

**=Seminar Report=**

**Joint Seminar Report : Niigata Thammasat  
Joint Seminar on Japan's ODA**

**TAGA Hidetoshi**

Introductory Note

Lecture by Professor Takahashi

Papers submitted by Thammasat University Students

Papers submitted by Niigata University Students

Comments on seminar by Niigata University Students

Final Remarks

**Introductory Note**

On 4th January 1988, Niigata Thammasat joint seminar to discuss about Japan's ODA was held at Faculty of Political Science, Thammasat University Bangkok, Thailand. The seminar was participated by about 20 Niigata University students who study at Faculty of Law, Faculty of Humanities, and Faculty of Economics including a post graduate student of School of Law, about 30 Thammasat University students who study at Faculty of Political Science and Faculty of General Arts, and four professors ; Professor Prasert Chittiwatanapong, Professor Preeya Ingkaphirom, Professor Takahashi Akira and Professor Taga Hidetoshi.

The seminar was proceeded according to the programme as follows ;

Morning session

Lecture and discussion at Thammasat University

Lecture by Prof. TAKAHASHI Akira\*

Q and A to the lecture

Paper reading by Thammasat students

Paper reading by Niigata students

Group discussion

Lunch on discussion

## Afternoon session

## Visit Thailand Culture Centre\*\*

Briefing by Deputy Director of the Centre

Q and A to the briefing

Seeing around the facilities

Discussion

Dinner on discussion

In this report I will represent all of the papers submitted to the seminar and try to sum up comments made by Japanese participants. The report has two aims : first, to record the fact that such a joint seminar was carried out by students of both Thammasat and Niigata University, second, to record and show how the Thai students consider about Japanese ODA.

The second aim needs a short explanation on the point why only Thai students' consideration should be necessary to be shown intentionally. The papers, which appear in the following section in this report, will tell you the reason. Most of the students of Niigata University, when they were preparing their papers respectively, concentrated their efforts on showing and describing the simple fact such as figures, statements by the government no matter how they be critical to Japan's ODA. In that sence, they provided discussion materials.

On the contrary, Thammasat students reflected their own opinions in their papers. They really prepared discussion papers. So I collected individual opinions expressed by Niigata students which was slightly appeared in their papers. I also intend to record what kind of impression they got through the discussion.

\* Prof. Takahashi, University of Tokyo, was teaching and studying at Chulalongkorn University as a visiting professor at that time.

\*\* Thailand Cultural Centre was constructed and furnished the facilities with every equipment by Japan's ODA through JICA, opened 1987.

## Lecture by Professor Takahashi

The lecture was titled "Meaning of the ODA for Donar and Recipient," and derived according to his resumme shown as follows.

### Meaning of the ODA for Donor and Recipient

by TAKAHASHI Akira  
(Univ. of Tokyo)

- I. Japan's Posision in the ODA
- II. Willingness of People of Japan to Cooperate
- III. Is Aid Virtue or Vice?
- IV. Japan as a donor
  1. Government
  2. Business
  3. People
- V. Recipient Nations
  1. Government
  2. Business
  3. People
- VI. Problem
  1. Aid for whomm?
  2. Lacking evaluation
  3. Philosophy : Target group
  4. Communication : Two-way
  5. Mutual understanding
- VII. Recent Changes
  1. No. 1 donor?
  2. Recyling of trade surplus
  3. Marcos scandal
  4. Japanese exposure to the reality
- VIII. Concluding Remarks

## The Papers submitted by Thammasat Students

Three papers were read by Thammasat students. The title of each paper is as follows :

(T-1) Is Thailand the Victim of Japan's ODA?

(T-2) Japanese Foreign Aid to Thailand in My View

(T-3) [Non-Titled]

One of them is anonymous paper. I don't know the reason of anonymity. Here, I just esteem his/her anonymity. Professor Prasert told me that the other students of Thammasat University were too shy to read their papers though they had prepared their own papers respectively. Here, I have to give up collecting the unread papers.

(T-1)

### Is Thailand the Victim of Japan's ODA?

by Anurug RUANGROB

(Faculty of Political Science, Thammasat University)

The centennial celebration of Thai-Japanese relationship have, recently, just passed away within both friendly and critically ambience in both countries. This relation of course, bases on equally humanity but ecomomically unequal. Japan as an ecomomic superpower whereas Thailand the undeveloped country or, optimistically, developing country crawling futurelessly and needs help. Japan, a rich nation, give her then a hand to help developing the country. That lead to controversial.

Japan help Thailand in many aspects but only about foreign aid for development is concentrated here to find out its impact and something that may come beyond it and endanger Thailand as recipient.

Whoever is not happy when receiving aid? Of course nobody include Thailand but according to me it's bitterness and scandalous. Why?

Before answering that question we should find out first what reason Japanese government usually cite for providing Official Development Assistance to, not only Thailand, developing nations : [1] Achievement of greater national security, [2] fulfillment of humanitarian obligations to provide assistance to less fortunate nations and peoples, [3] economic gain brought through opening and maintaining access to less developed country markets on favourable terms, or through ensuring access to raw material supplies in those countries at favorable prices, and [4] diplomatic gains through the expansion of national prestige and power? Which one is cited most by Japanese government?

Clearly seen, humanitarian and diplomatic aims take back to security and economic considerations. The function of Japan's aid is to establish overseas markets for goods and services and to maintain raw material and energy resources which will promote its power. Japan utilizes economic aid strategy, non-military assistance unlike the United States using direct military assistance, to achieve economic gains and at the same time national security which mean security of the Western camp led by the United States as the liberal world political superpower against socialist states led by the USSR. This indicated by the policy of Ohira, at the 1st cold war period, whose aid stressed seriously to countries bordering conflict or being the front-line states of liberal world such as Pakistan, Thailand and Turkey. The following government after Ohira this reiteration have been lessened but still preserve the principle citing the East-West conflict rather than North-South conflict. Until the end of Nakasone's power and may be also the are of Noboru Takeshita, the present Prime Minister.

Economically, Japan's aid paths the way of easier exploitation from very serious surpluses gains. Thailand has an extremely high deficit payment with Japan whose account, in the year of 1987, over 10% of world Gross National Product which mean the biggest part of the world. Many experts view Japan onside gain like this as "economical aminalism"

Until now, there's a clue why I think Japan aid to Thailand is scandalous. Furthermore, aid always full of conditions both directly and indirectly. It formulates the unpure intention of aid.

What mentioned above is mostly about International dimension. Now to consider the internal situation, what is the impact of Japan's aid to Thai society?

Firstly, most aid come directly government whose policies are industrial oriented and maldistribution administration. This causes gap between cities and rural areas creating the collapse of household production sector, the flows of rural labour into big city and then many problems. Japan's aid help, directly or indirectly, widening this gap and aggravating a worse situation.

Secondly, another result of Japan's promotion Thai government's policy of improving standard of life and the compatible condition for the investment that call "Infra-Structure" such as routes, electricity etc., help Japan's economy by the advertisement influence through mass communication, like radio, and T.V. This pushes Thai society move dependent to Japanese goods.

Thirdly, come at the same time of aid, is the cultural expansion. Japan try to fullfill his economic demands and supplies by the way of "Japanization". Japan tries to spread his culture within the conditional aid and academic assistance to money university intellectuals. The awkward case of the historical center in Ayudhaya which has just happened last year and still be the problem is one of the instances.

Well, whether this right or wrong whether this is the intention of Japan as unintentionally Japanese themselves should find out!

## **Takeshita's Furusato Concept**

Leaving the general criticism. I would like to express another point of view about present Japan's foreign policy according to new Prime Minister Mr. NOBORU TAKESHITA. His FURUSATO concept, that Japan should pursue a "good faith diplomacy" that contributes to the peace and prosperity of the international community, is admirable but still unclear in the way it done, how, and what for and what will be the result which will benefit Japan.

To prove a little bit the FURUSATO CONCEPT let's start with his first foreign action.

Just from the ASEAN summit in Manila on 14-16 November last year, TAKESHITA offered or so called "recycled" to ASEAN US\$ 2 billion loan to ASEAN country. It's untie one but the intention is to fall to ASEAN country's joint-industrial of private sectors within no interest in the first ten years and 2.5% after that. This make the governments of ASEAN

country very unhappy. What is the problem?

Firstly, economically, is about the value of yen. After a decade of noninterest these countries still don't know about the currency exchange rate. At that time, unpredictably, they don't know that 2.5% of interest payment is affordable or not. May be it's too high.

Secondly, about the sharing part, Japan has no intention to offer nation like Brunei and Singapore who eagerly also need it. It produces then the problem of how to share.

Thirdly, an important one, is Japan's demand for the guarantee of this loan which ASEAN nations do not want to do so. Why? Japan offers this to private sector but wants government's guarantee. It means indirectly the governments have to take responsibility but unable to use that amount of money. In this case, most of those in ASEAN have a very serious payment and may have much more burden if private sector fail to manage the business. Moreover most private joint-industrial do not support the demands of ASEAN countries.

From above, is that enough to prove Furusato Concept?

## Conclusion

This may be, in Japanese point of view, very serious one but nevertheless I will not come out with the judgement whether Japan is economic animalism how tries to commit a socio-economic crime or Thailand and also others are his victims or not, but I will leave this as a question for everybody to think it over and to raise another question for both young Thai and Japanese. What will be our alternatives?

(T-2)

## Japanese Foreign Aid To Thailand in my view

by Chitralada PISALASUPONGS  
(Faculty of Political Science, Thammasat University)

Thailand and Japan are the countries having a good relation for a long

time, but when Japan has developed herself, at the present, to be one of the most development country in the world, the relations between Thailand—Japan is necessary to be improved in order that it will have more justice ; Nowadays the Japanese role in world affairs esp. in economic aspect is in a heightened status, so it have an impact on Thailand.

In my view, because Japanese was learned and imprinted to have concept of "Nationalism" in their mind since they are young, whatever will lead their nation to be disadvantageous, they will not do it. Furthermore, the economic system of Japan is led by the private sector unlike other countries led by the government, so Japan feel that if the business of private sector is growing, the economic of the country will be growing too. These conception are becoming the "National Concept".

From these reasons, Thailand or other countries having economic relations and technical assistance with Japan most likely have economic disadvantage and trade deficit with Japan because the Japanese government will try to use aid as a diplomatic tool to bring benefit to their private sector. For example, the Japanese loan which given to any project always has condition both in construction and consultation.

Moreover, I believe that Japan, the donor country, has reason in giving the aid to the developing country like Thailand, that is

① Economic Reason : To take advantage back to their country from the investment in Thailand.

: To expand the export market

: To find and control natural resources which are abundant in

Thailand and very important to the industrial countries like Japan.

② Social Reason aid is one of the diplomatic tools of Japan to create a good relation between the donor country and the recipient country that will bring benefit to Japan in the future. For example, the recipient country will support the donor country in foreign policy in international politics.

③ Political Reason Japan use aid as a diplomatic tool to have political influence to other countries.

However, the Japanese aid is useful to Thailand in many aspects such as technical, agricultural, trade and physical aspect because it was satisfied the need of Thailand. But if we consider in dept the Japanese aid to Thailand may have a bad point rather than good point. We can notice that Japanese foreign aid policy cause a lot of problems. For example,

① The expert problem Most Japanese experts prefer providing the



consultation to hand on training for Thai technicians, the working period of the Japanese experts sometimes is too short and a language obstacle.

- ② The equipments problem Finding that they are not appropriate to use in any project. They need high protection and preservation because it is necessary to buy spare parts from Japan.
- ③ The capital problem Most of the capital assistance are not direct to the field and the time the recipient's need because it is up to the convenient of the donor.
- ④ The social and cultural problem The donor has a purpose to use aid to promote their culture by sending their experts + receiving the technician from the recipient to join in the Traineeship.
- ⑤ The most important problem is the donor cannot give the aid for a long time so the recipient cannot plan the development policy directly. Besides, the Japanese aid seems to be reduced.

In short, although Japanese aid to Thailand causes a lot of problems, the need to receive the aid seems to be a lot. Therefore ; if Thailand still need the Japanese economic aid, technical assistance, investment and loan from Japan, the important thing that Thailand should realize is to plan the policy for getting aid (and assistance) with caution and try to depend on herself as faster as she can and as much as possible ; The donor country like Japan will not follow Thai policy. As far as the aid is still one of the useful diplomatic tools for the donor and is necessary for the recipient, it is of great need for both Japan–Thailand to cooperate, to work out concrete measures, and to make efforts to solve the problems with sincerity and in such a way that both sides agree upon.

(T-3)

[Non titled]

Anonymous  
(Faculty of Political Science, Thammasat University)

Thailand is, in Asia, the third biggest recipient country of Japan's

ODA, which is mostly bilateral assistance. The foreign aid received from Japan makes the amount of 60% out of the total one ; it is, also, the highest rate of foreign aid which Thailand gains from all over the world. The economic assistance and cooperation can be genenally seen as :

Yen Loan – For Thailand, Japan is the biggest bilateral loan source and the second biggest loan source, from World Bank. During the period of 1982–1986, Thailand incurred a debt through OECF for 1662 million US dollars–19.4% of the total amount of loan. Most of the projects operated by Japan's loan are infrastructure construction — for instance ; Bangkok International Airport Expansion Project, Expressway Project. The others are Industrial Development Project such as Gas Separation Plan Project, Eastern Seaboard Engineering Project etc.

Grant Aid – In the present, Japan is the one who provides the most grant aid to Thailand. Most of the grant aid is spent on Agriculture, Education, Public Health Service and Rural Development. The noticeable project are Bangsaen Marine Science Centre, King Mongkut's Iustitute of Technology, Ladkrabang, Social Education and Cultural Central Centre in the Kingdom of Thailand, Historical Study Centre, Ayudthaya.

Technical Assistance – Japan has been providing general technologic-al assistance as personal training, scholarship awarding, experts, technologies to Thailand.

As far as I'm concerned, Japan's assistance is prominently in form of loan, which is tied with some condition — whether it be directly or indirectly — and that is somewhat unpleasant for the recipient countries. Considering from the projects assisted by Japan's aid, both grant aid and loan, it is obviously that most of them are tremendous and the consequential matter is that Japanese constructors are the only who win the bidding for the reason of the cost of construction, instruments and maintenance in the long run. Some instruments, particularly, cannot be supplied by the local products—thus, the recipient countries will have to import them from Japan. Moreover, in the case of grant aid, it's obligatory that only the recipient countries' constructors and the Japanese ones can take part in the bidding and, without doubt, the Japanese constructors win the bidding, again. On the other hand, seems to me that Japan's aid would worsen Thailand's foreign debt burden—not taking about the rapid rising value of the yen. This could result in the government's unstability.

Therefore, the change in aid plan is something to be soriously

considered. Japan's aid is to be extremely appreciated but it's perceptible that the aid didn't make the great effort in the recipient country's economic development goal — export orientation policy — is being barricaded by the Japan's closing local market and its protectionism policy set against the primary produce from Thailand.

It is exactly right that the recipient country — as Thailand — should not commend about the "gift" but wouldn't it be better if the aids are considered from the priority of the recipient country's needs insted of being judged by Japan's initiation? If Japan provides aid to Thailand's export industry and, synchronously, provides a chance to Thai products to have a place in its local market, that would benefit in self-help development policy of Thailand and would support mutual trade between Japan and Thailand, then.

## The Papers submitted by Niigata Students

The papers submitted by Niigata students were edited into one leaflet with four sections shown as follows. Each section has its introductory remarks. Here I represent all the papers including these introductory remarks together with preface for whole leaflet.

