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NOTES TO INTRODUCTION

1. "Policy" is used in this thesis as Heclo defined it, to "designate a course of action or inaction pursued under the authority of government" (Hugh Heclo, Modern Social Politics in Britain and Sweden: From Relief to Income Maintenance, New Haven, Yale University Press, 1974, p. 4). The term includes both intentional "policy outputs" and unintended "policy outcomes".


8. It is the opinion of this writer that foreign aid (except military assistance) can provide an important complement to the resources available for the development of the developing countries. This is, however, provided that donor policies take full account of recipient defined needs and priorities and that the recipient is as free as possible to use those resources in accordance with its own goals.


15. See OECD, *Development Assistance Efforts and Policies of the Members of the Development Assistance Committee (later changed to Development Assistance and then to Development Cooperation)*, 1965–75 Reviews, Paris. Sharper criticisms are contained in the unpublished Development Assistance Committee's *Annual Review: Examination of Japan*.


23. For example, see George Cunningham, *The Management of Aid Agencies: Donor structures and procedures for the administration of aid to developing countries*, London, Croom Helm, 1974, for a discussion of aid management in nine Western donor countries.


28. For example, Kawanaka Nikô, "Nihon ni okeru seisaku kettei no seiji katei" (The political process of policy-making in Japan), Ide Yoshinori, "Gyôsei kokka ni okeru 'kan' no shihai" (The role of the official in the administrative state), and Kojima Akira, "Gendai yogan seiji shiron: wagakuni ni okeru yosan katei no hôhôronteki kôsatsu" (An essay on contemporary budget politics: a methodological study of the Japanese budget process), all in Taniuchi Makoto et al., Gendai gyôsei to kanryôsei (Contemporary administration and the bureaucracy), Tokyo, Tôkyô daigaku shuppankai, 1974.


32. For example, Dennis A. Rondinelli, "International assistance policy and development project administration: the impact of imperious rationality", International Organization, Vol. 30, No. 4, Autumn 1976, pp. 573-605.


34. See Rondinelli, "International assistance policy and development project administration", at pp. 579-92.


41. Such as Allison did in Essence of Decision.


47. Developed in his Modern Social Politics in Britain and Sweden, p. 105.
NOTES TO CHAPTER 1


2. Reparations agreements were made with Burma in 1955, the Philippines in 1956 and Indonesia in 1958, while quasi-reparations agreements (grant settlements in lieu of reparations) were made with Laos and Cambodia in 1959. South Vietnam reparations were agreed on in 1960 and quasi-reparations were settled with Thailand in 1962, South Korea and Burma in 1965, Singapore and Malaysia in 1968 and Micronesia in 1972. A small grant said to be in place of reparations was made in 1976 to Mongolia. See Gaimusho keizai kyoryukyoku, Keizai kyoryoku kankei shiryō (Ministry of Foreign Affairs, Economic Cooperation Bureau, Materials on economic cooperation), July 1974, pp. 8-13. Hasegawa discusses the significance of reparations in Japanese Foreign Aid, Chapter 4.


6. Although technical assistance was often loosely referred to as "aid", such as in the Shinchōki keizai keikakku, p. 22.
7. Tsūshō sangyōshō, Keizai kyōryoku no genjō to mondaiten (Ministry of International Trade and Industry, Economic cooperation: present situation and problems), Tokyo, Tsūshō sangyō chōskai, 1958. It is hereafter cited as Economic Cooperation. The report is often referred to as the "Aid White Paper" but it is a Ministry publication, not an official government hakusho (White Paper).

8. See Harrell, Japan's Postwar Aid Policies, pp. 35-63, for a discussion of various business initiatives.


13. Blue Book (1957), pp. 23-4. There was still confusion, however. The 1958 edition, for example, referred to reparations payments to Burma and the Philippines as "economic aid" (keizai enjo) in the table of contents (p. 2) but "economic cooperation" (keizai kyōryoku) in the text (p. 41).


16. See Olson, Japan in Postwar Asia, pp. 39 ff. A MITI economic cooperation official at the time, Hayashi Shintarō, noted that there was strong informal pressure from business for the aid to India. See his "Tai-in enshakkan no haikei to sono igi (The yen loan to India: its background and significance), Ajia mondai (Asian problems), Vol. 7, No. 2, August 1957, pp. 124-38 at p. 125. Harrell corroborates this in Japan's Postwar Aid Policies, p. 41.


18. OECD, Flow of Financial Resources to less-developed Countries, p. 142.
22. Blue Book (1960), pp. 18-19. The term "aid" was left undefined by the MFA here.
32. Sawaki Masao, in a roundtable discussion "DAG kaigi no keika to kongo no mondaiten" (Progress of the DAG meetings and future problems), Keizai kyōryoku (Economic cooperation), No. 53, June 1961, pp. 5-13 at pp. 6-7. Similar sentiments were expressed by the Director of the MFA Economic Cooperation Department, Kai Fumihiko, in "Daigokai kaihatsu enjo gurūpu (DAG) kaigi nisuite" (The Fifth Meeting of the Development Assistance Group (DAG)), Ajia kyōkaishi (Journal of the Asia Society), August 1961, pp. 3-7.
34. Nikkei, 28 March 1961, evening.
38. Interview with official of the MFA Economic Cooperation Bureau, 8 June 1976.

39. For example, DAC used the category of "official assistance" from 1961, separating government and private flows of capital. MITI, however, was slow to respond. It did not present its own aid statistics with government and private flows separately listed until the 1968 edition of Economic Cooperation, although editions from 1962 carried tables provided by DAC showing government and private flows from all members including Japan.


42. DAC defines Official Development Assistance as "all flows to less-developed countries and multilateral institutions provided by official agencies, including state and local governments, or by their executive agencies, which meet the following tests: (a) they are administered with the promotion of the economic development and welfare of the developing countries as their main objective; and (b) their financial terms are intended to be concessional in character". Other Official Flows include "(a) official bilateral transactions which are not concessional or which, even though they have concessional elements, are primarily export-facilitating in purpose; (b) the net acquisition by governments and central monetary institutions of securities issued by multilateral development banks at market terms. Rediscounting of trade instruments by central monetary authorities is not considered as an official flow". By this definition, OOF includes Japanese Export-Import Bank suppliers' credits and OECF suppliers' credits, recorded until 1968 as private transactions. See DAC Review (1969), pp. 241-3.

43. See Comparative Aid-Giving Performance Tables in DAC Review, 1967-73. Japan's relative position in the grant element table was 11th (out of 15) in 1965 and the same (out of 16) in 1969. Her grant element was 0.22 percent compared to the DAC average of 0.55 percent in 1965 and 0.34 percent compared to the DAC average of 0.35 percent in 1969.

44. Hasegawa, Japanese Foreign Aid, p. 65.


46. Japan was influential in the establishment of the Asian Development Bank in 1966, was an original member of IGGI in 1966 and initiated MEDSEA in 1966. For an account of the creation of the ADB, see the book written by its first President, Watanabe Takeshi, Ajia kaigin sōsai nikki (Diary of an ADB President), Tokyo, Nihon keizai shimbunsha, 1973.
47. See Chapter 2 below.


51. *Blue Book* (1962), p. 226. According to this, projects had to be *senden kōka no takai*, "of a high public relations value".


55. Langdon discusses the incident on p. 92 of *Japan's Foreign Policy*. Olson notes how Japan learnt "a sober lesson" (*Japan in Postwar Asia*, pp. 142-4) and Harrell refers to it as "a turning point in Japan's economic diplomacy toward Asia" (*Japan's Postwar Aid Policies*, p. 107).


63. Japan was closely involved in international efforts from 1970 to achieve agreement on the removal of tying from aid. At UNCTAD III in 1972 the Japanese Government announced its intention to untie multilateral contributions in principle and LDC untying was promised in December 1972. OECF and Eximbank legislation was amended in November 1972 to allow those organisations to make untied loans. Following DAC agreement in June 1974, all loan agreements concluded after 1 January 1975 were LDC-untied.

64. Motono Moriyuki (Counsellor, Economic Cooperation Bureau, MFA)
a roundtable discussion "Keizai kyōryoku no konnichiteki igi" (The significance of economic cooperation today), Kokusai kaihatsu jānaru (International development journal), 5 November 1972, pp. 2-18 at p. 3.


68. Kokusai kaihatsu jānaru, 5 November 1972, pp. 4-5.


70. Maeda Tarao (Councillor in the MOF International Finance Bureau) in Kokusai kaihatsu jānaru, 5 November 1972, p. 5.

71. Anon., "Kakegoe dake no enjo gōi" (Agreement on aid by the voices only), Kokusai kaihatsu jānaru, 5 November 1972, p. 19.

72. The Government helped sponsor an annual Economic Cooperation Week and published several semi-glossy magazines on Japan's aid effort and relations with Southeast Asia, both in English and in Japanese. The JICA had a monthly journal in Japanese and paid for a number of short television documentaries on Japan's overseas aid. The Foreign Minister also presented annual Technical Cooperation Effort Awards.

73. See Naikaku sōri daijin kambo kōshitsu, Taigai keizai kyōryoku ni kansuru yoron chosa, shōwa 45.11 (Prime Minister's Office, Minister's Secretariat, Office of Public Relations, Public opinion survey on overseas economic cooperation, November 1970). It was not clear why the 1969 poll was not published but the few comparative figures available suggested a dismal consciousness of aid in 1969. Method, however, was also a problem, for the discrepancy between 1969 and 1970 responses for the same questions was too wide to be the result of suddenly increased awareness. For example, those in 1969 who had heard of the words "economic cooperation" and "technical aid" numbered 41 percent and 32 percent respectively, but in 1970 the figures were 57 percent and 50 percent respectively. The style of question in 1970 was poor and people were led into certain responses. Thus, of words presented on a card, 57 percent had heard of "economic cooperation", but when the term was explained in a question and people asked whether they knew if Japan undertook such activity, 62.4 percent said that she did. Likewise, the 57 percent did not match the 69 percent response to the question on whether or not they knew of the existence of economic cooperation. In regard to Japan's future aid role, support for positive action came equally from urban and rural areas, but more from men than women, especially men between 30 and 59. Those with university education and clerical workers were notably more positive. But
only 43 percent of those who thought that Japan should be positive in her aid thought that Japanese Government aid should be increased. The same patterns appeared in the question on whether to increase government aid. The poll was based on a random sample of 3000 with a response rate of 81.3 percent. Japan may not have been alone in her lack of public awareness on aid, for David Wall has noted how politicians were able to play on public ignorance in the USA and UK. See his The Charity of Nations: The Political Economy of Foreign Aid, London, Macmillan, 1973, pp. 56-7.


75. Asahi shimbun, 28 December 1976.

76. See Taigai keizai kyōryoku shingikai, Kongo no kaihatsu kyōryoku no suishin ni tsuite (Advisory Council on Overseas Economic Cooperation, On the promotion of future development cooperation), 18 August 1975.

77. A very senior official in the Bureau used this term in an interview on 31 March 1976.

78. Interview with a former Director of the MITI Economic Cooperation Division, 26 October 1976. The same sentiments were echoed by another former MITI official in an interview on 31 March 1976.

79. Interview with an official of the MOF International Finance Bureau, 4 June 1976.

NOTES TO CHAPTER 2


3. Revision of *Tsūshō sangyōshō soshikirei* by *seirei* 53, 31 March 1953. All the following legal references to organisation revision have been obtained from various issues of *Gyōsei kanrichō* gyōsei kanrikyoku, *Gyōsei kanri nenpō* (Administrative Management Agency, Administrative Management Bureau, Administrative management yearbook), Vols 3-15, 1952-73. The Constitution vests executive power in the Cabinet (Art. 65) and defines Cabinet membership as the Prime Minister and Ministers of State (Art. 66). The Cabinet Law (*Naikakuhō*, Law 5, 16 January 1947) places an upper limit on the number of state ministers, plus the Prime Minister, in the Cabinet. There is no legally fixed number of ministries. The National Administrative Structure Law (*Kokka gyōsei soshikihō*, Law 120, 10 July 1948) provides for ministries to be set up and abolished by separate legislation and for executive offices (fu), ministries (shō), agencies (chō) and commissions (jinkai) to exist. Under Art. 5 state ministers are the heads of ministries and under Art. 7 there exist in ministries a Secretariat (kambo) and various bureaus (kyoku) or departments (bu) and within them divisions (ka) and offices (shitsu). The bureaus and departments are established by law but divisions and offices are established by Cabinet Order (*seirei*, the issuance of which is authorised by Art. 73 of the Constitution).

In practice, a ministry or agency is created by the passing of a ministry establishment law (e.g. *Gaimushō setchihō*) which details the numbers, names and general functions of bureaus and departments. Diet revision of this law is necessary to abolish or rename a bureau or create a new one within the ministry. The divisions or offices within a bureau are created by a ministry Organisational Ordinance (e.g. *Gaimushō soshikirei*) which states their names and functions. Creation of new divisions, abolition or renaming of existing ones, requires a Cabinet Order revising the Ordinance. Ad hoc reorganisation below the division level or arrangement of responsibilities within a division can be made by Ministerial Order (shorei). For details of Japanese national administration, see Okabe Shirō, *Gyōsei kanri* (Public administration), Tokyo, Yūhikaku, 1967, Chapter 4. Changes in organisation can be traced by referring to successive issues of *Hōrei zenshū* (Compendium of laws) or *Naikaku kambo henshū*, *Genkō hōrei shūran* (Cabinet Secretariat (ed.), Collection of current laws). Organisational changes often occur in March or April to coincide with the start of the new fiscal year on 1 April.


6. Toki no hōrei (Law news), No. 95, 23 April 1953.


11. Other changes were made to meet this new diplomatic challenge: the Political Affairs Bureau was divided into two, the Asian Affairs and European-American Affairs Bureaus. See Toki no hōrei, No. 46, 13 January 1952, p. 18.


14. Revision of Tsushō sangyōshō soshikirei by seirei 93, 1 April 1959. The Export Promotion Department had been set up in May 1958 within the International Trade Bureau.

15. Revision of Ōkurashō soshikirei by seirei 117, 13 April 1959. For investment figures, see Tsushō sangyōshō, Keizai kyōryoku no genjō to mondaiten (Ministry of International Trade and Industry, Economic cooperation: present situation and problems), Tokyo, Tsushō sangyō chōsakai, 1960, p. 63.


17. These were the general administration of matters pertaining to overseas commercial economic cooperation (kaigai to no tsushō keizai kyōryoku) and implementation of treaties dealing with international cooperation in trade and economic affairs. For comparison, refer to Hörei zenshū, 1959.


21. Ogita Tamotsu, in a survey of advisory bodies, gives the annual budget allocation at ¥3,876,000 (about A$13,800) and says that in 1968 (his survey year) only 4 out of 249 government advisory bodies did not convene, one of which was the Advisory Council on Overseas Economic Cooperation. See his "Shingikai no jittai" (Realities of advisory councils), Gyösei kenkyū (Administrative studies), No. 7, 1969, pp. 21-71 at p. 52.

22. See Chapter 4 below for an analysis of the role of the Council in aid policy-making.

23. Revision of Gaimushō soshikirei by seirei 77, 1 April 1960.


30. Toki no hōrei, No. 344, 3 March 1960, and No. 531, 23 April 1965, pp. 28 ff. The law was the Keizai kiban kyōka shikinhō (Law concerning funds for strengthening the economic base).

31. "Keizai kyōryoku suishin ni kansuru yōbō" (A call for the promotion of economic cooperation), 29 August 1960, in Keizai kyōryoku (Economic cooperation), No. 44, September 1960, pp. 4-5. The ITCA was a private organisation with a large business membership which aimed to promote technical and economic cooperation with developing countries.


33. Ichimada Hisato, "Tonan ajia shisatsu yori kaerite" (On returning from a tour of Southeast Asia), Keizai kyōryoku, No. 36, January 1960, pp. 4-6 at p. 6.

34. Goto Masaki, "Kaigai keizai kyōryoku kikinhō no kaisetsu" (An explanation of the Overseas Economic Cooperation Fund Law), Keizai kyōryoku, No. 50, April 1960, pp. 19-22 at p. 19. See also Toki no hōrei, No. 783, 23 April 1972, pp. 24-32, for further details on the background to the OECF.

36. Eguchi Hiromichi, "Nihon yushutsunyū ginkō no unei jōkyō oyobi saikin no mondaiten" (Current operations of the Export-Import Bank of Japan and recent problems), Keizai kyōryoku, No. 47, December 1960, pp. 5-9.


38. Interview, 20 December 1976. The executive also stressed that the Prime Minister, Ikeda, was himself backing the OECF and that he wanted it to be positive in its promotion of economic cooperation. The official, when requested to join, approached Ikeda via former Prime Minister Yoshida Shigeru to assess whether or not the OECF was intended for "real" economic cooperation or for cosmetic purposes only. After Prime Ministerial assurances that it was genuine, he accepted the post offered him.


41. Interview, 20 December 1976. This was a complaint as much as a comment.

42. Asahi shimbun, 8 May 1963 (hereafter Asahi).


46. Asahi, 19 February 1964 (evening).

47. Interview, 20 December 1976. The four-ministry system meant that ministerial negotiations over requests for finance would tend to be drawn out, any ministry being able to postpone meetings. One senior official of OECF of the time said that it was only hard and persuasive argument by President Yanagida, a man who pressed strongly for an active OECF role in economic cooperation, that enabled agreement to take place between ministries on many occasions.


49. See Sawaki Masao et al., "DAG kaigi no keika to kongo no mondaiten" (Progress of the DAG meetings and future problems), Keizai kyōryoku, No. 53, June 1961, pp. 5-13.

50. Revision of Ōkurashō soshikirei by seirei 181, 1 May 1962.

51. Revision of Tsushō sangyōshō setchiho by Law 55, 31 March 1962, and of Tsushō sangyōshō soshikirei by seirei 119, 1 April 1962.

52. Interview, 20 November 1976.

54. Kai Fumihiko, "Kaigai gijutsu kyōryoku jigyōdan no shimei" (The task of the Overseas Technical Cooperation Agency), Kaigai gijutsu kyōryoku (Overseas technical cooperation), June 1962, pp. 3-8 at p. 7.

