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Changes and Continuity
in
Japanese Official Development Assistance

A thesis presented in partial fulfillment of the requirements for the degree of

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Abstract

This paper is about Japanese official development assistance (ODA), based on document research and monitoring of media reports in the period between January and October, 2005. It analyses changes in this aspect of Japanese foreign policy since its inception in the 1950's with this analysis then used to predict what further change may be likely to result in the programme in the immediate future. Building on a conflict model of the Japanese state that treats the bureaucracy as a divided but powerful power centre, the paper argues that recent developments in Japanese society have led to a situation where the political wing of government and civil society have come to play a larger part in both the implementation of ODA and, to a lesser extent, the creation of aid policy. It concludes that the individual ministries of the bureaucracy are unlikely to transfer power to these groups without any resistance and that this resistance will hinder efforts to provide more political leadership of, and wider societal input into, the Japanese ODA programme.

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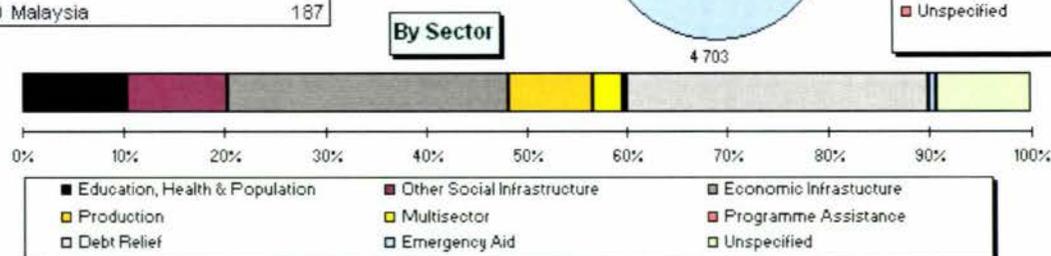
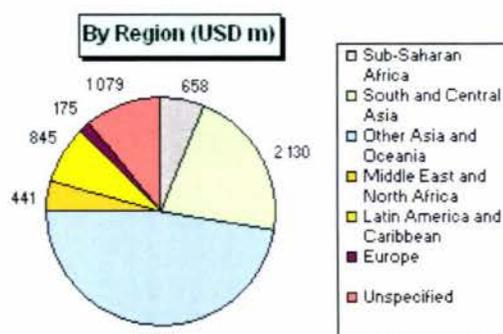
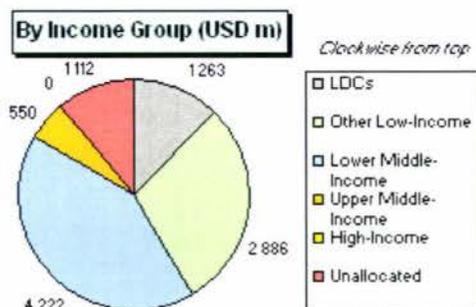
Table 1 Japan – aid at a glance 2002 to 2003

JAPAN

Net ODA	2002	2003	Change 2002/03
Current (USD m)	9 283	8 880	-4.3%
Constant (2002 USD m)	9 283	8 429	-9.2%
In Yen (billion)	1 162	1 029	-11.5%
ODA/GNI	0.23%	0.20%	
Bilateral share	72%	71%	
Net Official Aid (OA)			
Current (USD m)	99	- 219	-322.1%

Top Ten Recipients of gross ODA/OA (USD million)	
1 China	1 297
2 Indonesia	891
3 Philippines	810
4 India	768
5 Thailand	651
6 Viet Nam	452
7 Pakistan	284
8 Bangladesh	262
9 Sri Lanka	249
10 Malaysia	187

Gross Bilateral ODA, 2002-03 average, unless otherwise shown



Source: OECD, DAC.

<http://www.oecd.org/dac>

Glossary

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
DAC	Development Assistance Committee (OECD)
Diet	Japanese Parliament
EPA	Economic Planning Agency
FILP	Fiscal Investment and Loan Program
GNI	Gross National Income
GNP	Gross National Product
HIPC	Heavily Indebted Poor Countries
IFI	International financial institution
IMF	International Monetary Fund
JANIC	Japanese NGO Center for International Cooperation
JBIC	Japan Bank for International Cooperation
JEXIM	Japan Export-Import Bank
JICA	Japan International Cooperation Agency
JOCV	Japan Overseas Cooperation Volunteers (JICA)
JPY	Japanese yen
MAFF	Ministry of Agriculture, Forestry and Fisheries
METI	Ministry of Economy, Trade and Industry
MITI	Ministry of International Trade and Industry (precursor to METI)
MOF	Ministry of Finance
MOFA	Ministry of Foreign Affairs
MOHW	Ministry of Health and Welfare
NGO	Non-governmental organization
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OOF	Other official flows
Prefecture	Administration area in Japan similar to province or state
UN	United Nations

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Chapter 1: Introduction

Purpose

This year marked the 50th anniversary of the commencement of Japanese aid to the developing world with the Ministry of Foreign Affairs organising a number of symposiums and workshops around the country to mark the occasion. Japan has gone, over the last fifty years, from a nation receiving aid from others to a creditor nation which, for most of the 1990's, provided the largest amount of aid of all developed nations. Even now, in its economic and financial crises, it still provides the second largest overall amount of aid.

As Dobson notes, change in Japan is incremental (Dobson, 2005). These small but real steps have seen Japanese Official Development Assistance (ODA) evolve into a seemingly quite different animal from limited beginnings. This paper looks at the changes in Japanese aid and attempts to answer the question of what further changes we can expect in the near future.

The Japanese aid programme has a number of outstanding characteristics that have endured over these fifty years. These are (1) the lack of a centralized aid agency; (2) a firm emphasis on the responsibility of the recipient for its own development and (3) a heavy reliance on loan aid (Ministry of Foreign Affairs, 2004b). While these are unlikely to entirely disappear over the next few years, they do offer a window into understanding the development of the current Japanese ODA system and its structural constraints.

While the power of the bureaucracy in the Japanese state has been well documented

and the administration of aid is no exception, this is combined with intense rivalry between differing ministries and agencies. The lack of a single national agency responsible for ODA can be seen in the simple statistics that Japan has 13 ministries with budgets providing for ODA activities, two implementation agencies (one for technical cooperation, another for loan aid). Until the last few years, in fact, two different ministries issued their own separate white papers on ODA further complicating the formation of any unified Japanese aid policy. Without a single aid agency responsible for policy creation and implementation, aid has been administered and policy made, to a rather large extent, by individual agencies of the bureaucracy negotiating with each other, rather than by force of political will.

Official Japanese aid documents often refer to the need for “Self-Help”, the responsibility of a nation for its own development. The other end of the spectrum, where the recipient relies completely on the donor for development strategy, individual project planning and finance, is seen as the worst possible way of bringing about economic development creating international ‘beggars’. This position is used to justify the use of loans in Japanese ODA as encouraging the governments of recipient nations to take ownership of their own development and not simply rely on outsiders (Ministry of Foreign Affairs, 2004b).

Loans are seen as encouraging good fiscal policies among recipients and, in turn, the official Japanese response to suggestions of debt write-offs by and for those nations suffering under excessive debt levels has been quite cold. Where a complete refusal to cooperate has not been possible, Japan has compromised by providing grants equal to the amounts paid back by the debtor country. Behind the scenes, Japan has even been criticized as threatening recipients with a termination of future aid if they apply for aid reduction (Oxfam International, 2000).

Over the last few years, however, there has been a number of changes in the Japanese political world and society that suggests change may also be felt in ODA over the coming years. The Liberal Democratic Party (LDP), for example, which continuously governed Japan from 1955 throughout the period of economic growth (in what is termed the 1955 system), finally lost

its grip on power in an election loss in 1993, replaced by a coalition government. This breakdown of the stability of this one-party rule led to reform of the electoral system and, indirectly, to a shake up of even the bureaucracy by the end of the decade.

Throughout the 1955 system, the bureaucracy had a seemingly well-deserved reputation among the general public as the guardians of society, in comparison to politicians who were seen as prone to scandal and self-interest. This also was to change during the 1990's as a series of scandals hit the various ministries. At the same time, civil society, which had been quite weak previously, was to develop strongly in the 1990's, receiving a large boost from the publicity surrounding the numbers of volunteers that flocked to Kobe to assist in the aftermath of the earthquake in that city in 1995.

There have also been significant developments within the aid programme itself. Financially, the amount of aid that Japan provides has been steadily decreasing for the last few years and this change has effects on all areas of the programme. Both policy-making and implementation has had to learn to cope with the new financial realities. Politically, the official philosophy behind the Japanese aid programme has been expanded and updated to meet the challenges of the early 21st century. Administratively, the number of agencies has been reduced and the involvement of citizen's groups in aid actively encouraged.

In a nutshell, the purpose of this paper is, through the prism of these wider societal and political changes, to look at both the changes that have been made in the Japanese ODA programme in recent years and to further attempt to answer the question of what we can reasonably expect from the Japanese aid programme in the near future.

I will attempt to answer this central question by investigating the literature for analyses of both changes and continuities that have occurred in the Japanese ODA programme. While the essay is not built on any specific theoretical underpinnings, the central assumption is that aid is a contested arena within the Japanese state. Competing actors, particularly the relevant sections of the bureaucracy where responsibility for aid has been centred and some wider players, such as

politicians, business and the public, attempt to influence the direction aid takes. In particular, this paper will place close attention to changes occurring in the political world and in civil society in an attempt to evaluate their significance.

In doing so, this paper will attempt to shed some light on these recent changes by putting them in the context of the history of the aid programme and the relations between politicians, bureaucracy and people in Japan. I will be especially interested in criticisms made of the aid programme and the responses made by the Japanese state to these. The degree of change made, or not made, will give us some indication of the degree to which we can expect additional developments in the near future. Similarly, given the changes in the political world and the drop in esteem awarded to the bureaucracy, the role of politicians in ODA policy-making would appear to be changing.

We will also look critically at the growing involvement of non-governmental organizations, what Hirata calls “rebels” (Hirata, 2003) in aid provision. This change may reflect a growing strengthening of civil society in a realm where traditionally bureaucracy has held sway. To what extent this is the case and how likely this is to significantly affect ODA is another important issue.

The importance of Japanese aid

Until 1995, Japanese aid amounts, like the economy, knew only one way – up. Between 1989, when Japan surpassed the United States in sheer financial value of aid given, until the peak year of 1995, Japanese aid formed a large proportion of overall global aid from the developed countries. From the late 1980’s, in particular, as the strength of the Japanese economy increased, Western, and especially US, researchers produced a number of published theses on its importance (for example, Rix, 1993; Orr, 1990; Arase, 1995; Ensign, 1992).

The Japanese government’s finances are not in excellent health. Years of attempting to

restart the economy by pumping finance into the construction companies and building large infrastructure projects throughout Japan has left the government with large debt levels. This combined with the low fertility rate, bringing about a rapid aging of the population, a corresponding reduction in the number of working age and the savings rate, leads to a general consensus that the government will need to raise taxes significantly, as much as fifty percent, in order to remain solvent (Dekle, 2002).

All budgetary areas are now open to cuts and ODA is no exception. In 1997, then Prime Minister, Ryutaro Hashimoto, and his administration announced a 10% cut in the ODA expenditure for the following financial year. This would have been the first ODA budget cut made since such aid began (Hirata, 1998). This was however, right on the eve of the Asian financial crisis and, in order to protect the economies around Asia, and, consequently, their own, the Japanese government, rather than cutting ODA, was effectively forced to raise it again. This ODA increase was, however, only a short term measure and, since the budget for the year 2000, the amounts allocated for ODA have been cut each year.

Within these financial constraints, the value of Japanese aid has decreased to approximately two thirds of its peak value. This, perhaps combined with the sustained high growth of China, has meant that Western research interest in the programme is not as high as it once was. The cuts in ODA budget, however, have not necessarily been anticipated by all those watching the programme. Despite the seemingly fragile nature of the Japanese economy, as late as the year 2000, one analyst felt confident that Japan would continue to maintain its high level of ODA, using this as a foreign policy tool (Katada, 2000). As can be seen from Table 2 below, the year 2000 was to become, however, the very time that cuts in the total amount allocated to Japanese ODA would begin to be implemented. These reductions in spending have continued through to the current day.

Table 2: Japanese ODA amounts over time

	<i>1986-87</i>	<i>1991-92</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>
USD (million)	6,488	11,052	10,640	12,163	13,508	9,847	9,283

Source: OECD (Development Assistance Committee, 2004, p. 5 & 75)

So, why look at the Japanese Official Development Assistance (ODA) programme now? While the situation for Japanese official aid has undoubtedly changed since the glory days of yearly budget increases, the total amount of ODA provided is still extremely significant, second only to the United States. Any discussion of world aid and development must still take account of aid provided by Japan. While the actual amounts provided are decreasing, this significance will continue for the foreseeable future.

Japanese aid is provided globally albeit with a concentration on Asia, providing approximately 60% of the total ODA provided to East Asian countries and 50% of that provided to South Asian countries (Ministry of Foreign Affairs, 2002a). This emphasis on Asia can be seen in the DAC statistics provided in Table 1 at the beginning of this paper showing that the ten largest recipients of Japanese aid in the 2002/3 year were, in order, China, Indonesia, Philippines, India, Thailand, Viet Nam, Pakistan, Bangladesh, Sri Lanka and Malaysia (Development Assistance Committee, 2005). Japanese ODA is also, however, the largest single bilateral ODA provider to 40 countries around the world in 2002, not greatly reduced from its peak of 53 with aid provided to less prosperous nations such as those in Africa (Ministry of Foreign Affairs, 2004).

Why does Japan give aid?

Each country has its own reasons for providing aid and it would be naïve to believe that all or even most aid is a result of pure humanitarianism. US aid is clearly tied to its strategic interests (Schraeder et al, 1998), German aid is tied in to its own economic interests (Miyashita, 2003)

and French to its own former colonies (Alesina & Dollar, 2000). Western European states have, nevertheless, tended to call attention to human rights in their attempts to justify their foreign aid to their electorates and to try to avoid being seen as doing anything other than try to assist these countries to develop.

In recent years, thanks to the pressure exerted by activists, for example the Jubilee Foundation in the UK, and the Millennium goals set by participating countries at the UN, the focus of international development has switched to poverty eradication. The G7, for example, has greatly expanded its programme, attempting to deal with the Highly Indebted Poor Countries (HIPC) to greatly reduce debt in sub-Saharan Africa and even, at the recent Gleneagles Summit, provided for full debt relief for these countries. How effective such debt relief is and what real results it has had for the people of those countries is extremely debatable (see Pilger, 2005, for an extremely critical analysis of the results). It can be argued, however, that there is some genuine interest in providing humanitarian aid in an attempt to make a difference in the lives of local people (Spyke, 1999).

The Japanese state has its own complex reasons for aid. While some analysts go so far as to claim Japan has no such genuine interest in helping others and that aid is provided by Japan purely for Japanese interests (Spyke, 1999), this does not show the entire picture. As the growing numbers of international aid organizations in Japan demonstrate, there are individuals in Japan who voluntarily give up their time to help others around the world. Undoubtedly, however, foreign aid is an important instrument for the Japanese state in its international diplomacy. The Japanese Constitution in a literal reading would seem to outlaw the possession of military forces and, in practice, has limited the use of the military forces that do exist to Japan and its immediate maritime area. The use of aid, coupled with business investment, therefore, has been the major weapon in the Japanese arsenal when attempting to influence the decisions and behaviour of developing countries (Kusano, 2000).

From this state perspective, the underlying motivations for aid over the years would

seem to have been to (1) gain acceptance of the world's great powers, (2) remain independent and unique in a hostile international environment, (3) remain economically wealthy. Aid therefore, becomes, in some ways, a way to impress both the West and the developed nations. It has not been an attempt to make the world a better place, per se, but more of an attempt to ensure that Japan is one of the leading nations and, therefore, one with greater independence over its own decisions than otherwise (Spyke, 1999). This argument continues an analysis of Japan's foreign aid from an earlier generation which showed that the aims of post-war Japan were essentially the same as those of the pre-war version – to have security, to develop and to be ascendant over other nations in the region, at least (Hasegawa, 1975).

While Japan may not follow an aid policy purely based on moral or humanitarian considerations, this is not to say that humanitarian considerations are entirely absent. Japan does provide a degree of food aid to assist countries in extreme circumstances, for example and grant aid, especially to African nations. The current official Japanese position is, nevertheless, that Japanese aid is for Japanese security, trade and well-being. The argument is made here that Japan is dependent on the international economy for its resource inputs and its final markets (Ministry of Foreign Affairs, 2003). For Japan to provide financial resources to attempt to ensure the on-going security of these vital channels and markets is proclaimed as a logical policy (Kusano, 2000).

From a lower level, we should not entirely discount the factor of wider opinion and pressure. Japan (that is the Japanese bureaucratic and political elite) often thinks that Japan must act to avoid public criticism, an attitude that Hasegawa terms "otsukiai", meaning doing what others expect (Hasegawa, 1975, p. 13). This shows its face at times when Japan may be subject to criticism from other Asian countries or from its peer donors. The Ministry of Foreign Affairs, thanks to its participation in international meetings and conferences, would be more likely to be aware of, and pay attention to, such international criticism than would, for example, the Ministry of Justice and its Immigration Department attempting to keep unwanted foreigners out

of Japan.

There are, indeed, less direct benefits that Japan receives from ODA. Development can lead to wider markets, increased consumer spending power and the associated additional chances for profit as well as the use of the lower labour charges in those countries for industrial production, which can contribute to reducing pollution in Japan (Fukai, 1982). Civil society, in contrast to the state, participates in development focused on the outcomes for the recipient country and people. This focus on projects outcomes can be at odds with the diplomatic goals that provide the background to the state's involvement. As such, civil society is potentially hostile to state purposes. The emergence of civil society and its contribution to development is, therefore, an interesting development that we will look at in more detail in Chapter 5.

The power relationship in aid

From a realist view of aid, the direct provision of aid by one country to another reflects a power imbalance or, at minimum, the potential to create a power imbalance. One party can fall into the position of relying on the other's provision of funds and may find itself in dangerous waters, if the dominant party decides to no longer provide those funds, or only with stricter conditions.

Clearly, entities providing loans expect to have the loans repaid. Loans provided for development purposes are no different and, no matter how much interest is paid, commercial entities separate the repayment of interest from repayment of the principal. This means that, for example, when the Paris Club, the leading creditor nations, met to discuss loan repayments and possible rescheduling of loans for the countries affected by the Sumatra earthquake and tsunami, it was a meeting of only the creditor nations. The actual countries most directly affected, the ones who must repay loan principals and pay loan interest were not present. One party (or set of parties) has the power to decide what will be done and the other must wait for a decision to be made.

The explicit use of this power to achieve diplomatic goals is something that Japan does not normally choose to wield. As I shall show later, when I examine the use of Japanese aid to regimes in Indonesia and Myanmar that have not always been as aware of human rights as Japan would have liked, the Japanese decision makers have tended to err on the side of keeping good relations and protecting commercial interests over strong philosophical statements of human rights and democracy. At the same time, however, Japan has used aid to bolster support for its whaling campaign, so we should therefore, be extremely sensitive to the role of power especially in such bilateral situations.

My focus in this paper is, in this respect, one-sided in that it focuses only on one part of the power dynamic – that of the donor, the more powerful partner in the aid relationship. It is within this relationship that any assessment of Japanese aid icons such as Self-Help and focus on loans and their repayment must be made. While I will not spend any large amount of time investigating the effects of Japanese aid on recipient debt levels, we should not discount the leverage this gives Japan over many of the less economically developed nations of the world.

Methods

This research was conducted during the period January to October, 2005. It was document based, involving library research for printed materials and the Internet for on-line documents. I was fortunate enough to have access to a number of large collections of books written in English on Japan and this is reflected in the number of such books in the bibliography. A number of these books were written by Japanese academics but the number of sources originally written in Japanese is far fewer. There is, therefore, the potential that different accounts of Japanese aid may have been uncovered had I consulted more sources written in Japanese (which were not available in English).