### (N-0) Preface

#### Principles of Japan's ODA

#### (N-1-0) Introductory Remarks for Section I

#### (N-1-1) Why Does Japan Extend ODA?

#### (N-1-2) Basic Principles of Japan's ODA & the Third Medium-Term Target

#### (N-1-3) Criticism on Japan's ODA

#### Quantitative Survey of Japan's ODA

#### (N-2-0) Introductory Remarks for Section II

#### (N-2-1) Historical Survey of Japan's ODA

(N-2-3) The Present Condition of ODA

Comparison by Recipients of Japan's ODA

(N-3-0) Introductory Remarks for Section III

(N-3-1) Some Background and Problems of Japan's Economic Assistance towards South Korea

(N-3-2) To Compensate "Compensation"; China's Case

(N-3-3) To Whom the ODA Flows: Cooperation or Corruption, the Philippines' Case

(N-3-4) Brief History of Japan's Economic Assistance Towards Burma & Vietnam

Decision Making Process of Japan's ODA

(N-4-0) Introductory Remarks for Section IV

(N-4-1) Decision-Making Process of Japan's ODA; an Outline

(N-4-2) JICA & OECF

(N-4-3) ODA & NGO

(N-5) Bibliography

(N-0)

## Preface

by SHIRAI Masahisa  
(Faculty of Law, Niigata University)

Every year the Japanese government extends a large amount of financial assistance to the developing countries. The assistances are consisted of not only of the financial ones but also of various cooperation including technical ones, dispatch of experts and so on. These assistnsnces are disbursed from the tax paid by Japanese people. To be sure, we Japanese hope that these assistances may contribute to healthy development of recipient countries.

This small collection of reports describes and analyses the actual situation of ODA (Official Development Assistance) extended by the

Japanese Government in order to provide materials to consider what the assistance should be like in the future.

These reports are divided into four sections;

in Section I: we describe what the Japanese Government expresses about her own assistances officially on and criticisms against it,

in Section II: we make quantitative survey on statistics of the assistance,

in Section III: we point out characteristics concerning the assistances toward five countries; China, Korea, the Philippines, Burma and Vietnam in order to make comparison with that towards Thailand,

in Section IV: we mention to process of decision making and practice, and to possibility of participation in ODA by NGO.

Although most of Japanese know the fact that considerable amount of money are spent in the assistance to developing countries, but few of them know how it was spent in details and how much it benefited the people in recipient countries. This is mainly because most of Japanese, regrettable enough, seldom pay attention to developing countries. Furthermore, the fact that countries to be assisted are sometimes conditioned by political instability obscured the cause and effect of respective project assisted.

Indeed Japan's assistance has changed the recipient countries economically in a direction of so called development. At the same time, however, it caused many other problems socially as much large as effect itself; widening the gap between the poor and the rich, giving birth to environmental pollution otherwise not existed before, and so on.

The most important thing for the country to assist is to consider carefully what is most necessary to the partner, and the most important thing for the country to be assisted is to think the way to use the assistance most effectively. Although we only made the reports based on bibliographical survey, I do wish this small collection of papers contribute to the considerations.

(N-1-0)

## Introductory Remarks for Section I

by SHIMA Hidekazu  
(Faculty of Law, Niigata University)

When we study about economic assistance, firstly the reason why developed countries extend assistance to developing countries should be asked.

Since the second oil crisis in 1979, advanced capitalist countries have increasingly faced economic difficulties mainly because of sudden rise of oil price. In order to secure constant supply of oil, oil importing countries began to pour tremendous amount of assistance towards oil exporting developing countries. On the contrary, non-oil exporting countries' balance of payment has grown seriously damaged by change in oil price. Reflecting the situation, nowadays we have recognized that the structure of South-North problems is changing so much. Therefore, we must make clear the principles of Japan's ODA under such a new international economic environment.

First of all, in this section we shall examine official viewpoint expressed by the Ministry of Foreign Affairs and the Ministry of International Trade and Industry of Japan. Then we are going to investigate not only the principle of Japan's ODA expressed by governmental side but also we shall pick up some points of criticism both from domestic observers and abroad.

It seems to me that we concentrate on discussing these six issues as 1) small ratio to GNP, 2) small rate of grants to total assistance, 3) obscurity concerning assistance, 4) character of tied assistance, 5) projectism, 6) useless assistance, would better meet to the purpose of our joint-discussion.

(N-1-1)

## Why Does Japan Extend ODA?

by NAKAMURA Takeshi  
(Faculty of Law, Niigata University)

Nowadays general idea of development assistance has gradually come to be fixed as being formed a common sense in world-wide perspective to regard whole world as a single community and whole mankind as member-citizen of world society. From this point of view, an idea that development assistance should be extended based upon humanitarian and moralistic thinking.

With only this idealistic view, however, those ordinary people who are paying tax in a donor country are seldom satisfied. Thus the government could hardly gain full support from the people towards its assistance-policy. Therefore it is necessary for the government to set persuadable causes, in a form of diplomatic words, concerning economic assistance in order to get a consensus among the people. In this paper, I would like to present the reasons why Japan extends ODA according to governmental paper. Needless to say, however, my standpoint is far from that of Japanese government.

### 1 First Explanation by Japanese Government

Actually, the Japanese government confessed the two main purposes of Japan's economic assistance as war compensation beside reparation: reconstruction of internal industry and reacquisition of external market which they lost at the end of the war (see Blue Paper <Dipromatic White Paper of Japan> in earlier years). This is a good example for showing governmental effort to gain people's support.

### 2 Four Major Reasons

At the beginning of '80s, the Japanese government published a small book titled "Keizai Kyoroku no Rinen" (Ideas of Economic Cooperation). In the book they mentioned four major reasons to extend economic coopera-

tion. I would like to show them below one by one.

**(1) As a cost of a peace-loving country**

The Constitution of Japan states clearly that Japan shall be a peace-loving country. Japanese government has to make multidimensional efforts to maintain and realize this purpose. Among these efforts it is necessary to assist development of developing countries in order to settle North-South problems which, otherwise, cause world-wide peaceless situation. The world present situation in which armed conflict are continued to break out is no doubt covered by balance of military power though not perfect enough in such a circumstance. Existence of Japan as a peace loving nation based on democracy is widely indebted to balance of power sustained by other democratic countries.

But in the '70s economic and political situation drastically changed. Especially, U.S. economic power, which said to be maintaining international order, has become relatively weak since early '70s. In many part of the earth, conflicts are accelerated to widen their scale both in areas concerned and intensity. Some observers are afraid of another world war.

Judging from the present situation, Japanese government recognized that international environment shall go into a period of unpredictability and indeterminacy. It seems that Japan is facing at a time to reconstruct her international strategy: ensuring her security and survival in the future as a peace-loving nation from comprehensive point of view.

Most desirable international circumstance for Japan as a peace-loving country is that world economy would keep continuing to expand with proper balance and world peace would strongly be supported and maintained by international cooperation and harmony. We can imagine many ways to ensure Japan's security in this sense. If we, however, consider about Japan's posture and position in international society, to do more actively with ODA is the most suitable policy for Japan. Since Japan shall by no means emerge as a military power again. Japan can best contribute to making the world peaceful one by fulfilling her responsibility as an economic power: to ease international tensions causing from North-South problems. Namely Japan assumes more responsibility to help development of developing countries. As a peace-loving country, we have no means other than economic cooperation.



## (2) As a cost of economic power

According to OECD *Inter-Futures Report*, should Collegial Management composed by advanced countries be functioning satisfactorily, GNP of Japan will exceed that of U.S. to be No. 1 by A.D. 2000. Influence of Japan as an economic power will increase more and more in the future. In addition to this, it is also forecasted GNP of EC and U.S. would relatively decrease. As a result, trade friction and political unharmony may become more and more serious and acute. In order to avoid such a situation, Japan should actively participate in management of the world economy and in construction of new order by taking its own initiative.

Moreover, in the Report mentioned above, another prediction is stated; if the relations between North and South will be disengaged, economic growth of Japan will decrease. Japan depends on external trade more heavily than any other countries. To sustain economic growth peace and stability in south-countries and continuity of trade with them are necessary and indispensable condition for Japan.

In the past, the sum of Japanese private investment flowing into the developing countries have far surpassed that of ODA. At that time, Japan was exposed to criticism; these private funds strengthened Japanese economic overpresence in the invested countries, and Japanese attitude only seeking after thier own benefit didn't enrich national interest of recipient countries. In order to solve these problems, it is necessary for Japan to make ODA useful for supplementing private economic activities by assuming a part of public investment of the recipient country. In general, Japan should make its preparation for contributing to economic development of developing countries.

## (3) To defend weakness of Japan causing by too much dependance on external economy

Although Japan is becoming a big power economically, economy of Japan is characterised by vulnerability. Japan depends on external economy more heavily than any other countries. The degree of depending on external trade is very high both in export and import, higher than any other industrial nations. Japan also should pay attention to the fact that the degree of depending upon developing countries is more heavily than any other member of DAC countries.

In a word, ODA contributes to creating and maintaining economic stability of developing country and, as a result, to increasing affinities for Japan. Such effect of ODA might defend Japan from its vulnerability.

#### (4) Experience of modernization as a non-European country

It is often mentioned that some developing countries feel strong affinities with Japan's development experience. First, Japan had achieved modernization only after 100 years since opening the door to foreign countries. That means resource poor countries could develop itself when entered the international society even within such a short period. This encourages the developing countries wishing to modernize even if the country was not blessed with materials like Japan.

Second, Japan is only one non-western country that achieved modernization. Third, although, Japan had unfortunate period in relation with Asian countries, other regions, Middle East, Africa, South-America expect Japan as a non-former metropole donor country of economic assistance. Making use of this advantageous point Japan can perform significant role for mediating North and South.

### 3 Conclusion

Now, you could see why Japan extends economic assistance according to statement done by the government. And you can judge how much widely they would be accepted.

(N-1-2)

## Basic Principles of Japan's ODA & the Third Medium-Term Target

by NAKAGAWA Yuhji  
(Faculty of Law, Niigata University)

The basic principles according to which Japan extends economic cooperation (for ex. ODA) can be summed up as "humanitarian and moral

consideration" and "the recognition of interdependence between the North and South". Based on the principle Japan is expected to improve the living standard for the poor in developing countries meeting BHD (Basic Human Needs). Japan's assistance also should be concentrated on LLDC (Least among Less Developed Countries). In this paper I would like to sum up briefly what the Japanese government states about their principle on economic aid and about future plan of their assistance.

## 1 Basic Principles

Japanese government states about principles of their economic assistance as follows. Currently 159 countries comprise the membership of the United Nations of which more than 120 are classified as developing countries. Although consisting of three quarters of the world's population, their GNP only amounts to one quarter of the world's total. Given this imbalance between the North and South, Japan extends various forms of assistance based on the following two principles.

The first principle is based on humanitarian concerns: it is only fair for a "richer country" to help a "poorer country". The best example of this thinking is the assistance directed at relieving the famine in Africa which has been of international concern for the last two years. Assistance has also been directed to people struck by natural disasters such as the earthquake and volcanic eruption in 1985 in Mexico and Columbia.

The second principle is based on the recognition of interdependence between the North and South. In other words there can be no peace and prosperity for the North without peace and prosperity for the South. Japan firmly believes that as a member of the free world, it has a duty to the international community to undertake economic cooperation befitting Japan's economic strength and reflecting interdependence with the developing countries. Overseas development assistance, therefore, can be viewed as a moral obligation and a valuable tool in contributing to global peace and prosperity.

## 2 Third Medium-Term Target

Japan had established and pursued medium target of ODA twice (first 1978~1980, second 1981~1985) and have been making efforts to

increase of ODA disbursement. As a result Japan's ODA disbursement in 1985 reached \$ 37.97 billion. Japan has now become a leading power in the world as far as in economic assistance. While the average annual growth rate of DAC countries from 1975 through 1985 was only 7.8 %, that of Japan marked 12.7 %. There observed the tendency of world wide assistance-exhaustion in the decade. Japan's Second Medium-Term Policy could achieve its goal before the end of the period.

The Third Medium-Term ODA Target, announced on September 18 in 1985, differs from the previous Medium-Term Targets in that it specifically intends not only to expand the volume of ODA, but also to improve the "contents" of Japan's ODA.

#### i) Expansion of ODA Disbursement

The Third Medium-Term Target aims at increasing the total ODA amount during the seven-year period from 1986 through 1992 to more than \$ 40 billion. It also requires the Japanese Government to attempt to double the 1985 ODA amount in 1992 by expanding bilateral grants and multilateral assistance, as well as improving the disbursement ratio of ODA loans.

The average annual ODA growth rate required to expand the accumulative ODA amount during the seven-year period to more than \$ 40 billion. It cannot be achieved since the 1985 ODA performance, which amount of disbursement will be considered as of standard year, has not been sufficient. An average annual growth rate of 10.4 % will be necessary in order to achieve the doubling target within a seven-year period. As the average annual growth rate required to achieve the Second Medium-Term Target was 8.7 %, the new Target can be described as more ambitious. The improvement of the ODA to GNP ratio is also an important objective of the seven-year plan.

#### ii) Improvement of ODA "Quality"

The new Target specifically requires efforts to improve ODA "quality" as much as possible, aiming at increasing the grant component by "expanding grant aid and technical cooperation as well as strengthening aid through international financial institutions".

### iii) Effective and Efficient Implementation

Effectiveness and efficiency should be achieved through improving aid implementation. To this end, the following initiatives are being undertaken in order to better meet the actual requirements of the recipient countries.

## 3 Criticism on Japan's ODA and the Efforts to Improve

As far as quality of Japan's ODA concerns, it is GE (Grant Elements) that is often criticized both internally and externally. Though Japan now aims at achieving international target of 86 % of GE it is useless to expect an achievement of it in the nearest future. The Tokyo government only continue to say they have been making best effort to improve GE. As to untied rate, that of Japan accounts 3.7 % not so relatively high.

As I mentioned before, Japan has become one of the eminent assistance powers in the world. Now, following two points are important to extend effective and efficient economic assistance. The first one is that we should make an effort to increase total disbursement of ODA step by step aiming at the Third Medium-term Target. The second one is that it is important to have own firm and clear policy regarding cooperation; as to where, about what and why. Based on the policy of sort, Japan should attempt own project finding and at the same time strengthen dialogue with partners.

The MITI White Paper shows that the following two points are important when we are continuously involved in economic assistance from now on.

- i) To promote export industry in developing countries and to strengthen cooperations supporting improvement of investment circumstances.
- ii) To make much more use of vitality of private enterprises on economic cooperation

## 4 Last Remarks

Finally, Japan has been steadily improving its economic cooperation while other advanced countries seemed to be exhausted with assistance. From now on it is important for us to recognize the responsibility to extend so much money to the developing countries that possibly influenced the economy of the recipient. Although we are passing hard time as to financial

conditions, we are disbursing tremendous amount of tax to economic assistance. We should be careful about when and for what it is used. At the same time it is important for us to continue to make a constant effort for proper and effective cooperations.

(N-1-3)

## Criticism on Japan's ODA

by KONDOH Tomohiko  
(Faculty of Law, Niigata University)

When you see the total sum of disbursement of Japan's ODA, you can easily find it is one of the largest donor countries in the world. When you, however, try to investigate far in details, you can also easily find so many problems in it. Indeed, criticism from both DAC and developing countries are thrown directly down to Japan. European countries insist that most of Japan's ODA is occupied by yen-loan and that Japan prefers to make profit for the enterprises at the same time increasing own national interests. Developing countries criticize that main purpose of Japanese assistance is put on the pursuit of its own profit rather than to improve poverty in the recipient countries.

Few Japanese people know about the existence of criticism from foreign countries. But those people who have been to recipient countries and have had experiences with regards to assistance projects gradually have some sort of doubt about Japanese assistance. That is to say, the assistance is not useful for the poor who really need assistance, and furthermore it tends to promote social injustice. In this paper I would like to mention to these criticisms.

### 1 Small Ratio to GNP

In 1985 Japan disbursed ¥ 1.2 billion. That means Japan is the third largest donor country next to U.S and France. Since 1986 a plan to increase the total sum doubly has started. According to the plan, the sum will be increased to ¥ 10 billion within coming seven years. As shown in

this plan, the sum is very large. But if we compare it to that of GNP, it occupies only 0.29 % in 1985. It is lower than world target of 0.7 %. And it is ranked on 14th in the eighteen member countries of DAC (Norway 1.03 %, Netherland 0.91 %, Sweden 0.7 %).