55. This is the subject of the next chapter.

56. The Ministry of Agriculture and Forestry (MAF) had a small role in economic cooperation. An International Economic Affairs Division and an International Cooperation Division were set up in 1963 and in 1968 these were included in an International Affairs Department within the Economic Affairs Bureau.


58. Revision of Gaimushō soshikirei by seirei 145, 4 May 1965. This occurred except for United Nations matters, responsibility for which was given to the UN Bureau's newly-established Social Affairs Division (shakaika) in May 1964.

59. Revision of Tsushō sangyōshō setchihō by Law 17, 31 March 1965, and of Tsushō sangyōshō soshikirei by seirei 105, 1 April 1965.

60. Toki no hōrei, No. 529, 3 April 1965.


62. Revision of Ōkurashō soshikirei by seirei 96, 1 April 1966.

63. In the Prime Minister's Office, an Economic Cooperation Office was set up in the Councillors' Office in March 1965, to take charge of the business of the Advisory Council on Overseas Economic Cooperation (Sōrifurei 11, 31 March 1965).

64. Revision of Keizai kikakuchō soshikirei by seirei 241, 27 June 1972.

65. Toki no hōrei, No. 672, 23 March 1969, p. 34. Rationalisation was carried out by revision of Gaimushō soshikirei by seirei 9, 24 January 1969.

66. Toki no hōrei, No. 672, p. 36.

68. Interview with a former Division Director in the MFA's Economic Cooperation Bureau on 16 June 1976, when he was a regional Division Director.


70. Interviews, 24 May, 16 June and 24 June 1976, with officers in different divisions of the Economic Cooperation Bureau.


73. Interview, 29 June 1976, with an officer of the Bureau's Policy Division. JICA, as the new Agency was known, was a body which absorbed OTCA, the Japan Emigration Service (JEMIS) and a number of smaller agencies, and its major work was the implementation of technical cooperation policy. The background to its formation, a highly political process, is described in the next chapter.

74. For a full discussion, see Nawa, Tsusanshō, pp. 54-8, and Toki no hōrei, No. 834, 23 September 1973, pp. 1-8. Reorganisation was effected by revision of Tsūshō sangyōshō setchiho by Law 66, and of Tsūshō sangyōshō soshikirei by seirei 208, both 25 July 1973.

75. Toki no hōrei, No. 834, 23 September 1973, p. 5.

76. Interview, 10 May 1976, with an official of the Administrative Management Agency.

77. Interviews, 7 May, 21 September and 26 October 1976, with two officers and one former officer of the Department.

78. Harrell, Japan's Postwar Aid Policies, p. 87.

79. Harrell, Japan's Postwar Aid Policies, p. 90. The official history of the Ministry of Foreign Affairs mentions that there were moves at this time to establish an Economic Cooperation Agency as a subsidiary agency of the Ministry but that, "for a number of reasons, plans were not firmed and a Department was established instead" (see Gaimushō hyakunenshi, Vol. 2, p. 770). This may well have referred to moves by both the Liberal Democratic Party and the Federation of Economic Organisations to have an agency set up.

80. Nikkei, 22 November 1966. The four were Ōkita Saburō, of the Japan Economic Research Centre, Morinaga Sadaichirō, President of the Export-Import Bank, Watanabe Takeshi, President-elect of the Asian Development Bank, and Mizukami Tatsuzō, President of Mitsui Bussan, the trading company.

82. Nikkei, 4 April 1967.


84. Nikkei, 29 February 1968.

85. Rinji gyosei chosakai, Rinji gyosei chosakai toshin: daigohen keizai kyoryoku gyosei ni kansuru kaizensaku (Special Commission on Administration, Report, Volume 5, Policies for improving economic cooperation administration), September 1964.

86. Keizai douyukai, Keizai kyoryoku taisei ni kansuru taisei (Japan Committee for Economic Development, A proposal for the system of economic cooperation), as reported in Nikkei, 17 February 1968.

87. Taigai keizai kyoryoku shingikai, Kaihatsu tojokoku ni taisuru gijutsu kyoryoku no kakujyuu kyoka no tame no jissaku ni tsuite (Advisory Council on Overseas Economic Cooperation, Policies for strengthening technical cooperation to developing countries), 9 September 1971. The final report was Taigai kaihatsu kyoryoku jisshi taisei no kaizen sokushin no tame no kikou ni tsuite (Structures for improving the implementation system of overseas economic cooperation), 22 October 1971. Incomplete texts are available in Minato Tetsuro (ed.), Kokusai kyoryoku handobukku (Handbook on international cooperation), Tokyo, Kokusai kyoryoku kenkyukai, 1975, pp. 416-27.


93. See Anthony Downs, Inside Bureaucracy, Boston, Little, Brown and Company, 1967, pp. 220-2. Downs examines the creation of new bureaus, which typically arise in "functional areas that are socially significant and in which many bureaus have peripheral policies but no bureau is dominant". This was recognised by Weber when he noted that "bureaucratization is occasioned more by intensive and qualitative enlargement and internal deployment of the scope of administrative tasks than by their extensive and quantitative increase" (see H.H. Gerth and C. Wright Mills, From Max Weber: Essays in Sociology, London, Routledge and Kegan Paul,
1970, p. 212. Downs, however, fails to extend his analysis to the political dimension, where human interaction lays the basis for organisational change.


95. Similar patterns appeared in other donor governments. The failure of the French efforts at reform demonstrated "the inertia of established power relations and the defence of territory preoccupations of a civil service which is not very flexible and places great store by administrative traditions" (see Nancy Viviani, Problems of Aid Administration and Policy Formulation among Western Countries, unpublished paper, Australian National University, Canberra, 1977, p. 17). In Great Britain, the weakness of the Overseas Development Ministry was a result of both political and institutional factors: the weak position of the minister and of ODM itself in Whitehall, as well as the low priority of aid in policy terms. See Judith Hart, Aid and Liberation: A Socialist Study of Aid Policies, London, Gollancz, 1973, pp. 179-87, and William Wallace, The Foreign Policy Process in Britain, London, Royal Institute of International Affairs, 1975, pp. 193-205.
NOTES TO CHAPTER 3

1. Much of my information on the MAF is based on Ashikaga Tomomi et al., "Kokusai kyōryoku jigyōdan" (The Japan International Cooperation Agency), three round-table discussions which appeared in Yunyū shokuryō kyōgikaiho (Bulletin of the Food Import Committee), April–June 1976, between officials of the MAF closely involved with the JICA establishment. They were Ashikaga Tomomi, in 1976 the Director of the Agricultural and Forestry Planning and Survey Department of JICA, Kawamura Kōichi, in 1976 MAF's Yamanashi Prefecture representative, and Kikuchi Masao, in 1976 the Deputy Director of the International Cooperation Division in MAF's International Department. I shall refer to it hereafter as Roundtable. The proposed agency was to be called the Overseas Agricultural and Forestry Development Cooperation Agency.

2. Japan was heavily dependent on imports of a number of agricultural commodities, especially wheat, maize (the main feed grain), soya beans and sugar. Wheat was imported from the US, Canada and Australia, maize from the US (75%), Thailand and South Africa, soya beans from the US, sugar from mainly Australia, Cuba and South Africa. See E.A. Saxon, Japan's Food Gap and Trade in Farm Products, Canberra, Bureau of Agricultural Economics, Occasional Paper No. 42, 1977. Japan's performance in agricultural development cooperation was poor when compared with assistance to the industrial sector in LDCs. In 1973 only 4.1% of bilateral project aid went to the agricultural sector compared with 69.0% to industry, energy, transport and communications projects (see Tsushō sangyōshō, Keizai kyōryoku no genjō to mondaiten (Ministry of International Trade and Industry, Economic Cooperation: present situation and problems, hereafter MITI, Economic Cooperation), 1974, p. 146). The Overseas Technical Cooperation Agency (OTCA) was ill-equipped to provide agricultural assistance services and passed on much of this work to MAF to implement, which proved a complex and unsatisfactory procedure. For figures on imports from LDCs, see Economic Cooperation (1974), p. 164.

3. See Roundtable, April 1976, pp. 1–11. The generally negative attitude of MAF officials to overseas agricultural development is also described in a fascinating account of maize development in Sumatra, Ochiai Hideo's Sumatera no köya kara: aru nōgō gijutsusha no hatsugen (From the plains of Sumatra: an agricultural expert's view), Tokyo, NHK Books, 1975, Part 1.


5. John Creighton Campbell describes the research grant as a useful tactic for ministries to get their foot in the budgeting door. See his Contemporary Japanese Budget Politics, Berkeley, University of California Press, 1977.


9. The term "kaihatsu yunyū" (development import) as a means of providing stable resource supplies was first mentioned in the 1960 MITI *Economic Cooperation* (p. 50). It dropped out of usage in the mid-sixties because of its excessively exploitative stigma, although the term reappeared in the 1967 edition. Development import of agricultural products was first put into practice in the Mitsugoro maize development project in southern Sumatra. This was a joint venture between Mitsui Bussan and the Indonesian Kosgoro group, with OECF funding. See Ochiai, *Sumatora no kōya kara*, and *Roundtable*, April 1976, pp. 2-10.

10. Interview with a JICA Department Director, formerly a senior official in MAF, 30 November 1976.


12. See *Roundtable*, April 1976, and Iwata Yukio, "Nōgyō kaihatsu kyōryoku wa hōmu-ran dake de wa dame" (Just home runs are no good for agricultural development cooperation), *Kokusai kaihatsu jānaru*, 5 August 1973, pp. 10-13. Iwata led one of the MAF study group's teams to Southeast Asia. Other politicians weighed in to support in a positive way. Kuraishi Tadao, a former Minister of Agriculture and Chairman of the LDP's Policy Affairs Research Council (PARC), called for an Agricultural Cooperation Agency in a paper presented to the party's Special Committee on Overseas Economic Cooperation and LDP Secretary-General Hashimoto Tomisaburō was also quoted as suggesting that MAF should consolidate its administrative position in agricultural cooperation (see *Asahi*, 31 July 1973, and *Roundtable*, April 1976, p. 14. Tokonami was a member from the rural First Kagoshima Constituency. He belonged to the Fukuda faction and was first elected in 1949.


15. Suggested by two MFA officials in interviews on 24 June and 13 August 1976 and by a former senior official of the AMA in an interview on 16 November 1976. One very senior MITI official,
formerly in charge of economic cooperation, in an interview on 12 March 1976, was scathing in his comments on MAF. He regarded it as a thorough nuisance in economic cooperation, for while MITI could manage agricultural cooperation quite well, he said, MAF was able to intrude because of its jurisdiction in food policy.

16. See Moriyama Shingo, "Kokusai boekiryoku o osu kaihatsu kyoryoku to wa? kaigai boeki kaihatsu kyoryoku kodan no kihon" (What type of development cooperation promotes our international trade potential? the Overseas Trade Development Cooperation Corporation), Kokusai kaihatsu jannya, 5 October 1973, pp. 22-5. The author was then Director of MITI's Economic Cooperation Department.

17. Interview with an official of the EPA's Economic Cooperation Division, 17 May 1976.

18. MFA attitudes were based on a policy statement reported in Nikkei, 8 July 1973, statements by Mikanagi Kiyohisa (Director of the MFA Economic Cooperation Bureau) in the House of Representatives Foreign Affairs Committee on 5 April 1974, and interviews with different MFA economic cooperation officials (past and present) on 14 June, 1 July, 11 and 13 August 1976. There is also supplementary material in Minato, Nihon no ikiru michi, pp. 99-106, and Roundtable, April 1976.

19. Interview with a former senior official of the Economic Cooperation Bureau, 11 August 1976. One MFA official closely involved in planning for the new JICA said in an interview on 13 August 1976 that MFA had been aware of the possibility of expanding OTCA from the middle of the year, although this contradicted the evidence of other officials.

20. Roundtable, May 1976, pp. 1-5. The Animal Industry Bureau and Forestry Agency were very much concerned with promoting and protecting domestic producers and were therefore suspicious of the development of overseas import sources.


22. Ohira Masayoshi remained as Minister of Foreign Affairs and Nakasone Yasuhiro as Minister of International Trade and Industry. That the changes were decisive was put by Kuraishi Tadao in an interview reported in Minato, Nihon no ikiru michi, p. 173. It was argued also by another LDP politician active in the JICA issue in an interview on 23 December 1976. See also Roundtable, May 1976, p. 5.

23. MAF lobbied the LDP's Policy Affairs Research Council's Agricultural and Forestry Division and the Special Investigation Committee for Basic Policy on Agriculture, Forestry and Fisheries,
with the former Minister of Agriculture and Forestry, Sakurauchi Yoshio, acting as coordinator. MFA and MITI lobbied their counterpart divisions. Business on the whole supported the MITI position, but as individual business groups rather than through the economic federations. Trading firms were not as committed to the MITI argument, for they stood to gain from either proposal. One source claimed that Mitsubishi supported MITI and Mitsui MAF. MAF officials, however, said that within Mitsui, Mitsubishi and Itō Chū some, but not all, favoured their stance. In Roundtable, May 1976, p. 5, Kawamura Koichi of MAF claimed that Mitsui executives lobbied the Prime Minister on behalf of these MAF supporters. Information was also gained from an LDP politician in an interview on 23 December 1976, and from a senior executive of Mitsui's Asian Affairs Department in an interview on 21 December 1976.


25. According to the MOF officer in charge of budget assessments for economic cooperation at the time, non-allocation was normal procedure for requests involving controversial policy issues (interview, 6 August 1976). On these negotiations, see Chapter 6.


27. MAF had also requested a new agency for domestic agricultural land development, which required another agency to be "scrapped". It was suggested that this Agricultural Land Development Agency could be created by abolishing either the Agricultural Machinery Corporation or the Hachirōgata Development Corporation. The Land Development Agency was eventually approved, with the Machinery Corporation being abolished. The Minister for Agriculture and Forestry was greatly pleased with this success, according to the Nikkei of 29 December 1976.

28. The three (the Jimintō sanyaku) were Chairman of the Executive Council, Suzuki Zenkō, the LDP Secretary-General, Hashimoto Tomisaburō, and Chairman of the Policy Affairs Research Council, Mizuta Mikio.

29. This proposal was based on an earlier one made in September 1973. The text is in Minato, Nihon no ikiru michi, pp. 80-98.


32. The following paragraphs are based on an interview on 23 December 1976 with one of those present at the meeting.

34. Nikkei, 26 December 1973. Tanaka met the Director of the Cabinet Legislation Bureau, Yoshikuni Ichirō, after Öhira left.

35. The Asahi and Yomiuri shimbun (hereafter Yomiuri) of 26 December 1973, both reported the meetings but only the latter stated that the Party decided to recommend the merger of the two plans.

36. Tanaka met Fukuda from 10.34 to 10.40 a.m. and Öhira from 10.40 to 11.00 a.m.

37. Asahi, 27 December 1973. The Yomiuri of 28 December stated that Fukuda wanted to set up agencies only if "those that have run their course change their name". He was referring specifically to the Agricultural Machinery Corporation but may also have been hinting at OTCA and JEMIS. The Housing Development Corporation, originally requested unsuccessfully in 1972, was pushed as a priority request for the 1974 budget by the LDP Secretary-General and Tanaka faction leader, Hashimoto Tomisaburō. See Asahi shimbun keizaibu, Keizai seisaku no butaiura (Economic policy: behind the scenes), Tokyo, Asahi shimbunsha, 1974, pp. 84-8.


40. Asahi, 28 December 1973, and Nikkei, 27 December 1973 (evening). Tanaka's officials, however, voiced reservations about both proposals. Yoshikuni Ichirō, Director of the Cabinet Legislation Bureau, expressed doubts about the need for a new agency and was unsure of what would be abolished to make way for it. Nevertheless, the Asahi of the evening of the 27th stated that Tanaka and Yoshikuni had agreed that Cabinet would establish the new ministerial post.

41. Asahi, 27 December 1973 (evening). Tanaka also expressed the hope that the agency would help in ironing out problems of aid administration. He did not mention the plan for a minister of economic cooperation.

42. He said that there were inconsistencies in the minister plan and certain legal difficulties involved in creating a new post. See Yomiuri, 27 December 1973 (evening).


44. Öhira arrived to discuss Tanaka's forthcoming Southeast Asian trip and economic cooperation with Takashima Jūro, the Director of the MFA's Asian Affairs Bureau, Mikanagi Kiyohisa, the Director of the Economic Cooperation Bureau, and Matsukawa Michisuke, Director of the MOF's International Finance Bureau. Apparently, Öhira warned Tanaka not to act too smart (amari kakkōi koto o suru na). Tanaka retorted by accusing all MFA officials of being useless and acting "like a lot of self-important feudal lords" (Yomiuri, 28 December 1973, and interview with one of those present, 11 August 1976).

46. Nikkei and Yomiuri, 29 December 1973, and Minato, Nihon no ikiru michi, pp. 107-8. The Gokaijō no goseimon referred to a very broad set of guidelines provided for what would necessarily be an extremely complex task.

47. The ability of the MOF to produce this sum at the very end of the budget negotiation process surprised many people. The then Finance Officer of one ministry admitted that he did not know where the money had come from and was sure it was not from funds already allocated to the MFA technical aid budget, even though details of that were not finalised until some days after the Budget was announced. He felt, as did others, that MOF drew it from its reserve funds (kakushi zaigen) normally held in lieu of settlement of politically sensitive issues late in the budget session. Information based on an interview with this officer (17 July 1976) plus other interviews with a former official of the MFA's Economic Cooperation Bureau involved in drafting the JICA bill (1 July 1976) and with a former Budget Bureau officer in charge of economic cooperation matters (6 August 1976). On the MOF use of reserve funds, see John C. Campbell, Contemporary Japanese Budget Politics, and Kojima Akira, "Nihon no zaimu gyōsei" (Japan's fiscal administration), in Tsuji Kiyoaki (ed.), Gyōseigaku kōza 2: gyōsei no rekishi (Studies in administration 2: administrative history), Tokyo, Tōkyō daigaku shuppankai, 1976, pp. 161-215 at pp. 190-4.