Rather than attempting to monitor all media reports over this period, the research concentrated on two major national dailies, the Asahi Shimbun, with a centre to slightly left orientation, and the Nihon Keizai Shimbun, the premier business paper. Both sources are highly regarded in Japan as 'serious' sources of news and provide good coverage of ODA news. A journal devoted to Japanese development issues and initiatives, the International Development Journal, also provided monthly news and analysis of the field.

For the official view of ODA, the Ministry of Foreign Affairs provided significant amounts of information. Its annual ODA white paper and statistical breakdown of Japanese aid by country every year were extremely useful in providing one official view of ODA and a sense of scale of amounts disbursed. The Ministry's Internet site also provided a wide range of background and archived information.

The structure of this paper

The purpose of this paper is to evaluate the Japanese ODA programme and within this to assess what can be reasonably expected of it and what cannot. In order to do this, Chapter 2 will put the programme into a historical and social context. With this foundational understanding of where the programme originated and its basic structural components, Chapter 3, will proceed to look at the criticisms made of the programme in more recent times and the responses made. Chapter 4 continues to look at on-going changes in the programme by looking at the role politicians and political purposes play in ODA. Chapter 5 looks particularly at the growth of influence of NGOs on ODA and attempts to analyse how great this influence will become in the near future. Finally, in Chapter 6, I will summarize the information gathered and conclude.

Chapter 2: Japanese ODA –History and Continuity

To get a firm understanding of where Japanese aid currently is and where it might be headed, we need to know from where it has come. This chapter sets the background to Japanese ODA, looking at the origins of and development in the aid programme, what may be termed the traditional pattern of aid. This is, as the introduction noted, one characterized by the lack of a central aid agency and dominated by the bureaucracy and shaped by competitive rivalry between the respective ministries involved. It is based on a belief that recipient developing nations must be responsible for their own development (“Self-Help”) and a related reliance on loans, requiring repayment with interest, rather than grants.

This chapter will look first at the traditional strength of the bureaucracy and compare it with the roles of politicians, the business community and Japanese civil society. In later chapters, we will concentrate on changes in these relationships but the objective in this chapter is to provide an overview on which to build. The chapter will then look at the structural constraints on the programme by giving a short history of its development into global importance and look a little more closely and critically at two of the defining characteristics, Self-Help and loans.

The strength of the bureaucracy – power in Japan

There are a number of competing views of where power is located in the post World War II Japanese state (Wright, 1999). One, called the revisionist school (in its reaction to neo-classical economic views of the economic growth of Japan) stresses the strength of the bureaucracy and its preeminent role in creating and maintaining the economic miracle. In this reading of events, especially for the years prior to the 1970's or so, while the politicians needed to step in occasionally to restrain the bureaucracy when it went too far, the bureaucracy was, and perhaps still is, the day to day primary power centre in Japan – “the politicians reign and the bureaucrats rule” (Johnson, C., 1986, p.316).

In this reading, bureaucracy has a number of ways to achieve its goals of coordinating the behaviour of other economic and social entities. Law, drafted primarily by the bureaucracy, is deliberately vaguely worded to allow more room for interpretation by the ministry responsible, allowing them rather wide-ranging powers. Top level management from the ministries often ‘retire’ into pre-arranged positions in large private companies at the end of their time in ministries and provide useful contacts for information and subtle control levers for the bureaucracy and, perhaps less effectively, the companies involved. The bureaucracy is able to make use of regulations to put pressure on companies to follow their advice even where there is no legal requirement to do so – if the company does not, they are likely to strike problems in the future in another area where the relevant ministry formally does have power (Neary, 2002). There are, in addition, over 150 ‘consultative councils’ attached to the ministries and central government agencies that, while providing two way communication, also provide a chance for the individual ministries to exert pressure on participating interest groups (Richardson, 1997).

Although the strength of the Japanese bureaucracy has roots much further back in history, the fact that Japan was governed by a single party, the Liberal Democratic Party (LDP), between 1955 and 1993 has contributed to its modern strength. This ‘1955 system’ had, according to this argument, separate roles for bureaucracy, politicians and business. The ministries were effectively free of LDP control by the short nature of cabinet appointments

(often only one year), the role of the political parties was for the LDP to work closely with business to ensure their interests were communicated to the bureaucrats. Business in turn provided the LDP with the finances required to fund their expensive election campaigns. The opposition parties were simply there to provide criticism (Dore, 1987).

A competing, counter-revisionist, interpretation of Japanese politics stresses: (1) the competition involved between the various factions of the political party in power and the effective consultation required between these factions, (2) the competing interests of the differing ministries comprising the bureaucracy and (3) the similarities with political systems such as France or Italy (Richardson, 1997). In this reading, power in Japan is extremely decentralized and pluralist as competing power centres, including opposition parties, struggle to further their own interests. This counter-revisionist position also notes the power of the ministries in their own area of jurisdiction but stresses the intense rivalries between ministries causing “acute jurisdiction and policy disputes” (Stockwin, 1999:96). Conflict is endemic (Richardson, 1997).

As the LDP no longer wins a majority share of the electoral vote, it has been reduced to a part of a coalition government, although admittedly the major partner, and so the conflict model seems much more appropriate today. This paper, therefore, uses the counter-revisionist, conflict model of Japanese politics with the bureaucracy seen as having an especially strong position in policy making matters and, more specifically, a traditionally high degree of independence in ODA policy and implementation.

The bureaucracy has, seen from either perspective, wielded a huge amount of power in Japan (Curtis, 2002). Graduates from the prestigious universities (themselves formed for the purpose of teaching future bureaucrats and strengthening the development of Japan) worked directly for the Emperor himself as government officials before the war (Colignon and Usui, 2001). The US Occupation later relied on the same bureaucrats that had run Japan during the war to again administer Japan during its occupation (Dower, 1999). While the Occupation did attempt to make the bureaucracy more focused on democratic principles, for example, by

changing the term used to describe them from 'government official' to 'public servant', they needed the expertise of the bureaucracy to run the country and so, unlike the military and politicians, a very small number of bureaucrats were purged from office by the Occupation. The removal of the war-time military and politicians meant that the power of the bureaucrats was, in some ways, even stronger under the Occupation as they both ran the ministries and became an extremely powerful influence within the LDP (Stockwin, 1999).

Belying its small numbers, even today, bureaucracy's reach into Japanese society is amplified by use of advisory committees, almost official state organizations, and the use of advice to corporations, private individuals and volunteers. Such advice (termed 'administrative guidance') is informal and opaque making it difficult to debate publicly or to attempt to defeat (McVeigh, 1998). Another tool of the bureaucracy is coordination of interest groups. Capture may be too strong a word to use here as the benefits work both ways – interest groups have some input into the formulation of laws and regulations and ministries have some control over the boundaries of expression of public opinion. At the same time, however, the close links between these interest groups and the Ministries means the State becomes a part of "everyday life" potentially stifling civil society. The almost inevitable result of an interest group receiving money from a specific ministry is the restriction of their independence to be fully critical of that ministry's, and, to a wider extent, state policies (Garon, 1997). This is an issue that I will return to later in Chapter 5 when I discuss the role of non-governmental organizations in aid and their position vis-à-vis the Ministry of Foreign Affairs.

The strength of the bureaucracy was most apparent in immediate post-war Japan when the US Occupation leadership ran the country through the bureaucracy. It continued to be strong for some time after independence as former bureaucrats would enter politics and draw on their bureaucratic experience in doing so. The major prime ministers of the 1950's and 60's (Yoshida, Kishi and Sato) were all former bureaucrats with approximately half of the cabinet members of the time also having former careers in the bureaucracy. This made for a stable system with a

broadly shared vision of national goals and policy priorities where the bureaucrats were, in many cases, continuing to work for their former superiors, only in a new role as LDP politicians (Curtis, 2002). This resulted in a system whereby the bureaucracy had much more power than the appearances of a democratic country with constitutional guidelines would have suggested. In this regard, it has even been argued that the bureaucracy was so strong that the Supreme Court was subject to one agency's informal guidance (Samuels, 2004).

This system slowly began to break down as more and more non-bureaucrats took office in the government and began to, slowly, assert political dominance. This did not happen overnight and not without a struggle on the part of the bureaucracy. During this time and, perhaps, even today, there has been no single power centre in Japan, no one person who could speak with an authoritative voice for Japan as a whole (Pempel, 1987). Chapter 4 looks more closely at the question of to what degree this has changed today and whether the political side of government may be considered the stronger player in ODA today.

The conflict and rivalry between the ministries is also well documented. Each ministry recruits its own staff from the best universities throughout Japan and these staff will, generally speaking, work in the same ministry for the majority of their working life until being provided with plum jobs arranged for them in the private sector. This gives plenty of time for the ethos of, and a sense of identity with, the ministry to be inculcated in its staff (Neary, 2002).

The role of bureaucracy in aid

The electoral system, which until recently pitted candidates from the same party against each other in multi-seat electorates, has not encouraged election campaigns based on policy (Takamine, 2002). Rather than stressing their party's stance on individual issues, candidates tended to stress what they could do for the local people and this had the potential to degenerate into pork-barrel politics.

In such an environment, the LDP was content to leave aid policy formation to the bureaucracy to run with little political intervention other than promises of aid made on trips overseas. The Cabinet does put forward a draft budget (General Account) for Diet approval towards the beginning of each calendar year and the Diet does discuss the total amount of aid to be given in any year but there is no direct involvement of the political process in deciding how much to allocate to each country. The LDP, traditionally, has had some influence on how much finance was directed to each country but this was not through the Diet process (Rix, 1990). This compares with, say, the US system in which politics plays a more formal role whereby Congress debates the amount of aid to be given to each country each year. Effectively, the politicians have given the bureaucracy free reign to run the programme within certain financial constraints (Orr, 1990).

The bureaucracy, however, is not a unified body with common goals. Each ministry is extremely jealous of its own budget and jurisdiction. As of 2005, there are a total of 13 ministries involved in foreign aid to a greater or lesser extent (Ministry of Foreign Affairs, 2005a) making it difficult to find agreement between all ministries on a common ODA policy. This high figure is, in fact, down from previous levels partly due to a major reorganization of the bureaucracy in 2001. This involvement ranges from rather small financial totals, the National Police Agency has a General Account Budget of 32 million JPY in 2005, through to large – the Ministry of Foreign Affairs has 488 billion JPY and the Ministry of Finance 204 billion (Ministry of Foreign Affairs, 2005a). While there have been multiple ministries involved in ODA since its inception, the large numbers seen today are a result of individual ministries attempting to retain their budgets during the 1980's. During this period, while other government budget items were held steady or reduced, those for ODA and defense were increased making aid a target for ministries with budget decreases.

The three ministries with the most influence in the programme are the Ministry of Finance (MOF), the Ministry of Economy, Trade and Industry (METI) and the Ministry of

Foreign Affairs (Ministry of Foreign Affairs). They have the largest say in developing aid policy and deciding on the allocation of funds. MOFA is the central coordinating ministry and has direct responsibility for the annual government white paper on ODA and for all grant aid. The Ministry of Finance is responsible for the creation of the government budget and meets with all ministries during the year to do this. While MOF is said to have lost considerable power in the bureaucratic changes made in 2001, it is still a potent force in the government. In terms of aid, MOF is responsible for the allocations made to international financial institutions (IFI) such as the IMF and World Bank. The Ministry of Economy, Trade and Industry (METI) is responsible for the wider business side of aid, trade and investment. These three ministries meet regularly to discuss and negotiate positions on Japanese ODA. On the implementation side, the Japan International Cooperation Agency (JICA) is responsible for technical assistance and general grant aid; the Japan Bank for International Cooperation (JBIC) is in charge of loan aid as well as other commercial loans (Development Assistance Committee, 2004).

The position of each ministry on aid is built on quite different foundations. Hook and Zhang term the pursuit of Japan's economic and commercial needs as the central role of ODA the "METI discourse" and contrast this with the "MOFA discourse" of aligning Japanese aid with other major international donors and thereby focusing on human rights, democracy and more social centred aid (Hook & Zhang, 1998). We can, in fact, add to this a "MOF discourse", which focuses on the stability of the international financial system. A good example of this would be the Japanese response during the Latin American debt crisis of the 1980's and the Asian financial crisis in the late 90's (Kawai and Takagi, 2004). Katada has referred to the existence of such divergent positions as "schizophrenia" brought about by "budgetary and political realities" (Katada, 2002) but, in response, Kawai and Takagi, argue this merely shows the lack of a national strategy and the lack of political leadership to enforce such a strategy (Kawai and Takagi, 2004).

The result of such different fundamental discourses and institutional champions has

been an ODA structure and performance open to severe criticism from a wide variety of angles. The inherent problems of coordination between ministries means that, for example, as Japan's policies towards the multilateral aid institutions such as the IMF and World Bank are handled mainly by the Ministry of Finance and bilateral aid policies by the Ministry of Foreign Affairs, the actual institutions delivering Japanese aid, JICA and JBIC, can be unsure how best to proceed in relations with the multilateral aid agencies (Kawai and Takagi, 2004).

These three discourses should not, however, be taken literally as the iron-clad position of each individual ministry but used as an analytical tool of positions broadly meeting the sections of Japanese society under the jurisdiction of each ministry (Kawai and Takagi, 2004). METI has its business constituency, MOF the financial corporations and, as the Ministry of Foreign Affairs lacks, or has, until recently, lacked a domestic constituency, it has relied on the prospect of outside pressure, especially that of the US, to further its goals (Orr, 1990).

The bureaucracy has not simply run the country without political direction - the situation is more complex than that - but it has had considerable power to block political initiatives. A good example in the field of foreign aid is the establishment of the first development loan agency, a precursor to today's JBIC. This was the result of intense negotiation and conflict between MOF, the LDP and business. In the early 1960's, business leaders called for a means to provide credit for corporate expansion into somewhat unstable Asian markets. While the LDP put together a plan to create such an agency, MOF took the position this would merely create a government sponsored financial institution to finance unprofitable development projects, which was simply not good sense. Initially, MOF put very strict credit conditions on projects that were approved ensuring that they were certain to succeed, completely defeating the original business purpose of the agency. Concerted pressure from business and the LDP saw these conditions changed to only requiring a reasonable chance of success but it was another 15 years or so, despite LDP pressure, before MOF agreed to the development loan agency being solely responsible for bilateral ODA loans between governments (Solis, 2003).

Even from the ODA perspective only, there is clear competition between individual ministries for influence. METI, for example, (through its predecessor, MITI) produced the only white paper on ODA right up until 1986 making its influence on aid appear larger to the wider public than it really was (Orr, 1990). Once MOFA started producing its own white paper on aid, right throughout the 90's, there were two competing ODA white papers until cabinet finally decided on a single MOFA version. This extreme consciousness of one's 'turf' has made it difficult to create a simpler decision-making process (Orr, 1990).

The role of the politicians

The role of politicians in the creation of aid policy, while pivotal in the beginning, has become less and less central over the years as foreign policy was effectively left in the hands of the bureaucracy. While acting as the "face" of Japan and promising to provide specific countries with more aid or to increase overall levels of aid, they have not been involved greatly in the actual specifics of putting together a policy. They have not really provided a concerted political objective to the provision of aid (Orr, 1990).

The background to this is the almost unbroken rule in government by the conservative Liberal Democratic Party (LDP) since 1955. The 1990's saw it lose its position as sole government party but even in the last 10 years it has been the majority party in a succession of coalition governments. Any discussion of power in Japan must take into account this political phenomenon. The LDP is, in reality, not really a single, united party but a coalition of smaller factions, each with their own agenda and struggle for power (Hoye, 1999). Cabinet positions, for example, are usually awarded to factions based on the numbers of members in each faction and are constantly rearranged thus resulting in cabinet reshuffles taking place, on average, once a year. Prime Ministers are decided within the party as, again, factions jockey for position and faction leaders form and break alliances with others to see the promotion of their members. Suitably

powerful factional leaders can become 'kingmakers' within the party and provide considerable direction to government policy and cabinet appointments without actually being in the cabinet themselves (Neary, 2002).

During the 1955 system, while the LDP had its own Policy Research Council, debating in-house how much aid should be given to specific countries, this did not result in an overall policy (Rix, 1993). At the same time, the in-house debates of the LDP meant that aid policy creation bypassed the Diet and reduced the amount of control it could bring to bear on aid issues. Diet intervention and debate was noticeable only in time of scandal such as the exposure of a high degree of bribery in the ODA programme for the Philippines in the aftermath of the ousting of the former dictator, Marcos (Hirata, 2003).

Issues, such as ODA, that are not seen as greatly affecting public voting patterns have traditionally been left to the bureaucracy. The role of politicians in aid, therefore, has been traditionally to provide what is disparagingly referred to as 'omiyage' aid, promises of increases in aid to specific countries while politicians visit. The bureaucracy is then charged to ensure that this happens (Orr, 1990). It has also resulted in micro-management where politicians would approach aid officials to press the case for a certain project but little wider policy creation (Curtis, 2002).

This tendency to completely outsource, as it were, the formation of policy to the bureaucracy would seem to be coming to an end. Changes in the electoral process in the late 1990's and the actual experience, although brief, of the LDP being in opposition, have created a situation in which both the party and individual politicians are more likely to wish to be seen as having leadership in issues of foreign policy and aid than in the past (Takamine, 2002). This is a development that will be explored in more depth in Chapter 4..

Business and civil society

Japan's ODA has involved the business community from its beginning. ODA has been deliberately linked with private investment flows to add to the overall value of the investment. In the early days of the aid programme as aid was tied, meaning that recipient nations were required to procure goods and services from Japanese companies, business interests were directly linked into the provision of aid. Business input into aid has been less direct with the ongoing untying of loan aid, but still prevalent in the form of engineering consulting for recipient governments in order to pursue specific large-scale infrastructural projects. Being involved in consultation can make it simpler to press for requirements that only the consulting company can meet.

The interests of business in aid are usually expressed through the large umbrella business organizations such as Keidanren. Keidanren has consistently called for aid to serve the interests of Japanese business calling at various times, for aid to be tied wherever possible. In more recent times, their stated position is for ODA to be used as a bargaining tool in negotiations for the Free Trade Agreements that Japan is pursuing with a number of Asia-Pacific countries (Keidanren, 2004). Their voice is, however, usually not directly involved in policy-making, *per se*. It is indirectly included through meetings with 'their' ministry, METI, and through its public statements and the media. This study shall not consider the role of business, or of Keidanren, in any great detail.

ODA has traditionally been very government to government aid (Hasegawa, 1975) with little input from wider Japanese society. While 'people-power' was not entirely non-existent in post-war Japan, public participation in aid was minimal. While individuals did have a small part to play through JICA's volunteer programme (currently celebrating its 40th anniversary) in developing countries, until recently, non-government organizations and wider civil society were not encouraged to take part in implementation of aid at all. This reflects the attitude of the bureaucracy at the time – the bureaucracy was not to be questioned and did not require any assistance in the formation of aid policy or implementation. This reflects the weakness of civil

society in Japan. We will look closer in Chapter 5 at the significant changes that have been made in this regard.

ODA history

The analysis above is, by necessity, only a simplified overview of the Japanese aid system and a somewhat historical abstraction. While simplified, and therefore open to criticism, it does give us a background with which to proceed to look at the history of Japanese aid to developing countries. This did not suddenly appear as an entirely new phenomenon after the Second World War. There was considerable continuity between the individuals and state organizations involved in the administration of the Japanese Empire in China, Korea and, more briefly, Southeast Asia and those who played the most influential roles in the formation of the later ODA programme (Kuramoto, 2003).

The experiences that Japanese politicians, military leaders, colonial administrators and business people had in the Japanese colonies in Taiwan, Manchuria (China) and Korea before the war, and in most countries of South East Asia during the war affected and contributed to the way the Japanese state interacted with, and provided aid to, these same countries after the war. While memories of the Japanese occupation are not sweet among those affected, Japan did not merely plunder its colonies, such as Taiwan, Korea and Manchuria. It also initiated development projects in these countries such as installation of railways and other large-scale infrastructure to further opportunities for economic expansion. While such economic expansion also benefited the local people to some extent, the underlying philosophy behind such development was, however, that the benefits would be primarily for Japan. The motive behind such economic development, where Japan was to benefit from the investment put into other countries, was held in common by politicians, bureaucrats and business leaders and became entrenched in the later ODA programme (Kuramoto, 2003).