## 2 Small Share of Grants

The grants rate is another notorious characteristics of Japan's assistance. It occupies only 55.2 %. This figure puts Japan 16th among the developed countries. Australia and New Zealand 100 %, Sweden and Finland 99.6 %, Norway, Canada, England and Switzerland more than 90 %. Grant Element of Japan's ODA shows 73.6 %. This is the lowest figure among the DAC members. Even the average of DAC countries reaches 91.4 % in 1985. In this point, so many observers criticize that the Japan's ODA is commercialized. High rate of loans comparing to grant leads developing countries having large amount of foreign debt to pay back to Japan.

## 3 Obscurity Concerning Assistance

Processes of decision-making and practising of assistance are very complicated and obscure. The data published and explanation done by the government does not show the details of assistance. We, tax payers, can hardly know where, how much and how the assistance is used for.

The assistance is decided considering about demand of recipient government. It is, however, not beyond question whether the demand are coming from really poor people or from national elite only. Furthermore, some observers often point out that Japanese enterprises are deeply taken part in "demand-making."

To sum up, demand-making, decision-making and practising process are hidden behind the wall of "secret of enterprise," "nonintervention in domestic affairs" and "diplomatic secret."

## 4 Tied Assistance

The tied rate of assistance is also high in Japan's ODA. "Tied" means recipient countries must purchase materials from donor country, i.e. Japan, necessary to carry out certain "assistant" project. It is another critical

point to "commercialized Japan's assistance"; Japan's disbursement is spent to promote export of Japan. It is difficult to distinguish whether main focus is stressed on assistance or export. Under the cloak of assistance, Japanese enterprises are seeking after their own profit.

## 5 Projectism

The sum of disbursement for the assistance of big project occupies 65 % in Japan's ODA. On the contrary, disbursement for education, health and welfare which has the highest possibility to reach to the poor occupies less than 10 %. Some pointed out that carrying the big projects favors to make selling chances for Japanese enterprises of unpopular and/or out of date products; so it is only good for Japanese enterprises.

For example, a project was carried out in Thailand; a land reform in Ayutaya. Cultivating machines and modern equipments were brought into narrow waterfield. At first sight, it looks to be modernized. But they are useless for tenant farmers. And there is a plan to construct a dam, too. It will be realized by yen-loan. So Japanese enterprises' equipments and machines are again going to be brought. This will bring Japanese enterprises a tremendous amount of profits. Furthermore, this might bring about social injustice as one of social syndromes in a recipient society; bribery, pollution, income gap and so on.

## 6 Useless Assistance

So many useless assistance cases for local people are reported. For example, big and modernized hospital, modern hotels and TV stations are built by ODA disbursement in the poor spot. They are only useful for a handful of rich people. It might widen the gap between the poor and the rich in their living standards.

And because of construction of road, dam and harbor, the inhabitants, who are living on the constructing spot, are forced to leave. It is a serious problem for them. Another problem is that as soon as the project-period finished Japanese engineers got back to Japan, the local people would be suffered about maintenance of the equipment.



## 7 Conclusion

In sum, 1) although Japan's ODA reaches large figure as far as absolute amount of disbursement concerns, it is hardly to say the amount is enough comparing to that of GNP. 2) Very small part is occupied by pure grant. 3) Furthermore, as to this big amount of money, the decision-making process is not clear. 4) The tied and projectistic character tends to promote profit of enterprises rather than that of the poor. 5) Sometimes, large amount of fund poured into useless projects.

We should make sufficient investigations why these characteristics are brought about. At least, we could say the serious concern about ODA must be mobilized both people in recipient and donor countries.

(N-2-0)

## Introductory Remarks for Section II

by HASEGAWA Tukasa  
(Faculty of Law, Niigata University)

In this section, we are going to make brief survey on Japan's ODA referring to statistical data in order to clarify Japan's policy change in this field.

First, we shall have a long range quantitative survey with a lot of comparison between 60s and 80s, together with touching to brief history of Japan's ODA. In the second paper of this section, we shall have latest outlook of Japan's ODA with reference to figures of Japan's Budget.

We must say that in both of these papers, at first, we tried to make quantitative survey using mathematical method or at least statistical method, however, they only remained at descriptive level (describe statistical data) as a result. Anyway whenever you feel to need some figures concerning Japan's ODA, do please consult with this section regardless you could be satisfied or not.

(N-2-1)

## Historical Survey of Japan's ODA

by HATTORI Fumiko  
(Faculty of Law, Niigata University)

The origin of Japan's official economic cooperation is found in war compensation based on San Francisco Peace Treaty in 1952. Thus Japan's 'ODA' has a history of more than a quarter century. According to shift of Japanese policy and principles on ODA, of course including change in international circumstance, Japan's ODA history could be roughly divided into three stages;

- i) "in the cradle" period: concentrated on war compensation (1954~1964),
- ii) period to enlarge both in loan and private investment (1965~1976),
- iii) period of systematic enlargement (1977~).

In this paper I would like to trace it briefly to point out its most eminent characteristics mainly referring to quantitative data.

### 1 "In The Cradle" Period

At first United States initiated universal reconstruction of economy after the World War II. As facing the increase of U.S. trade deficit and rise of diverse requests of economic cooperation from newly independent countries in Asia and Africa, however, DAG (Development Assistance Group) was established in 1960, later reorganized to DAC (Development Assistance Committee, in 1961). Decisions and discussion of the committee prescribed the general direction of economic assistance.

Previous to the establishment of the Committees, Japan has already started economic cooperation to Burma according to war compensation treaty. Next to Burma, reparation treaties with other Asian countries which had been occupied by Japanese Army were concluded; the Philippines, Indonesia and South Vietnam. Quasi-compensation treaties followed to concluded with South Korea, Burma, Thailand, Singapore, Malaysia, Micronesia, Cambodia and Laos (See, Table 1).

This period is characterized as Japan to be admitted joining "advanced countries club," after completed her so-called take off by making fully use

of international circumstance; Korean War. That means Japan strengthened to the extent that she could extend economic assistance to other countries after completed arrangement of domestic economic system.

## 2 Period for Enlargement

This Period is characterised as decade of confusion and convulsion with Vietnam war, Nixon Shock, China's return to international society through the United Nations, and First Oil Crisis etc. Japan was in hey-day boasting growth rate and improved relative position quickly despite of serious convulsion of world economy. But as Japan became highly competitive in export and trade balance turned into black, trade friction issue turned up to be serious. The growth of Japanese economy attracted a lot of request to demand Japan fulfilling her responsibility as an advanced nation. In order to respond these demand, Japan enlarged total amount of Japan's ODA steadily.

## 3 Period of Systematic Enlargement

Second Oil Crisis in 1978 brought not only inflation and economic confusion all over the world but also great damage to developing nations. Most of advanced nations were suffered from inflation and economic confusion. So they criticized Japan as she alone succeeded in constant and rapid economic growth and got good trade balance. They demanded Japan to improve Japanese policy in economic cooperation. In order to respond the criticism, in 1977 Japan declared her plan to double the amount in ODA with in next five years and to double the amount of economic cooperation within coming three years. This plan prescribed a basic frame for Japanese policy of economic cooperation. In addition to enlargement of total amount of ODA, a basic principle concerning distribution and contents in economic cooperation was established; increase both in number of recipient countries and in share of grant component.

## 4 Statistical Survey

### i) Outlook

Let's make a brief survey about the achievements of Japan's ODA

statistically. Total amount of Japan's economic cooperation to developing countries reached \$8,768 million and ODA \$3,023 million in 1982. This amount was 35.5 times as much as that of 1960. Similarly ODA was 28.8 times as much as that of 1960. The figures show the reflection of enlarged plan mentioned at previous paragraph (See Figure 1 & 2).

And the ratio of ODA to GNP rised from 0.24 % in 1960 to 0.29 % in 1982. Although it increased anyway, we could never say remarkable increase (See Figure 3).

Total amount of bilateral cooperation recorded \$6,589 million in 1982. It is 16.6 times as much as that of 1965. Asia is the most eminent recipient area, they received sum of \$3,697 million in 1982, 13.6 times as much as that of 1965, Asia has been occupying approximately about 60 % of Japan's bilateral economic cooperation (for example, in '65, 68.2 %, in '82, 56.1 %.)

The share of Africa increased from '60s through '70s but, it showed slight decrease recently. The share of Latin American countries changed drastically in '70s but afterwards returned to be stable (See Figure 4).

This change came from the concept of Basic Human Needs to improve ODA. That is to say Africa and Middle and South American countries have gotten received loans before and not grant. So the share of these countries in ODA increased. Although share of Asia including ASEAN decreased since 1977. This does not mean that our cooperation to them became negative but shows only the fact that our cooperation to Africa and Middle and South America increased.

## ii) ODA

Bilateral loans has occupied about 50 % of ODA and marked constant increase in absolute amount. It recorded \$1,562 million, 10.8 times as much as that of 1965, 6.2 times of 1970, 2.4 times of 1975.

Trends in ratio of disbursement towards international organs to total ODA showed like this; 7.4 % in 1965, 19.0 % in 1970, 25.9 % in 1975, 21.7 % in 1982. Japanese government explained the enlargement of its share as increase of international role of Japan. On the other hand, ratio of total ODA to GNP has never changed largely rather stable between 0.2~0.3 % though it gradually increased compared with 70s. From my point of view, contraly to that of Japanese government, these two trends shows only Japan enlarged its GNP (See also Figure 3).

If we look at the trend in distribution by areas and by countries Asia continuously appears to be the most eminent recipient area. They received sum of \$1,624 million in 1982, 7.9 times as much as that of 1965. Although the share in bilateral ODA by Asian countries decreased; 90.9 % in 1965, 68.6 % in 1982, they still enjoy top priority. According to the explanation by Japanese government, Asia has close relation with Japan geographically, historically and economically. That is precisely why they got priority (See also Figure 4).

The share of Africa increased largely; 0.2 % in 1965, 15.6 % in 1982. The absolute amount disbursed in 1982 was \$369 million, 738 times as much as that of in 1965.

Another remarkable change in long term observation is found in rapid increase of ODA towards China. It reflects conclusion of Peace and Friendship Treaty between China and Japan, rapprochement between China and U.S. In other words, Japan made up her mind to cooperate China's modernization in full-scale. However, for example in 1983, Japan promised to disburse approximately the same amount of fund to South Korea, Indonesia, Thailand, the Philippines. That is also reflection of Tokyo's policy to try to make a good balance among Asian countries including China.

Besides these remarkable change in distribution by area and country, we could easily observe the change concerning OPEC countries and neighboring countries to Iran-Iraq and Afganistan. That is influenced by oil crisis and U.S. global strategy. Quite easily understood that Japan's ODA gradually accumulated political considerations.

## 5 Concluding remarks

As ratio of Japan's ODA to GNP is not so high comparing with European Advanced Countries, pressure to demand Japan to increase amount of ODA increasingly become heavier. We could sum up shift of Japan's ODA like; i) economic tool to enlarge export market, i.e. war compensation etc., ii) political tool to secure satable supply of resources, i.e. pro-Arabic policy etc., iii) global tool to fulfil its responsibility as a member of western campus, i.e. strategic assistance etc.

Absolute amount of Japan's ODA has recorded number 2 in the world next to U.S. Its objective area is also diversified in global scale while Asia

still remain to enjoy priority. The principle itself gradually become to be fixed; to contribute to resolve South-North problems, to maintain stable relations with developing countries, to maintain world peace and stability (if it exists). In sum, Japan seems to diversify and multidimensionalize her ODA. Furthermore, at least, we could observe Tokyo appear to be active to play a role of maintaining international order (as it is). Therefore, we need discussion on principles of Japan's ODA now not only among Japanese people but also with people in recipient countries.

Table 1: Compensation and Quasi-compensation

Country	Amount (¥ million)	Compensant'n	Quasi- Compensant'n	The Date Completed
Philippines	190,203	☆		76/07/22
South Korea	169,821		☆◎	77/12/17
Burma	119,336	☆	☆	77/04/16
Indonesia	80,509	☆		70/04/14
Thailand	15,000		☆	69/05/03
South Vietnam	14,040	☆		65/01/11
Singapore	5,880		☆◎	72/09/30
Malaysia	2,940		☆	72/05/06
Micronesia	1,800		☆	76/10/15
Combodia	1,500		☆	64/07/05
Laos	1,000		☆	65/01/22
Total	601,829	356,552	245,277 (70,668)	

\*Notes: ☆: Grant, ◎: Loan,  
from MITI, *Keizaihyoryoku no Genjo to Mondaiten, 1980*

Figure 1: Japan's Total Economic Assistance

(unit : \$ 100 mil)

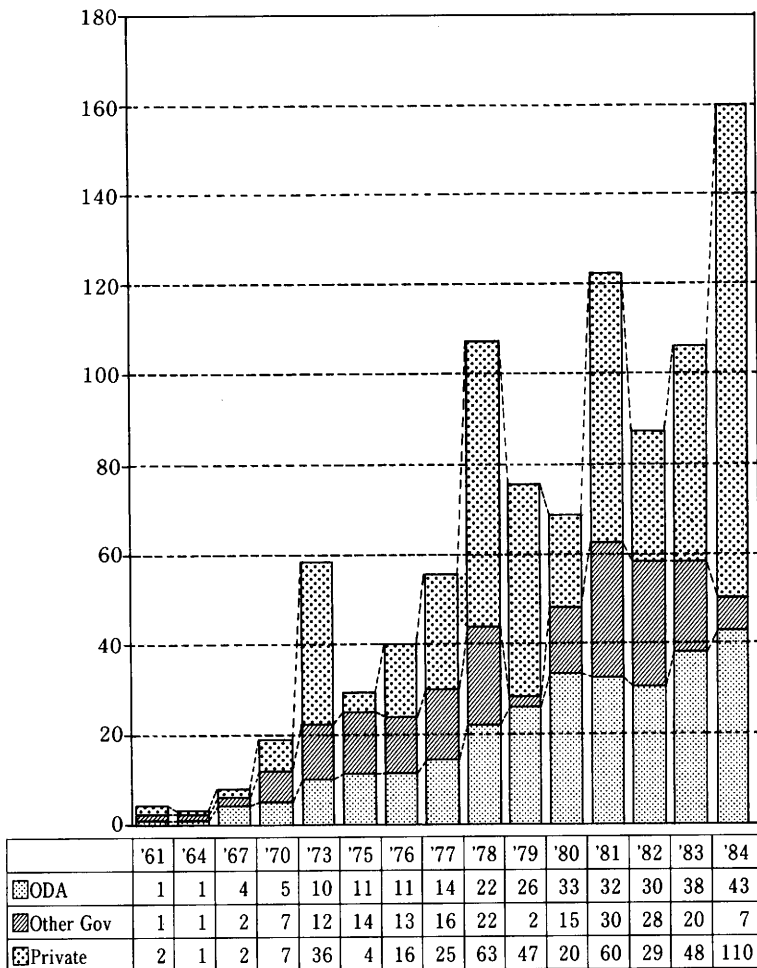


Figure 2: Contents of Japan's ODA

(unit : \$ mil)

