

Special Relay Lectures

Towards an Active and Responsible Role in the World Community: Japan's ODA

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The Yoshida Doctrine is probably the most important cornerstone in determining Japan's unparalleled success in the economic sphere. Concentrating on economic development by shunning nearly all initiatives and involvements in international political-strategic issues and relying heavily on US's security umbrella has significantly created a great stimulus for Japan's economy. Within a relatively short period of time, Japan has put itself pararell with other major economic powers. "Its GNP, one-third of Britain's and a mere one-twentieth that of the U.S. in 1951, is now about three times Britain's GNP and close to two-thirds of the American total at current exchange rates; moreover, forecasters expect the Japanese economy to grow faster than America's, and probably faster than Europe's, for the rest of the century¹."

¹ Kennedy, Paul, *Preparing for the Twenty-first Century* (London: Fontana Press, 1993), p. 142.

However, on the other side of the coin, the Yoshida Doctrine which served as the foundation of Japan's foreign policy at the same time has transformed Japan into 'an abnormal state'. Yonosuke Nagai, one of Japan's leading political-strategic thinkers, used the term "moratorium state"² to describe the incongruity of status between Japan's great economic power and the modest development of its political strength.

In so far as this concept is acceptable, one can justify Japan's choice to play only its 'economic card' rather than its 'political card' in the international arena. The logic of this justification is that because Japan does not have military power, but on the other hand has strong economic power, so it is necessary for Japan to avoid getting involved in the political arena which is dominated by military power, merely focusing its international activities on the economic sphere.

So far it seems there is nothing wrong with this logic. However, it is essential to note that economic power is equal to military power in the sense that both can be used as a means to achieve desired outcomes in international affairs. Kennedy pointed out:

"While Japan doesn't have much in the way of *hard* power (tank, air craft),

² Pyle, Kenneth B., "Japan, the World, and the Twenty-first Century" (article provided within the course), p. 470.

it possesses a growing amount of *soft* power, or nonmilitary influence, as can be seen in its enhanced position within the IMF and World Bank, its acquisition of Hollywood studios and European computer firms, the size of Tokyo stock market, and the fact that Japan's is now the world's largest donor of foreign aid, so that many developing countries now look to Tokyo for assistance, loans and investments³."

The question is, if Japan had chosen to avoid using such hard power, has Japan used its soft power⁴ effectively to play an active and responsible role in the international community? In order to answer this question, I would like to discuss Japanese official development assistance (ODA) as an example of the use of soft power.

It goes without saying that the growing strength of the Japanese economy has had a significant impact in increasing the amount of ODA. The total volume of ODA Japan has given in 1989 and in 1991 through 1993 was the largest in the world and rose to \$11.479 billion in 1993.⁵

³ Kennedy, *Ibid.*

⁴ Soft-power in this essay refers to the economic capability of a country. Nye used this term differently to refer to the attraction of American democracy and free market. He defined soft power as the ability to achieve desired outcomes in international affairs through attraction rather than coercion. See Joseph S. Nye, Jr and William A. Owens, "America's Information Edge" in *Foreign Affairs*, March/April 1996, p. 20-21,

⁵ Ministry of Foreign Affairs, *Japan's ODA 1994 (Summary)*, p.1.

With the utmost respect to the positive benefits of ODA which enable developing countries to promote their own economic growth, there are some points in the implementation of ODA which need more attention.

International criticism that Japan's ODA is influenced dominantly by economic or commercial interest has recently surfaced. In respect of Japan's motif in giving ODA to developing countries, it is questionable which is more stressed: the benefits of the people in the developing countries in coping with their poverty or the benefits of Japan's economic interest.

