Chapter II

Japan’s ODA Policy: Theoretical and Empirical View

The experts and observers of foreign aid talk about multiple foreign aid objectives when they deal with Japanese aid policy. However, they differ on the importance of any particular objective or motive in the formulation and implementation of aid policies. Among these objectives, the maintenance of national security, the maintenance or transformation of political and social systems, presence and recognition in recipient countries, the attainment of international leadership, influence and global image, the pursuing of economic and political interests, the pursuance of moral and humanitarian considerations and the achievement of international solidarity and world communalism are worth mentioning here.

The objective of national security is generally considered to be one of the most important motivating factors in foreign aid. The donor country extends military and economic aid to increase their security against possible external enemies. Both the US and the former USSR are striking examples of this type of aid objective.

Another important aid objective is to establish and sustain an influential position in international parliamentary diplomacy. Some of the nations that give aid are inclined to use their assistance as a tool to influence the votes of their recipient nations.

In addition to the above two objectives, the donor country extends aid to serve her own economic interests, to increase her exports, to secure adequate supplies of raw materials and create a favourable environment for private investments in the recipient nations. The economic motive has been given prime importance in many aid programmes.

Moral and humanitarian considerations which were strongly endorsed by the Pearson Commission in 1969 also constitute powerful motivating factors. The Pearsonian rationale advocated that the ultimate objective of development assistance
was the establishment of a durable working relationship between the developed and less developed countries in a new and interdependent world community.  

As far as Japanese foreign aid is concerned, both Japanese and foreign scholars agree on the prominence of the economic objective. Their views on Japan’s aid policy can be divided into five groups that characterise Japanese aid as a manifestation of following factors:

1. Japanese economic nationalism,
2. Non-ideological economic expansionism,
3. Ideological expansionism,
4. Self-preservation and
5. World communalism.

1. **Japanese Economic Nationalism:**

This view considers, on the one hand, the economic nationalism of Japan and the developed countries of Europe and North America, which it sees as the most powerful aid force in the post World War period and on the other hand, the economic nationalism of the newly independent countries of the world. According to this view, the economic nationalism of the developed countries is manifest in their desire to bring about sustained economic growth and welfare, whereas the economic nationalism of the newly developing countries is reflected in their desire to establish viable national economies and to ultimately realise their economic independence. Scholars like Yoichi Itagaki (1973), Professor of Economics at Hitotsubashi University, Tokyo have been key proponents of this view in Japan. He believes that the developed countries must learn to understand and appreciate the economic nationalism of the developing countries. He observes that, aid and economic cooperation should be undertaken in the spirit of partnership and the aim should be to assist in the formation and development of indigenous integrated national economies.

2. **Non ideological Economic Expansionism:**

The advocates of this view believe that Japanese aid was directed solely to serve the interest of their expanding Japanese economy. This view maintains that, as Japan pursues its economic interest, it uses its aid only to encourage a system of interchange between Japan and other countries, and that Japan lacks in any deep

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rationale or ideology related to foreign aid. Japan merely pursues her desire of economic expansion and efficiency.

John White, author of "The Politics of Foreign Aid" (New York: St. Martin’s Press, 1974), and a proponent of this school had stated that Japan neither had profound sympathy towards less developed countries nor a sense of international responsibility towards them. According to him, Japanese foreign aid in the 1960s had three main objectives: the promotion of Japanese exports, the maintenance of Japanese good faith with the developed West, and the establishment of an international framework in which Japan could later exert her influence. Among these, White argues, promotion of Japanese exports has been the most important. He further states that a conceptual clarity of an aid policy is lacking in the overall approach of Japanese aid policy.2

White's view was later supported by Goran Ohlin, former Fellow of the Development Centre of the Organisation for Economic Cooperation and Development (OECD). He stated that Japanese aid policy largely served its own economic growth and expansion. Leon Hollerman, Professor Emeritus at Claremont McKenna College and an expert on Japan’s economy also supported this view by saying that one of the main objectives of Japanese aid was to promote and strengthen exports of heavy industrial and chemical products.3

Samuel P. Huntington, an eminent American Political Scientist in 1972 stated that Japan’s expanding aid was also directed at promoting Japanese business interests.4 In 1972, US government researchers pointed out that Japan’s grant of aid was for the purpose of obtaining food and other raw materials. The researchers noted that Japan’s foreign aid was closely tied to its commercial policies of maximising exports of industrial products and diversifying import sources of food and industrial raw materials.5