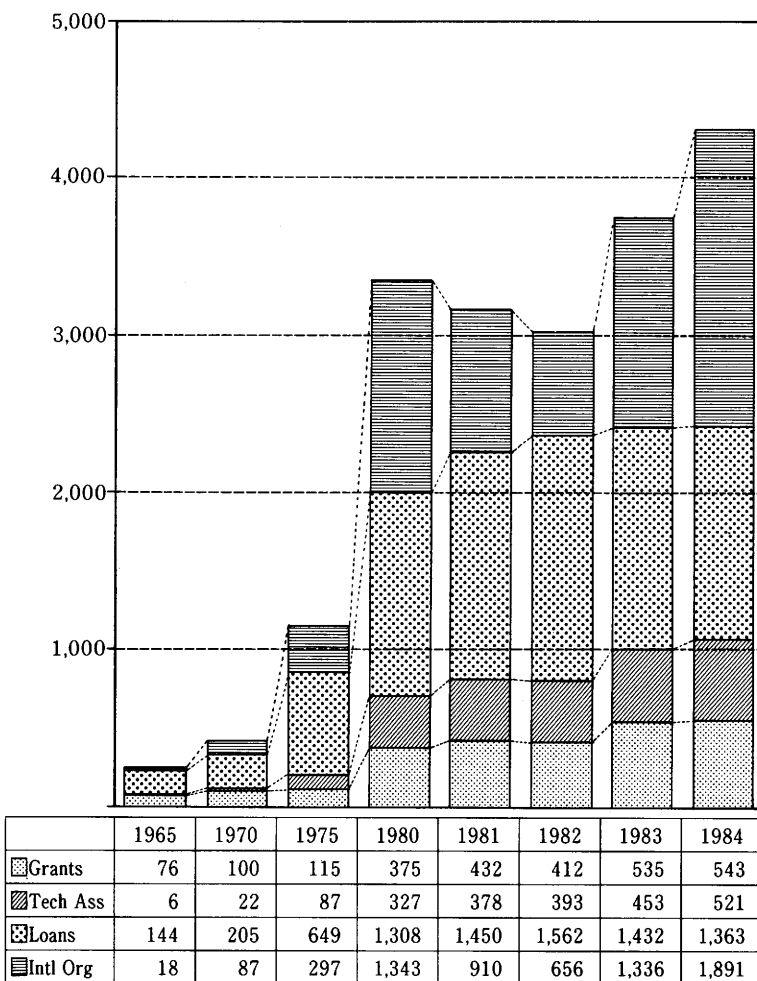




Figure 3: Japan's ODA, Ratio to GNP

(unit : %)

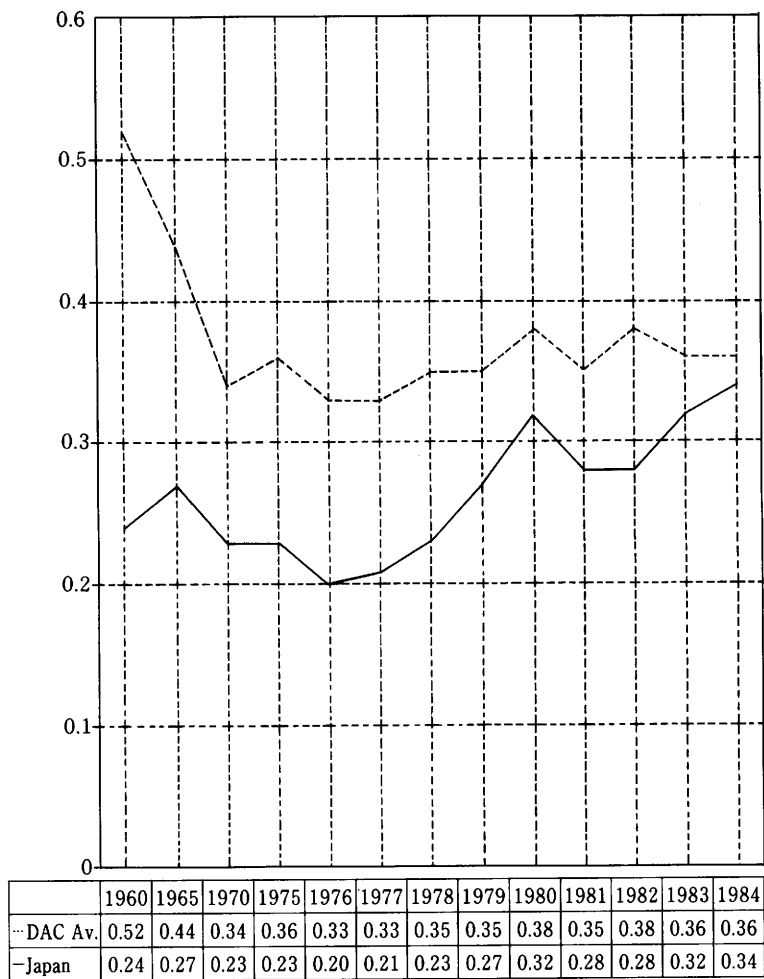
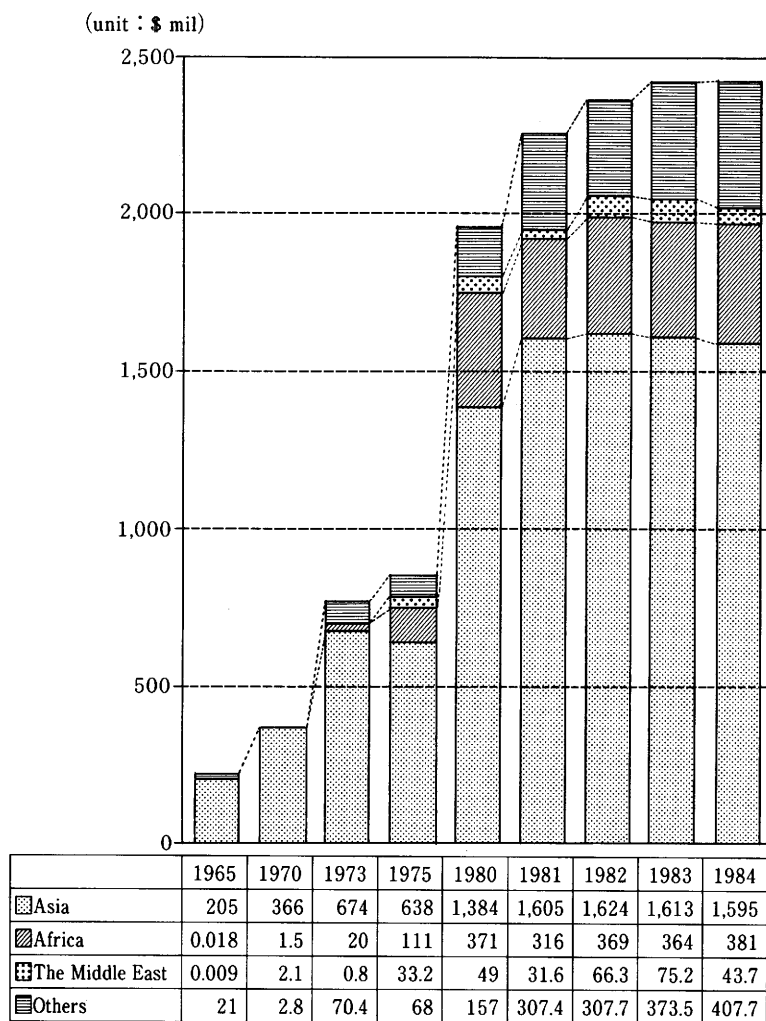


Figure 4: Distribution of Japan's ODA by Areas

(N-2-3)

## The Present Condition of ODA (85, 86, 87, 88)

by TSUKANO Hiroyuki  
(Faculty of Law, Niigata University)

Soon after "the second medium-term target" finished in 1985, the Third Medium-Term Target was established. Mr Nakasone (then Japan's prime minister.) announced details of it at the United Nations Security Council on December 23 in 1985.

The outlines of the Third Medium-Term Target are the following;

(1) Japan will increase the total amount of ODA to more than 40 billion within 7 years from 1986.

(2) Japan will expand capital grants, technical assistance and economic aid through international financial organs. Increasing the rate of yen loans, Japan aims to make the total amount of ODA by 1992 as twice as that of the Third Target. And Japan will improve quality of ODA, and should support developing countries effectively.

In this paper, I would like to make brief presentation about recent situation of ODA in the following paragraphs.

### 1 ODA in 1985 (Achievement)

Total disbursement of ODA in 1985 was \$3,797 million (¥905.7 billion). It marked 12.1 % decrease compared with that of ODA in 1984. Ratio of ODA to GNP also decreased slightly from 0.34 % (1984) to 0.29 (1985).

The Second Medium-Term Target aimed at doubling the total ODA amount within five years since 1981. According to the target plan the total amount of ODA should have reached \$21.3 billion. But in fact the total ODA amount disbursed was only \$18.07 billion (only 84.6 % of the target was realized).

According to appologizement done by the Ministry of Foregin Affairs, that direct yen loans could not carried out as Japanese government had expected was the main reason of unsuccessful result. At the same time economic aid through international organizations had decreased precisely

because mismanagement of disbursement schedule. Furthermore the fact that developing countries had been suffered from economic difficulties and accumulated debts, since 1982, also caused obstacle to carry out the plan as it was scheduled.

## 2 ODA in 1986 (Achievement)

Disbursement in dollar form in 1986 was \$5,634 million. It should 48.8 % increase compared from previous year. The other hand, disbursement in yen form was ¥94.95 billion, and it increased 4.8 % from that of previous year. The reason why disbursement in dollar form marked larger growth was that value of the yen became higher. As a result Japan exceeded France to rank second largest donor country in the world next to U.S. For the sake of higher evaluation of the yen, it seems to be possible that the third medium-term target which aim doubling the ODA within the next seven years (1985–1992) will be achieved in 1988. The ratio of ODA to GNP in 1986, however, was 0.29 %. January in 1987 DAC requested Japan to improve the ratio of ODA to GNP.

## 3 ODA in 1987 (Budget)

Budget of ODA in 1987 increased 4.5 % from that of previous year. Taking into consideration of rise of exchange rate of yen substance would increase 8 % composing with that of 1986. It is presumed that ODA in 1987 will record 978 billion yen, which increase about 3 % of all in 1986.

## 4 ODA in 1988

Budget of ODA in 1988 will increase 8.6 % from that of 1987. Japan will expand capital grants for MSAC (Most Seriously Affected Countries) and will attain the Third Medium-Term Target in 1990.

## 5 Conclusion

Although attaining the Third Medium-Term Target seems to become easy because of high evaluation of yen, Japan should improve the ratio of ODA to GNP. Japan should improve not only quantity of ODA, but also

quality of ODA.

Table 2: ODA by Loans/International Financial Organs/Ratio to GNP  
in 1984 and 1985

		1984	1985	'85/'84 (%)
Direct loans	(\$ million)	2,427	2,557	+5.3
	(\$ billion)	5,766	6,099	+5.8
Toward International			1,240	-34.4
Financial Organ	(\$)	1,891	2,985	-34.2
	(¥)	4,492		
Ratio of ODA to GNP	(\$)	0.34	0.29	
	(¥)	0.34	0.29	

\*Cf. 1984 \$ 1=¥ 237.52, 1985 \$ 1=¥ 238.54

Table 3: Total ODA Disbursement in 1986

1986	ODA	\$ 5,634 million	+48.4 %
		¥ 9,495 billion	+48.0 %
		Ratio to GNP	0.29 %

Table 4: Budget for Japanese Government in 1987 fiscal year

1987 Budget	(million yen)	(compare to the previous year)
(1) Social welfare funds	1,114,624	+0.4 %
(3) Defence outlays	3,479,534	+4.1 %
(4) Public works project funds	6,082,412	+2.3 %
(5) ODA	642,819	+3.1 %

Table 5: Comparison F/Y 1987 with F/Y 1982

	(billion yen)	(billion yen)	(rate %)
	1982	1987	
(1)	90,848	100,430	+10.5
(2)	48,637	47,833	- 1.7
(3)	25,861	34,795	+34.5
(4)	66,554	60,824	- 8.6
(5)	4,711	6,428	+36.4

Table 6: Budgetary appropriations request for fiscal 1988

(1) Defence outlays	36,952	+ 6.2
(2) Public works project funds	72,000	+19.9
(3) ODA	6,483	+ 8.6

(N-3-0)

## Introductory Remarks for Section III

by HOSHINO Kenji  
(Faculty of Law, Niigata University)

Of course, ODA does not mean only lending money nor merely giving money. It is needless to say that one ought to use the money for certain good purpose; progress of living standard and the economic development of recipient countries. In this sort of effort, that of recipient countries occupies considerably a large part.

Japanese, in one way or another, have a quick temper. But Japan have learned from experiences concerning ODA that we have to have a lot of patience to do the economic cooperation. Each country of Southeast Asia have their own morals and social customs. If we disregard them and force Japanese way of thinking (or Regan's way of thinking) to the people when

we extend our assistance, no one of the people in recipient countries allow us to do anything there. In economic cooperation, it is very important that one has to trust his/her counterparts.

In any case, the government of Japan must establish the true idea of economic assistance before practicing it. And if Japan take charge of a portion of the responsibility, managing the international economy, she has to recognize her own responsibility clearly at first. Japan, having an abundant power economically, is necessary to think and act with these consciousness.

These are ideas, in fact, that we should seek after. How is the reality? We have already touched some aspects of criticism thrown to Japan's ODA at Section I. In this section we are going to see the Japan's ODA to the Republic of Korea, the Philippines, People's Republic of China, the Union of Burma and Vietnam in order to see the reality and to make comparison with that to Thailand.

(N-3-1)

## Some Background and Problems of Japan's Economic Assistance towards South Korea

by NAGACHI Hiroshi  
(Faculty of Economics, Niigata University)

Korea was annexed to Japan in 1910. Since then Korea had been under control of Japanese Empire until the end of World War II. After the war southern part of Korea was occupied by U.S. and northern part by S.U. Both occupied area established interim government respectively mainly as a result of involvement in so called Cold War. In 1950, the two governments commenced into Hot War. Although cease-fire agreement was concluded in 1953, reunification of Korea has not yet realized.

In the course of development of Cold War, almost all of Japanese administrations followed U.S. policy towards Korea: recognition of South Korean government, confronting against North Korean government. Completely no official diplomatic relation has ever established between North

Korea and Japan so far.

Economic assistance towards Korea from Japan was also considered by this context: given only to South Korea in order to make her competing ability against North. In this short discussion paper, I would like to point out three topics concerning Japan's economic aid towards Korea: background, corruption and security-oriented consideration.

## 1 Background

In December 1965, Basic Agreement Treaty was concluded between South Korea and Japan though anti-Japan feeling was increasing among Korean people and existence of considerably a large scale of opposition movement in Japan. At the same time with the conclusion of the treaty, both government agreed with outline of economic assistance from Japan to South Korea shown as follows;

Amount and Item of Economic Assistance toward South Korea

Capital grants	3 billion dollar
Payment loans	2 billion dollar
Private loans	3 billion dollar

The assistance was given mainly because U.S. and Japan needed to settle out so-called balance of payment problem between two countries. Without any doubt U.S. government thought they had to fulfill Korean demand both in military field and economic field in her world strategical point of view, however, U.S. had no room to do so. They asked Japan to assume their burden concerning Korea only in economic field. As Japan cooperated to Korea, West-Germany and Britain started economic cooperation to Korea as well.

Korea resolved the problem of the lack of capital by this aid. This aid contributed to second 5 year plan for economic developement (1967-71) in South Korea. Economic growth in South Korea under the second 5 years plan was called "Miracle of Hankang" named after the name of the river flowing Seoul.

## 2 Corruption Attending the Assistance

In 1972, Park administration succeeded to receive a loan in order to



construct a subway line in Seoul. The loan was given through Overseas Economic Co-operation Fund (OECF), the amount reached 27.2 billion yen. This construction was called for bids by Korean Ministry of Supply.

In February 1977, Mr. MASAMORI Seiji, P.M., Communist Party (JCP), raised a question concerning certain amount of money used for unexplained purposes at the budget committee in the House of Representative.

Japan exported Korea 186 subway-cars in 1973. The price of one subway-car was 58.79 million yen. The amount of money used for the payment for the cars, queerly enough, was more than that price; the difference between payment and the price was far more than 10 million yen per one car. The government explained the gap derived from rise in cost. Still gap 10 to 12 million yen remained unexplained. The total amount of the gap reaches 2 billion yen (according to an additional investigation of JCP, the total was 3-4 billion yen).

Some observer reported that unexplained part of the funds was reserved by Mitsubishi-trading firm, which got the contract of the construction, as a sort of commission, and the firm distributed certain amount to politicians both in Japan and Korea who has a close connection with the company and the project itself.

