## H-Diplo ARTICLE REVIEW 1027

2 April 2021

Oscar Sanchez-Sibony. "Economic Growth in the Governance of the Cold War Divide. Mikoyan's Encounter with Japan, Summer 1961." Journal of Cold War Studies 20:2 (2018): 129-154. DOI: https://doi.org/10.1162/jcws\_a\_00741.

## https://hdiplo.org/to/AR1027

Article Review Editors: Thomas Maddux and Diane Labrosse | Production Editor: George Fujii

## Review by Jun Fujisawa, Kobe University

Cold War scholarship has recently witnessed a growing amount of literature on the role of the socialist countries in postwar globalization. Using newly declassified archival documents, historians have made clear that economic relations between the East, West, and South intensified despite the political and ideological dichotomy. Among these scholars, Oscar Sanchez-Sibony pointed out in his first book, *Red Globalization*, that the Soviet economy was embedded in the global economic structure and that successive Soviet leaders were interested in the economic relations with capitalist countries.

Now, in this article, Sanchez-Sibony sheds new light on the history of Soviet-Japanese economic relations on the basis of Soviet archival documents. By examining First Deputy Prime Minister Anastas Mikoyan's trip to Japan in August 1961 and his successive conversations with various Japanese politicians and businessmen, he illustrates how both the Soviet Union and Japan came to share the ideology of economic growth as the guiding principle of governance despite the ideological Cold War. Such an approach to postwar Soviet-Japanese relations is especially needed since, as the author rightly emphasizes, historians of postwar Soviet-Japanese relations have largely ignored economic relations, or the meaning of the economy in the overall relations, focusing instead on the territorial and other political issues.<sup>3</sup>

Sanchez-Sibony begins the story by examining Soviet-Japanese relations after the normalization of relations in 1956, which made the complete settlement of diplomatic problems less urgent for the two countries. In fact, according to him, both the Soviet and Japanese governments, guided by their desire to develop their domestic economics rapidly, showed interest in expanding bilateral economic ties. While the Soviet leadership under Nikita Khrushchev intended to grow Soviet domestic production by importing Japan's productivity-enhancing technologies, the new Japanese Prime Minister, Ikeda Hayato, who committed himself to realizing the Income Doubling Plan, attempted to find new markets for Japanese products and new sources of raw materials in the Soviet Union.

<sup>&</sup>lt;sup>1</sup> See, for example, James Mark, Artemy M. Kalinovsky, and Steffi Marung, eds., *Alternative Globalizations: Eastern Europe and the Postcolonial World* (Bloomington: Indiana University Press, 2020); Max Trecker, *Red Money for the Global South: East-South Economic Relations in the Cold War* (London: Routledge, 2020).

<sup>&</sup>lt;sup>2</sup> Oscar Sanchez-Sibony, *Red Globalization: The Political Economy of the Soviet Cold War from Stalin to Khrushchev* (Cambridge: Cambridge University Press, 2014).

<sup>&</sup>lt;sup>3</sup> As a notable exception, see, Mikhail Lipkin, "Mezhdu FRG i Iaponiei: SSSR v poiskakh strategicheskogo partnerstva v seredine 1950-kh—pervoi polovine 1970-kh godov," *Novyi istoricheskii vestnik* 46:4 (2015): 77-101. In Japan, some studies in the 1970s and 1980s examined the theme. Cf. Ryo Kiire, *Nisso Boueki no Rekishi* (Tokyo: Ningen-sya, 1983).

But deficiency in the United States dollar and objections from the U.S. government posed a stumbling block to the expansion of Soviet-Japanese trade. As a result, while Mikoyan showed great interest in receiving credits from Japan in return for Soviet resources, especially oil, the Japanese government refrained from giving a clear answer to the Soviet proposal. And yet Mikoyan did not give way. If anything, he marketed the idea of constructing an oil pipeline directly to the Pacific coast with Japanese funds and pipes. During his visit to Japan, he met not only with Prime Minister Ikeda, but also with Minister of International Trade and Industry Sato Eisaku, and Idemitsu Sazo, a highly independent and ambitious Page | 2 oil dealer, who reacted positively to Mikoyan's idea, assuring Ikeda's backing in expanding trade with the Soviet Union. In fact, in a conversation with Mikoyan, Ikeda proposed that the two countries cooperate with each other for the sake of the economic growth of the two countries, leaving political issues aside for the moment. As these conversations show, by the time of Mikoyan's trip to Japan, both the Japanese and Soviet leadership came to regard economic growth as a silver bullet to domestic and foreign problems. For the Soviet leadership, economic growth through trade expansion became an important antidote to "the U.S. construction of an ideological Cold War" (143).