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3. The Ideological Expansionist View:

This view has been advocated by those who see it as a Japanese scheme to bring recipient countries under its control. Marxist scholars of Japan and abroad have been the main advocates of this school of thought. Japanese neo-Marxist scholar Kazuji Nagasu⁶ and Jon Halliday, former Senior Visiting Research Fellow at King’s College London and Gavan McCormack⁷ hold the same opinion. Even moderates like Tadashi Kawata⁸ noted that Japanese foreign aid is used to facilitate katagawari, which is, a process by which Japan shoulders the burden of maintaining existing international structures. Kazuji Nagasu, is of the view that aid and economic cooperation is extended by Japan to serve its own domestic prosperity and not at all for mere humanitarian motives. Japan’s aid policy serves as a tool to perpetuate an asymmetric relationship between the proletariat and the bourgeoisie in recipient countries. Kazuji states, “we in Japan are all too prone to forget that the elite benefit from economic aid and cooperation, but the masses languish in their impoverished misery”. Thus, the “labour exploitation motive” has been seen as another important reason for Japan’s overseas investment. As Japanese wages rose, Japanese investors had all the more reasons to invest in low-wage developing countries (Kazuji 1974, 156). He noted that Japanese aid is aimed at promoting exports, expanding overseas markets, increasing overseas private direct investments and securing raw materials. Further, he noted that aid has been used for the establishment of a monopolistic Japanese capitalist system and for the pursuit of a collective imperial security system in Asia, centring on an alliance between the United States and Japan. He says that Japanese aid has been given to one camp of divided nations, consisting of South Korea, Taiwan, and South Vietnam and countries like Thailand, Indonesia and the Philippines who formed a group supported by the US in the postwar era of East-West confrontation. He sees a transformation of Japanese aid motives in recent years but the primary motive continues to be expansion of exports to the third world countries. Kazuji noted that the Japanese government and business leaders are concerned with

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⁷ Gavan McCormack was an Orientalist specialising in East Asia, who was also an Emeritus Professor and Visiting Fellow, Division of Pacific and Asian History of the Australian National University. He was also a coordinator of an award-winning open access journal The Asia–Pacific Journal: Japan Focus.

⁸ Tadashi Kawata was an Emeritus Professor at the University of Tokyo and Sophia University in the field of International Relations, Politics and Economics.
securing natural resources from abroad for which a huge amount of Japanese capital will be extended in the form of foreign aid. Furthermore, he pointed out that in this process, it is expected that factories would be established abroad. He contended that Japanese aid merely allows for the flow of capital outside Japan. On the basis of his overall understanding of Japanese aid he even talked about the possibility of Japan making a new attempt to bring about a military solution just like the pre-war Japanese scheme of securing enough natural resources.9

Halliday and McCormack (1974)10 are blunt in their criticism and state that the postwar Japanese capitalists have changed their tactics but not their strategy for dominating Asia and they see aid as a tool of realising that. Like Kazuji Nagasu, Tadashi Kawata is of the opinion that there is danger of a revival of Japanese militarism to protect its economic interests that have been established so well, especially in Asia.

4. Self-Preservationism:

In addition to recognising the prominence of the economic motive in Japanese aid policy, this school of thought also observes that the Japanese government has been highly concerned about protecting the economic interests of the country. The main motive behind this is to ensure the self-survival of Japan. For this reason, aid is disbursed, not only to sell Japanese products in recipient countries, but also to secure raw materials and natural resources, minerals, energy resources that Japan lacks miserably. Okita Saburo11, states that Japan’s dependency on natural resources has been a decisive element in the formation and implementation of its foreign policy. As Japan cannot attain self-sufficiency in energy without drastically reducing its present level of economic activities and living standards, he further suggests that Japan should take steps like diversifying resources supply, international cooperation with countries rich in natural resources, modifying its industrial resources, encouraging the saving of resources among its populace and reducing its rate of economic growth. As Japan