Some reported Seoul Subway Corruption was only the tip of the iceberg. In Japan trading firms could accept very good treatment by the government: lower interest, exemption of corporation and income tax. Too many companies rushed to apply yen export loans. In order to get the loans, they made use of connection with politician who has a strong influence to the decision making. What was worse is that after succeeded to get the loans some companies diverted the money to rebuilt their own mal-management of the company. Unfortunately enough, it worsened their management much more profoundly. A matter of unfaithful companies became political issue in South Korea during in 1972-73.

### 3 Economic Assistance as Security-oriented Means

At the Regular Foreign Ministers Meeting between Japan and Korea in August 1981, South Korean Foreign Minister requested Japan 60 billion

dollar Official Development Assistance (ODA). South Korean Foreign Minister insisted that they assumed security role in this region instead of Japan. Japan should take share of responsibility in economic field as to cooperate Korean economic development. Korea repeated this sort of assertion since Chun administration was formed in South Korea. Japan decided to give Chun's South Korea 40 billion dollar as ODA. Does it mean Japan approved two-thirds of South Korean assertion regarding security responsibility?

Prof. Yoshikazu Sakamoto, Tokyo University wrote that Japan escaped from militarization of herself by militarizing countries around Japan. The process was done through economic cooperation with the military-oriented administrations. Consequently Japan's economic aid is militaristic in its character.

#### 4 Conclusion

Japan's economic aid is now exposed to be requested from security-point of view. In one sense, such demands are offered because principle of Japan's economic assistance has not yet firmly established. In order to prevent our assistance becoming pure militaristic one, it is necessary to establish the real idea and principle of economic aid.

(N-3-2)

### To Compensate "Compensation": China's Case

by MIKI Naoki  
(Faculty of Law, Niigata University)

One of the main pillars in Japan's foreign policy has been to maintain and develop good and stable relation with China since mid '70s. The development of friendship and cooperation between the two countries is not only important to the two nations but also significant to maintain peace and stability of whole Asia and even the world. Along this guideline in foreign policy, Japan continued active diplomatic approaches toward China.

In this paper I would like to show the outline of economic cooperation extended from Japan to China as "to compensate unpaid war compensation."

## 1 Loans through OECF

One of the most popular forms of economic cooperation towards China has been cooperation through loans. There are two main sources; through Overseas Economic Cooperation Fund (OECF) and through the Export-Import Bank of Japan.

Fund offered by OECF is conditioned as soft loan, low interest, long term; 3% interest a year and 30 years to clear. The fund is suitable for construction of infrastructure. Japan agreed to disburse about ¥330 billion at its first round (1979~1983) and most of the amount had already loaned. They were spent to afford six projects; enlargement of harbor at Shijiusuo and Qinhuang Dao in Shangdong, electrification of railway between Beijing and Qinhuang Dao, construction of railway between Yanzhou and Shijiusuo, construction of ethylene factory at Daqing, construction of steel mill at Baoshan. Most part of these facilities has already been operated receiving certain evaluation to the effect of the aid.

Second round was set to start in 1984 completing by 1990, a total amount of loan shall be reached ¥474 billion. By the end of 1986, ¥200 billion has already disbursed. They accounted for seven projects; reconstruction of wharves at Port Lianyung and Qinhuang Dao, electrification of railway between Zhengzhou and Baoji, also Hengyang and Guanzhou, construction of water power plant at Tianstengqiao, Hongshuihe, enlargement of telephone network in Shanghai, Tianjin and Guanzhou. All the projects are expected to be completed by the end of 1988. It could be said that most of the loans through OECF were spent for rearrangement construction of transport system linking coastal area and inland area.

## 2 Loans through EIB

The Export-Import Bank of Japan, too, provides China loans to assist development of offshore oil, construction of Baoshan steel mill and etc. The former project the loan was termed as long as possible, 15 years. By the

end of 1985 ¥328 billion has already extended. The latter one is to complement OECF loan to the Baoshan project; amounted ¥100 billion.

### 3 Technical Assistance

As to Japan's technical assistance towards China, disbursement has totaled \$9.4 billion from 1981 through 1986 (2141 items). Plant and etc. occupied 70% of total sum. Technology transfer, in a strict sence, shares only 1%. Comparison by other nations extending technical assistance, Japan occupies 21% of total sum which China accepted, the largest one. U.S., next to Japan, occupies 20%. Japan's technical assistance in 1986 recorded \$790 million (177 items), 44% increase from the previous year. (Cf. direct investment, see Table bellow)

### 4 Conclusion remarks: Recent Trends

Fifteen years have passed since the restoration of diplomatic relation between Japan and China. Nine years have passed since China formally announced to give up her right to demand war compensation toward Japan. In June, 1987, however, Mr. Deng Xiao Ping claimed Japanese government, "In spite of renouncing Japan's compensation, Tokyo's consideration about economic assistance toward Beijing is not far from sufficient."

Recently China also expressed their discontent to survival of Ohira Principles. Ohira Principle was brought up by the Japanese Government to Chinese Foreign Minister Gu Mu when he visited Japan in September, 1979 and were recognized by both partners in the end of the year when Prime Minister Ohira visited Beijing. The principles stated three major conditions concerning economic assistance towards China; 1) Japan has to take balance with other Asian nations, especially ASEAN members into consideration whenever she extend economic assistance to China, 2) Japan shall extend economic assistance to China under cooperation with other western countries, 3) Japan shall never carry out military cooperation.

China also claims negative attitude of Japanese government concerning technology transfer on the ground of COCOM. Since other COCOM members relaxed export control on high technology toward China dispiste of COCOM regulation.

It is said that China needs foreign currency as much as \$40 billion in

order to complete the 7th five-year economic programme. What Mr. Deng Xiao Ping claimed Tokyo and all of the discontents mentioned above symbolized their impatience and agony concerning achievement of the programme. In fact, China directly demanded to conclude third round of OECF loans contract in the end of 1986. We should pay more and more attention towards this issue also taking postures of other Asian countries into consideration.

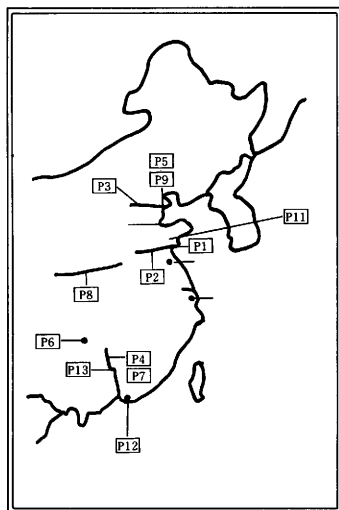
Table 7: Direct Investment by Countries and by Provinces Receivement

Investor	Amount \$ million	Share (%)	Investee	Amount \$ million	Share (%)
Hong Kong	955	48.8	Guangdong	651	33.3
U. S.	357	18.3	Fujian	118	6.0
Japan	315	16.1	Shanghai	107	5.5
U. K.	71	3.6	Beijing (SC)	88	4.5
France	32	1.6	Tianjin	55	2.8
West Germany	24	1.2	Shangdong	35	1.8
Italy	19	1.0	Jiangsu	33	1.7
Australia	14	0.7	Guangxi	30	1.5
Australia	14	0.7	Guangxi	30	1.5
Singapore	10	0.5	Sichuan	28	1.4
Canada	9	0.5	Hunan	27	1.4
Total★	1,956	100.0	Total★	1,956	100.0

★grand total includes others

from Nichuu Keizai Kyokai ed., *Chuugoku Toukei Nenkan 1986*

### Project Location in China



#### P1~P6 First Round (1989~1983)

- P1: Enlargement of harbor at Shijiusuo.
- P2: Electrification of railway Douzhou-Shijiusuo.
- P3: Electrification of railway Beijing-Qinhuangdao.
- P4: Electrification of railway Hengyang-Guangzhou.
- P5: Enlargement of harbor at Qinhuangdao.
- P6: Construction of water power plant Wuqiangxi.

#### P7~P13 Second Round (1984~1990)

- P7: Electrification of railway Hengyang-Guanzhou.
- P8: Electrification of railway Zhongzhou-Baoji.
- P9: Reconstruction wharves at Qinghuangdao.
- P10: Enlargement of harbor at Lianyun.
- P11: Enlargement of harbor at Qingdao.
- P12: Enlargement of telephone network in Tianjin, Shanghai and Guangzhou.
- P13: Construction of water power plant Tianshengqiao.

from, *Kokusai Kaihatsu Jaanai*, April 1987, p. 37

(N-3-3)

## To Whom the ODA Flows: Cooperation or Corruption, the Philippines' Case

by WATABE Mariko  
(Faculty of Law, Niigata University)

Japanese government has extended a large amount of economic cooperation to one of the ASEAN countries, the Philippines. Recently, "Marcos-suspicion" relating to the fund was revealed. Obscurity concerning flow of subsidy, corruption, is often pointed out as one of the most eminent characters of economic cooperation between the Philippines and Japan. I would like to try to analyse this aspect of economic cooperation in this paper.

### 1 So-called "Marcos Suspicion"

When the former President Marcos was forced to leave the Philippines to the United States, he brought documents related to his property. According to the documents, Mr. Marcos received a lot of rebate disbursed by yen loans to the Philippines. He received them through dummy companies of his own.

The incident indicated existence of unsavory ties between Japanese companies and Mr. Marcos. Dirty trick used by some Japanese corporations in order to get project subsidized by ODA was also revealed.

### 2 Prototype: War Compensation

We can see the primitive form of unsavory ties of this sort in the process of war compensation. Disbursement as compensation to the Philippines totaled approximately about ¥190.203 billion started since 1956 through 1976. As far as Marcos registration concerns, \$300 million was paid to build his golden age.

The method of payment of compensation was as follows. At first, the recipient country, the Philippines makes an application list of projects

within the limits of compensation budget. Then after Japanese government admit the projects, Japanese companies would make a contract with the recipient country. This is the period for the companies to concentrate on underground activities. In this period, unsavory ties between the certain companies and the recipient government would be formed.

### 3 “Elaborated System” Yen Loans

In the Philippines, suspicion has already revealed in the beginning of 70s. At that time, though planes and ships were delivered to the Philippines as a part of compensation, the prices were 1.5~2 times higher than usual price.

Even today, yen loans system has not largely changed yet. Japanese companies continue to give rebates to the counterparts. We can easily assume that the financial resource of rebates are also included in the total sum of cooperation itself. Rebates which Mr. Marcos received is a part of our tax which had been diverted into yen loans. Japanese government stated “economic cooperation is just used for public welfare.”

Is the policy consistently completed as they stated? The fact which is revealed by Marcos suspicion showed contrary reality; only enriched Marcos and Japanese companies.

### 4 Assistance for Election Campaign?

The corruption is one of the results of obscurity of whole process of Japan's ODA, including decision making, contracts conclusion, assesment, publication and etc. For example, yen loans totaled ¥55.5 billion disbursed in 1984. The item was as follows;

- |                         |                            |
|-------------------------|----------------------------|
| 1 Commodity loans ..... | 35.202 billion yen. [main] |
| 2 Project loans .....   | 7,298 billion yen.         |

If we add 1 and 2, it makes only 42.5 billion yen. The figure shows total amount of the 12th yen loans. The rest of amount in 1984, 13 billion yen, was carried over from the 11th loan which should be disbursed in 1983. We have to pay attention to this transfered amount of money. It isn't explained clearly to the public how funds were spent. In general official



document states that it should be used for the project which both countries agree with. Japanese government provided that it should be reported how they disbursed the tranfered money. But this rule could not stop the diversion of funds into other unclear purpose.

Let's examine another example. 13th loan was carried out just before a presidential ellection in the Philippines. There reported strong suspicions that these loans were diverted to funds necessary for the election campaign by Mr. Marcos. But Japanese government seemed not mind that. It is really strange that yen loans paid just before every ellection. More strange enough, at the 13th loans, the rule, which was provided at the 12th loan to need to clarify how the money was spent, was not regulated. It seemed that Japanese government permitted to use loans in such a way. Even it is not clear whether the rule was brought to effect or not.

## 5 People Hate Japanese Aid

Some observers pointed out that Philippines' people hate Japanese economic cooperations as disgutful one. Anti yen-loans demonstration was often organized in Manila. And there is a criticism that Japanese economic cooperation is carried out only for its own profit; the funds are extend to construct new roads in order to make companies' activity smooth, or encourage Philippines' people to buy goods made in Japan under tied assistance terms. As we have seen, cooperations to the Philippines are disbursed not for people but for politicians and Japanese companies.

We should reviewed the fact that the cooperation to the Phlippines is deeply related to the Security Treaty between Japan and U.S.; we must complement with U.S. policy toward the Philippines economically. Since Japan is not expected to extent military aid, U.S. forced Japan to give economic aid to ASEAN countries which maintain anti-Communist governments. Therefore, the amount of cooperation to ASEAN countries is much bigger than India or Middle and South America. Cooperation to the Philippines are increasing year after year (See table 8).

At last, to solve these problems, we need to know how the cooperations are spent. So its information should open to the public.

Table 8: ODA toward the Philippines (based on Notes Exchanged, unit: ¥ billion)

Year	Yen loans (A)			(B)	(A + B)	$\frac{A}{A+B}$
	Total	Project Loans	Commodity Loans	Grants	Total ODA	(%)
~1974	86.5 <sup>1)</sup>	31.8	44.8	191.5 <sup>2)</sup>	278.1	—
1975	14.8	14.8	—	—	14.8	100
1976	23.3	18.3	5.0	0.9	24.2	96
1977	27.5	22.5	5.0	2.0	29.5	93
1978	39.5	37.0	2.5	3.5	43.0	92
1979	—	—	—	4.4	4.4	0
1980	36.0	36.0	—	4.8	40.8	88
1981	42.0	42.0	—	6.0	48.0	88
1982	50.0	50.0	—	6.8	56.8	88
1983	65.1	65.1	—	7.4	72.4	90
1984 <sup>3)</sup>	42.5	7.3	35.2	7.3	49.8	85
1985 <sup>4)</sup>	49.5	33.0	16.5	N. A	N. A	N. A

<sup>1)</sup> including rice export ¥ 9.9 billion by differed payment

<sup>2)</sup> including war compensation ¥ 190.2 billion

<sup>3)</sup> only from April 1984 through December

<sup>4)</sup> yen loans only

from: MITI, *Keizaikyoryoku no Genjou to Mondaiten*, 1978, p. 386, 1982, p. 353 and 1984, p. 409 and other documents by MOFA.

(N-3-4)

## Brief History of Japan's Economic Assistance Towards Burma and Vietnam

by SAITO Hiroshi  
(Faculty of Law, Niigata University)

Political systems in Burma and Vietnam are different from those of

ASEAN countries. They are maintaining socialist oriented institutions; the former non-aligned, the latter a member of so-called East bloc in international perspective. Japan's economic assistance towards these two socialist countries has been influenced by occasional shift of U.S. policy. In this paper, I would like to describe the history of Japan's economic assistance towards Burma and Vietnam very briefly and point out some problems concerning this issue.

## ~BURMA~

### 1 War Compensation

Japan's economic assistance towards Burma started as a form of war compensation. Burma was the first country that received war compensation from Japan. The agreement concerning war compensation between Burma and Japan was concluded earlier than any other similar cases. Some observers assume to explain Burmese government enjoyed, at that time, more stability than other countries that had been occupied by Japanese army during war time, especially than the Philippines and Indonesia.

The Compensation Treaty between Burma and Japan was entered into force in 1955. During the decade, from then through 1965, \$2 hundred million was paid to Burma as war compensation. Beside it, total sum of \$50 million was extended to Burma in a genuine form of economic assistance. These funds, including both war compensation and economic assistance were mainly used for construction of a water-power plant, vehicle factories (for large and small), an agricultural machines factory, an electric appliances factory and a factory for producing machinery in general.