The most well-known example of this continuity on the political/bureaucratic side is Nobusuke Kishi, prime minister from 1957 to 1960, who was also a member of the Japanese war cabinet (and even spent three years in prison after the war as a suspected Class A war criminal before being released). Kishi, originally a bureaucrat, played an important part in the colonial policies for Manchuria (China) and Indonesia, and later in the reparations policy for Indonesia and the early periods (1950's) of Japanese ODA policy towards Indonesia (Kuramoto, 2003). As well as being a driving force behind the creation of an ongoing ODA programme, Kishi was a significant figure in the early post-war attempts to remilitarize Japan openly. These two endeavours were intertwined in that the Japanese constitution, almost entirely written by the US Occupation, was seen to limit any Japanese military to self-defence. As a nationalist and a conservative, Kishi worked to restore Japan's foreign options by attempting to revise the constitution to explicitly permit military forces (in which he failed) and simultaneously attempting to strengthen the Japanese economy and form an international environment receptive to Japanese interests through ODA (where he was more successful). In some ways, for people like Kishi, the post-war environment was simply another chance to forward Japan in the world. While one avenue, war, had failed, another, the economic, had opened up (Buruma, 2003).

War reparations

The aid programme that the business, bureaucratic and political leaders put into operation was closely linked with Japanese war reparations (and quasi-reparations). Japan's leaders found they had only one ally of significance, the US, and a large number of Asian nations demanding reparations for the damage they incurred during occupation and war. At the time, the US was intent on using Japan as a bulwark against communism and ensured that the war reparations called for in the San Francisco Peace Treaty were not onerous. Japan was to make reparations in goods and services, and not in monetary ways, as and when it was economically able (Price,

2001).

The requirement to provide goods and services as reparation and the lack of a time limit in which they were to be provided gave Japan considerable leeway in how to approach the issue. Japan eventually made official war reparations to only four countries – Burma, 200 million USD over 10 years; Philippines, 550 million over 20 years; Indonesia, 223 million over 13 years and South Vietnam, 39 million over 6 years. These were the only official war reparations Japan made as a number of countries, including Taiwan, India and China, waived or did not enact their right to reparations. In most cases, however, in return for agreeing to waive their rights to claim war damages, Japan agreed to provide low interest loans (in general) and some smaller grants, often termed quasi war reparations (Hasegawa, 1975).

Despite Japanese government claims stressing the strain on the economy large reparations would have, the effect of these limited war reparations and the very similar quasi-reparations was actually positive for the Japanese economy (Hasegawa, 1975). The fact that Japan's reparations were based on goods and services allowed Japan to make the most of the opportunities to build infrastructure for its own industries. Work was carried out by Japanese companies, using Japanese employees and paid for by the Japanese taxpayer. Some money flowed into the local economy but the vast majority of the monetary side of this war compensation formed a loop within the Japanese community. The local countries did receive badly needed infrastructure and other equipment but the provision of industrial goods (where the Japanese government would pay Japanese producers on the recipient's behalf) meant that Japan effectively opened up export markets and the cost involved was less than one fifth of one percent of Japan's GNP at the time. This emphasis on goods supplied by Japanese producers and infrastructure implemented by Japanese construction companies was designed to further Japanese interests much as earlier colonial policies had done. This was the outcome of an overall shared vision between politicians, bureaucrats and business leaders that Japan's best interests lay in the creation of export markets. This developed beyond reparations as ODA loans provided

seed money for Japanese business throughout Asia (Hasegawa, 1975).

To summarize this period, the 1950's and 60's, in Japanese ODA history, Japan made the most of a bad situation to achieve a good, if not necessarily the best, solution for its predicament. Providing aid to Asian national leaders allowed Japan first to create political and diplomatic relations. It enabled access to overseas resources which would be vital for any sustained development of the Japanese economy and opened up foreign markets, to some extent, to the Japanese corporations that won the tied aid contracts. Nor did it cost very much. The money flowed back into the Japanese economy and provided a positive flow-on effect for the economy.

Unfortunately, from a current standpoint, the failure to address the actions of the Japanese government and military in China, Korea, the Philippines and other countries around Asia were not addressed. Apologies were not made and the small amounts of 'reparations' made do not seem to match the level of damage sustained by the region. Of the actual reparations made, only one, to the Philippines, involved any monetary compensation (for orphans). All other reparations were in the form of equipment such as ships and trucks or infrastructure such as electrical power plants, dams and water supplies (Nagano & Kondo, 1999). McCormack notes that the total war compensation that Japan had paid (up to 1991) was a "paltry" 250 billion yen (approximately 2.5 billion USD). Although this may sound like a lot of money, to put this in perspective it is "less than the government pays in a single year in pensions and benefits to Japanese veterans and their families" (McCormack, 1996, p. 245). This still comes back to haunt Japan now as it attempts to take a larger political lead in the region and globe as many Asians have not, even now, forgiven or forgotten the Japanese occupation.

Development into a global aid programme

The 1970's saw the Japanese economy continue to increase and grow even more dependent on

secure access to resources in the South East Asian countries. Accordingly, Japanese politicians became more aware of the need to project a better image for Japan. When Prime Minister Tanaka visited Thailand in 1974, he was greeted by protests against 'Japanese domination' of the country, referring to the degree of exporting power Japan had already attained. The effect of the protests on the Japanese political elite was quite striking. Tanaka returned to Japan promising increased aid for Thailand. This, together with the 'Fukuda Doctrine' of increased cooperation with Southeast Asia, led to an overall increase of aid to the region, initially, and globally over the next 20 years (Wan, 2001).

Two medium-term ODA targets were set in 1978 and 1981 of doubling aid volumes within three and five years respectively (Yamaguchi, 2003) that were to lead to spectacular increases in ODA expenditure in the 1980's with Japan more than tripling the amount (in US dollars) that it provided during this decade to go from being a relatively minor donor to a truly significant global player (Rix, 1989). This growth was supported by continuing economic growth and explicit goals to increase the aid budget. Japan became the largest global provider of ODA for most of the 1990's, a source of pride at the time, providing the most ODA to 53 countries, for example, in 1995 (Ministry of Foreign Affairs, 2004).

These specific targets provided a way to measure 'success' in ODA and were, indeed, successful in dramatically increasing the amounts dispersed. While the next chapter focuses on wider criticism of the ODA programme, it is worthwhile noting here that the targets set were not so successful in increasing the percentage of GNP (or GNI, as is more commonly used now) that Japan committed to aid. During the 1980's, this remained in the range of 0.2 to 0.3 percent, below the DAC average. This figure was twelfth of eighteen in 1988 (Rix, 1989). Despite the continued monetary increases of aid into the early 1990's and Japan's position, during this period, as the number one aid donor in the world in terms of expenditure, in terms of percentage GNP/GNI, Japan remained towards the bottom of the DAC.

Table 3: Japan's ODA Disbursements versus Percentage of GNI (1995 to 2003)

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003
% GNI*	0.28	0.20	0.22	0.28	0.27	0.28	0.23	0.23	0.20
Aid	14,489	9,439	9,358	10,640	12,162	13,508	9,847	9,283	8,880

* Figures to 1998 are calculated against GNP; from 1999 against GNI

Taken from MOFA, 2004

As can be seen from the Table 3 above, Japan, even when aid volumes were at their highest in 1995 and 2000, was a long way from meeting its commitment to provide 0.7% of its GNI in ODA. While Japanese official documents do continue to recognize this commitment as valid (Ministry of Foreign Affairs, 2005), the latest provisional figures available from DAC show Japan with 0.19% of GNI provided in ODA. This is by no means a purely Japanese issue as other leading donors, despite similar public commitments, also have failed to do so. Currently, however, in terms of percentage of GNI provided in aid, Japan ranks only above Italy and the United States in the DAC countries for 2004 (Development Assistance Committee, 2005a).

A success story

It would be fair to say that the programme has had some overall success in assisting the nations of Asia to expand their economies. Japanese infrastructural projects can be seen in almost every country in Asia. The comparative success story of Asian economic development is seen, in part, as vindication of a Japanese model of promoting infrastructure and industry in the developing countries (Ministry of Foreign Affairs, 2004b). A good example of this success is the Pohang Steel Plant in Korea, a major project partly funded by Japanese aid in the 1960's. The steel plant, and Posco, the company that owns it, has gone on to become one of the largest of its kind in the world. We can see in this project many of the characteristics of the Japanese style of aid – aid

based on recipient requests, the need for the recipient country to take responsibility for their own development and the focus on large infrastructure. The request for aid came from the Korean government of the time who had a very clear goal in view (to make a commercially viable steel plant). This ownership of the project and the large size of the attempt to promote industry made it a good fit with the ideal Japanese aid project. As a quasi war reparations project, it also played a major part in restoring diplomatic relations between Japan and its closest neighbour (Nagano & Kondo, 1999).

The global success of Posco and the Pohang Steelworks also reflects, however, the failure of Japanese ODA to overcome the divisions caused by the Japanese occupation of Asia. Posco's English web-site, although referring to hopes of a Korean steelworks being "dashed by Japanese colonial rule", makes no mention, whatsoever, of the contribution of Japanese ODA to its foundation (Posco, 2005).

One end result of this aid was that Korea, through the Pohang Steel Plant and, later, others like it, was to become a major competitor for Japanese steel producers. There has been, understandably, therefore, some resistance within the Japanese business community as to how far Japan should go in providing aid to create such potential competitors. Certain ministries in the Japanese state also oppose ODA that involves specific industrial promotion measures as the increasing competitiveness of the developing countries puts pressure on the domestic Japanese companies and organizations under their jurisdiction (Ohno & Ohno, 2002).

Self-Help

The commitment of the Korean government to the Pohang Steel Plant project exemplifies the concept of Self-Help that looms large in Japanese ODA circles. The Japanese government refers back to its own experience of building national infrastructure utilizing loans from the World Bank after World War II and connects this to its economic success of graduating into the ranks

of the leading economies. This experience is used as an example for other economically developing countries of the need to take ownership and an example of the type of support Japan wishes to provide (Ministry of Foreign Affairs, 2004b).

The Japanese government has, at least partly as a result of this philosophy, not traditionally offered development projects to recipient countries. (We cannot, however, underestimate the need for Japan to stay fairly removed from the internal affairs of other countries in the region which have remained somewhat sensitive to suggestions of Japanese influence on their policies). Japan has, in theory, at least, relied on recipients to have their own master plan for development and the individual projects that they wish to pursue. Japan would work with the developing countries to look at the feasibility of these ideas. Japanese policy makers seem to believe that development is an internal process – while aid may be useful, it can be also harmful by encouraging dependence (Fukai, 1982).

The Self-Help referred to here is the ownership of that country of its own economic and social development, its own endeavour in pursuing that goal and, conversely, not merely relying on other countries for direction, assistance and finance. In an ideal world, this means that Japan, as an aid donor, does not look to impose development plans on other countries. It looks to see what development is budding in a country and moves to support that development through to fruition by making available its own finance and expertise (Nishigaki and Shimomura, 1998).

While this is a very attractive vision of development, in practice, the request-based system can be easily manipulated and has, certainly, been so. Even when aid is not officially tied, this system made it easier for Japanese companies to sow seeds of projects with their client governments and ensure that they remained one of the main beneficiaries of ODA (Ensign, 1992) – an international strategy that is, unfortunately, all too common among donor countries and not at all limited to Japan.

In addition to being open to manipulation by Japanese businesses, it has also been exposed to issues of understaffing. The Japanese government, per se, has not had sufficient

numbers of aid workers to discover “nascent” developmental plans in other countries. Compared to other major donors, the Japanese aid structure uses an unusually small number of aid workers. Under this need to disburse large amounts of money through small numbers of personnel, large infrastructural projects, such as highways, electricity production and harbour creations provide excellent opportunities for hardworking, but time-pressed, aid staff to allocate large amounts of loans at one go.

Such dependence on individuals to disburse such large amounts means that other important issues of aid, such as project evaluation, have not been given as much attention as would be advisable. This can result in embarrassing diplomatic rows for Japan such as the outcry raised by the Thai people and government towards a Japanese ODA grant project to restore part of Thailand’s historical capital. The work, under the aid provisions, however, was to be performed by Japanese with Thai only permitted to make suggestions into the restoration of what the Thai people consider a priceless national treasure (Orr, 1990).

Focus on loans

As part of the Self-Help philosophy, the Ministry of Foreign Affairs argues that such loans inculcate a sense of responsibility in the recipient country for the success of the project (Ministry of Foreign Affairs, 2004b) and encourages them to, therefore, only undertake projects that will lead to successful commercial enterprises. This provision of funds and the commitment to repay is seen by the Japanese as a positive element as there is no need for the recipient government to need to beg. It has also allowed Japan to provide aid without having to invoke humanitarian principles or political ideology. This is in contrast with the West where the concepts of ‘helping’ and ‘giving’ are more closely intertwined (Nuscheler & Warkentin, 2000).

This assumes, of course, that the recipient countries have the necessary technical skills required to analyse potential risks in development projects and, even if they do, that their

projections for the future turn out to be accurate. Developing countries do not, in general, have the same level of experience and expertise as an economically advanced nation like Japan. Nor does any project have a guaranteed success. There are risks involved in any development project and so funding through loans can have severe consequences for the recipient nation. Some of these risks, such as sudden appreciations in the exchange rate for yen (which would increase the interest payments required), are entirely outside of their control.

This has led to recent international calls for debt relief to those nations under increasingly severe debt repayment responsibilities. The Japanese government, and surely more particularly MOF with its emphasis on fiscal prudence, has been loathe to take part in such restructuring deals and write-offs and has tended to do so only under heavy international pressure from the US and other leading economies (Oxfam International, 2000).

The reasons for this are found not merely in a commitment to a philosophy of Self-Help but in the type of financing used to fund ODA. The Japanese budget consists of two parts – the general budget and the supplementary budget. With the dramatic increase in funds committed to ODA during the 1980's, MOF directed funding from the supplementary budget to avoid excessive budget deficits (Orr, 1990). The general budget is funded essentially by taxes roughly balancing outgoings and provides approximately 60% of ODA levels, primarily grants and technical assistance. The supplementary budget, on the other hand, which provides the financing for ODA loan aid, gets its own funding from the Post Office and other such private citizens' savings channeled through the Ministry of Finance. This finance programme, the Fiscal Investment and Loan Program (FILP) is, in effect, a loan to MOF requiring repayment (Ministry of Finance (2004)). Such a financing arrangement meant that the Japanese ODA programme was not in a position to simply provide grants only. There needed to be some return on the programme at some point in time to return funds to the Ministry of Finance and eventually to the individual owners of the savings.

FILP is, financially, extremely large, collecting its funding primarily through the postal

savings system. In March 2001, the FILP programme had approximately USD 3.5 trillion, with the postal savings system being the world's largest financial institution with around USD 2 trillion in deposits. FILP uses these funds to finance government projects and to provide loans, including ODA loans. Until the reforms of 2001, FILP received automatic funding from the postal savings systems but, with these reforms, this is no longer the case. Due to recent reforms, and with the ongoing privatization of the Post Office, the postal savings system is now free to look for different avenues in which to invest. This does not necessarily mean that they will choose other avenues as administrative guidance from MOF may not encourage this (Doi & Hoshi, 2002).

No matter what market the FILP uses to raise its capital, it indirectly provides 40% of the ODA budget and requires repayment on its investment. Any default by recipient countries results in further increases in the general budget which is resisted fiercely by MOF.

Summary

This chapter has covered a great deal of ground, moving from the role of, and institutional power of, the bureaucracy through a quick history of the programme and a look at the underlying philosophy of the programme. It focused on the power of the bureaucracy in Japanese government as a whole and more particularly in the field of development aid. This power is distributed between the different ministries involved and influenced by the respective areas of authority of each individual ministry. This does not make easily for a centralized aid policy or implementation. The aid policy system works as a form of negotiated outcomes between these ministries with the politicians taking a less direct role in deciding the destinations of individual aid packages.

The picture I have painted so far can be legitimately criticized as being somewhat outdated in that recent years have seen significant strengthening in the positions of politicians

and civil society towards ODA. Japanese aid should no longer be seen as being overly dominated by business and economic concerns (Hirata, 2003). We will look at these specific wider developments in later chapters. First, however, armed with this understanding of the background to Japanese ODA, we will look at wider criticisms of the programme and the responses that have been made.

Chapter 3: Criticism and Response

Delicately worded, “there is a perception that Japan has at times used its development assistance also for various purposes other than those directly related to development” (Development Assistance Committee, 2004:17). While the same may be said for other major donors, as we have seen, the historically commercial nature of Japanese aid makes it particularly open to such perceptions. Despite the efforts of the Japanese government to dispel such notions, the criticism that Japanese aid is still based on commercial motives refuses to entirely go away. This chapter looks at this and other criticisms that have been made of the Japanese aid programme in recent years and what responses have been made to address, defuse or ignore them.

Japan also has a reputation as being susceptible to concentrated international pressure, especially from the United States to the extent where it has been described as a “reactive state” (Calder, 1988). In respect to the United States, which is Japan’s largest export market and on which Japan heavily relies for defence and for wider regional and global stability, Japan has an asymmetric relationship. While both nations are mutually dependent, it can be reasonably argued that the Japanese side of the dependency is somewhat stronger in that the US soaks up an inordinate percentage of Japanese exports (Miyashita, 2003). Certainly, MOFA has been able to use this particular perception to its benefit in domestic negotiations with other ministries by appealing to the expected US response in attempts to change Japanese government policies (Orr, 1990). In general, however, such international criticism is at its most effective when there are

domestic interests with similar goals. Looking at criticisms made of the programme and the responses made, therefore, gives us an opportunity to evaluate the potential for further change.

Criticism of Japanese ODA can, in most instances, be grouped into the following major categories: (1) the use of ODA for commercial interests; (2) the lack of a unified aid administration and national strategy; (3) the low profile Japanese aid has in recipient countries; (4) the ongoing presence of commercial interests in Japan's ODA; (5) the use of aid to support Japan's stance on whaling; (6) an excessive bias towards large infrastructural projects and (7) the lack of benefit, and even harm, to the recipient countries. This chapter looks in detail at each of these criticisms in turn.

ODA for commercial interests

As we saw in the previous chapter, the commercial nature of Japanese aid since its early days has been well documented. Early aid policy, through to the 1980's at least, was heavily focused on securing raw materials from developing countries and expanding its exports and foreign investment (Fukai, 1982). Aid was increased to ensure that Japan had better access to overseas resources which were vital for Japan to continue its economic growth. The provision of aid assisted in developing the economic infrastructure (power, roads, harbours, etc.) that, in turn, benefited Japanese companies, encouraging direct foreign investment by those companies and also assisted in moving environmentally dirty infrastructure to locations outside of Japan. Japan, therefore, increased aid to those countries that are endowed with rich natural resources but did not have the economic development to adequately exploit these (Hasegawa, 1975).

Put starkly, the objectives of the programme were to: 1) provide impetus to the reconstruction of Japan and the growth of its economy, (2) to set up diplomatic relations with other countries in the region, (3) to put the policies of companies receiving aid into ones beneficial to Japan, (4) to increase Japanese income per capita and (5) to push the leadership of

Japan in Asia and globally (Hasegawa, 1975). Again, as in colonial days, while the recipient nation did benefit from the aid, the main objectives were very Japanese oriented. This type of aid became an issue with the wider aid community once the financial amounts provided by Japan became comparable to those of other major industrialized nations. Particular attention was placed on the high degree to which Japan used tied aid, placing conditions on aid requiring the recipient nation to form contracts with Japanese businesses and so directly benefiting the Japanese economy (Rix, 1989).

The use of tied aid is by no means limited to Japan and the Development Assistance Committee (Development Assistance Committee) of the OECD has paid considerable attention over the years to encouraging all donor nations to reduce the percentage of tied aid. The latest recommendation from DAC on untying aid is a further attempt in this direction (Development Assistance Committee, 2005b). This untying of aid is believed to be a good thing for the recipient countries as it gives them the opportunity to obtain services from the provider most suited to their exact needs and possibly at better prices.

