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# A Study on the Factors Explaining the Japanese Aid towards Eastern Europe

## *The Significance of the National Interest Debate\**

Dobromir Ivanov HRISTOV\*\*

### Abstract

The primary goal of this study is to identify the factors in Japanese aid policies that have brought about the active participation of Japan in the reconstruction of Eastern Europe. Three possible factors are examined external and internal pressure, and national interest debate. This paper discusses over the primary importance of the national interest factor among others, and applies accordingly the rational actor model as an explanatory framework for the research. The paper emphasizes the increasingly significant role of political and enlightened interests as motives for commencing aid policies, especially towards regions beyond traditional interest such as Eastern Europe.

**Keywords :** Japanese ODA, Eastern Europe, National Interest Debate (economic, security, political and enlightened interests), External and Internal Pressure.

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## Introduction

The primary goal of this study is to identify the factors in Japanese aid policies that have brought about the active participation of Japan in the reconstruction of Eastern Europe<sup>1)</sup>. Although much attention has been paid to Official Development Assistance (ODA) distributed to countries of a traditional strategic importance for Japan (such as those of Asia and the Middle East), the topic of aid given to Eastern Europe has been neglected for a long time. In this light, a more profound and thorough investigation of this problem is of special importance at the present time.

Accordingly, central questions addressed in this paper are: what factors most influenced the decision for disbursement of Japanese aid to Eastern Europe?; and what could be the primary motive and eventual benefits expected by Japan in this diplomatic quest, which can rationalize these aid policies?

In search of answers to these questions, the author examines three possible factors that have played an essential role in determining the patterns of the Japanese aid policies. Firstly, **external pressure** is examined as being the most significant factor of aid policies during the Cold War. Secondly, the growing influence of **public or internal pressure** on Japanese ODA policies during the 1990s will also be discussed as a possible explanatory model. Finally, emphasis is given to the overwhelming importance of the **national interest debate** in aid policies through the last two decades, as well as its explicit expression in contemporary Japanese diplomacy. These will be analyzed as three explanatory models for aid in Eastern Europe.

Herein, the author suggests that the national interest debate, as an expression of a rational actor model, is the strongest factor that has determined aid policies towards Eastern Europe. Furthermore, the author will try to justify this argument by examining the rationales of Japanese aid in the region.

### 1. Three explanatory research models

The first part of this study will discuss the main factors that determined Japanese

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1) The term 'Eastern Europe' refers to as the countries of Central and Eastern Europe.

aid policies in the late 1980s and through the 1990s. In accordance with our research question, the author discusses three models of explanation about possible factors that have influenced Japanese aid policies, applying the theoretical framework of Kenneth Waltz and his "levels of analysis"<sup>2)</sup>. In our case, whereas foreign pressure will be outlined as a second-image reversed model, and internal pressure will constitute a second-image model, national interests will express the behavior of a rational actor in the international system.

### 1.1 Second-Image Reversed Model: The external pressure on Japanese ODA

*Gaiatsu*, or the external (foreign) pressure on Japan with regard to its foreign policy, has been referred to as one of the substantial factors for determining Japanese ODA. The strong dependence of Japanese aid policies, particularly during the Cold War, finds its roots in the specifically determined pattern of U.S.-Japan relations. As Miyashita argues, the dependence of Japanese ODA policies stems from the asymmetrical relations between the two countries left over from the Cold War, namely military protection of Japan provided by the U.S and Japanese dependence on the American market (Miyashita, 2003, p15). Japan could be described as a state dependent on international trade as a main source of activity and national growth. Its survival was, therefore, seen as closely related to access to external markets and a peaceful security environment. The main provider for these two crucial commodities during the Cold War was the U.S. with its military and economic capabilities. In this respect, Japanese desire to avoid a major disruption of U.S.-Japan relations often led Tokyo to back down from its original position when the two countries were at odds on given policy issues concerning ODA. Some critics such as Miyashita argue that although Japan was capable of formulating its own independent policies based upon its own definition of national interest, whether or to what extent it would pursue such policies depended on the strength of U.S. objection (Miyashita, 2003, p25).

