.

<sup>354</sup> See Lukin, "Russian Far East: Positive Scenario.;" Lee and Lukin, *Russia's Far East: New Dynamics in Asia Pacific and Beyond*.

<sup>355</sup> See Rozman, "Russian Far East: Negative Scenario.;" Kontorovich, "Can Russia Resettle the Far East?," 365.

along with a severe climate, only adds to the desire of region's residents to out-migrate as soon as the opportunity presents itself. The scholars also point out that, while Moscow has made multiple promises on the development of the region, failed pledges and the government bureaucracy only add to the RFE's distrust in the state, while the center's restrictions on foreign investments further isolates the region from being able to serve as a bridge to Asia. With these opposing arguments, the thesis examined why continual efforts have failed in allowing the RFE to reach its potential in becoming a port region that connects Russia to Asia.

Chapter II examined the RFE's historical settlement efforts and what the Kremlin is doing to populate the region today. After the fall of communism, the people from the RFE began leaving to more developed regions within the country or abroad in search of better opportunities. To attract the region's residents to stay and to bring more Russian citizens to the region, the Kremlin has put forth multiple efforts. These efforts include reforming immigration to attract Russians currently living in former Soviet republics to migrate to Russia, conducting studies to understand the out-migration reasons and what could reverse this trend, and, the biggest effort the Kremlin put forth: creating its Free Land Initiative—promising a hectare of land for every Russian citizen who settles in the RFE. Although the initiative reads promising on paper, implementation has met with number of problems, starting with the application process and an overall bureaucratic mess between central and local government. Additionally, the multiple contingencies put into the ownership of the land add to the bureaucratic hoops people have to jump through to get the paperwork processed, turn away many who would consider the possibility of owning a piece of land in the RFE.

Chapter III examined another challenge the RFE faces in its development effort: the current conditions of the region. The current residents and potential settlers alike have to face issues of harsh climate, dismal infrastructure, and unreliable transport west, as well as the porous borders that invite illegals into the region, all of which add to the misuse of the region for natural resources with no regard to the protection of the ever-dwindling pristine area. Although Moscow promises the region is a priority for Russia's economic development, not all the funds approved have made it to the region for the intended

purposes; rather, they have been syphoned off through a corrupt and archaic bureaucratic system. Because of the lack of capacity to secure the region's borders and patrol the region for environmental protection, illegal mining and harvesting of natural resources have become issues that further hinder potential economic benefit for the region. Updating the infrastructure, starting with a reliable power grid and water sources, and ensuring regional security from outside its borders and within would bring a positive outlook to those who could potentially consider a move to the RFE.

Chapter IV examined Russia's relations with the RFE's neighbors: China, Japan, South Korea, and North Korea. These relationships play an important role in Russia's pivot to Asia, especially in their potential contribution to the RFE's development through foreign investment and labor migration. Russia has had a long-standing relationship with its Asian neighbors especially since its expansion to the Far East. Given that many Chinese, Japanese, and Koreans have lived in the region through the years, the region's relationship with these countries were formed out of necessity. Throughout much of its history, Russia has tried to keep China as its ally. During the tsarist Russia time, the Sino-Russian relationship developed into one of a mutual support, resulting in the bilateral signing of mutual assistance treaty before the end of 19<sup>th</sup> century to provide help in the event of attack from Japan. Three decades after Russia's Bolshevik revolution and road to socialism, China followed suit, strengthening the Sino-Soviet relationship to one of trusted friends, with Russia lending economic support to the People's Republic of China that was still struggling to shed its feudal system. The relationship soured from the 1960s until 1989. However, more recently, with China embracing a capitalist economy and being able to provide support to Russia after the fall of communism, China and Russia have tried to build a better relationship. Given China's far superior economic standing today, Russia clearly needs an ally in China for the development of not only the RFE but also the Russian Federation as a whole, even if Russia must serve China as a profitable resource facility for the time being.

