

**CHANGING RELATIONS BETWEEN THE PUBLIC AND PRIVATE SECTORS IN  
JAPAN IN THE ERA OF “PARTICIPATORY ODA” AND THEIR RESULTS FROM  
THE PERSPECTIVE OF “GOVERNANCE BY NETWORK.”**

by

**Hideaki Ashitate**

LL.B. in Political Science, Kyoto University, 1998

LL.M. in Political Science, Kyoto University, 2000

Submitted to the Graduate Faculty of  
Arts and Sciences in partial fulfillment  
of the requirements for the degree of  
Doctor of Philosophy in Political Science

University of Pittsburgh

2009

UNIVERSITY OF PITTSBURGH  
FACULTY OF ARTS AND SCIENCES

This dissertation was presented

by

Hideaki Ashitate

It was defended on

October 2, 2009

and approved by

Paul J. Nelson, Associate Professor, Graduate School of Public and International Affairs

Tang Wenfang, Professor, University of Iowa

Burcu Savun, Assistant Professor, Department of Political Science

Dissertation Advisor: B. Guy Peters, Professor, Department of Political Science

Copyright © by Hideaki Ashitate

2009

**CHANGING RELATIONS BETWEEN THE PUBLIC AND PRIVATE SECTORS IN  
JAPAN IN THE ERA OF “PARTICIPATORY ODA” AND THEIR RESULTS FROM  
THE PERSPECTIVE OF “GOVERNANCE BY NETWORK.”**

Hideaki Ashitate, PhD

University of Pittsburgh, 2009

Since the late 1990s, the Ministry of Foreign Affairs (MOFA) in Japan and its agency, the Japan International Cooperation Agency (JICA), have attempted to involve Nongovernmental Organizations (NGOs) and private firms in Official Development Assistance (ODA) activities in the name of “Participatory ODA.” Using “governance by network” research as a frame of reference, I propose this dissertation to answer the question of whether networks in Japanese “Participatory ODA” make a difference, as well as why the government began using many private actors such as NGOs.

The framework of “governance by network” was originated in research on domestic policies in Western countries such as the Netherlands and the U.K. Despite this fact, the framework is applicable to Japanese foreign aid. This is firstly because Japanese political situations (i.e., ongoing decentralization and increasing number of groups which implement policies) are similar to those in the Netherlands and the U.K. This is secondly because foreign aid, located between other foreign policies and ordinary domestic policies, shares some characteristics with domestic policies. This dissertation illustrates that with respect to ODA, the

government has as many policy tools as in domestic policies; it can, and must, in some cases, select suitable tools under political constraints.

MOFA/JICA in Japan has had and still has organizational interests, not necessarily “national interest,” in protecting ODA. Currently, ODA does not have an advantageous status in the budget, and the rate of citizens’ support for this foreign aid is not as high as it used to be. Thus, MOFA/JICA is mobilizing private actors to garner the public support. In contrast to the assumption of the reactive state thesis that Japan is prone to international pressure, especially the American pressure, MOFA/JICA has enough autonomy to choose policy tools. Thus, one can associate MOFA/JICA’s strategic reliance on networks in Japanese ODA with the results when networks are used; this link is implied in “governance by network” research.

Using both quantitative and qualitative analysis, this dissertation demonstrates that Japanese “Participatory ODA” has resulted in public support, flexibility, innovation, and governmental steering, as “governance by network” research suggests.

## TABLE OF CONTENTS

<b>PREFACE.....</b>	<b>XV</b>
<b>1.0 INTRODUCTION.....</b>	<b>1</b>
<b>1.1 JAPANESE ODA AND ITS CHARACTERISTICS.....</b>	<b>2</b>
<b>1.2 FRAMEWORKS OF “GOVERNANCE BY NETWORK” .....</b>	<b>6</b>
<b>1.3 STRUCTURE OF THIS DISSERTATION .....</b>	<b>9</b>
<b>2.0 “GOVERNANCE BY NETWORK” REASERCH AND APPLICABILITY OF ITS FRAMEWORK .....</b>	<b>13</b>
<b>2.1 NEWNESS OF “GOVERNANCE BY NETWORK” RESEARCH AND ITS STRENGTH.....</b>	<b>13</b>
<b>2.1.1 What is “governance by network”? .....</b>	<b>13</b>
<b>2.1.2 Network as a resource allocation mechanism .....</b>	<b>15</b>
<b>2.1.3 Network as a coordination mechanism.....</b>	<b>16</b>
<b>2.2 WEAKNESS OF THE RESEARCH AND REASON TO USE SOME OF THE FRAMEWORKS BUT NOT OTHERS .....</b>	<b>18</b>
<b>2.2.1 “Governance by network” research in the Netherlands .....</b>	<b>20</b>
<b>2.2.2 “Governance by network” research in the U.K.....</b>	<b>21</b>
<b>2.2.3 “Governance by network” research in the U.S.....</b>	<b>22</b>

2.2.4	Summary: Different emphases on the steering role of the national government .....	22
2.3	APPLICABILITY OF DUTCH AND BRITAIN FRAMEWORKS TO JAPAN	24
2.3.1	General similarity between Japan and the two countries.....	24
2.3.2	Specific characteristics of the Japanese public administration.....	26
2.3.3	Japanese ODA and network perspectives .....	28
2.4	APPLICABILITY OF DUTCH AND BRITAIN FRAMEWORKS TO FOREIGN AID RESEARCH: REASON WHY IT IS IMPORTANT TO STUDY FOREIGN AID .....	29
2.4.1	Major differences between foreign aid and other forms of foreign policies	29
2.4.2	Major similarities between ODA and domestic policies .....	33
3.0	JAPANESE ODA IN CONTEXT .....	40
3.1	EXCEPTIONALISM REGARDING JAPANESE ODA: “SACRED” MOFA/JICA AND REACTIVE JAPAN.....	40
3.2	THE MYTH OF MOFA AS THE INTERPRETER OF “NATIONAL INTEREST” IN ODA.....	41
3.2.1	Analyzing MOFA’s bureaucratic interests in general .....	44
3.2.2	For what purpose a governmental tool of intelligence is used by MOFA?	48
3.2.3	Case 1: Japanese “spy” as a mean to promote bureaucrats themselves?.	51
3.2.4	Case 2: Intelligence for eliminating nagging politicians? .....	53

3.2.5	Assuming MOFA's interests in ODA.....	54
3.3	REASON WHY MOFA/JICA'S HAS NOT USED VARIOUS STRATEGIES.....	57
3.3.1	Financial situations and the efficiency of Japanese ODA .....	57
3.3.2	Citizens' support and the legitimacy of Japanese ODA.....	58
4.0	THE REACTIVE STATE THESIS DOES NOT HOLD FOR JAPANESE ODA: JAPANESE FOREIGN AID IS AS OTHER COUNTRIES' .....	60
4.1	WHAT IS THE REACTIVE STATE THESIS?.....	60
4.1.1	Comments on the assumption: The more divergent American and Japanese interests are, the more Japan feels American pressure .....	62
4.1.2	The hypothesis to be rejected: If Japan feels American pressure, the pressure works even when Japan is coherent.....	63
4.1.3	The first point of the case studies: Fragmentation and policy congruence are unrelated.....	65
4.1.4	The second point of the case studies: Policy convergence between the two countries is not a sign of the reactive Japan .....	67
4.2	THE CASE OF FOREIGN AID TO ARABIAN COUNTRIES (CASE 1): COHERENT JAPAN AND POLICY DIVERGENCE.....	69
4.3	THE CASE OF FOREIGN AID TO CHINA (PRC).....	70
4.3.1	Freeze of Japanese ODA in 1989 (case 2): Fragmented Japan and policy convergence.....	71
4.3.2	Freeze of Japanese ODA in 1995 (case 3): Fragmented Japan and policy divergence .....	73



4.4	<b>THE CASE OF FOREIGN AID TO RUSSIA (CASE 4): FRAGMENTED JAPAN AND POLICY CONVERGENCE .....</b>	<b>76</b>
4.4.1	<b>Negotiations between Japan and Russia on the Northern Territory .....</b>	<b>76</b>
4.4.2	<b>Does Japanese aid to Russia in 1993 show that Japan is a reactive state?78</b>	
4.5	<b>SUMMARY .....</b>	<b>80</b>
5.0	<b>EVALUATING OUTPUTS OF NETWORK.....</b>	<b>82</b>
5.1	<b>BUILDING HYPOTHESES ON OUTPUTS .....</b>	<b>82</b>
5.1.1	<b>Network and public support.....</b>	<b>82</b>
5.1.2	<b>Network and flexibility/innovation .....</b>	<b>83</b>
5.2	<b>NETWORKS AND CITIZENS' SUPPORT FOR FOREIGN AID.....</b>	<b>85</b>
5.2.1	<b>General relations between participation and trust/support .....</b>	<b>85</b>
5.2.2	<b>“Participatory ODA” and citizens’ support.....</b>	<b>87</b>
5.2.3	<b>Uncertain results and differences between direct and indirect participation .....</b>	<b>92</b>
5.3	<b>FLEXIBLE FOREIGN AID BY NETWORKS AND THEIR LIMIT .....</b>	<b>94</b>
5.4	<b>NETWORKS AND INNOVATING FOREIGN AID.....</b>	<b>98</b>
5.4.1	<b>Cooperation between the public and private sectors .....</b>	<b>98</b>
5.4.2	<b>Cooperation within the private sector: Relations between profit and nonprofit organizations .....</b>	<b>100</b>
5.5	<b>FROM OUTPUTS TO OUTCOMES: CHANGING POLICY PROCESSES SHOULD BE EXAMINED.....</b>	<b>102</b>
6.0	<b>EVALUATING OUTCOMES AFTER USING NETWORKS .....</b>	<b>104</b>

6.1	<b>NETWORKS AND INCREASED IMPORTANCE OF COORDINATION</b>	
		<b>104</b>
6.2	<b>RELATIONS WITH NGOS: DO NGOS PLAY A MAJOR ROLE IN DECISION-MAKING?</b>	<b>106</b>
6.2.1	<b>Theoretical examination of the reason why more steering is expected in Japan</b>	<b>106</b>
6.2.2	<b>NGOs and Country Study Groups</b>	<b>108</b>
6.3	<b>RELATIONS WITH PRIVATE CONSULTING FIRMS</b>	<b>116</b>
6.3.1	<b>Heyday of Nippon Koei</b>	<b>117</b>
6.3.2	<b>Some sings of Nippon Koei’s declining influence on ODA</b>	<b>121</b>
6.3.3	<b>Current situations of consultants in general</b>	<b>122</b>
6.3.4	<b>Statistical analyses on current behaviors of Japanese consulting firms.</b>	<b>124</b>
6.4	<b>SUMMARY</b>	<b>130</b>
7.0	<b>CONCLUSION</b>	<b>131</b>
7.1	<b>SUMMARIES OF THIS DISSERTATION</b>	<b>131</b>
7.1.1	<b>“Governance by network” and ODA as a public policy</b>	<b>132</b>
7.1.2	<b>Beyond multiple myths about Japanese ODA: Myth about MOFA/JICA and the reactive state thesis</b>	<b>134</b>
7.1.3	<b>Results of “Participatory ODA”</b>	<b>135</b>
7.2	<b>IMPLICATIONS AND THEORETICAL CONCERNS</b>	<b>138</b>
7.2.1	<b>The question of how exceptional Japan is: Ambiguity in Japanese public administration and the reactive state thesis</b>	<b>138</b>
7.2.2	<b>ODA as a public policy and the argument of tools of government</b>	<b>139</b>

7.2.3	ODA and organizational interests.....	140
7.2.4	Results of “Participatory ODA” and the governmental roles in an era of state reform.....	141
7.3	STRATEGIC MEANS FOR SINCERE GOALS .....	142
7.4	VENUES FOR NEW RESEARCH.....	143
APPENDIX.....		146
BIBLIOGRAPHY .....		147

## LIST OF TABLES

Table 1.1: Data on ODA in five largest donor countries .....	3
Table 1.2: Japanese ODA in the 2008 General Account Budget from the perspective of jurisdiction .....	4
Table 1.3: The characteristics of the markets, hierarchies and networks .....	9
Table 2.1: How to allocate resource and how to coordinate the allocation mechanism.....	18
Table 2.2: Three domains of foreign policy.....	30
Table 3.1: Authors and their major positions in the past .....	50
Table 4.1: Summary of cases with respect to relevant actors' interests .....	64
Table 5.1: Satisfaction of residents in Miyagi about governmental services .....	87
Table 5.2: Rate of support for Japanese ODA in clerical employees and farmers/fishermen (percent) .....	89
Table 5.3: Knowledge on NPOs and support for ODA. ....	90
Table 5.4: NGO involvement in foreign aid and citizens' support for the policy. ....	91
Table 6.1: NGO-state relations .....	106
Table 6.2: Country Study Group reports and country assistance strategies. ....	112
Table 6.3: Backgrounds of all of the Country Study Group members. ....	115

Table 6.4: Determinants of survey activities between FY 2002 and FY 2007 (Survey[t]) when Loan[t-1] is used as an independent variable (Model 1)..... 127

Table 6.5: Determinants of survey activities between FY 2002 and FY 2007 (Survey[t]) when ODA[t-1] is used as an independent variable (Model 2). ..... 129

## LIST OF FIGURES

Figure 4.1: People's attitudes toward the PRC and Russia.....	66
Figure 5.1: Public opinion on what to do with Japanese economic cooperation.....	88

## PREFACE

Writing a dissertation is a lengthy but exciting work. During the process, I could organize the widely varying ideas about Japanese foreign aid as well as about Japanese public administration in general that were generated by my years of studies. I have greatly benefited from a number of people in the process as well.

First, I would like to express my great appreciation to my committee members. Especially, I am thankful to my committee chair, Dr. B. Guy Peters for giving me the opportunity to go on this academic journey. Metaphysically as well as physically, Dr. Peters moves around more often than concepts in comparative politics do. Thanks to his mentorship, I have been able to explore many academic fields while writing my dissertation: from “governance by network” research to research of citizen participation to IR studies. I would also like to express my gratitude to Dr. Tang Wenfang for his commitment to supporting me even after he left the University of Pittsburgh. I am grateful to Dr. Burcu Savun for her critiques and constructive suggestions from an IR perspective. I greatly thank Dr. Paul J. Nelson for his comments as a specialist in research about non-governmental organizations.

I would like to express my deep appreciation to my advisor in Japan, Dr. Michio Muramatsu, as well. When I was in Kyoto University, Graduate School of Law, he strongly encouraged me to study in the U.S. so that I could understand American theories better. Although he might not notice the similarity, I think that Dr. Muramatsu and Dr. Peters share a

similar interest in the role of the government in an era of state reform. Without Dr. Muramatsu's mentorship, I would not have taken governmental roles in the "Participatory ODA" into serious consideration.

Further, I thank my university, Kyoto Sangyo University, for letting me return to Pittsburgh. I first arrived at Pittsburgh in August 2001. After spending five semesters as a graduate student, I left this most livable city in January 2004 because of a new job as a university teacher in Kyoto Sangyo University with the hope that I would be back here to continue my doctoral work at a later date. In August 2008 I was lucky enough to be sent to this most memorable university as a research scholar by Kyoto Sangyo University. I appreciate the support the university has given me as well as the encouragement from my colleagues in the Faculty of Law.

I would further like to express my gratitude to the Japan International Cooperation Agency (JICA) and the Infrastructure Development Institute – Japan (IDI). JICA gave me an opportunity to work as a graduate intern from July 2000 to September 2000. Without my important experience there, I would have missed the significance of Country Study Groups. I am thankful to JICA, in advance, for its generosity in letting me express my straightforward, slightly critical, opinions about JICA. I would also like to express my appreciation to IDI. Despite the fact that the organization had many other jobs, it helped me to collect relevant data.

Last but not least, my dissertation would not have been completed without the patience and understanding of my father, Toshio Ashitate, and my mother, Kimiko Ashitate. They encouraged me wherever I was (i.e., even when I was far away from Japan). I strongly thank my parents, and my dissertation is dedicated to them.



## 1.0 INTRODUCTION

O-DANGO (*o-dango*) in Japanese means rice dumplings, often skewered together on a stick. Dividing the word differently, one can find two abbreviations: ODA (i.e., the Official Development Assistance) and NGO. Japanese NGOs have used this word as a reference to compare the complementary relations between both in Japanese foreign aid with two dumplings on a stick. Before the 1990s, despite the desire of citizens and others in the private sector to be involved in governmental foreign aid, the reality in Japan was that most of the private sector, except some large companies, could not do so.

However, Japanese foreign aid has changed since the late 1990s in that the Ministry of Foreign Affairs (MOFA) and its agency, the Japan International Cooperation Agency (JICA), have attempted to mobilize NGOs and private firms in the name of “Participatory ODA.”<sup>1</sup> Because of this change, the ODA budget that Japanese NGOs are given by MOFA increased from 1.52 billion yen in FY 1998 to 7.01 billion yen in FY 2003 (Ashitate 2007). Rhodes (1999, xviii) would say that this transformation means the adoption of networks rather than hierarchies and markets. Networks to implement policies are omnipresent. For instance, both American social policy in the 1960s and 1970s and Dutch higher-education policy after 1995 adopted

---

<sup>1</sup> According to Nishikawa (1999, 80), MOFA began to explicitly state the importance of “Participatory ODA” in its annual report of ODA in 1996. MOFA/JICA sometimes uses the word “Public-Private-Partnership (PPP)” as well as “Corporate Social Responsibility (CSR),” but I use the term “Participatory ODA” to include these similar concepts.

network mechanisms, with the different state-society relations in these two countries leading to contrastive results. One may naturally wonder whether networks in Japanese foreign aid are different from networks in other areas as well. To answer this question, it is necessary to examine the governmental motives to use networks as well as results of using them.

This dissertation is based on extant studies on “governance by network,” a concept born in the West. It applies these frameworks to Japanese Official Development Assistance (ODA), often considered to be exceptional,<sup>2</sup> and tries to enlarge the arguments in these studies. It contends that Japanese foreign aid is an ordinary public policy. This introduction briefly explains Japanese ODA and my approach to using “governance by network.”

## **1.1 JAPANESE ODA AND ITS CHARACTERISTICS**

Japanese ODA began as reparations to four Asian countries: Burma, Indonesia, the Philippines, and Vietnam. Given this history, it is natural that a large portion of ODA has been given to Asian countries. Even in the late 1990s and early 2000s, from 40 to 60 percent of bilateral ODA was directed to Asian countries.<sup>3</sup> Indonesia and China (PRC) are among largest recipients.

In the 1990s, Japan was the largest donor country. However, the U.S. surpassed Japan in the year of 9-11, and, since 2003, the U.K. has given more aid than Japan. Tentative data on 2006 surprisingly showed that Japan was the fifth largest donor, following the U.S, the U.K.,

---

<sup>2</sup> Apart from the myths introduced in the third and fourth chapters, people often claim, for instance, that Japan is exceptionally economic-oriented when giving aid. However, as explained in 2.4.2, this proposition does not hold since other donors are concerned with their domestic economies as well.

<sup>3</sup> In 2006, the figure dropped to 26.8 percent since ODA to African countries drastically increased.

France and Germany although the final results indicated Japan was the third largest donor (cf. Table 1.1).

Japanese ODA consists of yen loans, grant aid and technical cooperation. Compared with other donors, loans, or yen loans, occupy a larger portion of ODA in Japan. Japan's low rank in the second column reflects this fact. The third column shows the amount of ODA which was used to support NGOs. Here, it is clear that Japan is currently a fairly NGO-friendly country.

**Table 1.1: Data on ODA in five largest donor countries**

	ODA in 2006 (USD Millions).	Average portion of grants in 2005/2006.	Portion of states' funds for NGOs in ODA in 2006
Japan	11187 (3)	54.1% (22)	0.9% (12)
The U.S.	22739(1)	99.9% (9)	N/A
The U.K.	12607(2)	95.7% (16)	2.9% (7)
France	10448(4)	86.9% (18)	0.4%(14)
Germany	10351(5)	82.6% (21)	N/A

Numbers in parentheses indicate ranks among 22 OECD/DAC countries.

Source: Annual Report of Japanese ODA in 2007 and 2008.

In 2008, 1511 billion yen of Japanese ODA was funded by the General Account Budget (700 billion yen), Fiscal-Investment-and-Loan (652 billion yen), and other schemes (159 billion yen). Table 1.2 shows how much ODA each department was assigned in the General Account Budget in FY 2008.

**Table 1.2: Japanese ODA in the 2008 General Account Budget from the perspective of jurisdiction**

	ODA budget in Mil. yen.
MOFA	440729
The Ministry of Finance (MOF)	174155
The Ministry of Education, Culture, Sports, Science and Technology	40539
The Ministry of Economy, Trade and Industry (METI)	28314
Other ministries	16436
Total	700173

Source: Annual Report of Japanese ODA in 2008.

As Table 1.2 shows, Japanese ODA has been assigned to multiple ministries, though MOFA has the largest share. Among ministries other than MOFA, MOF and METI are important because, in the decision-making regarding yen loans, MOFA consults with MOF and METI. Despite the fact that MOF's share is the second largest, and that Katada (2002) assumes MITI/MOF/Business coalition in Japanese ODA,<sup>4</sup> this dissertation mainly mentions MITI/METI besides MOFA. This is because, as Hook and Zhang (1998, 1053) claim, “[the MOFA’s] preferences directly [clash] with those of MITI, which [represents] a consortium of government and corporate leaders.” Also, as Kato (1994) reveals, MOF’s interest is in general fiscal policy in Japan, or making the national budget slightly slack rather than foreign aid. This means that rivalries between MOFA and MITI/METI are more significant to examine than other dyads when one analyzes bureaucrats’ behavior in foreign aid.

---

<sup>4</sup> METI succeeded to the Ministry of International Trade and Industry (MITI) in 2001.

Rivalries between MOFA and other ministries do not mean that foreign aid administration is monopolized by the public sector. The private sector has involved itself in Japanese ODA. Some may think that the private sector is looking for a patron in the public sector, while others may claim that ministries are attempting to mobilize private actors as their supporters. Whichever one may assume, the private sector can and do participate in foreign aid activities in the process of policy dialogue and in the process of policy implementation.

It is impossible to start foreign aid projects without communication between donors and recipients. This is why people often mention policy dialogues. Japanese policy dialogues with recipients are different from other donor countries. IDJ (2009) insists that, as far as Japanese ODA to African countries is concerned, Japanese dialogues are based more on a bottom-up style rather than a top-down style. In addition, until recently, the Japanese government had not had the ODA Charter or the principles on which negotiations with recipients can be based. Given that Japanese ODA projects are request-based, it is natural that who advises governments in recipient countries makes a difference.

In Japan, domestic consulting firms have been played an important role as advisors to developing countries. The bad news for them is that, as the Japanese government itself has attempted to collect information on recipient countries, the consulting companies have lessened their influence. One may wonder about Japanese NGOs. Certainly, more and more people are highly evaluating advocacy activities by NGOs. In reality, governmental entities have institutionalized talks with NGOs since the 1990s. Despite this fact, as the case study in Chapter 6 reveals, Country Study Groups have excluded members from NGOs. Given that these Country Study Groups influence country assistance strategies, which MOFA considers being fruits of policy dialogues, one may safely say that NGOs' roles in decision-making are still limited.

In contrast to decision-making, more private actors have involved themselves in implementation. This dissertation examines implementation by the non-profit sector, that by the profit sector, and that by both sectors (i.e., collaborations). One may find that the private sector is playing more significant role in implementation than in decision-making.

## **1.2 FRAMEWORKS OF “GOVERNANCE BY NETWORK”**

This dissertation is groundbreaking since there have been few network research in Japan when examining characteristics of Japanese public administration. This does not mean that there have been rare networks in Japan. On the contrary, apart from Japanese foreign aid, where many private actors have been involved since the late 1990s, one can find many long-established “networks” in Japan albeit under different names. They have existed both inside and outside the public sector. The following paragraphs illustrates how Japanese networks work.

One can find first that quasi-autonomous nongovernmental organizations (QUANGOs) or “gray zone” (between the public and private sectors) have implemented public policies. For example, corporations established by the civil law have been responsible for administrative services. Until 2002, the Japan Macaroni Association had qualified macaronis in the market in the name of the government (Shindo 2001, 99). Some sports associations can exclusively publish “recommendation letter” for those who want to be umpires and instructors, but the letter is almost same as the license itself (Shindo 2001, 99).

One may notice networks in intergovernmental relations as well. In contrast to Anglo-American countries, the Japanese national government has not defined division of labor between the central and local governments. As a result, local and national governments share

administrative responsibilities. In some cases, local governments influenced and changed policies of the national government. Kitayama, Kume and Mabuchi (2009, 88) conclude that Sawauchi Village in Iwate Prefecture began free medical services to the elderly, and Tokyo Prefecture under a progressive governor adopted a similar policy, which was imitated by the central government under the Liberal Democratic Party (LDP) in the early 1970s.

One can claim that these networks have enabled the Japanese central government with smaller amount of budget and smaller size of bureaucracy to deliver the services comparable to other countries although the question of who are responsible for decision-making (i.e., legitimacy) remains to be solved.

Despite the fact that networks have been and still are omnipresent in Japan, they have rarely been examined from the perspectives of “governance by network.” Japanese networks have been rather considered being representatives of Japanese vagueness in a negative sense (Shindo 2001). However, as the second chapter illustrates in more detail, Japanese public administration shares similarities with that in the U.K. and the Netherlands, where there are a lot of extant research in the field of “governance by network.” This is the reason this dissertation utilizes the framework.

The next question is what Western scholars in this field claim. Current states face challenges from outside as well as inside. For instance, the European Union (EU), as an outsider agent, has attempted to harmonize national policies in Europe while at the same time decentralization within countries has been promoted in order to make citizens satisfied with public services. Given these situations, there appeared arguments on how to govern without a (national) government, or with “non-hierarchical forms of governance” (Sørensen and Torfing 2008, 3). Networks involving the private sector are one device to cope with these situations. For

example, in the Netherlands, networks were introduced to renovate cities. In the U.K., networks including local officials and citizens were used to prevent crimes.

Research first focused on discovering networks and then researchers became interested in explaining these networks. Scholars such as Rhodes (1999, xviii) explain the characteristics of networks in comparison with hierarchies and markets (cf. Table 1.3). In addition, they are asking such questions as how networks are formed and terminated (Sørensen and Torfing 2008). Studies such as Torfing's (Forthcoming) refer to this trend of research as "governance network" research, but I use "governance by network" to clarify the concept. This is because there is the confusing expression "network governance," which is different from "governance network." The former, "network governance," includes broader questions such as how to control networks (i.e., meta-govern).

This dissertation borrows analytical frameworks from "governance by network" studies since "Participatory ODA" in Japan indicates encouraging the involvements of various actors and the Japanese situation is assumed to be similar to the context where the arguments originally emerged. The caveat is that, despite the achievements of "governance by network" research, some of the important aspects of networks remain to be studied. Among them is research on "results" after adopting networks. Therefore, examining outputs/outcomes, the dissertation attempts to expand these frameworks as well.



**Table 1.3: The characteristics of the markets, hierarchies and networks**

	Markets	Hierarchies	Networks
Basis of Relationships	Contract and property rights	Employment relationship	Resource exchange
Degree of dependence	Independent	Dependent	Interdependent
Medium of exchange	Prices	Authority	Trust
Means of conflict resolution and coordination	Haggling and the courts	Rules and commands	Diplomacy
Culture	Competition	Subordination	Reciprocity

Source: Copied from Rhodes (1999, xviii)<sup>5</sup>

### 1.3 STRUCTURE OF THIS DISSERTATION

Extant studies on “governance by network” are slightly reviewed in this introduction, but Chapter 2 further examines what the preceding literature claims. Chapter 2 illustrates the applicability of the framework of “governance by network,” especially Dutch one and British one, to the Japanese context. However, given that the framework “governance by network” originated in studies on public policies, one may wonder if it is applicable to ODA. Thus,

---

<sup>5</sup> Regarding means of coordination, I do not think there is a large distance between ex-ante coordination by commands and ex-post coordination by the courts. This point will be further examined in Chapter 5, where dichotomy, not trichotomy, of hierarchy and non-hierarchy is assumed.

Chapter 2 explains two reasons why it is important to study foreign aid from the perspective of “governance by network.” The first reason is that, like other public policies, foreign aid also reflects governmental goals and that the state selects particular tools from among many to attain these goals. Some may think that, since it is promoting humanitarian needs outside donor countries, foreign aid is not a public policy. However, the contention of “aid for humanitarian goals” does not reflect reality. Donors are concerned with their own economic situations, and foreign aid reflects this fact. Given that donor countries have secular goals in foreign aid as in other policy areas, it is reasonable to examine the aid from the perspective of what tool the government uses (i.e., networks in this dissertation). The second reason why it is important to examine foreign aid is that political constraints matter in this issue as well as in others. Regardless of party ideologies, the relations between bureaucrats and publicly elected politicians, especially the governing party, have influence on choosing policy instruments.

The third and fourth chapters answer the question whether the framework of “governance by network” is applicable to studies of “foreign aid” in “Japan” (i.e., whether there is an interaction between “foreign aid” and “Japan” or not). Chapter 3 proves that Japanese ODA shares characteristics common to those of other countries’ ODA, thereby refuting the idea that Japanese ODA is exceptional. This chapter rejects the myth of MOFA/JICA being merely interpreters of “national interest” and reveals that it has been and is concerned with its organizational interests rather than such “national interest.” Then, this chapter illustrates that, despite MOFA/JICA’s secular interests, it had less need to involve itself in policy processes than counterparts in other donor countries because of Japan’s financial situation and strong citizen support. However, as ODA lost its special status in the national budget and the private sector

became indifferent to foreign aid in the 1990s, MOFA/JICA has changed its behavior, and is now using strategies such as “Participatory ODA” to garner citizen support.

Chapter 4 tests the credibility of another myth, which made Japanese ODA seemingly exceptional. This chapter examines implications of the reactive state thesis and refutes them. Some scholars say that Japan is reactive to foreign pressure, especially American pressure. This chapter explains, however, that when Japan is not fragmented, it is immune from American pressure. It also shows that even when Japan is fragmented, American pressure might not work. In other words, fragmentation of Japan does not guarantee a successful exercising of American pressure. Further, policy convergence between the two countries does not necessarily mean that Japan is reactive. Illustrating that MOFA/JICA can autonomously use networks for their own interests, Chapter 3 and Chapter 4 make people aware that networks in Japanese ODA can be examined from the perspective of “governance by network.”

Taking extant literature into consideration, Chapter 5 examines direct results, or outputs, of networks in Japanese ODA. Citizen support, flexibility and innovations are evaluated. Opinion surveys suggest a linkage between increasing activities of NGOs in foreign aid and citizens’ positive attitudes toward ODA. Case studies indicate that Japan’s newer scheme of emergency foreign aid, which involves the private sector, can respond quickly to the changing surroundings; this is a sign of flexibility. Innovations are reflected in the number of projects which are brought and implemented by the private sector.

Chapter 6 tests one particular outcome of networks in Japanese ODA, the hypotheses that an increase in networks necessitates governmental coordination, which means stronger steering. It focuses on two kinds of relations between the public and the private sectors. First, the chapter describes NGO-state relations. It is claimed that although NGOs are important as implementing

organizations, they do not necessarily have influence on decision-making processes. Second, Japanese consulting companies are studied. They had a significant influence on decision-making processes in the past, but recently the direction of influence has reversed. Quantitative analysis reveals that current consulting firms are attentive to the government.