48. The report, released in June 1974, was rendered largely useless by JICA's establishment. One of the AMA's senior inspectors in an interview on 17 August 1976 said that at the time it thought the scope of OTCA could be broadened. The report was Gyōsei kanrichō gyōsei kansatsukyoku, "Kaigai keizai kyoryoku ni kansuru gyōsei kansatsu: gijutsu kyoryoku o chūshin to shite" (Administrative Management Agency, Administrative Inspection Bureau, Administrative inspection of overseas economic cooperation: technical cooperation), in Gyōsei kansatsu geppo (Administrative inspection monthly), No. 180, September 1974, pp. 29-38.

49. Interview with former senior official of the Economic Cooperation Bureau, 11 August 1976. MAF may also have seen the chance to formalise the useful link established between emigration and agricultural development in, for example, South America. This was explained by Okayasu Makoto, Director of the Economic Affairs Bureau of MAF, in evidence given on the JICA bill to the Foreign Affairs Committee of the House of Representatives on 8 April 1974.

50. Interview with MFA Economic Cooperation Bureau official involved in the JICA issue, 13 August 1976.

51. Interview with former senior official of the Economic Cooperation Bureau, 11 August 1976. Ōhira took the alternative plan to Hori after Hozaki Takumi, Director of the Emigration Department, had requested that JEMIS not be abolished.
52. Nikkei and Yomiuri, 28 December 1973. The Yomiuri called the plan Tanaka's "medama shōhin" or "prize merchandise".


54. Suggested in Nikkei, 28 December 1973, and in interviews with MOF and MFA officials and a former AMA official on 6 August, 11 August and 16 November 1976.


56. The sanyō idea had its roots in the 1966 report of the Rinji gyōsei chōsakai (Special Commission on Administration) on the functioning of Cabinet, in which a system of Cabinet assistants was recommended. The Administrative Management Committee (Gyōsei kanri iinkai), a high level committee set up in July 1965 to report on administrative management and reorganisation to the Director of the AMA, also decided that the Cabinet Secretariat was overloaded. It was seen that men of its Deputy Director level or higher could assist on overall coordination and direction of special policy areas, such as environment, economic cooperation or budgeting. The MOF was always opposed to the idea and the MFA was never positive. The Committee report, Naikaku kinō no kyōka ni kansuru hōsatsu ni tsuite no tōshin (Report on measures to strengthen the functions of Cabinet) was presented on 27 December 1972. The bill was presented to the Diet on 9 February 1973 and finally lapsed on 4 November 1976 (I am indebted to Professor Ide Yoshinori of Tokyo University for information on this subject).


59. The Secretariat originally suggested one bill increasing the number of ministers from 19 to 21, to include a new Minister for National Development and Minister for Economic Cooperation.

60. The LDP Special Committee on Overseas Economic Cooperation also quickly associated itself with the new plans, announcing on 30 December 1973 that it would push ahead with drafting a new basic policy for aid. The Asahi of 31 December rightly commented that it was assuring its role as "promoter" of the new moves to unify aid policy.

61. The MFA's was not a difficult task. Numerous examples of laws for "special legal persons" (tokushu hōjin) could be drawn on as models. Information on drafting is drawn largely from interviews with MFA officials, a senior member of the drafting committee and an LDP politician in interviews on 1 July, 11 August, 16 November and 23 December 1973. One MFA interviewee (1 July 1976) admitted that his group bolstered the content favourable to the MFA in the draft, expecting some of it to be eliminated in later negotiations.
62. Kawashima Hiromori made his career in the National Police Agency and became the Director of the Cabinet Research Office in January 1971.

63. One interviewee, on 23 December 1976, suggested that he was.

64. He had to "borrow" the authority of the Deputy Director. One interviewee suggested that the chairmanship of this Committee could well have been one task for the Cabinet Councillors then being considered. The Committee met within the Prime Minister's Official Residence over January and the first half of February 1974. It met about 10 times for a total of 30-40 hours. It drew on the resources of the Councillors' Office for staff. The members were, as far as I have been able to ascertain, Hirai as Chairman, Mikanagi Kiyohisa (Director, Economic Cooperation Bureau, MFA) or Katori Yasue (Director of the Ministerial Secretariat, MFA), the Director of MITI's Economic Cooperation Department (in place of the Director of the International Trade Policy Bureau), the Director of MAF's International Department, the Director and the Counsellor of the EPA's Coordination Bureau, the Counsellor from the MOP's Ministerial Secretariat in charge of international finance matters and Tokugawa Tetsuei, Examiner from MOP's Budget Bureau responsible for economic cooperation.

65. See editorial "Kokusai kyoryoku jigyodan no kitai to fuan" (Hopes for and doubts about the Japan International Cooperation Agency) in Kokusai kaihatsu janaru, 25 January 1974, p. 2. A letter in the same issue (p. 36) from an anonymous university professor pointed clearly to the problems of reconciliation. He declared that ministries would act only in their own interests and that the political compromise that gave rise to the Agency would only lead to an emphasis on Japan's interests. He also foresaw JICA as a dumping ground for older MFA officials.

66. There was no real difficulty in respect of paragraphs 1.1, 1.2 and 1.4 of Article 21, which concerned general technical cooperation, despatch of technical experts and acceptance of trainees, and emigration respectively.

67. Article 21.1.3 was "the section on which it was most difficult to reach agreement", said a member of the Committee in an interview on 16 November 1976.

68. A point of view put especially by EPA official (interview 17 May 1976). OECF and Eximbank finance was not a necessary precondition in the case of "experimental projects" (see Article 22.1.2).


70. One example is that of budgeting for the agricultural development portion of the agency budget. From the beginning MFA maintained that since it requested the portion and had it attached to its own budget, it should also implement it. This debate had continued since the MAF plan was first suggested in 1973. Preparations for the 1975 budget in mid 1974 saw a compromise whereby MFA would request the portion, have it allocated to it and spend the money,
but the budget would be drawn up by MAF and budget negotiations would be undertaken by MAF officials. In regard to mining and industrial development, MITI continued to request and draw an amount which was then given to JICA on a commission (itaku) basis. MITI absolutely refused to have it any other way (see below, Chapter 6, pp. 207-8).

71. Interview with senior Economic Cooperation Bureau official, 11 August 1976. It was normal practice for ministries involved in an agency's work to see their interests represented to some extent by the appointment of their own officials (or former officials) to executive positions. This was also useful to the agency, since men with experience of ministry affairs entered top management jobs.

72. This was usual LDP government policy-making procedure and the PARC was the normal forum for the resolution of pressure group and factional differences over legislation. See Fukui Haruhiro, Party in Power: The Japanese Liberal-Democrats and Policy-making, Canberra, Australian National University Press, 1970, Chapter 4.

73. See Nikkei, 27 January and 7 February 1974.

74. Articles 1 and 21.1.3.

75. This was formally laid down in JICA "Financing guidelines" (yūshī yōkō) unsighted by myself but referred to in an interview with one of the JICA directors on 1 November 1976. Also stated in Gaimushō keizai kyōryokukyoku seisakuka, "Kokusai kyōryoku jigyōdan no hassoku to yakuwari" (MFA, Economic Cooperation Bureau Policy Division, The start of the Japan International Cooperation Agency and its functions), Keizai to gaiko (Economics and diplomacy), September-October 1974, bessatsu (extra number), p. 9.

76. The stagnation in JICA loan operations in 1975-76 was a result of the unwillingness of Japanese firms to invest overseas in an uncertain economic climate, according to a JICA official (interview 11 August 1976).

77. At this stage the English version of Kokusai kyōryoku jigyōdan had not been finally decided and although it was in the end a simple direct translation of the Japanese, with the word "Japan" prefixed, a final decision was not made until July. There was discussion of the English title in the House of Representatives Foreign Affairs Committee on 5 April 1974.

78. See criticism by Wada Sadao (JSP) on 4 April 1974 (72 kokkai shūgīin kaigiroku 23-gō (72nd Diet House of Representatives debates, proceedings No. 23), pp. 825-6), and Doi Takako (JSP) in the House of Representatives Foreign Affairs Committee on 10 May 1974 (Gaimu iinkaigiroku 24-gō (Foreign Relations Committee, proceedings No. 24), p. 21).


81. Interviews with an MFA and a former AMA official, 14 June and 16 November 1976. OTCA had a history of staff activism which culminated in a strike in 1970 over the extent of "descent from heaven" (amakudari) appointments. In 1976 these issues were still alive. There were two labour unions in JICA, one for former OTCA staff and the other for former JEMIS staff. On the strikes, see debates in the Shakai rōdō iinkai (Social-Labour Committee) of the House of Representatives, 63rd Diet session, June 1970, and the House of Councillors' Kessan iinkai (Audit Committee), November 1970. Reference to salary differentials was made also by Nakayama Soppei, former President of OTCA, in Saitō Shirō et al., "Kokusai kyōryoku jigyōdan to atarashii kyōryoku rinen" (The Japan International Cooperation Agency and new principles for cooperation), Kokusai kyōryoku (International cooperation), No. 239, August 1974, pp. 2-11 at p. 8.

82. See debates in Gaimu iinkaigiroku 18-go, 8 April 1974, pp. 5-7 and 12 ff.

83. Accusations by Nagamatsu Eichi (DSP), Gaimu iinkaigiroku 24-go, 10 May 1974, pp. 1-3. The use of the words kaihatsu tojō chiiki nado ("developing and other areas") in Article 1 of the bill in reference to areas where JICA finance could be used brought criticism that the JICA would not be entirely interested in promoting the welfare of the developing areas. Explanations by MFA officials are on pp. 11-13 of the 10 May proceedings.

84. Gaimu iinkaigiroku 24-go, 10 May 1974, pp. 6-7.


86. This pattern was not unusual for Diet debates not normally renowned for their contribution to informed discussion. It was difficult, if not impossible, for the opposition to make more than token criticisms. Hans Baerwald concludes that "the sorting function of the Diet is therefore nothing more than to allow legislative proposals supported by the bureaucracy and vested interests that support the LDP to be approved and to block those proposals which originate from sectors of the Japanese society affiliated with the opposition parties" (Hans H. Baerwald, Japan's Parliament, London, Cambridge University Press, 1974, p. 124). On committees, Baerwald maintains that "most committee work in the Diet is an exercise in futility" (Committees in the Japanese Diet, unpublished paper, n.d., p. 31).

87. Passage through the House of Councillors ran close to the suspension of the Diet. Sakurauchi Yoshio, a former Minister of Agriculture and Forestry, related how some hard bargaining was necessary to get the bill through (Minato, Nihon no ikiru michi, p. 189). A final interesting result of the Diet debates was the passing, with the support of all parties except the JCP, of a "supplementary resolution to the JICA Bill" by the House of Representatives Foreign Affairs Committee. It was clearly a
concession to domestically oriented opposition demands and, according to Minato (Nihon no ikiru michi, p. 113) pointed to future trends in Japanese foreign aid. It recommended that (a) the primary objective be the betterment of conditions for peoples of the LDCs; (b) private firms respect the recipient's position but still ensure that Japanese economic cooperation is used "effectively"; (c) JICA operations be closely coordinated with those of OECF and Eximbank; (d) overseas agricultural development not be detrimental to domestic agriculture and that consideration be given to increasing Japanese self-sufficiency in agricultural products; (e) the MFA maintain close relations with other ministries; (f) inconsistencies between conditions of transferred staff be handled so as not to affect their interests adversely. For the text, see Gaimu iinkaigiroku fuzoku, p. 4. It is dated 10 May 1974.

88. Interview with a former senior official of the Economic Cooperation Bureau, 11 August 1976. See also Nikkei, 30 April, 1974.

89. Nikkei, 30 April 1974.

90. Hogen Shinsaku was born in 1910 and graduated from Tokyo University's Law Faculty in 1933. He joined MFA and made a career in European and American affairs, being Counsellor in the Japanese Embassy in Moscow, Ambassador to Austria, and the Ambassador to India for one year in 1968. He became Vice-Minister for Foreign Affairs in April 1972 but was dismissed in February 1974 by Foreign Minister Öhira. The incident arose originally from a mistake on the part of the then Ambassador to Washington, Yasukawa Takeshi, who stated incorrectly during a visit by Öhira that the 1973 Nixon-Tanaka communique included words to the effect that the Emperor would visit the US "during 1974", a statement which Öhira accepted and repeated. This brought a formal reprimand from the Prime Minister to the Ambassador and pressure on Öhira to make changes in the top echelons of the MFA, already under attack from a number of quarters for other mistakes, including a failure to notice inconsistencies in the texts of the Japan-Soviet joint communique of October 1973 (see Asahi, 25 October 1973). On 18 February 1974, Öhira called in Hogen and asked him to step down. He was made an adviser to the Ministry and given an office in the MFA building. Nagano Nobutoshi describes the events in Gaimushō kenkyū (A study of the Foreign Ministry), Tokyo, Simul, 1975, pp. 28-34.

91. Reported in Nikkei of 31 May, but Asahi of 30 May 1974. It was also mentioned that vice-presidential candidates had been selected. My information is from an interview on 11 August 1976 with a former senior official in the MFA Economic Cooperation Bureau.

92. The directors chosen were: Mikanagi Kiyohisa (Director of the MFA Economic Cooperation Bureau), Itō Takuya (Director of JEMIS and former MFA official), Kondō Michio (Director of OTCA and former MOF official), Yoshihara Heijirō (Director of OTCA and former MAF official), Endō Kanji (MAF Counsellor), Nakanishi Kōichi (Director of OTCA and former MITI official), Nagao Mitsuru (Director of Civil Engineering Research Institute and former official of the Ministry of Construction), Saitō Minoru (Director
of JEMIS), Toyama Motohiko (Director of JODC), Shinshi Masao (auditor of JEMIS), Hitomi Yoshio (official of Telegraph and Telephone Corporation). Auditors were Yamamoto Toshihogi (LDP Member of the House of Councillors), Okada Katsugi (auditor of JEMIS) and Moriya Eitarō (auditor of OTCA).

93. Interview with MFA technical cooperation official, 14 June 1976, and crosschecks made by reference to lists of officials in Anon., "Shinjigyōdan no shikumi" (The set-up of the new agency), Kokusai kyōryoku, August 1974, pp. 31-3, and to Ökurasho insatsukyoku, Shokuinroku (Finance Ministry Printing Bureau, Directory of officials). Directors had responsibility for different departments. Thus in 1976 Hirai Tatsuaki (director from 1975) was in charge of financial matters and deputised on loans and training, Nagao Mitsuru was responsible for social development cooperation, Mikanagi Kiyohisa was in charge of the work of the General Affairs and Personnel Departments. One MFA official (interview 14 June 1976) said that departmental thinking was strongly influenced by the respective directors.


96. In Saitō Shirō et al., "Kokusai kyōryoku jigyōdan to atarashii kyōryoku rinen", p. 8. In another article, "Kokusai kyōryoku e no hōfu to genjitsu" (Aspirations for and realities of international cooperation), Kokusai kaihatsu jānaru, 25 August 1974, pp. 12-13 at p. 13, he stated that "the problem [for the effective coordination of JICA activities with other agencies] is that we need a basic philosophy as to what this economic cooperation that the Government carries out really is. We cannot afford to make mistakes."


98. Minato Tetsuro is said by one member of the same Nakasone faction (interview 23 December 1976) not to have consulted either Nakasone or other faction leaders about his role in the decision. This was to avoid delays which would have resulted from such discussions.


NOTES TO CHAPTER 4


2. A sentiment expressed by a number of respondents and by writers such as Iida Tsuneo, Enjo suru kuni sareru kuni (Aiding and aided nations), Tokyo, Nihon keizai shimbunsha, 1974, Chapter 4.


10. Ōkōchi Shigeo, "Nihon no gyōsei soshiki: naikaku seido no tenkai o chūshin ni shite" (Japan's administrative organisation: a study in the development of the Cabinet system), in Tsuji, Gyōseigaku kōza, Vol. 2, pp. 77-110.

11. For example, in the popular literature such as Fujiwara Hirotatsu, Kanryō no kōzō (The structure of the bureaucracy), Tokyo, Kōdansha gendai shinsō, 1974, or Kanryō kikō kenkyūkai (ed.), Ōkurashō zankoku monogatari (Bureaucratic Organisation Study Group, Horror stories of the Finance Ministry), Tokyo, Yell Books, 1976.

12. This emphasis is clear in Nagano Nobutoshi, Gaimushō kenkyū (A study of the Foreign Ministry), Tokyo, Simul, 1975, Honda Yasuharu, Nihon neo kanryōron (A study of Japan's new bureaucracy), Tokyo, Kōdansha, 1974, Vol. 1, or Nihon no kanryō kenkyūkai (ed.), Ökurashō sōjūhō (Japanese Bureaucracy Study Group, How to use bureaucrats), Tokyo, Nihon keizai shinbunsha, 1971. This last stresses especially the change in the nature of international diplomacy towards economic issues, an argument which William Wallace also uses against the British Foreign Office. See his The Foreign Policy Process in Britain, especially Chapter 10.

13. Some officials indeed felt that their own tasks could be appreciably assisted by the initiation of specific foreign aid legislation. Interview with MOF official, 11 June 1976.


15. Interview with senior MITI official, 12 March 1976. See also the popular literature, such as Nawa Tarō, Tsūsanshō (MITI), Tokyo, Kyōikusha, 1974, Yamamoto Masao, Keizai kanryō no jittai: seisaku kettei no mekanizumu (The real economic bureaucracy: the policy-making mechanism), Tokyo, Mainichi shinbunsha, 1972, Honda, Nihon neo kanryōron, Vol. 1, Nihon no kanryō kenkyūkai, Öyakunin sōjūhō, Suzuki Yukio, Keizai kanryō: shin sangyō kokka no purodyusa (Economic bureaucrats: producers of the new industrial state), Tokyo, Nihon keizai shinbunsha, 1969.


17. The Banking Bureau had jurisdiction over the affairs of the Eximbank. The Financial Bureau was involved in determining the annual allocation to Eximbank and the OECF from the Trust Fund. More will be said on this in Chapter 6.