Russia's relationship with Japan is not as quite as one-sided as its relationship with China, because Russia feels the Kurile Islands play an important factor in Russo-Japanese economic negotiations. Resolving this controversial issue would help both President Putin

and Prime Minister Abe move on to a more profitable relationship for both parties although the idea of compromise might be hard to come by for the current Moscow administration. South Korea, along with its Asian neighbors, has made multiple attempts of investment and cooperation. Many projects planned to utilize the natural resources of the RFE to service not only Russia but also its Asian neighbors have stalled due to Russia's hesitance to cooperate with Western allies. Unfortunately, the lack of collaborative effort from the Russian government has caused among other concerns, trust issues, potentially resulting in further economic decline and depopulation of the region. Perhaps Russia feels it has an upper hand in its relationship with North Korea. This hermit nation is even more isolated than the RFE and in a worse condition in terms of infrastructure, undoubtedly needing help from any nation that would offer assistance especially during this time of sanctions and political tension. Russia's goodwill gestures of forgiving North Korea's debt and educating students in the RFE have been returned with cheap labor provided to work in the RFE; those laborers work under severe conditions and with tiny amounts of pay, most of which goes to support the North Korean government.

With these unusual dynamics in the Northeast Asian region, the RFE is left with not much foreign investment coming its way for development until or unless Moscow reforms Russia's investment and immigration laws to create a better environment for these Asian nations to invest for the long term. Regardless of how Russia sees these countries in its plan for a pivot, if Russia is not willing to let the RFE make decisions to trade with its Asian neighbors, any initiative the Kremlin takes on for its periphery is likely to stumble. Without the buy-in of the local administration, Russia's desire to pivot to Asia will also be met with resistance from within the RFE and perhaps from Asian powers.

## **B. FINDINGS: ROOT CAUSES OF THESE CHALLENGES**

The thesis studied three main challenges the Kremlin faces in developing the region that need to be resolved hand-in-hand if the region is to fulfill its potential. The causes of these challenges were rather similar: it all comes down to the ineffective leadership of the central government.

For the challenges of settling the region, Russia's immigration reform has been unclear and riddled with vague loopholes designed to protect the elite while overlooking the general population that lack friends in the bureaucratic system. Moscow's top initiative of free land met with hiccups created by bureaucracy and corruption. Russia seems to have no power to slow out-migration and no benefits to offer the young and the educated to stay.

In terms of the challenges to improve the living conditions in the RFE, the existing infrastructure has not been maintained or updated for decades. While Russia made the military and government structures a priority for the supply of electricity and water, it still cannot provide a steady supply, causing disarray for the military and the local government, not to mention ordinary civilians.<sup>356</sup> The outbreak of criminal activities within military units stationed in the RFE<sup>357</sup> has only added to the people's distrust in the Russian government. The transport system is also outdated and what little road structure exists has not been updated or added to for decades.<sup>358</sup> Sewer pipes bursting in cinder block apartments, electricity shutting off in the middle of winter nights, and delays in train or airline schedule have become far too common of occurrences while the Kremlin keeps on making irrelevant policies regarding the RFE that do not seem to consider the conditions in the RFE.<sup>359</sup> President Putin's desire is to invest in the region and expand its infrastructure, but the decisions made from Moscow only show the Kremlin's distance from the RFE not only physically but also in understanding.

Despite the Kremlin's unwillingness to invest in the RFE for development, they also restrict the RFE from independently receiving support from foreign investors due to the same bureaucratic government system that channels any and all inquiries through the central government.<sup>360</sup> Many promised bilateral and multinational projects await approval from the Kremlin while many more investors hesitate to enter into Russia due to its old-

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<sup>356</sup> Rozman, "The Crisis of the Russian Far East: Who Is to Blame?," 5.

<sup>357</sup> Ibid.

<sup>358</sup> Goble, "Lack of Roads in Russian Far East Limits Moscow's Power Projection in Pacific."

<sup>359</sup> Heleniak, "Migration and Restructuring in Post-Soviet Russia," 539–546.

<sup>360</sup> Lukin and Troyakova, "The Russian Far East and the Asia-Pacific: Self Managed Integration," 197–202.

fashioned and one-side investment and tariff policies that serve the Russian elite.<sup>361</sup> The current leadership arguably operates with the mindset of its predecessors—a socialist mindset<sup>362</sup> and work ethic—but, this time, their agenda is to create a capitalist economy, an impossible mismatch and one that does the RFE no good.