The concluding chapter summarizes what conclusions can be derived from the analyses in the previous chapters. It confirms that Japanese ODA is similar to other public policies as networks in Japanese ODA showed the outputs and outcomes which are predicted by the framework of “governance by network.”

## **2.0 “GOVERNANCE BY NETWORK” REASERCH AND APPLICABILITY OF ITS FRAMEWORK**

### **2.1 NEWNESS OF “GOVERNANCE BY NETWORK” RESEARCH AND ITS STRENGTH**

This dissertation applies the framework of “governance by network” to Japanese foreign aid, ODA. Quite a few studies on Japan have assumed hierarchical decision-making and implementation of policies. However, this perspective might overlook non-hierarchical networks in Japan, or the corporatist pattern, which have existed for a long time (Pempel and Tsunekawa 1979). Currently, academic losses of this neglect are larger than before since more and more policy areas are utilizing explicit networks in Japan. Among such policy areas are ODA. This dissertation examines impacts of emerging networks on foreign aid.

#### **2.1.1 What is “governance by network”?**

One may wonder whether this framework of “governance by network” is new or not. The framework is traditional in that it is based on academic ancestors including “corporatism” (Kickert, Klijn & Koppenjan 1997). At the same time, the framework is new in that the “governance by network” research emerged so to explain recent situations in European countries and the U.S.

Current states face challenges from outside as well as inside. For instance, the EU, as an outsider agent, has attempted to harmonize national policies in Europe while at the same time decentralization within countries has been promoted in order to make citizens satisfied with public services. Given these situations, there appeared arguments on how to govern without a (national) government, or with “non-hierarchical forms of governance” (Sørensen and Torfing 2008, 3). Networks involving the private sector are one device to cope with these situations. Here emerged the “governance by network” research. According to definitions by Sørensen and Torfing (2005, 197) and Torfing (Forthcoming, 3), “governance [by] network” has some characteristics. First, the network consists of actors who are “interdependent, but operationally autonomous.” Second, negotiations are important for the actors in the network to interact with each other, but the negotiations are not fluid but rather “within an institutionalized framework.” Third, the network is self-regulating, but faces some limits by the external hierarchy (it seems that regulations by the public sector are assumed). Fourth and finally, it contributes to achieving public goals. According to this definition, a private firm can be a member of networks, although one may associate behaviors of the firm with market mechanisms rather than with network mechanisms. A public corporation and a QUANGO can be an actor that is independent from the government to the extent that they enjoy their autonomy. This broad concept of “membership” reminds us of “corporatism.”

Certainly, Sørensen and Torfing (2005, 198) explain that “governance by network” has existed for a long time although it is often known by other names such as “corporatism” and “partnership.” For instance, “the participatory state,” among Peters’ (2001, 68) four models of reforms, justifies increased participation in a similar way to traditional corporatist studies. The fact that this type of governance exists around the world, albeit under different names, reinforces

that the “governance by network” framework can be applied universally. In particular, Schmitter (1974) analyzes “corporatism” in many countries, including the Netherlands. “Iron-triangles” have been witnessed in the U.S. while “policy communities” are allegedly a more appropriate expression of the situation in the U.K., with smaller presence of legislatures than in the U.S. (Rhodes 1997, 35). All of these concepts are used to express involvement of private actors in policy processes.

### **2.1.2 Network as a resource allocation mechanism**

“Governance by network” research has contributed to building bridges between various concepts by using the academic fruits of multiple fields such as institutionalism (Kickert, Klijn & Koppenjan 1997). For instance, Peters (2008) explains forming and dismantling of networks from the perspective of institutional theory. He explains, for example, that lack of new energy from fresh members might decay networks. In addition to the above synthesis, according to Sørensen and Torfing (2005, 198), what is noteworthy about current “governance by network” is that it reflects policymakers’ and scholars’ interest in networks “as an efficient and legitimate mechanism of governance.” Regarding the U.S., for instance, Goldsmith and Eggers (2004) attribute increasing usage of networks, including the private sector, to governmental need to reduce the costs of service delivery.

Another contribution of “governance by network” is that it encourages scholars to examine governmental tools and policy instruments from the perspective of state-society relations (Peters 2005; Kettl 2002). There have been many scholars who are interested in “tools of government.” Hood (1983), for instance, explains that governments can use four categories of tools or “NATO” as he abbreviates. Governments have their strength because they are in a

central position to collect and distribute information (“Nodality”). They can also utilize their “Authority,” “Treasure” as well as “Organization” such as militaries. For these scholars, networks, whether they are delegate of “Authority” or they are “Organization” in Hood’s (1983) concept, were one of the governmental tools and dependent variables at the beginning. However, networks consist of multiple actors with different interests, and this fact means that networks can be independent variables to explain changes in policy processes. It is not a coincidence that scholars in “tools of government” are attentive to “governance by network” research. Among these scholars are Hood and several authors of Salamon (Ed.) (2002) which exhibits more detailed categorization about governmental tools than Hood (1983).

### **2.1.3 Network as a coordination mechanism**

The above is mainly concerned with “network” as an instrument or resource allocation mechanism. Research has been conducted on consequences when using networks apart from the traditional hierarchy as well as the market. However, adoption of a network brings with it a problem of coordination. Traditional hierarchies are managed using top-down control since the line implements what the staff has decided. Networks, however, cannot be managed this way. Here emerges the research on network management. Extant studies are interested in how to steer networks as well as in how to allocate resource using networks. Some scholars on network management use a dichotomy of hierarchy and network by excluding the market . Börzel and Panke (2008) explain that because the market cannot steer or coordinate itself, it is not a mode of governance process but just an instrument. In a similar vein, Kooiman (2000) assumes that mechanisms for resource allocation are one thing, and the coordination mechanism is quite another. Stoker’s (2000) explanation of urban governance in the U.K also shows that there are



two, not three, strategies for coordination: coalition-building (i.e., networking) and steering by the state.<sup>6</sup>

There are several relevant concepts regarding network management, which makes it necessary to clarify meanings of the words. Klijn and Edelenbos (2008) mention “meta-governance” as “network management,” as their title shows. “Meta-governance” can be interpreted as governance of governance. Thus, when networks are universally witnessed in governance, it is necessary that “meta-governance” is concerned mainly with “network management.” Kickert and Koppenjan (1997, 43) claim that “network management” is a form of “steering” to achieve such goals as to develop policies. As the previous paragraph shows, Stoker (2000, 94) assumes that “steering” by the state as well as looser steering by coalitions is among the “coordination” strategies on which the state can rely. In this way, extant studies show some overlapping characteristics of these four concepts: meta-governance, network management, steering and coordination. Obviously, there are some divergences. For instance, Osborne and Gaebler (1992) assume that the market can be steered by state and local governments, which means that “steering” is not necessarily “network management” (i.e., “steering” in this case means “market management”). Despite some divergences, these four words are used rather interchangeably in this dissertation.

That having been said, combining resource allocation mechanisms and coordination mechanisms, one can make the following matrix (Table 2.1).

---

<sup>6</sup> Actually, this is also the case for the situation where people use the market as a resource allocation mechanism, given that privatization does not guarantee a complete free hand to the private companies and that the market cannot manage itself in the real situation of incomplete information.

**Table 2.1: How to allocate resource and how to coordinate the allocation mechanism**

	Coordination by hierarchy	Coordination by network
Allocation by hierarchy	1.Orthodoxy	4.
Allocation by market	2.	5.
Allocation by network	3.	6. The EU (?)

This dissertation attempts to answer the question of how networks in Japanese ODA have been and are coordinated. Actually, the boundaries between 2 and 3 above, as well as 5 and 6, are ambiguous. For example, in the Reagan administration, both profit and citizen organizations were delegated to deliver services like social policies. Private companies can be included in networks. In such cases, it is unclear whether the market implements the policy or the network does so. Therefore, the focus of the dissertation is on 2/3 and 5/6 in a broad sense.

## **2.2 WEAKNESS OF THE RESEARCH AND REASON TO USE SOME OF THE FRAMEWORKS BUT NOT OTHERS**

Sørensen and Torfing’s (2005) explanation, that newer research on “governance by networks” is more comprehensive as well as puts more emphases on efficiency, ironically implies two of the weaknesses which “governance by network” research exhibits in each dimension in the above table. Firstly, there is not convergence on what difference a network makes as an implementing entity. Although people are interested in efficiency, or cost-benefit analysis, they rarely mention results beyond this type of calculation. Scholars such as O’Toole (2008) examine how to evaluate wider outputs and outcomes of networks, but the research is conceptual rather than

empirical. This weakness regarding results when using networks will be examined in later chapters.

Secondly, there are divergent interpretations about how networks should be managed. This pitfall comes from the fact that many scholars attempt to generalize networks by relying mainly on those in their home contexts and, as a result, they pay less attention to the contexts where the argument was originally born in each country. A literature review makes one aware that, besides EU research, many studies on “governance by network” examine one of three countries: the Netherlands, the U.K. and the U.S. Kickert (2008, 138) presents an informative categorization, explaining that “international debate on governance” consists of three trends: “interorganizational studies within the North [America],” British studies on policy communities and subsystems as well as “the Dutch studies of complex multi-actor and multi-rational policy networks.”

Klijn and Koppenjan (2000a) as well as O’Toole (1997, 48) point out the importance of comparative studies. However, scholars have not been interested in Klijn and Koppenjan’s (2000a, 155) questions such as whether “network theory [is] a typical product of countries with coalition governments, a strong consensual political culture and a decentralized state system” or a universal phenomenon. Certainly, extant studies exhibit existence of networks at both national and local levels in the Netherlands, the U.K. and the U.S. For instance, regarding British research, some scholars, such as Rhodes (1997), explain the strategies of the central government for dealing with policy networks, while others, such as Stoker (2000), examine urban governance after decentralization. Taking another example, Salamon (1995) explains the roles of American nonprofit organizations in federal social policies while Goldsmith and Eggers (2004) mention networks regarding social policies in Wisconsin. This diversity makes conclusions of extant

“governance by network” studies confusing, as they present conclusion which is seemingly applicable to most countries. However, the fact is that there are varieties of origins where the “governance by network” research was born in. The following paragraphs explain how this trend of research has been developed in the Netherlands, the U.K. and the U.S.

### **2.2.1 “Governance by network” research in the Netherlands**

Given its traditional reliance on corporatism (Lijphart 1999), it is natural that the Netherlands is often mentioned in the extant literature. Dutch history shows two characteristics: a long history of corporatism and a strengthened national government after the Second World War. Kickert and in’t Veld (1995, 53) explain that “[t]he typical trait of the 20th century Dutch corporatist state, that the execution of public tasks is left to the so-called ‘private initiative’, the intermediate layer between state and society of private social institutions, dates from before the 19th century.” Given this heritage, once the Dutch people started to distrust strong national government powers (e.g., direct regulations) during the oil crises, the country moved to steering at a distance by including many societal actors (Kickert 2008). Although some studies of the Netherlands are interested in decision-making in local governments, most seem to be interested in “managing complex networks” at the national level. For instance, Hans and Antoon (1995) as well as Veen (2000) mention nation’s roles in restructuring welfare policy, which many private firms have been involved in while Van Vught (1995) is interested in the relationships and distance between the central government and universities.

### **2.2.2 “Governance by network” research in the U.K.**

One may wonder about the two other countries. Historically, the U.K is a unitary state rather than a federal one. The central government has a large potential to regulate public services. One may remember the good old days of the National Health Service (NHS). However, key trends in the U.K. from 1979 to 1994, such as the minimalist state and democratization of the public sector, caused a “[h]ollowing out [of] the state” (Rhodes 1997). This trend accompanied an increasing number of actors involved in service delivery. For instance, reliance on the market allowed private companies to provide public services and to be concerned with the policy processes. Later administrations have witnessed more actors or networks. Yamamoto (2007, 82) says that, given “skepticism to the effect of privatization” which Thatcher initiated, Major and Blair adopted Public-Private-Partnerships (PPP) schemes, where Private Finance Initiative (PFI) and devolution as well as citizen participation were promoted. Currently networks at the local level are analyzed often. Actually, extant studies on governance by network in the U.K. such as Stoker (1999; 2000) put an emphasis on networks in local governments, not necessarily those in national government. However, the caveat is that those studies are concerned with situations where local governments are allowed to provide services, such as crime prevention, without national guidance. Rhodes (1997, 110) implies the *raison d’être* of the national coordination by saying that “[i]n the era of intergovernmental management, we persist with management by objectives within hierarchies.”

### **2.2.3 “Governance by network” research in the U.S.**

“Governance by network” research in the U.S. focuses on state and local governments rather than the federal government. Some extant studies analyze relationships between the federal government and the private sector. For instance, Salamon (1985) is concerned with the situation where the federal government unilaterally delegates its tasks to nonprofit organizations, and Goldsmith and Eggers (2004) point out rare communication between NASA and private companies in disasters regarding space shuttles. However, the steering capacity of the federal government seems to be underestimated and the federal government is thought to be one of many governments in the U.S.

### **2.2.4 Summary: Different emphases on the steering role of the national government**

Here, one can see differences regarding the steering role of the national government in each country. In the Netherlands, the national government is expected to watch over social policies. Although both the U.S and the U.K. witnessed conservative administrations which restricted the role of the national government in the 1980s, the U.K., with its unitary heritage, has been blamed for a lack of providing national standards. In contrast, American studies assume states and cities as main steering actors. For instance, Osborne and Gaebler’s (1992) case studies mention mainly “steering organizations” in states and cities while the research on local politics in the U.K., such as Stoker (2000), assumes expected steering by the national government. Taking another example to show the American situation, once the federal budget was cut in the Reagan administration, then it was states’ and local governments’ responsibility to manage social policies (Salamon 1995). Although John, Kettl, Dyer and Lovan (1994) recognizes that the

federal government can gather relevant information and distribute it to state and local governments (i.e., the superiority of the federal government), one of the authors, Kettl, concludes later that “[t]he federal government shares domestic policy with state and local governments and with nongovernmental organizations –and state and local governments do the same” (Kettl 2000, 496).

The lack of differentiation between federal and state/local governments’ roles is reasonably attributable to American federalism. However, this underestimation of the federal government blurs the question of coordination, or meta-governance. Obviously, lower levels of governments are concerned with fewer citizens than the national one, and it seems that the fewer the number of service recipients is, the less who provides them matters. Actually, the research in the U.S. such as Goldsmith and Eggers (2004) assumes that those who meta-govern are omnipresent in regardless of whether they are part of the public or the private sector. It seems that meta-governor for them means city mayors and city halls rather than presidents and the federal executive branch. Although Triantafillon (2008) claims that the question of who governs is less important than how they govern, Goldsmith and Eggers (2004) do not pay enough attention to the significant balance between efficiency and public interest which Kettl (1997, 454) claims state reformers should be concerned with. One may wonder what would guarantee public mindedness of the private companies as a meta-governor.

That having been said, one can summarize that another weakness of “governance by network” is the varying degree of strength assigned to national governments. In other words, some studies, such as Kettl (2002), assume that national governments are buyers, while others, such as Sørensen (2006), think they act as a coordinator or meta-governor. Kettl (2002, 494) mentions the “vending machine model of government services.” It is clear then that people need

a specific service, or they are “thirsty” to use a metaphor. In the role of buyer, we can say the national government looks for the best vending machine to provide the service. However, the question is how the government can recognize that people need a drink rather than bread. If we consider the national government as coordinator, it can first determine what needs must be met and then provide services accordingly without delays and flaws. It is important to be more attentive to governmental roles beyond those as a buyer.

## **2.3 APPLICABILITY OF DUTCH AND BRITAIN FRAMEWORKS TO JAPAN**

### **2.3.1 General similarity between Japan and the two countries**

One may naturally wonder whether the arguments of “governance by network” can be used in the Japanese context. Thus, the next subsections examine the applicability of the frameworks.

In order to focus on coordination by the national governments, this dissertation relies mainly on arguments in the Netherlands as well as in the U.K., which are more conscious of this point. The caveat is that, obviously, Japanese *local* governments are expected to exercise steering ability in addition to the national one. Management of gas services in local governments is a good example. In some cities and towns, gas has been provided by public corporations (i.e., its local governments). Most of them privatized their gas services and private companies succeeded the service. Among them is Kitami city in Hokkaido, but the city was still held responsible for the tragedy where a leak of gas from damaged tubes killed several citizens. This accident is said to be a reason why the mayor of the city failed to be reelected. The point is that, although it seems that mechanism for providing gas had changed to more market-oriented,



steering by the city government is still expected. In another city, Sendai, with a population of a million, the local government decided to privatize its gas service like Kitami had, but because of Kitami, local experts in the energy field advised the city to continue to be somehow responsible for citizen safety even after privatization.<sup>7</sup> It was interesting that one of the experts was the scholar who is famous for his research on merits of NPM, which implies that private firms are not necessarily outside of networks. Episodes in Kitami and Sendai remind us of the importance of studying coordination by local governments, although this dissertation does not focus on these governments.

The similarity between the Dutch and Britain situations is that both national governments have some potential for coordination, or steering, and there are various actors as effecters and/or detectors, which make up networks. Although the Netherlands is federal, it has shown a heritage of strong national government beginning with the Welfare State postwar. Besides, given the history of corporatism, the country has witnessed many implementing entities outside the public sector. Regarding the U.K., historically the central government has played a large role and recent administrative reforms encourage devolution and citizen participation as well as market-ization. Japan has been experiencing a similar situation of decentralization and existence of networks. For instance, in 2000 the Japanese government abolished the framework where the national government could legally order local governments to do jobs of the national government (e.g., expropriation of land).

According to Lijphart's (1999) rating from 1 (unitary) to 5 (federal), Japan is modestly unitary (2). This figure is between that of the U.K. (1) and the Netherlands (3) (cf. the U.S. exhibits the maximum number, 5). Therefore, when examining the Japanese national

---

<sup>7</sup> *Kahoku Shinpou*, July 29, 2008.

governments' capacity to steer, arguments in both countries would be a great frame of reference. The public-care insurance system in Japan is a good example to show intergovernmental and state-society relations which are similar to the U.K. and the Netherlands. Started in 2000, the insurance system is managed by local governments and implemented by qualified Nonprofit Organizations (NPOs). However, some NPOs prefer their own standards over national ones and provide their own services without consulting local governments. This is the reason why some control by the public sector is being demanded (Ashitate 2007). This situation where steering by governments, especially by the national government, is expected is similar to that in the two European countries.

### **2.3.2 Specific characteristics of the Japanese public administration**

In addition to the above mentioned trend of decentralization, the existence of networks in Japan demonstrates the similarity between Japan and the two European countries.

It seems that people, including ex-Prime Minister Koizumi, preconceive that bureaucratic Japan has many public officials. However, the government has surprisingly small number of bureaucrats. According to a think-tank, Nomura Souken, Japan from 2000 to 2005 had 42.6 bureaucrats (in the national and local governments) per thousand populations, which is much lower than the number in the U.S. (73.9) and the U.K. (97.7). To provide public services tantamount to other developed countries, Japan seemed to have developed two strategies.

The first is *Oobeya-shugi*, or large-room-ism, where people (in the public sector) work together in large rooms rather than work individually in small compartments. The large-room-ism encourages people to share their jobs and allegedly contributed to efficient service delivery, while it makes it difficult to detect who is responsible for a specific decision. The point is that,

although the practice is not directly related to networks between the public and private sectors, Japanese history shows Japan's affinity with the assumption of the "governance by network" where the balance between efficiency and other public values, such as accountability, is concerned.

The second characteristics of the Japanese public administration, which is more directly linked with "governance by network," is that, given its small number of bureaucrats, the government has relied on quasi-public entities such as governmental corporations as well as the private sector to deliver public services. Actually, some scholars who are interested in actors outside the public sector present such arguments as "corporatism without labor" to describe the Japanese situation. For instance, Pempel and Tsunekawa (1979, 245) claim that, through medium associations, "big businesses and organized agriculture participate directly in the making and implementation of numerous government policies." They explain that, as early as the 1880s, Japanese government shifted its development strategy from direct management of the government to encouragement of the private sector. This tradition was assumed to be inherited in the postwar era as well. Pempel and Tsunekawa (1979) insist that labor was excluded in the process, which is shown by their title, "corporatism without labor." In contrast, Kume (1988) exhibits that labor unions became significant actors in the "corporatist" pattern after 1975, or after the first oil crisis, by strengthening their ties with the LDP rather than with socialists and communists. Regardless of whether the argument of corporatism in the West is completely true for Japan, one can safely say that Dutch as well as British politics share some common aspects with Japanese ones.

### **2.3.3 Japanese ODA and network perspectives**

Given that some Japanese studies demonstrate that Japan is generally similar to the Netherlands and the U.K., one may wonder specifically about Japanese ODA. The “governance by network” research, including studies using its forefather frameworks, has not been thoroughly referred to in preceding studies of Japanese ODA. Prior research basically “assumes either bureaucratic dominance [i.e., hierarchy] or business’ controls over ODA [i.e., market], where cooperation, that is networks, between the political / administrative and business elite [or the private sector] is not considered” (Ashitate 2007, 130).

Certainly, there are a few exceptions, but their arguments are not necessarily decisive. For instance, Arase (1995) assumes that bureaucrats control a narrow “network” of governmental agency and private firms. Kato (1998) examines the interdependent relationships between the public and private sectors with respect to Japanese ODA. Although Kato “devotes more time in applying his theory to German cases than to Japanese ones,” he explains that “the Japanese government and companies have had close contact and the latter has shared information on developing countries with the former” (Ashitate 2007, 131). Neither of the extant studies, however, pays enough attention to private actors other than companies. Their perspectives are understandable since most of NGOs have not implemented Japanese ODA, although quite a few NGOs in Japan have shown interest in foreign aid activities and poverty alleviation in developing countries (Hirata 2002). However, the more actors were involved in governmental foreign aid activities, the wider networks become. Recent networks in Japanese ODA are expected to be stronger and larger.

The above shows that it is reasonable to apply the framework in the Netherlands and the U.K. to the Japanese situation as a way to examine their public policies; especially it is groundbreaking to examine Japanese ODA from this perspective.

## **2.4 APPLICABILITY OF DUTCH AND BRITAIN FRAMEWORKS TO FOREIGN AID RESEARCH: REASON WHY IT IS IMPORTANT TO STUDY FOREIGN AID**

The previous section explains that the framework from the Dutch and British studies is helpful to examine Japanese policies as well. However, one may reject that these frameworks from “governance by network” is applicable to foreign aid policy, whether it is Japanese one or other donors’, while accepting that domestic policies can be examined from these perspectives. This section justifies the contention of this dissertation by demonstrating that foreign aid policy exists between usual domestic policies and foreign policies other than ODA in that ODA is not implemented merely for altruistic reasons and in that, like in other domestic policies, “The Politics of Tool Choice” matters in the case of ODA.

### **2.4.1 Major differences between foreign aid and other forms of foreign policies**

One may wonder how many foreign policies the government exhibits. Hook (2008a, 291) says that foreign policy deals with “substantial issue areas that affect the nation’s relations with governments and citizens overseas.” According to Hook (2008a), as far as American foreign policy is concerned, there are three domains in foreign policy: national security and defense policy, economic statecraft, and transnational policy problems. It is hard to separate the

transnational policy problems from other two domains, since Hook (2008a, 379) examines problems of weapons proliferation, which is relevant to American security policy, in the transnational policy problems. One can assume that, by the phrase “transnational policy problems,” Hook (2008a) means the foreign policy which needs repeating international negotiations. Apart from the American context, Suh (2004, 8) shows general definition of foreign policy by saying that there are three kinds of foreign policies: military diplomacy, economic diplomacy, and diplomatic negotiations. Military diplomacy in Suh (2004) corresponds with national security and defense policy in Hook (2008a), while Suh’s (2004) economic diplomacy seems to be the same as Hook’s (2008a) economic statecraft. Diplomatic negotiations in Suh (2004) are counterparts of transnational policy problems in Hook (2008a). This dissertation uses trichotomy, especially that used by Suh (2004).

Suh (2004) compare the three domains by focusing on several different characteristics. Table 2.2 summarizes relevant information of Suh (2004, 8) on these differences. This dissertation puts an emphasis on the three characteristics, since they are significant factors that influence actors to be included in the processes and policy tools to be used by the governments.

**Table 2.2: Three domains of foreign policy**

	Economic diplomacy.	Diplomatic negotiations.	Military diplomacy.
Focus on present situations?	No. (Future-oriented)	No/Yes.	Yes.
Quick responses are needed?	No.	No/Yes.	Yes.
Results are reversible?	Yes.	Yes.	No.

Source: Suh (2004, 8) is revised and translated.

One can say that, compared with two other domains, foreign aid policy has more relevant actors. This difference results from three characteristics of the domains in the above table.

Among the three domains of foreign policy, military diplomacy, such as crisis management, are concerned most with the survival of the state. As the third row in the above table suggests, if the policy is failed, results are irreversible and then the state is substantially damaged. Thus, a limited number of people involve themselves in quick decisions.

Apart from military diplomacy, some diplomatic negotiations significantly influence direct relations between countries. In these negotiations, a limited number of people participate. An official visit of national leaders is a good example. When Japan decides when and which country the Japanese Prime Minister will visit, for instance, the Prime Minister, not MOFA, has strong influence (Shiroyama and Tsubouchi 1999, 268). Taking another example, one may remember that President Nixon's visit to the PRC in 1971 had been a secret and only a few of the governmental staff knew the fact that the visit was scheduled. In contrast to military diplomacy, however, some diplomatic negotiations are open to many actors. For instance, Hook (2008a) mentions concerns over global warming, which have involved many countries and local governments (as well as domestic actors such as NGOs).

Regarding economic diplomacy, quick responses are not always sought and results are not necessarily irreversible. For instance, Hosokawa, the Japanese Prime Minister, and Clinton failed to reach an agreement on trade between these two countries in 1994, but this fact did not lead to direct conflict and communication continued. Compared with two other domains, economic diplomacy, including foreign aid, assumes longer term of transactions. This is because a focus of this foreign policy is on future relations or returns rather than on immediate relations.

It is also because, according to Suh (2004) and the above table, a failure of this foreign policy can be remedied more easily than in the case of two other domains. These characteristics of economic diplomacy increase the number of tools that decision-makers can take into consideration as well. This contention is elaborated in the next part.

When the government decides which tools to be used, manageability or implement-ability of the tools is one of the important criteria (Salamon 2002, 24). From this criterion, this part shows that in foreign aid there exist more tools by comparing military and economic diplomacies, since they are at the two extremes (i.e., diplomatic negotiations are expected to be located in the middle).

In military diplomacy, there exists less variety of tools than in economic one. Suppose that the government has three candidate tools of hierarchy, market, and network, although it is sometimes difficult to count how many tools the government can use. Among these three tools, the government would certainly choose hierarchy as the plausible tool. Despite the fact that private security companies from the Western countries contributed to achieve security goals in Iraq as well as that people in the U.S. criticized of “the military-industrial complex,” market is not so plausible tool as hierarchy. It is hard to imagine the situation where military is privatized or entirely free from hierarchical control of governments.<sup>8</sup> In addition, networks, such as loosely-organized volunteer soldiers, are not always an implement-able tool when the government attempts to survive its country.

In contrast, in economic diplomacy, the government can rely on market and network apart from its own hierarchy. On one hand, scholars, such as Sumi (1989), explain how Japanese ODA was implemented and controlled by Japanese private firms, or the market mechanism. On

---

<sup>8</sup> This may be the case with the police as well.



the other hand, as this dissertation shows, network is omnipresent in Japanese “Participatory ODA” since the government, or MOFA/JICA, wants public support. Decision-makers in ODA can utilize all of the three tools: hierarchy, market, and network.

In sum, economic diplomacy, including foreign aid, has more actors to intervene in the processes and more tools available to the government than other two domains of foreign policy: military diplomacy and diplomatic negotiations. These characteristics more easily lead to “The Politics of Tool Choice” in Peters’ (2002) phrase. “The Politics of Tool Choice” is common in domestic policy, but, as the next subsection demonstrates, it can be seen in foreign aid as well

This fact supports the contention that foreign aid can be located between other foreign policies and usual domestic public policies, and this is the reason why foreign aid is examined in this dissertation. People might not expect ODA to be similar to usual domestic policies, but it really is. The most deviant case, or the most unexpected case, is significant way to select cases in political science (Peters 1998b). From the perspective of the tools of government (i.e., policy goals and “The Politics of Tool Choice” ), the next subsection further elaborates in what sense foreign aid is as usual as other domestic policies.

#### **2.4.2 Major similarities between ODA and domestic policies**

Based on extant research, Freeman (1985, 486) argues that policy, or public policy, consists of goals and means (i.e., tools) as well as outcomes. Focusing on these aspects, one may notice major similarities between ODA and usual domestic policies. I claim first that the government implements foreign aid so to attain some governmental goals like in other policies, while, in the later part of this subsection, policy tools are examined and “The Politics of Tool Choice” is found in foreign aid as well as in other policies.

Generally speaking, when implementing public policy, the government has some goals. Organizations involved in implementation of public policy are accountable for what they have done firstly to their leaders and finally to citizens. For that purpose, there are some frameworks to control public administration such as auditors. ODA is not an exception. Foreign aid in most countries is funded by national budget, and states are accountable to taxpayers as well as to recipient countries. This is why, for instance, the 1993 Government Performance and Results Act (GPRA) requires the United States Agency for International Development (USAID) to show its goals in a similar way that it asks other governmental organizations.<sup>9</sup>

Despite this similarity, since the target of the aid or the place where projects are implemented is developing countries, people, especially NGOs, tend to think that it should be used for humanitarian purposes apart from donors' own policy goals. However, it is likely that "aid for humanitarian goals" is a kind of mere rhetoric. Although Söderberg (2005) is proud that her home country, Sweden, is like minded, she overlooks the fact that, in the policy area of foreign aid, Sweden is also concerned with the domestic economic situation, especially during recessions (Hook 1995). In looking at the results of their statistical analysis, Schraeder, Hook and Taylor (1998) admit that Sweden as well as Japan and the U.S. pay attention to trade relations with recipient countries in Africa. Reputation in international society is one thing and reality might be quite another. Empirically analyzing motivations of foreign aid, Neumayer (2003, 99) suggests that "reputation [of likeminded countries including Nordic countries] as staunch defenders of [Good Governance] in general and human rights in particular mainly

---

<sup>9</sup> Even military diplomacy shares common characteristics with domestic policies since the budgetary principle of planning, programming, and budgeting system (PPBS) was implemented initially in American security policies

derives from such things as roll-call diplomacy in UN fora and other actions that are relatively costless to the country.”

In sum, ODA in many countries is concerned with the donors’ economic interests and used for their own policy goals, which suggests common characteristic that ODA and domestic policies share.

More serious pitfall which is associated with “aid for humanitarian goals” is that one may overlook the fact that changing tools in the area of foreign aid leads to different policy outputs/outcomes. The argument of the tools of government in domestic policy assumes that, depending on which instrument is used, different results are led. This argument is applicable to ODA as well, which proves another similarity between foreign aid and usual domestic policies. This dissertation focuses on a specific tool, network. Networks as an effecter might bring innovations and flexibility as well as citizens’ support (i.e., these are outputs). On the other hand, when the government uses networks, either hierarchical or non-hierarchical mechanism of coordination should be adopted. In Japanese ODA, the former mechanism has been utilized recently (i.e., this is an outcome). If one sticks himself to the rhetoric of “aid for humanitarian goals,” then he may miss changes of effecters such as more reliance on networks.