18. On the EPA, interviews with an NIJK editorial writer (8 March 1976), a former official of EPA (5 April 1976) and officials from MITI (31 March), MOF (15 April) and EPA (17 May and 7 June 1976).


21. Interviews with MFA Press Club reporters from Nihon keizai shimbun (11 November 1976), Asahi shimbun (12 January 1977), and the Political Desk Chief of a leading daily (10 January 1977). The term used was hi ga ataranai tokoro.

22. Yoshino Bunroku, a former Councillor in the Bureau, was in 1976 Councillor (shingikan) in the Ministry, Sawaki Masao (Director 1970-72) served as Director of the Asian Affairs Bureau, and Katori Yasue (Director 1974-75) served as Director of the Minister's Secretariat, but no Vice-Ministers rose from directorship of the Economic Cooperation Bureau. The MFA Press Club journalists said that the Director in 1976, Kikuchi Kiyoaki, was not in the running for the post in future.


24. Interview with newspaper Political Desk Chief, 10 January 1977.


26. The term is tokushu gyōsei, used by a former Economic Cooperation Division official in an interview on 31 March 1976.

27. Since 1966, one Economic Cooperation Department Director (Yamashita Hideaki, 1967-69) became Vice-Minister (in 1973). Others became senior bureau directors (Takahashi Toshio and Moriyama Shingo) while others went to senior positions in the Export-Import Bank (Yamaguchi Biichi) and the Science and Technology Agency (Koyama Minoru). Former Division Directors included Harayama Yoshishi (in 1976 a director of Dengen kaihatsu, a semi-government engineering development firm), Eguchi Hiromichi (a Bureau chief in the Defence Agency), Hanaoka Shūsuke (Industrial Bureau Director in the Osaka branch of the Ministry) and Toyoshima Tadashi (Director of the General Affairs Division of the International Trade Policy Bureau). The original assertion came from a Deputy Division Director in the Economic Cooperation Department in an interview on 7 May 1976.
28. Interview with two editorial writers of Nihon keizai shimbun, 27 May 1976, and supported by Yasuhara, Ōkurashō, pp. 145-65, and Asahi shimbun keizaibu, Keizai seisaku no butaiura (Economic policy: behind the scenes), Tokyo, Asahi shimbunsha, 1974, pp. 242-6. I am indebted to Bob Angel, of Columbia University, for the benefit of his knowledge on the workings of the MOF.

29. Japanese national government operates on the teiin system (fixed personnel system), a type of "staff ceiling" system, as a means of determining staff levels. The annual budget includes numbers per ministry of generalist (ippanshoku) and specialist (semmonshoku) officers and of desk chiefs, deputy division directors, division directors, bureau directors, councillors and vice-ministers. The total number of staff for all ministries, the Prime Minister's Office and Cabinet organs is determined then by legislation (Gyosei kikan no shokuin no teiin ni kansuru horitsu) and total ceilings for each ministry are laid down in a Cabinet Order (Gyosei kikan shokuin teiinrei), for which approval of the Administrative Management Agency (AMA) is necessary. A Ministry Order specifies the ceilings for each bureau, of which the Agency must be notified, while the allocation of these staff to the separate divisions is decided by the Minister's Secretariat of each ministry after discussions with the General Affairs Divisions of the bureaus. Staff numbers in divisions are shifted according to changes in divisional responsibilities and work loads. Based on interviews with an officer of the AMA on 10 May 1976 and an officer of the General Affairs Division of the International Finance Bureau on 26 April 1976.

30. For details of the 1969 reorganisation, see Chapter 2 above. In regard to staff changes, the teiin in 1968 and 1969 were for the Asian Affairs Bureau 116 and 131, American Affairs Bureau 69 and 85, European Affairs Bureau 54 and 73, Middle East and African Affairs Bureau 28 and 41, but the Economic Affairs Bureau fell from 178 to 88. See Jinjiin kanrikyoku shokkaika, Gyosei kikan soshikizu (National Personnel Authority, Bureau of Administrative Services, Position-Classification Division, Organisation charts of administrative organs), various years.

31. I am indebted to T.J. Pempel of Cornell University for information on this subject.

32. According to an officer of the Policy Division of the Economic Cooperation Bureau in an interview on 24 May 1976.

33. A very senior official in the Bureau, for example, was uncertain of present staff numbers when asked, and quoted a figure well below actual totals. Interview 31 March 1976.

34. Separate interviews with officials of this and other divisions, 17 March, 24 June and 29 June 1976.


37. Interview with a former Vice-Minister of MAF (15 May 1976) and an official of MAF's International Department (19 November 1976). The JICA case showed, however, that the role of overseas agricultural development was better appreciated in MAF after 1972. For a statement on MAF thinking on the subject, see Kawamura Köichi, "Nogyō kyōryoku no kangaekata" (Thinking on agricultural cooperation), in Ogura Takekazu and Yamada Noboru, Kōsai nogyō kyōryoku no genjō to kadai (Present situation and problems of agricultural cooperation), Tokyo, Nōsei kenkyū sentā, 1976, pp. 25-38. Kawamura was a former Director of the International Cooperation Division of MAF and was closely involved in the formation of JICA.

38. Nihon no kanryō kenkyūkai (ed.), Oyakunin sōjūhō is an analysis of the bureaucracy along these lines.


41. The director's desk is always under the window, either across a corner or in the centre at a right angle to the rows of desks of junior officers. His desk is flanked by those of his deputy directors. Thomas P. Rohlen has discussed the Japanese work environment in his "The Company Work Group", in Vogel (ed.), Modern Japanese Organization and Decision-making, pp. 185-209.

42. For details on career patterns, see Okabe Shirō, Gyōsei kanri (Public administration), Tokyo, Yūhikaku, 1967, Chapter 7, and Watanabe Yasuo, "Nihon no kōmuinsei" (Japan's civil service system), in Tsuji (ed.), Gyōseigaku kōza, Vol. 2, pp. 111-60, and "Kōmuin no kyariya" (Civil service careers), in Gyōseigaku kōza, Vol. 4, pp. 169-207. See also Nihon no kanryō kenkyūkai (ed.), Oyakunin sōjūhō, pp. 9-60. There were eight grades of civil service officer in each of the three examination categories. Grade 1 to 3 positions were filled mainly by Higher Examination officers. In the Higher Civil Service Examinations, there were 29 types of examination ranging from Law to Agricultural Chemistry and the like.

43. Although certain division directorships were allocated for specialist officers in some ministries. See charts in Watanabe, "Kōmuin no kyariya", pp. 187-90.

44. Craig in Vogel (ed.), Modern Japanese Organization and Decision-making, pp. 7-8, has an excellent quotation from an unnamed MFA source. The officer substantiated the point made above that "the atmosphere of the office, either in Tokyo or abroad, depends a great deal on the personality of the men, particularly of the chief".
45. A point made strongly in *Oyakunin sojūho*, which was written as a type of handbook for those wishing to lobby the bureaucracy.

46. See Fukui, "Policy-making in the Japanese Foreign Ministry". The small numbers of career entrants was shown by reference to separate ministry totals: in 1973, those who passed the Higher Civil Service Examinations for the MOF numbered 27, Ministry of Education 12, Ministry of Welfare 18, MITI 39, Ministry of Transport 49, EPA 9, National Police Agency 21. For MAF the numbers were large at 118, but comprised mainly those who passed exams in agricultural science, only 16 passing in law or economics. Successful candidates for the Higher Foreign Service Examinations in 1973 numbered 27. See Watanabe, "Nihon no kōmuinsei", pp. 148-9.


48. Interviews with Economic Cooperation Bureau Policy Division officials on 24 May and 4 August 1976 and a senior officer of the AMA Inspection Bureau on 17 August 1976. Similar problems faced the development of a career aid officer class in the Australian Public Service: see Bruce Juddery, "Indigestion ahead as department swallows aid agency", *Canberra Times*, 4 June 1976.

49. This contrasted with the MFA, where, according to one Economic Cooperation Bureau Policy Division official, the same degree of definition of procedure was unknown: "while the broad margins of our operations and responsibilities are clearly defined, the general work is very complex and ill-defined and involves relations with many other sections and ministries". Interview 24 May 1976.

50. The JICA case was a good example, as was the normalisation of relations between Japan and China. See Fukui Haruhiro, "Tanaka Goes to Peking: A Case Study in Foreign Policymaking", in T.J. Pempel (ed.), Policymaking in Contemporary Japan, Ithaca, Cornell University Press, 1977, pp. 60-102.


52. The membership as of March 1976 was 20: Nagano as Chairman, Ōkita as Deputy Chairman and Chairman of the Government Aid Sub-committee, Nakayama Soppei (Industrial Bank of Japan) as Chairman of the Private Cooperation Sub-committee, Aki Kōichi (Takushoku University), Iwamura Shinobu (Kyōto University), Ōhori Hiroshi (Dengen kaihatsu), Kubota Yutaka (Nippon Kōei), Taguchi Renzō (Keidanren), Takeyama Yasuo (Nihon keizai shimbun), Nishimura Jumpei (JETRO), Hōgen Shinsaku (JICA), Morimoto Osamu (Agricultural Credit Association), Ichimura Shinichi (Kyōto University), Ushiba Taizō (Keiō University), Ogura Takekazu (Bank of Japan), Sumita Satoshi (Eximbank), Takeuchi Ryūji (MFA), Hara Sumio (Bank of Tōkyō), Mizukami Tatsuzō (Japan Trade Association), Ōno Kazuyuki (Taiyō-Kōbe Bank). See Gyōsei kanrichō, Shingikai sōran (Administrative Management Agency, Compendium of advisory councils), Tokyo, 1975, pp. 84-5.
53. See Nihon keizai shimbun, 19 October 1969 (hereafter Nikkei), and Rööshö kokusai rōdōka, "Taigai keizai kyōryoku shingikai no dōkō ni tsuite" (Ministry of Labour, International Labour Division, Developments in the Advisory Council on Overseas Economic Cooperation), in Röö jihō (Labour News), Vol. 23, No. 2, February 1970, pp. 34-6 at p. 35. An EPA official in the Economic Cooperation Division between 1969 and 1972 said that the Ad Hoc Committee met only three times in those three years (interview 8 July 1976).


55. Of the 20, 10 were former or serving officials: Ōkita (EPA), Iwamura (Education Ministry), Ōbōri (MITI), Hōgen (MFA), Morimoto (MAF), Ogura (MAF), Sumita (MOF), Takeuchi (MFA), Hara (MOF), Kōno (MOF).

56. The sub-committees established were on technical aid (February 1970), private economic cooperation (September 1970), cooperation structure research (September 1971), language problems (June 1972), planning (July 1973), government aid (October 1974) and private cooperation (October 1974). There were 12 Council opinions or reports up to mid-1976. All are listed in the bibliography below.

57. The Council existing from 1960 to 1969 advised the Prime Minister but had the Prime Minister as its Chairman, perhaps one reason why it was very rarely convened.


59. This function is one described by both Park and Harari in their studies of Japanese advisory councils. This section draws on interviews held with an official of the Economic Cooperation Desk in the Prime Minister's Office (11 May and 19 August 1976), Council members (20 August 1975, 15 May, 30 September, 14 and 16 December 1976) and with various ministry officials.
60. Emphasised in an interview with a Council member on 15 May 1976. There was an interesting situation in relations between the Advisory Council on Overseas Economic Cooperation and the Economic Council and its Economic Cooperation Sub-committee. The emphasis of the Aid Advisory Council on the medium and long-term aspects of economic cooperation policy, was not accepted by the Economic Council, whose membership was largely business oriented, so the Advisory Council was unable to get any of its ideas included in Economic Council reports. These reports were drafted within the EPA, in consultation with other ministries, and became the Official Economic Plan. The difference between the two councils was that the force of Aid Council ideas could be increased substantially by their acceptance in the Economic Council. The Report of 1976 included a target for official aid of the 1976 average of DAC countries (0.33% of GNP) by 1980, a very conservative target which MFA representatives pushed hard to upgrade. The MOF, however, was set against any increase and argued hard for the wording as it finally stood. Information from interviews with an EPA official on 17 May 1976 and an Economic Cooperation Bureau Policy Division official on 24 May 1976. There were five men sitting on both councils in 1976: Nagano Shigeo, Ōkita Saburō, Ogura Takekazu, Mizukami Tatsuzō and Kōno Kazuyuki.

61. The Desk was established on 31 March 1965 by revision of Sōrifu honfu soshiki kisoku by Sōrifurei 11. The 1975 Council report recommended (p. 3) that "there is a need to consider strengthening the functions of the secretariat and the steering committee (kanjikai) of the Ministerial Committee and the Council". A professor of public administration at a Tokyo university informed me that the Councillors' Office of the Prime Minister's Office was staffed mainly by officers (of about division director level) transferred from other ministries. It was recognised as a key section of the bureaucracy, so much so that ministries referred to the number of "shares" (kabu) they had in it, according to the officers they had temporarily assigned there (private communication, 13 January 1977). The Industrial Structure Council, in contrast, was properly staffed by officers of the Industrial Structure Division of MITI's Industrial Policy Bureau (see Toki no hōrei (Law News), Nos. 897-8, 23 June and 3 July 1975). Other information came from an officer of the Economic Cooperation Desk (11 May 1976), two members of the Council (20 August 1975 and 15 May 1976) and an EPA official (17 May 1976).

62. For example, at the 23rd general meeting of the Council (7 May 1975), 17 councillors were present as against 23 officials. At the 24th (3 June 1975) there were 13 as against 16 and at the 25th (25 July 1975) 14 as against 21. At the 23rd, officials came from Prime Minister's Office (2), AMA (1), EPA (3), Science and Technology Agency (1), Environment Agency (1), MFA (2), MOF (1), Education Ministry (2), Welfare Ministry (1), MAF (1), MITI (2), Transport Ministry (1), Ministry of Posts and Telegraphs (1), Labour Ministry (1), Construction Ministry (1), Cabinet Secretariat (2).
63. Taigai keizai kyōryoku shingikai dai 23-kai sōkaigiroku (Minutes of the 23rd general meeting of the Advisory Council on Overseas Economic Cooperation), 7 May 1975, p. 2.

64. Interview with EPA official, 17 May 1976. One member of the Council complained that while debate in meetings was good, the strong voice (hatsugenken) of ministries in their respective aid jurisdictions meant that the outcome of discussion was generally clear beforehand (interview 14 December 1976).

65. This balance of interests could produce vague and unspecified wording, a fact which one drafting committee chairman complained of in general session. One example concerned a recommendation for strengthening the Council secretariat made in the 1975 Council report. Disagreement between ministries over the wording "there should be stronger functions for the secretariat and the steering committee", and opposition from MOF and AMA led to a rephrasing: "there is a need to consider strengthening the functions of ...". As minutes of meetings over June-July 1975 showed, however, not all criticisms of the draft report brought changes, not even strong MFA reservations about the significant recognition given in the report to the concept of separate groups of LDCs.

66. A number of Council members suggested that the major problem of the Council was the implementing of its reports. This was echoed both by officers of the secretariat and the ministries. One member reiterated that only when bureaucrats regarded Council ideas as practicable were they adopted, in fact only when ministers or influential officials added their backing to proposals.

67. They were the MFA, MITI, MAF and Ministries of Education, Welfare, Transport, Labour, Construction, Posts and Telegraphs, as well as the Environment, Administrative Management and Science and Technology Agencies. See Naikaku sōri daijin kambō shingishitsu taigai keizai kyōryoku tantō jumishitsu, Taigai keizai kyōryoku shingikai tōshin (kaihatsu tojokoku ni taisuru jigokkyoku no kakuji kyōka no tame no jissai ni tsuite) no jisshō jōkyō no nado ni kansuru shiryō (Prime Minister's Office, Prime Minister's Secretariat, Councillors' Office, Overseas Economic Cooperation Desk, Materials on the implementation status of the report of the Advisory Council on Overseas Economic Cooperation (Policies for strengthening technical cooperation to developing countries)), 24 January 1975.

68. The Japan Overseas Cooperation Volunteers (Nihon seinen kaigai kyōryokutai), an organisation similar to the US Peace Corps, was a successful group, well respected in Japan. Survey work was the basis of loans policy and was given momentum by broader political and commercial considerations.

69. This was reflected later in the assessment of one Council member involved in the drafting of the report, who maintained that the technical cooperation administration handled small projects well but lacked a coordinating capability or the capacity to agree on basic policy (interview, 30 September 1976).
70. Interview with Council member, 15 May 1976.

71. See Nikkei, 10 June 1975. For the text of the Cabinet decision, see Minato Tetsuro, Nihon no ikiru michi: kokusai kyoryoku no kihon seisaku o mezashite (Japan's lifeline: towards basic policy for international cooperation), Tokyo, Kokusai kyoryoku kenkyukai, 1975, pp. 163-4. Members included the Foreign Minister, Finance Minister, Minister for Agriculture and Forestry, Minister for International Trade and Industry, Chief Cabinet Secretary and Directors-General of the Prime Minister's Office and the Economic Planning Agency. One Political Counsellor at a foreign Embassy in Tokyo who reported on the Committee's establishment said in an interview on 19 May 1976 that the Committee was useless and he still in 1976 did not know why it was first set up.


73. After the meeting on 10 November 1975, a group of "main ministers" (kankei shuryō kakuryō) stayed behind. On 27 April 1976, Prime Minister Miki met a group of ministers in the UNCTAD kankei kakuryō kaigi. This comprised the same ministerial level membership as the Ministerial Committee but may have been convened to allow Kimura Takeo, Japan's representative to UNCTAD, to attend, or to free itself from the presence of officials, who were a part of the Ministerial Committee in their role as "steering committee" (kanjikai). Details from Nikkei, 10 November 1975 (evening) and 28 April 1976.


75. Information from interviews with Council members (15 May, 30 September and 14 December 1976), an officer of the Economic Cooperation Desk of the Prime Minister's Office (11 May, 19 August 1976), two top members of the LDP Special Committee (29 July and 23 December 1976), a Director of a leading aid research centre (1 September 1976), an official of MITI's Economic Cooperation Department (21 September 1976) and a senior official of MFA's Economic Cooperation Bureau (11 November 1976).