This peer pressure from the wider donor community, combined with higher yen exchange rates and Japanese economic growth, was eventually to prove successful as MOFA pushed for untying of loan aid – that is, removing any conditions on loans requiring the recipient to purchase from Japan (Orr, 1990). Just how far Japan has come in terms of officially untying its loan aid can be seen from the fact that while it was not until 1979 that the percentage of untied ODA loans finally broke the 50% mark (Fukai, 1982) but, by 1987, Japan reported the highest percentage of untied loans in the DAC, 99.3% (Rix, 1989).

While these statistics appeared to show that the level of tied aid was continually decreasing, suspicions remained that Japan continued to tie aid behind closed doors. One US researcher, on investigating information she was given directly by Japan on US firms supposedly winning Japanese ODA loan contracts, concluded that, in fact, not a single US firm had won a Japan ODA contract and concluded that Japan might have been inventing support for their claim

that aid was generally untied (Ensign, 1992). Making the situation even more suspicious was the fact that at the time, while the Japanese government did make public the names of winners of bids, they did not release the amounts of contracts awarded making it impossible to verify independently that aid was no longer tied to any great degree.

In an attempt to defuse such allegations, and under pressure both domestically and internationally, the Japanese government has moved to far greater transparency in its ODA. The JBIC, responsible for ODA loans, now makes available information on all the bidders and winners of ODA bids and even the amounts for which the contracts were awarded on their public web site. The information available is much more than for other government domestic projects such as road construction (Kusano, 2000). The amount of information available now on awarded ODA projects is the main evidence that loan aid is truly untied. (This does not apply to grant aid, which is tied and likely to remain so).

US firms are still, however, not winning Japanese ODA contracts. The latest figures available on the JBIC site, for 2003, show that for projects worth over one billion yen (approximately 900 million USD), there were no US firms even bidding on projects. Only Chinese companies bid on projects in China which suggests Japanese companies, with higher personnel costs, were aware that this segment of ODA was beyond their reach. Korean companies also won several bids around Asia. Japanese business no longer has the luxury of knowing it can win ODA contracts. In this way, the support of business interests for ODA has waned (Katada, 2005). This is not, however, to deny that Japanese companies do win a significant proportion of projects. Even as recently as 1999, the number of contracts won with Japanese companies participating as the primary contractor (and, therefore, not including other projects where Japanese companies may have been important sub-contractors) was in the region of 20% as seen in Table 3 below.

Table 4: Percentage of procurement through Japanese primary contractors

1995	1996	1997	1998	1999
27.2%	33.3%	27.9%	20.5%	19.3%

Source: JBIC (2000)

To be sure, there is still the possibility of Japanese corporations forming partnerships with overseas companies and using their names purely as a front for ODA bids, or to subcontract significant parts of projects without the name of the Japanese corporation being published in any ODA reports. This would make the official statistics show a lower percentage of involvement by Japanese companies than otherwise. It is not even inconceivable that METI would suggest that they do this to avoid any backlash from NGOs against collusion in the ODA process. It is, however, difficult to either confirm or deny such suspicions.

The direct tying of actual ODA loans is not, however, the only way to reflect commercial interests and there is still, to be sure, a significant input from commercial interests into Japanese aid. The Japan Business Federation, Keidanren, for example, calls for the Japanese government to use (ODA) to “advance trade negotiations” (Keidanren, 2004) and for “multi-faceted cooperation between public and private sectors” (Keidanren, 2001). Such policies seek to continue the tradition of using political power to advance commercial interests. Grant aid (as opposed to loan aid) is still tied and JICA pays Japanese consultants significant charges for technical aid consultation – somewhere in the vicinity of 2.5 billion USD in 2004 (Izumi, 2005). Taking Viet Nam as an example, even recent Japanese ODA infrastructural projects have been criticized as being undertaken primarily for the benefit of Japanese corporations with factories in that region of the recipient country (Action Aid International, 2004).

While Japanese ODA loans are no longer tied, there is still a strong business and METI voice that calls for Japanese commercial interests to be reflected in aid programmes. This could be seen especially in the late ‘90’s as the Japanese government increased the degree to which aid was tied during the Asian financial crisis of the time. This was, in some respect, due to the effects

of the economic situation in Japan being felt heavily by the business community and the considerable pressure this group has applied to reduce aid and/or redirect it to meet Japanese economic interests (Kawai & Takagi, 2004).

The suspicion that economic and commercial motives still are the main driving force behind the programme have not completely disappeared (Arase, 1995; Hook and Zhang, 1998). The generally untied nature of Japanese aid, however, would not seem to support a view that focuses excessively on the direct commercial nature of Japanese ODA (Kawai and Takagi, 2004). Commercial interests, while still significant and not to be ignored, are now no longer the sole, dominant factor the overall development of aid policy. They now are forced to compete with other compelling motives such as the need to fit in with the other major developed nations in terms of humanitarian concerns, for example to reduce poverty, and for diplomatic reasons such as attempting to gain a permanent seat on the UN Security Council or reducing the risk of nuclear proliferation (Hirata, 2003).

On another matter, the Japanese government is able to point to the level of grant aid and humanitarian aid it provides to Africa as a way of rebutting this criticism that aid is purely for Japan's commercial interests. While the trade level with a country like Kenya was only just over 200 million USD in 1996, it was Japan's largest ODA partner in Africa. This amount of aid would not be justified by the level of commercial interest only which suggests other considerations (perhaps political and/or humanitarian) are also involved (Drifte, 2000).

Africa is, however, an exceptional case for Japanese aid in that grants play such a large component. While statistical analysis of Japan's aid to Latin America, for example, also shows a concern with poverty reduction (Tuman et al, 2001), Japanese aid to Latin America, with its more developed economies, is dominated by loans. It is likely that the lack of commercial opportunities itself provides the opportunity for MOFA, and the Japanese government in general, to demonstrate wider humanitarian concerns by providing grants.

Other statistical examinations of Japanese aid to Africa confirm a seeming

humanitarian concern with the region (Schraeder et al, 1998; Alesandro & Dollar, 2000). While Japanese humanitarian aid to Africa is to be welcomed, it is not without its own political and commercial motives. Less than 10% of Japanese aid goes to Africa with its persistent human problems compared to nearly 50% to Asia. This can be seen as being due to the ability of the more advanced economies to accept larger degrees of aid but it does put a large question mark over just how large the humanitarian focus is for the overall Japanese aid programme.

A significant factor in aid to Africa is the use of grant aid by the Japanese government, which, as it is administered by MOFA, locks METI out of any significant decision-making role (Orr, 1990). If African aid were to be dominated by loans, the METI discourse of requiring returns on such investment for commercial interests would likely be much stronger and this humanitarian concern would not, perhaps, be so evident. Even in Africa, however, a quantitative study of aid flows to African countries in the 1980's finds statistical evidence that economic self-interest was a determinant in Japanese aid flows to African countries in the 1980's. Foreign aid, according to these results, was provided to countries where Japan had comparatively larger trade interests. Japan was, and is, interested in the minerals available on the continent as raw resources for its industry both for then current mines and future possibilities as well as access to the relatively larger markets in Southern Africa (Schraeder et al., 1998).

It has even been argued that Japan's ODA relations with other sub-Saharan African states were encouraged indirectly by commercial needs and were only superficially humanitarian aid. In the early 1970's, for example, as Japanese business in the former apartheid state of South Africa expanded, Japan increased aid to Tanzania, due to its political importance in the region, to attempt to defuse any wider African reaction against its South African commercial interests (Ampiah, 1996).

The lack of a unified aid administration or national strategy

As we shall see in the next chapter, the evidence seems to show that there has been a clear move away from purely economic motives for aid, or at least directly benefiting Japanese commercial interests, to a wider set of reasons including the political and diplomatic (Hirata, 2003). This leads to another significant question: if Japan is moving towards an aid programme with political objectives as a major component, will this be possible without some centralization of aid policy making? Rix, for example, was convinced that without a unified aid administration backed up by political responsibility for the creation of aid policy, Japan's aid would continue to suffer from what could be termed performance 'issues', failing to meet the expectations of either other donors or recipients (Rix, 1989).

As we saw in the previous chapter, the Japanese aid administration is very divided with three main ministries involved (Ministry of Foreign Affairs, MOF and METI), and a total of thirteen ministries involved to some degree or another and two implementation agencies (JIBC, handling loans, and JICA, handling technical cooperation). This does not simplify the process of trying to form a national strategy or a unified policy. The supposed need for a centralized aid agency has been debated from the 1950's but efforts to bring such an agency into existence have failed each time not least due to considerable opposition from the three major aid ministries protecting their interests (Rix, 1989). The latest debate and failure to significantly unify the aid structure was as recent as 2001 when the Diet implemented reform of the bureaucracy (Development Assistance Committee, 2004).

The Prime Minister's Office has increased the number of its policy advisors, independent of any ministry, in foreign policy and ODA, giving the prime minister and Cabinet advice from outside the entrenched interest groups (Takamine, 2000). This gives the prime minister the opportunity and potential to take a more proactive role in policy formation and suggests that political control over the bureaucracy may, at least in theory, be achievable.

This division between ministries is evident not only in the foreign aid sector but also when considered together with domestic policies such as the policy of the Ministry of Fisheries

and Agriculture (MAFF) on agricultural imports. If MAFF's policies make it difficult for developing countries to export their agricultural products, for example, to Japan, this can lead to policy incoherence where Japan provides ODA on one hand to assist in agricultural development only to then refuse increased imports. This is not a specific Japanese issue but, as Japan has not made a specific commitment to such policy coherence in development, the DAC has recommended it do so (Development Assistance Committee, 2004).

Without a centralized aid agency, or even a centralized implementation agency, the Japanese government has traditionally relied on 'request-based' aid, where the government of the recipient country has been left responsible to make requests to Japan on what development projects they would like to have funded. One of the advantages of request-based aid is that Japan is not seen as pushing its own form of development on other nations. With the experience of World War II still used as a reason to be suspicious of the Japanese in many nations in Asia, this has helped avoid any unnecessary friction.

With the move in Japan to linking ODA more closely to other political and diplomatic objectives, there have been some moves towards increasing the degree of policy coherence by a shift from request-based aid to country-based ODA policies and direct involvement in the formulation of recipient development plans (Söderberg, 2002). This can be seen, for example, in the latest 'Vietnam Country Assistance Program for Viet Nam' which specifically states that aid will be based on dialogue between the two governments and implementation agencies rather than by the traditional request-based system. The document repeats that Viet Nam must take ownership of its own development (Self-Help) but that aid will be implemented and operated in consultation between the two governments (Ministry of Foreign Affairs, 2004a).

As the Viet Nam government sees infrastructure as an important part of its development, there is a, perhaps not entirely coincidental, match with the Japanese ODA approach which has focused on the creation of roads linking the main centres and power generation. As an example, Japan has provided loan funding to implement over 20% of the

power generating capacity in Vietnam (GRIPS Development Forum, 2002). Such large infrastructural projects have, however, come under severe criticism from other quarters and it is to these we now turn.

An excessive bias towards large infrastructural projects

Partly as a result of its own experience of development post- World War II and partly to further its own economic needs, Japan has focused its aid, particularly in Asia, on building up the infrastructure of a country – ports, dams, roads, etc.. Such an approach has been criticized more recently for what has been seen as its excessive bias towards the construction of large infrastructure. The proportion of aid that Japan provides towards large economic infrastructural projects, such as harbours, railways, telecommunications systems, is much higher than other major donors – 37% in the 2001/2 compared to an average of 15% over all DAC donors (Development Assistance Committee, 2004). This reflects a change in Western donor thinking as they have moved, over the last 50 years, from aid based on a similar approach, building up the local infrastructure to create the required conditions for economic take-off, to a more socially based programme attempting to meet health and educational needs. This leaves Japan somewhat isolated among major donors and open to criticism of its approach.

Such criticism, however, is not necessarily accepted among all Japanese analysts close to government policy. The current trend in international aid circles to focus on the elimination of poverty as a primary goal of aid has been derided by some as essentially giving bread today but nothing for tomorrow. Such analysts argue that a focus on building the economic infrastructure of a country or region is vital to ensuring that it can provide its own bread in the future instead of being forced into the position of returning cap in hand in the near future. Japan's aid position in Asia is, in this argument, vindicated by the fact that so many of the countries Japan has provided aid to in the region have experienced significant economic growth and increase in living

standards (Ohno & Ohno, 2001).

While there are a number of complex, intertwined reasons behind economic growth that cannot simply be reduced to the degree of focus on economic infrastructure, they compare this to Japan's policy in Africa, where Japan has, like many other countries, provided more grants and less infrastructural aid, arguing the lack of success there is a reflection of the methods taken. Ohno and Ohno, who were involved in the creation of Japan's Country Assistance Programme for Viet Nam and are involved in METI discussion groups, argue that the Japanese ODA policy in Africa of providing grants to social projects is non-effective and merely attempts to paper over the symptoms of structural deficiencies in the local economic infrastructure. Without focusing on building up their economies to provide employment, the current method of providing finance to attempt to reduce poverty is little more than a sad cover-up of a less than comprehensive plan (Ohno & Ohno, 2001). This demonstrates a further facet of the METI focus on the commercial and investment approach to ODA.

The current international focus on poverty reduction and emphasis on the provision of education and health services to the poor has even been criticized by some Japanese analysts as potentially working against the interests of the poor when overemphasized. If poverty reduction programmes are funded at the expense of infrastructural projects that provide future employment and economic growth, then, in the long run, the goal of reducing the number of poor may not be achieved (Hayami, 2003). Even recent reports for the prime minister continue to call for the development of basic infrastructure to assist in economic growth and integration throughout Asia (Task Force on Foreign Relations for the Prime Minister, 2002).

There has not been a great deal of real response to calls for fewer infrastructural projects, as seen in the figures for loans, of which they use up a major part. Certainly, Japan's current ODA medium-term policy devotes considerable space to the issue of poverty reduction including both direct assistance to the poor and reduction of poverty through economic growth (Ministry of Foreign Affairs, 2005b). The policy, however, nowhere gives any specific statements

of what percentage of aid will be allocated to each individual sphere of aid. Given that the percentages of aid allocated to grant aid, loan assistance and technical cooperation have changed very little over the last twenty years or so (Kusano, 2000) and the entrenched interests of the powerful ministries in the status quo, one wonders how easy it will be to change this. Without any specific targets, figures are likely to stay somewhere near the 27% for grants, 30% for loans and 43% for technical cooperation that they are currently (Ministry of Foreign Affairs, 2004, 79).

Developing countries do have wider issues to deal with as well and Japan has endeavoured to meet these. Increases in aid (up until the late 90's) meant that requests from developing countries for assistance in specific areas such as HIV containment or environmental management could be met or for international concerns about poverty reduction to be factored in. With the downturn in the budget for aid, this is no longer the case and, as the birthrate in Japan continues to decline and social security issues become more pressing, the potential for further long-term increases in aid is diminished (Kusano, 2000).

The focus of resources on large infrastructural projects has also resulted in a low level of recognition among the local population of Japan's development assistance, a situation that is no longer acceptable. Japanese aid was, up until the end of the 1980's, very much government-to-government aid. There was "virtually no possibility" that everyday ordinary citizens in the recipient countries could apply for the training and fellowships that Japan provided, for example (Hasegawa, 1974). Japanese loans, with their emphasis on infrastructure, tended to be anonymous in that the local population was often not aware of the Japanese funding. Questions have been raised as to the effectiveness of such aid and, concomitantly, as to whether this was a waste of taxpayer's money in the case of grant aid.

In a post-war Asia with few democracies, there was little need for Japanese aid to have the 'human face' that is called for today as the aim of the Japanese aid was to influence governments directly to move in directions conducive to Japanese economic interests and not to influence the local people, per se. A greater level of recognition outside of Japan may help in

repairing bonds with the populace of countries such as China and Korea and has led to calls for better use of aid to further the degree to which the local population is aware of Japan's presence. Such an objective is met, in part, by the moves to involving Japanese civil society, in the form of groups devoted to development projects, in Japan's official aid implementation rather than relying only on large infrastructural projects.

The lack of benefit and even harm to recipient countries

The Japanese ODA focus on large-scale infrastructure leads into a related criticism that this type of aid fails to benefit the recipient countries, and, in the worst cases, even causes harm to the local populations. Large projects usually require large loans and can lead to repayment issues if not managed carefully. The high degree of loans provided by Japan to Indonesia, for example, is mirrored by its high debt to GNP ratio. While there are competing views on whether such high loan ratios are good or bad in normal circumstances, in a regional financial crisis, such as occurred in Asia in 1997, they are undoubtedly not good. An over dependence on loans can force a country to divert funds that would otherwise be put to use for social infrastructure to the rich donor countries.

The Japanese government position has been strongly opposed to any debt relief – even towards the poorest nations in Africa. This has been expressed both through a wish not to have to face up to past mistakes and the fact that a large proportion of Japanese ODA is in loans. These loans were originally intended to be soft loans, well below the market rate, and so, in the Japanese view of things, should have to be repaid. The Ministry of Finance is opposed to any such debt relief and this resulted in a policy of no new aid provided if debts were cancelled (Evans, 1999).

The approach to energy infrastructure, for example, by Japan has been to assist in the funding of large centralized coal and hydroelectric power plants designed to provide power to a

wide geographical area. This approach has serious consequences for the indigenous people who are often forced to move to make way for the projects. For example, the recent San Roque dam and hydroelectric power plant project in the Philippines saw an estimated thousands of local people moved to make way for the dam. While hydroelectric power is certainly renewable, and so can be claimed as sustainable development, a stated objective of Japanese ODA, the development has wider affects on the local population. The deforestation resulting from the dam construction and the power provided for mining in the area has led to water degradation. The power plant itself will produce power at “some of the highest rates for hydropower in the world” and so is likely to generate profits for its Japanese and US owners but less for the local people and consumers (Yamaguchi, 2003).

The Self-Help philosophy of Japanese aid can be used to obscure other responsibilities to human security that Japan has given itself. The example of San Roque suggests that large, environmentally damaging projects can be approved for Japanese loans over other such more humanitarian issues. Focusing too closely on Self-Help, or, more cynically, the commercial needs of the Japanese company involved, can lead to a situation where the government of the recipient country has electricity needs (in the capital, for example) and Japan wishes to be a part of building up the local infrastructure. While the local people affected by the dam may be adversely affected by such projects, their input may not be fully sought and may bear much of the cost, as in the San Roque example (Yamaguchi, 2003). One extremely unfortunate result of a logging road in Malaysia provided by Japanese ODA was the over-extraction of resources, leading to severe pollution and the near extinction of the local people due to the adverse effect on their food supply chain (Nielsen, 2003).

Japanese bureaucrats do not have a very good record in Japan, let alone in other countries, of seeking out local people’s opinions and have tended to top-down planning. The faults, therefore, in Japanese aid are usually glossed over unless other groups, such as NGOs, raise a loud enough protest. This they have done on a number of occasions and have even had

some success in getting the Japanese government to withdraw from some projects (Hirata, 2002). The government is now much more aware of the need to evaluate the effectiveness of projects than it was even a decade ago to the extent that MOFA will soon commence evaluation of grant aid in an attempt to ensure that Japanese aid provides the benefits intended. The Japanese government has learned from these conflicts with Japanese NGOs and has moved to strengthen links with NGOs including them in discussions on the implementation of aid. This is something we will look at in more detail in a Chapter 5 where we investigate the role of civil society in aid.

Continued whaling

The issue of whether whaling should be resumed and the Japanese response to the general Western consensus that it should not is interesting in that it provides an example of where the Japanese government has, quite openly, applied conditions directly on its ODA and, at the same time, does not give in to the international pressure applied. Why is this the case?

The international environmental activist group, Greenpeace, has been strong in its condemnation of Japan's stance towards commercial whaling. They argue that, unable to convince the International Whaling Commission (IWC) of the viability of resumed commercial whaling, Japan has attempted to buy votes using its ODA targeting developing countries prepared to vote with Japan in important issues in the IWC. This recruitment of votes has enabled the Japanese, for example, to stymie attempts to create a whale conservation area in the South Pacific by linking ODA for fishing projects in countries in the Caribbean in particular. Greenpeace describes these states as having been "recruited" to "speak in favour of a resumption of commercial whaling and (to) vote in line with Japan" (Greenpeace, 2002).