One may wonder what scholars focusing on the tools of government claim. Hood, as a famous scholar in this field, argues that the government uses many tools so to attain its policy goals (Hood 1983). Applying his contention to education policy, for instance, in order to increase test scores in schools, some governments may reward the schools beyond average scores while others may publicize the names of inferior schools (“naming and shaming”). Depending on which tool to select among various ones, different results can be led.

This selection process is necessarily political in that, even if the government finds excellent tools, it can never utilize them freehand. In fact, Salamon (2002) makes it clear that political feasibility is an important criterion when tools are chosen. Peters (2002) calls the series of political struggle, when people in the government chose tools, “The Politics of Tool Choice.” There should be some political calculations or considerations, for instance, based on party affiliation of the government members. This is why political ideologies have been mentioned as one of the explanatory variables in the preceding literature on various domestic policies. Iversen’s (2005) comparative research, for example, shows that welfare policy in the Left government is different from that in the Right government.

Foreign aid is close to usual domestic policies from this angle and is not free from political considerations. In fact, extant studies of foreign aid have attempted to associate party identification with policy outcomes as well. For instance, Thérien and Noel (2000) show that the ideology of social democracy in a donor country indirectly leads to more foreign aid via a strengthened attitude toward a Welfare State.

This dissertation, however, does not explore deeply into this argument about party ideologies since the focus is on bureaucrats’ behavior. Rather, this dissertation modestly explains that party, or political constraints, matters when selecting tools and this fact can be witnessed in various countries. In fact, a case study in the fifth chapter is an example to show the political constraints that bureaucrats face when choosing instruments, since the chapter shows that if an aid is politicized too much, such as ODA to Afghani people, networks do not necessarily bring flexibility with them.

Politics influences foreign aid in another way; politicians’ skepticisms can change bureaucrats’ behaviors. Historically speaking, politicians (and business interests) in Japan had

been indifferent to foreign aid policy in general apart from specific projects. Although Japanese multiple member district system in Lower House elections was said to produce *Zoku-giin*, or policy specified politicians, foreign policies, except defense policies, had not had such persons. This is because, for politicians, domestic issues such as building economic infrastructures within their districts were more appealing to voters than international ones. However, politicians started to intervene with the processes. Especially, younger politicians of the LDP have been practical recently and they have less interest in building friendships with developing countries by the usage of ODA than elder generations had (Ashitate 2008). Increasing attentions of politicians to Japanese ODA might have led MOFA/JICA to use networks so that MOFA/JICA could justify that citizens were supporting foreign aid.

This dissertation does not examine political ideologies and mentions general political constraints on bureaucratic for three reasons. It is firstly because path dependency works as a constraint in a longer term. For instance, Stohl, Carleton, and Johnson (1984) argue that although “Jimmy Carter’s *personal* commitment to the cause of human rights was not in doubt” (222) (emphasis in the original), “U.S. foreign assistance [in the Carter Administration] continued to flow to regimes that had traditionally received such assistance” (224). Path dependency works in Japanese ODA as well. For instance, “in 1978, Prime Minister [Takeo] Fukuda decided to double the total amount of Japanese ODA at the Bonn Summit since international society expected Japan to exercise leadership in foreign aid policy given Japan’s prominent position in world economy” (Ashitate 2008, 146). The history shows that Japan kept the promise, but it did not change its priority with respect to regional allocation.

It is also because party coherence can be more influential than mere party ideologies. Despite the argument of Two Presidencies that originated in the U.S., the government is

constrained by party coherence when making foreign aid decisions similar to the way when it makes other domestic policies. The argument of Two Presidencies assumes more autonomy of American presidents in the area of foreign policies than in domestic policies (Wildavsky 1991). Two Presidencies seems to be applicable, but it is a matter of the degree since American presidents have no free hand, which is the same as in the other domestic public policies and beyond difference between presidential and parliamentary systems (Ashitate 2008). Kubo (2009) wonders why Kennedy and Johnson decreased American foreign aid, ODA, despite the fact that many developing countries needed the aid. Kubo (2009) examines four factors such as inter-branch conflicts in the U.S. Among the factors is party coherence. Kubo (2009, 1) claims that “[t]he Enactment [of the] Civil Rights Act and Implementation of [the] ‘Great Society’ resulted in discord among the Democrats as a corollary” and that “[t]his split affects foreign aid policy.” Party coherence is anathema for succeeding presidents. According to Ashitate (2008), Nixon failed to persuade fellow Republicans in Congress in the 1973 Foreign Assistance Act. These facts suggest that the party coherence has an influence on governmental decisions. This is also the case in Japan as well. As explained in the third chapter, younger politicians of the LDP recognize the relationship between Japan and other countries differently from elder politicians do. This incoherency of the LDP is one of the reasons why the Japanese government became a tough negotiator with respect to Chinese issues in the early 2000s (Ashitate 2003).

Thirdly, apart from these general reasons, there is the reason not to mention political ideologies which is specific to Japan. In Japan, the largest party, the LDP, has been in power in almost all the period after 1955. Obviously, this does not mean that Japanese ODA is stable and actually there have been conflicts within the governing party, as the previous paragraph explains, which works as a constraint for bureaucrats.

Given the above arguments, this dissertation claims that bureaucrats have some autonomy within the limits imposed by politicians. Further, one may be convinced that depending on strategies of governmental organizations involved in foreign aid under political constraints, different results or outputs/outcomes can be led like in other public policies. The caveat is that there exists another hurdle to overcome. Although this chapter insists that foreign aid in general shares some characteristics with other policy areas, there are some special characteristics, or exceptionalisms, regarding Japanese ODA. It is of significance to refute them before examining implications of “governance by network.” Therefore, the next chapters introduce myths about Japanese foreign aid, and refutes them saying that the myths do not always reflect reality.

### **3.0 JAPANESE ODA IN CONTEXT**

#### **3.1 EXCEPTIONALISM REGARDING JAPANESE ODA: “SACRED” MOFA/JICA AND REACTIVE JAPAN**

There are some exceptionalisms about Japanese ODA. One of the most famous ones is that Japanese ODA is economic-oriented or too commercial (Schraeder, Hook & Taylor 1998). Since Japan gives many yen loans compared with grant aids, this claim seems to be reasonable. However, as the second chapter shows (2.4.1), the claim is not true since other countries are also concerned with economic situations of their home countries when giving aid.

Apart from the above myth, one can see two other major myths, or exceptionalisms regarding Japanese ODA, which make people to consider Japanese ODA to be exceptional. The first is that too many ministries are involved in foreign aid activities, which increased MITI/METI's influence and led to Japanese commercial ODA (Hook 1995). The scholars who associate fragmented jurisdiction over Japanese ODA with economic-oriented foreign aid imply that if MOFA/JICA were to implement all of the aid activities, Japanese ODA would be as “ordinary” as other donors' aid. However, this premise is not true. Although organizational interests of MOFA/JICA with respect to ODA are misidentified with “national interest” which the government has, MOFA/JICA is as secular as other ministries and sometimes narrow bureaucratic interests motivate MOFA/JICA to behave in a specific way.



Certainly, MOFA/JICA had not mobilized private actors until the 1990s. However, this fact does not indicate MOFA/JICA's indifference to secular interests. The reality is that MOFA/JICA had less need to make ODA policy efficient and to gain citizens' support so to defend ODA, but this is no longer the case. Arguing the first myth regarding Japanese ODA, this chapter illustrates MOFA/JICA's organizational interests in ODA and its motivations to mobilize private actors.

In addition to this exceptionalism, this dissertation mentions the reactive state thesis, which means that, when deciding policies, not merely foreign aid but also foreign policy in general, Japan is influenced by international pressure to the exceptional degree. In contrast to the aforementioned exceptionalism regarding MOFA/JICA's behavior, the reactive state thesis is the myth about Japan as a nation. Therefore, it needs another chapter, or the fourth chapter, to refute it.

Rejecting the myths in the third and fourth chapters, this dissertation explains first that MOFA/JICA has interests in selecting instruments (e.g., networks) carefully when deciding foreign aid policy, and second that MOFA/JICA has enough autonomy to do so.

### **3.2 THE MYTH OF MOFA AS THE INTERPRETER OF "NATIONAL INTEREST" IN ODA**

Asked for what purposes the ministries/departments involved in foreign policies utilize their tools, including networks, one may easily answer that they work for "national interest." The phrase "national interest" is witnessed in research on other donor countries as well. Actually, extant studies, such as Hook (1995), explain that each donor has its own "national interest" with

regard to ODA. For instance, for France, foreign aid is a significant tool to maintain cultural links with former colonies in Africa (Hook 1995).

However, the difference between research on Japanese ODA and that on other donors' is that, as far as foreign aid is concerned, "national interest" is assumed to depend exclusively on MOFA in Japan while "national interests" for other donors are thought to be achieved by their governments as a whole. "National interest" is not equal to organizational interests, or does sometimes conflict with each other. Actually, it is common that ministries/departments involved in foreign policy conflict with other organizations. For instance, it is often said that the conflict over the budget between navy and army damaged security policies in Japan before and during the Second World War (Ramseyer and Rosenbluth 1995). One may also remember buck-passing between CIA and FBI in the U.S. after the tragedy in 2001 as well as the Cuban missile crisis. These cases prove that it is unreasonable and unrealistic to identify "national interest" with interest of a bureaucratic organization.

Despite the universal consideration of "national interest" when countries give ODA and the bureaucratic battles all over the world, only extant studies on Japanese ODA consider a specific ministry, MOFA, to be a defender of "national interest" while research on other donors does not assume so. This difference emerges because many Japanese ministries involve themselves in ODA programs and, as a result, MOFA itself implements smaller portions of ODA than its counterparts in other countries. This fact does not mean that donors other than Japan have single monopolies for foreign aid. In fact, ODA in other countries, including the U.S., is implemented by various departments, and Hook (2008b, 97), for instance, explains that "[t]he highly fragmented U.S. foreign aid system continues to lack a center of gravity." Despite this caveat, it is noteworthy that since France merged several organizations related to ODA in the late

1990s, Japan has been the only large donor lacking a single and comprehensive agency/ministry which is responsible for foreign aid as a whole.

In fact, quite a few researchers regarding Japanese ODA assume that MOFA is defending “national interest” in Japanese foreign aid while other ministries, especially MITI, are concerned with secular interests in ODA such as promoting Japanese trade. Saito (1996), for instance, shows that Japanese grant aid, or a part of ODA, is managed by MOFA and reflects its own interest of establishing a good reputation with developing countries, which contributes to Japanese “national interest.” He also says that yen loans, partially controlled by MITI as well as MOF, reflect Japanese trade interests. Katada’s (2002) research on Japanese ODA also assumes conflicts between business-oriented MITI and humanitarian MOFA.

In sum, research on Japanese ODA tends to assign the role of sole defender of “national interest” to MOFA without clarifying the vague concept of “national interest.” This means that extant studies on Japanese ODA equate “national interest” with the bureaucratic interests of a sole organization.<sup>10</sup> However, there is no reason to claim that only MOFA recruits ideally altruistic persons. Moreover, MOFA also must be concerned with more secular interests; otherwise, there would be no possibility of the staff of MOFA and JICA having been involved in scandals. Using the concept of “national interest” too often makes foreign policies, including foreign aid, unnecessarily distant from other public policies. Then, one would overlook common aspects which foreign aid shares with other policies.

---

<sup>10</sup> Obviously, the concept of “national interest” is problematic for research on other donors as well if it is used merely for justifying their governmental decisions.

### 3.2.1 Analyzing MOFA's bureaucratic interests in general

The next question is what MOFA's interests are if "national interest" is a dubious concept. To answer this question, this section explains how secular MOFA in Japan is in contrast to its image as an altruistic defender of "national interest." As early as 1983, Watanabe recognized that MOFA involved itself in lay matters. Denying that only MOFA can correctly understand what "national interest" means for Japan, Watanabe (1983, 44) assumes that MOFA is promoting its secular interests such as nominally succeeding in negotiations with other countries (e.g., not shutting down any negotiations). Watanabe (1983, 44) adds that foreign pressure is one of the tools for MOFA without solid and enthusiastic supporters within the country, which challenges the argument of the Japanese reactive state thesis that is refuted later.

To answer the question of what the secular interest of MOFA is, it is important to focus on its institutional characteristics in comparison with other Japanese ministries. This is because these frameworks can have an influence on how MOFA bureaucrats identify their interests and how they try to achieve them. There are some institutional differences as well as similarities between MOFA and other ministries.

The National Government Organization Law in Japan stipulates that, in addition to political appointees such as a minister, a ministry should have an administrative vice-minister,<sup>11</sup> the Minister's Secretariat (*kanbou*) and bureaus (*kyoku*). Usually, the Minister's Secretariat and bureaus are subdivided into several divisions (*ka*). MOFA is designed this way as well, except that embassies are also established in MOFA. Among the bureaus of MOFA are five with

---

<sup>11</sup> This is the best position available for bureaucrats under the merit system.

responsibility to specific regions (e.g., the European Affairs Bureau) and four in charge of some specific function (e.g., the International Cooperation Bureau).

Among the organizations within ministries, the Minister's Secretariats are noteworthy because of their roles. In the same way the EOP in the U.S. coordinates its federal executive branch, the Minister's Secretariat in each Japanese ministry is expected to manage its own ministry. One of the Secretariat's strengths is in its influences on promotions, since, like in many European countries, Japan adopts the "closed career system," not the "open career system" or "revolving door" in the American context. In the closed career system, vacant positions in a public organization are filled by staff members, usually younger subordinates of those who left the positions. Like billiard players, the Secretariat has to promote multiple bureaucrats simultaneously. The caveat is that, depending on time and space (i.e., a ministry), there are variations in power of the Secretariats as well as the resulting relation between politicians and the ministry.

For instance, MITI had a much stronger Minister's Secretariat than other ministries. The strength of the Secretariat is mentioned by Shiroyama, Suzuki and Hosono's (1999, 90) informative research on Japanese ministries in their explanation of how organizational characteristics and types of policy-making differ from ministry to ministry, although they do not explicitly state what interests each ministry has. The strength of the MITI's secretariat might have contributed to the evaluation of Johnson's (1982, 316) research, on MITI's contribution to Japanese economic development after the Second World War, that "the politicians reign and the bureaucrats rule."

Shiroyama and Hosono (1999) explain that MOF has a weaker Minister's Secretariat than MITI. Kato's (1994) case studies on MOF assume that the bureaucrats behave within the

constraints posed by the politicians and that politico-administrative cooperative relationships are a source of bureaucratic influence. This may be true even for current MITI/METI as well since its bureaucrats are currently struggling to cope with the private sector rather than controlling it. Taking political constraints into consideration, Kato's (1994) research on MOF is helpful to examine many current ministries, especially MOFA. This is because, as Shiroyama, Suzuki and Hosono (1999) explain, both MOF and MOFA have weaker Minister's Secretariats for different reasons. The MOF's secretariat is weak because MOF is not so coherent, in that the ministry has, until recently, been responsible for a huge variety of issues such as financial policies and monetary policies. Regarding MOFA, formal and informal frameworks seem to have contributed to the weakening of the Secretariat: the existence of senior ambassadors as well as "schools" and "mafias," respectively.

The first characteristic of MOFA is that some embassies have elite bureaucrats who are senior to the administrative vice-minister in the ministry, while this is not the case with other ministries (Shiroyama and Tsubouchi 1999). For instance, soon after finishing his position as the administrative vice-minister of MOFA in 1995, Kunihiko Saito was promoted to the Japanese Ambassador to the U.S (and later he became the chief of JICA). Sadayuki Hayashi, who is junior to Saito, succeeded to the position of the administrative vice-minister.

In ordinary ministries, the vice-minister is the oldest. This is because, once a new vice-minister is appointed, others in his cohort (or older cohorts) voluntarily leave the ministry so as to guarantee enough vacant positions for their subordinates. An ample number of vacancies are necessary because bureaucrats in the same cohort, until they become chiefs of divisions, are expected to be promoted simultaneously. Each cohort has about 20 to 30 elite bureaucrats, but the numbers of senior positions are limited. For instance, there are fewer positions as bureau

chiefs (e.g., 10 positions in MOFA), and an administrative vice-minister is a platinum card given to a capable and lucky person in a cohort. In order to guarantee simultaneous promotions of younger generations, the “loser” elite cannot help leaving the ministry before the legal retirement age of 60. The caveat is that this practice does not mean that “losers” become jobless. Instead, it has been often the case that they start their new careers in the corporations and companies which are relevant to their home ministries. This practice is called *Amakudari* (“Descent from heaven”), and it is said to help recruiting capable university students to jobs in ministries with a lot of responsibilities and stresses but insufficient salaries.

In contrast to other ministries as explained above, however, MOFA has elder elite ambassadors within its own organization. Given that seniority, more precisely how many years they have worked in the ministry as elite bureaucrats, is an important factor in Japanese ministries, the Minister’s Secretariat in MOFA has a disadvantage. This is because it has many “bosses” besides ones based on the formal hierarchy such as the administrative vice-minister.

The second institutional characteristic of MOFA is rather informal: factions. It is often claimed that MOFA has unofficial factions within it, and they are called “schools” and “mafias” (Sato 2007). “Schools” are based on which language the elite bureaucrats studied when they were freshmen in MOFA. If they studied Russian, for instance, they are considered to be members of the “Russia school” and basically they feel some friendship toward Russia. According to Shiroyama and Tsubouchi (1999, 257), the “German school” and “China school” have been losing influence. However, it is still the case that the “America school” has a strong influence on decision making in MOFA. Apart from “schools,” “mafias” are based on which policy area the bureaucrats have expertise in. If the staff member is familiar mainly with the International Cooperation Bureau (previously Economic Cooperation Bureau), the person is

considered to be a member of “*Keikyo* mafia” (*Keikyo* is a Japanese abbreviation of Economic Cooperation, *Keizai Kyoryoku*). Among the “mafias,” the “Treaties mafia,” which has expertise in issues in the International Legal Affairs Bureau (previously Treaties Bureau), is considered to be the most powerful. The most successful bureaucrat in MOFA would be promoted from the chief of the International Legal Affairs Bureau to the administrative vice-minister, and finally to the Japanese Ambassador to the U.S.

Obviously, MOFA staff members are promoted, or rotated, every two or three years regardless of their “memberships” in “mafias” and “schools.” However, there are huge resulting differences between cases where leaders of certain divisions are members of relevant mafias/schools and otherwise. For instance, Sato (2007) explains that when the chief of the Russia Division, in the European Affairs Bureau, is changed from a member of the “Russia school” to an outsider (or a dull member of the school), the chief of the European Affairs Bureau has to watch over the division more carefully since decision making processes in the division tend to be delayed due to the division chief’s unfamiliarity with issues in Russia.

The above explanation makes it clear that, apart from “national interest,” there exists an organizational philosophy, or interest, associated with specific organizations. Actually, Suzuki’s arrest, explained below, was partially attributable to conflicts between core members of the “Russia school” and other bureaucrats.

### **3.2.2 For what purpose a governmental tool of intelligence is used by MOFA?**

This subsection exhibits that MOFA’s resources, or information, are sometimes wasted for winning intra-ministerial conflicts related to factions, rather than for winning international negotiations, by examining two cases.



It is natural that organizations involved in foreign affairs are required to have a high level of intelligence, such as analyzing what is happening in other countries. These skills include even the manipulation of information. Masaru Sato, ex-MOFA staff, is among the persons who lament that MOFA does not have an institutionalized mechanism to deal with intelligence activities (Sato 2005). He does not think that MOFA lacks the capability regarding intelligence. Rather, Sato (2005, 22) claims that, in contrast to counterparts in other countries, MOFA wastes too much information for its own sake (e.g., winning jealous competitions among the staff for promotion) instead of utilizing information for achieving diplomatic goals.

When one studies relevant cases, information from MOFA OBs, as well as its staff, presents significant clues, and several books written by them are reviewed here. Although some of the authors have not exactly been in a position to watch over ODA, their statements are relevant when one thinks about the general interests of MOFA as an organization.

Before explaining what MOFA OBs claim, it is convenient to repeat the organizations of MOFA and to introduce the major positions held by the authors. As explained above, among the bureaus in MOFA are five with responsibility to specific regions and four in charge of some specific function. The most relevant bureau here is the International Cooperation Bureau since it deals with bilateral foreign aid. Other important bureaus are the European Affairs Bureau, the Asia and Oceanian Affairs Bureau, and the Intelligence and Analysis Service. The European Affairs Bureau and the Intelligence Analysis Service are relevant here since these sections were involved in cases where Sato and LDP politician Suzuki were arrested. The Asia and Oceanian Affairs Bureau is significant in the context of this dissertation since it takes charge of matters involving China (the PRC) and North Korea. The following table (Table 3.1) shows the main positions held by the authors introduced here.

**Table 3.1: Authors and their major positions in the past**

Current names of B.	Kikuchi	Matsuura	Tanaka	Hara	Sato	Togo
International Cooperation B.	XX	XX	X			
Asia and Oceanian Affairs B.			XX			
European Affairs B.						XX
Intelligence and Analysis Service.				(X)	X	

XX means a bureau chief while X means other follower positions. (X) for Hara stands for “spy” of the organization not as a bureaucrat.

Both Kikuchi and Matsuura are ex-chiefs of the International Cooperation Bureau, and naturally their books have much information on Japanese ODA in general. Kikuchi became the bureau chief in 1975 while Matsuura did so in 1988. For reference, Kikuchi worked as the Japanese representative to the United Nations from 1986 to 1988. Matsuura has been in the chief position of UNESCO since 1999.

Tanaka worked in the International Cooperation Bureau in the mid 1970s and held the chief position of the Asia and Oceanian Bureau from 2001 to 2002. Tanaka is familiar with Japanese aid to Asian countries. For clarification, Tanaka here does not mean Makiko Tanaka, ex-Minister of Foreign Affairs who was dismissed by Koizumi, but Hitoshi Tanaka, an author of *Kokka to gaikou* (Tanaka and Tahara 2005). Information from the three persons is important especially in the following subsection, 3.2.5, on MOFA’s interest in ODA.

In contrast to the above three, Hara, Sato and Togo are direct and key actors in incidents regarding intelligence. Hara is not a bureaucrat, but a “spy” employed by MOFA. He had leaked information on China (the PRC) as explained below. Since Sato was in the different division, Sato did not even know Hara, who had worked for the same bureau, the Intelligence and Analysis Service. Sato held his position in the service, and, after a leave of absence because of his ongoing criminal case, he was dismissed in July 2009. The case is related to LDP politician Suzuki, who had expertise in issues in Russia. Sato has been known as a writer as well since his publication of the book, *Kokka no wana*, about his arrest.<sup>12</sup>

Togo was the chief of the European Affairs Bureau from 1999 to 2001. He was known as a leader of the “Russia school.” This fact forced him to retire from his position in MOFA in 2002 after the scandal related to Suzuki. Sato was not an elite bureaucrat, so literally he is not the member of the “Russia school.” However, Sato has expertise in Russia and worked under Togo in the Japanese Embassy in Russia in the mid 1990s (although the table does not show this fact). Naturally, Togo trusted Sato, and Sato worried about Togo. Thus, Sato, upon his own arrest in 2002, advised Togo not to return to Japan, where Japanese public prosecutors could chase Togo. This is why Togo taught in foreign universities from 2002 to 2006 and never returned to Japan during that period.

### **3.2.3 Case 1: Japanese “spy” as a mean to promote bureaucrats themselves?**

The incident over a Japanese “spy” in China (the PRC) well illustrates the point that intelligence can be used for reasons other than promoting “national interest.” According to his personal

---

<sup>12</sup> Sato (2007) is a revised and paperbacked edition of this hard-covered book which was originally published in March 2005.

history, Hara (2008) worked for MOFA by leaking secret documents on Chinese politics and economy. His mother was originally Japanese, but she was raised by a Chinese couple because, when Japan was defeated in the war, she was left in China, like many other Japanese children. Naturally, Hara grew up as Chinese. In 1991, Hara and his family started a new life in Japan since the Japanese government encouraged the Japanese people who were left by Japan after the war to return to their home country. Hara (2008) explains that, when he was in charge of a small newspaper company for returnees from the PRC, a MOFA staff member visited his office and asked him to provide information on the PRC. It was his pleasure to help MOFA, or his home country, by sharing the Chinese documents which he collected in the PRC for business reasons. The cooperative relation between Hara and MOFA continued until Hara's arrest in the PRC in June 1996. According to Hara (2008), MOFA always promised to rescue him if he would be arrested in the PRC, but MOFA never kept the promise. He saw the difference between MOFA and its counterparts in other countries; he claims that the U.S. would make every effort to rescue its citizens. One may remember, for instance, Carter's decision to rescue American ambassadors in Iran. Even after Hara was freed from jail and returned to Japan, relevant people in MOFA were reluctant to contact him, probably because they did not want to be responsible for Hara's arrest. In an interview with Hara, Sato, the abovementioned MOFA staff member, was surprised at the cruelty of MOFA and explained that this example illustrates how MOFA devaluates intelligence activities (Hara 2008). This is because MOFA staff members seem to prefer using the "spy" as a tool for their own promotion over institutionalizing and protecting intelligence activities by behaving as tough negotiators.

### **3.2.4 Case 2: Intelligence for eliminating nagging politicians?**

In another example which exhibits bureaucratic energy being wasted in inside conflicts, in the early 2000s, MOFA felt uncomfortable with two politicians, its minister Tanaka and an “intruder” Suzuki (Togo 2005, 258), who were deprived of their political influence, presumably by MOFA bureaucrats. Tanaka was known for her harsh criticism of bureaucrats. When in the position of the Minister of Foreign Affairs, she called MOFA “an abode of demons” and tried to reform it (e.g., promoting the publication of information on its own scandals). Suzuki had had expertise in diplomacy, especially regarding Japan-Russia relations, given that his district was closest to the Northern Territory which Russia has been practically governing. He often asked MOFA staff to provide diplomatic information, but MOFA thought him a supporter of interests in negotiations with politicians (Togo 2007). This interdependency is an example to demonstrate that, as Kato (1994) claims and this dissertation assumes, bureaucrats behave under the constraints imposed by politicians. Some of the staff thought that the close ties between Suzuki and MOFA damaged the autonomy of MOFA. Thus, the MOFA staff succeeded in excluding these two politicians.

Firstly, Tanaka, who was in rivalry with Suzuki, was discharged from the position of the minister. Sato (2005) implies that some of the elite bureaucrats in MOFA leaked Tanaka’s extraordinary behavior to Suzuki. In interviews, an administrative vice-minister of MOFA continued to deny the existence of pressure from Suzuki while Tanaka claimed that the vice-minister had admitted its existence. Given this conflict within the ministry, in early 2002, Prime Minister Koizumi dismissed Tanaka as well as the administrative vice-minister. Good days for Suzuki, however, did not last long.

Secondly, in mid-2002, MOFA allegedly contributed to the arrest of Suzuki and Sato (the author of *Kokka no jibaku* (Sato 2005)). Suzuki was blamed for taking bribes from the company which wanted to implement projects in the Northern Territory. Sato was blamed for his indirect help to Suzuki as well as his inappropriate usage of the MOFA budget. Sato, one of the MOFA staff who had much information on Russia and was familiar with the “Russia school,” was arrested because of his too close relations with Suzuki, although Tanaka and Tahara (2005, 256) explain that the ties can be naturally attributed rather to MOFA’s incapability to listen to the intelligence staff with capability and to utilize him in policy-making processes. Actually, Sato (2007) as well as Togo (2007) guesses that some MOFA staff members leaked and sometimes manipulated information on these two suspects.

These episodes imply that it is important to take MOFA’s secular interests into serious consideration. Actually, MOFA staff Magosaki (1993, 185) implies that the American proposition that elite bureaucrats in foreign affairs tend to confuse their own promotions with their contributions to “national interest” holds in Japan as well. Given the legal secrecy of the bureaucrats, it is highly likely that Magosaki means the egoistic motivations of MOFA staff. Here, the point is that given that information (“Nodality” in Hood’s (1983) concept), or any other governmental tools, have been used arbitrarily, there is no guarantee that other tools of MOFA have been and are used merely for achieving “national interests” as MOFA insists.

### **3.2.5 Assuming MOFA’s interests in ODA**

Given the above examination, one can safely claim that, apart from promotion of “national interest,” MOFA, and its agency JICA, have some organizational interests in ODA, such as maintaining its budget size as a ministerial *raison d’être*. This point is proven by following case

studies. In a similar vein, it is plausible that MOFA/JICA has been and is using networks, in the era of “Participatory ODA,” for the purpose of protecting their own interests.

Japanese history exhibits continuous rivalries between MOFA and MITI over control of foreign aid organizations. Conflicts were witnessed since the Japanese ODA was linked with the recovery of the Japanese economy after the war. In Japan, the phrase “international cooperation,” which sometimes means deepening economic interdependency between Japan and other countries, is often used interchangeably with “foreign aid,” although MOFA has not necessarily agreed with this confusion. This usage is contrastive, for instance, to that of American scholars of international relations, who use “international cooperation” to signify international regimes for preventing conflicts. Given this connotation, it is natural that MITI/METI, responsible for Japanese industries and businesses, has been and is concerned with ODA or “international cooperation.”

There were several cases to show conflicts between MOFA and MITI. For instance, before the Overseas Technical Cooperation Agency (OTCA), the governmental agency for technical cooperation, was established in 1962, MOFA and MITI fought with each other over control of OTCA. OTCA finally became an agency under MOFA’s jurisdiction, but it was decided that some higher posts in the agency should be shared by people from ministries other than MOFA (Arase 1995, 42). In 1974, OTCA was reformed into JICA, which was set up under the control of MOFA. However, this reform did not happen peacefully. In 1972, the Ministry of Agriculture, Forestry and Fisheries (MOAF) requested a budget for establishing a new agency to be responsible for food aid overseas. MITI planned a similar agency under its own control. MOFA agreed with neither plan. LDP politicians coordinated various plans from multiple ministries and decided to make a new agency, which was based mainly on the old OTCA. Rix

(1980, 56) explains that “MOFA’s attention [in the early 1970s] was not entirely upon development issues” and “it obviously desired to preserve its own authority within the aid administration.” Although JICA is under MOFA’s jurisdiction, JICA, like OTCA, had several positions held by people from ministries other than MOFA (Orr 1990, 48-49).

Apart from arguments over establishing organizations, MOFA, in the 1980s, was in conflict with MITI over which ministry should publish reports on Japanese foreign aid policy (Kikuchi 2003, 96-98). Katada (2002) correctly points out awkward relations between MOFA and MITI, but she seems to romanticize MOFA’s motivations. MOFA is not always thinking about what is the best aid policy for Japan. This dissertation does not start from myth as Katada (2002) does, and it assumes more secular interests.

I do not separate the interests of JICA, MOFA’s agency, from those of MOFA although administrative reform in 2003 increased the autonomy of JICA (e.g., although the presidents of JICA had been MOFA OBs, the current head is Sadako Ogata, who worked as a representative of UNHCR). This is because it is often the case that MOFA’s staff temporarily works in JICA and vice versa, as well as that some MOFA OBs are in JICA’s senior positions. Apart from this reason, my impression during my internship in JICA in 2000 was that the people in JICA are hard workers and enthusiastic about foreign aid, but that this enthusiasm may sometimes be myopic (i.e., protecting ODA for its own sake). Actually, a certain MOFA OB, who had worked in the International Cooperation Bureau, confessed that JICA might be more bureaucratic than MOFA. These facts support the proposition that MOFA/JICA is using networks for their own interests.