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11 Okita Saburo (1914-1993), a Japanese economist and government official who was instrumental in developing the plan that doubled Japan’s national income in less than 10 years during the 1960s. He also served as Minister of Foreign Affairs (1979-1980) and continued to act as one of the leading academic spokesmen for Japan. Among his numerous books on economic planning and development are The Future of Japan’s Economy (1960), Economic Planning (1962), Future Vision for the Japanese Economy (1968), and Japan and the World Economy (1975).
remains *happo-yabure* or defenceless on all sides due to its complete dependence on imports of natural resources, raw materials and food stuff, Okita considered it unrealistic to dream of attempting self-sufficiency in Japan. Therefore, he suggests the aforementioned measures along with increased economic cooperation with other countries.\(^\text{12}\)

5. World Communalism:

In 1969, the Pearson Commission came out with the doctrine of World Communalism and since then, it has become an important theme in Japanese academic circles. This doctrine talks about the re-direction of Japanese aid to reduce the gap between rich and poor countries. The objective of foreign aid is seen as reducing poverty and improving welfare in poor countries and it is regarded as a task for all developed countries of the world, including Japan. Akira Onishi, former Senior Economist at the Japan Economic Research Centre, Tokyo has suggested that Japanese aid policy should be aimed at the creation of a harmonious and efficient world community, based on the principle of global welfare. He says that aid should be considered a 'necessary social responsibility cost in the era of globalisation'.\(^\text{13}\)

All the five contemporary views of aid outlined above highlight certain aspects of Japanese aid. However, if we look at them individually, they seem partial and fall short of a comprehensive analysis of the nature and objectives of Japanese aid. Therefore, in order to get a comprehensive understanding, we need to factor in some of the points made by each contemporary observation and opinion and make them into a single comprehensive point of view. Such a view is called Historical National Evolutionist View.

**The Historical National Evolutionist View:**

This view maintains that Japanese aid is provided to secure Japan’s evolving national goals which are ultimately directed at achieving its social welfare and its international ascendancy. According to this view, Japanese aid is seen as an instrument of Japan’s national policy to serve the *kokueki* or national interest of ‘secularised postwar Japan.’

The concept of **kokueki** defines Japan's objectives in relation to its national goals and the concept of a 'secularised postwar Japan' distinguishes Japan's postwar national goals and policies from those of prewar Japan. The objectives and nature of Japanese foreign aid can be seen in its historical perspective as an instrument or tool of Japan's evolving national policy.

When Japan entered its modern era after Meiji Restoration in 1868, it had mainly three objectives: national security, modernisation and development and international ascendancy. In its efforts to fulfil these objectives, Japan has had to fight against a lack of adequate domestic land and natural resources which prevented it from sustaining economic activities. Meanwhile, the nature of the national goals and the means used to attain them, changed particularly after World War II. The objectives have been transformed from those of politico-military imperialism in the pre war era to those of economic nationalism in the post war era.

In the postwar era, the Japanese concentrated their efforts on economic development and growth. Thus, while economic development was directed for the purpose of **fukoku kyohei** (enrichment of Japan) in the prewar era, the economic objective became an end in itself in the post war era. The defeat of Japan in World War II brought about the disappearance of the most important component of **kokutai** – the existence of a unique Japanese state governed by a divine emperor. The term **kokutai** was replaced by **kokueki** i.e., national interest.

The basic national goals of secularised post war Japan were the same as those of pre war Japan: security, development and ascendancy. They were different only in the order of their priorities and in the extent of their efforts made by the Japanese for achieving them. Article 9 was adopted in the new Japanese Constitution which prohibits not only the use of force as a means of settling international disputes but even the creation and maintenance of armed forces.

Japan has relied on the US for her defence as it is evident from “**The Treaty of Mutual Cooperation and Security**” between the US and Japan” (Nippon-koku to America-gasshukoku to no Aida no Sogo Kyoryoku oyobi Anzen Hosho Joyaku) signed in Washington DC on January 19, 1960. The earlier Security Treaty of 1951 provided the initial basis for Japan’s security relations with the US. It was signed after Japan gained full sovereignty at the end of the allied occupation. Bilateral talks on
revising the 1951 security pact began in 1959 and the new treaty was signed in 1960. Taking care of this Mutual Security Treaty, Japan single-mindedly turned her efforts in the direction of domestic prosperity, international recognition and international ascendancy as stated by Okita Saburo. Once the rehabilitation of the economy finished, it grew at the average rate of 10 percent a year to become the third largest economy in the world by the 1970s.