76. Fukui Haruhiro, in a survey of work on Japanese policy-making, notes that the Diet has been found by some authors to be much more than a mere ratifying or legitimising agent, in education, labour, medical and foreign policy. See his "Studies in Policymaking: A Review of the Literature", in T.J. Pempel (ed.), Policymaking in Contemporary Japan, pp. 42-4.


78. They were the Foreign Affairs, Cabinet, Budget, Finance, Audit, Trade-Industry, Agriculture, Construction and Social-Labour Committees.
79. Interviews with an official of MOF's International Finance Bureau (11 June 1976), two Deputy Division Directors in MFA's Economic Cooperation Bureau (8 and 14 June 1976) and two senior officials of the Bureau (17 July and 11 November 1976).

80. An interview on 23 December 1976 with a member of the Economic Cooperation Committee of the JSP, a Diet Member of 25 years' experience, was a dismal reflection of that Party's and the Diet's role in the aid debate. The man, apart from becoming intoxicated during the course of the interview, knew nothing of the issues of aid and economic cooperation, had no qualms about business making profits from aid relations ("as long as it is not too much") and studiously avoided discussion on the relations between aid and trade policy. During the interview he was active in a form of economic cooperation himself. He received a telephone call from a man he described as the president of a company representing North Korean interests in Japan who had assisted his recent election campaign (okage de tōsen shita) and who wanted an introduction to the president of one of Japan's largest car manufacturers for discussions over some aspect of trade with North Korea.


82. Tanaka Tatsuo, son of Tanaka Giichi, Prime Minister from 1927 to 1929, was born in 1910. After graduation from Tokyo University, he entered the Manchurian Railways and in 1946 the House of Peers. After two terms as Governor of Yamaguchi Prefecture, he was elected to the House of Representatives (Yamaguchi First District) in 1953, where he remained. He served as Director-General of the Prime Minister's Office between 1967 and 1968 and became Minister for International Trade and Industry in the first Fukuda Cabinet of December 1976.

83. This gentleman, Ikeda Takamichi, a retired doctor, merely ran the office for the Committee. The secretaries of individual Diet Members did most of the backup work for their Member's contributions to the Committee.

84. Interview with Committee member, 23 December 1976. Examples are the work by Tokonami Tokuji and Minato Tetsuro in June-July 1973 on the agricultural cooperation agency (see Chapter 3), the plan drawn up by Tokonami in March 1976 on agricultural cooperation (Taigai nōgyō kyoryoku kondankai, Kokusai noringyo kyoryoku ni tsuite (Overseas Agricultural Cooperation Study Group, A plan for international cooperation in agriculture and forestry), 25 March 1976), or the 1975 initiatives in economic cooperation with Brazil of the Nippaku nōgyō kaihatsu kyoryoku suishin giin kondankai (Diet Members' Study Group for the Promotion of Japan-Brazil Agricultural Development Cooperation) headed by Kuraishi Tadao, Yōseisho: nippaku nōgyō kaihatsu kyoryoku no sokushin ni tsuite (A request for the promotion of Japan-Brazil agricultural development cooperation), December 1975.

85. Chapter 7 below will examine some aspects of this problem.

87. Interview with a member of the LDP Special Committee, 23 December 1976.

88. In the first case, questions about Japan's involvement arose after revelations in 1976 in the United States Securities and Exchange Commission investigations into the construction and use of LNG tankers and irregular contracts. This led to allegations by Socialist Diet Members that illegal payments were given to Japanese Government officials for arranging agreements made in 1972 and 1973 for Japanese loans for the development of Indonesian oil and natural gas. The other case involved accusations in January-February 1977 by the Opposition of overpriced tendering by Mitsubishi Shōji in supplying rolling stock for the Seoul subway system which was being built by Japanese government loans. In neither case could the Opposition secure enough information to make its argument convincing and hard-hitting, although the facts in the Korean incident seemed difficult to dispute.
1. George Cunningham lists the major aid decisions facing donor governments as: distribution of funds between recipients; choice of project or program aid; active or reactive role on aid utilisation; extent of country programming; selection of projects; forms of committing funds; terms of aid; total volume. See his *The Management of Aid Agencies: Donor structures and procedures for the administration of aid to developing countries*, London, Croom Helm, 1974, pp. 1-30.

2. This chapter draws mainly on information received from most of those whom I interviewed in Japan. For this reason, the status of persons interviewed, or the date of interview, will not be cited in this chapter, unless necessary. Refer to Appendix 2 for details of my interview schedule.

3. Also outside the scope of JICA finance, which is aimed at infrastructure projects in tandem with OECF-financed projects, and is lent only to Japanese companies. See explanations by Miyake Kazusuke, Director in 1976 of the Economic Cooperation Bureau's Policy Division, in "Kokusai kyoryoku no genjō (6)" (The present situation in international cooperation (6)), *Kokusai tsushin ni kansuru shomondai* (Problems of international communication), Vol. 23, No. 8, November 1976, pp. 23-38, and Tanimura Yorio, "Nikokukan mushō shikkin kyōryoku" (Bilateral capital grant cooperation), *Keizai to gaiko* (Economics and diplomacy), No. 647, April 1976, pp. 58-61.

4. The Japanese Government appreciated the need to move towards local cost financing of capital grant projects, in line with DAC and UNCTAD IV resolutions and also recognised that greater untying of grants was desirable. In 1976, LDC untying of capital grants was possible, although suppliers could only be Japanese or Japanese-controlled firms (see Miyake, "Kokusai kyoryoku no genjō (6)", p. 38). In Chapter 1, we saw that disbursements of bilateral grants increased from $67 million in 1960 to $184.9 million in 1976, a much slower growth over the period than that shown by bilateral loans. All grant aid until 1968 consisted of reparations or semi-reparations payments. The 1968 budget first included non-reparations grants, being for food aid based on the Kennedy Round tariff negotiations and in 1969 the first allocation for project capital grants was made with funds of ¥1,700 million for extensions to Vientiane airport.

5. These difficulties did not necessarily affect food aid, but rather bilateral grants for projects or commodities. Food aid was budgeted as an MOF allocation and was requested by the International Finance Bureau. This was also the case with reparations and, in the same way, the MFA spent the money set aside. This was done by the Second Economic Cooperation Division and aid in this form was given almost entirely to LLDCs for the purpose of making up temporary shortfalls in food supplies.

7. One such example cited by MFA officials was the refusal of a request from Senegal for a Japanese make of electron microscope.

8. Not all of these criteria, nor the attempt to give grants to LLDCs, would seem to have been met. Of ¥55,189 million granted between 1966 and November 1976, ¥26,680 million, or 48.3 percent, was to South Vietnam, while Bangladesh received the next highest, only ¥7,703 million (13.1 percent). Only 6 out of the 21 countries which received grants were LLDCs and they totalled only 20.9 percent of grants given. Of projects financed in South Vietnam, most were for the Cho-Ray Hospital and other medical and refugee projects, but ¥1,276 million went to works on the Da Nhim hydroelectric power station and associated transmission lines, projects normally financed by government loans (see Chapter 8). For details of grants, refer to Tsusho sangyōsho, Keizai kyoryoku no genjo to mondaiten (Ministry of International Trade and Industry, Economic cooperation: present situation and problems), Tokyo, Tsusho sangyō chōsakai, 1976, pp. 206-9 (hereafter Economic Cooperation).

9. As with the grant made to Mongolia of ¥5,000 million in 1977, said by some officials to have been the initiative of officials in the China Division of the Asian Affairs Bureau and the Treaties Bureau. For details of the grant, see Asahi shimbun, 21 November 1976.

10. In 1976, for example, 12 grants for specific projects were planned.

11. Grant officials admitted that the small size of the budget restricted the geographical distribution of their aid. Up to 1976, most grants had been given to Indochina, notably to Vietnam. This had been politically motivated, but meant high visibility. The only 4 countries outside Asia to be given grants up to 1976 were: Tanzania, Guyana, Papua New Guinea and Surinam.

12. One official of the Division complained of the burdens placed on them by the need to check contracts because of administrative inefficiencies in recipient countries and the lack of a Japanese agency to disburse grants. They also had to arrange export licences with MITI after contracts were signed.

13. Although there were provisions for the carry-over of grant funds, the disbursement of budgeted amounts was always low. Audit figures showed that percentage disbursement in FY 1969 was 27 percent, FY 1970 43 percent, FY 1971 75 percent, FY 1972 75 percent, FY 1973 23 percent. This was in comparison to disbursement of total MFA aid budgets in the same years of 86 percent, 85 percent, 90 percent, 88 percent and 61 percent. See Ōkura zaigai chōsakai, Showa 47-51 nenpan: kessan to kaikai kensa (1972-76 editions: settlement and audit of accounts), Tokyo, 1971-75, covering the 1969-73 Budgets.
14. See Taigai keizai kyōryoku shingikai, Kongo no kaihatsu kyōryoku no suishin ni tsuite (On the promotion of future development cooperation), 18 August 1975, p. 5.

15. General Account capital grants (excluding reparations) were budgeted in FY 1975 the amount of ¥15,763 million, FY 1976 ¥16,000 million, FY 1977 ¥18,000 million but reportedly ¥39,000 million in 1978 (Nihon keizai shimbun (hereafter Nikkei), 30 December 1977). If that report were correct, it would be impossible for the Second Economic Cooperation Division to manage the implementation of the budget. Unless grant aid staff are greatly increased (and there have been suggestions that the Japan International Cooperation Agency, or JICA, will take on some of that responsibility), then delays in completing grant projects will lengthen.

16. For a general description of Japanese policies toward multilateral aid agencies and programs, see Hasegawa Sukehiro, Japanese Foreign Aid: Policy and Practice, New York, Praeger, 1975, Chapter 7. The Government made contributions from its budget to 7 international financial institutions: the International Bank for Reconstruction and Development (World Bank); International Development Association (IDA); Asian Development Bank (ADB) (including its Special Fund and Special Technical Fund); Inter-American Development Bank (IDB); International Monetary Fund (IMF); International Finance Corporation (IFC); and African Development Bank. In addition, some 30 United Nations-sponsored programs were financed and 8 other international organisations, mainly in Asia (Asian Productivity Organisation, Southeast Asian Fisheries Development Centre, Red Cross etc.).

17. Payments were in either cash or government bonds.

18. As arose over the question of whether or not to allocate funds for IDA replenishment in the 1977 budget because of difficulties of the timing of legislation in the United States and Japan (see Chapter 6, note 21, for details). Another example of MOF criticism of international financial institutions was the remarks made by a Japanese Director of the World Bank, Hori Taro. In his retirement speech in November 1976, he made a strong attack on the management and aims of the Bank. This was seen by Japanese officials and journalists as a direct MOF comment on the Bank, even though Hori was a retired official (see Nikkei, 23 November 1976).

19. Aid consortia were dealt with by the First Economic Cooperation Division of the Bureau, since they were part of bilateral aid relations.

20. The Bank was founded on largely Japanese initiative. The greatest single contribution to ordinary capital reserves as at 31 December 1975 was the Japanese (18.84 percent), and Japan held the largest single voting right (15.56 percent). The first president was a Japanese (Watanabe Takeshi), as was the 1975 president (Inoue Shirō). See Watanabe Takeshi, Ajia kaigin sosai nikki (Diary of an ADB president), Tokyo, Nihon keizai shimbunsha, 1973, Huang Po-wen, Jr, The Asian Development Bank:

21. Both the MFA UN Bureau and Economic Affairs Bureau had jurisdiction in UNCTAD matters and they were in some conflict over policy towards UNCTAD IV in early 1976. The main controversy was on the question of a common fund, which the Economic Affairs Bureau opposed in defence of the free market system. That Bureau was regarded as representing the position of the advanced nations, in opposition to the UN Bureau's proximity to LDC arguments (interviews with Nikkei editorial writer, 30 April 1976, and MFA officials, 8 June 1976). The Economic Affairs Bureau was also at odds with the Economic Cooperation Bureau policy towards the Conference on International Economic Cooperation (CIEC) in Paris, for which the Economic Affairs Bureau had the main responsibility. Disagreement centred especially on the debt question. One Economic Cooperation Bureau official stated that "We do not see eye-to-eye at all with the Economic Affairs Bureau (hanashi ga zenzen awanai)", which he accused of having no understanding of the problems of the North-South issue (interview, 8 June 1976).

22. This meant that teams were not necessarily composed of aid specialists, but of those (usually career) officials in office at the time. Every year the DAC held "Examinations" of each of its members' aid efforts, when that nation's representatives were cross-examined about the year's progress and achievements.

23. One official described it as a tokushu buraku before 1970. The term tokushu buraku has particular significance in Japanese, referring to "special communities" where burakumin outcast groups lived, shunned by the rest of society. When applied to the DAC it throws an interesting light on official attitudes to the organisation.

24. Tying involves the donor's making available funds which can be spent only under certain conditions, such as in the purchase of all goods and services (for a project, for example,) from the donor country. Movement began in the DAC in the late 1960s to remove such conditions from aid and this has been achieved to some extent in Japan (see above, Chapter 1, note 63).


26. Kikuchi Kiyoaki, in 1976 Director-General of the Economic Cooperation Bureau, referred to the DAC as "a group of idealists". See "DAC tai-nichi nenji shinsa ni shusseki shite" (On attending the annual DAC examination of Japan), Keizai to gaiko, No. 628, September 1974, pp. 50-5 at p. 55.

27. See remarks by Otaka Masa, Councillor of the Economic Cooperation Bureau, in "DAC tai-nichi nenji shinsa ni shusseki shite" (On attending the annual DAC examination of Japan), Keizai to gaiko, No. 654, November 1976, pp. 20-4 at p. 24.
28. One respondent claimed that on one occasion when Japan was to be examined by the DAC, MFA officers from the Japanese OECD mission circulated lists of questions which they wanted the examining and other country representatives to ask, primarily to highlight the problems which the MFA wished pointed out to the MOF officials present.

29. An official told the author that OECF representatives at the September 1976 DAC Examination gathering lobbied United States representatives to put pressure on the Japanese delegation at the coming Examination of Japan. The OECF was keen to have the MFA attacked (interview, 7 October 1976).

30. Officials said that a harder task was the drafting of replies to the list of questions sent by the DAC Secretariat in preparation for the Examination.

31. The MFA wrote the original draft in Japanese and after alteration or removal of the parts on which agreement could not be reached, the International Organisations Division alone translated the document into English, at which point nuances were often changed. The reference for Japanese officials was a re-translation of the English text.

32. The Overseas Investment and Overseas Public Investment Divisions occupied adjoining rooms in the MOF building, but feeling about issues often ran high.

33. This may have represented action on the part of the Overseas Public Investment Division to "score off" the Overseas Investment Division, which was in administrative terms a more powerful (uyoku) division within the Bureau.

34. There are no detailed and extensive analyses of Japanese technical assistance policy available in English. Hasegawa's Japanese Foreign Aid, Chapter 8, presents a very sketchy discussion of the problem. Not all technical aid was administered by JICA. Ministries such as the Ministry of Construction ran their own exchanges and training programs, as well as commissioning JICA to implement others.


36. The 1976 technical aid budget was distributed between 11 ministries and agencies, 73.1 percent of it being allocated to the MFA, mainly for the operations of JICA. In 1975, 70 percent of technical assistance was spent on trainee and specialist programs. See Economic Cooperation, 1976, p. 223.

37. See above, Chapter 2, p. 73.

39. There was no legal requirement for requests, but it was a practice long used by the Japanese Government. An official of the Development Cooperation Division expressed one school of thought within the MFA when he said that Japan should be far more aggressive in her pursuit of good development projects (interview, 9 November 1976). We shall pursue this theme in Chapter 8.

40. Iida Tsuneo, in his Enjo suru kuni sareru kuni (Aiding and aided nations), Tokyo, Nihon keizai shimbunsha, 1974, pp. 18-19, gives an excellent example. It seems that in order to have Iida sent to Indonesia to assist in economic planning, an Indonesian Government request on a specified request form was necessary, despite unofficial agreements on his going. Embassy officials drew up the form and waited outside the office of the appropriate Indonesian minister to obtain his signature when he emerged. Even then, Iida was not expected when he eventually turned up.

41. Said by one MFA official to be common.

42. Most officials, and some members of the Advisory Council, cited this. The Council's own report on technical assistance in 1969 paid close attention to it, as did a study of technical assistance by the Administrative Management Agency. See Gyōsei kanrichō gyōsei kansatsukyoku, "Kaigai keizai kyōryoku ni kansuru gyōsei kansatsu: gijutsu kyōryoku o chushin to shite" (Administrative Management Agency, Administrative Inspection Bureau, Administrative inspection of overseas economic cooperation: technical cooperation), Gyōsei kansatsu geppo (Administrative inspection monthly), No. 180, September 1974, pp. 29-38. Successive editions of Economic Cooperation also focussed on the problem.

43. Government loans formed 22.4 percent of total official and private economic cooperation in 1975 and 76.3 percent of ODA. I shall restrict my discussion here to OECF loans which, since July 1975, have been the only loans given with a grant element of 25 percent or above. Eximbank finance, by agreement between the two agencies, was restricted to less concessional loans and finance to Japanese companies. See Nikkei, 20 June 1975, reporting Yugin-kikin no gyomu bunya chōsei ni kakaru oboegaki ni kansuru ryōkai jikō (Terms of understanding reached in the memorandum on the coordination of the responsibilities of the Eximbank and OECF), 20 June 1975.