### **3.3 REASON WHY MOFA/JICA'S HAS NOT USED VARIOUS STRATEGIES**

Given MOFA/JICA's organizational interests in ODA, one may next wonder why MOFA/JICA has not used an important tool, network, until recently. The answer to this question is that MOFA/JICA had less need to use various strategies than counterparts in other donors. The first reason for a dearth of strategies is that MOFA/JICA did not have to make hard efforts to finance foreign aid. The second is that quite a few citizens supported Japanese ODA. Recently, however, these backgrounds have changed and MOFA/JICA has been more concerned with domestic processes than before. This means that MOFA/JICA has been on the same arena as SIDA in Sweden and USAID in the U.S., which makes Japanese ODA more comparable to other public policies than before.

#### **3.3.1 Financial situations and the efficiency of Japanese ODA**

Good news for Japanese ODA in the past was that, unlike other budget items, the zero-ceiling principle (where ministries can request the same amount of budget as the previous year even in the best scenario) was not applied to ODA, as well as defense budget, in the General Account Budget in the 1980s.<sup>13</sup> To increase and maintain foreign aid, MOFA/JICA has not necessarily committed themselves to the processes. Therefore, MOFA/JICA did not need to use strategies such as "Participatory ODA" while Western donors used NGOs for efficiency in the same era. One should remember that the government subsidized Japanese NGOs, which were involved in foreign aid activities, for the first time as late as 1989.

---

<sup>13</sup> Omitting this fact, Katada (1998) correlates ODA and LDP support in the era of regaining conservatism.

After the 1990s, however, the special status of ODA in the budget was lost, and the Hashimoto administration, for instance, imposed hardest ceiling on the budget item of foreign aid in 1998. Younger politicians of the LDP have attempted to cut ODA for domestic financial reasons without enough attention to building friendships with developing countries by the usage of ODA. This transformation made it necessary for MOFA/JICA to mobilize the private sector.

### **3.3.2 Citizens' support and the legitimacy of Japanese ODA**

Regarding the second reason why MOFA/JICA was optimistic, quite a few citizens supported Japanese ODA. In the 1980s, about 40 percent of the people supported the increase of Japanese ODA and additional 40 percent claimed that the status quo should be maintained (i.e., opposed the decrease).

Two scandals in 1986 were challenging for the tranquil since they made people dissatisfied with Japanese ODA. The first is the Marcos scandal in the Philippines, where Japanese firms used Japanese ODA to give kick-back to the Marcos government. The second is a JICA scandal, where its staff was arrested for receiving bribery from Japanese consulting companies, which wanted to implement Japanese ODA. People thought that the scandals were a result of lack of clear national goals and strategies. This is the reason why JICA set up Country Study Groups to cool down citizens as well as to collect information on developing countries.

Despite this device, less and less Japanese people have recognized the necessity of foreign aid since the 1990s. In the late 1990s, less than 30 percent of people supported increase of foreign aid. Rates of support for increasing Japanese ODA in the early 2000s were around 20 percent. Involving NGOs is a strategy for MOFA/JICA to increase the domestic support.

Claiming that battles against other ministries also induced MOFA to involve NGOs, Hirata (2002) supports this contention.

Businesspersons, ones of the most influential among the private sector, are now more interested in investment than in foreign aid. For instance, China's graduation from Japanese yen loans in 2008 partially attributes to Japanese businesspersons' loss of interests in ODA projects (Ashitate 2008). They were irritated with the situation where less and less Japanese projects in the PRC have been implemented by Japanese companies. In terms of freezing aid in 1989 (after the Tiananmen Square Incident) as well as in 1995 (after Chinese experiments of nuclear weapons), Japanese firms were reluctant to the sanctions against the PRC by the Japanese government. However, in the early 2000s, the business interests were happy to stop new yen loans to the PRC. Further bad news for MOFA/JICA is that, in the 1990s and 2000s, private companies involved in implementing projects abroad tend to consider MITI and its successor, METI, as their partner, and MITI/METI has attempted to represent their interests. One can explain that MOFA/JICA's attempts to use ODA to support the Japanese firms, which are eager to work for developing countries, are strategies to bring back businesspersons to ODA.

In sum, MOFA/JICA before the 1990s did not need to use network, which is "an efficient and legitimate mechanism of governance" (Sorensen and Torfing 2005, 198). In contrast, MOFA/JICA since the 1990s has had a reason to involve various private actors in foreign aid activities so to protect ODA for their organizational purposes. Given the fact that MOFA/JICA has secular interests in ODA, one may naturally wonder whether MOFA/JICA has enough autonomy to select policy tools. Refuting the reactive state thesis, the next chapter confirms this free hand.

#### **4.0 THE REACTIVE STATE THESIS DOES NOT HOLD FOR JAPANESE ODA: JAPANESE FOREIGN AID IS AS OTHER COUNTRIES'**

The fourth chapter refutes the reactive state thesis or the proposition that Japanese foreign aid is special, before the fifth and sixth chapters explain the results of qualitative and quantitative tests to evaluate outputs and outcomes of “Participatory ODA” by applying the frameworks of “governance by network.” The reactive state thesis needs to be refuted in this chapter in order to show that, rather than policies being a reaction to international pressure, they are arrived at by calculations by organizational interests; this fact rejects that Japanese ODA still has some special aspects unlike other donor countries’ ones.

#### **4.1 WHAT IS THE REACTIVE STATE THESIS?**

Calder (1988) introduces the concept of reactive state and explains that Japan does not take any diplomatic actions prior to American pressures. He assumes that, though small European states are naturally attentive to powerful countries, Japan is exceptionally reactive, especially to the U.S., despite its size and economic potential. Calder (1988, 528) attributes the Japanese reactive state to “the fragmented character of state authority in Japan.” Miyashita (1999; 2001; 2004) admits that the reactive thesis is correct as far as Japanese foreign aid is concerned.

Miyashita (1999; 2001; 2004) clarifies the reactive state thesis of Calder (1998). Miyashita (1999; 2001; 2004) admits that Japan is a reactive state (reactive principally to the U.S.), at least in the arena of foreign aid, but he criticizes extant literature, whether it supports the reactive state thesis or not, as exhibiting selection biases. According to him, some scholars, such as Orr (1990), focus only on cases where American pressure succeeded while others, such as Yasutomo (1986), exclusively choose cases where the U.S. had no interest in the recipients and American pressure could not be expected. Miyashita (1999, 727) insists that the “true effects of gaiatsu [i.e., foreign pressure in general, but American pressure in his context] cannot be understood unless we look at the instances where American and Japanese [governmental] interests diverge.” Miyashita (2004) argues that even if (1) American and Japanese interests are in conflict with each other and (2) Japan is coherent (i.e., without fragmentation), American pressure might work, which strongly supports the reactive state thesis. He contends that his case studies on Japanese foreign aid to Iran and North Korea prove his contention.

Taking into account Calder (1988) and Miyashita’s (1999; 2001; 2004) clarification, the reactive state thesis, or the reactive Japan thesis, consists of an assumption and a hypothesis. The assumption is that the more divergent American and Japanese interests are, the more Japan feels American pressure, while the hypothesis is that if Japan feels American pressure, the pressure works even when Japan is coherent.

Certainly, OECD norms, and the norms of other international actors, are influential as a kind of international pressure. For instance, *Shaping the 21<sup>st</sup> Century* was a report published by OECD/DAC in 1996 and became a frame of reference when donors gave foreign aid. Despite the importance of these norms, this dissertation does not examine them since they influence other

member countries as well. In order to make sure that Japan has autonomy when selecting diplomatic tools, it is better to focus exclusively on American pressure.

#### **4.1.1 Comments on the assumption: The more divergent American and Japanese interests are, the more Japan feels American pressure**

In some cases, such as during the Second World War, Japan can be insensitive to American pressure, but I accept this assumption of the reactive state thesis. Accepting this assumption does not indicate support of the reactive Japan thesis. Given the status of the U.S. as a powerful country, it is not plausible that American pressure, or its presence, would not be felt at all. In reality, Neumayer (2003) implies that many donor countries are attentive to security links between the U.S. and developing countries when selecting recipients of foreign aid. Neumayer's (2003, 46) statistical analysis from 1990 to 2000 regarding donors' motivations assumes that developing "countries that receive high U.S. military grants can be regarded as allied to Western donors and strategically important countries." One can expect that if the claim of a reactive Japan is correct, the coefficient associated with the American military grants would show statistical significance only in the case of Japan, but not in the case of other donor countries. However, Neumayer (2003) finds statistically significant coefficients regarding many developed countries, including Nordic countries such as Denmark and "Old European" countries such as France. While admitting that a part of Japanese ODA has been occasionally used to strengthen ties with the U.S., Arase (2005, 11) explains that "MOFA came to see bilateral ODA as a critically important tool to advance Japan's own independent policy interests [including "buying" votes of developing countries in the United Nations]." Given Neumayer's (2003) results, Arase's (2005) explanation is applicable to other donor countries as well. The above

arguments suggest that many countries strategically use American pressure, rather than that they, including Japan, are reactive states.

#### **4.1.2 The hypothesis to be rejected: If Japan feels American pressure, the pressure works even when Japan is coherent**

This hypothesis does not always hold, despite Miyashita's (2004) explanation that his case studies verify the validity of the reactive Japan thesis. One can claim that, although he points out the selection biases that extant studies exhibits, Miyashita (2004) has the biases as well since he shows only examples where Japan somehow failed. In reality, there are examples to show that the Japanese government did implement foreign aid policies which conflicted with American interests. This chapter introduces such cases.

In the 1970s, seeking oil, Japan approached Arabian countries although the U.S. strongly asked Japan not to do so (case 1 in the following table). Other cases where the hypotheses do not hold can be seen in Japanese ODA to China (the PRC). After the Tiananmen Square Incident in 1989 Japan froze its aid to the PRC, but Japan attempted to close the gap between the PRC and donor countries rather than followed the U.S (case 2). As Long (2001) explains, the Japanese government froze ODA to the PRC in 1995 when the U.S. was hesitant to sanction the country (case 3). In addition, Japan was not reactive with respect to its aid to Russia either (case 4).

These cases are examined firstly because the recipient countries are important for Japan as well as for the U.S., and Miyashita (2001) mentions two of these recipient countries: China and Russia. This dissertation focuses on these cases also because each case shows different characteristics with respect to surrounding situations and policy results. Table 4.1 summarizes

case studies. O in the table means a support of increasing/giving aid, while X means a support of decreasing/freezing aid. Based on the second and third rows, the fourth row indicates whether Japan was initially fragmented in each case. Based on the first and second rows, the fifth row shows whether final Japanese policy was similar to American one.

With case studies in this chapter, this dissertation first shows that the coherency of Japan and the convergence between American and Japanese aid policies are unrelated to each other. This fact suggests that, in contrast to Miyashita (2004), the divergence of policies can occur even when Japan is fragmented and that it is not enough to examine policy convergence in coherent Japan. The dissertation further demonstrates that, even when the convergence between policies in the two countries is witnessed, it does not necessarily guarantee Japan’s reaction to the American pressure.

**Table 4.1: Summary of cases with respect to relevant actors’ interests**

	1. Arab(mid-70s)	2. PRC (89)	3. PRC (95)	4. Russia (93)
The U.S.	X	X	O	O
Japanese government	O	O to X	O to X	O
Japanese people	O	X	X	X
Initial Japanese situations	Coherent	Fragmented	Fragmented	Fragmented
Final Japan-U.S. divergence	Diverge	Converge	Diverge	Converge

O: Support of increasing/giving aid. X: Support of decreasing/freezing aid.

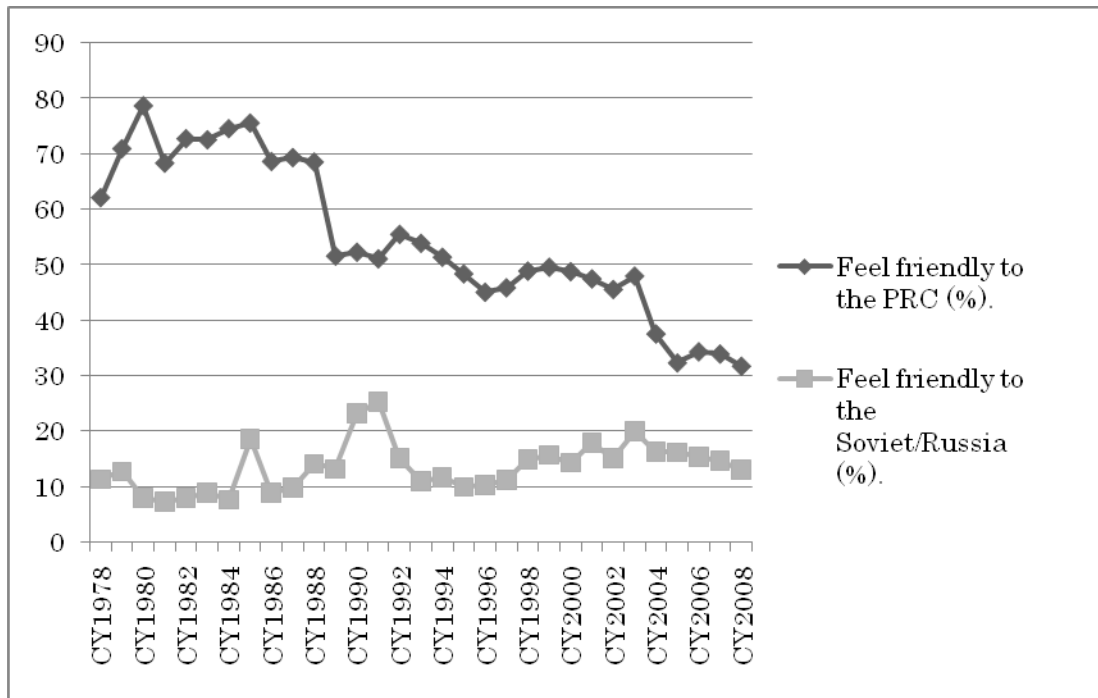


### **4.1.3 The first point of the case studies: Fragmentation and policy congruence are unrelated**

Regarding fragmentation of Japan, there is helpful data to show public opinion of Japanese diplomacy. The Prime Minister's Office and its successor Cabinet Office have conducted opinion surveys on Japanese diplomacy once a year (basically in October). Figure 4.1 illustrates what percentage of people answered that they felt friendly with the PRC and the Soviet/Russia.<sup>14</sup> Obviously, people were not asked whether they supported Japanese foreign aid for these two countries. Thus, this figure does not directly reflect fragmentation of Japan. However, according to a trend the figure exhibits, Japanese people were very skeptical about the PRC in 1989, and slightly disappointed with the country in 1995. In both years, the Japanese government initially hesitated to stop foreign aid to the PRC, which signifies fragmentation of Japan. Certainly, Russia has not been trusted by Japanese people so much (presumably because of the Northern Territory negotiations and internment of Japanese people after the Second World War), but the number of supporters of Russia decreased by a fourth in 1993. Despite the fact, the Japanese government gave foreign aid to Russia that year. One can say that Japan was fragmented in 1993 as well.

---

<sup>14</sup> In the survey, people had multiple choices: feel friendly, feel more friendly than unfriendly, feel more unfriendly than friendly, feel unfriendly, and neither. The figure shows the percentage of respondents who chose either the first or the second answers.



**Figure 4.1: People’s attitudes toward the PRC and Russia**

Sources: The opinion surveys conducted by the Prime Minister’s Office and its successor Cabinet Office

In contrast, although there is no equivalent opinion survey available regarding the Middle East, it is no doubt that in the mid-1970s the government and Japanese people were suffered from the oil shock, and that they thought that relations between Japan and Arabian countries should be improved. Thus, one can consider Japanese situations in the mid-1970s to be rather coherent.

One may next wonder whether fragmentation and policy convergence between Japan and the U.S. are related. Comparing the second and fourth cases with the third one, one can see that both convergence and divergence of policies occurred in the situation where Japan was not coherent and where Japanese people did not necessarily agree with the government. This fact means that fragmentation is not a sufficient condition for convergence. In a similar vein,

comparing the first case with the third one, one can see whether the divergence between American and Japanese policies came from fragmentation. These cases demonstrate that, regardless of the degree of initial fragmentation in Japan, the government decided not to go along with the U.S. Therefore, one can say that fragmentation is not a necessary condition to determine whether Japan attempts to harmonize its aid policy with the U.S.

Given that fragmentation is neither sufficient nor necessary conditions for convergence of aid policies, one can reject that fragmentation in Japan makes the government more prone to American pressure. In fact, Mikanagi's (1996) study explains the limited applicability of the reactive state thesis even when Japan is fragmented. Mikanagi's (1996, 102) research on liberalization policy concludes that "if the case is politicized due to the involvement of politically powerful interest groups," American pressure might not work. Liberalization policies, or a kind of trade policy, seem not to be foreign aid. However, remembering that foreign aid for Russia was partially given as trade insurance to this country, one cannot insist that trade policies and foreign aid are mutually exclusive and separable from each other.

#### **4.1.4 The second point of the case studies: Policy convergence between the two countries is not a sign of the reactive Japan**

The second and fourth cases make people to believe that the Japanese government changed its foreign aid because of American pressure, but it is hasty to claim so. This is because, in the second case, Japan faced pressure both from inside and outside to do the same thing. In cases such as the second one, the determination of which side is most influential in attaining results depends on where a researcher stands. Some may think, as Putnam (1988) suggests, that the foreign government is attempting to manipulate citizens in other countries. Others may interpret

that domestic interest groups persuade the government or use foreign pressure (American pressure in this case) as a tool to try to affect decision-making in their own favors. Policy convergence is not always a sign of the Japanese reaction to the U.S. In fact, the fourth case shows that, although the Japanese government, faced with citizens' opposition and American support, gave foreign aid to Russia in 1993, the reality was rather that the "Russia school" behaved strategically.

This dissertation explains that the governmental autonomy can work. Diplomatic negotiators can use the presence of international actors to persuade domestic ones even when international and domestic actors' interests diverge. Calder (1988, 525) admits that, in the 1980s, Japanese Prime Minister Nakasone, without many LDP supporters, "waited for foreign pressure [from the U.S.] to determine the outline of an appropriate Japanese [diplomatic] response." Although Calder is not aware of it, he explains the *indirect* influence of LDP members, or domestic factors in a broader sense, and shows how Nakasone utilized pressure from outside.<sup>15</sup> One can enlarge this argument. For instance, applying Putnam's (1988) framework of two-level games to Japanese cases, Schoppa (1993, 383) concludes that "reformist bureaucrats and the media often seem to welcome *gaiatsu* [i.e., foreign pressure in general, but American pressure in his context] as a tool they can use for their own purposes."

Therefore, the convergence between American and Japanese of foreign aid policies does not automatically present the evidence that Japan is a reactive state. The following sections examine these cases in more detail, and demonstrate that contentions in this dissertation are reasonable.

---

<sup>15</sup> Interestingly, many extant studies on Japanese foreign policies look excessively at exercises of direct influences rather than indirect ones; however, both are important in political science.

## **4.2 THE CASE OF FOREIGN AID TO ARABIAN COUNTRIES (CASE 1): COHERENT JAPAN AND POLICY DIVERGENCE**

When discussing Japanese active diplomacy and foreign aid, one may immediately think about foreign aid to Arabian countries in the mid 1970s. Japan supported these countries, while the U.S., having interest in Israel, asked Japan to go along with it and not support them.

It is not true that Japan had been especially sympathetic toward Arabian countries. Rather, despite the fact that much oil in Japan had been imported from Arabian countries, initially the Japanese government was surprisingly indifferent to countries in the Middle East. Kuroda's (2001) case study shows that, in 1964, Ikeda, the Japanese Prime Minister as well as Ohira, the Minister of Foreign Affairs, insulted the representative from the Arab League, who visited Tokyo. Busy Ikeda was concerned more with following his schedule than talking with the representative, while Ohira left the representative alone without telling him where the exit was and he got lost (Kuroda 2001). However, Japan was keenly aware of the importance of Arabian countries in the 1970s.

After the outbreak of the Fourth Middle East War in October 1973, Arabian countries began to restrict oil supply to pro-Israel countries, among which was Japan. Arabian countries attempted to double oil prices in "enemy" countries' economies, but, in the case of Japan, the price almost tripled for a short term since Japan relied so much on Arabian oil (Sugawa 2008, 18). An increase in oil prices naturally impacted the Japanese economy in general by inflating the price of commodities; this situation is known as "the First Oil Crisis." The Japanese government made every effort to reconcile with Arabian countries, which irritated the U.S., one of the largest supporters of Israel. Secretary of State Kissinger threatened Japan by saying that, if Japan continued to go along with Arabian countries, Japanese products might be boycotted in

the U.S. market. This pressure, however, did not change Japanese policies. Japan replied that the U.S. could not export as much oil to Japan as Arabian countries could (Kuroda 2001, 107). Finally, Prime Minister Tanaka formally criticized Israel in a cabinet meeting, which led Arabian countries to consider Japan to be pro-Arab. Once Japan put emphasis on Arabian countries, Japanese ODA to the Middle East dramatically increased in this period as well. In fact, net bilateral ODA to the Middle East in the calendar year of 1974 was 2.3 million US dollars, but the amount of ODA in 1975 was as large as 32.8 million US dollars.

Although admitting that Japan was autonomous rather than reactive to the U.S. in this case, Sugawa (2008, 18) laments that no other examples have been witnessed since then. However, Sugawa's (2008) outlook is too pessimistic since, as following sections show, there are more and newer cases where Japan decided to give or stop its foreign aid regardless of American pressure.

### **4.3 THE CASE OF FOREIGN AID TO CHINA (PRC)**

Ashitate (2003), which is written in Japanese, examines several freezes of Japanese ODA to the PRC. This section is based on Ashitate (2003), but it develops Ashitate (2003) further, which helps this dissertation to disprove the hypothesis that Japan is a reactive state with respect to ODA.

#### **4.3.1 Freeze of Japanese ODA in 1989 (case 2): Fragmented Japan and policy convergence**

There was no diplomatic relations between Japan and the PRC until 1972, since Japan, as well as other major countries, had been considering Chinese Taipei to be the “Chinese” government. Japan changed its diplomacy in 1972, confirming that the PRC is the only government representing China. Then, Japan and the PRC signed the Japan-China Treaty of Peace and Friendship in 1978, and in the following year Prime Minister Ohira decided to start foreign aid to the PRC. The vast majority of ODA for this country was yen loans. These loans were contracted on a multi-year basis, while for other recipient countries yen loans were contracted on a single-year basis. Japan continued this practice until the early 2000s.

In April 1989, Prime Minister Takeshita promised a Chinese leader to increase ODA to the PRC. However, the Tiananmen Square Incident in June 1989, where reformist students were put down by the Chinese military, evoked international criticism against the PRC that the Chinese government was violating human rights. Among economic sanctions which international society imposed on this country was a freeze of all of (new) ODA. In the case of Japan, the government declared it would stop all projects listed in the Third Phase of Yen Loans, which were to be started in 1990. These projects were frozen until November 1990. Miyashita (2001) explains that both Japan’s freezing the aid and restarting the aid was a response to international pressure, especially American pressure.

Certainly, although Japan was initially reluctant to impose sanctions on the PRC (Ashitate 2003), Japan finally decided to go along with other donor countries. However, Japan’s strategy was not to be a mere follower, but to be a “coordinator,” who could close the gap between other donor countries and the PRC because Japan and the PRC had long-established

cultural and historical linkages (despite unfortunate wartime memories). In fact, Okazaki (1999, 178) insists that, although at the summit of the G7 countries in France in July 1989, they adopted the agreement that international society would impose economic sanctions, Japan succeeded in adding a statement that international society should make every effort to avoid isolating the PRC.

Miyashita (2001, 45) explains that, although other donor countries loosened sanctions in practice soon after the start of economic sanctions, Japan, under American pressure, could not do so until December 1989. International society stopped giving “new” aid, but what “new” aid meant depended on each donor country, which allowed countries to substantially loosen the sanction. Miyashita (2001) claims that Japan gave the first “new” aid as late as December 1989. At that time, MOFA explained that this aid, to give a grant to the PRC, was not necessarily “new” since completion of this contract by the end of 1989 had been promised prior to the Tiananmen Square Incident. Miyashita (2001) compares this with other donor countries, which declared they would partially restart their aid as early as the summer of 1989. Miyashita (2001), however, omits the fact that, as early as August 1989, MOFA had declared it would implement parts of “new” ODA projects, which, according to MOFA’s justification for international society, had been contracted before the incident in 1989.<sup>16</sup> This fact demonstrates that Miyashita’s (2001) explanation might be unfair since it overestimates the period of complete freeze of Japanese foreign aid compared with other donor countries’.

One may wonder about the entire lift of the freeze. Japanese Prime Minister Kaifu’s speech at the Huston Summit in July 1990, and American support for the speech as well as tacit European permission were considered to be international approval of restarting foreign aid to the PRC (Ashitate 2003; Miyashita 2001). Owada (1996) explains that elite bureaucrats of MOFA,

---

<sup>16</sup> *Asahi Shinbun*, August 19, 1989.



such as Owada himself (later he became the administrative vice-minister), asked other donor countries at this summit to restart their foreign aid. Initially, they were negative, but Japan succeeded in persuading the U.K. first, and other countries, including the U.S., finally agreed to support the Chinese economic reforms which had just begun (Owada 1996, 186-188). Suzuki (2009) and Miyashita (2001) describe this story differently. Suzuki (2009) assumes hidden communication between the PRC and the U.S, which minimizes the diplomatic autonomy of Japan. Miyashita (2001) explains that, before the Huston Summit, economic sanctions including freeze of foreign aid had become ineffective and Japan was just waiting for the U.S. to allow Japan to restart ODA. However, it is also a historical fact that Japanese businesspersons, as well as LDP politicians, were eager to normalize relations between Japan and the PRC as early as possible. For example, according to Ashitate (2008, 150), “only a few weeks after the incident (i.e., before the martial law in Beijing was repealed), Japanese companies started to ask their staff to return to the PRC.”

From the historical facts above, it is hard to claim that the reactive state thesis was entirely true for freezing and restarting of ODA after the Tiananmen Square Incident. The next case study also strongly supports the position of this dissertation that the reactive state thesis does not hold for Japan.

#### **4.3.2 Freeze of Japanese ODA in 1995 (case 3): Fragmented Japan and policy divergence**

Since the Japanese government had been criticized for its lack of clear principles when giving ODA, Japan established the ODA Charter in 1992, which has four major principles. Among these four principles is that, when giving foreign aid, Japan should pay enough attention to such questions as whether recipient countries are developing weapons of mass destruction. Japan

explained this principle to the PRC. Every time the PRC tested nuclear weapons from 1993 to 1994, the Minister of Foreign Affairs, on behalf of the Japanese government, made a protest (Ashitate 2003, 201).

Despite a series of Japanese oppositions, in May 1995, the PRC restarted its experimentation with nuclear weapons. Prime Minister Murayama initially did not want to stop aid.<sup>17</sup> MOFA was reluctant to link Chinese development of nuclear weapons with a freeze of Japanese aid to the PRC. This is because MOFA was concerned with the situation where Chinese people were more easily offended in 1995 as this was the 50<sup>th</sup> anniversary of the Japanese defeat in the Second World War. However, opinions of Japanese citizens and opposition parties against “soft” diplomacy changed Murayama’s mind, which transformed MOFA’s position as well. On May 22, 1995, Japan decided to decrease the amount of grant aid (i.e., not “stop aid” at this moment).<sup>18</sup>

In June, the leader and other politicians of the New Frontier Party (NFP) , the largest opposition party, visited the PRC and suggested to leaders there that Japan would freeze grant aid completely.<sup>19</sup> Certainly, the NPF was not in a position to change decision-making, but the NPF attempted to appeal to Japanese voters by demonstrating that politicians of the party could be harder negotiators than the Murayama administration since the Upper House election was scheduled in the following month.

Although Japan asked the PRC not to do so again, the PRC experimented with other nuclear weapons on August 17, 1995. Given its success in doubling seats in the Upper House election in the previous month, the NPF took a firmer stance than before. Immediately after the

---

<sup>17</sup> *Asahi Shinbun*, May 16, 1995.

<sup>18</sup> *Nihon Keizai Shinbun*, May 26, 1995.

<sup>19</sup> *Asahi Shinbun*, June 26, 1995.

Chinese experimentation, Nishioka, a powerful politician of the NPF, asked MOFA to stop all of the Japanese ODA, including grant aid.<sup>20</sup> A week later, criticism came from members of the coalition government as well. The Murayama administration consisted of three parties: the LDP, Social Democratic Party, and the Harbinger Party. Politicians of these governing parties, who were responsible for diplomatic advising, requested the Japanese Chief Cabinet Secretary to take a freeze into serious consideration so that Japan could make a clear protest against Chinese experiments. In 1995, the Japanese government had several reasons to be specifically sensitive about nuclear weapons. First, the year of 1995 was the 50<sup>th</sup> anniversary year of atomic bombs in Hiroshima and Nagasaki. Second, then Prime Minister Murayama was the leader of the socialist party, which opposed nuclear weapons. The secretary said that what these politicians said was reasonable.<sup>21</sup> Finally, the Japanese government applied the principle in the ODA Charter to the Chinese case and stopped grant aid. Although yen loan projects continued to be implemented, the Japanese government refrained from sending survey teams, which were necessary to implement new projects of yen loans.

Suh (2004, 219) claims that the Japanese freeze of its ODA in 1995 was not necessarily effective since Japan was the only major donor which imposed this kind of sanction. Actually, donor countries could not be coherent in that year since France experimented with nuclear weapons as well. Despite his doubts about the effectiveness of the freeze, Suh (2004), at the same time, explains that at least this Japanese behavior is a deviation from Japanese reactive responses.

---

<sup>20</sup> *Asahi Shinbun*, August 18, 1995.

<sup>21</sup> *Asahi Shinbun*, August 26, 1995.

#### **4.4 THE CASE OF FOREIGN AID TO RUSSIA (CASE 4): FRAGMENTED JAPAN AND POLICY CONVERGENCE**

According to the definition of OECD/DAC, foreign aid to Russia is not considered to be ODA. Despite this fact, Miyashita (2001) examines aid flows to the country to see how reactive Japan is since this aid is assumed to be as important as ODA to the PRC or another big power in the Eurasian Continent. Therefore, this section analyzes aid to Russia for the purpose completely opposite of Miyashita's (2001). Although he thinks that aid to Russia in 1993 was evidence that Japan is reactive, this section demonstrates otherwise.

##### **4.4.1 Negotiations between Japan and Russia on the Northern Territory**

When one studies relations between Japan and Russia as well as between Japan and the Soviet Union, one notices that one of the largest diplomatic concerns between these two countries is sovereignty over the Northern Territory. The Northern Territory means “four” islands (plus several smaller islands in fact), such as Etorofu Island, which are located between Hokkaido (one of the four main lands of Japan) and the Kuril Islands. Just after the Second World War, the Soviets occupied the Northern Territory and the Kuril Islands, which Japanese people had been governing. In the San Francisco Peace Treaty in 1951, Japan formally abandoned the Kuril Islands. Japan, however, thought that the four islands in the Northern Territory belonged to Hokkaido, Japan. The Soviet contested this fact and never gave up governing these four islands. Since then Japan has had made, and still makes, every effort to succeed in negotiations to regain the Northern Territory. During some periods, relations between the two countries are friendlier and negotiations are more productive.