While Russia is pouring money into reforming its military and bringing its arsenal of weapon systems to the level of the military powers of the United States, the unfulfilled promises made in developing the RFE further distance Asian investors.<sup>363</sup> With diminishing trust, Chinese banks are hesitant to lend funds to Russia due to their uncertainty in getting the funds back and “stringent penalties imposed by Washington on banks doing business with Russia.”<sup>364</sup> Japan hesitates to undertake major investments in the RFE until Russia and Japan resolve their territorial issue. While South Korea is willing to invest, the funds it could bring in are no match for the investment possibilities of Japan and China.<sup>365</sup> However, what projects South Korea has initiated have been grounded due to Russia’s hesitation to cooperate fully with international organizations, including Western companies. In the face of political opposition from the state bureaucracy, many of the projects proposed by foreign investors are crushed right from their inception. Bureaucracy that harbors a socialist mindset<sup>366</sup> and corruption due to unclear and unenforced policies are the root causes of all these challenges. The underlying resolution, before any of these challenges can be turned into opportunities for growth, would be government shake-ups and policy reforms to confront the issues that have persisted since tsarism and through the communist era.

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<sup>361</sup> See Rozman, “Russian Far East: Negative Scenario.”; Lukin and Troyakova, “The Russian Far East and the Asia-Pacific: Self Managed Integration,” 195–196.

<sup>362</sup> “Socialist Mindset.”

<sup>363</sup> Rozman, “Russian Far East: Negative Scenario.”

<sup>364</sup> Stephen Blank, “Russian Writers on the Decline of Russia in the Far East and the Rise of China,” *Russia in Decline*, September 13, 2016. *The Jamestown Foundation: Global Research and Analysis* <https://jamestown.org/program/stephen-blank-russian-writers-on-the-decline-of-russia-in-the-far-east-and-the-rise-of-china/>.

<sup>365</sup> Ibid.

<sup>366</sup> “Socialist Mindset.”

### C. IMPLICATIONS OF RESEARCH AND RECOMMENDATIONS: WHAT CAN RUSSIA DO?

Russia's pivot to Asia and Russia's desire to have a seat at the table with the Asian powers sound exciting and worthy of attention in many regards, not only for Russia but also for the world, especially for the Asia-Pacific region. However, from the research findings of this thesis, it is evident that Russia must resolve many internal issues before attempting to pivot successfully to Asia. Russia's efforts to focus on Asia and make the RFE a priority for development have not met with much success. In 2012, to further capitalize on its desire to develop the RFE, the Kremlin established the Ministry for the Development of the Far East.<sup>367</sup> However, the RFE development will take sustained, coordinated, and consistent efforts<sup>368</sup> from the central government and the local administration. As has been witnessed in other post-communist governments, it takes time for systematic change and progress within a mindset where corruption, personal networks, and bureaucracy have, unfortunately, been a way of life. Although many drastic reforms have been proposed—from overhauling the government to moving the capital to the East—the Kremlin has been hesitant to take on any significant reforms. However, the least drastic approach, yet perhaps one of the most plausible approaches for Moscow to take in order to transform the RFE into a compelling location with which more developed Asian counterparts will want to do business, could be a transformation of one economic sector and one city at a time.

The first approach that would be applicable to the whole region in overcoming these challenges is much-needed investment in updating the region's resource-harvesting technology. The RFE has become a donor region for the Russian Federation. With a multiple-year plan to invest the contributions from its natural resources back into the region, the RFE could develop a better infrastructure and transportation system. Although the RFE contributes its share of funds to the Russian economy through its natural resources, the investment back to the region has been less evident. The RFE provides about 34.4% of

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<sup>367</sup> Blakkisrud, "An Asian Pivot Starts at Home: The Russian Far East in the Russian Regional Policy," 11.

<sup>368</sup> *Ibid.*, 12.

total natural resources and mineral to Russia's economy.<sup>369</sup> However, the system of harvesting these natural resources is outdated and inefficient. Should these systems be updated, the resource harvesting would be more efficient, as well as more environmentally friendly, thus preventing an "untimely exhaustion of resources."<sup>370</sup> Timber harvesting has been only 25 to 80% effective with a great loss of materials during harvesting, transportation, and storage.<sup>371</sup> Increasing the percentage of RFE profits invested back into the region would, undoubtedly, help the region's productivity and updated technology would increase that profit even further.