44. Much of the information on loans procedure was derived from unpublished MFA and MITI documents kindly shown to me by Government officials. Commodity loans were mainly for balance of payments support and, in 1974-75 were made to Sri Lanka, the Philippines, Bangladesh, Pakistan, India, Egypt and Burma. They comprised 23.2 percent of the total value of committed loans between 1957 and 1975 (project loans 59.4 percent).
Examples were the aid projects discussed on Miki's visit to the Middle East at the time of the oil crisis and on the visit of Prime Minister Bandaranaike to Japan in November 1976. One case which did not go through proper channels was the oil loan agreed to by the Prime Minister, Sato Eisaku, in 1972 in exchange for Indonesian guarantees of oil for 10 years. There were numerous rumours about the propriety of this loan, suggesting personal deals between President Suharto of Indonesia and Sato. See Nikkei, 14 May 1972, Kitazawa Yoko, "Nihon-Indonejia no seiji keizai kankei" (Economic and political relations between Japan and Indonesia), Part 1, in Keizai hyoron (Economic review), September 1976, pp. 84-99 at pp. 96-7, and Ogawa Kunihiko, Kuroi keizai kyoryoku: kono ajia no genjitsu o miyo ("Black" economic cooperation: the Asian situation), Tokyo, Shakai shimpo, 1974, Chapter 6.

Japan was a member of a number of aid consortia, such as those for aid to India, Pakistan, Bangladesh and Indonesia.

Most officials saw the Embassy role as a vital one for intelligence and communication, given its knowledge of LDC conditions.

The MAF did not participate in this committee although on proposals relating to agriculture, the MAF put its point of view to the MFA and, presumably, to others.

Countries cited were Indonesia, South Korea and those in the Middle East.

Some special cases, such as Burma, were recounted. We shall deal with these in Chapter 7.

Such as aid promised to the Middle East in 1973-74. It also occurred with "fixed framework" aid programs (waku kyōō hōshiki) where aid was pledged for a fixed period or purpose (for example, a five-year plan) and projects decided later. This was similar to the method used by Japan in its commitment to Indonesian assistance through the Inter-Governmental Group on Indonesia (IGGI), but the Japanese Government was opposed to its more general use.

On normal project aid the exchange of notes was followed by a legal questionnaire from the OECF to the recipient government, before further study of the project (and on-site surveys if the OECF deemed them necessary) could be carried out. Loan agreement negotiations were entered into, after which the loan agreement was concluded. Following this, there were several kinds of payment procedure which could be used, depending on the country in question. The most common was the "commitment" or "letter of credit (L/C) switch" method, where letters of credit were exchanged. Some countries did not allow the use of letters of credit, in which case the "direct payment" procedure was adopted. The "reimbursement" method was also possible.
53. Poor disbursement performance in 1976 was put down to low commitments (due to fiscal difficulties), delayed projects, a fall in commodity disbursement, slow decision-making processes and cost overrun, where inflation caused a slow-down or even halt to certain projects. See Gaimushō keizai kyōryoku keizai kyoryoku dai-ikka, 1976-ncn no seifu chokusetsu shakkan kyōyo jōkyo (kokan kobun teiketsu bēsu) (Ministry of Foreign Affairs, Economic Cooperation Bureau, First Economic Cooperation Division, Provision of direct government loans in 1976, exchange of notes basis), 21 December 1976.

NOTES TO CHAPTER 6


2. OECD, Development Assistance Directorate, The Management of Development Assistance: A summary of DAC countries' current practices, 21 August 1975, pp. 13-19, and George Cunningham, The Management of Aid Agencies: Donor structures and procedures for the administration of aid to developing countries, London, Croom Helm, 1974, pp. 44-8. Nine DAC countries supplied ODA funds by appropriation through central government budgets, while eight others used a selection of additional sources: central banks, capital markets, amortisation receipts, special funds, national lottery, regional government funds. Unspent funds could be carried forward liberally in Canada, while a number of other members had carry-over procedures of varying flexibility. Multi-year planning was also practised by some governments, in the form of rolling estimates (Germany, United Kingdom), or specific targets (Belgium, Denmark, Netherlands, Norway, Sweden).


6. Supplementary budgets were also passed in the autumn to adjust government employees' salaries and the rice price support scheme etc. Aid funds were not normally included in supplementary budgets, although small amounts were made available for aid to Vietnam in 1973 and to Bangladesh in 1972.

7. The main budget was divided into the General Account, for allocation from taxation revenue to major policy areas, and into Special Accounts for allocations for special government purposes. In 1975 there were 41 special accounts in operation. The General Account expenditure was presented in 10 principal policy categories (social welfare, education, bonds, local finance, defence, public works, economic cooperation, small and medium industries, food management and pensions). Apart from these accounts, an important feature of the budget strategy was the annual Investment and Loan Program, which drew on several special accounts for allocations to government organs such as hospitals, universities, corporations, funds, agencies and local government bodies. The chief component was borrowings from the Trust Fund (shikin unyōbu shikin), which derived its funds from postal savings, government health insurance...
contributions and government pension schemes. The Industrial Investment Special Account, which comprised moneys allotted from the General Account, was established in 1953 to finance industrial and export growth but in 1977 provided only limited capital, mainly to the Export-Import Bank (Eximbank).

The Overseas Economic Cooperation Fund (OECF) could accumulate borrowings from the Trust Fund up to an amount equal to the cumulative total of its capital and reserves (OECF Law, Article 29.3) and the Eximbank an amount up to four times (Article 18.3). Small amounts for emergency aid could also be drawn from the Emergencies Contingency Fund (yobihi), a portion of the General Account set aside for unforeseen (and at the time of Diet approval, unspecified) expenditures. It was rarely used following criticism of the Government in the Diet in July 1967 after an amount was spent to supply part of a relief loan to Indonesia. The Japan Socialist Party demanded that large drawings from the Fund be given Diet approval (see Nihon keizai shimbun (hereafter Nikkei), 14 July 1967). For general descriptions of budgeting, see Kōno Kazuyuki, Yosan seido (The budget system), Tokyo, Gakuyo shobo, 1975, and Yoshino Yoshihiko, Zusetsu nihon no zaisei: showa 50 nendohan (Japan's finances illustrated, 1975), Tokyo, Töyö keizai shimposha, 1975, pp. 264-302.

8. The Special Reparations Account was established in 1956 by a law of the same name. Unspent funds could be carried over to the following fiscal year. Both this and the Special Account for the National Debt Consolidation Fund received allocations from the General Account. See Zaisei chosakai, Kuni no yosan 1965 (The nation's budget 1965), Tokyo, Doyū shobo, 1966, pp. 731 and 735, an official explanation of the Budget published on behalf of the MOF.

9. There were three main types of carry-over: (a) ordinary (meikyō kurikoshi), for funds expected not to be fully disbursed in the financial year; (b) accidental (jiko kurikoshi), for funds the disbursement of which was unavoidably delayed; or (c) continual (keizoku kurikoshi), for funds expected to be disbursed over a number of years. Administrative procedures for carry-overs were extremely complex (see Harada Shuzo, Kurikoshi kessan jimu hikkei (Procedures manual for carry-overs and audits), Tokyo, Ōkura zaimu kyōkai, 1975). The amounts carried over were usually quite large, especially for grant aid. Approval was mostly given automatically for meikyō and less frequently for jiko, when typhoons, political disturbances etc. held up payments. Budget papers for the years 1965 - 76 revealed requests for carry-overs from all ministries giving economic aid. Carry-over for loans was possible, but was an internal accounting problem for the OECF, not one which involved the MOF. For a brief description of the carry-over system, see Kōno, pp. 170-4.

10. Since 1975, the Budget Bureau expressed its desire to remove the 1:1 balance of borrowings and capital provided for in the OECF Law, in order to increase the Trust Fund allocation and to lessen the drain by the OECF on the General Account. This was resisted by the EPA, the OECF and the MOF's Financial Bureau, which
administered the Trust Fund, and was opposed by the MFA. The Financial Bureau did not want any extra burdens placed on its already strained resources. The OECF said that if the balance were broken, interest rates on loans would be increased. Based on interviews with officials of the EPA (7 June 1976), the MOF (11 June 1976) and the OECF (10 August 1976).

11. Tables 6–2 and 6–5 are based on different sources. In the former, figures for budgets were arranged in DAC classification by the MFA's Economic Cooperation Bureau. The latter table was derived from the official budget volume, Kuni no yosan, which showed gross General Account allocations for "Economic Cooperation and Trade Promotion" arranged originally in ministry shares (see Table 6–6). Kuni no yosan figures did not include subscriptions to international financial institutions by bonds (which come under another separate General Account category) or capitalisation of the Eximbank from the Industrial Investment Special Account, but MFA figures did. For broad comparisons of policy allocations, however, Kuni no yosan figures are suitable. In Table 6–5, the "economic cooperation" portion was extracted and presented separately from the total "Trade Promotion and Economic Cooperation" figures, and Table 6–6 is based on this sub-total.


13. Despite substantial increases in the economic cooperation category of the General Account (24.9 percent in fiscal 1978 over fiscal 1977), it was lower as a percentage of the total General Account (0.81 percent in 1976, 0.74 percent 1977 and 0.77 percent 1978). The bulk of the rise in economic cooperation budgets was taken up by Trust Fund allocations to the OECF (up to ¥120,100 million in 1978 from ¥98,000 million in 1977, a rise of 22.6 percent). The gross economic cooperation budget certainly grew substantially after 1975, and represented a ratio of ODA to GNP of 0.30 percent in 1978, according to Nikkei, 30 December 1977. Whether this could achieve a doubling of ODA by 1982, which the MFA was reportedly seeking (Japan Economic Journal, 27 December 1977), was extremely doubtful.

14. As in the introduction to the section on the Economic Cooperation budget in successive editions of Kuni no yosan.

15. Edgar C. Harrell, in *Japan's Postwar Aid Policies* (unpublished Ph.D. dissertation, Columbia University, 1973), Chapters 3 and 4, examined Japanese aid budgets of the 1960s and concluded that "the most important determinants of the Japanese aid budget, whether ODA or ODA plus OOF, were the gross resources of the country (gross national product) and its trade balance. Aid budgets, on the average, tended to increase with the level of economic resources and with favorable trade balances" (p. 215). Harrell eliminated all political factors from his analysis which, in the view of this writer, completely distorted the nature of the policy-making process, however seriously MOF officials considered the economic indicators as a guide to aid budgeting.
16. This and later sections draw on evidence gained from interviews with numerous officials connected with aid budgeting: MFA (24 May, 8 June, 14 June, 23 June, 24 June, 1 July, 8 July, 17 July, 8 October, 5 November, 9 November, 11 November, 15 December 1976); MOF (15 April, 4 June, 11 June, 22 July, 24 December 1976); MITI (21 September 1976); MAF (24 November 1976); EPA (7 June 1976); OECF (10 August 1976); Eximbank (4 May 1976); JICA (1 November, 17 November, 30 November, 14 December 1976, 7 January 1977); as well as with members of the Liberal Democratic Party (LDP) (29 July, 23 December 1976, 3 January, 7 January, 21 January 1977); and with newspaper reporters (27 May 1976, 12 January 1977).

17. This, as Campbell pointed out (Contemporary Japanese Budget Politics, pp. 105-13), was a typical budgeting tactic of ministries, although it was rarely respected by the MOF, except in the case of the Defence Buildup Plan, which was useful in isolating controversial defence budgets from the annual budgeting process. The MFA pushed the planning argument in respect of aid as far back as 1961 (Nikkei, 2 May 1961) and since then the MFA, MITI and the EPA periodically made announcements about aid projections and about the need for aid budget plans. See, for example, policies as announced in Nikkei, 7 September 1969, 31 January 1971 or 9 April 1972.

18. See Gaimushō keizai kyōryokukyoku, 52 nendo gaimushō shokan keizai kyōryokuhi (Ministry of Foreign Affairs, Economic Cooperation Bureau, Economic cooperation budget for the Ministry of Foreign Affairs for fiscal 1977), 21 May 1976. The plan was a tame one, being based on an ODA target which the MFA would have preferred to be higher, and directed primarily towards maintaining the MFA aid budget.

19. Campbell (Contemporary Japanese Budget Politics, pp. 18-32) describes the request compilation process which took place in the ministries between June and August.


21. Thus it was not until 14 December 1976 that the United Nations decided on increased subscriptions and on a rise in Japan's share from 7.15 percent to 8.66 percent. Similarly, an appropriation of ¥80,000 million for Japan's subscription to the replenishment of the International Development Association (IDA) was included in the 1977 budget only after a decision in late January, because of MOF hesitation in the face of delays in the United States Congress' authorisation of funding. The MOF was uncertain about putting legislation to the Diet approving increased financing before international agreement on cost-sharing was finalised. The MFA was opposed to postponement, mainly on the grounds that the IDA subscription represented a full 14 percent of the FY 1977 ODA budget, removal of which would send Japan's budgeted ODA even lower than was expected. See Nikkei, 15 December 1976, and Asahi shimbun (hereafter Asahi), 21 and 25 January 1977.
22. According to Article 42.

23. The 1976 JICA budget was divided into two categories: economic cooperation and emigration. Economic cooperation was allotted ¥36,100 million out of a total JICA budget of ¥40,400 million and comprised three parts: government subsidy (kofukin), a direct contribution through the MFA budget for technical assistance; capital (shusshikin) for JICA loans; and commissioned funds (itakuhi) which were direct grants to JICA from the MITI budget for technical assistance in mining and industry. In 1976 these three components received ¥25,800 million, ¥7,600 million and ¥2,700 million respectively. Both the MFA and MITI received funds to pass on to JICA but in fact kofukin and itakuhi were different kinds of subsidy. The OTCA received itakuhi from both ministries but when JICA was established it was decided to give kofukin instead. MITI, however, was adamant that its itakuhi would remain as such, for it allowed MITI much closer control of the eventual management of funds.

24. Loans were financed from JICA capital (shusshikin), a separate budget item which was included in the MFA budget. The MFA therefore had to consult MITI and the MAF beforehand to obtain agreement on the size of the request, which covered proposed financing of projects in all sectors, including agriculture and mining and industry. Officials interviewed agreed that it was not easy to reach consensus between the three ministries and JICA. In 1976, the MFA had to request an amount much lower than other ministries wished because of substantial unspent funds. This caused considerable argument and reaction from ministry-connected Diet Members, so that the request of ¥15,400 million ended up as an allocation of ¥17,200 million!


26. See Chapter 8 for details of the role of feasibility studies in the aid process.

27. MITI conveniently provided a full account of ministry policy and its translation into budget requests in its ministry journal. See, for example, Atsuno Shigeru, "Shōwa gojunendo tsushō sangyō seisaku no juten ni tsuite" (Features of fiscal 1975 trade and industry policy), Tsusan janaru (Trade and industry journal), September 1974, pp. 1-18, in which economic cooperation was included in the last few paragraphs.

28. The OECF prepared monthly cash flow (shikin keikaku) reports which it sent to the MOF via the EPA in order to draw on available funds. General Account subscriptions (shihonkin) were used first and then borrowings were made from the Trust Fund as necessary, up to the limit allowed.

30. A former ministry Finance Officer, in an interview on 17 July 1976, illustrated this by saying how he had to convince an LDP rural Diet Member that his ministry could not seriously request an extra ¥500 million for a particular research institute, when Japan's contribution was then only ¥200 million.

31. Unfortunately, there was no time series data publicly available to test whether 1975 and 1976 results reflected a longer-term trend. MFA documents on which these tables were based were themselves possibly inconsistent, being compiled from Economic Cooperation Bureau informal investigation of other ministry requests. As the only extant records, however, they were the grounds for my preliminary conclusions. Later research may hopefully throw more light on the issue.


33. Refer to the discussion of careers in Chapter 4.


37. The glossy 70-page booklet, Me de miru namboku mondai: hatten tojokoku to watakushitachi (Looking at the North-South problem: the developing countries and us), was published by the MFA in 1976. It explained the North-South issues and economic cooperation in everyday terms and cartoons and was said by one source to have cost the Ministry a great deal of money.

38. Reported in Nikkei, 1 September 1976.

39. See stories in Nikkei, 20 December 1976, and Asahi, 28 December 1976. The Asahi story highlighted low loan disbursement rates and predicted worse ODA/GNP results in 1976, while Nikkei reported Western criticism of Japan's aid effort. The MFA official interviewed also claimed that the MFA had succeeded in getting a story of DAC criticism of Japan's aid performance at the top of the national news for the first time ever. This could not be confirmed. The word used to describe Ministry cooperation with reporters was kettaku (collusion).
40. An unofficial response complained of the Ministry's being "got at", while the formal reply appeared in an article in the newspapers on 7 January 1977 (see, for example, Mainichi shimbun (hereafter Mainichi)). In this article the MOF emphasised its commitment to increased aid.

41. See article in Nikkei, 8 September 1976.


45. The LDP Special Committee on Economic Cooperation was solidly behind the scheme, which the Ministerial Committee on Overseas Economic Cooperation had debated over the course of a year or so. One MITI official interviewed (26 October 1976) said that Diet Members close to construction firms, especially those involved in work on large social infrastructure projects overseas, were applying pressure to have the scheme set up. When MITI made the appropriate request in the budget, the Construction Ministry also requested funds to establish an Overseas Construction Project Guarantee Corporation, although it did not expect its request to receive a favourable response because of the strength of MITI's argument. The 1977 budget included an allocation to MITI for payments of up to ¥400,000 million in any one year. Premium was set at 0.1-0.3 percent and the rate of protection at 70-90 percent. See Nikkei, 20 January 1977.

46. Top OECF officials had budget talks with Tanaka Tatsuo on 29 July 1976.

47. See questions by Tanaka Tatsuo in the General Session of the House of Representatives on 27 September 1976.

48. Item 11.2 of the LDP Program reads "Strengthening of International Cooperation: because Japan's future prosperity, and the welfare and stability of the LDCs, depend on improved mutual relations, we shall increase bilateral grant cooperation and technical cooperation with these countries". See Nikkei, 6 January 1977. Other political events could intrude in the budget process. The election of Fukuda Takeo to the Prime Ministership in December 1976 brought new calls for economic cooperation from business, and from a new Minister for International Trade and Industry actively involved in economic cooperation, Tanaka Tatsuo. While he made a number of statements on the need for greater economic cooperation, budget compilation was too far advanced for him to have any effect. The new Prime Minister was subjected to a rare public plea for increased aid from the Japan Chamber of Commerce (see Nikkei, 27 December 1976), the Japan Trade Association (Asahi, 24 December 1976), Ōkita Saburō, President of the OECF (Asahi, 29 December 1976) and newspapers (Mainichi, 29 December 1976), among others.
49. One LDP Diet Member closely associated with aid and United Nations affairs boasted of his talks with the various ministers and with the Prime Minister, in interviews on 3 and 21 January 1977.
NOTES TO CHAPTER 7

1. See Kaigai keizai kyōryoku kikin somubu shikinka, Kaigai keizai kyōryoku kikin no gaiyō (Overseas Economic Cooperation Fund, Coordination Department, Budgeting Division, An outline of the Overseas Economic Cooperation Fund), July 1976, p. 10.