After Mikoyan's trip, bilateral economic relations further developed, making Japan the most important capitalist country for Soviet foreign trade in 1970 and 1971. Japan even agreed to invest in Soviet timber, coal, and other industries. But while Mikoyan tried to persuade the Japanese to fund the oil pipeline project in the Soviet Far East, the Japanese government remained evasive. In the meantime, West Germany agreed to finance the construction of the oil and gas pipelines which would pump Soviet energy to the Western European market, making the Western Europeans more important trading partners than the Japanese.

Nevertheless, Japan remained an important reference point for both Khrushchev and his successor, Leonid Brezhnev, when they thought about strategies for economic growth. For example, the rapid economic growth of Japan forced Khrushchev to rethink the deficiencies of the Soviet economy. Brezhney, too, had Japan in mind when he made the fatal decision of constructing the Baikal-Amur Mainline (BAM), hoping to link the Soviet economy with that of Japan. As Sanchez-Sibony concludes, Soviet-Japanese relations developed continually, guided by the shared "technocratic ideal of growth as a prescription for postwar peace and governance" (153).

Sanchez-Sibony's article makes an important contribution to the historiography of the Soviet-Japanese relations. While specialists on Soviet-Japanese relations have paid attention to the expanding bilateral commercial ties in 1960s and 1970s, the bulk of these studies were published in 1970s and 1980s without, naturally, using any archival sources. <sup>4</sup> Therefore, we did not know much about the conversations between Mikoyan and various Japanese actors in 1961, and assumed that both the Japanese government and mainstream economic elites took a notably cool attitude toward him. 5 By carefully examining newly accessible archival materials from the Russian State Archive of Socio-Political History (RGASPI) and the Russian State Archive of Economy (RGAE), Sanchez-Sibony by contrast demonstrates how Mikoyan and Khrushchev consistently pursued the policy of expanding economic ties with Japan for the sake of domestic economic growth. His findings that Ikeda responded positively to Mikoyan's offer of enlarging economic relations also deserves attention. Apparently, as he reiterates, the Soviet and Japanese governments shared the ideology of economic growth as a guiding principle for the governance of each country.

At the same time, while Sanchez-Sibony's analysis on the Soviet side is persuasive, Ikeda's role in the subsequent Soviet-Japanese economic relations remains somewhat ambiguous. For example, although Mikoyan struggled to persuade Ikeda to invest in Siberian resources, Ikeda's response was "evasive" (149). This might suggest that Soviet-Japanese relations developed without Ikeda's strong backing. In fact, evidence from the Japanese side supports such an interpretation. For example, the Japanese Foreign Ministry regarded Khrushchev's commercial offensive as a strategy of separating Japan from the United States and Western Europe. Ikeda, hoping to gain economic as well as political gain from closer cooperation with

<sup>&</sup>lt;sup>4</sup> See, for example, Kiire; Kazuo Ogawa, Siberia Kaihatsu to Nihon (Tokyo: Jiji Tsushinsha, 1974).

<sup>&</sup>lt;sup>5</sup> Kiire, 70–71; Takuma Nakashima, *Kodo Seicho to Okinawa Henkan* (Tokyo: Yoshikawa Kobunkan, 2012), 46-47.

other Western countries, apparently agreed to this logic of the ideological Cold War. At that time, many Western countries declined to apply the General Agreement on Tariffs and Trade (GATT) to Japan by using Article 35 of the agreement. Since the rapid trade expansion with the Western countries was vital for Japan's domestic economic growth, Ikeda struggled to persuade the Western countries to stop applying Article 35 to his country. As a means to this end, he saw it necessary to demonstrate Japan's firm commitment to the Western bloc. In other words, the ideology of economic growth discouraged Ikeda from investing too much energy in Japan's economic relations with the Soviet Union despite his cordial meeting with Mikoyan.

Page | 3

But even without strong backing from Ikeda himself, Soviet-Japanese trade expanded rapidly. Here, presumably, Ikeda's idea of keeping "a definite separation of economic and political questions in the relations between governments" (141) played a certain role in inducing personal commitments from some leading Japanese business elites. Among them, Kawai Yasunari, president of Japan's leading machinery maker, KOMATSU, played a major role in realizing a trip of business elites to the Soviet Union in August 1962. While the conservative Japan Business Federation, the most influential business association in Japan, notably distanced itself from Kawai's initiative, he and other top business executives decided to examine the commercial opportunities with the Soviet Union through this venture. After visiting Siberia, the Ural region, Moscow, and Leningrad, Kawai and other executives met with Khrushchev in Crimea. During the conversation, Kawai showed interest in the Siberian resources, saying that "the tunnel of development can be completed quickly, if it will be dug not only from the Soviet side, but also from the Japanese side." He was especially interested in Siberian timber, even suggesting that Japan send skilled workers to Siberia to cut down trees. While Khrushchev could not accept such an offer, he, too, was more than enthusiastic at the prospect of selling Soviet resources, especially oil, repeatedly suggesting the construction of the oil pipeline from Baikal to the Pacific. To this, Kawai responded that the import of oil would be complicated because of Japan's relations with Anglo-American oil companies. And yet he remarked that "trade always has its truth. Artificial things cannot last indefinitely. I understand your point well, but I cannot make any promise now since I am not the representative of the government. But I will do my best to that direction."8