We find that the Japanese government has perceived the utility of giving aid differently, at different times. Aid policies moreover, are subject to the pressures of various ministries and agencies which have their own agenda and this entire work is based on trying to glean some understanding on this subject. However, it is important here to mention that Japanese ODA policy is largely determined by the powerful and well-entrenched bureaucracy about which a number of scholars have discussed in their works time and again. At the start of the 1980s, Alan Rix\(^{14}\) introduced a focus on the influence of Japan's bureaucracy on its aid policy. He called attention to the four main bureaucratic actors who were at that time responsible for guiding the ODA policy. The Ministry of Foreign Affairs (MOFA), the Ministry of International Trade and Industry (MITI), the Ministry of Finance (MOF) and the Economic Planning Agency (EPA) were collectively called the yonshocho (the four ministries). Rix's point was that Japanese policy had been slow to change because individual bureaucratic interests and the bureaucratic decision making process discouraged radical changes and produced only incremental accommodation to demands for policy change (Rix: 1980). This bureaucratic focus was again elaborated by David Arase\(^{15}\) in the book called “Buying Power: The Political Economy of Japanese Foreign Aid”, (Lynne Rienner, 1995). He stated that the institutional origin of yonshocho can be traced in the early post war Japanese reparation policy which was designed to serve Japan's own economic recovery and development needs. He also stated that the yonshocho coordinated a much larger bureaucratic involvement in Japanese ODA, involving (at that time) sixteen main ministries, each having links that extended down to JICA, OECF, aid loan agency, and other subordinate agencies and private sector associations implementing the ODA policy (Arase: 1995). Nevertheless, a few major

\(^{14}\) Alan Rix was Professor of Japanese Studies at the University of Queensland and his areas of research interest include Japanese politics, bureaucracy, foreign policy and Australia-Japan relations.

\(^{15}\) David Arase was Associate Professor of Politics at Pomona College in Claremont, California.
reasons for giving aid are clear. Brooks and Orr (1985), two well known experts on Japan’s aid, outline four phases of post war Japanese aid policy:

1. War reparations from the mid 1950s-1965.


3. Aid in the 1970s to promote interdependence with resource rich aid recipients with the aim of fostering resource diplomacy.

4. Emphasis on Basic Human Needs (BHNs), aid to less developed countries and sensitivity to the humanitarian needs of countries of strategic importance.

Sukehiro Hasegawa, Professor, Faculty of Law, Hosei University, Japan is of the view that from 1953-1973, Japanese foreign aid was extended with the primary objective of protecting the country’s kokueki (the national interest) and attaining ultimately two basic national goals: its own national development and international ascendance. As the nature of the basic goals changed over the years, so did the priorities of immediate aid objectives. He is of the view that from 1953-1963, Japan extended aid for immediate commercial objectives and domestic material prosperity. During the following ten years i.e., 1963-1973, it was aimed at the improvement of societal welfare of Japan as a whole, and the pursuit of its leadership role in the Asian region, as well as, the establishment of its ‘proper’ place in the global community for their sense of otsukiai (associational obligation).

Reinhard Drifte, Professor Emeritus of Japanese Politics, University of Newcastle, UK, in his book, “Japan’s Foreign Policy in the 1990s: From Economic Superpower to What Power?” (London, Macmillan Press Ltd., 1996) deals with a number of key issues like the process of ODA’s disbursement, Asia’s place in Japan’s aid scheme, predominance of technical assistance, environmental problems, Japan’s political aspirations etc. The writer has discussed all these issues in detail although, aid for the public health sector in various countries, the total amount disbursed for this

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16 William L. Brooks served in the economic section of the U.S. Embassy in Tokyo between 1980-82. He was also a research analyst in the State Department’s Office of Analysis for East Asia and Pacific.
17 Robert M. Orr, Jr., was special assistant to the assistant administrator for Asia in the Agency for International Development during 1981 and 1982. He was also a visiting scholar at Tokyo University, Japan.
purpose and its utilisation has not been focused upon separately. However, the author has given a few references, which could be useful for this study.