Looking back on continuing negotiations between 1985 (i.e., the year when Gorbachev showed up as the powerful leader) and 2005, Togo thinks that, as the subtitle of his book shows, there were five “windows of opportunity” for Japan (Togo 2007). Among these five “windows,” the third and fourth ones are relevant to this section. The third “window” was open from the dismantlement of the Soviet in 1991 to the spring of 1992. New Russia needed support from G7 countries, and actually Togo (2007, 164-165) explains that Russia wanted to make a compromise over the Northern Territory.<sup>22</sup> However, negotiations during this period were unsuccessful since, according to a commentary of Masaru Sato in Togo (2007), Japan was presumably too greedy and attempted to obtain too much, which irritated Russia, it having already made huge compromises. The unsuccessful negotiations were characterized by the fact that President Yeltsin cancelled his visit to Japan in September 1992, four days before the trip. The fourth “window” was opened in July 1997, when Prime Minister Hashimoto made a speech in Japan saying that negotiations should be positive-sum not zero-sum. Personal trust between Hashimoto and Yeltsin accelerated negotiations (Togo 2007). However, the “window” was closed in 1998, when Hashimoto resigned after losing the election and after Russia suffered from a large economic crisis.

For reference, the fifth and latest “window” was open from 2000 to 2002 (Togo 2007), when Suzuki and Sato, who are experts on Russia, were arrested in Japan, allegedly for political reasons (Sato 2007). Suzuki and Sato (2006, 12-13) lament that relations between Japan and Russia are not as trustful as before. For instance, in November 2004, President Putin claimed that Russia would return only two islands, not four islands in the Northern Territory (Togo 2007,

---

<sup>22</sup> The caveat is that the content of this compromise has not been publicized because of the impact on current diplomacy as well as because of (ex-) bureaucrat’s duty to protect privileged information.

429). In addition, current staff members of MOFA understand less about Russia (Suzuki and Sato 2006, 12-13). According to Suzuki and Sato (2006, 135), after Suzuki's arrest, MOFA started to hide information on Suzuki's contribution to improvement of Japan-Russia relations so as to separate MOFA from Suzuki. Related to this fact, it is an interesting coincidence that, since 2004, Japanese bluebooks on diplomacy, published by MOFA, have somehow stopped publishing summary data on how much the Japanese government has financially supported Russia.

#### **4.4.2 Does Japanese aid to Russia in 1993 show that Japan is a reactive state?**

Miyashita (2001) focuses on Japanese aid to Russia in 1993 after Togo's (2007) third "window" closed. Miyashita (2001) concludes that Japan was reactive to other G7 countries, especially to the U.S. Japan itself had no interest in giving aid when there was little possibility that that aid might quicken the process of negotiation between Japan and Russia on the Northern Territory, but Japan still did so. However, according to Togo, one of the leaders in the "Russia school," one can explain the same phenomenon differently. Togo (2007, 173-174) admits that Japan-Russia relations in 1993 were worse than before, but he also stresses that Japanese diplomats made strong efforts to repair the relationship, or to open the "window" of opportunity for new negotiations. Giving aid to a Russia in economic trouble was among such efforts. In sum, Miyashita (2001) assumes that Japanese aid to Russia only takes place when Japan feels it can get concessions in negotiations, so by giving aid in 1993, Japan had to be reacting to pressure from the U.S. Togo (2007), on the other hand, implies that the aid would have been donated regardless of state of the negotiations.

According to Togo (2007), giving aid in a time of slowed negotiations is not troublesome. Certainly, it was true that many Japanese people were skeptical about Russia in that era, and that, despite the domestic criticism, Japan promised to give aid. Nevertheless, it is fairer to claim that, as the host country of the conference in Tokyo, where G7 leaders talked about what to do with Russia, Japan felt some responsibility to coordinate with G7 countries rather than to insist that Japan was reactive. Moreover, Miyashita (2001) bases his argument on the majority opinion of MOFA staff, but the staff members introduced by him are those in the “America school,” such as Kuriyama and Saitou. It is reasonable for Miyashita to focus on them given their positions; for instance, Kuriyama was the administrative vice-minister. However, it is unrealistic to assume that the “America school” would fight with the U.S. Miyashita’s (2001) analysis has a weakness, then, since he does not pay enough attention to the incoherency within MOFA. The “America school” had a reason to be sensitive towards the U.S, while the “Russia school” presumably had ample interest in not shutting off the negotiations with Russia. Both schools had different organizational interests, but the strategies to achieve their own interests were the same: giving Japanese aid to Russia.

Actually, although Miyashita’s (2001) research does not examine situations after 1998, Japan, in 1998, showed behaviors which the reactive state thesis could not explain. In the Ruble Crisis in 1998, Japan was surprisingly uncooperative with Russia. According to MOFA’s bluebook on diplomacy, apart from aid which had been promised to Russia before its crisis, Japan gave Russia only 100 million US dollars for policy reforms. This amount was a third of the total aid donated in 1993. If the reactive state thesis held, it would be unreasonable for Japan to be negative since the other G7 countries were concerned about Russia, as in 1993. Suzuki and Sato (2006) explain that the Japanese attitude came from Hashimoto’s priorities. Hashimoto

allegedly believed that the LDP would win the Upper House election in mid-1998, and that diplomatic successes were to be reserved for after-election achievements since domestic policies were more appealing to voters. However, the fact was that the LDP experienced a historical defeat, and Hashimoto resigned from being the leader of the LDP as well as Prime Minister.

#### 4.5 SUMMARY

This chapter exhibits that although Miyashita (2004) insists that fragmented Japan is prone to American pressure, fragmentation is not related to policy convergence between Japan and the U.S. Given that both policy convergence and policy divergence were witnessed in fragmented Japan (cf. case 2, case 3, and case 4), fragmentation is not a sufficient condition for policy convergence. Fragmentation is not a necessary condition, either. This is because policy divergence existed in both coherent and fragmented Japan (cf. case 1 and case 3). Further, case studies, especially Russian case (case 4), show that policy convergence is not a perfect sign of the reactive Japan.

In sum, the reactive state thesis may be applied to the cases which Miyashita (2004) introduces (i.e., foreign aid to North Korea and Iran), but not to others as this dissertation exhibits. Given this fact, one cannot fully accept the hypothesis that if Japan feels American pressure, the pressure works especially when Japan is fragmented.

Extending this statement, it is safe to claim that ministries/departments involved in foreign affairs, including MOFA and JICA, generally use the presence of foreign actors (especially the U.S. government) as a tool similar to the way that other governmental organizations mobilize resources. Given that Japanese diplomats can use policy instruments



freely, one can associate these bureaucrats' calculations based on organizational interests with the expected results, when using these policy tools, such as "networks," as this dissertation claims. Therefore, one can apply arguments of "governance by network" to Japanese ODA to test their validity.

## **5.0 EVALUATING OUTPUTS OF NETWORK**

### **5.1 BUILDING HYPOTHESES ON OUTPUTS**

The frameworks developed in the literature of “governance by network” compare networks with two other mechanisms - hierarchies and markets. In contrast to older studies, which show the universal existence of networks as a resource allocation mechanism, recent ones try to answer such questions as how to use networks in today’s world, which is characterized by fragmentation, complexity and societal dynamics (Sørensen and Torfing 2008). However, a literature review makes one aware that political scientists in the argument of “governance by network” are less interested in evaluating outputs/outcomes than in examining political processes inside the networks. In contrast, in the field of economics, Goldsmith and Eggers (2004) mention networks’ outputs such as reducing cost of social policy.

Based on the few existing studies which explicitly state outputs in the realm of political science, this dissertation focuses on three kinds of outputs: public support, flexibility and innovations. All of them are thought to result from “Participatory ODA” which uses networks.

#### **5.1.1 Network and public support**

Torfing (Forthcoming) reveals helpful and comprehensive criteria to evaluate the outputs of “governance by network.” As one of the criteria, Torfing (Forthcoming, 18) introduces

“[g]overnance networks’ ability to improve the conditions for future cooperation.” He means that once people are satisfied with the results which networks bring with them, then people tend to rely on the networks as a frame of reference for solving new problems in the future. This criterion is in harmony with Klijn and Koppenjan’s (2000b) claim that emphasizes public support. Klijn and Koppenjan (2000b, 109) show “motives for introduction of [...] new forms of participation.” One can interpret that they can be criteria to evaluate outputs. Among the motives is creating support. In Klijn and Koppenjan’s (2000) case study of city of Bijlmer, Netherlands, citizens’ satisfaction is emphasized as an indicator of success.

Classical articles in “governance by network” research implicitly support this relation between network and public support/trust as well. Scholars who examine networks as a resource allocation mechanism initially assume that exchanges of resources in networks are based on trust among members (Rhodes 1999). This assumption implies that networks are associated with trustful relationships between governments and other actors. Therefore, it is theoretically reasonable to assume that more participation on the part of citizen leads to increased legitimacy and citizen support for governments and their policies.

Thus, the first hypothesis of this dissertation is as follows:

**H1:** The more involved the private sector is, the more citizens support foreign aid.

### **5.1.2 Network and flexibility/innovation**

In addition to public support, Torfing’s (Forthcoming) criteria to evaluate outputs include “[g]overnance networks’ ability to generate innovative, proactive and yet feasible policy options

(14)” and their “ability to provide a flexible adjustment of policies and services (17),” which overlaps with van Vught’s (1995) contention. In his research on Dutch education policy, van Vught (1995, 267) insists that “the governmental steering model of state-supervision is indeed better able to produce higher levels of innovation and flexibility at higher-education institutions than the governmental steering model of state control.” Given that the former model is similar to “governance by network,” this contention implies that more citizen involvement can increase both innovation and flexibility. In fact, after the Netherlands switched from state control to state-supervision (i.e., control at a distance), the number of study programs in higher-education brought by universities increased more rapidly than Germany without policy changes in the same era (van Vught 1995). In addition to this sign of innovation, the Netherlands is said to be flexible in that universities started to rely less on governmental budget and more on other external funds (van Vught 1995).

One of the theoretical bases behind these argument, which links networks with innovations and flexibility, is that “[m]ultiple parties mean multiple alternatives to suggest and consider, more information available for all to use” (Agranoff and McGuire 2001, 24). A slight problem is that flexibility and innovation are similar, and sometimes confusing, concepts. Based on Torfing’s (Forthcoming) explanation, this dissertation assumes that flexibility exists when people adjust extant policies to new situations, while an innovation is witnessed when people try to initiate new policies that match to new situations.

Regarding flexibility, Torfing (Forthcoming, 16) assumes that flexibility exists less often in a top-down style of decision-making because of the street level bureaucracy, which prefers the status quo. Therefore, once top-down style is reformed and network is utilized, flexibility is expected to appear.

Regarding innovation, van Vught (1995) indicates that detailed regulation by the government or a top-down style suffocates actors other than the government. Given the detailed regulations actors must follow and tight control of government, actors are reluctant to bring new ideas regarding policies, no matter how relevant the policies may be for them (e.g., funding their own universities). Therefore, once tight control of government is gone and network becomes an arena for brainstorming, people are happy to think about new ideas.

Given these arguments, one can build two other hypotheses regarding outputs:

**H2:** The more involved the private sector is, the more flexible foreign aid is.

**H3:** The more involved the private sector is, the more innovative foreign aid is.

## **5.2 NETWORKS AND CITIZENS' SUPPORT FOR FOREIGN AID**

### **5.2.1 General relations between participation and trust/support**

When examining the first hypothesis, **H1**, which associates citizen involvement with citizen support, it is significant to review literature on general relations between involvement, or participation, and people's support/trust.

Actually, "participation," the keyword here, has various connotations. Scholars on citizenship, such as Marshall (1950), assume that voting as well as other forms of participation in policy-making represent traditional forms of citizen participation. From this perspective, Kabashima's (1988, 91) survey on Japanese voters nationwide, for instance, concludes that a

citizen's trust in government (local and national) has a slight correlation with a citizen's decision to vote. Another example is Vigoda-Gadot's (2007) statistical analyses on Israel, which exhibit that both trust in governance and political participation (i.e., voting here) are positively correlated with perception of how bureaucrats are fair and honest. Studies on elections have found an association between political participation and political trust.

In contrast to this field of studies focusing on voting behavior, there are a few empirical studies which examine relations with citizens' participation as an implementing entity and their trust of or support for governments. Among those studies is Seligson's (1980) research, which attempted to link communal project participation in Costa Rica with peasants' trust of government, although the research failed to find a statistically significant correlation.

One may wonder about Japanese case studies. Since, like in other countries, there is little Japanese data to show direct linkage between participation, apart from elections, and citizens' satisfaction at the national level, data on Japanese local governments is a great frame of reference. Actually, consultations with general citizens before policy-making, as a kind of participation, are more common in Japanese local governments than in the central government (Nishio 2001), although such mechanisms might be used for mere ceremonial purposes. This section examines Miyagi Prefecture as one such case.

In 1993, the then governor of the prefecture was arrested for taking bribes. Asano was elected after that incident and served until his retirement in 2005. Among his major achievements are reforms of organizations and their ways of serving (since 1997). This reform promoted both citizens' participation in policy implementation and publication of policy results (i.e., citizens' satisfaction). Between FY 1998 to FY 2001, 89 NGOs were newly recognized as partners of the prefecture. In addition, during this period, the Miyagi Government provided

NGOs with tax incentives such as immunity from prefecture taxes. Table 5.1 shows that these reforms, including promotion of NGO involvement, made citizens more satisfied than before.

**Table 5.1: Satisfaction of residents in Miyagi about governmental services**

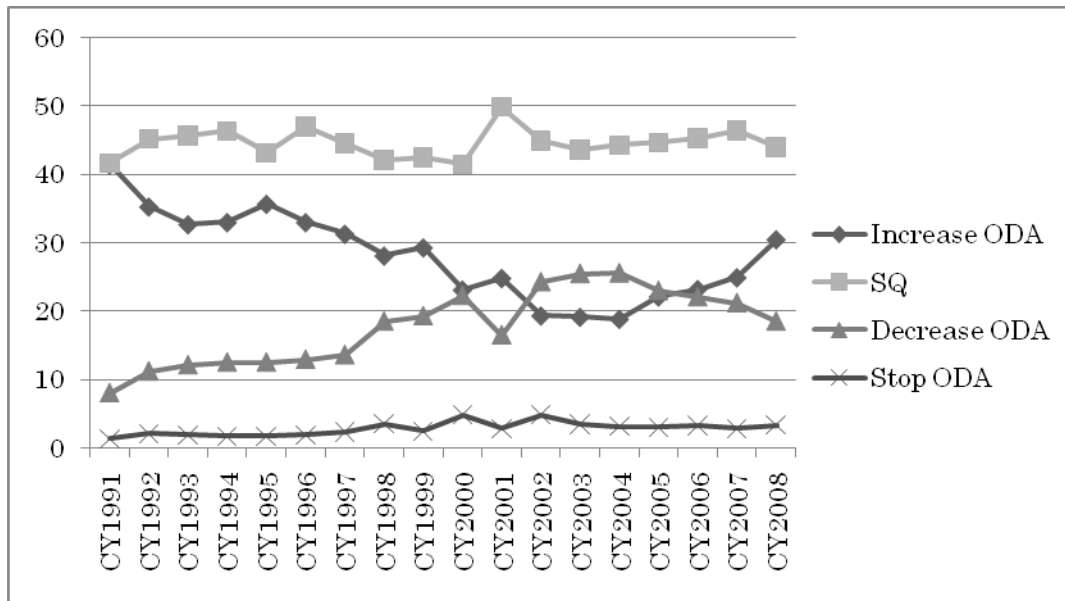
%	Dec.1999.	Apr.-Jun.2000.	Jan.-Mar.2001.
Satisfied	54.0	57.1	65.6 (+11.6)
Neither Satisfied nor Unsatisfied	41.9	38.3	29.5 (-12.4)
Unsatisfied	4.1	4.6	4.9 (+ 0.8)

Sources: Miyagi Prefecture (2001, 3). Translated by Ashitate.

### 5.2.2 “Participatory ODA” and citizens’ support

Given the above good news about relations between participation and trust in other areas, the next question is whether this holds true for Japanese ODA as well.

A detailed examination of data on Japanese ODA presents helpful information. Obviously, citizens’ support waxes and wanes. There was “aid fatigue” in Japan in the late 1990s and early 2000s, but it seems that people are currently supporting ODA more and more. According to the opinion surveys conducted by the Prime Minister’s Office and its successor Cabinet Office, the number of citizens who think that Japanese foreign aid should be increased has shown slight increases from 22 percent in 2005, to 23.1 in 2006, to 24.8 in 2007 and finally to 30.4 percent in 2008 (Figure 5.1).



**Figure 5.1: Public opinion on what to do with Japanese economic cooperation**

Sources: The opinion surveys conducted by the Prime Minister’s Office and its successor Cabinet Office.

Dividing data by occupation of respondents provides more interesting information. According to a survey conducted by MOFA in 2001 (Japan, the Ministry of Foreign Affairs 2001), clerical employees were among the most knowledgeable about NGOs in Japanese ODA (24.7 percent of people knew NGO involvement), while farmers and fishermen were the least attentive (14.0 percent). The difference between the two numbers is statistically significant. Table 5.2 shows the rate of support for Japanese ODA according to occupation examined by the Japanese Cabinet Office from 2005 to 2008. Although more and more people are recognizing the importance of Japanese foreign aid, it is continuously supported more by clerical employees.



**Table 5.2: Rate of support for Japanese ODA in clerical employees and farmers/fishermen (percent)**

	2005	2006	2007	2008
Clerical employees	27.6	29.1	28.6	36.3
Farmers and fishermen	10.1	16.7	23.5	21.2

In 2005, the Japanese Cabinet Office conducted another survey on how citizens recognize NPOs. Obviously, it is not the case that all NPOs are interested in supporting developing countries. Some of them focus merely on issues in their local residences. Nevertheless, citizens were asked about participation in foreign aid activities via NPOs as well, and the survey presents meaningful information. In the top row of Table 5.3, numbers indicate what percentage of people knew the meaning of “NPO.” The bottom row shows the results of a different survey conducted by the Cabinet Office in 2005, where people were asked whether Japanese ODA should be increased. Given the different respondents in the two surveys, the validity of a comparison is limited. Despite this fact, it seems that the more people are familiar with NPOs, the more they support increasing foreign aid (the coefficient correlation is 0.577 and  $p = 0.049$  when a two-tailed test is used). This contention implies that making NGOs’ and NPOs’ roles more explicit, by delegating ODA projects to these groups for instance, might lead to an increase in support for Japanese foreign aid.<sup>23</sup>

---

<sup>23</sup> A slight caveat is that there can be a reverse causality, which means that people who want to increase Japanese ODA tend to know more about NGOs and NPOs.

**Table 5.3: Knowledge on NPOs and support for ODA.**

Cohort in 2005	Male						Female					
	20-29	30-39	40-49	50-59	60-69	70+	20-29	30-39	40-49	50-59	60-69	70+
Know NPO (%)	45.2	54.8	46.8	51.8	49.3	32.5	33.3	34.0	40.9	40.8	33.8	18.2
Increase ODA (%)	27.0	24.1	18.3	28.0	26.9	19.9	31.4	26.5	24.2	21.4	14.5	7.8

One may wonder whether this correlation is true for other countries. Mekata (2004) analyzes NGOs in six donor countries: the U.S., the U.K., France, Germany, Canada, and Japan. Despite her interesting comparison, only slightly does she mention rates of support in some of the countries. This comes from the difficulty in seeing rate of support for foreign aid since some donor countries had not conduct recent surveys on the popularity of ODA. For instance, Mekata (2004, 238) does not explain domestic support for American ODA around 2000 since the latest national survey of the U.S. had been conducted in 1995.

This section compares Japanese situations with those of other donors which have relevant data on participation and support. Table 5.4 shows such data from France, Japan, Switzerland, Sweden, and Canada. The first row indicates how much of ODA is implemented via NGOs in each country. According to the table, for instance, Canadian NGOs used 8.8 percent of Canadian ODA in 1998 while French NGOs implemented less than one percent of their home country's foreign aid in the same year.

The next three rows show data on citizens' support. One problem is that the data from OECD/DAC represents answers to slightly different questions. For instance, in Sweden, people were asked the question whether they supported Swedish ODA or not, while, in Japan, people

had multiple choices; aid should be increased, continued at the current level, decreased, stopped, or neither. For Sweden and Canada, the second row indicates the percentages of people who supported foreign aid. A slight caveat is that, regarding Canada, OECD/DAC says only that more than 80 percent supported and an exact number is unknown. The second row for France, Japan, and Switzerland, on the other hand, shows the sum of the number from the third row (i.e., what percentages of people supported an increase in foreign aid) and from the fourth row (what percentages of citizens liked to maintain the current amount of aid). Preferring the status quo might mean moderate opposition to ODA. Nevertheless, for comparative reasons, this section assumes that those who like the status quo are supporters of foreign aid since OECD's (2000b) explanation on Switzerland uses this kind of interpretation. A slight caveat is that, regarding France, without data on "dubious" supporters, one can only know that the French rate of support is at least 64 percent.

**Table 5.4: NGO involvement in foreign aid and citizens' support for the policy.**

	France	Japan	Switzerland	Sweden	Canada
Subsidizes to NGO compared to total ODA in 1998 (%)	0.4	2.4	3.2	6.9	8.8
Support for foreign aid in 1999 (%)	(64+)	(62.1)	(76)	77	80+ (in 2002)
Support for maintaining foreign aid in 1999 (%)	N/A	42.4	50	N/A	N/A
Support for increasing foreign aid in 1999 (%)	64	29.7	26	N/A	N/A

Sources: OECD (2000a; 2000b; 2003), the survey by the Japan Cabinet Office in 1999, and MOFA's annual report of ODA.

As can be seen from the first and second rows, as NGO involvement increases, citizen support increases, implying a link between the two although French people were more satisfied with foreign aid than might have been expected. Sweden and Japan are at the two extremes of this relationship. In Sweden, about seven percent of ODA was used for subsidizing NGOs in 1998 and in 1999 about 80 percent of the citizens supported governmental aid. In Japan, NGOs used only 2.4 percent of ODA in 1998, and fewer citizens supported their own ODA.

It is interesting that focusing only on countries with complete data on what percentages of people agreed to *increase* their foreign aid (i.e., France, Japan, and Switzerland) can lead one to the opposite conclusion. In France, where NGOs implemented the least aid, citizens were the most satisfied with ODA, while in Switzerland, where NGOs used the most aid, people were the least supportive. Japan was in the middle.

In sum, the hypothesis that participation of NGOs accompanies support for ODA holds as predicted from some angles, but it does not hold so from others.

### **5.2.3 Uncertain results and differences between direct and indirect participation**

One may reasonably wonder why the analyses in the above section showed negative results as well as positive ones. Mixed results are witnessed partially because it is difficult to control for all of the theoretically irrelevant variables. This means that, in the case of the abovementioned reforms in Miyagi, for instance, the prefecture increased not merely participation, but also the cost-benefit analysis. The government in this case used both networks and the market, which makes it hard to control for other variables. One can say that increased satisfaction might have resulted from combinations of transformations. The fact that, in recent reforms, many tools are

used, only one of which is participation, may be the first reason why there is a surprising dearth of research in this field.

Another reason why there are few studies which empirically show the relations between citizen participation and citizen satisfaction lies in the confusion between direct and indirect participation. If citizens themselves are insiders of networks, the logic is simpler. In fact, extant studies, such as Klijn and Koppenjan (2000b), examine cases where residents directly participated in networks. However, in quite a few cases, citizen participation assumes such middle layers as NGOs and NPOs, and it is difficult to detect the effect of this kind of indirect participation. This is also the case with Japanese “Participatory ODA.” Those who participate are NGOs and private firms, not necessarily unorganized citizens. This kind of indirect participation cannot empower people in the same way as direct participation is assumed to do. In fact, Dryzek (2008) concludes that “governance by network” research should continue to communicate with democratic theories because of these gaps between the two types of participation.

NGOs do not necessarily represent citizens and can be sub-elite sometimes. Nevertheless, such documents as the annual report on Japanese ODA continue to link “Participatory ODA” directly with NGOs. Explaining that governments other than the Japanese have given money to their NGOs so as to publicize information on their ODA and educate citizens, Mekata (2004) presents a hint as to why this may be the case. MOFA might have begun using networks involving NGOs as well as firms in efforts to increase public support indirectly by letting these organizations enlighten citizens rather than directly asking citizens to take part in foreign aid. This interpretation is not without reason when one remembers MOFA’s stopping the scheme of public monitors of ODA in 2008. The public monitoring was started in 1999, and

Japanese applicants, including citizens who were skeptical about Japanese ODA's effectiveness, were sent to recipient countries to see the sites of ODA projects. In theory, public monitoring is closer to the concept of "Participatory ODA" than involvement of NGOs and firms. However, the government ended the former while encouraging the latter for financial reasons. In fact, the scheme of NGO advisors, which was started in the same year as the public monitoring, still exists. In this advisor scheme, qualified NGOs staff answers questions from ordinary citizens who have interest in volunteering activities.

In sum, given simultaneous usage of many reform tools as well as the existence of "Participatory ODA" as an indirect form of participation, the interesting finding that citizens seem to be satisfied with the situation where NGOs, not always citizens' representatives, take part in policy implementation (i.e., implementing ODA) must be tentative. It is academically important, however, to present empirical data, as of now, which relates to links between participation and satisfaction because accumulation of data from different perspectives can help to show causal relations and enrich "governance by network" research in the longer run.

### **5.3 FLEXIBLE FOREIGN AID BY NETWORKS AND THEIR LIMIT**

One may next wonder about flexibility of Japanese ODA in the era of "Participatory ODA" (H2). Flexibility means spontaneous reactions to transformations in the surroundings. In the case of Dutch higher-education, networks including academic institutions were thought to be flexible since they voluntarily changed funding schemes so that they could rely less on the government. In a similar vein, flexibility of foreign aid in current Japan can be judged by the quick adaptation to new environments. In this sense, a case study of Japanese aid to

Afghanistan, after 9-11 and the break of the Taliban government, gives much information to test Japanese ODA's flexibility.

Relevant actors here are Peace Winds Japan, a Japanese NGO, and Japan Platform (JPF), a coalition of actors in the public and private sectors (although sometimes JPF itself is considered to be a kind of NGO). Peace Winds Japan was established in 1996 by Kensuke Ohnishi. Between 1996 and January 2006, this organization helped people in 15 areas (Ohnishi 2006, 46). JPF, established in 2000, is cosponsored by the public sector and a private one (including private companies), and Japanese NGOs are responsible for implementing JPF's projects.

Afghanistan under the Taliban was isolated from international society. This does not mean that the country was self-sufficient. Rather, its administration lacked the capacity to control its territory. Japanese NGOs, such as Peace Winds Japan, were concerned with the situation and sent a survey team in July 2001 (i.e., just before 9-11). Based on a survey of Afghanistan's needs, in October 2001, JPF decided to help people in Afghanistan, where the government was changing. It set up more than 5000 tents for internal refugees from November 2001 to December 2001 (Ohnishi 2006, 58). Ohnishi, as the powerful leader of Peace Winds Japan and a member of JPF, thinks that without the framework of JPF, or collaborations of many actors including multiple NGOs and firms, the mission would have been impossible since a single NGO did not have enough funds and resources (Ohnishi 2006, 58).<sup>24</sup> Ohnishi compares emergency aid to East Timor in 1999 (i.e., before JPF was established) with that to Afghanistan in 2001. He explains that in the former case, because of a dearth of money, Peace Winds Japan made a contract with the Office of the United Nations High Commissioner of Refugees

---

<sup>24</sup> In fact, even today, Ohnishi's NGO, Peace Winds Japan, has only about 40 staff members.

(UNHCR) and supported the local people's rebuilding of their houses, which had been burned in the civil war. By decreasing the financial concern of Peace Winds Japan, "Participatory ODA" changed the way in which this small NGO help people in need, and here is flexibility.

The framework of JPF was advantageous for the Japanese government as well as for Japanese NGOs. In the case of emergency aid to Afghanistan, the Japanese government collected information on changing situations in the recipient country from NGOs. Japanese NGOs' contribution to the information collection is demonstrated, for instance, by Oguro's (2002, 14-15) explanation that Ohnishi, the aforementioned leader of Peace Winds Japan, coordinated the meeting of Japanese politicians with a political leader in North Afghanistan since Ohnishi knew the leader's cell phone number.

Kunugi and Mori (2006, 235-236) explain that JPF seemingly puts its emphasis on emergency aid than on long-lasting or permanent aid. Networks involving the private sector can be reasonably strong in emergency aid. This is because collecting information on local needs via public channels is more difficult since staff members of the public organizations, such as ambassadors, are usually recalled from countries suffering from civil wars and severe disasters while NGOs tend to remain for longer period. Therefore, one may say that flexible foreign aid is witnessed especially in the field of short-term aid.

Actually, there emerged a political problem regarding aid to Afghanistan once the urgent needs of the country had been satisfied. In January 2002, Sadako Ogata, ex UN High Commissioner of Refugees (and currently the head of JICA), hosted a conference in Tokyo for reconstruction of damaged Afghanistan. Some relevant NGOs were invited. However, MOFA rejected the participation of Peace Winds Japan as well as JPF, although initially they had been accepted. Oguro (2002) explains that Ohnishi's column in *Asahi Shinbun* on January 18 that he



did not necessarily trust what the Japanese government says irritated MOFA staff and Muneo Suzuki, a LDP politician. One should remember that, although Suzuki had his expertise on Russia, he was familiar with situations in the Central Asia, such as the Chechen Republic, since securities there have influence on Russian politics. The media thought that pressure from Suzuki allegedly changed MOFA staff's decision, although thanks to Tanaka, the Minister of Foreign Affairs, Ohnishi finally did sit in on the conference. Ohnishi himself confirmed in *Asahi Shinbun* on January 26 that MOFA staff said that Suzuki asked MOFA to reject Ohnishi's participation. Minister Tanaka listened to the administrative vice-minister and believed in the existence of pressure. However, the administrative vice-minister denied the existence in a press conference. This intra-ministerial conflict finally resulted in the dismissal of Minister Tanaka on January 29 as partially explained in the third chapter.

Sato (2007, 140) defends Suzuki by saying that Suzuki was in Russia with Sato, and that he did not really have time to know what Ohnishi had said about Japanese diplomacy. Sato (2007) admits that Suzuki was certainly concerned with the situation, where the remaining Taliban might kidnap Japanese NGOs once these NGOs became familiar with people in North Afghanistan. This is because the existence of Japanese hostages might decrease the autonomy of the Japanese government's diplomacy, which could, in the end, make it hard for Japan and Russia to fight together against terrorists in the Central Asia. The less Russia trusted Japanese intentions to fight against terrorism, the harder it would be to negotiate with each other over such an important issue as the Northern Territory. While Sato (2007) implies concern on Suzuki's part, he assumes buck-passing by MOFA rather than strategic behavior of Suzuki. It is difficult to definitely see who excluded Ohnishi's NGO and what the reality was partially because the

documents written in the decision-making process of MOFA's rejection of these NGOs could not be found (Oguro 2002).