Japanese government felt that the war compensation with Burma was finished as this much. Seeing the other countries' treaties concerning war compensation, however, Rangoon claimed Tokyo that the amount Burma received from Japan was too small compared from those of others and asked Japan to reconsider it. After some negotiating talks, both government agreed to conclude another economic assistance treaty, so-called quasi-compensation treaty. According to the agreement, 47.336 billion yen was disbursed to Burma as quasi-war-compensation during the period from 1965 through 1972. The money diverted into almost the same purposes as the preceding treaty.

## 2 Character of War Compensation

What is the characteristics of Japan's war compensation? Of course, it should be, firstly, the reparation of damage done by Japanese army during the World War II. Actually, Japanese government confessed the two main purposes of Japan's economic assistance as war compensation beside reparation: reconstruction of internal industry and reacquisition of external market which they lost at the end of war (see Blue Paper <Diplomatic White Paper of Japan> in earlier years). Suppose Japan exports machinery to Burma, Japan has to produce it. If the machinery meets the requirement of Burma in function, efficiency, ability, and price, Burma would continue to import more and more of it from Japan and not from Britain nor U.S. Thus, war compensation expanded internal demand enough to reconstruct Japanese industry and reopened overseas market.

## 3 The Points at Issue

### (i) Contents of assistance

These two funds were granted, of course, however, in 1969 bilaterel loans were started. Until now both grants and bilateral loans continues to be provided without serious problem. The total disbursement of both economic cooperations reached about 530 billion yen: ¥188,957 million in grant ¥333,917 million in loans. It is not hard, at a glance, to see the fact that major part is occupied by loans, and loans are still increasing much more rapidly than grant. That is very important aspect to assess the Japan's aid posture towards Burma. Since in a certain future loans will lead an external debt problem, and consequently it will become a large obstacle against Burmese healthy economic development. As to technical cooperation, recently we can recognize the very slight increasing tendency in the number of trainee accepted in Japan and technician sent to Burma.

### (ii) Who gets most profit in Burma

The fact that most of the facilities, whether it might be cultural one or social infrastructure, are located to construct in Burmese populated area. Minorities such as Arakan, Hmon, Kharen, Shan, Kachin and etc., could never enjoy benefit of the assistance. This fact concerns Burmese domestic

problem. Although Burma is very rich in resources such as timber and jewels, in the particular area where these resources are existed resistance movements are being carried out most actively by minorities. In my private view, it is very regretful that ODA could not be extended to such area in a way minorities can enjoy the benefit of it.

#### 4 Significance

Finally, Burma, pursuing rigid non-alignment policy despite recent slight change, has a limited number of donor countries of economic assistance. The fact that Japan is perceived as the largest trade and assistance partner from Burma's point of view is very significant for us.

#### ~Vietnam~

#### 5 South Vietnam as Recipient

Japan's economic assistance towards Vietnam also started as a form of war compensation. It is important that Japanese government recognized Saigon government, which was supported by U.S, as the only legitimate government in Vietnam. "Naturally", Tokyo assisted only South Vietnam during the Vietnam war period. During World War II, however, the damage done by Japanese army in North Vietnam was enormous, while in South the damage was really limited; some mentioned only three chicken are all the damage they got. But Japan dared to extend war compensation to South Vietnam just following the U.S. policy towards Southeast Asia. In accordance with the Agreement between South Vietnam and Japan, South Vietnam received total sum of 12.5 billion yen during the period from 1960 through 1965. The fund was mainly used for construction of a water-power plant, a cardboard mill, plywood mill, buying general commodity and travel expense for delegation to negotiate about compensation itself.

Japan's economic assistance towards South Vietnam was followed to continue in a form of pure economic assistance after finished the war compensation. Same trend as to Burma could be found; bilateral loans occupied larger part than capital grants did. Grants were mainly used for construction of shelter for refugees, hospitals repair of water power plant. Bilateral loans were used for mainly construction water and thermal power

plants, communication facilities etc.

## 6 Post Vietnam War Shift

The Vietnam War came to an end in January, 1973 on the table negotiation with U.S., and Japan established diplomatic relations with North Vietnam. Japanese government insisted that war compensation for Vietnam had been already solved between Saigon and Tokyo. Japan persuaded Hanoi by offering machineries to solve the issue that equals the sum of 8.5 billion yen.

In 1977, Prime Minister Fukuda delivered so-called Fukuda Doctrine in Manila. Japanese government has carried out anticommunist policy in Southeast Asia following the U.S. line very faithfully from 1960s through 1970s. But in the doctrine, Fukuda declared that Japan hoped to improve the relations with the three Indochinese countries. Thus, Japan disbursed ¥9 billion in grants and ¥10 billion in loans (only commodity loans) by 1978 to Socialist Republic of Vietnam.

## 7 Post Cambodian Issue

In December, 1978 Hanoi's army occupied Cambodia, Japanese government strongly criticized Vietnamese action and freezed to suspend economic assistance towards Vietnam.

Tokyo doesn't take a neutral position on Cambodian issues; following the line of U.S., China and ASEAN. Japan declared unless Vietnam withdraw her army from Cambodia, Japan will never resume economic assistance towards Vietnam.

In spite of Tokyo's strong denial, her economic assistance exposed criticism that her assistance is too strategical. When Japan suspended economic cooperation towards Vietnam, so many criticism of this kind were casted down to Japan. In fact Japan's economic assistance towards Vietnam was suspended when Hanoi sent soldiers to Cambodia, while the volume of aid to Thailand, in contrast, was increased on the same time.

## 8 Significance

Assistance from pure point of humanitarian view might have

possibility to sustain war effort. Suppose Japan extends her assistance to both Iran and Iraq when they exhausted by long continued war efforts, what will they do by the assistance? Assistance extended only from genuine strategical point of view might play a role to keep the world full of contradiction and discontent as it is now.

(N-4-0)

## Introductory Remarks for Section IV

by ABE Kikuko  
(Graduate School of Law, Niigata University)

In the previous sections, we have viewed the history of and criticism against Japan's ODA, and several cases. We found some problems and faults in Japan's ODA. In next articles, we would like to see Japan's decision-making process for ODA, and try to find some clue in order to think why Japan's ODA contains such problems or faults.

In Japan, ODA is considered by Ministry of Foreign Affairs, Ministry of International Trade and Industry, Ministry of Finance, Economic Planning Agency, and so on. It is natural to think that the decision-making process rests with consultations of these Ministries and Agencies. Actually, however, it is carried out by state's organs; JICA, OECF, JEIB, and so on. Especially, JICA and OECF being under control of Ministries and an Agency play a great role. So we will see the decision-making process in general and in case of each Ministry or Agency, then we will see main utilities of these two organs and OECF's projective decision-making process, too.

In these days, it is discussed, it seems not only in Japan but also in other donor countries, that how the relations between NGO and ODA should be. Compared with ODA, while its assistance is influential with both countries' national strategies, NGO is said to be able to carry out more careful and fine-textured assistance. However, it always suffered from shortage of fund. The idea that the government subsidizes NGO as a part of ODA has brought about. About this issue, it is worried that they would lose their autonomy and independence because of receiving subsidies at the

inside and the outside of NGO. In the last article, after seeing NGO's character and activities, we will make a brief outline of and consider these problems a little.

(N-4-1)

## Decision-Making Process of Japan's ODA; an Outline

by NISHIMURA Chinami  
(Faculty of Law, Niigata University)

In Japan, we have no single governmental organ dealing with and specialised in overseas economic assistance. Each ministry and bureau shares the task and duties concerning ODA from their own point of view according to its division of field and assignment inside the government. Administratively and politically speaking, it is often mentioned as "the multidimensional system for aid. The system itself reveals both merit and demerit. In this paper, I would like to point out the matters of issue caused by the system.

### 1 No Single Organ exclusively Responsible for ODA

Direct loan by OECF (Overseas Economic Cooperation Fund occupies more than 50 % of Japanese official development aid) is a proper example to follow. Decision making of the direct loan requires a joint-meeting attended by representatives of three ministries and one agency-Ministry of Foreign Affairs, Ministry of Finance, Ministry of International Trade and Industry and Economic Planning Agency. Since 1979 the joint-meeting has been formed by nine ministries and one agency. In the joint-meeting, a decision will be done by mutual consent; denial by only one ministry's representative can possibly drop plan null and void. In a sense, it looks like a veto system at Security Council in the United Nations. Despite of such a system, a plenty of projects has been decided to be subsidized by Japan's ODA. We can easily imagine a lot of energy spent for bargaining between and among



ministries behind the meeting.

## 2 Role of Each Ministry

The character of the system also refers upon budget compilation for aid. Naturally speaking, the Ministry of Finance has most influential power regarding the matters of budget. It is true to budget making for ODA. Approximately about a quarter of the total disbursement for ODA is spent through Ministry of Finance (MOFA 13%, MITI 2%, MAF 1%).

Ministry of Foreign Affairs has a real power for planning and adjustment of aid policy in general. And law calls on MITI and Economic Planning Agency to assist planning and total adjustment of aid policy.

The system sometimes tends to lead to uncomfortable situation toward aid inside one government, furthermore, it wastes energy and time to harmonize concern of plural different organs in which no one can take initiative exclusively. Some criticized that too long time has been wasted to adjust different interest of each organs; sometimes it took longer time than discussion about real purpose, profit and etc. Two reasons could be drawn; first, each ministry and/or agency hopes to hold maximum autonomy internally. Second, they are expected to reflect internally demanded benefits on their foreign policy.

## 3 Whole Process

Whole process of the direct loans including decision-making and performance can be divided into 5 steps; first, preliminary investigation, second, examination of papers describing projects submitted by recipient governments, third, inquiry of feasibility, effects and etc, fourth, performance, fifth and the last, evaluation.

At the first step, there are three possible ways for preliminary investigations, done by the government of developing countries themselves, by JICA, and by Japanese private consultants. Finally the government of developing countries decides to apply loans or not referring to the result "feasibility study". In Japan, as we don't have medium-term aid plans nor distinct aid plans by area, country and field, so we deal with every application respectively whenever developing countries submit plans. However loans are supplied through three different formula. To Thailand,

we adopt frame supplying formula—first to decide amount of aid disbursement (frame) in relation with development plan, then choose proper projects within the frame.

Between the second and the third step, Exchange of Notes would be concluded not to establish economic and technological cooperation but to emphasize political cooperation between two governments. Through this Exchange of Notes the aid shall be separated into technical aid by Japan International Cooperation Agency (JICA) and capital grants by OECF.

At the third step loan agreement shall be concluded based on the result of inquiry. The inquiry should be carried out referring to article 20 and 21 of OECF Law; inquire properness, contribution to development of industry and stability of economics, feasibility.

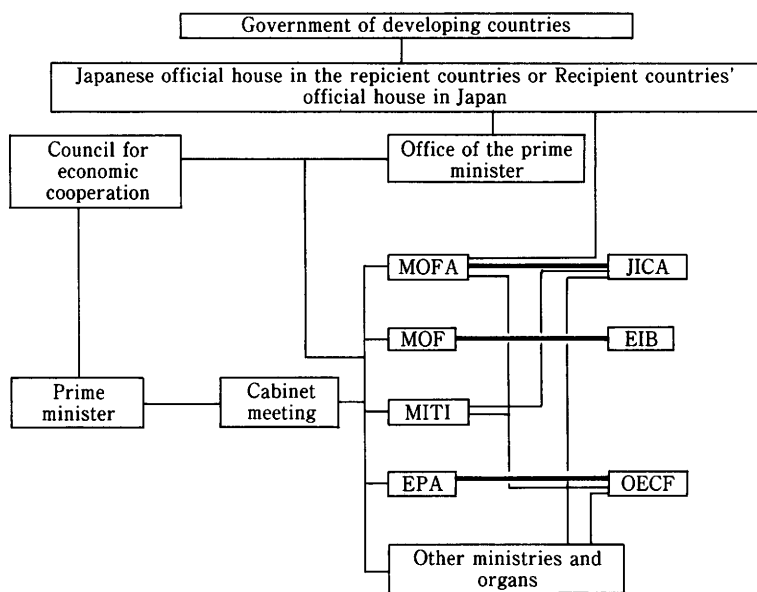
The fourth and fifth steps works fundamentally carried out by joint effort of the recipient government and the agents that will enforce the project. OECF, however, is expected to play a role of; 1) recruiting consultants, 2) supplying materials, 3) loan performance, 4) promoting and encouraging progress of projects, 5) management of project.

Loan procedure has three different formula; commitment formula, reinvestment formula and direct payment formula. Aid with no conditions in commitment is called "untied", and it occupied 53.2% of aid budget in 1981. But the percentage shared by untied loan is lower than other advanced countries.

#### 4 Other Problems

Finally, let's list up other problems of Japanese administrative system concerning aid process. First, development funds are rarely granted in cash. Second, projects may not reflect the result of investigation. Third, Exchange of Notes doesn't have legal effect in internal administration. Forth, ministries and organs seldom make evaluation after completed respective project.

**Figure 5: The Administrative System of Japan's ODA**



**Table 9: Expences for Economic Cooperation from General Account Budget in Fiscal 1985**

Ministry	(¥ million)	item	(¥ million)
OPM	29,514	OECD grants	29,514
MFOA	288,651	Eco. development aid, etc.	155,000
		JICA grants	84,271
		JICA investment	4,324
		Disbursement to IGO,	82,916
		Others	2,138
M. Finance	234,317	OECD investments	169,000
		Food production increase	59,386
		Inter. financial organs	5,931
M. Education	6,744	Scholarship for foreign students	6,744
MAFF	4,351	Cooperation for international fishery promotion	4,351
MHW	6,220	WHO	6,200
MITI	16,550	Research for overseas development plan	6,932
		Acceptance of foreign technicians	3,687
		Dispatch of expert from sector	1,129
		Others	4,802
Total*	583,346		

Cf. OPM: Office of Prime Minister

MOFA: Ministry of Foreign Affairs

MAFF: Ministry of Agriculture, Forestry and Fisheries

MHW: Ministry of Health and Welfare

MITI: Ministry of International Trade and Industry

(N-4-2)

## JICA and OEFC

ABE Kikuko

(Graduate School of Law, Niigata University)

ODA is divided into tow types; one is extended through international organizations and another is reached directly to the Third World Governments. The latter includes grants, loans, and technical assistance. Japan International Cooperation Agency (JICA) takes charge of technical assistance mainly, and Overseas Economic Cooperation Fund (OECF) does basacaly the rest. In this paper, I would like to analyse whole process of ODA through these two bodies.

### ~Japan International Cooperation Agency (JICA)~

#### 1 What is JICA

JICA, which was established on 1 Aughst 1974 by Japan International Cooperation Agency Law, is a special public corporation being supervised by Ministry of Foreign Affairs mainly. As to its utilities, by Ministry of International Trade and Industry (MITI), Ministry of Agriculture, Forestry, and Fisheries. All of its budget should be disbursed by the Japanese Government.

#### 2 the Utilities of JICA

Main purpose in utilities of JICA is to assists the developing countries with educating competent persons who will be committed to development of their own countries. In other words, JICA intends not only to transfer of technology but to increase mutual understandings. The following are main utilities of JICA.

##### 1) Technological Assistances

###### i) Receiving Trainees

It receives engineers, scholars and officials from developing countries to give them further specialized knowledges and technologies in

various fields. There are two courses of training; mass training according to the prepared programs and separate training according to their own requests.

ii) Dispatch of Specialists in Certain Fields

It dispatches Japanese specialists to transfer their knowledges and technologies to assist for state building in the third world.

iii) Instrumental Assistance

iv) Project System Technical Assistance

It is composed systematically of all the activities mentioned above; receiving trainees, dispatch of specialists, and instrumental assistance.

v) Research for Development Plans

It dispatches a research group to find possible development plans which are public and important to socio-economic development.

2) Japan Overseas Cooperation Volunteers (JOVC)

3) Preparatory Training and Reserve of Competent Persons

For those who are possibly dispatched or are due to be dispatched as specialists, in order to make up their basic technology and to master languages, it does preparatory training, domestic long-term technical training, middle-term training, overseas long-term training, and so on.