Groups like Greenpeace have a very loud voice in the debate over whaling and tend to condemn Japan for its lack of environmental understanding. The premise of the criticism does, however, appear to be that any harvesting of whales is immoral, whether in danger of extinction

or not, and that there should be no whaling at all. The Japanese position is that there is scientific evidence that the numbers of some whale species are healthy and there can be sustainable harvesting of these species. With approximately one-third of the sea food caught around the globe being for Japanese consumption, the Japanese are, perhaps, more aware of the issue of access to marine resources than some of their opponents who argue for zero whaling (Danaher, 2002).

We are not, however, overly interested here in the rights and wrongs of whaling. Our object is to ask whether there are any foreseeable changes in this policy of using aid to influence votes in the IWC. As I have noted before, there are 13 ministries involved in the distribution of aid, with MOFA, MOF, METI being the main ones involved in the policy making side of ODA. Another semi-major ministry is the Ministry of Agriculture, Forestry and Fisheries (MAFF). This is the ministry responsible for aid relating to fishing zones and, in a related manner, with the suggestions of vote-buying in International Whaling Council that Japan is accused of. Only a small part of Japanese ODA is used to buy votes on the IWC. Nor are defences of Japanese aid that claim that Japan provides aid to over 150 countries and not just those on the IWC to be taken at face value. While this is correct, MAFF is only responsible for the fisheries related aid and has almost no say in the wider distribution of aid which is controlled by MOFA, MOF and METI.

MAFF actions to buy votes are not likely to please MOFA, which is more exposed to international opinion and so more sensitive to international diplomatic pressure and public opinion. However, it is unlikely that MAFF would be able to go ahead with such aid packages and conditions on their implementation unless there was a wider consensus, or at least understanding, among the bureaucracy and political wings of government. While there is a small market for whale meat estimated to be in the vicinity of 3000 to 4000 tonnes consumed per year and whale meat prices have “risen significantly” due to a much smaller supply than in the 1970’s (Ishihara & Yoshii, 2000), the amounts involved would not seem to justify the Japanese

government opening itself up to international criticism.

International pressure for Japan to change its ways may, in this case, be much less effective due to the lack of domestic pressure on the government to do so. MAFF has the support of politicians in the “Parliamentary League in Support of Whaling” as well as the fishing industry and some Japanese pro-whaling NGOs such as the Japan Whaling Association. The fishing industry is extremely influential in Japan, exerting pressure on the government and sustaining a large advertising campaign to mould public opinion (Danaher, 2002). While this vocal and powerful group insists that ‘whale meat is part of Japan’s culinary heritage’ (Ishihara and Yoshii, 2000), there does not appear to be a counterbalancing force within Japanese society pushing for an end to whaling (Danaher, 2002). Without such domestic pressure, it is likely that foreign pressure is seen merely as an attempt to impose culturally different ideas, that whales should not be hunted under any circumstances, and result in resentment and a potential backlash.

It would appear, therefore, likely that Japan will continue to attempt to thwart international efforts to completely ban whaling. MAFF, however, does not have a large ODA budget and so will not be in a position to extend its campaign much beyond current levels.

Summary

In response to these criticisms, the Japanese government has made some important changes. It has moved away from an aid policy based almost exclusively on commercial interest to one where aid is no longer tied, opening up the option of using its aid power for other diplomatic and humanitarian purposes. This has also allowed it to move away from projects based on recipient request to one in which it can take the lead in recommending projects and policies. To free itself to some extent from being completely reliant on reports and information from the bureaucracy, the Prime Minister’s Office now has its own foreign policy analysts. These changes point to the

potential emergence of greater political control over the aid process and it is to this that we will turn in the next chapter.

At the same time, however, there have been some notable consistencies or what may be termed lack of change. The policy of providing aid for whaling votes does not seem to be in any danger of being changed. Similarly, judging by the continuing high level of loans and the small number of aid workers, the large infrastructural projects that benefit Japanese companies, as well as, hopefully, the recipient countries, would seem to be likely to continue. This focus on loans is better suited for low to medium income countries and, as a result, without a change here, Japanese government aid policy is unlikely to change to a greater focus on the least developed countries.

Behind these criticisms lies the fundamental issue of the degree of political leadership available to the ODA programme. The lack of a coherent national strategy leads us to look more closely at the part politicians play in ODA today and the political uses to which ODA is applied.

Chapter 4: Aid for Political Purposes

This paper has as one of its basic assumptions the position that the role of the bureaucracy in aid policy making and implementation is a wide ranging one bringing with it a great deal of power compared to other potential power centres, particularly the politicians. This chapter, while still taking into account bureaucratic power, attempts to look at the power of the politicians, particularly in relation to foreign aid and policy. The political world has experienced a fair degree of upheaval during the 1990's which has, as we shall see, encouraged a potentially greater participation in policy setting.

It is not, however, only about politicians. As we have seen, the Japanese state has moved away from a foreign policy based primarily on commercial motives. Japan has, traditionally, not linked politics with the economic or commercial, preferring to keep these as separate as possible, being quite happy to trade with apartheid states, communist countries and dictatorial regimes. Japan's response to the Tiananmen Square incident was lukewarm to say the least with aid resumed as soon as possible (Katada, 2001).

There are a number of political goals shared by the political and bureaucratic wings of the state and an increasing overall concern with these that can be discerned over the last few years. This move from aid without visible political ties to aid with clear political interests can be seen in the proclamation of the Aid Charter, which officially set out the underlying rules and motives of Japanese aid. It has been invoked, and aid suspended, a number of times such as

when recipients of Japanese aid tested nuclear weapons, an issue particularly dear to the Japanese populace. We shall look at the Aid Charter, as well as other political developments, to see what future they may hold for Japanese aid.

The official rationale for Japanese ODA

Although there was an unofficial rationale for early Japanese ODA from its inception to open up export opportunities for Japan and to create an international political environment conducive to Japan's interests, the applicability of this was essentially limited to Asia. As Japan continued to increase the amount of financial aid it provided and made international commitments on further increases, aid levels grew to such an extent that its impact was global, becoming a significant donor to a large number of countries. This led to DAC questions about what the rationale was behind all the ODA (Arase, 1995).

Partially in response to this, the first 'Aid Charter' was put together by the bureaucracy and authorized by the Cabinet, not the full Diet, in 1991. The main principles of ODA implementation were given as: (1) environmentally sustainable development (pursuing economic development in tandem with environmental conservation); (2) non-military purposes only; for "full attention" to be made to the (3) military expenditure of recipient countries including weapons of mass destruction and (4) to efforts to promote democracy, the market economy, basic human rights and freedom (Ministry of Foreign Affairs, 1999). This can be seen as an important turning point in Japanese foreign aid as it provided both a base for the objectives of aid and the beginning of the end for aid on a "case-by-case" basis (Katada, 2001). At the same time, it was only a beginning as it did tend to read like a list of wishes of all the things Japan would like to do with its aid rather than giving specific objectives (Arase, 1995).

As discussed briefly in Chapter 3, some of the large infrastructural projects, for which Japanese ODA is renowned, such as the San Roque power plant and dam project in the

Philippines, can be argued as failing to meet the first principle of sustainable development. While the use of hydro-electric power itself is renewable, the deforestation and water degradation involved, not to mention the dislocation of the local people, are most certainly not. In this regard, while the actual implementation of the Aid Charter may not have been as rigorous as many would have liked, it has provided a set of principles on which Japanese ODA can be judged by outside groups. These included politicians, who were able to point out in the Diet that specific projects did not match the principles of the Charter. Civil society for example and the media also had a yardstick by which to measure actions.

A new updated Aid Charter, designed to guide Japanese aid in the early part of the 21st century, was passed by the Japanese cabinet in August 2003. This second, latest Aid Charter was, as with the first, driven by the Japanese state – the ruling political parties and the ministries involved. This time, however, in contrast to the first, the process was more open and participatory with MOFA holding workshops around the country with non-governmental organizations and citizens (Development Assistance Committee, 2003). While space does not permit a detailed comparison of the wording of each document here, the latest Aid Charter is an extension of the first. The same principles of sustainability, peaceful purposes and human rights are invoked with even much of the same wording retained but the overall length of the latest Charter is much larger and the range of issues included much wider.

Responding to domestic concerns that Japan has not received the recognition it should for the level of aid it provides and that ODA itself is a waste of valuable finances in a harsh financial climate, the new Aid Charter explicitly notes that the provision of ODA does benefit Japan. As Japan is dependent on international trade and resources from overseas, providing aid to countries to ensure that Japan does receive these is, the Charter continues, therefore, in Japan's best interest. The objectives of the programme include, therefore, the aim of contributing to international peace and development and, in so doing to help ensure the security and prosperity of Japan itself. Issues potentially affecting peace and development are listed as including conflict

and terrorism, extreme poverty, gender issues and suppression of freedom, human rights and democracy. Within this context, Japan will, the document states, support “Self-Help efforts” of developing countries and focus on the “protection and empowerment” of individuals (Human Security) with the priority issues for the programme given as (1) Poverty Reduction, (2) Sustainable Growth, (3) Global Issues – such as diseases, global warming, natural disasters, terrorist activities, and, (4) Peace Building. Asia, in particular East Asia, is to be the priority region for ODA (Ministry of Foreign Affairs, 2003).

Despite its internationally-minded language, it should be noted that the Aid Charter does not entirely escape criticism. The DAC Peer Review notes that an emphasis on national interest does not meet the international requirement that aid be for the benefit of the recipient nation (Development Assistance Committee, 2003). While the exact wording referring to national interests was surely included to counteract domestic concerns, the explicitness does not fit well with international development opinion.

Although the mere existence of an Aid Charter can be seen as an attempt to move towards an emphasis on values such as civil and political rights, Japan's application of the Aid Charter has been less than uniform even in Africa where it has much less commercial interest and so would appear to have a freer reign in increasing or terminating aid. Even in the 1990's, before the current Japanese push for a place on the UN Security Council may have acted as a restriction on Japan's options, Japan was rather timid in directly applying the Charter to the region. Japan did, for example, suspend some degree of aid in response to adverse political events in several African countries in the first half of the 1990's. At the same time, the observable variations in the annual ODA disbursements were, in general, not large. While Japan did suspend aid to Nigeria, in one case, it did not publicly state that suspensions were due to violations of the Aid Charter; a statement from the Embassy stated this was due to Japan's membership of the G7 who had decided on such action (Eyinla, 1999). If it has been difficult to be seen applying the Charter directly in Africa, far removed from Japan's main commercial

interests, it would seem even less likely that it would be liberally applied closer to home.

Human rights and the Aid Charter

The evidence from Asia confirms the difficulty the Japanese government has had in applying an even semi-strict interpretation of the charter in relation to human rights and democracy. While Japan provides a huge amount of aid finance to developing countries in this region and this amount that can potentially be used to pressure recipient countries to resolve such humanitarian issues, it has not often elected to readily employ such options.

An example of this would be Japan's dealings with Indonesia. During the years of dictatorship until the late 1990's, Japan was happy to keep relationships with Indonesia on the purely economic level. Japan provided very little condemnation of Indonesia's annexation of East Timor and even acted as one of Indonesia's political allies by voting against a number of UN resolutions calling for Indonesia to withdraw from East Timor. Japan was content to rely on a policy of non-interference in domestic affairs (Gorjão, 2002).

At the same time, Japan was Indonesia's most important trading partner being both its largest export market and supplier of imports. This gave it a potential source of pressure to apply on the Indonesian government to press for self-determination in East Timor or even for more human rights and democracy in Indonesia itself if it had wished. Japan would only have taken such a policy on board if it thought it was achievable and/or in its interests to do so. Given that the economic situation favoured Japan by providing access to natural resources lacking in the homeland, this was not the case. Even in the 1990's, despite the introduction of the Aid Charter, Japan was happy to have a dictator in place as long as they were a stabilizing influence (Gorjão, 2002). While it may be argued that Japan's economic relationship with that country has yielded much less influence over Indonesian government policies than one might expect, and so economic pressure would have had little success in changing the situation (MacIntyre, 2002), this

is a moot point as no attempt, whatsoever, was made by Japan to do so.

While both aid charters are clear about the importance of human rights, in practice, Japan has not been so unequivocal and has continued to provide official development assistance to countries such as Myanmar despite the ruling junta's continuing oppression of the local democracy movement. While Japan has suspended loan aid to Myanmar since 1989, they have continued to provide significant amounts of grants and technical aid amounting to 60 million dollars in 2001 and equivalent to almost all the ODA Myanmar receives. MOFA insists that such aid is humanitarian aid to assist the poor and not the military leadership (Ministry of Foreign Affairs, 2002b) but, at the same time, such humanitarian aid has not always been welcomed by the local democracy leaders who wish to see more stick and less carrot (Oishi & Furuoka, 2003).

If the overall Japanese government commitment to the Aid Charter is indeed genuine, it would appear that it is still hindered, to some extent, in its efforts to advance human rights and democracy by the influence of its own business and commercial interests and the division among its own bureaucracy down these lines. Without a significant change in the decision making process to reduce this business influence, and, I would suggest, a much greater role for the politicians, it is difficult for the Japanese government to provide a concerted set of sanctions, including the withdrawal of aid, in conflicts where the primary trigger is values such as human rights or democracy.

Japan seems to have not been able to terminate aid to Myanmar for both commercial and political reasons. There has been some anxiety on the part of Japanese leaders that Myanmar may be focusing more on China than Japan, despite having had a long history of good relations with Japan. METI (at the time, MITI) and Japan's business sector strongly opposed negative aid sanctions due to the degree of trade and the hope for future access to the rich resources there. METI does not, however, rule the Japanese aid process alone. International opinion, as this is interpreted by MOFA, has input into deciding what is good for Japan. The fact that the US and the European Union opposed any aid to Burma would normally be sufficient to

encourage Japan to do the same. However, with China and Asean encouraging a more supportive engagement with the Burmese government, Japan found itself unable to simply point to a unified international opinion that it could follow and so ended up wavering between the two approaches (Oishi & Furuoka, 2003).

For Japan to take a consistent stand on such issues, and to indeed play a role in providing the human security it proclaims in its policy documents, greater political direction is required. Leaving such decision-making primarily in the hands of the bureaucracy can result in the kind of 'non-action' seen with Myanmar and Indonesia. The next section looks at the increasing degree of control being taken by politicians over foreign aid policy. While the greater involvement of politicians will not necessarily improve Japan's record on human rights support around the globe, such political control may result in some of the harder decisions, such as placing priority on diplomatic goals, or even human rights issues, being taken in cases where the individual ministries are generally unable to agree on a plan of action.

Increasing political control

Although it can legitimately be argued that the creation and proclamation of the Aid Charter was more of an attempt to portray Japan as a full member of the West with compatible views on the need to support human rights internationally, and perhaps even an attempt to create a positive climate enabling Japan to achieve its diplomatic goal of a permanent seat on the UN Security Council, it did open the door to wider political intervention into aid policy-making and implementation. The situation did not change overnight, but whereas previously aid had been a field removed as far as possible from political conditions and intervention, it was now, officially, to be judged in terms of how it met certain (political) criteria.

The existence of such political criteria for judging aid has been mirrored by a loss in respect for the bureaucracy in wider society. The media reported through the 1990's on the

failure of the Japanese system and, hence, bureaucrats, to quickly and efficiently perform its duties in times of crisis such as during the Kobe Earthquake in 1995. Perhaps even more crucial, however, was the exposure of scandals and bribery among even the most hallowed of ministries (Jain, 2002). The Ministry of Finance, for example, was severely criticized by the media for pumping around USD 6 billion of wasted finance into failed housing loan companies after the bubble burst. These loan companies originally had the backing of MOF when they were set up and had provided loans to housing speculators rather than would-be home owners during the bubble years. When the bubble burst, they were left with bad loans estimated at USD 80 billion. As these companies served as providers of financially lucrative positions for MOF officials retiring from the ministry, MOF was seen as using taxpayers' money for its own benefit rather than for the country as a whole (Hirata, 2003).

In 1996, the Ministry of Health and Welfare (MOHW) was found to have permitted the import and distribution of blood supplies in the mid-1980's that were potentially contaminated with HIV while being fully aware of the risks involved. As a result, about two thousand people were infected with HIV. MOHW had made the decision not to import safe heated blood products based on its close links with the domestic pharmaceutical firms (Hirata, 2003).

Whereas, in the past, such scandals had been seen as the exclusive preserve of politicians, it was now obvious that the bureaucracy was no less corrupt, prompting calls for stronger control over them. Elected officials would need to be more active in the creation of policy and bureaucrats would have to be pushed back to a supporting role (Jain, 2002). Given the long history of scandals in Japanese politics, politicians bring their own baggage with them. At the same time, given that the trust the bureaucracy formerly held has been, seemingly irrevocably, lost, the hope is that politicians will, at least, provide a greater level of direction over their actions. In doing so, the more the actions of the bureaucracy are opened to political control and, preferably, public view, the greater the chance that such scandals will be minimized in the future.

There have been shakeups in the political world, as well, adding further momentum in this direction. The fall of the LDP from being the sole party in power to being merely the major partner of a coalition government (and, even, briefly spending time in opposition) throughout most of the last 15 years has given other political parties a chance to influence policy to a greater extent. They have even been successful in pushing through changes in the electoral process which were held to be one structural reason preventing politicians from being more involved in the creation of policy. Conversely, in order to keep one hand on power the LDP has been forced to reinvent itself as the party of reform to attempt to take back control from the bureaucracy.

Previously, the electoral process had more than one candidate from the large parties (and particularly the LDP) in the same electoral block. As these candidates were directly competing against others from their own party, the actual policies of the party were not differentiating factors. Elections were dominated by local issues where candidates would argue and promise that they could do more for the local electorate than others – pork-barrel politics (Takamine, 2002). This, combined with the small number of legislative staff, meant that bureaucracies had a great deal of leeway in interpreting the vaguely worded laws through ministerial regulations and, effectively, create policy for the nation (Amyx, 2002).

The advent of a new electoral system whereby candidates no longer directly compete against others from their own party, combined with the relative weakening of the LDP's parliamentary numbers, potentially encourages individual candidates to stress the policies of their party. This also encourages the LDP, which still, although weakened, has remained by far the major partner in all its coalition governments, to assert more visible control over the actions of the Japanese state as a whole in order to appeal to the electorate (Takamine, 2002).

This has ramifications in the foreign aid sphere. Where, in the golden age of LDP control, many issues, including those of foreign policy and aid were comfortably left in the hands of the bureaucracy (Curtis, 2002), the new situation has encouraged LDP politicians to take an active stance in policy making. Groups of politicians taking a particular interest in

specific policy areas have traditionally been referred to as *zoku* (or policy tribes). *Zoku* for policy areas such as construction, agriculture and industry have long histories stretching back through the 50 years or so of LDP governments. Aid *zoku* are much more recent, starting in the late 1980's at the earliest (Takamine, 2002). They are not necessarily an entirely positive phenomenon as they tend to end up micro-managing the aid process rather than giving the different and competing parts of the bureaucracy a comprehensive policy (Curtis, 2002) but they do reflect greater interest in this sphere.

The need for the LDP to provide stronger responses to issues of foreign policy has resulted in a considerable increase in the strength of the LDP vis-à-vis MOFA. MOFA has traditionally been more China friendly than the LDP and, although this is changing, the LDP has forced MOFA to take action against China on a number of occasions. Takamine gives the example of how the LDP forced MOFA to suspend loan disbursements to China in 2000 after China conducted military exercises in what Japan considers its own exclusive economic zone (Takamine, 2002:201). MOFA is struggling to control foreign policy making but is finding it more difficult to keep the LDP parliamentarians out of the process (Takamine, 2002).

This struggle to retain power in the face of growing political strength is also seen in other areas of the bureaucracy. In an attempt to shift power to the politicians, in 1998, the Diet passed a law reforming central government and the bureaucracy with the number of ministries and agencies reduced from 22 to 12 and plans to reduce the number of bureaucrats by 25 per cent over the decade. The bureaucrats were deeply involved in the design of the new system, however, and are unlikely to have simply given up power without a struggle (Jain, 2002). It is likely that much of the change was simply window dressing – designed to encourage the populace to believe that things were improving and the bureaucrats were now safely under elected control.