Nevertheless, at least for the Afghanistan case, one can modestly conclude that, once long-term interests are concerned and aid becomes politicized, networks can lose their strength. Emergency aid, or aid for a short term, is one thing, and ordinary aid, or aid for a longer term, is quite another. Actually, extant studies, such as Nunnenkamp (2008, 208), reject the myth that NGOs are always donating "better targeted or more efficient aid than state-run development agencies."

## **5.4 NETWORKS AND INNOVATING FOREIGN AID**

### **5.4.1 Cooperation between the public and private sectors**

Regarding the hypothesis on innovation (**H3**), as van Vught (1995) shows, an increasing degree of innovation can be reflected in the number of projects which are brought by actors other than the government, or the private sector.

In terms of NGOs, the number of ODA projects implemented by Japanese NGOs has been increasing as well as the amount of the ODA budget which is allocated to NGOs. The ODA budget that Japanese NGOs are given by MOFA increased from 1.52 billion yen in FY 1998 to 7.01 billion yen in FY 2003 (Ashitate 2007). This increase is especially dramatic given that the total amount of Japanese ODA decreased in the same era.

In addition, whereas, in the past, cooperation between JICA and universities was witnessed only where JICA staff and university professors individually knew each other and the

fact that cooperation was rare discouraged universities from bringing new ideas about foreign aid, this cooperation has now become more institutionalized. This is because the government thinks that intelligence property which universities have can improve foreign aid (Japan, the Ministry of Foreign Affairs 2008, 144). For instance, knowledge in a teachers' college in Japan will help the Japanese government to provide better textbooks for recipient countries. Universities' taking part in foreign aid projects is beneficial for Japanese universities as well since they can more easily understand situations in developing countries which these universities are studying (MOFA 2008, 144). According to an Association for Promotion of International Cooperation (APIC) web newsletter in February 2008, as of October 2006, nine universities, including Kobe University, had engaged themselves in aid projects in developing countries.

In "Participatory ODA," the Japanese government also encourages Japanese companies to involve themselves in ODA projects. In 2002, the Special Terms for Economic Partnership (STEP) was initiated. This scheme is used for yen loans, and under this scheme, recipient countries should make a project contract with Japanese companies, not firms in other countries. STEP, therefore, means "tied" aid although bureaucrats do not use this word. According to the annual report of ODA in 2008, STEP was used for some projects in Kenya, Mongolia, and Vietnam (Japan, the Ministry of Foreign Affairs 2008, 140). The caveat is that one may say that STEP was started by MITI's initiative rather than MOFA's. In fact, as early as 1998, the Minister of International Trade and Industry, the head of MITI, claimed that more of Japanese ODA should be implemented by Japanese companies by increasing "tied" ODA (Ashitate 2003, 214).

The Japanese government, especially MOFA, does not like to use the word "tied" since Japan was criticized by international society for its giving "tied" aid too often, especially during

the 1970s. In fact, in the past, there was another scheme, called Development Investment, to involve Japanese firms. In this scheme, JICA invested in Japanese companies, which wanted to implement projects in developing countries. Critics of Japanese ODA, such as Sumi (1989), negatively mention this Development Investment. This scheme has been practically abolished since 2002.

#### **5.4.2 Cooperation within the private sector: Relations between profit and nonprofit organizations**

Apart from the relations between the government and the private sector, the Japanese government attempts to encourage Japanese firms and NGOs to implement ODA projects together via such framework as JPF. However, there is some skepticism about the government's support for certain firms and organizations with specific interests. ODA projects implemented by Japanese firms have not always been positively evaluated as explained above, while NGOs are sometimes considered to lack transparency and accountability as shown in the following. Given this background, it is early yet to evaluate collaborations in ODA between the profit and nonprofit sectors.

Despite the above facts, some companies which are concerned with Corporate Social Responsibility (CSR) just started to work with NGOs to help developing countries, although these projects are not literally considered to be *Official* Development Assistance projects. IDJ (2003, 25) introduces a case study where Ajinomoto and the Organization for Industrial, Spiritual and Cultural Advancement-International (OISCA) cooperated in Indonesia between 2000 and 2003. OISCA is an international NGO established in Japan in 1961. This NGO has its specialty in agricultural development and environmental protection. It helps mainly Asian

countries, one of which is Indonesia. Ajinomoto is a Japanese food company which is known especially for its seasoning. This company focused on a certain village in Java, Indonesia. Their lives unhealthily relied on such crops as potatoes and cassava. They planted only limited varieties of vegetables, and this monoculture made the soil impoverished. Changes in the price of potatoes and cassava directly impacted their economy. In addition, their eating habits were not balanced. Ajinomoto decided to financially help with building a community center for developing agricultural techniques and teaching females in the village how to cook a variety of foods. Ajinomoto was said to take advantage of its knowledge of cuisine when they paid for facilities in the center (IDJ 2003). In return, OISCA became responsible for teaching people in the village. This epoch-making division of labor is highly evaluated in IDJ (2003), although the project is not considered to be among ODA projects.

However, relations between firms and NGOs are not always without problems. In fact, IDJ (2003) emphasizes that some NGOs are not accountable to people outside the groups. The dearth of accountability can damage network members' trust with each other, which is the glue that holds networks together. This is the reason why the government requires NGOs, which receive public subsidizes, to be examined by an external auditor (IDJ 2003, 30). Especially for the business sector, which must routinely perform with the cost-benefit calculations, it is unbelievable that some NGOs fail to make their financial situation understood. In fact, *Kokusai Kyouryoku Shinbun* in December, 2008, introduces a case where, although Sekisui Heim, a Japanese housing company, donated to NGOs, most of the NGOs never reported for what purpose they used the contribution.

In sum, although networks bring with them some good news about innovative foreign aid, some problems remain to be solved.

## 5.5 FROM OUTPUTS TO OUTCOMES: CHANGING POLICY PROCESSES SHOULD BE EXAMINED

As explained, three hypotheses regarding outputs of Japanese “Participatory ODA” are confirmed with a slight reservation. Networks in Japanese ODA resulted in public support, flexibility as well as innovation. Examining **H2** and **H3**, however, makes one aware that studies merely focusing on outputs of networks can overlook the changing relations between the public and private sectors.

One should remember, first, that networks do not necessarily lead to flexibility and innovation regardless of state-society relations. In van Vught’s (1995) case study of the Netherlands, where universities innovated their policies, they were not necessarily in conflict with the government. However, one may wonder what would happen if the public and private sectors were not in harmony. Social policy in the U.S. is an informative example. In the 1960s and 1970s, the federal government encouraged and funded participation of nonprofit organizations, but the American situation changed in the 1980s. Salamon (1986) explains that the Reagan administration cut support for nonprofit organizations while expecting them to do more jobs in such policy area as social services. The organizations could not help relying on support from business sectors, which made the organizations more commercial-oriented as they were captured by companies (Salamon 1986).

In addition, one may notice that pro-network scholars such as Agranoff and McGuire (2001) basically emphasize the positive effect of networks. Their perspectives seem to be based on sociological institutionalism, which focuses on the learning effect of institutions. However, if one approaches networks from a different perspective, the scenario can be different. Some

scholars such as Salamon (1995, 103) claim that governmental officials should pay attention to the problem of “encouraging coordination when decision-making authority is widely dispersed.”

In conclusion, there are two concerns with respect to outputs of networks. The first is that the state can either encourage or discourage networks depending on relations between the two sectors, and the second is that the increase of actors associated with adopting networks brings with it the risk of chaos. Therefore, it is important to examine the state-society relationship and the mechanism which coordinates it; these points are addressed in the following chapter regarding outcomes.

## **6.0 EVALUATING OUTCOMES AFTER USING NETWORKS**

### **6.1 NETWORKS AND INCREASED IMPORTANCE OF COORDINATION**

Beyond outputs, one may have a question regarding outcomes, wondering whether networks have an impact on policy processes. Verhoest and Bouckaert (2005) suggest that policy specialization with fragmented authority is accompanied by a problem with coordination, which could be solved by hierarchy-type mechanism (HTM), market-type mechanism (MTM), or network-type mechanism (NTM). This means that when the government uses the private sector, as in the case of Japanese “Participatory ODA,” policy processes change so that coordination becomes an important issue. Although Verhoest and Bouckaert (2005) do not explicitly state it, their case studies of New Zealand, the Netherlands and France imply that coordination by the MTM is troublesome in practice. This may be why, as explained in 2.1.3., some extant studies focus exclusively on hierarchical coordination and non-hierarchical coordination (network).

Sbragia (2000) analyzes “[t]he European Union as Coxswain” as her title shows, and one of her points is that although the EU does not have its own police, or a stronger version of exercising authority, the existence of common judges (the European Court of Justice) guarantees compliance. In decentralized systems, such as the EU and federal countries, the central authority cannot help relying on NTM, but otherwise HTM can be more effective. This contention is supported by Godfroij’s (1995, 187) explanation that, according to orthodoxy regarding



coordinating structure, “formal linkages between actors are more effective than informal linkages.” What happened in the Netherlands is informative for thinking about implications of increased participation of the private sector. Since people were dissatisfied with corporatism, where a limited number of unions have significant power in social policy, service was privatized. However, the reality was that unions were replaced by a few large firms, which meant a different kind of corporatism. People expected the state to be a manager to supervise the risk evasive behavior of companies (Veen 2000). Stoker’s (1999, 16) research on relations between the central and local governments in the U.K. also shows that, even in the era of new governance characterized by such methods as contracting-out, “[t]here would be a need for central government to encourage or even instruct the appointed bodies to cooperate with local authorities in the development of community coordination.” In cases of failure of looser coordination, governments, especially central governments, had to manage by the usage of formal powers and authorities.

These arguments above lead to the hypothesis that the outcome of Japanese “Participatory ODA” would be coordination by HTM, or strengthened steering by the government.

**H4:** Governmental steering has been strengthened in Japanese Participatory ODA.

Both qualitative and quantitative studies are to be conducted to prove **H4**. State’s relations with NGOs are to be qualitatively analyzed in the following section while quantitative studies and descriptions of cases, which examine changing behaviors of private consulting firms (i.e., transformed relations between state and companies), follow.

## 6.2 RELATIONS WITH NGOS: DO NGOS PLAY A MAJOR ROLE IN DECISION- MAKING?

### 6.2.1 Theoretical examination of the reason why more steering is expected in Japan

How much coordination, or governmental steering, is necessary depends on relations between the government and NGOs. Hirata’s (2002) research on Japanese NGOs involved in ODA presents a helpful framework for thinking about the coordination problem. Based on extant literature, she categorizes NGO-state relations into four categories as shown below. Although she does not mention a problem with coordination, this dissertation assumes that the necessity for governmental steering increases when NGO-state relations move from “Disengagement,” to “Co-optation” and “Critical Cooperation,” and finally to “Conflict” in her table.

**Table 6.1: NGO-state relations**

	Low conflict	High conflict
High cooperation	1.Co-optation	2.Critical Cooperation
Low cooperation	3.Disengagement	4.Conflict

Source: Hirata (2002, 142) is slightly revised.

This is because in “Disengagement,” the government is indifferent to implementing policies. Salamon’s (1995) aforementioned case study about American nonprofit organizations in the 1980s presents an example of “Disengagement” since the government unilaterally delegated its jobs to the organizations. One can explain that his case study shows a plausible scenario in other countries as well when they lack governmental engagement, or steering in other

words. In “Conflict,” coordination is more important than in “Co-optation” and “Critical Cooperation” since, in the latter two cases, cooperation prior to governmental steering, including compromises, is more likely.

The next question is which kind of NGO-state relations is most applicable for examining Japanese foreign aid. Given MOFA/JICA’s desire for autonomy within the public sector, it is expected to have an interest in aid projects, which suggests that a scenario with low cooperation and low conflict is not plausible. Therefore, possible scenarios are “Critical Cooperation,” “Co-optation,” and “Conflict” in the table.

Regarding “Critical Cooperation,” however, as Hirata’s (2002) case study shows, “Critical Cooperation” is difficult in practice at least regarding Japanese NGOs. This is because they have not been financially strong and the government has rarely used them as an effector, which makes NTM less plausible than HTM in Japanese ODA. Therefore, it is difficult to consider the Japanese situations to be one of “Critical Cooperation.”

“Co-optation” is also difficult to find in Japan because of questions about legitimacy. For instance, in Shiroyama’s (2008) case study, council members opposed a plan formed by a coalition consisting of a local group and the Ministry of Construction to renovate light-rail transit (LRT) due to public feeling that the coalition was deceiving them. In this case, this relation between the group and the ministry, which can be interpreted as co-optation, damaged their legitimacy. In reality, some Japanese NGOs believe that once they are funded by the government, they might be considered to be a part of a secret government agency. This implies that NTM, with a possibility of co-optation, is difficult in Japanese foreign aid policy. Therefore, one cannot think that NGO-state relations in Japanese foreign aid are moving towards “Co-optation,” either. Actually, MOFA’s data shows that as many as 43.2 percent of people

responded that NGOs' efforts to make themselves understood by Japanese citizens were not enough (Japan, the Ministry of Foreign Affairs 2001, 37). These negative responses may be due to the fact that Japanese citizens do not trust NGOs.

The Japanese situation, then, is thought to be neither "Co-optation" nor "Critical Cooperation," but "Conflict," which requires stronger coordination. Certainly, apart from the Japanese context, as security has become an important goal of foreign aid, donor countries such as the U.S. have emphasized the role of states, which has led to more distant NGO-state relations (Nelson 2008).

These arguments theoretically prove **H4**. In addition, in the following subsection, the stronger steering is empirically shown by the systemization of governmental mechanisms to collect information on developing countries by MOFA/JICA itself and by the exclusion of NGOs from this process.

### **6.2.2 NGOs and Country Study Groups**

Information on the economic, political as well as societal situations in a developing country is important for the Japanese government to have when making strategies for each country. In fact, lack of clear aid strategies in Japan was blamed for leading to the rather arbitrary distribution of foreign aid characterizing the ODA scandals, such as the Marcos scandal in the Philippines in 1986. Given this criticism, JICA decided, in the year of the Marcos scandal, to establish ad hoc Country Study Groups and Regional Study Groups within its agency, the Institute for International Cooperation (IFIC). The first Country Study Group naturally examined the Philippines, with which most people of the time associated "fraudulent" foreign aid.

Country Study Groups and Regional Study Groups have from 10 to 20 group members, and secretariats consisting of JICA/IFIC members support the groups by, for instance, coordinating meetings. Country Study Groups and Regional Study Groups hold several meetings before completing their reports. Observers such as staff from relevant MOFA sections and JICA sections may sit in. According to the report of the Regional Study Group on Southeast Asian Countries in 2006, the latest report published by Country Study Groups and Regional Study Groups, there were 43 Country Study Groups and 7 Regional Study Groups. It seems that the report counts less institutionalized groups such as the Seminar Group on Peru in 1996. Excluding these groups, this dissertation focuses on 39 Country Study Groups and 8 Regional Study Groups (hereafter, the name of Country Study Groups are used for simplification to stand for Regional Study Groups as well).

One may wonder why it is important to focus on Country Study Groups since many Country Study Group reports start from an explanation that these reports are written by individuals from their own perspectives and do not necessarily reflect the opinion of the organizations (e.g., JICA) to which the authors belong. However, these reports are not merely documents for their organization itself. In fact, scholars such as Mori (1995) suggest that reports by these groups are significant when studying regional distribution of Japanese ODA. Matsuura (1990, 356), which was written when he was the chief of the Economic Cooperation Bureau, confirms Mori (1995) by explicitly stating that a “high-level policy dialogue with the Philippines was held, based on the report prepared by [the] study group.” Their emphases on the reports’ importance are further proven by Country Study Groups’ link with the country assistance strategies that MOFA started to establish after 2000.

In 2000, MOFA started to make country assistance strategies for each recipient country. As of 2009, MOFA has finished 28 country assistance strategies and is establishing these strategies for 3 other countries. Country assistance strategies for some countries, such as Vietnam, have been revised.

Country assistance strategies have had a substantial impact on Japanese ODA. For instance, the assistance strategies for the PRC contributed to China's graduation from Japanese yen loans. The assistance strategies for the PRC, established in 2001, were not necessarily favorable to the recipient. For instance, it is stipulated that "yen loans would be implemented on a single-year basis not a multiple-year one, which had been the case exclusively for the PRC and scholars, such as Toshio Watanabe, points out these multi-year loans were a source of some lavish projects for the PRC" (Ashitate 2008, 151). In addition to the change in contract basis, "the strategy made it clear that Japanese aid should be calculated carefully after checking each 'candidate' project proposed by the PRC, which implied that the PRC was no longer a special recipient and the aid budget of Japan could be cut" (Ashitate 2008, 151). After negotiations for some years, in 2005 the Japanese government finally decided to stop contracting new yen loans to the PRC.

One should remember that the latest Country Study Report for the PRC was published in 1999, just before MOFA's establishment of country assistance strategies for the PRC in 2001. The chair of this Country Study Group was Watanabe, the aforementioned scholar who wanted to change yen loans from on a multi-year basis to a single-year basis. It is reasonable to assume that these two documents are linked.

In fact, relations between JICA/IFIC's Country Study Group reports and MOFA's country assistance strategies can be considered complementary since they influence each other.

Table 6.2, a revised table from Ashitate (2007, 134), shows the names of the countries, for which Country Study Group reports and/or country assistance strategies were completed. The countries examined only in Regional Study Groups are included if the Japanese government completed country assistance strategies for the countries; this means that this table lacks the entire information on the Regional Study Group for Oceania (the report was published in 1991) and that for Central and East Europe (the report was published in 2003). The four-digit numbers indicate, if applicable, the years when the first Country Study Group reports were published, the years when the latest reports were published before the (first) country assistance strategies, the years when the (first) country assistance strategies were established, the years when the latest reports were published before the country assistance strategies were revised, and the years of the revision of the strategies. Multiple numbers in the second column for the Philippines and Indonesia mean that more than one Country Study Groups for these countries were organized between the publication of the first reports and the establishment of country assistance strategies.

Thailand is an ideal case to show the complementary relations between JICA/IFIC's research and MOFA's aid strategies. The first Country Study Group for Thailand completed its report in 1989. In 1996, the second Country Study Group finished its task, and four years after the report, country assistance strategies for the Thailand were established. After this establishment, a third Country Study Group was organized since these new assistance strategies were expected to have transformed economic and societal situations in Thailand. The third Country Study Group published its report in 2003. Thailand's needs were also examined in the report by the Regional Study Group for Southeast Asia, which was published in March 2006. Revision of the country assistance strategies for Thailand was finished in June 2006. These interdependent relations between Country Study Group reports and country assistance strategies

are clearly shown regarding some other countries as well such as Kenya, Malaysia, Ghana, and Zambia.

Apart from specific countries, however, the table shows that as many as 25 out of 28 countries, with complete country assistance strategies of the Japanese government, were examined by Country Study Groups prior to the establishment of country assistance strategies. There are only 3 exceptions: Tunisia, Nicaragua, and Tajikistan. Therefore, the impacts of Country Study Groups cannot be as negligible in decision-making as they themselves expressed in their reports.

**Table 6.2: Country Study Group reports and country assistance strategies.**

	1 <sup>st</sup> reports	Later reports	1 <sup>st</sup> strategies	Reports after 1 <sup>st</sup> strategies	2 <sup>nd</sup> strategies
Philippines	1987	1994/1999	2000	2006****	2008
India	1988	1995	2006		
Thailand	1989	1996	2000	2003/2006****	2006
Indonesia	1990	1994/1999/2000	2004	2006****	
Bangladesh	1990	1990	2000	No report	2006
Brazil	1991	2002			
Pakistan	1991	2003	2005		
Sri Lanka	1991	1991	2004	No report	[2009]
PRC	1991	1999	2001		
Egypt	1992	1992	2000	No report	2008
Kenya	1992	1992	2000	2003***	[2009]
Malaysia	1993	1993	2002	2006****	2009
Nepal	1993	2003			
Palestine	1994	1994	[Will be made as		



			of 2009]		
Ghana	1995	1995	2000	2002	2006
Senegal	1995	1995	2009		
Vietnam	1995	1995	2000	No report 2006****	2004 [2009]
Jordan	1996	1996	[2009]		
Mongolia	1997	1997	2004		
Tanzania	1997	1997	2000	No report	2008
Laos	1998	1998	2006	2006****	
Peru	1998	1998	2000	No report	[2009]
Cambodia	2001	2001	2002	2006****	[2009]
Uzbekistan *	2001	2001	2006		
Kyrgyzstan *	2001	2001	2006		
Kazakhstan *	2001	2001	2009		
Cuba	2002	2002			
Bolivia	2004	2004	2009		
Tunisia			2002	No report	[2009]
Zambia	1994**	2000**	2002	2003****	
Nicaragua			2002	No report	[2009]
Ethiopia	2003***	2003***	2006		
Madagascar	2003***	2003***	[2009]		
Morocco			[2009]		
Tajikistan			2009		

Sources: Revised from Ashitate (2007, 134). [2009] means that they are being completed as of 2009.

\*: The Regional Study Group for Central Asia examined these three countries.

\*\* : Zambia was examined in two Regional Study Groups for Southern Africa, not Country Study Groups.

The first report was published in 1994, and the second one was published in 2000.

\*\*\*: The countries included in the regional study group for Africa, which published its report in 2003.

\*\*\*\*: The countries in the regional study group for Southeast Asia, which published its report in 2006.

Given that Country Study Groups are not established for ceremonial purposes, the next question is whether the private sector, including NGOs, plays some role in the process. The conclusion is negative as far as compositions of Country Study Groups are concerned.

Looking back on the first Country Study Group (i.e., Country Study Group for the Philippines in 1986), one can notice that a plurality of the members was university teachers (four out of nine) and there was one member from business society. No members were from JICA, a governmental agency. In contrast, the Regional Study Group of Southeast Asia, which completed its task in 2006, had 12 JICA members out of 14, and the rest were from universities.

Table 6.3 shows the summary of where members of 47 Country Study Groups have come from.<sup>25</sup> Among Country Study Groups, information on the Regional Study Group for Africa, which published its report in 2003, does not appear in the table since this group had advisors, observers, secretariats, authors, but not “members.” It is noteworthy that members from NGOs as well as the business sector are excluded from the process. For reference, although according to Table 6.3, a member from the business sector existed from 1999 to 2001, he was “a technician in a private firm, which contrasts with previous years when people came from business associations” (Ashitate 2007, 133). In contrast to members from the private sector, JICA staff members are dramatically increasing. Certainly, JICA staff has sat in the meetings of Country Study Groups as secretariats, but “over the years JICA staff have come to play a significant role as ‘members’ of the Country Study Groups” (Ashitate 2007, 133). One can imagine that JICA, an actor in the public sector, is becoming more influential than the private sector.

---

<sup>25</sup> Suppose that a member left the position in his organization as well as Country Study Groups. Even when another person succeeded to the vacant seat in the organization as well as Country Study Groups, I counted as one member, not two different members.

**Table 6.3: Backgrounds of all of the Country Study Group members.**

Year of Publication of Country Study Group Report (Number of Reporting Groups)	JBIC, JETRO, universities, national organizations, and think-tanks*	Business Society	JICA	NGOs and others (organizations other than mentioned)
From 1987 to 1989 ( 3)	18	2	0	0
From 1990 to 1992 (10)	69	3	0	2
From 1993 to 1995 (10)	64	2	7	1
From 1996 to 1998 ( 7)	50	0	9	0
From 1999 to 2001 ( 7)	75	1	8	1
From 2002 to 2004 ( 9)	45	0	14	0
From 2005 to 2008 ( 1)	2	0	12	0

Sources: Revised from Ashitate (2007, 133).

\*: Members from JBIC (the Japan Bank for International Cooperation), JETRO (the Japan External Trade Organization), universities, national organizations, and think-tanks.

With this fact, I do not mean to minimize NGOs' capability to influence in decision-making processes. In fact, Hirata (2002) shows not only two cases where Japanese advocacy NGOs succeeded in stopping "problematic" foreign aid of Japan, but also a case where the Japanese government changed its foreign aid because of important information provided by NGOs. In the latter case, campaigns of Japanese NGOs, in cooperation with international NGOs (INGOs), as well as changing politicians' mind allegedly led the Japanese government to give

ODA for anti-landmine purposes. However, as Hirata (2002, 125) admits, it is possible that Japanese bureaucrats and politicians felt that they “should get on the [international] bandwagon” apart from NGOs campaigns. This means that, although Hirata (2002) thinks that Japanese NGOs today are becoming reformist rather than abolitionist, as they were, Japanese NGOs still have more strength in ending “fraudulent” foreign aid than in (re)forming ODA projects and initiating new projects. Saotome’s (2003) proposition that NGOs’ influence on decision-making is smaller than on policy implementation still holds. In sum, despite the increasing realm of NGOs in implementing ODA as shown in the fifth chapter, more state steering is currently witnessed in processes relevant to decision-making, as predicted.

### **6.3 RELATIONS WITH PRIVATE CONSULTING FIRMS**

In contrast to the previous section focusing on Japanese NGOs, this section examines behaviors of Japanese consulting firms, which had strong impacts on Japanese ODA. Consulting firms are significant actors since they advise developing countries on which projects they should ask the Japanese government to fund. One should remember that the project cycle of Japanese ODA starts from requests from developing countries. This implies that there is room for Japanese consultants to “sell” their favorite projects to recipient countries. Actually, as recently as 2008, the Pacific Consultants International (PCI), one of the largest consulting firms in Japan, had a pet project in Vietnam and some of its leaders were arrested by the Japanese police for bribing the government in the country in order to fulfill this project.

Interestingly, some authors, such as Matsuura (1990, 46) claim that, in contrast to their counterparts in other advanced countries, Japanese consulting firms have not developed

capabilities to find projects in developing countries, while others, such as Sumi (1989), assume that Japanese consultants have a strong influence on Japanese foreign aid as well as that they exploit developing countries. These two assessments of consulting firms are not necessarily mutually exclusive. According to Sanada (2007), Japanese consultants have their strength in advising specific technologies, such as making large dams, while counterparts in other advanced countries are more comprehensive consultants, attentive to general plans. The point is that Japanese consultants have been, and are to a less extent good at, examining developing countries' needs for specific economic infrastructures. To exhibit Japanese consultants' influence in the past, this section reviews Japanese aid to Indonesia, one of the largest recipients of Japanese foreign aid, by focusing on the heyday of Kubota and his company, Nippon Koei Ltd., which have expertise in the country.

The relations between the Japanese government and consultants changed in the mid 1990s so that the firms cannot direct Japanese foreign aid. This section concludes that, in the era of "Participatory ODA," governmental steering has been strengthened by showing that currently governmental decisions on foreign aid have an influence on Japanese consultants' selection of countries.

### **6.3.1 Heyday of Nippon Koei**

Nippon Koei is one of the oldest and largest consulting firms in Japan. The company was established in 1946 by Yutaka Kubota. As of March 2008, Nippon Koei has 1350 employees. The company has nine branches overseas, one of which is in Jakarta, Indonesia. Recent net sales of Nippon Koei record around 60 billion yen. When thinking about the history of Nippon Koei, it is impossible not to take Kubota's personal history into consideration. This is because his

enthusiasm about development as well as personal linkages with Japanese elite contributed to consulting businesses in Japan.

Yutaka Kubota was born in 1890 in Kyushu area. He majored in technologies in Tokyo University. It was common for ambitious boys in the pre-war period to study law as undergraduates and work as elite bureaucrats in the central government. Thus, his career was unusual. Looking back on his life, Kubota (1980, 320) confessed that he had wanted to make the entire world more livable. Given that Japan in the Meiji era, at the beginning of the industrial era, showed a dearth of economic infrastructures, his resolution in his youth was quite reasonable (even if one discounted his statement because books on personal histories tend to justify their own lives). Actually, when he was in Tokyo University, he and his friends traveled around the country to see building sights.

After graduating from Tokyo University, he started working in the Ministry of Home Affairs, responsible for such policy areas as economic development of the country, but he got bored with the bureaucratic inertia. As a result, he retired early from this position and established his own company for engineering consulting in the mid 1920s. He actively surveyed development needs on the continent (initially China and Korea, later Chinese Taipei and Indonesia).

Kubota has two contrasting reputations, neither of which is false. Some people say that he contributed a great deal to Japanese ODA, while others lament that he and his company made Japanese ODA unfortunately economic-oriented. Sumi (1989), in the latter position, claims that in the wartime Kubota did his business by conspiring with the Japanese military on the continent. However, the fact was that the military had a lot of funds and power to coordinate plans related to economic infrastructures. Instead of assuming that Kubota, with help from the military,

authoritatively surveyed Asian countries which Japan had occupied, it is fairer to say that he wanted to contribute to development of lands where the Japanese governed. His company built dams in Korea and Manchuria, and because of his success, he was asked to survey the Lake Toba and Asahan River in Sumatra, Indonesia in 1942. His trip to Indonesia “spurred in Kubota the concept of what was to become the Asahan project, involving an alumina refinery powered from hydroelectricity scheme” (Rix 1980, 201). Although Kubota could not help returning to Japan after the Japanese defeat in the Second World War in 1945, his desire never faded.

In 1946, he and his ex-employees established a new company, which was renamed Nippon Koei in 1947. His company utilized its expertise in Asian countries. For instance, asked by the Burma government, Nippon Koei surveyed the country and recommended dams in certain areas for Japanese reparation projects (reparations are considered to be a part of ODA). Although Japanese Prime Minister Yoshida once rejected the dam projects being included on the reparation projects list, Kubota successfully persuaded Yoshida and other powerful politicians to accept the projects (Kubota 1980, 316-317). Despite his success in Burma, he implies that at this time he was more concerned with the pending pet project in Asahan, Indonesia (Kubota 1980; Sumi 1989).

However, despite his lobbying activities, the Asahan project was not included on the reparation projects list since aluminum refining companies were not interested in the project. Instead, the Japanese government accepted another dam project in Indonesia which was also proposed by Kubota. The caveat is that the Asahan project was finally funded by Japanese regular ODA in the 1970s (Sumi 1989, 169-174), but there had been trials and errors with regard to Nippon Koei’s strategies.

While Japan was indifferent to the Asahan project in the 1960s, the Soviet Union was interested in the area and conducted its research on a similar project from 1963 to 1967. The good news for Nippon Koei was that Suharto, an anti-communist who overthrew Sukarno, created his administration in 1965. Ideological differences between Indonesia under Suharto and the Soviet Union finally forced the Soviet research team to give up the Asahan project and leave Indonesia. Instead of the Soviet Union, Nippon Koei, which had established its Jakarta branch, or the first branch overseas, in 1961, approached the Indonesian government. Nippon Koei signed the contract that Nippon Koei would survey the Asahan area by itself without public monies (Simoaraiso 1991, 81).

In the early 1970s, the LDP and MITI became interested in the Asahan project. A team of LDP politicians visited Indonesia to talk with its government on this project. An advisory body in MITI claimed that alumina refineries could be moved overseas, and that the Asahan area was one of the candidates (Kitazawa 1982, 44). Although MOFA was concerned about a situation developing where Japan would give unusually more aid to Indonesia than other donor countries (Kitazawa 1982), Japanese Prime Minister Miki decided that the Asahan project should be a “national project” supported by the Japanese government as a whole. One may notice that the Asahan project seemed to be more an investment project than an ODA project. Actually, about a half of the budget was covered by the Export-Import Bank of Japan, and JICA and other implementing organizations of ODA paid a minority of the cost (Malmstrom 1996, 143). The first phase of the Asahan project began in 1978 and was completed in 1982.