4) Capital Grants

Capital grants has 6 categories; ① general grants, ② grants for fisheries, ③ grants for culture, ④ emergency assistance for disaster, ⑤ assistance for food products increase, ⑥ food supply. JICA takes charge of ① and ②, and a part of ⑥.

5) Development Assistance

It assists Japanese enterprises abroad, which contribute to development in developing countries, technically and capitally in a form of soft loan, long term at low interest.

6) Immigration Utilities

Its contents are the following: ① research and spread of knowledge for immigration, ② consultation and good offices about immigration, ③

training and education of immigrants, ④ recruitment of personels for overseas development. And JICA makes various assistance to overseas Japanese societies.

## ~Overseas Economic Cooperation Fund (OECF)~

### 3 What is OECF

OECF, which was established in March 1961, and authorized by Overseas Economic Cooperation Fund Law, is under control of Economic Planning Agency. All its fund is disbursed from the government and debt.

### 4 Lonas of OECF

The aim of its operations is to supply fund constantly to the third world necessary to industrial development and economic stabilization. OECF loans are following two types.

#### 1) Direct loans

The Fund loans toward foreign governments including state organs and local governments. Each loan is expected to clear more than 25% of grant-elements. That is, OECF takes charge of all government direct loans which Developmet Assistance Committee (which is organised under Organization for Economic Cooperation and Development) put into the category as ODA (Official Development Assistance).

#### 2) Offered Plans

In cace of facing difficulties for the Export-Import Bank of Japan (Japan Exim. Bank) to continue carring out its project, the Fund assumes to extend loans toward Japanese enterprises which contribute to industrial development in developing countries. Judging from the experiences of the Fund, we find most of items extended towards governments mainly of Asian countries.

### 5 Project Cycle

As every development project has common cycle in which one phase leads to next one, it is called "project cycle". According to this cycle, the

basic process of loan from the Fund will be described as follows.

### 1) Find and Selection of Project

Usually recipient state's government, sometimes international organizations or non-governmental organizations, finds and selects projects, considering their correspondence with its strategic and sectional goal for development, and reasonable benefits in economy and financial affairs.

### 2) Preparations

#### i) Feasibility study; F/S

The project is reviewed in terms of its economic, financial and technical properness. In Japan, JICA does it as a part of technical assistance.

ii) After F/S, the recipient makes request for loans from Japanese government.

### 3) Examination

After the request, while the government review necessity of loan for the project in accordance with principles of Japan's economic cooperation, the other hand the Fund does its properness in economic, financial, technical, constitutional, and managerial features. Then the Notes based on agreed conditions exchange.

### 4) Raise and Implementation

Measure to procure property and services which the project needs for is competitive bidding system in principle. Generally, implementation of loans is that the Fund pays for above property and services in the recipient country's name.

### 5) Supervision

In carrying out the project, the Fund makes advices and recommendations, if necessary, about technical and managerial features, its executive system and financial affairs. The fund asks the recipient to make progress report.

### 6) Assessment and After Care

The fund evaluates the accomplishments in order to confirm that it



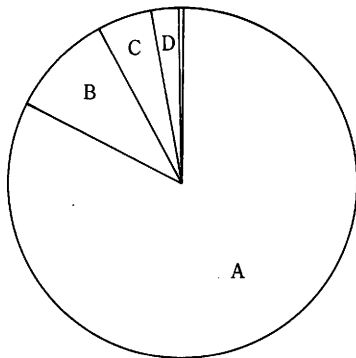
fulfilled the goals effectively and efficiently, and ask the recipient to make another report about them. Besides, the Fund tries to solve troubles influential in its efficacy with finding and analysing them.

## 6 Concluding Remarks

We have seen about main utilities of JICA and OECF, and projective cycle of bilateral loans by OECF above. It seems that to know about main utilities of JICA and OECF would lead to know about some features of Japan's ODA to a certain extent. I would like to hope this paper help understanding of decision-making process of Japanese government, and for what or to use Japan's ODA.

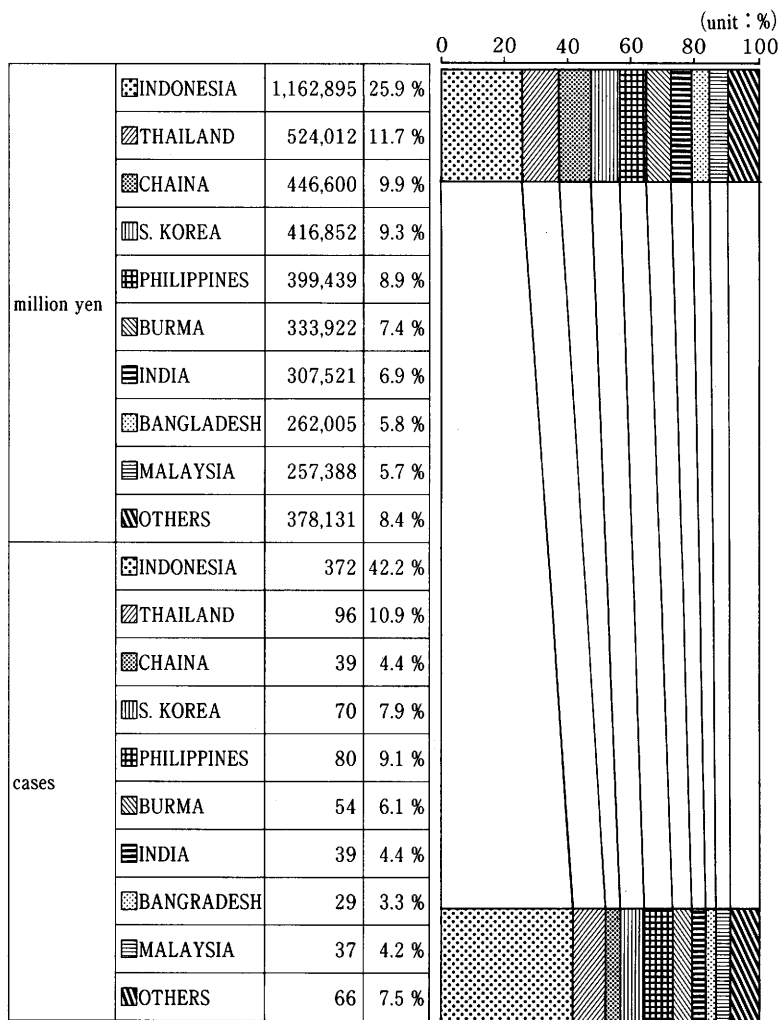
### I TOTAL AMOUNT of DIRECT LOANS Apr. 1966—Jan. 1986

#### 1 AREA



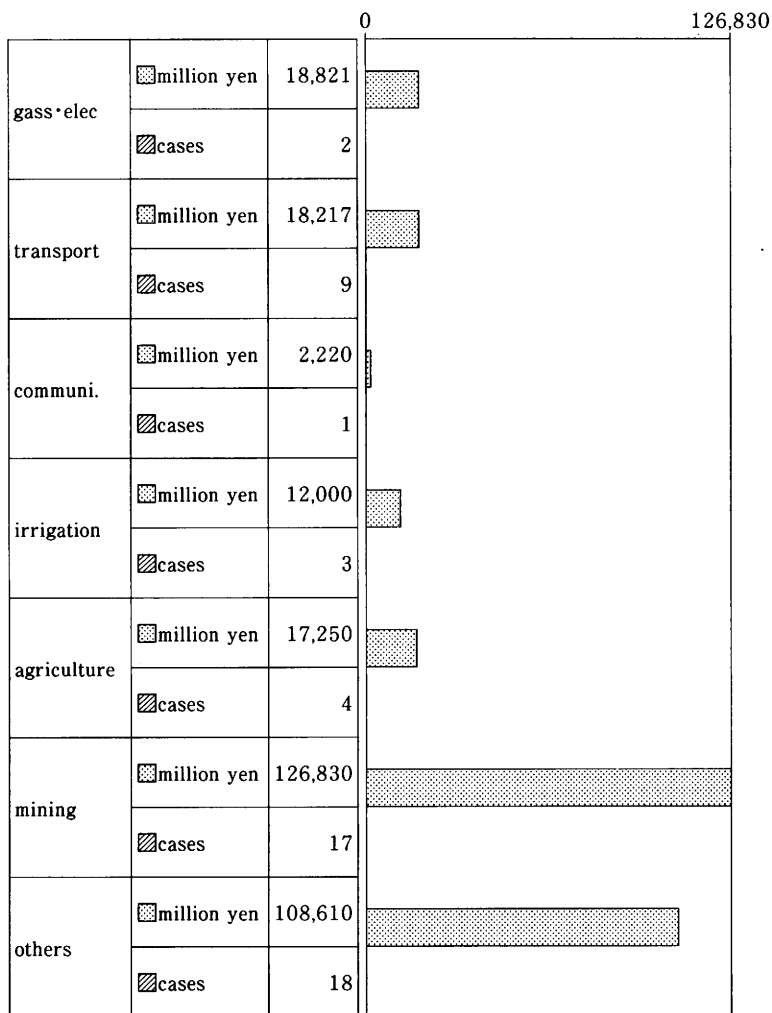
	million yen	%
A — ASIA	4,488,764	82.5
B — AFRICA	528,428	9.7
C — Lt. AMERICA	265,783	4.9
D — M. N. EAST	143,174	2.6
E — OCEANEA, etc.	13,454	0.2
合 計	5,439,603	