At the same time, the power of the politicians is clearly becoming more visible and likely to continue to do so. In the field of foreign policy, the Prime Minister's Office now has its own analysts to consult rather than being completely reliant on MOFA information (Takamine,

2002). In wider financial matters, where the Ministry of Finance, for example, could once simply decide on and enact its own response to drops in the share market, it now is locked into open debate with the government (and other agencies) on the best course of action to take (Amyx, 2002). The question remains, however, of just how real this shift of power from the bureaucracy to politicians is. How one replies may well depend on where one positions oneself on where power has been located in the state up to now. It certainly appears that there has been a wind shift in power relations but it is still difficult to see exactly how extensive the changes have been. While the bureaucracy will remain a strong and active power in the development of policy, the potential is certainly there for the political side to continue to increase in its own power and control over the bureaucracy.

This growing interest of the political world, and especially the LDP, in foreign policy shows itself in a greater attempt to (1) combine aid with political objectives, such as to gain a permanent seat on the UN Security Council and (2) to adjust the amount of aid given to individual countries in line with the political climate, such as in the recent decision to terminate aid to China. These two issues also demonstrate the obstacles in the way to developing a coherent political policy. It is to these that we now turn.

The lure of the UN Security Council

While Japan is still enshrined in the United Nations Charter as an “enemy state” (Article 53), in practice it is an important member of the UN, providing a degree of funding commensurate with its position as the second largest economy in the world. Despite this changed economic position, Japan is not a member of the five nations with permanent membership of the UN Security Council and so does not have the power or privilege coming with that position. While reform of the Security Council has been discussed on and off over the decades to reflect the changes in membership, there have been no actual changes in the Council’s permanent membership. This is,

in part, due to the current privileged few protecting their vested interests, a position made perfectly clear by the diplomat from one of the five nations recorded as saying, "I don't have an opinion on Security Council reform, I have a veto" (Drifte, 2000, p.155).

The current Prime Minister of Japan, Junichiro Koizumi, has made a strong attempt to remove the enemy state clause from the Charter and to have Japan accepted as a permanent member of the Security Council. This is being done in tandem with a request to renegotiate the amount of finance Japan is required to provide the UN yearly. While there has been no threat made to do this unilaterally or to suggest that there is a link between the level of finance and a position on the United Nations Security Council, there is the implicit suggestion that the two are linked ("Koizumi renews UNSC pitch," 2005).

The publicly visible efforts of Koizumi to push the issue contrast greatly with the previous efforts throughout the majority of Japan's twenty year on and off campaign. This was based more on the desire of MOFA for a permanent seat rather than any great input from the political side. Drifte notes how the Asahi Shimbun newspaper highlighted this by comparing the attempt to a car driven by the top bureaucratic at MOFA with the prime minister and foreign minister mere passengers (Drifte, 2000). The change in driving personnel is due in no small part to Koizumi's style as a much more upfront leader than the traditional Japanese prime minister and, perhaps, more confidence in general as Japan continues to play a larger part in peace-keeping roles that it could not have done little more than a decade ago. To be sure, former prime minister Yasuhiro Nakasone supported the attempt in the 1980's and other politicians have been interested so we should not exaggerate the change in drivers. At the same time, currently there is a strong convergence between the views of the political and bureaucratic leadership on the symbolic importance of obtaining a permanent seat (Drifte, 2000).

As noted in the introduction, Japan gives aid for a number of reasons with one of the underlying motivations being the wish to be fully recognized as a vital member of the world's leading nations. It is, therefore, not surprising that Japanese officials have seen the goal of

attaining a permanent position on the UN Security Council as extremely important. ODA has been used as part of the strategy used to attempt to get sufficient UN votes on board. Here we see the importance of aid to Africa. The African nations have a total of 52 votes and would make a considerable difference if they were to vote as a bloc in favour of Japan. Japan has, therefore, dramatically increased aid to Africa during the 1990's although this has fallen away since (Drifte, 2000). Earlier this year, the media reported that MOFA was determined to again increase the amount of aid to Africa in an attempt to further the bid for permanent entry to the UN Security Council ("Jouninri iri Nihon shiji wo," 2005).

Historical data suggests that the provision of aid to Africa is not entirely without such implicit conditions with statistical evidence between 1970 and 1984 showing links between Japan's provision of aid and UN voting patterns. Countries that voted together with Japan during this period received more assistance from Japan than those who did not (Alesina and Dollar, 2000). The attempt to extend this to support for a permanent security seat seems logical and consistent with aid being provided to support Japan's national interest even if it does somewhat dirty the image of an aid policy supposedly focused on the needs of the recipient countries.

Continuing omiyage aid – Japan at the Gleneagles Summit

It is within this context of providing aid to Africa for Japan's own political purposes, and the recent overall downturn in Japanese aid allocations, that we should view the recent commitment at the Gleneagles Summit by the Japanese prime minister for additional aid to Africa – an additional 10 billion yen over the next five years. This is part of a wider G8 effort that, the G8

communiqué tells us, “could” bring about a situation where tens of millions of people are lifted out of poverty every year, provide free basic health and education services to everyone in Africa (including providing almost universal access to treatment for AIDS by 2010) as well as double the size of Africa’s economy and trade by 2015 (G8, 2005).

In this commitment, we can see a variation on the ‘omiyage’ aid that Japanese politicians have provided for decades now, visiting developing countries and promising further funds for development. While the venue may not be as traditional, it is also a product of international pressure and designed to keep Japan from being visibly on the outside of mainstream G7/G8 opinion.

It is also, very much, a collection of compromises among the main ODA ministries. Before the summit, Prime Minister Koizumi wanted to be able to make a clear position on increasing aid volumes to match the positions of other leaders of the leading economically developed nations, who have been under pressure from NGOs such as Jubilee International to focus on and provide real solutions to the poverty in Africa. The domestic situation at home in Japan, however, limited the options available.

The Asahi Shimbun a leading Japanese daily newspaper, reported on the negotiations between the ministries in preparation for the summit (“ODA, jigyouyou kakujū,” 2005). Debate between the ministries was large on whether explicit wording for an “increase” in aid should be inserted in the government’s 2005 basic policy paper. The Ministry of Foreign Affairs pushed for such an increase as it increases the budget they have influence over. With ODA monetary figures having decreased since 2000, MOFA had requested an explicit written commitment in the policy to an increase in amounts given in aid. The Ministry of Finance was, on the other hand, greatly against this, concerned about the level of public debt that the politicians of Japan have managed to create for future generations. MOF is, in general terms, extremely unlikely to wish to allow further increases in aid financing even to the limited effect this would have on the economy as a whole. A draft version, with the hand of MOF showing, called for Japan to ‘maintain a level of

aid suitable for the nation while evaluating content and increasing efficiency' carrying no mention of any increase in aid. The final version, however, had the wording changed to 'expand the volume of ODA' which left MOFA happy that they had the increase they were looking for. At the same time, as it did not include a specific reference to monetary increases or to how this volume of aid would be brought about, it also allowed MOF to attempt to avoid any increases in the general budget (which contains the budget, among other things, for ODA grants and technical cooperation) and to push any increases into the supplementary budget (which finances ODA loans under the FILP). In the end, all parties to negotiations were able to claim success and remain happy in their differing interpretations ("ODA, jigyouyou kakuju," 2005).

We should, therefore, be very sceptical of the overall effect of the announcement of increased aid to Africa made by Prime Minister Koizumi at the Gleneagles summit. While being able to make such a statement was a political success for Koizumi and MOFA, who needed such vague wording in order to make a positive statement at the G7, it also shows the powerful influence and constraints put on even such political designs by other powerful ministries. Unless the Ministry of Finance backs down on its current position (unlikely, given the level of public debt) or is forced to do so, any overall aid increases in the medium term will be primarily, or even completely, loan aid. Given sufficient political pressure, however to do so, it may be forced to bow to the wishes of the political wing. It will not, however, do this without a fight and it will be interesting to see how this pans out over the next few years.

The government is likely to wish to maintain its humanitarian face in Africa and so retain grant aid to the maximum extent possible. One likely scenario is, therefore, that it will do so by reducing grant aid in other areas over the medium term with on-going increases in the budget for ODA likely to be funded primarily by the FILP.

Human security

The claims of the Japanese government for a permanent seat on the UN Security Council would seem to be driven more by reasons of prestige; the amount of finance they contribute to the UN and the desire for greater recognition of their rightful place among the leading nations of the world. Whether Japan would bring a genuine desire to further the spread of human rights around the world is highly debatable. The Japanese government has certainly made many of the right noises about the need for human security - assisting individual human beings to be free from poverty, disease, oppressive governments, protecting the environment and assisting in large scale humanitarian relief (Government of Japan, 2005). In practice, however, their version of human security has been directed at people living outside Japan's borders and has not been appropriately applied to cover those non-Japanese living within Japan's borders. This lack of a coherent policy is due not in small part to the role of different ministries - the more internationally minded (Ministry of Foreign Affairs, METI and MOF) and the more domestic oriented - and illustrates how far political leadership has to go before this can be achieved (Ohno & Ohno, 2002).

The Japanese state, for example, has an extremely poor record in accepting refugees onto its shores giving asylum to only 284 people out of the 2,532 applications made over 20 years up to 2002 (Kuroda, 2003). Sadako Ogata, the Japanese national, former UN High Commissioner for Refugees and current President of JICA was very critical of the stance of the Japanese government consistently calling for an opening of the countries borders to those in dire need of refuge. For example, at the very same time that the Japanese government was pledging hundreds of millions of US dollars to rebuild Afghanistan in 2002, the media in Japan was reporting that dozens of refugees from that same country had been either deported or thrown into a detention centre (Kuroda, 2003).

The dissociation between the focus on human security outside of Japan and human rights within Japan can be seen clearly in the response of the Ministry of Justice to recommendations from the UN Human Rights Committee. Foreigners with permanent

residence status, largely those of Korean descent but born in Japan, require official permission from the Immigration Department (under the Ministry of Justice) to return to Japanese soil. The Human Rights Committee noted in 1998 that this was in violation of the International Covenant on Civil and Political Rights which guaranteed the right to return to one's own country. In response to a question in the Diet regarding this, the Ministry of Justice official merely replied that such a re-entry permit system was necessary for the Japanese immigration system (Fujioka, 2003).

This is not to say that there have been no improvements in official attitudes towards Koreans, and other permanent foreign residents, in Japan. Pressure from the Korean community, together with an increasing number of foreign workers living in Japan has led to a change in legislation abolishing the need for such non-Japanese citizens to be fingerprinted by the local authorities as part of their registration process. Permanent citizens are now permitted to vote in local city elections in a small number of cities around the country. This may point to the potential of a slightly more inclusive Japan, and more domestic focus on human security for foreigners, in the future (Chapman, 2004).

At the same time, it does currently make it hard for those in the Japanese government more concerned with international issues, such as those in the Ministry of Foreign Affairs, to talk with confidence of the overall Japanese commitment to human security. The message would seem to be that Japan will throw money at a problem outside its borders but do not expect to be able to enter Japan (Kuroda, 2003). There is, in other words, a conflict between the stated aims of ODA, focusing on outside Japan, and the actual situation in Japan itself. This lack of coherence in policy again shows the difficulty in getting a unified policy between the different ministries of the bureaucracy in how Japan should proceed and also suggests the need for political will (which may, in any case, be lacking) if the human security aims of ODA are to be achieved.

Invoking the Charter - nuclear weapons

Although the first Aid Charter explicitly states that, in making aid decisions, Japan will look closely at the military expenditures of recipient countries and for any development of weapons of mass destruction, this has not necessarily translated into equivalent actions toward all countries developing such weapons. When India and Pakistan conducted their nuclear testing in 1998, Japan cut all non-humanitarian aid, including loans, to those two countries (Kusano, 2000). This response probably indicates the degree of international and domestic feeling towards the proliferation of nuclear weapons as much as any principles enshrined in the Aid Charter. When China tested nuclear weapons, however, just a few years earlier in 1995, Japan only cut grant aid to China (for two years) and did not touch the much more financially important loans. Katada notes that one prominent newspaper called for complete suspension of all ODA, including loans, in an editorial at the time but the government resisted such a move and, undoubtedly, business would have been furious given the huge growth in business at the time between the two countries (Katada, 2001). Reaction to nuclear weapons has been very strong in Japan due to the way World War II ended and in this regard the political response to nuclear testing may be seen as a good litmus test for the Japanese government commitment to the Aid Charter. From this perspective, the original Aid Charter appears to have been little more than a document designed to answer outside pressures rather than of huge significance to the aid programme itself.

Japan, when originally providing China with aid from the late 1970's followed a strict policy of separation of politics and economics. From the perspective, therefore, of the political input into aid increasing, the simple fact that Japan had, before the Charter, suspended some aid to China suggests a degree of change in aid policy and policy-making from even the early 1990's. Japan also suspended aid to China in response to the events at Tiananmen Square but this was reluctant and in response to international pressure (Katada, 2001). With China being such an

important economic partner to Japan, even in the mid 1990's, this should be seen as a new development. Japan had taken a unilateral decision, not due to pressure from other donors, to suspend (a portion of) aid to an important developing country and one with which it had considerable commercial interests. This shows what Katada terms "an ability to think beyond Japan's narrow economic interests" (Katada, 2001, p. 55).

While the amount of grant aid suspended during this time was only 6% or so of the total Japanese ODA package to China, it did lead to "ill will" on the Chinese side as the explicit political goals of the Japanese ODA were made apparent. To the Chinese government, which both justified Japanese aid on the grounds that they were surrogate war compensation payments and, in a somewhat double-think manner, a cheap source of loans to be used where possible, the thought that Japan might try to interfere in their domestic issues was not one that they wished to encourage (Söderberg, 2002).

Termination of aid to China

The role that political interests play in determining aid policies can be seen very clearly in the more recent decision to completely terminate aid to China. For some time, the LDP has been accumulating the expertise and knowledge to directly formulate policy on foreign aid policies. At the same time, MOFA has struggled to maintain their grip on such decision-making resulting in tension between the two groups (Takamine, 2002). As we shall see, these two groups have formulated completely different policies towards China, with MOFA favoring continued aid, and the LDP its termination, and the LDP policy has prevailed.

The unfortunate background to Sino-Japanese relations is the Japanese invasion into China in the 1930's and the human tragedy brought about by the Japanese forces on the Chinese people which still affects relations between the two countries today. A recent example would be the storm of protests and even destruction of Japanese property that swept parts of China early

in 2005 as news broke of the Japanese government authorizing a school history textbook that, reportedly, minimized the effects of the Japanese presence in China during the war.

Japanese aid to China began in the late 1970's. While this was not direct war reparations, as the agreement formalizing the restoration of political relationships between Japan and China renounced any war claims on Japan from the Chinese side, it was a later form of quasi reparations. From this time on, China quickly developed into one of Japan's largest ODA recipients, competing with Indonesia for the top position each year. Japanese corporations, also, have made a huge investment in China in an attempt to drive down production costs and have benefited from the ODA investment made in China's infrastructure.

With the current downward pressure on Japanese ODA levels, rather vocal criticism of Japanese aid to China has been made. The Japanese media has reported extensively on recent protests within China against Japan contributing to an increasingly negative wider public perception of their larger neighbour. Japan does not seem to have received the recognition and thanks it would like to from China and there would seem to be inconsistencies involved in providing aid to China, while, at the same time, that country is developing its own space programme. Nor would this provision of aid appear to be in complete accordance with the principle of "full attention" to military expenditure proclaimed in the Aid Charters given the increasing budget the Chinese military enjoys (Takamine, 2002). In this regard, a report for the Prime Minister's Office called China the biggest issue for Japanese ODA and called for this ODA to be linked directly to Japanese national interests. (Task Force on Foreign Relations for the Prime Minister, 2002).

ODA provided by Japan to China is, however, no longer simply being reduced; the decision has been made to end it almost entirely. Although Prime Minister Koizumi had brought up the idea with the Chinese government in late 2004, the leading business newspaper reported on its front page that ODA would be phased out to 'end' with the Beijing Olympics two days after its leading article was the announcement of trade figures showing trade between Japan and

China had surpassed that of Japan and the US in 2004. The reasoning given behind the termination of aid was that China had 'graduated' beyond requiring such assistance and that the choice of the Olympics mirrored Japan's own Tokyo Olympics marking its return as a respected international power ("Taichu boeki, taibei uemawaru," 2005; "Taichu Shakkan: 2008 nendo taishi," 2005).

The real reason for the termination is more likely to be that the political, as well as the financial climate made it difficult to continue to justify providing finance to China at less than market rates – a situation that a very strong wellspring of opinion would no longer accept. The combination of negative Japanese public opinion toward aid to China and the overall cuts being made each year led to substantial cuts in (and, eventually, termination of) aid given to China (Söderberg, 2002).

This is an example of a decision made by the politicians, or at least heavily influenced by them, rather than the bureaucrats. The latest white paper on ODA (2004) prepared by MOFA, rather than suggesting aid to China is to end, calls for additional aid to China. This suggests that the importance attached to these policy documents is not as great as the Ministry of Foreign Affairs would have us believe. MOFA has been seen as traditionally non-confrontational towards China and while this has hardened to some extent, it is leaders in the LDP that have pushed for a much harsher policy toward China (Takamine, 2002).

There were, it should be added, no references to the Aid Charter and its call for a focus on East Asia in the announcement. While this is a rather extreme example, and we should, therefore, be somewhat careful of brazenly applying its lesson right across the ODA field, it does also call into question the degree to which we should focus on the Aid Charter as delineating the future direction of Japanese aid.

China whether it receives Japanese ODA or not, remains a developing nation. Its average per capita income is still around one thousand US dollars and is listed by the DAC as a lower middle income country along with others such as Thailand and the Philippines, to whom

Japan certainly continues to provide aid (Development Assistance Committee, 2003). In fact, as a quickly growing industrial nation on Japan's flank with the prevailing winds bringing acid rain clouds onto the archipelago, it could be argued that now is the very time that Japan should increase its aid to China, especially in areas such as reduction of carbon dioxide emissions. This is now unlikely to happen even though it could be argued as being in Japan's direct interest. Political intervention and control of the aid process does not inevitably lead to 'better' results.

Summary

Japanese aid is potentially at the crossroads. Political will, if wielded correctly, is in a position to have a much greater effect on overall aid policy than it had in the past. The current prime minister, for example, has won major election victories by appealing directly to the electorate to support his policies despite opposition from those around him. The LDP seems to be in a stronger position now than at any time since the 1955 system began. Cabinet now has a much wider group of independent policy analysts working directly for them rather than being forced to rely on the bureaucracy for information and analysis as in the past. A decade of peacekeeping experience outside Japan has seen the current administration now being able to send troops to Iraq as peacekeepers after the US invasion without significant popular protest. Political support for the bid for a permanent seat on the United Nations Security Council is high. Perhaps Japanese politicians are taking over control.

At the same time, we should be careful of getting too carried away with visions of political revolution. The bureaucracy is entrenched in the current power system and will not simply give up its privileges and areas of control. A number of recent political uses of aid, such as the push for the UN Security Council seat have been a goal of MOFA's for a long time. It is possible that we are seeing a convergence of goals between the political and bureaucratic wings of state rather than a purely politically led policy. There does, however, seem to be hope at this

stage that the politicians are flexing their muscles somewhat more in the aid arena.

As a report to the Prime Minister's Office noted, to move Japanese ODA forward, under the current tight fiscal conditions, greater efficiency in its administration will be required. One way to do this is to encourage the involvement of individuals outside the regular implementation agencies in development activities (Task Force on Foreign Relations for the Prime Minister, 2002). It is to this we now turn, the involvement of civil society in Japanese ODA and the potential revolution it brings.