2. In 1968 the implementation of all direct loans to Indonesia was transferred to the OECF, which set up a Loan Department (now the Third) devoted entirely to Indonesian aid. The move was prompted by the need to centralise aid given through the Inter-Governmental Group on Indonesia (IGGI) and was facilitated by amendment of the OECF Law in 1968 to allow it to give commodity loans. It was first agreed upon in ministerial talks on the 1968 budget (see Nihon keizai shimbun (hereafter Nikkei), 12 January 1968).

3. Japan External Trade Organization, Economic Cooperation of Japan, Tokyo, 1976, Statistical Annex. This publication was an edited English-language version of Tsūshō sangyōshō, Keizai kyōryoku no genjō to mondaiten (Ministry of International Trade and Industry, Economic cooperation: present situation and problems), Tokyo, Tsūshō sangyō chōsakai, 1976 (hereafter Economic Cooperation (1976)).

4. George Cunningham discusses the active-reactive role debate in his The Management of Aid Agencies: Donor structures and procedures for the administration of aid to developing countries, London, Croom Helm, 1974, pp. 13-16. The "active donor approach, implemented through a regular and vigorous dialogue with recipients", as suggested by Ambassador Edwin Martin, former Chairman of the Development Assistance Committee, was not accepted by the Japanese Government.

5. See the exposition of this in Economic Cooperation (1976), pp. 168-70. This idea gave Japan responsibility for assisting Asian development, the United States that for Central and South America and the European donors that for Africa and the Middle East.

6. Gaimushō jōhō bunkakyoku, Nihon no keizai kyōryoku (Ministry of Foreign Affairs, Public Information and Cultural Affairs Bureau, Japan's economic cooperation), March 1974, p. 81, suggested that geographical distance was a cause of weak relations with Africa. A Liberal Democratic Party Member of the Diet, Minato Tetsuro, in a paper admitted by a senior official of the MFA to have been drafted by his ministry (see Chapter 6, p. 222) put the "international division of aid labour" case very clearly. "Asia", he wrote, "is Japan's electorate". See Minato Tetsuro, "Shiron: keizai kyōryoku hakusho: 12 kōmoku teigenshō" (Economic cooperation white paper, a private version: a summary of my 12-point proposal), Kokusai kaihatsu jānaru (International development journal), 10 June 1976, p. 14. The Director of the MFA's Economic Cooperation Bureau, Kikuchi Kiyoaki, also expressed support for the division of labour and geographical proximity theses in "Denaoshi semarareru keizai enjo" (Economic aid under new pressures), Ekonomisuto (Economist), 9 November 1976, pp. 58-67 at p. 65.

8. As listed in Gaimushō keizai kyōryokukyoku keizai kyōryoku dai-ikka, Yushō shikin kyōryoku jisshō no tebiki (kaiteihan) (Ministry of Foreign Affairs, Economic Cooperation Bureau, First Economic Cooperation Division, Procedural manual for non-grant capital cooperation (revised edition)), January 1976, pp. 14-15. They were the consortia for India, Pakistan, Colombia, East Africa, South Korea, Malaysia, Morocco, Nigeria, Peru, Sudan, Thailand, Tunisia, Sri Lanka, Philippines, Ethiopia, Zaire, Ghana, Bangladesh, Indonesia and Egypt.


13. This section is based on information obtained from interviews with numerous officials of the MFA, MITI, the MOF and the OECF.

14. Why the procedures changed is not altogether clear. One OECF official suggested that because the number of small projects fell and long-running projects increased, there was greater need for proper feasibility studies rather than for an identification mission. Another said that the MFA wanted to limit the influence of the OECF in decisions on projects (interviews 17 August and 4 November 1976).

15. The World Bank produced an annual report on Indonesian economic conditions and trends which was the basis of discussion at IGGI, along with reports by the International Monetary Fund and the Indonesian Government. The Bappenas document was a report on aid projects specifically. Japanese officials regretted that often it arrived just before the IGGI meeting, too late to be of assistance in a decision on the Japanese pledge. Posthumus ("The Inter-Governmental Group on Indonesia", p. 64) noted that if the Bappenas list was too long, donors could choose projects.
to fit their own, rather than Indonesia's, priorities. Japanese officials complained that although the list contained a lot of projects, not many were "good" ones, that is, not many satisfied Japanese criteria.

16. During the talks in 1976 the Japanese and Indonesians disagreed about which projects would be financed by yen loans and which by export credits. The Japanese wanted to make the Gressik power plant the central loan project, together with 3 or 4 other large schemes (in keeping with their wish for larger-scale projects), while the Indonesians wanted to finance Gressik by commercial credits and many smaller projects by yen loan. The Japanese saw fewer administrative problems and quicker disbursement through large projects, while the Indonesians saw greater economic and political benefits from diverse smaller ones. Based on interviews with an OECF official on 4 November 1976 and a senior representative of the Indonesian Embassy in Tokyo on 26 November 1976.

17. One report, however, suggested that the Indonesian Government was dissatisfied with IGGI methods and with the time-consuming preparations required, and wished to pursue more bilateral aid (Nikkei, 1 May 1973). There was talk within IGGI in 1975-77 about its future and even the Indonesians thought that, until the Pertamina crisis in 1975, the need for soft loans was diminishing. The Japanese Government considered IGGI to be a useful forum although some European members were reported as being less enthusiastic.

18. Reparations drew accusations of corruption on the part of the Prime Minister, Kishi Nobusuke (see Nishihara, The Japanese and Sukarno's Indonesia, Chapters 2-5); some oil loans were decided in a highly irregular fashion (see above, Chapter 5, note 45); and loans for natural gas development drew criticism in 1976 of alleged kickbacks to Government officials (see Anon., "Indonejia LNG meguru giwaku no KÖZÖ, 1-2" (The structure of suspicion surrounding Indonesia's LNG, 1-2), Kokusai keizai (The international economy), October-November 1976). The Asahan project was frequently cited as an example of Japan-Indonesian cooperation to assist President Suharto's aims, in this case the decentralisation of development and the political control of Northern Sumatra. One critic was Kitazawa Yüko, "Nihon-Indonejia no seiji keizai kankei (2)" (Economic and political relations between Japan and Indonesia, Part 2), Keizai hyöron (Economic review), October 1976, pp. 123-5. For full details of aid to Indonesia since 1958, see Economic Cooperation (1976), pp. 372-86.

19. It was often said that the MOF held to this view. An official of the Ministry admitted that MOF officials thought aid money had been needlessly "thrown around" in Indonesia (interview, 4 June 1976).

21. There is as yet no detailed study of the Japan-South Korea relationship. Aid began in 1965 after normalisation of relations and remained at high levels. Most of the yen loan and grant allocations were decided on at the annual Ministerial Conference although, at the seventh (December 1973), it was agreed that officials would decide. For details of Japan's aid to South Korea, see Economic Cooperation (1976), pp. 331-8.

22. A claim made by Japanese MFA officials. For example, in an interview, 4 August 1976. This, of course, was not by itself a reason for better aid.


24. It was repeatedly suggested by officials that certain ministers had interests which were affected by Japan's aid relations with South Korea, Indonesia and Brazil, among others.

25. The threat of an Arab oil embargo of Japan following the Middle East War of 1973 brought a rapid response from the Japanese Government. Visits to the region by the Deputy Prime Minister, Miki Takeo, and Minister for International Trade and Industry, Nakasone Yasuhiro, led to promises of large amounts of Japanese assistance for industrial projects. For a useful analysis of the decision-making process involved in the move to support the Arab side, see Kenneth I. Juster, "Foreign Policy-making during the Oil Crisis", The Japan Interpreter, Vol. XI, No. 3, Winter 1977, pp. 293-312.


27. Material for this section was derived from Nishihara's book and from Kitazawa's article, as well as from Daiyamondosha, Nippon kōei: kunizukuri no kishu to shite (Nippon Kōei: the standard-bearer for nation-building), Tokyo, Daiyamondosha, 1971; Kikuchi Takeshi, "Ririku suru Sumatora Asahan keikaku" (Sumatra's Asahan scheme takes off), Kokusai kaihatsu jōnai, 15 October 1973, pp. 27-32, and Hasegawa Norishige, "Asahan keikaku o megutte" (On the Asahan scheme), Keidanren geppo (Keidanren monthly), September 1975, pp. 38-41.


29. The project agreement was signed on 7 July 1975 by Hasegawa Norishige, President of Sumitomo Chemical, representing 12 participating Japanese companies, and by Sufud, Deputy Chairman of Indonesia's Investment Regulation Board. The agreement called for expenditure of US$880.0 million (¥250,000 million), of which 70 percent was to be financed by the Japanese Government, 20 percent by city banks and 10 percent by Indonesia. The Eximbank was to finance the alumina refinery ($500 million), the OECF the two hydroelectric plants ($300 million) and JICA the infrastructure works ($80 million). The Japanese companies
involved were Sumitomo Chemical (15 percent share in consortium), Mitsui Aluminium (15 percent), Mitsubishi Kasei (15 percent), Shōwa Denkō (15 percent), Nikkei Kinzoku (5 percent), Sumitomo Shōji (5 percent), Mitsubishi Shōji (5 percent), Marubeni (5 percent), Mitsui Bussan (5 percent), Nisshō Iwai (5 percent), Ito Chū (5 percent) and Nisshin (5 percent). An initial loan was made by the OECF in August 1976 for ¥26,250 million at 3.5 percent for 30 years (8 years' grace). Not all companies were keen to participate, however: Mitsui Bussan officials complained that MITI had prevailed upon them to take up a 5 percent interest (interview, 21 December 1976).


31. For example, by an executive of the OECF, in an interview, 3 March 1976.

32. This was one of the OECF's general projects (ippan anken) which involved loans to Japanese enterprises engaged in development projects abroad (see Overseas Economic Cooperation Fund, Overseas Economic Cooperation Fund: Its Role and Activities, 1974, pp. 5-6. Material for this section was derived from Ochiai Hideo, Sumatora no kōya kara: aru nōgyō gijutsusha no hatsugen (From the plains of Sumatra: an agricultural expert's view), Tokyo, NHK Books, 1975, Shibazaki Shinzo, "Aru keizai kyōryoku: minami Sumatora Mitsugoro nōjō" (Overseas cooperation: the Mitsugoro farms in Southern Sumatra), Nikkei, 1-12 January 1977, Ashikaga Tomomi et al., "Kokusai kyōryoku jigyōdan (1)" (The Japan International Cooperation Agency (1)), Yunyu shokuryō kyōgikaihō (Bulletin of the Food Import Committee), April 1976, and interviews with OECF officials on 30 December 1976 and 12 January 1977 and with Mitsui officials on 26 November, 10 and 21 December 1976.


34. The package totalled about US$3,000 million, in soft loans and commercial credits. Main projects included an integrated alumina smelter and refinery, steel plant, harbour construction, paper pulp mills to be funded by Eximbank and the OECF and a 50,000 hectare maize development scheme to be financed by a ¥5,100 million soft loan from JICA. For details, see Mainichi shimbun (hereafter Mainichi), 19 September 1976, and "Tokubetsu kikaku: Gaizeru hakudaitōryō no honichi" (Special issue: the visit of Brazil's President Geisel to Japan), Keizai to gaiko (Economics and diplomacy), No. 654, November 1976. On the Serado maize project, see Matsuura Koichiro, "Burajiru no Serado nogyō kaihatsu to nippaku kyōryoku" (Brazil's Serad agricultural development and Japan-Brazil cooperation), Keizai to gaiko, No. 647, April 1976, pp. 22-30.

35. See Ashikaga Tomomi et al., "Kokusai kyōryoku jigyōdan (3)", Yunyu shokuryō kyōgikaihō, June, 1976, pp. 4-11.

37. It was originally intended to give JICA finance only to Japanese enterprises, but the Serad case involved direct financing to a joint venture which included the Brazilian Government and Mitsui Bussan. The MOF opposed the proposal, but it was pushed through with the support of several politicians (e.g. Diet Members' Study Group for the Promotion of Japan-Brazil Agricultural Development Cooperation, under Kuraishi Tadao) and by pressure from the MAF and the MFA. Officers from both ministries and JICA were pleased to have set a precedent in this respect, although some thought the special relationship with Brazil and the strength of Brazilian Government guarantees might have swayed the MOF into giving its reluctant approval (interview with senior JICA official, 30 November 1976).


39. See text in *Keizai to gaiko*, No. 654, November 1976, p. 19. Paragraph 11 reads "The President affirmed that Brazil has welcomed many Japanese immigrants and recognised their important contribution to Brazil's development. The Prime Minister warmly appreciated this statement and expressed the hope that this human exchange could continue to grow".

40. Expressed both by officials and in an MFA publication where Central and South America were described as "very close (najimi no fukai) to Japan because of Japanese immigrants". See Gaimusho joho bunkakyoku, *Nihon no keizai kyoryoku*, p. 81.

41. For criticism of the agreement, see Asahi jannaru (Asahi journal), 1 October 1976, especially articles by Yamada Mutsuo ("Seiji keizai kiki no Gaizeru seiken e kanfuru chuusha" (A shot in the arm for Geisel's economic and political troubles), pp. 92-5), and Miichi Hajime ("Kannin ittai hoshiki ni yoru shigen taikoku e no atsui manazashi" (A sultry look at a great resource-rich nation: the joint private-government method), pp. 95-7), and Anon., "Mata sutoraiki yokoku de, Burajiru enjo yori kokutetsu enjo ga saki to iu koe" (With the announcement of another strike, some are saying that aid to the National Railways should precede aid to Brazil). Shukan shincho (Weekly shincho), 30 September 1976, pp. 132-5.


43. See Asahi shimbun (hereafter Asahi), 30 April and 22 May 1966.


45. For details, Economic Cooperation (1976), pp. 483-4, and Viviani, *Australia and Japan: Approaches to Development Assistance Policy*, pp. 78-84. In December 1977, with a visit to Japan of PNG's Prime Minister, Michael Somare, a significant program of Japanese
aid to PNG was agreed to. It provided for loans of Kina 11 million on a "selective draw down" basis for projects to be chosen in accordance with PNG's national public expenditure plan. The agreement showed clearly

(a) how effective a potential recipient's sound understanding of the Japanese aid system and policies could be;

(b) the importance of firm aid policy guidelines on the part of the recipient government, when Japan had none;

(c) the inability of the Japanese to appreciate that the small nation can be as important a recipient (even in Japan's terms) as large nations.

For details of the agreement, see Colleen Ryan, "Papua New Guinea Wins Generous Aid from Japan", The National Times, 19-24 December 1977, p. 50.

46. Budget allocation for this survey was ¥350 million in FY 1976. See Tsūshō sangyōshō tsūshō seisakukyoku keizai kyōryokubu gijutsu kyōryokuka, Gijutsu kyōryoku kankei yosan no jūten (Ministry of International Trade and Industry, International Trade Policy Bureau, Economic Cooperation Department, Technical Cooperation Division, Features of the technical cooperation budget), September 1976, p. 3.


51. This finance is well known to business. For a description for potential clients, see Jūkagaku kōgyō tsūshinsha, Kaigai tōshi gijutsu yushutsu yōran 1975 nenpan (Heavy and Chemical Industries News Agency, Overseas investment and technology exports handbook, 1975 edition), Tokyo, 1975, pp. 25-36.

52. Strictly, the Minister of Finance had to approve applications for overseas investment (Gaikoku kawase kanrirei (Foreign Exchange Control Ordinance), Article 21), but the power was transferred to the Governor of the Bank of Japan who normally gave automatic approval (see Gaikoku kawase kanrirei nado ni motozoku kyōka jimu nado no inin ni tsuite (kaigai chokusetsu tōshi oyobi kaigai shiten kankei) (Delegation of the issuing of permits according to the Foreign Exchange Control Ordinance (re overseas direct investment and overseas branches)), 26 December 1963 as amended). Exceptions, according to Article 3 of this order, were for investment proposals related to fisheries, banking or securities, which seemed to have diplomatic or international repercussions, or investment seen to have an adverse effect on the Japanese economy.


55. For Tsukamoto's remarks, see *Shugiin yosan iinkaigiroku 2-go* (House of Representatives, Budget Committee, proceedings No. 2), 1 October 1976, pp. 17-18. The Democratic Socialist Party attitude was expressed to me in an interview with Party officials on 6 January 1977.


57. Nishihara gives the best account of these relations in *The Japanese and Sukarno's Indonesia*.

58. Interview, 26 November 1976. An official of a Japanese trading company indicated that the Japanese were not alone in thinking this way: he recalled how a West German company had refused to take subcontract work from a Japanese firm in the Middle East, claiming that the Middle East was European business' sole preserve.


60. See *Economic Cooperation* (1976), p. 213.

61. See *Economic Cooperation* (1976), p. 207. LLDCs were those countries in which per capita GDP was less than US$100, the illiteracy rate was over 80 percent and manufacturing industry output occupied less than 10 percent of GDP (based on 1971 United Nations General Assembly agreement on definitions). MSACs were those most affected by the 1973 oil crisis, identified according to United Nations Secretariat criteria.


63. I have been unable to verify this allegation.

64. Interview, 8 June 1976. This thinking may, of course, be prevalent in other donor administrations.

65. See Chapter 4 above.

67. Kokusai kyōryoku jigyōdan, Gijutsu kyōryoku nenpo (Japan International Cooperation Agency, Technical cooperation yearbook), 1974, pp. 178-9, and Tanaka Tsuneo (Director of JICA's Planning and Survey Coordination Department), "Kaihatsu chōsa to tekkaku na hantei" (Development surveys and precise judgements), Kokusai kyōryoku (International cooperation), No. 240, September 1974, pp. 14-17.