## 2 ASIA

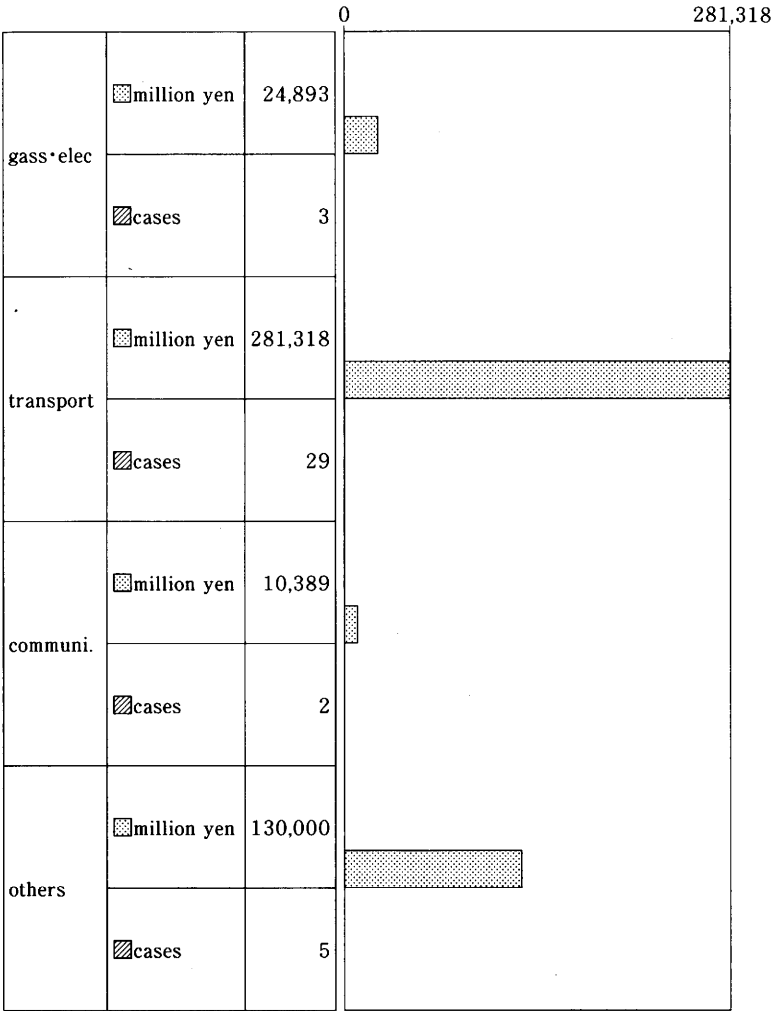


## II TOTAL AMOUNT of DIRECT LOANS by SECTOR by EACH COUNTRY Apr. 1966-Jan. 1986

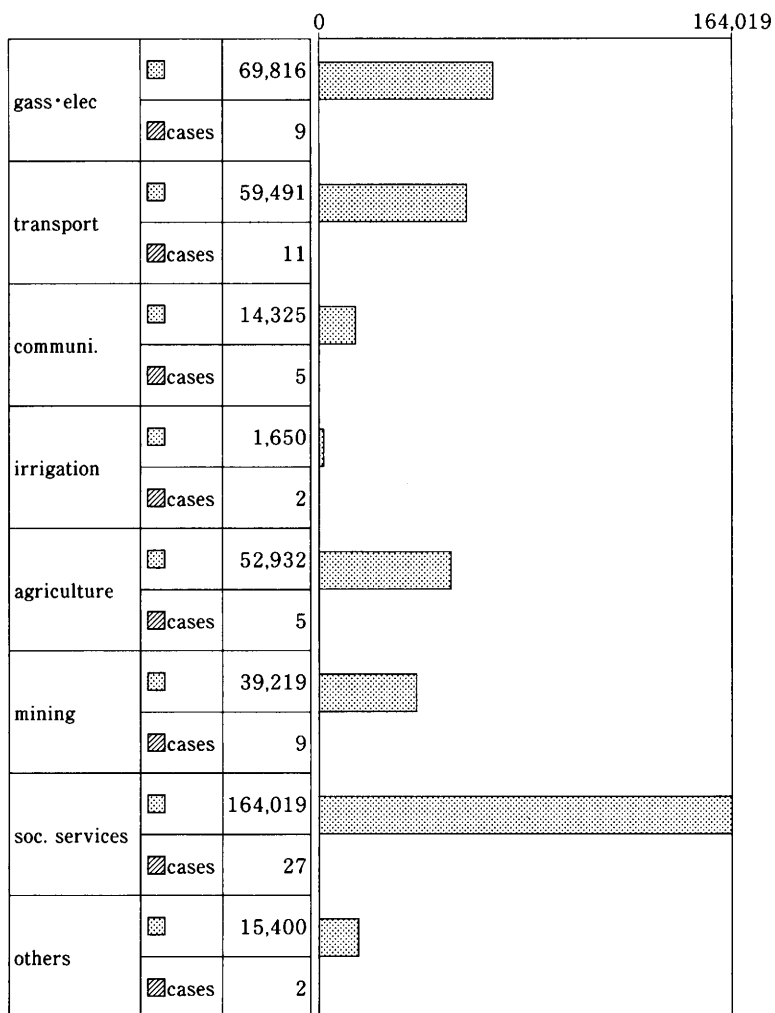
### 1 BURMA



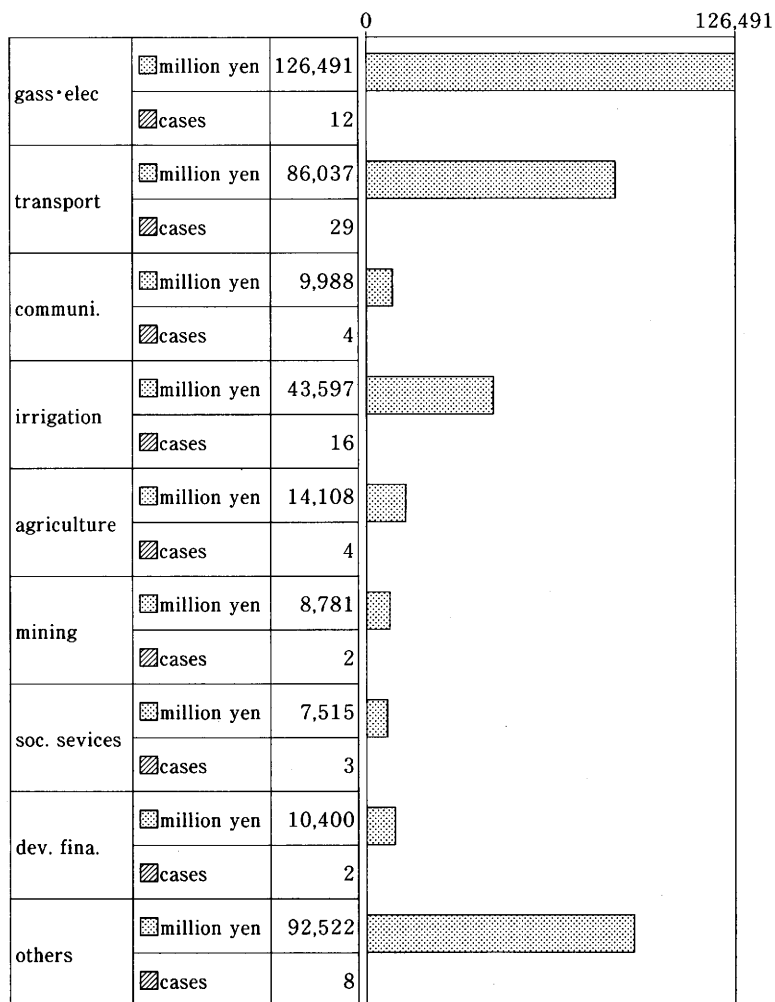
2 CHINA



## 3 S. KOREA



## 4 PHILIPPINES



## 5 THAILAND

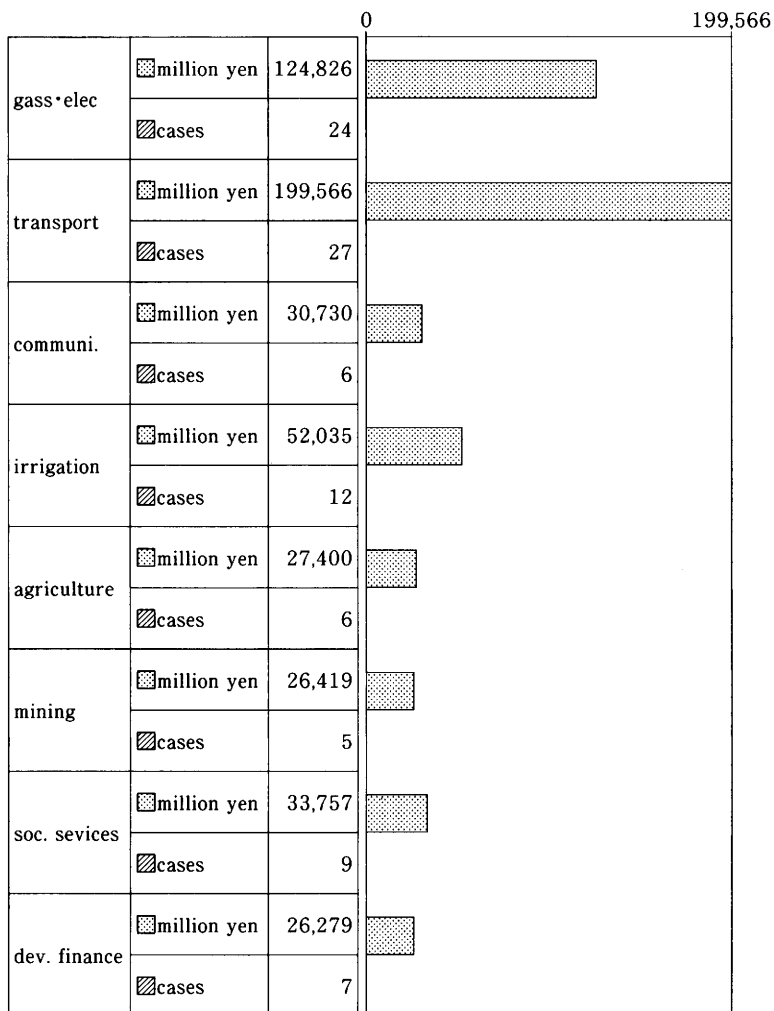


Figure 13: Project Cycle of OECF

PHASE	JAPANESE GOVERNMENT	OECF	RECIPIENT COUNTRY	SUPPLIER
PREPARATION	TECHNOLOGICAL AID by JICA		FEASIBILITY STUDY REQUEST	CONSULTANT SERVICE
EXAMINATION	CONSULTATION by 4 MINISTRIES PLEDGE EXCHANGE of NOTES	EXAMINATION		
RAISE		NEGOSIATION for LOAN CONDITIONS LOAN AGREEMENT BID	CONTRACT	
IMPLEMENTATION of LOAN		IMPLEMAETATION of LOANS		IMPLEMENTATION
SUPERVISION		SUPERVISION	ACCOMPLISHMENT	
ASSESMENT, AFTERCARE		ASSESSMENT AFTERCARE		

(N-4-3)

## ODA and NGO

by NAGASAKI Jun  
(Faculty of Law, Niigata University)

It is always reported that aid-giving countries often search after its own economic interests and national security, while aid-receiving countries use given assistance for interests and maintaining the existing administration. This is the point of this paper. In other words, is there any alternative way of assistance in which common people of both sides can take part in the process more widely and directly?

### 1 Four Categories of Economic Cooperation

Economic cooperation are divided into four categories; ODA, OOF, PF and NGO from the view point of donor's character. ODA is a financial flow towards developing countries through government or goveonmental organs.



That is, it is assistance from government to government. ODA is used only at national level.

OOF (Other Official Flows) helps overseas investments by private enterprises. So it is also used for economic interests of private companies.

PF (Private Flows) is private finances. Chances of PF is very poor for the countries where there are more risks and/or less benefit. As PF is influenced by time-to-time economic situation, it lacks in stability of flow. In sum, PF can play only limited role.

## 2 Merit of ODA through NGO

Aid through NGO (Non-Governmental Organization), although it is small in amount, gives certain effects on the grass-roots level. Characters of aid through NGO can be described like follows. It aids in such fields as health care and education etc, which the mass put the most priority. It makes important contributions not only to the recipient countries but also to donor-countries, because it decentralizes or/and diversifies economic cooperations to face to face level.

## 3 NGO in Origin

In Scandinavian countries and Netherlands, aid through NGO started in late 1950s by Churches, labour unions and citizen groups for protecting fundamental human right. They persuaded their governments to disburse to help development for less developed countries.

In West European countries, unique role of NGO in economic cooperation is evaluated generally. Many reports are published saying that ODA used to benefit small number of the privileged classes in recipient countries. Sometimes assistance might be away from original motive itself. For that reason we should pay attention to NGO.

Most of NGOs are suffered with financial limitations as they are mostly civil organizations. In order to solve these problems, there are some NGOs that act as fringe organizations of government or private enterprises. PVO (Private Voluntary Organization) is a category indicates NGOs excluding those NGOs which play a role on behalf of the government or private enterprises. As criticism that ODA tends to be political increased, the government became to have a tendency use of PVO's non political aspects

in order to avoid the criticism. Recently IBRD, UNECOSOC, and OECD also evaluated NGO highly for its nonpolitical aspect.

#### 4 Situations and Movement of NGO in Japan

According to Diplomatic White Paper of Japan, the Japanese Government is making an effort to cooperate with NGOs on the ground that they can extend assistance to grass root level smoothly (see Diplomatic White Paper of Japan, 1985, p. 291). The same words are also found in some papers; Reports Minister of Foreign Affairs by Study Group for Increase Efficiency of ODA Implementation (Dec. 1985), Report to Prime-Minister by Council for Overseas Economic Cooperation (May, 1987).

According to the request to the Foreign Minister by Reconsider Economic Assistance Citizen League (RCAL) in October 1987. An economic assistance must be done based on humanistic principles, and it should not take methods to follow economic interests. Today it is discussed whether NGO has to accept funds of ODA and, if it accept, should do for NGO not to lose its autonomy and individuality. When we investigate and decline our method of economic assistance, we should refer to methods of other DAC countries. The result of the investigation should be informed to and the Japanese people in order to discuss the issue enough.

Although we can not say definitely, it is said to be more than 200 of NGO existed in Japan. In Economic Cooperation White Paper of Japan, 1985 version, grants by NGO occupies only 0.8% of Japanese economic cooperation (\$101 million). Japanese PVO aid is mainly extended to Asia (86.5%). Other areas received as follows; Africa (27%), Oceania (18%), Latin America (13%). The reason why PVO aid is concentrated on Asian countries is geographical location; Japan is located in Asia.

Most eminent PVO in Japan are Shapranile, JVC and Committee for Negros Campaign. Shapranile, established in 1971, has been carrying out agricultural development projects in Bangladesh. JVC, established in 1980 in Bangkok, takes care of refugees from Cambodia and in many areas in the world. Committee for Negros Campaign acts to take care of labours of Negros Island in the Philippines.

## 5 NGO in the Future

One of the points at issue concerning NGO is whether NGO should receive fund officially from government or not. NGO has long been suffered by the lack of sufficient and stable financed source. In Japan, this problem has also been discussed unsuccessfully to get conclusion, and Japan among 12 member countries of DAC has not adopted co-financing system yet. Co-financing system was introduced to make up structural defects of ODA; aid by ODA seldom reaches at the grass-roots level.

Although NGO needs money, they are greatly afraid that if government begins to control activities NGO when it receives money from the government, ICVA (International Council of Voluntary Agencies) issued draft report concerning governmental disbursement for NGO. In the draft, ICVA states five principles as follows,

- i) To maintain NGO's autonomy, independence and effectiveness
- ii) Block Grants, whose objects are not clearly defined, are helpful
- iii) Audit and Assessment should be done according to mutual agreement between government and NGO
- iv) Consultations with partners in the third world should be prior to aid from government to NGO
- v) To promote establishment of an organ coordinating relations among NGOs

When these conditions are fulfilled, NGO could accept subsidize from government.

## 6 Remarks

Recently the significance of NGO is emphasized in Japan. ODA and aid through NGO should be complement each other to make most suitable assistance with needs of recipient sides.

(N-5)

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## Comments by Niigata Students

Niigata students reported to me that the lecture delivered by Prof. Takahashi was very charming and was very useful to rearrange their knowledge about Japan's ODA on which they had already done an intensive but insufficient study just before leaving Japan.

Most students told me they were impressed by two points. The first one was that Prof. Takahashi knows very much about the detailed situation of the site of ODA through his field work, much more than the decision makers of ODA. They felt it strange that why his knowledge was not made use of in decision making process.

The second point was that most of the students agreed with him when Prof. Takahashi stressed urgent necessity to establish a Ministry or Bureau which would be dealing in ODA only; a need to organize a group of experts bureaucrats into single Bureau or Ministry inside the government. For it has long been pointed out that Japan has no expert bureaucrats who were recruited as ODA dealing staff. Prof. Takahashi also proposed that such recruitment should be done regardless of applicants' background. Since Japanese bureaucrats were recruited too many from faculty of law or economics. As far as ODA concerns, however, they must need knowledge and experiences of such persons as field workers, sociologists, anthropologists etc.

Of course, as some students pointed out these two points relate each other.

As to the discussion with Thammasat students, Niigata students were deeply moved by the critical attitudes shared by the Thammasat students for example saying "Thailand is victim of Japan's ODA," though Niigata students has shared more or less the same feeling even since they were studying ODA in Japan before. They were wavering when they were told directly under face to face situation by the "elite" members of the same generation in the assisted society.

One student reported difficulty to evaluate very complicated process and effect of ODA. For the student heard her counterpart saying as follows, "Is Thai victim of Japan's ODA? I am rather critical to domestic politics, too. Can we assert that all of the decision making done by the recipient country are right and unsuccessful ODA is always attributed to fault of donor country? We might say that decision making process is monopolised by a few persons and most of the people has no chance to take part in the decision making. Too progressive activities might expose..... In fact it is difficult to believe that Japanese people seriously care about how their own ODA are used and what it should be. Japanese students do not feel responsibility to what their government does abroad, do they?"

Another student said that ODA has never been one way mercy of the donor country. Thailand also provided Japan with her market. So the balance is fifty fifty. Still another emphasised on knowledge about ODA; only a few "upper class" knows about ODA, most of the people never notice even the fact that ODA exists.

Niigata students reached a sort of conclusion as to Japan's ODA that it is just like a gift given to the people according to Japanese custom when they give something to other people in occasion of "ochugen (a gift given in the mid-year gift giving season)," or "oseibo (a gift in the year-end)" or wedding. In an extreme case, those who give something never consider whether the gift is necessary to receiver or not. Just to give something has some sort of significance or the conduct to give symbolises certain relation between donor and recipient not the gift itself.

For Japanese government what can be meaningful is to give a certain amount of money and for Japanese bureaucrats to expend a certain amount of money decided to disburse by politicians.

As to Thailand Culture Centre, most of Niigata students got a same sort of feeling through the discussion; there must be any other facilities to

be much more necessary. One of Niigata students collected remarks from Thammasat students. He asked some of them directly whether this sort of Centre be really necessary or not to the country now.

Answers were as follows; "We never say such a building is unnecessary but never think it necessary." "It is necessary for the country, however, I' ve never come here before." "Advanced education using the facilities is needed to bring up men of talent for the future of the country. Priority should be put upon something else such as creation of employment etc. Number of people who could make use of the facilities is too limited."

Niigata students were critical to two points; too much Japanese influence inside the Centre, overpresented-Japan, and gap between the Centre and other facilities for education. Some students pointed out that the facilities is full of commodities made in Japan, from electronic, electric goods to chamber pots. Even the curriculum looks same as that of Japan.

Some other students deeply moved by the difference of educational environment between that in slums where many people are alienated from even a chance to get education and the facilities of the Centre.

## Final Remarks

When I visited Bangkok for the first time early in November in 1976 I was profoundly moved by everything I saw I heard I smelled I tasted I felt in my mind in this restless megalopolis. At that time I was a doctor course student. What impressed me most, and still is impressing me, was atmosphere shared by students of Thammasat University which was, unhappily enough, well symbolized, at that time, in silent walls of every building at Thammasat campus.

Then I heartfully wished to share the feeling with the same and younger generation in Japan as many as possible. I dreamed to organise impressive tour to this country to have frank conversation with the same generation in Thailand. And I came back here. When I came back to Bangkok in 1980 with some colleagues and several students from Waseda and Chuo University, Prof. Prasert of Thammasat University was kindly enough to organise joint meeting with his students. It was the very beginning of this joint seminar. Last year (1987) we discussed about how

the future relation between Thailand and Japan should be like. This year we had more exact topic to discuss; Japan's ODA.

As to the topic, students of both Universities prepared so many reports in a too short time which I represented here in this report. I only suggested to my students who should write which part. The rest of job including writing, typing, editing, printing and so on was carried out by seminar students by themselves. I guess the same is true to Prof. Prasert and his students.

Needless to say they are not spokespersons of the Governments. Some are really thinking the assistance is beautiful, some are very very critical to it. More needless to say we are not native writer of English. We are Asians. We do hope to communicate by Asian language. So far we should be patient to speak this "imperialistic language."

The seminar left unfathomable, immesurable amount of effect at least on Niigata students. They had an invaluable chance to discuss with foreigners in the same generation about an aspect of relations between both countries for the first time. They got stimulated by Thammasat students and staff. They really changed their attitudes towards their majoring subject, International Relations. Some of them really want to study abroad, especially in Southeast Asia in order to know the relation between peoples in this area and Japan more precisely, in order to recognize themselves, Japanese, or themselves as mere single human being, more exactly. In fact, two of the Niigata participants this year has already left Japan to Thailand and Malaysia to study.

Finally, we would like to express our sincere gratitude to Prof. Prasert of Thammasat University and his seminar students who made us a chance to reconsider about Japan's ODA, to Prof. Preeya of Thammasat University and her students with the same reason, to Prof. Sunee of Chulalongkorn University who always provide us with accommodations, transportations and excellent touring plan, and to Prof. Dr. Surachai, the Dean of Faculty of Political Science, Prof. Panat, the Dean of Faculty of Law at Thammasat University who willingly accepted us to the Faculties, to Deputy Manager Duangkamon of Sasa House at Chulalongkorn University who made her best effort to give us rooms to stay during our staying in Bangkok also to too many beautiful people who took care of us in this wonderful country to list up.