Chapter 5: Civil Society and Aid

Changes in society

The period since the end of the Cold War, the 1990's, has been described as a 'lost decade' for Japan. The economy has refused to climb out of patterns of little to low growth and politically the stability of the 1955 system has been disturbed by the loss of power of the LDP and its subsequent return as only the major party in a coalition government. In international relations, Japan began this new period with what has been described as a "catastrophic foreign policy failure", its inability to come to a decision to provide either finance or human resources in time to stay on the positive side of international opinion during the first Gulf War in 1991 (Dobson, 2005, p. 212). From a more positive perspective, some analysts now see the 1990's as a time of gestation in which the seeds were sown for incremental changes leading to the more confident Japanese government we see today. In this interpretation, Japan has, in the military sphere, deployed over 500 Self Defense Forces in Iraq and provided considerable support to the US led 'War on Terror' in Afghanistan and around the world. The Japanese government also appears more confident in its relations with North Korea, territorial disputes with Russia, South Korea, China and Taiwan (Dobson, 2005).

These are examples of state level changes at a high political level. We can, however, also see another change in the cultural and social milieu behind aid. While still a predominantly

mono-ethnic society (less than 1% of the population is of recent foreign origin), Japanese society is in much more direct contact with individuals from other countries now than it was even twenty years ago. This contact ranges from the mainly superficial through to life-changing. Most people in their teens and twenties even from outside the main cities will have had, at one stage, a non-Japanese assistant teacher in their language class, predominantly English, at school. An earlier generation spent years learning English but, perhaps apart from Occupation forces, never had the chance to meet a single foreigner in their own town or village. On a deeper level of interaction, hundreds of thousands of Japanese have lived overseas, either as undergraduates and students at language schools around the world or as corporate transferees to the various local subsidiaries of Japanese corporations around the world.

Even simply domestically, the economic level of Japan has also changed remarkably from the poverty-stricken days soon after the defeat in World War II and even the economic growth miracle of the 1960's and 70's. While the economic stagnation of the 1990's has made life increasingly economically difficult for sections of the population, Japanese, in general, still have high savings and are not, overall, as focused on national goals of economic development as they were not so long ago (Kingston, 2004). (This point can be overemphasized, however. Men, particularly, working in the larger corporations still work extremely long hours).

Partly as a result of this affluence and the increasing belief among the wider population that neither the bureaucracy nor the politicians can be left to look after the country on their own, the rise of civil society in the form of voluntary groups and non-governmental organizations (NGOs) has been quite impressive (Hirata, 2003). Japan is not usually seen as having a long history of NGOs although charitable organizations, especially to provide assistance to victims of leprosy, have existed since the nineteenth century (Rix, 1993) and environmental groups had a critical part to play in the strict anti-pollution legislation adopted by central government in the 1970's (Danaher, 2002). Most Japanese NGOs, however, came into existence over the last twenty-five years or so. Some of these were, even, given government encouragement to

participate in refugee, famines and other crisis situations (Rix, 1993).

NGOs have been described as the “garbage can” for Japan (Kingston, 2004, p. 79). They are expected to do everything from running hot-lines, providing refuges for domestic abuse refuges, providing social services for children, the elderly and the disabled through to promoting reform in the government. There are an estimated 80,000 volunteer groups in Japan with seven million individuals thought to be involved in some form of volunteer work, a huge increase over even ten years ago. Such estimates are to be taken with a degree of caution but they do point to a widespread and growing civil society. NGOs form a much smaller subset of such volunteer groups but the data available for them is, perhaps, more trustworthy. Most are small and have few staff with 35% having budgets under USD 40,000 and 70% under USD 400,000 (Kingston, 2004). This growing strength of civil society in Japan is an important change over the last decade and is, potentially, a significant factor in determining the direction of Japanese aid in the near future. This chapter will examine just how major an influence civil society has become on ODA.

Nonprofit organisations

Nonprofit organizations, such as local neighbourhood groups, have existed for centuries in Japan in various forms but have been so influenced by government and business that they have not constituted a distinct institutional sphere of their own but have tended to be more quasi-governmental (or quasi-business). Up until 1998, the Civil Code gave the relevant authorities the right to determine which nonprofit organizations would be legally recognized as such. The ministry at the national or prefectural level that handled that particular area, for example health or education, therefore had discretion over whether or not to approve an application. This resulted in considerable control being exerted over these organizations obliging them to conform to state expectations, a form of ‘administrative guidance’ (Amenomori & Yamamoto, 1998).

NGOs have not always been seen as a positive force by the powers that be. Osa gives the example of a story told to her by the founder of a major NGO for refugee assistance (Association for Aid and Relief), Yukika Soma. Soma's father was a prominent politician and, through these connections, Soma approached MOFA in the early 1980's, as she established the organization, for assistance in providing help to the boat people fleeing Indochina. The response of the MOFA officials she met with was that refugee assistance was an area for the state to handle and a common citizen like herself should not be involved. To her credit, and somewhat ahead of her time, Soma did not give up and continued with her mission (Osa, 2003).

It was the Kobe earthquake of 1995 that really demonstrated the flowering of Japanese civil society. More than six thousand people lost their lives in the earthquake and over thirty thousand were made homeless. The government did not handle the situation well, initially refusing international aid, and did not deploy its own resources efficiently or effectively enough for those affected by the earthquake. The bureaucracy was widely perceived as having tied its own hands with a myriad of regulations and red-tape that prevented it from acting with the speed required. An estimated 1.3 million 'common citizens', on the other hand, flocked to Kobe to provide valuable support, food and medicine. This experience became a catalyst for growth in existing organizations and spurred the creation of new NGOs, many of which went on from earthquake and disaster relief into wider international development activities (Hirata, 2003).

With this wider awareness of the role that individuals and groups could play in such major events, the Diet brought in law changes to recognize non-profit organizations in 1998. Until this time, thousands of NGOs had no legal status at all under which they were eligible to operate (Osa, 2003). The advantage of attaining the status of a specified non-profit activity association is seen especially by those NGOs which operate in countries, such as Vietnam, where only incorporated NGOs have been permitted to perform projects. It also provides the opportunity to have access to more public and private funding (Hirata, 2003).

The law change itself was remarkable in being one of the few to be drafted by members

of the Diet and not by bureaucrats. While there was considerable media and public support for the recognition of NGOs after the vital work they performed in the aftermath of Kobe, there was still considerable bureaucratic opposition. There was little reason, however, for politicians to bow to bureaucratic pressure and unnecessarily infuriate the public especially once Keidanren, the business group, came out in support of such recognition. For business, NGOs were seen as a source of relatively cheap labour to be used in areas such as care of the elderly, potentially reducing tax costs. This unusual convergence of interests saw NGOs given a simpler road to legal recognition and one without direct bureaucratic vetting or discretion (Kingston, 2004).

Even, however, with this law change, tax reform has been slow. The National Tax Agency has taken upon itself the role of gatekeeper and has severely restricted the numbers of NGOs accepted as qualifying for tax exemptions. As of 2003, only an extremely limited number of NGOs have met their strict standards (Osa, 2003). While one barrier to civil society has been removed, a second has now appeared behind it. Just as political control is resisted by the bureaucracy, efforts by NGOs to further their role in society are likely to meet other such bureaucratic barriers in the future. While civil society may be flourishing in Japan, it is not yet reflected in a situation where the bureaucracy fully appreciates or desires this.

Non-governmental organizations in aid

As Chapter 3 discussed, complaints have been raised within Japanese ODA circles for some time that Japan does not receive the level of recognition from the international community that it should for the huge amount of monetary assistance it provides. There has, therefore, been a call for assistance with a human face and one way to provide this has been seen as making better use of NGOs operating in the international aid sector (Ohno and Ohno, 2002). Including NGOs in the aid process, perhaps, does not, in itself, directly contribute to a higher global appreciation of Japanese aid but can be helpful in providing greater local recognition. NGOs often have

volunteers in areas where the Japanese government does not and, this can prove vital in showing the local people that Japan 'cares' and is actually providing them with assistance (Ministry of Foreign Affairs 2002c).

The approach that NGOs can bring to aid is rather different to that of the more traditional type of aid. One well-known Japanese NGO, the Shanti Volunteer Association works, for example, in the fields of rural development, slum development and housing and education. In one project in Cambodia, for example, they provide assistance in improving primary school facilities through actual construction of school buildings, wells and toilets. Rather than simply building the basic infrastructure and then leaving, they also apply their expertise in designing classroom resources and to teacher training in an attempt to assist the local people to improve the quality of their own educational system. As these must be community projects to succeed, they also work with, and train, the local Buddhist monks, well respected pillars of the community, to spread the word. This particular project is performed as part of a JICA initiative to provide access to primary school education in Cambodia and shows the greater flexibility that the Japanese government, and implementation agencies, can find in working through NGOs with the right set of skills and approach (Ministry of Foreign Affairs, 2003).

NGO workers can be well suited to this type of grassroots work with the rural poor. Most avoid the Japanese stereotype of business suit and stay as close as possible to the people they are working with. This is, undoubtedly, partly due to the fact that pay scales are not high, and this is itself a problem in that NGOs struggle to attract and retain people with high levels of expertise and management, but also to the commitment they bring to their work (Hirata, 2003).

As could be anticipated from the more general figures shown above, Japanese NGOs directly involved in international development are not, in general, large or rich. The Japanese NGO Center for International Cooperation is a "non-profit, non-partisan" NGO set up to improve networking between the different NGOs involved in international development aid both in Japan and overseas (Japan NGO Center for International Cooperation, 2005). According to

its figures, there are currently approximately 250 such Japanese NGOs with the nominal annual budget of at least USD 8,500. Of these, 100 have a budget between USD 85,000 and USD 435,000. Only around 30 have annual budgets of more than USD 850,000. Similarly, numbers are not so large. There are about 1,200 paid staff working for NGOs with approximately 25% of these being part-time. Support is provided by around 280,000 members, however, which reflects both the large Japanese population and a wider interest in development in Japanese society. Even with the law changes, 90% of these NGOs do not have any legal status and so are regarded as purely voluntary organizations (Japan NGO Center for International Cooperation, 2005a). These organizations are also joined by the local branches of larger international organizations with their headquarters outside of Japan. They include Save the Children, CARE, WorldVision, Médecins sans Frontières and Oxfam which launched offices in Japan from the late 1980's through the 1990's (Hirata, 2003).

A potentially new model of aid policy

While analysts such as Rix, writing earlier in the 1990's, pointed to the minor impact of a young, but growing, sector of non-governmental organizations (Rix, 1993), Hirata, perhaps with a hint of hyperbole, sees the development of these NGOs as having reached a stage where these "rebels" are reshaping Japan's foreign aid together with the bureaucrats, calling into question the very models on which previous analyses of Japanese ODA have been made. She cites two main models in use – i) the bureaucratic politics model used by Rix and Orr where aid and aid policy is the preserve of the ministries who compete for power within this field and ii) the developmental state model used by Johnson and Arase where a single unified state uses ODA for the purposes of Japan's greater well-being and overall coordinated plan. She argues that the issue for both of these models is that they emphasize the way Japan's ODA stays the same and fail to shed light on what has changed and what incremental changes continue to be made. For her, a

new pluralist model is required showing the small but increasing influence NGOs have on Japanese aid (Hirata, 2000).

NGOs have been able to exert pressure on large infrastructure projects and even succeed in having some large projects cancelled because of their effect on the environment (Hirata, 2000 & 2002). Environmental protection is an issue in Japan as well as in other countries and there is a fair degree of public opinion and mass media attention to issues of the environment. Bringing this force to bear on the government, ministries and implementation agencies involved in a specific project can, in some cases, bring about a change to more environmentally-friendly implementation.

On the other hand, however, the question remains as to what degree of influence the NGOs have in policy-making. Despite the fine words about involving the public in aid policy making, the reality would not appear to be so rosy. When the new Aid Charter, for example, was being prepared in 2003, it was MOFA who set the tight timetable on creating the document, it was MOFA who called the NGOs they wished to take part to regional meetings for their input and it was MOFA that then went away and put everything together in the final package presented to, and approved by, the cabinet. While some NGOs did get a chance to say their piece, it would be an exaggeration to call the creation of the Aid Charter a work of the people.

At least some NGO practitioners are also not generous in their assessment of the degree to which MOFA really sees the NGOs as partners. The training, for example, that MOFA funds for NGOs is exclusively to build NGOs' service delivery performance. That there is no training to improve NGOs' campaigning or advocacy skills can be understood as likely to be due to the ministry being hesitant to create stronger NGOs that may not be as easily controllable in the future. MOFA also has been guilty of forcing conditions on NGOs that wish to be eligible for projects, in other words, preferring an NGO to actually implement the project but not being willing to entirely relinquish control (Gilson and Purvis, 2003).

While the Japanese government can no longer ignore NGOs and their increasing

importance, the Japanese bureaucracy, overall, still retains a strong dismissive tone in dealing with them. NGOs, for example, were initially excluded from the conference held in Tokyo in 2002 to discuss the reconstruction of Afghanistan (Dobson, 2005). Jain notes that while MOFA is encouraging NGOs to take a full part in implementation they are, at the same time, attempting to keep firm control (Jain, 2000). It appears that MOFA prefers its NGOs to remain in the practical field of giving aid rather than spreading out into the wider world of creating policy (Hirata, 2000).

In this area, we can see the continuing underlying assumption of MOFA, and other areas of the bureaucracy, to see these nonprofit organizations as, at best, extensions of state agents and policies, or as unwelcome adversaries (Kingston, 2004; Yamamoto, 1998). Kingston notes how, at a 2002 conference on relations between the state and NGOs, a MOFA official participating stated emphatically that, in contrast to the situation in some Western nations, Japanese NGO's could not be given finance without any strings attached as they were small, unsophisticated, inexperienced and, therefore, requiring guidance. Given that MOFA itself uses NGO activities as examples of the increasing sophistication of Japanese ODA, this should be understood as merely an example of bureaucratic superiority and control. Some NGO representatives present were, reportedly, extremely deferential to the MOFA official taking part due to the official having influence on funding decisions and participating in government policy making advisory bodies. NGOs were, therefore, caught in the unfortunate position of having to choose between confronting such sentiments expressed by a MOFA official and taking the more realist approach of being patient and enduring in order to ensure future access to finance and indirect input into policymaking (Kingston, 2004).

Co-option?

MOFA's desire to be seen as including NGOs in aid is not due simply to the desire to project a

more caring image for Japan internationally. A major factor is the need for MOFA to regain public trust after a number of scandals directly implicating the ministry came into the open in the late 1990's and early 2000's. One MOFA official was found guilty of embezzling approximately USD 4 million over three years from public funds by creating invoices and padding expense accounts. While MOFA originally attempted to treat this as an individual aberration, this defensive attempt came to naught as over 70 MOFA departments were found to have used similar methods to create 'slush funds', totaling in the millions, stored away for personal and department use. MOFA fumbled the ball again by announcing the total amount of slush funds discovered by an internal investigation, only to have an independent audit find twice this amount squirreled away (Kingston, 2004). Being seen by the general public as having made its accounting practices more transparent and to have embraced the NGO movement in its ODA programme is vital to move towards regaining the respect the ministry once had.

This matches well with its desire to fill the relative lack of a domestic power base supporting MOFA policies. While METI has industry and business and MOF business support for tighter fiscal policies, MOFA tends not to have any clearly defined interest groups which it can mobilize in defending its policies if required. While it has been quite successful in using the expected response of the US as a card in negotiating foreign policies more to its liking, this is not always available. This lack of a domestic constituency has the potential to put MOFA at a disadvantage in any stand-off between the three ministries, or with the political wing, as to how ODA funds should be spent (Orr, 1990). The advantage of having a newly found domestic support base, the NGOs, means that MOFA can be less reliant on outside voices and can point to the opinion of others within Japan focusing on aid issues.

From an NGO perspective, while an alliance with MOFA brings much greater exposure and potential to achieve real results in development, it also brings with it the possibility of being co-opted into government strategy. As part of its overt campaign to 'include' NGOs in policy making, MOFA provides aid NGOs with what is sometimes quite significant funding.

This, in itself leads to a high risk of cooption as many NGOs are reliant on outside funding to stay afloat. If MOFA were to insist that a recipient follow the 'party line' on a particular issue, it may be difficult for any individual NGO, especially the smaller ones, to refuse to do so (Hirata, 2000).

NGOs, however, continually walk this tightrope between being in a position of criticizing the government and calling for accountability and of cooperating with government in meeting mutual goals (Kingston, 2004). Japanese NGOs can be described as having some advantages over many of their Western counterparts. Japan has not been directly involved in armed conflicts since World War II and so was not caught up in the struggles between peoples for independence from colonialism. Nor does Japan get caught up in religious differences, especially between Muslim and Christian. This means that, at least at the grass-roots level, Japanese NGOs can feel confident of their neutrality in providing humanitarian assistance (Osa, 2003). At a more strategic level, if government funding of NGOs is a significant percentage of an NGO's income, this may no longer be the case (Kuroda, 2003).

This is not an insignificant danger in that other non-profit organizations have been brought entirely under the wings of the government in the past. While Article 89 of the Constitution actually prohibits public authorities from providing public money to private charitable activities, this has been circumvented by interpreting it to mean that the government can provide funds to those organizations under some kind of government control. Social welfare corporations set up to provide social services to the elderly, for example, receive public funds to do so but, in return, come under strict government control (Amenori & Yamamoto, 1998).

Even if NGOs retain some degree of independence, in terms of policy-making, at least, it would be a mistake to overestimate their influence (Hirata, 2000). Currently NGOs have more of an indirect influence on policy by forcing implementing officials to be aware of the opinions of other Japanese outside their own organizations and bureaucracies. It is to be hoped that, with the growing acceptance within Japanese society of the need to hold government accountable,

this influence will grow to more direct levels, where NGOs will be an integral part of the creation of policy and not merely included in consultations. This will be a slow process and not a sudden change in the near future as MOFA, and other ministries involved in aid, will resist (Jain, 2000). Japan has a long history of top-down government where high ranking officials have been virtually free of public pressure. Such a system is likely to last a while yet. The possibilities of Hirata's third model, with increasing input from civil society, is intriguing but will take some time to develop fully, if it ever does.

Public opinion, the media and aid

For NGOs to gain a stronger position versus MOFA and the bureaucracy, it would seem that they will need to gain greater support from the wider public. Research into public attitudes and opinions, however, suggests that the Japanese public is not that well informed about Japanese aid programmes and policies. Public understanding is quite separate from the actual policies and priorities of Japan's programme (Potter and Van Belle, 2004).

Despite this, public opinion polls show a high level of support for aid to be continued. The Prime Minister's Office, which takes such a poll every year, reports that in 1995, approximately 35% of respondents felt that Japan should actively increase the amount of 'economic cooperation' Japan provides to the developing world, 43% answered that the current level was just right and only 12.5% felt it should be reduced (Prime Minister's Office, 1995). A decade later and, while those supporting Japanese aid are still in the majority, the figures are not quite as impressive. The latest survey found that the percentage of respondents of the opinion that Japan should discontinue its ODA programme remains extremely low at 3.1%. Those that answered that ODA should be kept to a minimum and those who answered it should be actively increased almost cancel each other out at 25% and 18% respectively. Almost half, however, at 45% still consider that the current level of economic cooperation is right. This, together with

those advocating increases, still give a healthy 63% level of support for Japan's assistance programme (Prime Minister's Office, 2004).

This does, however, compare with a figure of 78% for 1995 and some analysts have taken this to suggest a level of aid fatigue among the Japanese public that bodes badly for future ODA (Kusano, 2000; Katada, 2005). Despite such misgivings, the data appears to show that there is still a relatively high level of support. This may be a case of seeing a half-full glass or a half-empty one. Either way, while the traditional support of the Japanese public for ODA is gratifying, it is an entirely different question as to how effective this support is in affecting the amount of expenditure provided. Despite the continuing relatively high levels of support, well over 50% for at least maintaining the same level of expenditure, government has decreased this in the order of 25% over the last decade. This calls into question just how relevant such public opinion data really is (Otter, 2003).

The media, Potter and Van Belle argue, has more potential as a player in the aid policy making process. ODA policy, particularly in Japan, is seen as belonging to the relevant ministries. Given, however, that bureaucracies are likely to wish to avoid situations in which the political wing, with its eye on votes and election success, may respond to criticism in the mainstream mass media and exert pressure on the bureaucracy to change policy or decisions, the bureaucracy can be expected to maintain at least some degree of interest and attention on what that same media is reporting (Potter and Van Belle, 2004). Statistically, for grant aid, at least, this seems to be the case. Media coverage does appear to affect the amount of grant aid given to a country. There are a number of underlying reasons for this. Grants are controlled by a single bureaucratic entity, the Ministry of Foreign Affairs, and are therefore typically used for diplomatic purposes. They are more easily disbursed and so perhaps more sensitive to the perceived media and public opinion at the time. Loan aid, on the other hand, is composed of larger amounts to a smaller number of countries and is controlled by a number of different ministries. This may be seen as reducing the sensitivity to the number of articles in the media (Potter and Van Belle, 2004).