Japan's economic interest can be seen in the preferation in allocating the ODA to developing countries. The top countries that receive the largest ODA are highly populated countries which also means they are economically potential markets for Japanese product.⁶ Many analyst argue that Japan's aid to the Asian countries led directly to an expansion of Japanese exports to that region. Moreover, Japanese companies apparently play a role in deciding the aid projects in the recipient countries. They often use politicians, intervening in specific decisions on aid projects to create

⁶ In 1994 the top three were China, Indonesia and India (China and Indonesia have always been on the top list), Ministry of Foreign Affairs, *Japan's ODA 1995 (Annual Report)*, chart.6, p.10.

programs which they can take a part in, as is revealed in the aid projects in the Philippines, Bangladesh and Nepal.⁷

Apart from commercial interest, it seems that Japan's commitments to democratization and human rights as principles implied in the ODA Charter⁸ is more a lip-service than a real action. As Yasutomo noted:

“The Japanese government is accused of utilizing ODA to make friends with despotic, authoritarian governments in the Third World. Japan averts its eyes when it provides ODA to countries with atrocious human rights records. Not only does Japan subsidize greedy elites, but it also props up oppressive elites while ignoring the people who are striving for democracy or even survival⁹.”

We can find the base of this criticism, again, in the list of recipient

⁷ It is reported that some nouri-giin (Dietmen who have special interest in agricultural issues) pushed government officials to build water systems as aid projects in the Philippines, Bangladesh and Nepal at the request of Japanese companies which had commercial interest in building them in the recipient countries, see Inada, Juichi, “Japan's Aid Diplomacy: Economic, Political or Strategic?” in Kathleen Newland (ed.), *The International Relations of Japan* (London: MacMillan Academic and Profesional Ltd., 1990), p. 115.

⁸ One of the four principles of the ODA Charter says: “Full attention should be paid to efforts for promoting democratization and introduction of a market-oriented economy, and the situation regarding the securing of basic human rights and freedoms in the recipient country”, see Ministry of Foreign Affairs (1994), p. 15.

⁹ Yasutomo, Dennis T., *The New Multilateralism in Japan's Foreign Policy* (London: MacMillan Press Ltd., 1995), p. 21.

countries. The top three recipients of largest Japan's Bilateral ODA in 1994 have appalling records of violating human rights and democratic values. Moreover, those countries are also on the top list of corrupt countries that make doubtful the wholeness of the aid for development purposes.

Although for some cases, such as Sudan, Myanmar, Haiti, Nigeria and Gambia, where human rights are seriously violated or democratic process is reversed, Japan has suspended its ODA.¹⁰ However, it is worth noting that these countries are less significance in terms of Japan's commercial and economic targets.

In the Indonesian case, neglecting the fact that there are various cases of the violation of human rights and democratic values, Japan's ODA to this country steadily increases. Furthermore, the concentration of physic developments such as bridges, roads, dams, airports, or ports can be considered profit oriented. Rather than social infrastructure projects, many profits can be expected by making such projects, thus making Basic Human Needs projects less desirable. The fact that Gini Ratio¹¹ in Indonesia shows

¹⁰ Ministry of Foreign Affairs (1994), *op. cit.*, p. 15.

¹¹ Gini Ratio is measured with the Gini Index in order to know the distribution of wealth in a country. The Gini ratio ranges from 0 to 1. The closer the number to zero, the better or the more proportional is the distribution of wealth is in the country. The trend of Gini Ratio in Indonesia has never shown a positive change. In 1993 the ratio was 0.34 compared to 0.35 in 1965. The number of Gini ratio in Indonesia in this writing refers to

no significance change eventhough this country has undergone a relatively long period of development might give the clue that wealth is not distributed proportionally. Therefore, it is unavoidable to assume that aid is enjoyed by a small circle of the people, *aid, in other words, doesn't reach the masses; where the need is greatest.*¹²

It is therefore necessary for Japan to redefine its ODA policy in order to play an active and responsible role in the international community. Implementation of ODA unavoidably needs a consistency to the guidelines as written in the Charter and a frugal control on the effective use in the recipient countries. Otherwise, Japan's ODA will be merely perceived as a Japanese commercial package or *okurimono* which is given without a sincerity but with an eye to the greater reward.

the presentation titled "Poverty Alleviation in Indonesia" presented by Moeljarto Tjokrowinoto, Ph. D. in the Tokyo-Indonesia Club Meeting, 26 January 1997.

¹² Yasutomo, *op.cit.*, p. 20.

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