The second approach to take in transforming the RFE into a bridge to Asia would be to create a bridge city—a metropolis that would attract neighboring Asian powers. Vladivostok has been compared for its potential of being a free port city and a metropolis that rivals San Francisco or Vancouver. The opportunity to develop starts with economic planning. As the Kremlin and city of Vladivostok have taken note, Vancouver had a rather similar beginning as Vladivostok. This port city of British Columbia was settled by fur-traders, coal-miners, colonizers, and religious groups looking for better life in the 1840s.<sup>372</sup> Chinese settlers, following the Fraser River gold rush, came to the Vancouver area in the 1850s and, within 30 years, the Chinese population in British Columbia grew to more than 10,000.<sup>373</sup> One of the biggest differences in the growth of these two cities starting in the late 19<sup>th</sup> century was diversity. While Russia embarked on russifying the country, including the RFE, and treated its Chinese, Korean, and Japanese residents as non-citizens, the Chinese residents in Vancouver experienced more tolerance although they felt more comfortable in their own neighborhood and often worked jobs of servitude for fear of racial

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<sup>369</sup> Evgenii B. Kovrigin, "Problems of Resource Development in the Russian Far East," in *Politics and Economics of the Russian Far East: Changing Ties with Asia-Pacific*, ed. Tsuneo Akaha (New York, NY: Routledge, 1997), 72.

<sup>370</sup> *Ibid.*, 73.

<sup>371</sup> *Ibid.*, 72.

<sup>372</sup> Hubert Howe Bancroft, *History of British Columbia, 1792–1887*. (San Francisco, CA: The History Company, Publishers, 1887), 247–249.

<sup>373</sup> Wing Chung Ng, *The Chinese in Vancouver, 1945–80: The Pursuit of Identity and Power*, (Vancouver, BC: UBC Press, 1999), 10–11.



violence.<sup>374</sup> However, these immigrant settlements had immigrant leaders who were respected in the community and empowered to negotiate on equal terms with other community leaders.<sup>375</sup> Such opportunities did not exist for the Chinese in Vladivostok and still do not.

Today, Vancouver is one of the most diverse cities in the world and is deemed to be the most livable out of 140 cities surveyed by *The Economist*.<sup>376</sup> Given that settling the region with Russian citizens has faced challenges, Moscow should diversify the region, especially Vladivostok. An immigration reform to grant citizenship to Chinese migrants who have settled here for a period of time could initially be limited to Vladivostok and, once the transition is successful, it could be expanded to the whole region. Though the exact number is unknown, an estimated 2 to 5 million Chinese reside in Russia today, most of whom are in the RFE.<sup>377</sup> Recent immigration policy reform attempts have “influenced the development of migration movements and the formation Chinese communities in Russia, especially the RFE.”<sup>378</sup> The Kremlin should use this movement to test out new options for immigration reform in a limited location. With this limited reform, the Kremlin would be able to oversee the success of this effort while opening this city up for opportunities to interact with the Asian superpowers that are close by. The Chinese migrants already in the region would bring opportunities for development if provided with full citizenship and encouraged with business ventures. Investment coming in from the region’s resource profits and a settlement approach open to diversity would put the region into a new light on the world platform and could be the beginning of a positive development.

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<sup>374</sup> Ng, *The Chinese in Vancouver, 1945—80: The Pursuit of Identity and Power*, 11.

<sup>375</sup> Ibid.

<sup>376</sup> “Liveable Vancouver: the Canadian City Tops Another Ranking,” *The Economist*, June 8, 2009. [https://www.economist.com/blogs/gulliver/2009/06/liveable\\_vancouver](https://www.economist.com/blogs/gulliver/2009/06/liveable_vancouver).

<sup>377</sup> Olga Alexeeva, “Chinese Migration in the Russian Far East: A Historical and Sociodemographic Analysis,” *China Perspective*, July 1 2008: 26.

<sup>378</sup> Ibid.

Although both approaches have been implemented in a partial way and without real success, limiting the parameters of these transitions to the RFE and Vladivostok would give the state and local administrations an opportunity to evaluate their progress more easily and overcome the challenges of possible political and social setbacks. The aforementioned root problems of a bureaucratic mindset that lingers from socialist regime, corruption at multiple levels of the government, and ultra-nationalist ideals fueled by the current administration are likely to hinder the development of the RFE in the near future. However, should the state permit the RFE to move forward on an experimental basis with reforms of its current economic and immigration policies, the development effort in this single region and one city could prove fruitful in furthering the development of the region, as well as having a broader impact on Russia's development and the Kremlin's foreign relations with the countries of Northeast Asia.

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