When the Renun project, supplemental to the Asahan project, was proposed in the mid 1980s, the influence of Nippon Koei was clear as well. This is because the Japanese government started its processes for giving aid before the official feasibility survey by Nippon Koei was



finished. Nippon Koei might have unofficially contacted with the Japanese government. Malmstrom (1995) implies that if the Renun had not been a part of the Asahan project, which Nippon Koei was familiar with, it is not likely that the Renun project would have been funded so smoothly.

### **6.3.2 Some sings of Nippon Koei's declining influence on ODA**

As the Pacific Consultants International (PCI) scandal currently proves, the influence of consulting firms is not negligible, but its impact has lessened. Following up extant studies by using current statistical data presents some interesting insights related to this.

Mori's (1995) quantitative research on Japanese ODA is comprehensive in that it deals with many relevant variables. Mori examined explanatory factors to predict Japanese foreign aid between FY 1968 and FY 1990 (Mori 1995). Among these factors was the presence of the strong and long-established consulting firm, Nippon Koei. Mori calculated how much Japanese government increased/decreased net disbursements of yen loans (million yen) each year (delta LOANY in Mori (1995)). He also figured out changes in Nippon Koei's net sales (million yen) every year (delta SALE3 in Mori (1995)). Mori (1995, 100) exhibits that the correlation between these two variables was positive (0.565) and statistically significant. Using the exact same operational-ization, I computed the current correlation between changes in Japanese loan aid and those in Nippon Koei's sales. The resulting figure from FY 1996 to FY 2007 was -0.127, without statistical significance ( $p = 0.699$ ). The current situation, then, shows no correlation between Nippon Koei's sales and net disbursement of yen loan programs. This is in contrast to the past when "the increased sales of [Nippon Koei] coincided with the expansion of the yen loan program" (Mori 1995, 100).

In addition to the analysis of total amount of foreign aid, another transformation of relationships between ODA and Nippon Koei's businesses can be witnessed when one examines geographical distribution of bilateral aid. Mori found that changes in current profit (million yen) of Nippon Koei in a certain year (delta CUR3 in Mori (1995)) led to changes in bilateral ODA (million US dollars) toward the Middle East (delta MID in Mori (1995)) in the following year. The correlation between one-year-lagged delta CUR3 and delta MID was 0.470 and statistically significant. An analysis using the same operational-ization with recent data from FY 1996 to FY 2007 reveals that there is no correlation between the two variables; the figure was 0.103 without statistical significance ( $p = 0.764$ ). This means that, although business decisions of Nippon Koei had a strong influence on governmental foreign aid in the past, this is no longer the case.

These results imply that even one of the strongest consultants in Japan has lost its active linkage with Japanese foreign aid in the late 1990s and the 2000s, when "Participatory ODA" is taken into serious consideration. In fact, Nippon Koei's report to its stockholders in 2005 explicitly stated that the company was respecting governmental aid strategies for each developing country (Nippon Koei 2005). In addition, Nippon Koei's report in 2006 exhibited that their sales in the previous fiscal year owed a lot to governmental aid policies to support Iraq after the war and the Asian countries which suffered from the Sumatra Earthquake and resulting tsunamis (Nippon Koei 2006). These facts show that Nippon Koei is strongly influenced by the Japanese government.

### **6.3.3 Current situations of consultants in general**

One may wonder about the situation regarding Japanese consulting companies in general apart from Nippon Koei, as the current lack of correlation between businesses of Nippon Koei and

Japanese foreign aid might have resulted from Nippon Koei's relative decline in the consulting business. Actually, Nippon Koei is currently only one of the major consultants, not the only one.

However, extant studies show that, even when examining consulting firms in general, the proposition that ODA can transform consultants' behaviors holds. Results of Ashitate's (2007) regression analysis support the proposition that, as far as regional allocation is concerned, direction of influence changed from private-to-public to public-to-private. Ashitate (2007) calculates the percentages of ODA to specific regions (Asia, Africa, Latin America and the Middle East) to the total amount of Japanese bilateral ODA (**ODA[t, p]** in Ashitate (2007)). This means that, supposing the total amount of Japanese bilateral ODA in CY 2000 to be a hundred million dollars, and a half of the aid was for Asian countries, **ODA[2000, Asia]** would be 0.50. In a similar way, Ashitate (2007) calculates the percentages of business survey activities (i.e., not necessarily funded by the governmental framework of ODA) conducted in the same regions by Japanese consultants affiliated with the Engineering Consulting Firms Association (ECFA) (**BUSINESS[t, p]**). If a third of the consultants' businesses in FY 2000 were for Asian countries, **BUSINESS[2000, Asia]** would be 0.33. Then, Ashitate (2007) examines the correlation between **ODA[t-1, p]** and **BUSINESS[t, p]** from FY 1997 to FY 2004 by controlling for the lagged dependent variable, **BUSINESS[t-1, p]**. Ashitate (2007) compares these results with those from FY 1976 to FY 1983, and claims that the influence of Japanese ODA on business decisions of private consultants increased so that incremental behaviors by those companies were less explicit. This result is still valid with the most recent data (i.e., even when additional data in FY 2005, the latest data published by ECFA which stopped information collection on survey activities, is included). This means that governmental decisions on foreign aid have a stronger influence than before.

The following section examines current influences of Japanese foreign aid on consultants' decisions in more depth by using data on countries, not regions.

#### **6.3.4 Statistical analyses on current behaviors of Japanese consulting firms**

To claim that **H4**, the hypothesis that “Governmental steering has been strengthened in Japanese Participatory ODA.” holds, this section exhibits that governmental decision on Japanese foreign aid influences consultants' business decisions in Japan by controlling for relevant variables.

Dependent variable to measure business activities is **Survey[t]**, which is the amount (million yen) of surveys in FY **t** conducted in a developing country by the Japanese consulting firms (private firms) that are affiliated with the Infrastructure Development Institute – Japan (IDI). IDI is an association established in 1966 (i.e., just after the Japanese government began its ODA) to promote Japanese “international cooperation.” IDI helps the Japanese government to implement ODA projects by giving information and also supports Japanese NGOs which are interested in constructing economic infrastructures. Despite its cooperation with the government, however, IDI's activities are not necessarily funded by ODA; in fact, more and more activities of IDI's are being considered to be non-ODA or commercial projects. This is the reason why this dissertation assumes that this dependent variable is different from independent variables regarding ODA (i.e., **ODA[t-1]** and **Loan[t-1]** in the next paragraph). As of 2008, 41 consulting firms and 219 individuals, including me myself, are registered as regular members. Information from IDI, not from ECFA, is used since ECFA stopped collecting data on its members' businesses in FY 2006 (i.e., the last ECFA report shows data in FY 2005). The caveat is that detailed data which was collected by IDI before FY 2000 is not available, and actually data between FY 2001 and 2004 was summarized and publicized for the first time since I

requested them to do so. Surveys conducted outside the developing countries, by OECD definition, are excluded (e.g., the U.S.).

Independent variables to explain consulting firms' decisions are the amount (million US dollars) of Japanese ODA to the country in the previous calendar year (**ODA[t-1]**) and that of yen loans (**Loan[t-1]**). Since yen loans are included in ODA, both independent variables are not included simultaneously. **Loan[t-1]** is included in Model 1 while **ODA[t-1]** is used to estimate Model 2. Assuming that steering has strengthened, it is expected that they show statistically significant positive coefficients. Since the economic infrastructures (e.g., dams), which Japanese consulting firms are good at, are mainly funded by yen loans, the analyses with the variable about yen loans are assumed to have more robust results. This data is published by OECD and can be downloaded via internet.

Control variables include economic size of the country in the previous calendar year (**GDP[t-1]**) and its importance as a trade partner with Japan (**Trade[t-1]**). This is because consulting firms do not necessarily work for humanitarian needs, but for promotion of business relations with other countries. Therefore, countries with economic potentials (i.e., markets) and current trade relations are more appealing. Both control variables are expected to have positive coefficients with statistical significance.

Regarding GDP, extant studies such as Saitou (1996) use GDP per capita. His logic is that it reflects how poor the country is more accurately than GDP as a whole. His measurement is reasonable since, for him, GDP is indicator to see humanitarian needs. However, GDP per capita is less significant to see business interests given that economic gap within a developing country does not mean large cities in that country are not attractive to foreign business. Therefore, **GDP[t-1]** is defined as GDP of the countrywide in CY **t-1**, which was reported by

IMF in the World Economic Overlook Report (WEO) of April 2008 (million US dollars). One can download the data.

Regarding variables of trade, extant studies such as Inoue *et al.* (1992) add the value of export from Japan to the country and that of import from the country. **Trade[t-1]** is added values of imports and exports, which are summarized by MOF (billion yen).

Lagged dependent variable (**Survey[t-1]**) is included to control incremental aspects of business decisions. All of the coefficients are expected to be positive. Coefficients are estimated by OLS, and results are shown in the tables.

Table 6.4 shows the results when **Loan[t-1]** is used as an independent variable (Model 1). Since all of the variables have statistically significant coefficients in FY 2007, I show how to substantially interpret results by using the coefficients in FY 2007. Other coefficients can be interpreted in a similar way, if they show statistical significance.

The first variable is **Loan[t-1]**. Holding other variables constant, a one million dollar increase in yen loans to a country in 2006 might have increased the amount of surveys by 2.688 million yen (about 0.027 million dollar) in FY 2007.

**Table 6.4: Determinants of survey activities between FY 2002 and FY 2007 (Survey[t]) when Loan[t-1] is used as an independent variable (Model 1).**

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
<b>Loan[t-1]</b>	<b>1.418***</b>	<b>2.025***</b>	<b>1.547***</b>	-0.498	<b>3.373***</b>	<b>2.688***</b>
	<b>(0.152)</b>	<b>(0.247)</b>	<b>(0.311)</b>	(-0.078)	<b>(0.553)</b>	<b>(0.299)</b>
<b>GDP[t-1]</b>	<b>-0.967**</b>	<b>0.760*</b>	-0.171	0.003	<b>0.875*</b>	<b>-1.832***</b>
	<b>(-0.111)</b>	<b>(0.107)</b>	(-0.039)	(0.001)	<b>(0.185)</b>	<b>(-0.386)</b>
<b>Trade</b>	-0.024	0.072	-0.030	0.010	<b>-0.267***</b>	<b>0.206***</b>
<b>[t-1]</b>	(-0.022)	(0.086)	(-0.061)	(0.019)	<b>(-0.490)</b>	<b>(0.381)</b>
<b>Survey</b>	<b>0.857***</b>	<b>0.604***</b>	<b>0.402***</b>	<b>1.246***</b>	<b>0.530***</b>	<b>0.758***</b>
<b>[t-1]</b>	<b>(0.863)</b>	<b>(0.698)</b>	<b>(0.592)</b>	<b>(0.943)</b>	<b>(0.471)</b>	<b>(0.651)</b>
Constant	-17.884	15.627	<b>139.867***</b>	-14.729	<b>114.388*</b>	<b>157.416***</b>
N	137	131	131	140	140	140
Adjusted R Sq.	0.865	0.882	0.671	0.812	0.659	0.803

\*\*\*:  $p < 0.01$  \*\*:  $p < 0.05$ . \*:  $p < 0.10$  (two-tailed test). Standardized coefficients are in parentheses.

It is slightly surprising that **GDP[t-1]** in FY 2007, or **GDP06**, shows negative coefficients with statistical significance. Holding other variables constant, a one billion dollar increase in GDP in 2006 might have *decreased* the amount of surveys in FY 2007 by 1.832 million yen (about 0.0018 billion yen). This means that the smaller the developing country is in terms of its economy, the more consulting companies in Japan invest. One cannot necessarily interpret that

this fact shows humanitarianism in the business. Rather, it might indirectly indicate the companies' following governmental steering given its rhetoric regarding aid policy, "foreign aid for the poor." In this sense, in FY 2003 and FY 2006, when **GDP[t-1]** have statistically significant positive coefficients, consultants were less interested in the governmental aid strategies.

**Trade[t-1]** in FY 2007, or **Trade06**, shows a positive coefficient with statistical significance as predicted, but one should be careful about its substantial meaning. Holding other variables constant, a one billion yen increase in trade in the previous year might have increased the amount of surveys in the next year by 0.206 million yen or 0.000206 billion yen. This calculation shows that trade partnership is not so influential. This is also true even for the results in FY 2006, when the coefficient associated with **Trade[t-1]** is *negative* and statistically significant.

**Survey[t-1]** is the most influential according to the standardized coefficients. Holding other variables constant, a one million yen increase in surveys in the previous year might have increased the amount of surveys in the next year by 0.758 million yen.

One can notice that only in FY 2005 was governmental aid in the previous year (**Loan[t-1]**) ineffective. A part of the reason for this lies in the higher correlation between consulting activities in FY 2004 and FY 2005 (about 0.90). As the table shows, the standardized coefficient associated with **Survey[t-1]** in FY 2005 (**Survey[2004]**) is much larger than in other years. It is difficult to tell exactly why consulting firms were extraordinarily incremental in FY 2005, but one can guess that the transformation of JICA to a more independent agency in late 2003 contributed to the stability. This is because, as IDI itself admitted in its annual report in 2006, consulting firms in 2005 were unsure about what would happen after JICA was reformed,



which presumably forced companies to preserve the status quo rather than changing their businesses depending on ODA in the previous year.

Excluding FY 2005, un-standardized coefficients associated with **Loan[t-1]** are increasing, which might support the proposition that consulting firms in Japan are paying attention to governmental foreign aid.

**Table 6.5: Determinants of survey activities between FY 2002 and FY 2007 (Survey[t]) when ODA[t-1] is used as an independent variable (Model 2).**

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
<b>ODA[t-1]</b>	<b>3.699***</b> (0.335)	<b>3.545***</b> (0.337)	<b>0.652*</b> (0.141)	0.300 (0.033)	<b>1.845**</b> (0.573)	0.494 (0.061)
<b>GDP[t-1]</b>	<b>-1.266***</b> (-0.140)	0.470 (0.063)	-0.067 (-0.015)	-0.112 (-0.023)	<b>1.355**</b> (0.286)	<b>-1.715***</b> (-0.362)
<b>Trade [t-1]</b>	-0.068 (-0.058)	<b>0.082*</b> (0.091)	-0.023 (-0.044)	-0.015 (-0.027)	<b>-0.196**</b> (-0.360)	<b>0.263***</b> (0.486)
<b>Survey [t-1]</b>	<b>0.746***</b> (0.750)	<b>0.530***</b> (0.612)	<b>0.507***</b> (0.759)	<b>1.220***</b> (0.915)	<b>0.644***</b> (0.573)	<b>0.975**</b> (0.837)
Constant	-62.248	-6.670	<b>110.381***</b>	-14.729	85.401	<b>113.290**</b>
N	129	126	127	138	140	140
Adjusted R Sq.	0.900	0.895	0.692	0.811	0.591	0.786

\*\*\*: p<0.01 \*\*: p<0.05. \*: p<0.10 (two-tailed test). Standardized coefficients are in parentheses.

Table 6.5 shows the results when **ODA[t-1]** is used as an independent variable (Model 2). Results are almost similar to the case where **Loan[t-1]** is used, except that coefficients associated with foreign aid, **ODA[t-1]**, show no statistical significance in FY 2007 as well as FY 2005. These weaker results are as predicted.

The results of Model 1 and Model 2 show that Japanese consulting firms are currently paying attention to how the government used its foreign aid in the past, which confirms the fourth hypothesis in this dissertation. Consultants' concern is in contrast to the influence which they once exercised.

#### **6.4 SUMMARY**

This chapter first illustrated that, in spite of NGOs' involvement in aid activities, their roles are limited in decision-making processes. In addition to governmental steering of nonprofit actors, businesspersons are influenced by the government. This is true for a specific consultant, Nippon Koei. Apart from Nippon Koei, however, Japanese consulting firms in general are more attentive to the way the government allocates its ODA; this is another evidence of strengthened steering by the public sector.

## **7.0 CONCLUSION**

### **7.1 SUMMARIES OF THIS DISSERTATION**

This dissertation was proposed to answer the question of whether networks in Japanese “Participatory ODA” make a difference as well as why the government began using many private actors such as NGOs. As a frame of reference, this dissertation used “governance by network” research. This is because this field of research literally takes networks with autonomous members into serious consideration, while assuming the existence of hierarchical coordination of networks, in many cases by the government. This field of research is not brand-new; the argument of corporatism is one of its forefathers. However, the current argument of “governance by network” is more helpful to this dissertation because of its comprehensiveness and alleged focus on results of networks.

This dissertation demonstrated that Japanese “Participatory ODA” since the late 1990s has resulted in public support, flexibility, innovation, and governmental steering as “governance by network” research suggests. The first section summarizes the findings, while the second introduces some implications for the government as well as for political scientists.

### **7.1.1 “Governance by network” and ODA as a public policy**

This dissertation started with theory. The second chapter initially reviewed extant studies on “governance by network” and theoretically clarified what these studies claim about this new way of governing using networks. Unfortunately, scholars of public administration as well as those of administrative law are not always good at defining the concepts that they are using; there are even academic debates on what “public administration” itself means. “Governance by network” is no exception, i.e., scholars try to explain different phenomena using the framework, however, without a concrete definition of “governance by network.” Based on Sørensen and Torfing’s (2005) and Torfing’s (Forthcoming) definitions, this dissertation explained that “governance by network” was realized by institutionalized interactions between autonomous actors seeking public goals, and that the governance needed meta-governance. Summarizing what extant studies explain, this dissertation made further efforts to clarify the concept.

Firstly, this dissertation found that a network can function as a resource allocation mechanism and as a coordination mechanism. Taking examples from policy for maintaining public order, one may find that networks which consist of local governments and community groups in the U.K. belong to the former while the European Court of Justice (ECJ) represents the latter. The former networks in the U.K provide a public good, or social security, by controlling crimes in communities. However, local governments in the country think that the lack of central steering (e.g., national standards) is a problem, which suggests the importance of coordination by hierarchy (Benyon and Edwards 1999). In contrast, as Sbragia (2000) explains, the police in member states are coordinated by looser version of exercising authority in the EU, or the common judges, not by hierarchy, or the chief of the common police. Thus, implementing

policies using a network is one thing, and managing the implementation using a network mechanism is quite another.

Secondly, this dissertation found that depending on where the argument originated (i.e., the Netherlands, the U.K., or the U.S.), “governance by network” has different connotations. One of the most significant differences between the studies is the role assigned to national governments. One may notice that, while American studies examine state and local governments more often, in the Dutch and British studies, the role that the national governments play in meta-governance is mentioned strongly. This dissertation decided to use the framework which originated in the Netherlands and the U.K. as the situations in these two countries were similar to the Japanese situation (i.e., the current trends toward decentralization and the increasing number of private organizations which can implement policies). Those who prefer to describe Japan as “pluralism” may reject that Japan shows “corporatist” characteristics and hesitate to use the framework of “governance by network,” one of whose forefathers is “corporatism” research. However, the vague distinction between the public and private sectors in Japan has enabled many private actors to take part in policy implementation like in the Netherlands and the U.K. As a result, the Dutch and Britain studies provide good frames of reference here.

The second chapter also introduced the reason why it is important to examine foreign aid since some may reject that ODA is similar to usual domestic policies. This dissertation demonstrates that foreign aid policy is located between domestic policies and other foreign policies. ODA is different from other foreign policies (e.g., military diplomacy) in that it has more actors to intervene and more tools available. On the other hand, ODA is similar to domestic policies in that it has domestic and non-altruistic policy goals and that governmental choice of tools is political. This chapter, therefore, academically succeeded in locating both

foreign policy and domestic policy in the same arena rather than, as in the argument of Two Presidencies, separating foreign policy from domestic policy.

### **7.1.2 Beyond multiple myths about Japanese ODA: Myth about MOFA/JICA and the reactive state thesis**

As explained above, the second chapter answered the question of why it was important to examine ODA. However, there is another question of whether Japanese ODA is exceptional. Even though ODA in most donor countries can be analyzed from the perspective of “governance by network,” one still cannot claim decisively that Japanese ODA is the same as other countries’. This is why the third chapter introduced a myth on Japanese ODA and refuted them by saying that MOFA/JICA is not necessarily the only defender of “national interest.” Further, the fourth chapter rejects another myth, or the reactive state thesis, by demonstrating that Japanese foreign policy was not necessarily distorted by American pressure.

The first myth with respect to Japanese ODA is that Japanese diplomats involved in ODA are concerned with “national interest,” but that fragmented jurisdiction over the foreign aid allows secular bureaucrats (e.g., MITI/METI) to “distort” Japanese ODA. However, the third chapter demonstrated that MOFA/JICA is concerned with organizational interests, and ODA can be a means for this purpose. The third chapter first introduced case studies which demonstrated that bureaucrats used intelligence in MOFA/JICA for their own purposes as well as for narrow organizational interests. In a similar vein, the Japanese history shows continuous conflicts between MOFA/JICA and MITI/METI over jurisdictions of ODA.

Despite MOFA/JICA’s motivations, it was not interested in selecting nicer tools in the past because the ODA budget was stable and a vast majority of citizens supported foreign aid.

This proposition does not hold now. The administration sometimes imposes the harsh ceiling on the ODA budget, and younger politicians tend to intervene with foreign aid processes for more practical purposes. The number of Japanese citizens who support Japanese ODA has been decreasing. Although the trend has reversed recently, current rate of support for the Japanese ODA is not as high as it used to be.

Thus, it is reasonable to claim that MOFA/JICA has secular interests in ODA, and that so to look after these interests, MOFA/JICA can utilize various tools, among which is network.

Before explaining results when using networks, in the fourth chapter this dissertation refuted the reactive state thesis, or the reactive Japan thesis, and explained that Japan had autonomy to utilize its own tools, including networks. The thesis concludes that Japanese policies are too often influenced by international pressure, especially by American. Miyashita (2004) insists that, as far as Japanese foreign aid policy is concerned, the thesis holds. Thinking that fragmentation of Japan makes its government more prone to American pressure, he implies that, if Japan is reactive when Japan is coherent, then this fact guarantees that Japan is always reactive. However, case studies in this chapter rejected the relation between the fragmentation of Japan and the policy convergence between Japan and the U.S. In addition, the fourth chapter concluded that the policy convergence between the two governments did not result from the fact that Japan was reactive. The case study of foreign aid to Russia demonstrated that the intra-organizational incoherency in Japan finally led to policy convergence between the two donors.

### **7.1.3 Results of “Participatory ODA”**

The third and fourth chapters demonstrate that Japanese decision-makers can, and sometimes have to, select tools autonomously. Given this contention, the fifth chapter examined three

outputs of using a specific tool, networks, in the name of Japanese “Participatory ODA”: increasing public support, flexibility, and innovation. Results showed that, as predicted, increasing involvement of private actors brought about all of them.

I demonstrated first that it was likely that “Participatory ODA” increased citizens’ support of Japanese ODA. There has been a dearth of research on relations between citizen participation, besides voting, and trust/support of the government. Participation has been considered to be a synonym of empowerment, but it has been difficult to prove that participation really changes citizens’ attitudes. Thus, by showing some empirical data connecting participation and public support for policy, this chapter contributes to development of research on political participation.

The fifth chapter also showed that with networks, Japanese ODA became more flexible and more innovative. Flexibility here meant the ability to adjust extant policies to newer environments, while innovation was the capability of starting new and original policies matching to newer environments. With respect to flexibility, the framework of JPF, in which Japanese NGOs and companies take part, was studied. JPF gives Japanese NGOs funds for emergency aid. This framework led Peace Winds Japan, a Japanese NGO, to help the Afghani people more quickly as compared to cases before the establishment of JPF. A caveat is that, once foreign aid is politicized, networks do not always guarantee flexibility.

In addition to exploring the flexibility issues, the fifth chapter asked whether networks cause innovation of foreign aid projects. The answers were positive, and many private actors, including NGOs and universities, were newly involved in the aid projects. Further, although it is too early to evaluate its effect, the innovation of cooperation within the private sector (e.g., between firms and NGOs) was shown in the fifth chapter.



In the sixth chapter, broader results, or outcomes, were analyzed. Changing relations between the government and NGOs as well as between the government and private consulting firms were examined. This dissertation hypothesized that “Participatory ODA” would be followed by increasing steering by the government.

Regarding NGO-state relations, Hirata (2002) theoretically supported the proposition by suggesting that these relations must be “Conflict” in Japan, which reminds people of the necessity of strengthened governmental steering. Studying the development of Country Study Groups in IFIC, this dissertation concluded that NGOs (and other actors in the private sectors) were losing their influence in decision-making in contrast to policy implementation.

Regarding relations between the government and Japanese consulting companies, the governmental steering was shown to be strengthened as well. Although many extant studies mention, sometimes negatively, that Nippon Koei, one of the largest consulting firms in Japan, has had a strong influence on Japanese ODA, it seems that currently the company is influenced by Japanese ODA. Apart from looking at a specific consultant, this dissertation examined behaviors of private consultants in general. Results of statistical analyses supported the proposition that the way the Japanese government allocated its bilateral ODA changed the way private consultants decided where to invest in the following year.

## 7.2 IMPLICATIONS AND THEORETICAL CONCERNS

### 7.2.1 The question of how exceptional Japan is: Ambiguity in Japanese public administration and the reactive state thesis

In addition to the aforementioned findings, this dissertation shows many theoretical implications. The first is about the question of how exceptional Japanese public administration is.

The looseness of Japanese public administration, which was explained in the second chapter, has been, and is to a lesser extent, omnipresent in the country. With the advent of more projects like that implemented by Ajinomoto and OISCA, as explained in the fifth chapter, it is expected that the boundary between foreign aid, a form of economic diplomacy by the government, and private sectors' activities will become much vaguer. However, this phenomenon does not necessarily mean that Japan is exceptional. Rather, this kind of phenomenon can be witnessed everywhere in the era of "governance by network."

The looseness exists even within the executive branch in Japan. Large-room-ism, where staff members work together instead of working in individual compartments, is an example. I have had many opportunities to talk with elite bureaucrats from Asian countries, and they said that the large-room-ism was not the case with their home countries. We cannot see this arrangement in Anglo-American countries, either. One may naturally wonder if large-room-ism represents Japanese exceptionalism. However, if one looks at large-room-ism from the network perspective, he will find that it is not an odd phenomenon. This phenomenon only includes the public sector, but, if the networks consist of bureaucrats who work together beyond individually assigned jobs, are they not still networks? Large-room-ism contradicts the assumption that the government is controlled by the hierarchy mechanism, and shows that people in the public sector

do work using the network mechanism as well. This dissertation implies that “governance by network” gives scholars significant tools to study Japanese public administration, in general apart from ODA, from a comparative perspective.

The reactive thesis is also related to Japanese exceptionalism. Many scholars, especially IR scholars, discuss the applicability of the reactive state thesis to Japan, but there are controversies. For instance, there can be different opinions about under what conditions Japan is likely to be reactive. Exhibiting additional evidence that the thesis is not true for Japanese ODA, this dissertation will contribute to future discussion.

### **7.2.2 ODA as a public policy and the argument of tools of government**

The argument of the tools of government helps us to examine decision-making in various policy areas. This framework enables one to compare policy areas where similar tools are used. For instance, when Japan privatized its postal services in 2007, quite a few scholars refer to Japanese railway services, privatized in the mid-1980s, as well as postal services in other countries which had already privatized the services. In addition, the framework presents important independent variables when one tries to explain the fate of the program. Peters (2005, 73), for instance, says that “the choice of policy instruments will have a substantial impact on the success of program.”

This dissertation, especially the second chapter, widened the area to which the framework of tools of government could be applied to include foreign policy. Clearly, this framework does not provide a panacea for political scientists. Some may insist that this framework is not good at explaining non-decisions (i.e., decisions not to use any policy tools). Also, when scholars want to examine failure in policy implementation, they need to find additional factors which separate implementation failure from implementation success when the

same tools are used. Despite these limits, clarification or categorization of governmental instruments is academically significant since it is the first step to comparing policies.

As social scientists are interested in general statements on causalities, they cannot easily limit the areas to which theory is applied. To avoid exceptionalisms, Przeworski and Teune (1970) say that it is important for scholars conducting comparative social inquiries to replace names with variables. This dissertation has succeeded in doing this in the area of ODA.

### **7.2.3 ODA and organizational interests**

This dissertation is not the first study which mentions organizational or bureaucratic interests in Japanese ministries and the results of these interests. In fact, Kato's (1994) research on MOF's motivation to introduce indirect taxes is a great example. However, there has been no research examining MOFA/JICA's interests.

Decision-makers tend to deny that their decisions are based on some narrow interests. This is not an exception for those involved with Japanese ODA, either. Actually, governmental members who are involved in foreign aid activities are very much concerned with situations in developing countries. Having been involved in foreign aid as a lecturer at JICA seminars as well as an intern, I am keenly aware of their enthusiasms and I do not mean to minimize their efforts. They tend to be offended when someone points out that some organizational interests move foreign aid in a specific way. However, given that politicians' desire for reelection is a heuristic and does not always conflict with their desire for good policies, it is no shame to recognize that bureaucratic organizational interests matter. In addition, no matter how many intelligent members an organization has, the organization does not always behave wisely. The Prisoners' Dilemma in game theory would be the easiest way to see this fact. One may also remember the

miserable wars begun by the best and brightest. This gap between rational persons and irrational collective behaviors is examined by many studies, such as research on organizational theory. Thus, this dissertation put an emphasis on behaviors coming from organizational interests of MOFA/JICA, apart from personalities of specific staff members.

#### **7.2.4 Results of “Participatory ODA” and the governmental roles in an era of state reform**

Results in the sixth chapter as well as the fifth strengthened “governance by network” research, which focuses less on empirical results when using networks. The results in the sixth chapter have more a practical meaning as well. Since the 1980s, the Japanese governments (national and local governments) have avoided using the hierarchy mechanism when they tried to reform their public administration. Privatizations of public firms have been witnessed, and NGOs and NPOs have been encouraged to take part in policy implementation.

If the demonstrated link between involvement and satisfaction is omnipresent, it can be good news for governments as well as for political scientists. This is because this dissertation might present a solution to a common problem for advanced democracies, i.e., decreasing trust in the government which is examined by Nye, Zelikow, and King (1997); the government should increase citizens’ involvement in policy implementation.

However, a slight caveat when outsourcing is that policy implementation is one thing, and management of frameworks of policy implementation is quite another. This dissertation implied that decision-makers should take this difference into more serious consideration, since even when they outsource public services they are still expected to meta-govern the framework of implementation.

### 7.3 STRATEGIC MEANS FOR SINCERE GOALS

It would be an unfortunate situation for ODA if bureaucrats and citizens were to continue to think that ODA is exceptional. Certainly, in the past, especially during the 1980s, claiming that ODA was a special item in the budget contributed to an increase in the amount of Japanese ODA. However, this is no longer the case. Being special and therefore kept separate from other domestic policies could even be disadvantageous. This is because people may think that if the foreign aid is unrelated to domestic interests then the aid is meaningless. In fact, the Hashimoto administration imposed the severest ceiling (i.e., minus 10 percent) on the 1998 General Account Budget with respect to ODA. In addition, in 2000, Kamei, one of the most influential politicians in the LDP (currently he is not in the LDP), insisted that ODA should be decreased by 30 percent. Although it sounds ironic, decision-makers today must associate foreign aid with concrete domestic interests so to achieve goals of ODA, whether the goals are secular or not. Actually, in 2003, the ODA Charter was revised, and the government added the clear statement that ODA will contribute to Japanese national interest.