The argument, and quantitative results, presented by Potter and Van Belle remind us that bureaucratic decisions are not made in a complete vacuum and that outside forces such as the papers the individual bureaucrats read and the social circles they move in will affect the decisions they make. Certainly, however, if this is indeed the case that the mass media provides some kind of indirect input into the policy-making and aid allocation process, we can surmise that NGOs with greater public visibility through the media may also be able to leverage this to secure a greater voice in decision making arenas. This may be done indirectly, by providing numerous aid press releases to newspapers, or slightly more directly by attempting to garner media support for increased participation by NGOs in policy creation.

Military aid?

In direct opposition to being co-opted, NGOs also face the possibility of being squeezed out of some aid due to competition from an unlikely source, the military. Japan has, since the end of World War II, provided very little direct military aid outside its own borders or extended sea-lanes. This reticence on Japan's part is due to a long-standing interpretation of the Constitution which only allows Japan to possess self-defense forces and for these to be used only within Japan's territories. A major factor behind the increase of Japan's ODA spending over the years was, therefore, the lack of human resources the Japanese government commits, or is able to commit, to international peace keeping and military ventures. Japan backed itself into a kind of corner where, unless it was able to increase international cooperation outside of the ODA sphere, it was exposed to international calls to increase the volume of financial support it provides the developing world (Kusano, 2000).

It is, therefore, not, perhaps, entirely coincidental that the greatest change in interpretation of the Constitution and the right to a military comes at a time when the budget no longer easily allows continued yearly increases in ODA. In order to meet international pressure,

particularly from the United States, the most attractive option financially has been to increase the role of the military. Without any amendment to the Constitution itself but through an increasingly flexible political interpretation, a more confident and openly nationalistic administration has been able to dispatch Japan's Self Defense Forces to Iraq to assist in the post-war peace-keeping. In terms of aid, they provide the local people with drinking water; a task likely to have been performed by NGOs in similar circumstances only a few years ago (Nanami, 2004).

While the legality of this is still debated in left wing magazines and vehemently opposed by the Japan Communist Party, the public has not demonstrated in great numbers against the decision. The Constitution has, in effect, been amended in a de facto manner. Prime Minister Koizumi, himself a strong advocate for the need for Japan to commit troops to Iraq, has made it clear that from now on Japan's aid programme will be two pronged with a military component, such as in peace keeping operations, and the more traditional financial component. No longer can Japanese NGOs count on being the local face of Japan's aid (Nanami, 2004).

Summary

The last decade has seen significant change in the ways some Japanese individuals have grown to view their place in society. Where, in the not too distant past, the average Japanese was seen as an economic animal focused only on their work, this is changing into a society where significant numbers of people are involved, in some way or another, in NGOs. As part of this process, and with increasing numbers of people with international experience and foreign language skills, there has been a growing NGO presence in foreign assistance.

MOFA, while by no means the instigator of this grass-roots change in foreign

assistance and even originally being quite opposed to such endeavours, has taken advantage of the opportunity and tapped into this wellspring. This both encourages the NGOs by providing input, admittedly at a somewhat removed level, into policy-making through the regular meetings MOFA has with NGOs on aid and also provides a fear of co-option in that the finances received from the state may reduce their ability to act independently.

Chapter 6: Conclusion

The Japanese ODA system has changed considerably since its official inception fifty years ago going from a programme originally focused on direct economic benefit for Japan into one with a wider range of motives including the postponement of commercial benefit for wider political goals. This change has been gradual, and not always in a straight line, but, should not be dismissed as being anything less than real. The evidence shows that Japanese ODA is no longer merely a reflection of Japanese business interests, but has developed to a degree where other political interests are just as, if not more, important (Hirata, 2003).

As the Japanese programme grew to larger and larger financial amounts, this focus on quantity and not quality was to become a point of discussion and criticism in wider international donor circles. In response to this outside pressure, we see today a programme with a much greater attention to evaluation and, with the tighter budgetary conditions that make ODA budgetary increases much more politically charged than they have been in the past, this is likely to become even more so in the future.

Japanese ODA remains, however, focused on Japanese goals and is provided, primarily, for Japanese interests as defined by the state (Spyke, 1999). Business interests, with their focus on commercial returns on ODA 'investment', continue to have their input into the aid policy making process through METI but are increasingly challenged by the influence of civil society and its markedly different goals for aid. The non-governmental organizations involved in

international aid tend to be focused on the outcomes for the recipient country rather than any wider foreign policy interests the Japanese government may have.

Japanese aid policy has been seen in the past as one based solely on commercial interests. Despite Japanese loan aid being officially untied since the early 1980's, allegations that Japanese aid is not as open as the official statistics would have us believe have remained long after the situation changed (Ensign, 1992) and that the commercial motive for Japanese corporations remained strong (Arase, 1994). The move by the administrative agency handling loan aid, the JBIC, to make public the names of the corporations winning bids together with the amounts which all bidders tendered adds evidence to the argument that this is, in fact, no longer the case.

Japanese aid did start from such commercial beginnings, as we saw in Chapter 2, and some patterns of aid disbursement have remained relatively unchanged since that time. This does not mean, however, that there is no humanitarian input at all into Japanese aid or that any other inputs, such as foreign policy, or need for stability throughout the trading world, have not had just as large, or even larger, determinants on this aid.

This brings us back to the basic question underlying the analysis in this paper – what can we reasonably expect from the Japanese aid programme in the near future? What changes are likely and what are not? What is likely to stay the same? It seems likely that we will see consistency and continuity in at least the following areas – continued complexity in the aid policy-making and administration, continued calls for Self-Help and an accompanied continued reliance on loans. In other words, the three characteristics of Japanese aid given in the introduction are unlikely to disappear in the near future. On the other hand, we are likely to see a degree of change in the use of aid for political uses and the growing influence of civil society. The following sections go into the reasoning behind these conclusions.

Continued complexity

There has, over the last few years, been some minor reduction in the complexity of institutions involved in the ODA programme. The number of government ministries forming the core of policy making, as part of significant bureaucratic reform in 2001, was slightly reduced from four to three. The question of a united, single aid agency has, as I noted earlier, been introduced back in the 1970's as Japanese aid started to take off, and been constantly seen by analysts as a sine qua non for the programme (Rix, 1993; Kawai & Takagi, 2004). However, even with the latest reorganization of the bureaucracy and the introduction of a revised Aid Charter, the dream of a single Aid Agency has remained just that.

We should not, however, expect to see Japan introduce the holy grail of a unified single Aid agency at any time in the near future. The influence of the three discourses symbolized by the three major ministries, MOFA, MOF and METI, has not diminished and the ministries involved are likely to continue to guard their role in aid as jealously as they have so far. What could potentially change this arrangement is an increasingly powerful political wing, especially in cabinet and the prime minister's office, if it were to apply considerable pressure on the main ministries to form such a united aid agency. While the political wing is growing in strength to a degree, it is hard to see this happening over the next few years.

Increased political voice in ODA

Politicians have, to some extent, developed more of an interest in politics outside the borders of their own electorates. The changes in the electoral system have ensured, admittedly only to a limited extent, but more than in the past, that votes may be obtained by taking a clear position on international issues in which the general public has an interest. Seeing Japanese aid money

provided to China while the Japanese economy continued to stall has driven fears among the media and public of China as a competitor and a force to be contained. This more recent event suggests that, even if it was not earlier, there is some degree of response to public expectations in current ODA politics, at least as these are seen through the media.

It would seem that, unless something major happens to reverse the trends of the last few decades, the strength of the political part of government will only continue to grow. While this is not felt by all ministries to the same level (the Ministry of Agriculture and Fisheries, for example, seems somewhat less affected than many others), I think we can expect to see more political decisions on aid made with direct input from politicians rather than ministerial bodies. This is not to say that the ministries will become weak or irrelevant overnight. They have too great a tradition of influence in the State to become bit players at any time in the near future, if ever at all.

We can see the growing willingness of the political wing of government to go against bureaucratic advice and even possible commercial interests in the actions of the LDP toward China. Despite the opportunity to use the terms of the (new) Aid Charter to limit aid to China, for example, by pointing to its increasing military budget, the trigger for the Japanese government to officially announce its intention to terminate the provision of aid to China was the release of the international trade figures for 2004. China – Japan trade surpassed that of US – Japan over this calendar year making it, arguably, Japan's most important trading partner.

While the 2004 MOFA white paper on ODA called for additional aid to China to support the relationship with such an important partner and China itself, despite its huge progress remains a low income developing country, the politicians decided that this, together with the Beijing Olympics, was a good place to call an end to ODA to China. The hoary, old argument that Japan ODA is still driven only by commercial interests seems to have difficulties in explaining such an event given that further investment in Chinese infrastructure would, surely, be only to the benefit of Japanese corporates who are, to some extent, caught in the middle of

the cold political climate that has developed between Beijing and Tokyo. What has changed here is the attitude of the Japanese public to aid to China, if not to aid in general, the attitude of the media in general and the changing positions of strength between the pro-China bureaucrats and the less friendly LDP. The example of Japan's push for a permanent seat on the UN Security Council, on the other hand, shows that politicians and bureaucrats can, indeed, work together towards commonly held goals.

The Aid Charter – philosophy and action

The Cabinet first promulgated an Aid Charter in the early 1990's. Undoubtedly, this was, at least in part, an attempt to avoid the criticism of its peers in the DAC for the lack of explicit philosophy expounded for the programme. The continued provision of aid to countries such as Myanmar, China, Indonesia, India and Pakistan despite their significant military expenditure suggests that the beauty of the philosophy has been tempered by a not inconsiderable dose of realism. Given that a number of Western European countries do have wonderful sounding philosophies behind their aid programs but fail to live up to these wonderful sentiments, we should not be too critical of the similar failure of Japanese political authorities to draw a constant hard line on the use of aid.

The Japanese government has not, however, entirely dismissed use of the Charter in its dealings with recipient governments, particularly China. The termination of loan aid to China briefly in the mid 1990's in protest against Chinese nuclear testing and the fact that this was purely a Japanese action (and not part of a combined protest by the wider developed world) shows that Japan is not quite entirely the 'reactive state' that some have labeled it.

Self-Help and loans

The beginnings of Japanese ODA in war reparations have greatly affected the later history of the programme. A number of issues that would come to light later, as the financial figures allocated to ODA by the Japanese government grew, can be traced back to this beginning. The small number of staff working in the programme and the minimum level of evaluation performed until recently follows directly from the initial goals of the programme – to be seen as providing financial aid to other Asian countries while, at the same time, using this financial aid to benefit Japanese businesses and the Japanese economy in general. This small number of staff (as compared to other donors and international bank programmes) can, in turn, be seen as structurally supporting the need for approval of large-scale infrastructure projects. In order to disburse the amount of funds allocated to a country, the Japanese aid administrator worker was likely to need to approve a small number of larger projects rather than a large number of smaller ones.

On a larger scale, the call for Self-Help or ownership of a recipient's development programme can also be seen in a primordial form in the war reparations phase of the aid programme. Without adequate support structures set up at Tokyo or support from Japan for these to be set up in the local capitals and embassies to assist these recipients in making decisions, the onus of correctly determining the feasibility of projects was left in the hands of the recipients. Self-Help, initially, was more of a “no responsibility” clause as the Japanese government could plead innocence to any major developmental failures resulting from its aid. As long as the Japanese businesses got paid, which they would as payment came directly from the Japanese government on behalf of the recipient, there was no major problem perceived at the Japan end.

The provision of aid brings with it a power relationship in international affairs where one state, the donor, in this case Japan, is in a superior position to the recipient. The implications of this hierarchical relationship can be seen, for example, when the leading donor countries and their implementation agencies meet to discuss what policies, such as good governance or sustainability, should be in place in developing countries in order for them to qualify to receive

increased aid or debt relief. It also placed Japan in a difficult situation after the war as it attempted to build up its own export markets while refraining from being seen as attempting to again dominate Asia as it had done during the Second World War and its prelude.

Japan argues that the ultimate responsibility for a country's development lies with that country and that aid is only assistance to meet those goals. Outside aid cannot replace a clear internal goal and vision of where a country is headed. This needs to be provided by the government of the country itself. This position should be seen, at least originally, as being a sign of Japan's unwillingness to take responsibility to assist countries in setting goals. Japan was not interested in sitting down to discuss with recipient nations what kind of development programme would be best. The focus was on Japan's own commercial interests and the need to not be seen as dictating to the countries of Asia what to do. This resulted in a request-based system where recipient countries would ask Japan to provide finance for a certain project they were interested in. For many countries, however, the level of expertise required to set up achievable country development plans was just not available domestically and the Japanese focus on Self-Help and request-based aid led to problems. Such a system was vulnerable to manipulation by Japanese firms looking to interest recipient nations in a profitable venture.

This system is slowly changing to a more comprehensive one where Japan does now work with local national governments to produce country development plans. These also have been criticized as being designed more to meet Japanese industrial needs in those countries than to provide a wide ranging set of development policies meeting the needs of the general populace. The Japanese government has moved beyond request-based aid and sometimes now even recommends projects to recipient countries rather than waiting for a request. It is still, however, seen as Self-Help. The concept is now so entrenched in the Japanese ODA lore that it is likely to remain no matter what changes are made.

The beginning that Japanese aid had in war reparations and quasi reparations, the focus on Self-Help, and the small number of staff on Japanese aid agencies, has seen Japan focus

on large infrastructural projects requiring significant amounts of capital. This combined with the political decisions made to increase aid volumes through the 1970's and 80's, saw the need for increased financing and resulted in a continued emphasis on the provision of loans to recipient countries. By using loans, Japan was able to maximize the finance available for ODA rather than being limited by the tax revenue available for grants. The Ministry of Finance secured the finance by using the supplementary budget and FILP, based on loans from the post office savings system, rather than to allocate directly from the general budget, which gets its revenue from taxes. This method of financing ODA meant that Japan required a direct return on its investment in order to repay the postal savings system in full together with interest.

The FILP has since been reformed so that there is no longer a legal obligation for the post office savings scheme to make its funds available for the Ministry of Finance to use. FILP, while still having access to such funds, is also in the position of needing to raise additional capital through issuing bonds and other interest bearing measures. Funding of Japanese ODA has, therefore, been affected and potentially the need for return on investments has been strengthened rather than lessened. This places some difficult financial and structural constraints on the programme.

Japan's rather cold response to increasing international pressure to waive outstanding loans from the most indebted countries should be seen in this light. MOF, in particular, will fight any attempts to do so except when completely unavoidable and international and domestic pressure to do so can no longer be withstood. Debt write-offs cannot be performed by simply increasing FILP allocations as these would also require repayment; any write-offs of developing world debt require increases in allocations in the general budget. This affects attempts to balance the budget and bring government debt back into some manageable state. Such manifest increases in allocations of money to ODA, at a time when talk of tax increases to cover increasing domestic social expenditure is regularly aired, would risk incurring the wrath of an electorate not necessarily completely aware of how Japan has been financing its 'economic cooperation'.

Japanese aid is, therefore, likely to stay with a large loan component. This will apply doubly in the event that Japan were to again significantly increase the amount of aid it provides around the world. Areas such as Africa, where economic development is less advanced, may see increased use of grant aid as this provides the Japanese government with the opportunity to be seen internationally as doing its bit to reduce poverty and may also assist in attempting to secure votes in the United Nations. Japan will continue, however, to provide loans to those countries and geographic areas with more advanced economies and ability to repay.

Statistically, Japanese electoral pressure has not appeared to be a direct force in ODA policy-making (Katada and McKeown, 1998), but ODA levels have been slightly greater during periods where the LDP enjoyed more electoral popularity. Given that the LDP has just enjoyed one of its largest electoral victories in the Upper House of the Diet, if this pattern were to continue, we could anticipate increases in aid. The Japanese financial position, being remarkably different now to the golden age of growth, may, however, make such statistical projections worthless.

Grassroots involvement – NGOs and aid

Japanese society has gone through some changes since the economic bubble burst in the early 1990's with one important casualty being the respect that the average person on the street has for the bureaucracy. This seems to have fallen dramatically due to the media exposes of corruption, scandal and incompetence in the once hallowed ministries. The Kobe earthquake and its aftermath showed what individuals and groups of like-minded citizens could do for each other in the absence of bureaucratic assistance and flowed on to other projects both domestic and international. This new power of civil society is unlikely to simply vanish or peter out and brings with it a whole new dynamic to aid and development.

The Ministry of Foreign Affairs, not untouched by the exposures of bureaucratic

corruption, has latched onto this new source of support, attempting to involve citizen's groups in the implementation of 'soft' aid wherever possible. This on the ground work by regular Japanese citizens helps give Japan a 'face' that the local people can associate with. This helps spread the word that Japan is providing aid locally, a point that large infrastructural projects, despite their size, have not managed to achieve.

The impact of NGOs, so far, has been confined primarily to the implementation of aid and not a great deal has been directly in policy-making. The creation of the Aid Charter and its revision has been primarily a bureaucratic one, endorsed by the Cabinet and not the Diet or the people, illustrating the power the bureaucracy still has over civil society. As much as the growth of NGOs, and development NGOs in particular, in Japan has been impressive, the power in the relationship is still clearly in the realm of the bureaucracy. This situation is likely to stay this way for some time despite the claims of NGOs to a role in policy creation. NGOs cannot be ignored, however, as the pressure they can, through the media, the Internet and public meetings, indirectly bring to bear on bureaucrats, can force the canceling of controversial large scale development projects.

This increased role in implementation for NGOs does provide some interesting possibilities for the future. If the Japanese government wanted to take the involvement of the varying elements of civil society to a new level, it could even take up the option of making better use of its resident Korean population, especially those that hold some level of identification with North Korea, to further diplomatic relations with that country. Japanese officials may be hesitant to involve residents of a different ethnic background in their official diplomacy but, in keeping with the current focus on using NGOs, they could be involved at a lower level (Soderberg, 2002). While this would seem unlikely, seeing that the bureaucracy is only starting to become accustomed to the need to take non-governmental organizations into account, as the rights of Koreans born and raised in Japan are increasingly respected, in another few years such an option may not seem as outlandish as it does today.

NGOs have now been joined by the military in the realm of new-comers to Japan's 'aid' implementation. Up until recently, with constitutional checks in place on the degree to which the military could function, the cheque book has been Japan's main weapon in forming an environment in which its interests can be met. Unable to provide military support to wider international actions, ODA has been a way of showing other countries, especially the US, that Japan is sharing some of the 'international burden' of being a major power (Spyke, 1999). The constitutional restrictions on the use of the military have been slowly reinterpreted, resulting in the dispatch of Japanese forces to post-war Iraq. Statements from the current prime minister give the impression that the genie is out of the bottle and the military will be used increasingly to deliver aid in situations where the political climate calls for Japan to 'show the flag'. This could potentially mean that NGO grass-roots aid will be less highly valued by the political leadership or at least be only one of the options they will have to increase recognition for Japan's aid efforts. Without a flurry of peace-keeping efforts from Japan around the world, however, the 'peacefulness' of NGOs, is likely to keep them as the primary face of Japanese aid.

A final word

The fiftieth anniversary of the commencement of Japanese aid to the outside world has provided a time of celebration and reflection on a programme providing large amounts of development finance to nations in every continent and ocean of the globe. Looking ahead, the next few years could be an interesting time for the programme.

As the Japanese economy appears to be slowly climbing out of its long-term slump, and the LDP appears to be on the verge of a renewed political stability, the political goals of aid could be increasingly stressed by an increasingly confident Japan. Non-governmental groups could play an increasingly large role in not only delivering grass-roots aid to people in developing countries but also in actually having an important part to play in aid policy making. This vision

of the future may be criticized as being overly optimistic. Only time will tell.

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