68. Although a dispute in 1960 between MITI and the MFA over the control of the Ajiaken was recounted by the Vice-Minister of MITI at the time, Ueno Koshichi, in Seisaku jihōsha, Kaikoroku: sengo tsusan seisakushi (In retrospect: a history of postwar trade and industry policy), Tokyo, Seisaku jihōsha, 1973, pp. 76-7.

69. For example, Nagano Nobutoshi, Gaimushō kenkyū (A study of the Foreign Ministry), Tokyo, Simul, 1975. He mentions the "Nixon shocks" and the oil crisis among other incidents.


72. In 1976 the OECF had offices in Seoul, Bangkok, Jakarta, Nairobi and Manila. JICA had representatives in Bangladesh, Ethiopia, India, Kenya, Laos, Malawi, Malaysia, Morocco, Nepal, Philippines, Tanzania, Zambia, Tunisia, Western Samoa and San Salvador, although they were mainly in small one-man offices for managing technical assistance exchanges.

73. Determined by cross-checking of postings in Ōkurashō insatsukyoku, Shōkūinroku (Directory of officials), various years. The Embassy in Indonesia was the only case tested, although it is doubtful whether other posts revealed any pattern.

74. Officers of the MFA's Economic Cooperation Bureau complained that representatives of LDC Embassies in Tokyo rarely paid calls. They said that only the South Korean Embassy regularly pushed its case with Bureau officers.
Japan certainly did not share the experience of the United States Agency for International Development, which maintained numerous overseas missions. The short-term nature of AID employment led to innovative, "risk-courting" behaviour among junior officers (in contrast to the State Department), but the far flung AID structure led to "bottomheaviness" (reliance on lower ranks for adaptive behaviour) and friction between headquarters and field. (See Judith Tendler, Inside Foreign Aid, Baltimore and London, The Johns Hopkins University Press, 1975, especially Chapters 2 and 3). In Japan, authority structures in the aid bureaucracy prevented "bottomheaviness", but led to a reliance on the innovation of non-official actors.
NOTES TO CHAPTER 8


5. See Kokusai kyōryoku jigyōdan, Shōwa 51 nendo kokusai kyōryoku jigyōdan shishutsu yosan (Japan International Cooperation Agency, Japan International Cooperation Agency budget for fiscal year 1976) (mimeo), generously provided by an official of JICA.

6. Shōwa 52 nendo keizai kyōryoku yosan no gaiyō (An outline of the economic cooperation budget for fiscal year 1977), p. 5. A total of ¥960 million was allocated for large scale project surveys (¥270 million in FY 1976), while a total of ¥192 million in new items was provided to existing consultants' associations for overseas development surveys.

7. Under Article 21.3 (e) of the JICA Law, the Agency also undertook preliminary feasibility studies on projects when requested by private enterprises.

8. One MFA Officer jokingly referred to the practice of ranking recipient countries according to their political importance to Japan, a type of foreign policy "Top Forty".

9. For example, one large survey in 1975 of East Java development involved a team of 12. Two were academics, 2 were from private companies and the rest were from the IDC and JICA. See Kokusai kaihatsu sentā, Shōwa 50 nendo jigyō hokoku oyobi shushi kessan (International Development Centre, Report on activities and income and expenditure accounts for fiscal year 1975), May 1976.

10. Rondinelli, "International assistance policy and development project administration", pp. 584-5.

11. A consultant engineer is a professional engineer who provides specialist knowledge and services to his client in return for a fee. He does not engage in actual production or construction work himself, although he may supervise others doing it. See
Yamaguchi Jinshū, Konsarutanto dokuhon (A consultant's reader), Tokyo, Kokusai kaihatsu jānarusha, 1976, Chapter 1.

12. As described in Nihon puranto kyōkai, Nihon puranto kyōkai jūnenshi (Japan Consulting Institute, A ten-year history of the Japan Consulting Institute), Tokyo, May 1967.

13. See Yamaguchi, Konsarutanto dokuhon, pp. 149-50, and also his "Hado kara sofuto jidai o kangaeru" (From the hard to the soft era: some thoughts), Kokusai kaihatsu jānaru (International development journal), 5 August 1972, pp. 4-8 at p. 5.


15. Material for this section was drawn from Kubota Yutaka and Yamaguchi Jinshū, Ajia kaihatsu no kiban o kizuku: kaigai konsarutanto (Building the base for Asian development: overseas consultants), Tokyo, Ajia keizai kenkyūjo, 1967, and Daiyamondoosha, Nippon kōei: kunizukuri no kishu to shite (Nippon Kōei: the standard bearer for nation building), Tokyo, Daiyamondoosha, 1971, the pamphlet by Nippon Kōei, Nippon Kōei Company Limited: consulting engineers, n.d., Engineering Consulting Firms Association, Engineering Consulting Firms Association (ECFA) 1976-77, and Gaimushō keizai kyōryoku kakyō, Keizai kyōryoku kankō shiryō (Materials on economic cooperation), July 1974. Kubota was born on 27 April 1890 and graduated from Tokyo Imperial University in civil engineering in 1914. He joined the Home Ministry but soon moved out to form his own company in 1921. In 1926, he joined the Korea Power Company, of which he later became President. He also became a director of the Japan Nitrogenous Company and the Yalu River Development Company. These connections lasted until the end of the war.


17. See Kubota and Yamaguchi, Ajia kaihatsu no kiban o kizuku, p. 46.


19. Information on the early stages of the project is also contained in Kubota Yutaka, "Da Nhím Hydroelectric Project - Current Developmental State and Future Prospect" [sic], Keizai kyōryoku (Economic cooperation), July 1961, pp. 5-7.


22. *JICA 1974*, pp. 159-60, and *Kaigai konsarutingu kigyo kyōkai*, ECPA 1975 gaiyo (Engineering Consulting Firms Association, ECPA 1975 outline) (hereafter referred to as *ECPA 1975 outline*).


26. For example, Ogawa Kunihiko, *Kuroi keizai kyōryoku: kono ajia no genjitsu o miyo* ("Black" economic cooperation: the Asian situation), Tokyo, Shakai shimpō, 1974, pp. 103-8. He claims that the tender prices of machinery were artificially high, but provides no clear evidence.


32. See *Kaigai keizai kyōryoku kikin*, *Kaigai keizai kyōryoku kikin, sono kinō to katsudo* (Overseas Economic Cooperation Fund, The Overseas Economic Cooperation Fund: its role and activities), 1975, p. 46.


36. Interview with officers of a consulting firm, 7 December 1976.
37. ECFA 1975 outline, p. 4 (my emphasis).
38. ECFA 1975 outline, p. 4.
39. Figures derived from information in ECFA History, Appendix, pp. 63-124. Thus 3 companies made 55.3 percent of these surveys.
41. Interview with an executive of IDC, 1 September 1976.
42. Interview with an executive of ECFA, 29 October 1976.
43. The Overseas Transport Consultants' Association, Overseas Construction Association and others received subsidies.
44. See diary of events in ECFA History, Appendix, pp. 1-38.
47. Naikaku sōri daijin kambō shingishitsu taigai keizai kyōryoku tantō jūmushitsu, Taigai keizai kyōryoku shingikai tōshin (kaihatsu tojōkoku no taisuru gijutsu kyōryoku no kakuju kyōka no tame no jissaku ni tsuite) no jisshi jōkyō nado ni kansuru shiryo (Prime Minister's Office, Prime Minister's Secretariat, Councillors' Office, Overseas Economic Cooperation Desk, Materials on the implementation status of the report of the Advisory Council on Overseas Economic Cooperation (Policies for strengthening technical cooperation to developing countries)), 24 January 1975, pp. 56 ff.
48. Nihon keizai shimbun, 22 October 1976. The request recalled an argument between the OECF and JICA over which was best suited to undertake surveys. One complaint of JICA in 1976 was that the OECF took on further unnecessary surveys of a project already proved feasible. The OECF wanted to have more surveys done on a loans base to achieve greater coordination between surveys and development projects which it would eventually administer (interviews with a JICA official, 17 November, and an OECF official, 24 December 1976).
49. Tanaka Tsuneo, "Kaihatsu chōsa to tekkaku no hantei" (Development surveys and precise judgements), Kokusai kyōryoku (International cooperation), No. 240, September 1974, pp. 14-17 at p. 15.
50. JICA 1974, pp. 177-8.
51. Some consultants (interview 7 December 1976) criticised the committees as being too bureaucratic and their members as unaware of overseas conditions.
52. Interview, 17 November 1976.

53. A tentative assessment, since cross-tabulation of OTCA-JICA and industry materials left some gaps.

54. Interview with official of the Development Cooperation Division of the Economic Cooperation Bureau, 9 November 1976.


56. For example, Mitsui Consultants Company Limited.

57. Interview with a senior company executive, 29 November 1976.

58. JICA 1974, pp. 235-6, and a booklet provided by the company.

59. Joho kikaku kenkyūjo, 76 nenpan keizai kyōryoku puranto yushutsu binran, pp. 40 and 61.

60. Tanaka Tsuneo, "Kaihatsu chosa no arikata ni tsuite" (The correct techniques of development surveys), Kokusai kyōryoku, No. 244, January-February 1975, pp. 27-33 at p. 28.

61. Interview with an officer of a large trading company, 10 December 1976.

62. ECFA 1975 outline, p. 4, describes how ECFA members lobby governments with proposals on projects they have identified themselves.

63. Jurisdiction, however, was not quite so simple: rubber related projects were MITI's responsibility unless they were associated with plantations, where they became an MAF charge. MITI took care of construction materials, although veneer was under MAF jurisdiction, while construction (or the use of such materials) was the responsibility of the Ministry of Construction.

64. Interview with JICA official, 17 November 1976.

65. The Ministry of Construction was engaged in extensive economic cooperation activities: despatch of specialists, administration of training centres (such as in Thailand for road construction), project surveys, overseas student training in Japan, assistance to the construction industry in overseas work etc. For details, see Kensetsushō keikakukyoku kokusai kyōryokushitsu, Kokusai kyōryoku no genkyō (Ministry of Construction, Planning Bureau, International Cooperation Office, The present situation of international cooperation), April 1976.

66. One former senior MAF official, however, regarded them as not very useful (interview, 30 November 1976).

67. Indonesia, for example, according to a senior official of its Tokyo Embassy (interview, 26 November 1976).
68. The views of an officer of the Technical Cooperation Division of the MFA Economic Cooperation Bureau (interview, 5 November 1976) and an officer of the Development Cooperation Division (interview, 9 November 1976) respectively.

69. This table is only indicative, being based on incomplete data provided to the ECFA by member firms and other sources. Smaller consultants with only a few overseas projects listed were omitted.

70. Interview with the company's vice-president, 29 November 1976.
NOTES TO CONCLUSION


APPENDIX 1

RANKINGS IN THE JAPANESE GOVERNMENT

This thesis dealt in detail with aid management in Japan and with the functions of bureaucrats in policy-making. Many titles were referred to throughout the text and a list of officials interviewed, by rank, is presented in Appendix 2.

It is useful, therefore, to set out here the main ranks in the Japanese bureaucracy, with their English equivalents, in descending order.

(a) Ministries and Agencies

<table>
<thead>
<tr>
<th>Japanese</th>
<th>English</th>
</tr>
</thead>
<tbody>
<tr>
<td>jimu jikan</td>
<td>vice-minister/permanent secretary</td>
</tr>
<tr>
<td>kyokucho</td>
<td>bureau director or director-general</td>
</tr>
<tr>
<td>sanjikan</td>
<td>bureau counsellor or deputy director-general</td>
</tr>
<tr>
<td>bucho</td>
<td>department director</td>
</tr>
<tr>
<td>kacho</td>
<td>division director</td>
</tr>
<tr>
<td>kacho hosa</td>
<td>deputy division director</td>
</tr>
<tr>
<td>(shuseki jimukan)</td>
<td>(career deputy division director, MFA)</td>
</tr>
<tr>
<td>kakaricho</td>
<td>desk chief</td>
</tr>
<tr>
<td>jimukan</td>
<td>desk officer</td>
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</tbody>
</table>

(b) Statutory Bodies

<table>
<thead>
<tr>
<th>Japanese</th>
<th>English</th>
</tr>
</thead>
<tbody>
<tr>
<td>sosai</td>
<td>president</td>
</tr>
<tr>
<td>riji</td>
<td>director</td>
</tr>
<tr>
<td>bucho</td>
<td>department director</td>
</tr>
<tr>
<td>bujicho</td>
<td>deputy department director</td>
</tr>
<tr>
<td>kacho</td>
<td>division director or manager</td>
</tr>
<tr>
<td>kacho dairi</td>
<td>deputy division director or manager</td>
</tr>
</tbody>
</table>
This study draws heavily on information gained from interviews with officials and other participants in the aid process in Japan. Most were held in Tokyo in 1976. Interviews were arranged by prior introduction and conducted at a time and place convenient to those interviewed. Most were therefore held at the person's workplace. Choice of interviewees was not by random sample and, since I did not attempt to construct such a sample, my data does not reflect balance in a statistical sense. I did attempt, however, to draw interviewees from all parts of the aid process and from all ranks, and my scope naturally widened as further introductions were obtained from those interviewed.

Questions were open-ended, but in the style of the "focussed interview". They were adapted to each person interviewed but based on problems and areas of enquiry suggested by prior research and earlier interviews. A number of interviewees were subjected to the same or similar issues put to them in the same way. This assisted in the further refinement of questions and was a useful way of cross-checking the accuracy of responses. While those interviewed were normally extremely generous in the time and consideration given to me, some had particular expectations of my interests or responded with arguments of their own which they wished to promote. Truth, as it turned out, was many-sided.

Interviews were planned with the advice given in Lewis Anthony Dexter's book, *Elite and Specialized Interviewing* (Evanston, Northwestern University Press, 1970). I allowed the person interviewed to largely
define the boundaries of a problem raised, and the extent of human
relationships within a problem. Suggestions or conclusions made by
people I interviewed were put, without attribution, to others I
interviewed, for comment.

Interviews had particular advantages for a scholar conducting
research into Japanese aid administration. Apart from compensating for
the lack of written or documentary material (a problem for any
research worker concerned with current Japanese policy areas),
interviews facilitated rapid and easy access to all corners of the
dispersed aid bureaucracy. They also gave me the opportunity to test
hypotheses against the opinions of both senior and junior officers in
different ministries. They provided an invaluable chance to get inside
the bureaucratic workplace, to test the atmosphere of government
offices, to sit, watch and listen to the activity in busy divisions.
These glimpses complemented actual interviews and provided a necessary
perspective on the policy problems and bureaucrats' perceptions of the
process.

Interviews also presented major difficulties. Nearly all
interviews were conducted in the Japanese language and success
therefore, especially in early interviews, often depended on my ability
to ask the right question in the right way. Japanese is an extremely
subtle language, the nuances of which are difficult to master. I make
no claim to have done so completely, and misunderstandings undoubtedly
occurred in my asking and listening. Biases in my repeating similar
phrases to different people may also have occurred. On the other hand,
a foreigner speaking in the Japanese jargon about every day work
problems (which was possible after a period) prompted unexpected
frankness on the part of those interviewed, which was of great benefit
in my testing opinion on sensitive policy issues.

All persons interviewed were promised anonymity at the beginning of each interview. No interviews were taped, but I took handwritten notes. This was, I feel, essential for less inhibited responses. Little or nothing was lost in transcription. Interviews were written up immediately after, or in the evening of the day of the interview. Interviews lasted, on average, for 60 minutes (usually pre-arranged) and longer interviews did not always produce better material. Multiple interviews were undertaken only where necessary to complete what we both thought was unfinished, or to pursue other issues with key interviewees.

The following tables show the breakdown of (a) persons interviewed into affiliation and, (b) government bureaucrats interviewed by rank or equivalent rank.
<table>
<thead>
<tr>
<th>Affiliation</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministries and Agencies</td>
<td></td>
</tr>
<tr>
<td>Prime Minister's Office</td>
<td>1</td>
</tr>
<tr>
<td>Administrative Management Agency</td>
<td>3</td>
</tr>
<tr>
<td>Economic Planning Agency</td>
<td>3</td>
</tr>
<tr>
<td>Ministry of Foreign Affairs</td>
<td>19</td>
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<tr>
<td>Ministry of Finance</td>
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<tr>
<td>Ministry of Agriculture and Forestry</td>
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<td>Ministry of International Trade and Industry</td>
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<tr>
<td>Ministry of Construction</td>
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<td>Statutory Bodies</td>
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<td>Export-Import Bank of Japan</td>
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</tr>
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<td>Overseas Economic Cooperation Fund</td>
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<tr>
<td>Japan International Cooperation Agency</td>
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<tr>
<td>Other Government Bodies</td>
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<td>Advisory Council on Overseas Economic Cooperation</td>
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<tr>
<td>Universities and Research Institutions</td>
<td></td>
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<tr>
<td>Newspapers</td>
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<tr>
<td>Overseas Embassies</td>
<td>7</td>
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<td>Political Parties</td>
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</tr>
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<td>Liberal Democratic Party</td>
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</tr>
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<td>Japan Socialist Party</td>
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<tr>
<td>Japan Communist Party</td>
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<td>Democratic Socialist Party</td>
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<tr>
<td>Private Companies</td>
<td>7</td>
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<tr>
<td><strong>Total</strong></td>
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</tbody>
</table>

Note: 91 interviewees, including 4 with double affiliation. 9 were reinterviewed and 1 reinterviewed twice, making a total of 101 interviews.


<table>
<thead>
<tr>
<th>Rank</th>
<th>Number</th>
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<tr>
<td>President/Director (sōsai/riji)</td>
<td>6</td>
</tr>
<tr>
<td>Bureau Director/Department Director (kyokuchō/buchō)</td>
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</tr>
<tr>
<td>Division Director (kacho)</td>
<td>11</td>
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<tr>
<td>Deputy Division Director (kacho hosa)</td>
<td>18</td>
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<tr>
<td>Desk Officers (various ranks) (jimukan)</td>
<td>21</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63</strong></td>
</tr>
</tbody>
</table>
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