In the mid-1980s, I saw the media campaign which stressed how important it was to help starving Africa and so became interested in Japanese foreign aid. Since I started my academic work in the field of ODA and worked as an intern in JICA, my dream has been to close the gap between scholars studying foreign aid and people dedicating themselves to foreign aid activities. The gap exists partially because, once scholars, such as authors of Watanabe and Kusano (1991), attempt to analyze Japanese ODA more objectively, they are likely to be considered to be too pro-government by those citizens who are skeptical of the government. Certainly, there has been some communication between scholars and practitioners of foreign aid. Economists, or scholars in development economics, have contributed a lot to this dialogue by,

for example, estimating the effects of aid flows on recipients' economies. This dissertation contributes to foreign aid from a perspective different from their angles. For instance, it may help MOFA/JICA staff to seriously think about governance in Japan (and other donor countries) in addition to merely focusing on "Good Governance" in recipient countries. Some may think that this dissertation cannot help Japan to technically improve Japanese ODA. Despite this kind of criticism, I strongly believe that, apart from citizens' involvement which was examined in the fifth chapter, making foreign aid understood better is necessary for Japan to garner public support for Japanese ODA. For this purpose, I hope that this dissertation is presenting a new perspective from which people can analyze ODA more objectively.

For instance, people tend to either laugh at or get angry with ODA scandals; however, they need to realize that these scandals result partially from politicization of the aid. This dissertation suggests that before emotionally claiming, for instance, that Suzuki, a powerful politician, put *unreasonable* pressure on MOFA regarding participation of Peace Winds Japan in a conference in Tokyo, one should pay more logical attention to the way politicization affects foreign aid and effectiveness of networks.

#### **7.4 VENUES FOR NEW RESEARCH**

The achievements and implications introduced in the above sections do not mask the fact that some questions remain to be studied further. Neither do my hope for better ODA. Following are three major issues for future research.

The first is regarding organizational interests of bureaucrats. This dissertation explained that MOFA/JICA staff members' logic of behavior was not different from most other ministries'.

This dissertation focused on the institutional framework of ministries, and it claimed that weak Ministry Secretariats lead to narrow organizational interests. However, there are many intervening factors to which one should pay attention. Some may wonder, for instance, whether generation has an influence on perception of interest. Others may assume that the alumni of the University of Tokyo and that of Kyoto University exhibit different interests. So that people can understand how organizational interests emerge, detailed and comprehensive surveys are necessary (supposing that bureaucrats answer sincerely). This should be a topic for future research.

The second is regarding results when using networks. The second chapter claimed that “governance by network” research has not paid enough attention to results of networks. Certainly, by examining outputs of networks in “Participatory ODA,” the fifth chapter contributed to the development of the framework. However, the results are not yet complete. This is partly because of many contingencies. In policy reforms, the government uses a variety of instruments simultaneously, and it is difficult to recognize any genuine and individual effects of using networks. In addition, there is a dearth of research on links between direct participation in policy implementation and citizens’ attitudes. A large-scale simulation or experiment, for instance, might be necessary to identify these links, but this is beyond the scope of this dissertation.

Finally, empirical analysis with more consistent data is required although this dissertation used the best data available. One cannot deny that Japanese consultants have influenced Japanese ODA (although some may negatively evaluate the influence). Despite this fact, important data on Japanese consulting firms is unfortunately dispersed. Certainly, during my



research for this dissertation, I collected and organized a part of such data with the cooperation of IDI, but future research should continue to enrich the data base in this field.

## **APPENDIX**

### **LIST OF MAJOR ACRONYM**

ECFA: the Engineering Consulting Firms Association.

FY: Japanese fiscal year (starting from April of the calendar year (CY))

IDI: the Infrastructure Development Institute – Japan.

IFIC: the Institute for International Cooperation

JICA: the Japan International Cooperation Agency.

JPF: Japan Platform.

LDP: the Liberal Democratic Party.

METI: the Ministry of Economy, Trade and Industry (the successor of MITI).

MITI: the Ministry of International Trade and Industry.

MOF: the Ministry of Finance.

MOFA: the Ministry of Foreign Affairs.

NFP: the New Frontier Party.

NGO: Non-governmental Organization.

NPO: Non-profit Organization.

ODA: Official Development Assistance.

## BIBLIOGRAPHY

- Agranoff, R. and McGuire, M. (2001). After the network is formed: Process, power, and performance. In M. P. Mandell (Ed.), *Getting results through collaboration: Networks and network structures for public policy and management* (pp.11-29). London: Quorum Books.
- Amaki, N. (2003). *Saraba gaimusho!* [Good bye, MOFA!]. Tokyo: Kodansha.
- Arase, D. (1995). *Buying power: The political economy of Japan's foreign aid*. Boulder, CO: Lynne Rienner.
- Ashitate, H. (2003). 1990 nendai nihon ni okeru seijikeizai-kouzou no henka to enjo-gyousei no paradaimu tenkan [Changing Japanese politico-economic structures in the 1990s and transformation of the paradigm in Japanese ODA]. In M. Muramastu, and T. Shiraishi. (Eds.). *Ajia seiji chitsujo keisei to minshuka* [Building political orders and democratization in Asian countries] (pp. 197-222). Kyoto: Nichibunken.
- Ashitate, H. (2007). Foreign aid (ODA) as a public policy. *Interdisciplinary Information Sciences*, 13(1), 129-138.
- Ashitate, H. (2008). Foreign aid policies in the presidential and parliamentary systems: Beyond the institutional differences. *Interdisciplinary Information Sciences*, 14(2), 145-153.
- Benyon, J. and Edwards, A. (1999). Community governance of crime control. Introduction: The unintended costs and benefits of new management reform for British local government. In G. Stoker (Ed.), *The new management of British local governance* (pp. 145-167). New York: St. Martin's Press.
- Boviard, T. (2004). Public-private partnerships: From contested concepts to prevalent practice. *International Review of Administrative Sciences*, 70(2), 199-215.
- Börzel, T. A. and Panke, D. (2008). Network governance: Effective and legitimate. In E. Sørensen and J. Torfing (Eds.), *Theories of democratic network governance* (pp. 153-166). New York: Palgrave Macmillan.
- Calder, K. (1988). Japanese foreign economic policy formation: Explaining the reactive state. *World Politics*, 40(4), 517-541.

- Dryzek, J. S. (2008). Networks and democratic ideals: Equality, freedom, and communication. In E. Sorensen and J. Torfing (Eds.), *Theories of democratic network governance* (pp.262-273). New York: Palgrave Macmillan.
- Freeman, G. P. (1985). National styles and policy sectors: Explaining structured variation. *Journal of Public Policy*, 5(4), 467-496.
- Godfroij, A. J. A. (1995). Public policy networks: Analysis and management. In W. J. M. Kickert and F. A. van Vught (Eds.), *Public policy and administration sciences in the Netherlands* (pp. 177-195). New York: Prentice Hall/Harvester Wheatsheaf.
- Goldsmith, S. and Eggers, W. D. (2004). *Governing by network: The new shape of the public sector*. The Brookings Institution Press.
- Hara, H. (2008). *Watashi ha gaimushou no yatoware-supai datta* [I was a spy employed by MOFA]. Tokyo: Shougakukan.
- Herranz, J. (2008). The multisectoral trilemma of network management. *Journal of Public Administration Research and Theory*, 18, 1-31.
- Hirata, K. (2002). *Civil society in Japan: The growing role of NGOs in Tokyo's aid and development policy*. New York: Palgrave Macmillan.
- Hood, C. (1983). *The tools of government*. London: Palgrave Macmillan.
- Hood, C. (1991). A public management for all seasons? *Public Administration*, 69(1), 3-19.
- Hook, S. W. (1995). *National interest and foreign aid*. Boulder and London: Lynne Rienner Publishers.
- Hook, S. W. (2008a). *U.S. foreign policy: The paradox of world power* (2<sup>nd</sup> ed.). Washington D.C.: CQ Press.
- Hook, S. W. (2008b). Foreign aid in comparative perspective: Regime dynamics and donor interests. In L. A. Picard, R. Groelsema and T. F. Buss (Eds.), *Foreign aid and foreign policy: Lessons for the next half-century* (pp. 86-105). Armonk, New York and London, England: M. E. Sharpe.
- Hook, S. W. and Zhang, G. (1998). Japan's aid policy since the Cold War: Rhetoric and reality. *Asian Survey*, 38(11), 1051-1066.
- IDJ. (2003). Renkei he susumu kigyo to NGO [Companies and NGOs are collaborating with each other]. *International Development Journal*, 556, 20-35.
- IDJ. (2009). TICAD IV follow-up: Special discussion. *International Development Journal*, 634, 12-15.

- Inoue, K., Okamoto, Y., Yokota, K. and Hirata, A. (1992). Nihon no seihu-kaihatsu-enjo no tenkai [Developments of Japanese ODA]. In I. Yamazawa and A. Hirata (Eds.), *Nihon Amerika Yoroppa no kaihatsu-kyoryoku-seisaku* [Development cooperation policies of Japan, the United States, and Europe] (pp. 20-53). Tokyo: Institute of Developing Economies.
- Iversen, T. (2005). *Capitalism, democracy, and welfare*. New York: Cambridge University Press.
- Japan, the Ministry of Foreign Affairs. (2001). *NGO katsudou-kankyō ni kansuru kokumin ishiki chosa* [Survey on environments surrounding Japanese NGOs and their activities]. Tokyo: APIC.
- Japan, the Ministry of Foreign Affairs. (2008). *ODA hakusho* [Annual report of ODA 2008]. Tokyo: MOFA.
- John, D., Kettl, D. F., Dyer, B. & Lovan, W. R. (1994). What will new governance mean for the federal government? *Public Administration Review*, 54(2), 170-175.
- Johnson, C. (1982). *MITI and the Japanese miracle: The growth of industrial policy, 1925-1975*. CA: Stanford University Press.
- Kabashima, I. (1988). *Seiji sankā* [Political participation]. Tokyo: Tokyo University Press.
- Katada, S. (1998). Aid politics and electoral politics: Japan, 1970-1992. *International Studies Quarterly*, 42(3), 591-602.
- Katada, S. (2002). Japan's two-track aid approach: The forces behind competing triads. *Asian Survey*, 42(2), 320-342.
- Kato, J. (1994). *The problem of bureaucratic rationality: Tax politics in Japan*. Princeton and Oxford: Princeton University Press.
- Kato, K. (1998). *Tsusho kokka no kaihatsu kyoryoku seisaku* [Commercial Japanese foreign aid policies] Tokyo: Bokutakusha.
- Katznelson, I. and Shefter, M. (2002). *Shaped by war and trade: International influences on American political development*. Princeton and Oxford: Princeton University Press.
- Kettl, D. F. (1997). The global revolution in public management: Driving themes, missing links. *Journal of Policy Analysis and Management*, 16(3), 446-462.
- Kettl, D. F. (2000). The transformation of governance: Globalization, devolution, and the role of government. *Public Administration Review*, 60(6), 488-497.
- Kettl, D. F. (2002). Managing indirect government. In L. M. Salamon (Ed.), *The tools of government: A guide to the new governance* (pp. 490-510). Oxford New York: Oxford University Press.

- Kickert, W. J. M. and in't Veld R. J. (1995). National government, governance and administration. In W. J. M. Kickert and F. A. van Vught. (Eds.), *Public policy and administration sciences in the Netherlands* (pp. 45-62). New York: Prentice Hall/Harvester Wheatsheaf.
- Kickert, W. J. M., Klijn, E-H. and Koppenjan, J. F. M. (Eds.). (1997). *Managing complex networks: Strategies for the public sector*. New York: SAGE Publications.
- Kickert, W. J. M. (2008). The study of public management in the Netherlands: Managing complex networks and public governance. In W. J. M. Kickert (Ed.), *The study of public management in Europe and the US: A comparative analysis of the national distinctiveness* (pp. 122-143). London and New York: Routledge.
- Kikuchi, K. (2003). *Keizai-gaikou no genba wo kataru* [Explaining how diplomacy regarding foreign economic policy goes]. Tokyo: Bensei Press.
- Kitayama, T., Kume, I. and Mabuchi, M. (2009). *Hajimete deau seijigaku* [Political Science Today] (3<sup>rd</sup> Ed.). Tokyo: Yuhikaku.
- Kitazawa, Y. (1982). *Nihon kigyo no kaigai shinshutu* [Increasing Japanese firms' activities overseas]. Tokyo: Nihon Hyoron.
- Klijn, E. -H. and Edelenbos, J. (2008). Meta-governance as network management. In E. Sørensen and J. Torfing (Eds.), *Theories of democratic network governance* (pp. 199-214). New York: Palgrave Macmillan.
- Klijn, E. -H. and Koppenjan, J. F. M. (2000a). Public management and policy networks: Foundations of a network approach to governance. *Public Management*, 2(2), 135-158.
- Klijn, E. -H. and Koppenjan, J. F. M. (2000b). Interactive decision making and representative democracy. In O. V. Heffen, W. J. M. Kickert and J. J. A. I. Thomassen (Eds.), *Governance in modern society: Effects, change and formation of government institutions* (pp.109-134). Dordrecht/Boston/London: Kluwer Academic Publishers.
- Kooiman, J. (2000). Societal governance: Levels, modes, and orders of social-political interaction. In J. Pierre (Ed.), *Debating governance* (pp. 138-164). New York: Oxford University Press.
- Kubo, H. (2009). Foreign aid policy under Kennedy and Johnson administration. Master Thesis submitted to Kyoto University (written in Japanese except his translation of title and abstract).
- Kubota, Y. (1980). Watakushi no rirekisho [My personal history]. In Nihon Keizai Sinbun (Ed.), *Watakushi no rirekisho, vol. 9* (pp. 243-321). Tokyo: Nihon Keizai Shinbun.
- Kume, I. (1988). Changing relations among the government, labor, and business in Japan after the oil crisis. *International Organization*, 42(4), 659-687.

- Kunugi, T. and Mori, M. (2006). Kokusai NGO to gurobaru gabanansu [International NGOs and global governance]. In T. Kunugi and M. Mori (Eds.), *Kokusai NGO ga sekai wo kaeru* [International NGOs will change the world] (pp. 226-239). Tokyo: Tohsindo.
- Kuroda, Y. (2001). Japan's Middle East policy: Fuzzy nonbinary process model. In A. Miyashita and Y. Sato (Eds.), *Japanese foreign policy in Asia and the Pacific: Domestic interests, American pressure, and regional integration* (pp. 101-118). New York: Palgrave Macmillan.
- Lijphart, A. (1999). *Patterns of democracy: Government forms and performance in thirty-six countries*. New Haven: Yale University Press.
- Long, W. J. (2001). Nonproliferation as a goal of Japanese foreign assistance. In A. Miyashita and Y. Sato (Eds.), *Japanese foreign policy in Asia and the Pacific: Domestic interests, American pressure, and regional integration* (pp. 119-136). New York: Palgrave Macmillan.
- Magosaki, U. (1993). *Nihon gaikou: Genba karano shougen* [Japanese diplomacy: Witnessed by the person on-the-spot]. Tokyo: Chuo Koron.
- Malmström, A. (1996). Power and development in Indonesia. In M. Söderberg (Ed.), *The business of Japanese foreign aid: Five case studies from Asia* (pp. 127-150). London and New York: Routledge.
- Marshall, T. H. (1950). *Citizenship and social class*. Cambridge: Cambridge University Press.
- Mavrotas, G. and McGillivray, J. (Eds.). (2009). *Development aid: A fresh look*. New York: Palgrave Macmillan.
- Mekata, S. (2004). *NGO sekutah ni kansuru rokkakoku hikaku tyousa: MDBs tonon renkei ni mukete* [Comparative research on NGO sectors in six countries: For the future collaboration with MDBs]. Tokyo: MOF.
- Mikanagi, Y. (1996). *Japan's trade policy: Action or reaction?* London and New York: Routledge.
- Miyagi Prefecture. (2001). *Atarashii Kensei-Souzou-Undou no Seika* [Fruits of a Prefectural Reform]. Miyagi Prefecture.
- Miyashita, A. (1999). Gaiatsu and Japan's foreign aid: Rethinking the reactive-proactive debate. *International Studies Quarterly*, 43(4), 695-731.
- Miyashita, A. (2001). Consensus or compliance?: Gaiatsu, interests, and Japan's foreign aid. In A. Miyashita and Y. Sato (Eds.), *Japanese foreign policy in Asia and the Pacific: Domestic interests, American pressure, and regional integration* (pp. 37-61). New York: Palgrave Macmillan.

- Miyashita, A. (2004). Nihon no enjo-seisaku to Amerika: Gaiatsu hannou gata kokka ron no ichi kousastu [The United States and Japanese foreign aid policy: An analysis of the reactive state thesis]. *Leviathan*, 34, 119-137.
- Mori, K. (1995). *The political economy of Japanese Official Development Assistance*. Tokyo: The International Development Journal Co., Ltd.
- Muramatsu, M. (1981). *Sengo nihon no kanryou-sei* [Japanese bureaucracy in the postwar era]. Tokyo: Toyo Keizai.
- Murata, O. (1999). Jisshi-kikan kara mita nihon no enjo [Japanese foreign aid from the perspective of implementing agencies]. In T. Igarashi (Ed.), *Nihon no ODA to kokusai titsujo* [Japanese ODA and international order] (pp. 192-212). Tokyo: Nihon Kokusai Mondai Kenkyuu-jo.
- Nelson, P. (2008). NGOs in the foreign aid system. In L. A. Picard, R. Groelsema and T. F. Buss (Eds.), *Foreign aid and foreign policy: Lessons for the next half-century* (pp. 315-328). Armonk, New York and London, England: M. E. Sharpe.
- Neumayer, E. (2003). *The pattern of aid giving*. London and New York: Routledge.
- Nippon Koei. (2005). *Koei quarterly* 28. Tokyo: Nippon Koei.
- Nippon Koei. (2006). *Koei quarterly* 32. Tokyo: Nippon Koei.
- Nishikawa, J. (1999). Ajia keizai kiki to kaihatsu tojo koku no kaihatsu senryaku [Asian economic crises and development strategies of developing countries]. In Nihon Kokusai Forum (Ed.), *Nihon no ODA: Kokueki to kokusai kouken* [Japanese ODA: National interest and international contribution] (pp. 67-80). Tokyo: Nihon Kokusai Forum.
- Nishio, M. (2001). *Gyosei-gaku* [Public administration] (Revised). Tokyo: Yuhikaku.
- Nunnenkamp, P. (2008). The myth of NGO superiority. *D+C*, 35(5), 208-209.
- Nye, J. S., Zelikow, P. D., and King, D. C. (Eds.). (1997). *Why people don't trust government*. Cambridge, MA: Harvard University Press.
- OECD. (2000a). *The DAC Journal*, 1(3).
- OECD. (2000b). *The DAC Journal*, 1(4).
- OECD. (2003). *The DAC Journal*, 3(4).
- Oguro, J. (2002). *Kenshou yameru gaimu-sho: Husei to inpei no kouzou* [Examining ailing MOFA: The organization with injustice and concealment]. Tokyo: Iwanami.
- Ohnishi, K. (2006). Heiwa no kaze wo Nihon kara [Start peace winds from Japan]. In T. Kunugi and M. Mori (Eds.), *Kokusai NGO ga sekai wo kaeru* [International NGOs will change the world] (pp. 45-64). Tokyo: Tohsindo.



- Okazaki, K. (1999). Nihon no Chugoku seisaku to keizai kyoryoku [Japanese diplomatic policies to the PRC and economic cooperation]. In S. Nagano and M. Kondo (Eds.), *Nihon no sengo baisho* [Japanese reparations after the war] (pp. 170-184). Tokyo: Keiso Shobo.
- Owada, H. (1996). *Gaikou toha nani ka* [What is diplomacy?]. Tokyo: NHK Press.
- Orr, R. M., Jr. (1990). *The emergence of Japan's foreign aid power*. New York: Columbia University Press.
- Osborne, D. (1993). Reinventing government. *Public Productivity & Management Review*, 16(4), 349-356.
- Osborne, D. and Gaebler, T. (1992). *Reinventing government: How the entrepreneurial spirit is transforming the public sector*. MA: Addison-Wesley Publishing Company.
- O'Toole, L. J., Jr. (1997). Treating networks seriously: Practical and research-based agendas in public administration. *Public Administration Review*, 57(1), 45-52.
- O'Toole, L. J., Jr. (2008). Governing outputs and outcomes of governance networks. In E. Sørensen and J. Torfing (Eds.), *Theories of democratic network governance* (pp. 215-230). New York: Palgrave Macmillan.
- Pempel, T. J. and Tsunekawa, K. (1979). Corporatism without labor? In C. P. Schmitter and C. Lehbruch (Eds.), *Trends toward corporatism* (pp. 231-270). New York: Sage.
- Peters, B. G. (1998a). *Comparative politics: Theory and methods*. New York: New York University Press.
- Peters, B. G. (1998b). Managing horizontal government: The politics of co-ordination. *Public Administration*, 76(2), 295-311.
- Peters, B. G. (2001). *The future of governing* (Revised 2<sup>nd</sup> ed.). Kansas: The University Press of Kansas.
- Peters, B. G. (2002). The politics of tool choice. In L. M. Salamon (Ed.), *The tools of government: A guide to the new governance* (pp. 552-564). Oxford New York: Oxford University Press.
- Peters, B. G. (2005). Policy instruments and policy capacity. In M. Painter and J. Pierre (Eds.), *Challenges to state policy capacity* (pp. 73-91). New York: Palgrave Macmillan.
- Peters, B. G. (2008). Virtuous and viscous circles in democratic network governance. In E. Sørensen and J. Torfing (Eds.), *Theories of democratic network governance* (pp. 61-76). New York: Palgrave Macmillan.
- Przeworski, A. and Teune, H. (1970). *The logic of comparative social inquiry*. Malabar, Florida: Robert E. Krieger Publishing Company.

- Putnam, R. D. (1988). Diplomacy and domestic politics: The logic of two-level games. *International Organization*, 42(3), 427-460.
- Ramseyer, J. M. and Rosenbluth, F. M. (1995). *The Politics of oligarchy: Institutional choice in imperial Japan*. New York. Cambridge University Press.
- Rhodes, R. A. W. (1997). *Understanding governance: Policy networks, governance, reflexivity and accountability*. Buckingham and Philadelphia: Open University Press.
- Rhodes, R. A. W. (2007). Understanding governance: Ten years on. *Organizational Studies*, 28(08), 1243-1264.
- Rix, A. (1980). *Japan's economic aid: Policy-making and politics*. New York: St. Martin's.
- Saitou, J. (1996). Shou-eki to enjo: Nihon no ODA kunibetsu haibun no keiryō bunseki [Bureaucratic motives of foreign aid allocations: A qualitative analysis of the country allocation of Japan's Official Development Assistance]. *Leviathan*, 1996 Autumn, 126-145.
- Salamon, L. M. (1986). Government and the voluntary sector in an era of retrenchment: The American experience. *Journal of Public Policy*, 6(1), 1-19.
- Salamon, L. M. (1995). *Partners in public service: Government-nonprofit relations in the modern Welfare State*. Baltimore and London: The Johns Hopkins University Press.
- Salamon, L. M. (2002). The new governance and the tools of public action. In L. M. Salamon (Ed.), *The tools of government: A guide to the new governance* (pp. 1-47). Oxford New York: Oxford University Press.
- Salamon, L. M. (Ed.). (2002). *The tools of government: A guide to the new governance*. Oxford New York: Oxford University Press.
- Sanada, Y. (2007). Kokunaigai-jigyō wo renkeishi sōjō-kōka wo hakare [Consultants in Japan should seek a multiple effect by linking projects overseas with domestic ones]. *International Development Journal*, 607, 20-21.
- Saotome, M. (2003). Nihon no ODA ni shimeru NGO/NPO no yakuwai [The roles of NGOs and NPOs in Japanese ODA]. *Kokusai mondai*, 517, 63-77.
- Sato, M. (2005). *Kokka no jibaku* [The State and its self-interlocking]. Tokyo: Fusosha.
- Sato, M. (2007). *Kokka no wana* [A trap set by the State]. Tokyo: Shincho.
- Sbragia, A. (2000). The European Union as coxswain. In J. Pierre (Ed.), *Debating governance* (pp. 219-240). New York: Oxford University Press.
- Schmitter, P. C. (1974). Still the century of corporatism? *The Review of politics*, 36(1), 85-131.

- Schoppa, L. J. (1993). Two-level games and bargaining outcomes: Why gaiatsu succeeds in Japan in some cases but not others. *International Organization*, 47(3), 353-386.
- Schraeder, P. J., Hook, S. H. and Taylor, B. (1998). Clarifying the foreign aid puzzle: A comparison of American, Japanese, French, and Swedish aid flows. *World Politics*, 50(2), 294-323.
- Seligson, M. A. (1980). Trust, efficacy and modes of political participation: A study of Costa Rican peasants. *British Journal of Political Science*. 10(1), 75-98.
- Shimoaraiso, S. (1991). *Sekai wo kaketa Nakamura Kenro ichidai* [Personal history of Mr. Kenro Nakamura: Businesses around the world]. Hukuoka: Tabori Press.
- Shindo, M. (2001). *Kougi gendai Nihon no gyousei* [Japanese public administration today]. Tokyo: Tokyo University Press.
- Shiroyama, H. (2008). The role of framing and networks for adapting to technical changes: Cases of LRT and electronic government in Japan. *University of Tokyo Journal of Law and Politics*, 5, 86-102.
- Shiroyama, H. , Suzuki, H. and Hosono, S. (Eds.). (1999). *Chuo shouchou no seisaku keisei katei* [Policy-making processes in Japanese ministries]. Tokyo: Chuo Daigaku Press.
- Shiroyama, H. and Tsubouchi, J. (1999). Gaimushou no seisaku keisei katei [Policy-making processes in MOFA]. In H. Shiroyama, H. Suzuki and S. Hosono (Eds.), *Chuo shouchou no seisaku keisei katei* [Policy-making processes in Japanese ministries] (pp. 253-271). Tokyo: Chuo Daigaku Press.
- Söderberg M. (2005). Swedish perceptions of Japanese ODA. In D. Arase (Ed.), *Japan's foreign aid: Old continuities and new directions* (pp. 81-94). London and New York: Routledge.
- Sørensen, E. (2006). Meta-governance: The changing role of politicians in processes of democratic governance. *The American Review of Public Administration*, 36, 98-113.
- Sørensen, E. and Torfing, J. (2005). The democratic anchorage of governance networks. *Scandinavian Political Studies*, 28(3), 195-218.
- Sørensen, E. and Torfing, J. (2008). Introduction: Governance network research: Toward a second generation. In E. Sorensen and J. Torfing (Eds.), *Theories of democratic network governance* (pp.1-21). New York: Palgrave Macmillan.
- Sørensen, E. and Torfing, J. (Eds.). (2008). *Theories of democratic network governance*. New York: Palgrave Macmillan.
- Stoker, G. (1999). Introduction: The unintended costs and benefits of new management reform for British local government. In G. Stoker (Ed.), *The new management of British local governance* (pp. 1-21). New York: St. Martin's Press.

- Stoker, G. (2000). Urban politics and the challenge of urban governance. In J. Pierre (Ed.), *Debating governance* (pp. 91-109). New York: Oxford University Press.
- Stohl, M., Carleton, D., and Johnson, S. E. (1984). Human rights and U.S. foreign assistance from Nixon to Carter. *Journal of Peace Research*, 21(3), 215-226.
- Sugawa, K. (2008). *Gaikou-ryoku wo kitaeru* [Training diplomatic capabilities of Japan]. Tokyo: Kodansha.
- Suh, S. (2004). *Nihon no keizai gaikou to Chugoku* [Japanese economic diplomacy and China]. Tokyo: Keio University Press.
- Suzuki, M. and Sato, M. (2006). *Hoppo ryoudo "tokumei kousho"* ["Special negotiator" for the Northern Territory]. Tokyo: Kodansha.
- Suzuki, Y. (2009). *Imadani tsuzuku "haisenokoku gaiko"* [Still going on Japanese diplomacy as a defeated state]. Tokyo: Sushisha.
- Takemura, K. and Sato, M. (2007). *Kokka to jinsei* [The State and life]. Tokyo: Taiyo-kikaku Press.
- Tanaka, H. and Tahara, S. (2005). *Kokka to gaikou* [The State and its diplomacy]. Tokyo: Kodansha.
- Thérien, J. P. and Noel, A. (2000). Political parties and foreign aid. *The American Political Science Review*, 94(1), 151-162.
- Togo, K. (2005). *Japan's foreign policy 1945-2003: The quest for a proactive policy*. Leiden: Brill.
- Togo, K. (2007). *Hoppou-ryoudo koushou hiroku: Ushinawareta godo no kikai* [The inside story of the negotiations on the Northern Territory: Five lost windows of opportunities]. Tokyo: Shincho.
- Togo, K. (2008). *Rekishi to gaikou* [History and diplomacy]. Tokyo: Kodansha.
- Torring, J. (Forthcoming). Assessing and improving effective network governance.
- Triantafillon, P. (2008). Governing the formation and mobilization of governance network. In E. Sørensen and J. Torring (Eds.), *Theories of democratic network governance* (pp. 183-198). New York: Palgrave Macmillan.
- Van Vught, F. A. (1995). Governmental steering in higher education: An international comparative analysis. In W. J. M. Kickert and F. A. van Vught (Eds.), *Public policy and administration sciences in the Netherlands* (pp. 247-270). New York: Prentice Hall/Harvester Wheatsheaf.

- Veen, R. v. d. (2000). Restructuring a corporatist welfare state: Managed liberalization and the role of the state, the special partners and the market in Dutch social security and labor market policy. In O. V. Heffen, W. J. M. Kickert and J. J. A. I. Thomassen (Eds.), *Governance in modern society: Effects, change and formation of government institutions* (pp.181-201). Dordrecht/Boston/London: Kluwer Academic Publishers.
- Verhoest, K. and Bouckaert, G. (2005). Machinery of government and policy capacity: The effects of specialization and coordination. In M. Painter and J. Pierre (Eds.), *Challenges to state policy capacity: Global trend and comparative perspective* (pp. 92-111). New York: Palgrave Macmillan.
- Vigoda-Gadot, E. (2007). Citizens' perceptions of politics and ethics in public administration: A five-year national study of their relationship to satisfaction with services, trust in governance, and voice orientations. *Journal of Public Administration Research and Theory*, 17(2), 285-305.
- Watanabe, A. (1983). Nihon no taigai-seisaku keisei no kikou to katei [Japanese organizations and processes involved in foreign policy making]. In C. Hosoya and J. Watanuki (Eds.), *Taigai-seisaku kettei-katei no nichibei-hikaku* [Comparative foreign-policy decision-makings between Japan and the U.S.] (pp. 23-58). Tokyo: Tokyo University Press.
- Wildavsky, A. (1991). The two presidencies. In S. A. Shull (Ed.), *The two presidencies: A quarter century assessment* (pp.11-25). Chicago, IL: Nelson-Hall Publishers.
- Yamamoto, H. (2007). Multi-level governance and public private partnership: Theoretical basis of public management. *Interdisciplinary Information Sciences*, 13(1), 65-88.
- Yasutomo, D. T. (1986). *The manner of giving: Strategic aid and Japanese foreign policy*. MA and Toronto: D.C. Heath and Company.