Kweku Ampiah, Academic Fellow in Japanese Studies in the Department of East Asian Studies, University of Leeds, in his book, "The Dynamics of Japan's Relations with Africa: South Africa, Tanzania and Nigeria" (London and New York, Routledge, 1997) concludes that Japan successfully employed economic diplomacy in its relations with Africa and was able to reconcile its interests in resources in South Africa with its diplomatic interests in the other Sub-Saharan African states. This book is an empirical analysis of the political, economic and the diplomatic factors informing Japan's relation with Sub-Saharan Africa from 1974 to the early part of 1990s. In the sixth chapter i.e., "Japan's Aid to Tanzania", the writer has discussed about Japan's aid policy, major Japanese aid projects in Tanzania and its political implications. Apart from this, the writer has given valuable information about the projects related to public health. For example, the Malaria Control Project in the Dar-es-Salaam and Tanga municipality has been mentioned in this context, though the author has not dealt with the other aspects of "soft aid".

"Japan's Foreign Aid Challenge: Policy Reform and Aid Leadership" (London and New York, Routledge, 1993) written by Alan Rix is an important text which helps scholars to understand the various aspects of Japan's aid policy. The book takes up a number of specific issues that are critical in understanding the directions of Japan's aid policy today, and prospects of its future growth and change. The writer is of the view that Japan's aid can certainly not be ignored in the debate about Japan's global role. For Japan, the issue is how best aid can be used to achieve Japanese goals while it enhances the welfare of the people who need it in developing countries. The writer feels that some of the basic cultural characteristics of Japan's approach to other societies are reflected in the aid that it extends to other countries. He reiterates the concept of a "special role" for Japan because it has an Asian heritage and historical experiences of growth and development. Though this book is not focused on "soft aid" it has proved quite useful for this thesis. Alan Rix's other book "Japan's Economic Aid: Policy Making and Politics", (London, Croom Helm, 1980) is primarily about Japan's foreign aid and about how Japanese aid policy is made. The
author has dealt with the historical development of its aid policy, various institutions and agencies related to aid, governmental processes, ministries involved and the budgeting for foreign aid.

**Dennis T. Yasutomo**, Professor of Government and Director of the East Asian Studies Programme at Smith College, emphasises the change in the aid policy of Japan in the late 1970s and 1980s, towards aid giving for political and strategic reasons. Debt alleviation measures have also been included in its aid programme. Defining its leadership role in the global community is of course an integral aspect of Japanese aid policy. The first chapter of Yasutomo’s book, “The New Multilateralism in Japan’s Foreign Policy” (London, Macmillan Press Ltd, 1995) deals with the evolution of Japan’s aid diplomacy since the 1950s and the aid debate, which is going on even today. The writer has beautifully described all these aspects and apart from this, he has also dealt with the major turning points in the aid policy. But this book does not deal with Japan’s “soft aid”, which has become an important aspect of ODA in the post Cold War period.

“Japan-South Asia, Security and Economic Perspectives” (New Delhi, Lancers Books, 2000) co-edited by **K.V. Kesavan** and **Lalima Varma** is a significant work, consisting of a number of relevant articles. Professor Lalima Varma, co-editor, in her article, “Japan’s ODA and Foreign Policy Goals” provides us a broad spectrum of Japan’s ODA diplomacy and political aspirations in the Cold War and post Cold War period. Professor Savitri Vishwanathan, in her article “Japan’s ODA Relations with Nations in South Asia” deals with ODA as an important foreign policy tool. Yamaguchi Hiroichi, in his article “Japan’s ODA and South Asia” focuses on the aid debate, the rationale of giving aid to some of the developing countries and emerging new trends in the 1990s. Ataur Rahman in “Japan-Bangladesh cooperation: Strategic

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20 K.V. Kesavan was Professor of Japanese Studies in Centre for East Asian Studies at Jawaharlal Nehru University, New Delhi. His areas of research are Japan’s Foreign Policy, Domestic Politics and Economic Development.
21 Lalima Varma is Professor in the Japanese Studies Division of Centre for East Asian Studies, SIS, Jawaharlal Nehru University. Her area of research interest includes Foreign Policy of Japan, Domestic Politics, Education and Society.
Political and Economic Perspectives” in the same book, emphasises on political and strategic framework and economic co-operation between the two countries.

A survey of the literature on ODA indicates that most of the works on Japan’s ODA policy do not deal with the "soft aid" policy specifically. Therefore, it could be of great academic value to understand the factors which contributed to the introduction of this new policy and how far it was successful in achieving its objectives. Before dealing with the "soft aid" policy of Japan in the post Cold War period, it would be significant to understand the development of Japan’s ODA policy in different periods.