Kawai kept his words, political pressures notwithstanding. After his trip, the Japanese Foreign Ministry was visibly alarmed by the growing interest in the trade with the Soviet Union among Japanese business circles. "It is important to exercise caution," its report pointed out, "so that the Japanese-Soviet trade will not be used by the Soviet side politically." U.S. ambassador to Japan Edwin Reischauer warned Kawai against depending too much on the trade with the Communist bloc.<sup>9</sup> The Japanese government yielded to American pressure and instructed the Japanese commercial firm Shinten Jitsugyo not to export large-diameter pipes to the Soviet Union, although it had already signed a contract to export 25,000 tons of pipe to the Soviet Union. <sup>10</sup> However, this strong political pressure from the United States did not last long. By the time of Mikoyan's second trip to Japan in 1964, the political tension between the U.S. and the Soviet Union had eased. Sensing the changed political atmosphere, the conservative Japan Business Federation and even Zaibatsu, or the biggest conglomerates in Japan, welcomed Mikoyan.<sup>11</sup> As trade between the Soviet Union and Japan expanded consistently, Kawai, using his strong

<sup>&</sup>lt;sup>6</sup> Kosuke Yoshitsugu, *Ikeda Seikenki no Nihon Gaiko to Reisen: Sengo Nihon Gaiko no Zahyoziku 1960-1964* (Tokyo: Iwanami Shoten, 2009), 65-83.

<sup>&</sup>lt;sup>7</sup> Kiire, 74-76.

<sup>8</sup> Yoshinari Kawai, Furushichofu Shusho to no San Jikan: Watashi no Hoso Shuki (Tokyo: Kodansha, 1964), 38-52.

<sup>&</sup>lt;sup>9</sup> Yoshitsugu, 83.

<sup>&</sup>lt;sup>10</sup> Kiire, 73.

<sup>&</sup>lt;sup>11</sup> Kiire, 76-77.

influence among the Japanese political as well as business elites, realized the timber project in the Far East with Japanese funding. 12

The Soviets appreciated Kawai's efforts at expanding economic cooperation between the two countries. In a conversation with Kawai's son in September 1969, chairman of the State Planning Committee (Gosplan) Nikolai Baibakov praised Kawai's contribution to the timber project in the Soviet Far East. At the same time, he complained that Japanese firms acted slowly in the cooperation between the two countries and channeled their investments into countries of Latin America, Africa, and Southeast Asia. <sup>13</sup> Presumably, the foreign trade policy of the Japanese government played an important role in these attitudes of the Japanese firms. In the 1960s, the Japanese government increased economic cooperation with the countries of Southeast Asia, to which Japanese firms responded positively by increasing investment in the local resource and manufacturing industries. <sup>14</sup> Since the amount of Japanese capital was still limited in 1960s, offering credit to the Soviet Union meant reducing investments in other regions, including Southeast Asia. <sup>15</sup> Apparently, without strong support from the government, Japanese firms were not ready to take this step. These examples indicate that Ikeda's and Sato's role in Soviet-Japanese relations needs to be investigated in more detail.

Page | 4

But these are not the central points of the article. On the whole, Sanchez-Sibony has reinterpreted Soviet-Japanese relations on the basis of his research in Russian archival sources. Now it is the turn of the specialists of Japanese history to investigate the problem on the basis of Japanese sources.

**Jun Fujisawa** is lecturer at Kobe University, where he teaches European history. He has written a book and articles on several aspects of the Soviet foreign economic policies in the CMEA including *Soviet CMEA Policy and the Cold War: The Energy Resource Problem and Globalization* [in Japanese] (Tokyo: University of Tokyo Press, 2019). His current project is about Gorbachev's CMEA policy and the end of the Cold War.

<sup>12</sup> Ogawa, 174-176.

<sup>&</sup>lt;sup>13</sup> Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (RGAE), f.4372, op.66, d.2952, l.68.

<sup>&</sup>lt;sup>14</sup> Jeong Kyong-Ah, "60-nendai ni okeru Nihon no Tonan Ajia Kaihatsu: 'Tonan Ajia Kaihatsu Kakuryo Kaigi' to 'Ajia Taiheiyo Ken' Koso wo Chushin ni," *Kokusai Seiji* 126 (2001), 120-121.

<sup>15</sup> Ogawa, 167.