Amongst the authors that have touched upon the problem of external pressure, Robert Orr and Dennis Yasutomo have broadly observed the issue and provided two

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2) The framework of Waltz (1965) with its three levels is a classical tool to identify and to analyze the root of international politics. There has been, however, another image introduced by Peter A. Gourevitch (1978: 881-912), 'the second-image reversed'. In contrast to the "classical second image" that has roots in a domestic political system, where policies are influenced from the inside, the "second-image reversed" provides its explanation through external influences that formulate these policies.

competing assertions (Orr, 1990; Yasutomo, 1995). Generally, whereas Orr underlines the reactive role of Japan and its "subordination" to Washington's strategies, Yasutomo downplays external pressure as a major determinant of Japanese aid. He claims that Japan had its own agenda and strategy in its pursuit of foreign aid policies (Yasutomo, 1995). Thus, Yasutomo takes approach of the Japanese government as a rational actor, which implies a more centralized position in its decision-making. Tokyo was more capable of defining its 'national interest' and pursued more consistent, proactive and autonomous foreign policies throughout the late 1980s and the 1990s.

This paper supports Yasutomo's main assertion about the new proactive and independent aid diplomacy of Japan<sup>3)</sup>, but it will utilize a different case study to prove this point. To justify this argument, the author proves this assumption to be correct using the case of Eastern Europe.

According to Miyashita, there are generally three types of pressure the U.S. exercises on Japan. These are "confluence of interests", "conflict of interests" and "neither confluent nor conflictive" issues (Miyashita, 2003). Japanese aid policies towards the former Soviet Union after 1991 were highly influenced by U.S. pressure. As far as the case of Japanese aid towards Eastern Europe is concerned, however, foreign pressure shows no evidence of having worked. Although the Eastern European region accounted for only a small part of the total ODA amount, it was still an important development in the early 1990s according to Japanese magazines such as *Gaiko Forum* (1989-94) or *Keidanren Monthly* (1989-96). The U.S. paid enough attention to these former communist countries, but astonishingly it followed its own agenda and did not push Japan into further involvement.

The fact is that none of the sources used for this paper and for the further research of the author indicate any interference of foreign pressure from the U.S. side in this particular case. Neither did a series of interviews with officials from Japanese MOFA, JICA and JBIC<sup>4)</sup>. In this sense, one can observe that Miyashita's categorization of foreign pressure is incomplete, or it lacks the essential category of "lack of foreign

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3) Yasutomo's argument rests upon the discussion over Japan's participation in the international development banks, such as World Bank, Asian Development Bank, and the European Bank for Reconstruction and Development. It proved Japanese aid policies to be far more proactive than suggested by Orr's theory.

4) The author conducted the interviews in July 2005.

pressure". Apart from the presumption of a "lack of foreign pressure", the Eastern European case can be regarded only as either a peculiar "confluence of interests" from both sides, or as a category in which both players share common implicit interest, based on a silent cooperation for common purposes.

### 1.2 Second-Image Model: The Internal Pressure on Japanese ODA

The internal pressure from the public became significant in the late 1980s and the 1990s. It can be overviewed via two main directions. The first one is international, with the public itself having declared the desire for Japan to participate in broader contributory activities<sup>5)</sup>. The Japanese public had indicated that Japanese aid is not sufficient and further stated its will for Japan to contribute internationally by the means of market opening, initiatives for system building and international agreements, cooperation with the UN, technical cooperation, ODA, etc. This contribution has to be seen as a responsibility of Japan as a great economic power, increasing its influence or reputation.<sup>6)</sup>

As a second direction of internal pressure, in the early 1990s, public opinion started to become critical of the lack of information and publicity about diplomacy, especially regarding aid policies in which the main source of resources was taxpayers' savings. Additionally, this criticism was towards the poor aid policies without any certain principles. The phenomenon of harsh public criticism was not limited only to Japan, but also manifested itself within the broader process of the aid-tiredness wave that took over most of the big donor countries (Watanabe and Miura, 2003, pp18-19).

It may be argued at length about significance of the public opinion in forming aid policies. It is as disputable how strong the trace of the public was in enhancing Japan's proactive participation in the world-a trend visible in the 1990s. Specifically in the case of Eastern Europe, one can point out the significance of public opinion in encouraging further and deeper involvement and participation of Japan in the creation of the new international system after 1989. However, it would be inaccurate for one to claim that the public was main cause for aid towards Eastern Europe. Moreover, the necessity of

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5) Such tendencies have been shown by various surveys, such as that of *Keidanren Monthly* (January, 1993).

6) Some critics argue, however, that the reason for the broad support of eventual increases of Japanese ODA within the framework of international contribution, may be found in the will of citizens to constrain possible military expenditures, rather than in any broad public knowledge or understanding about ODA policies (Nuscheler, 1992).

a paper about the Japanese aid towards Eastern Europe stems from the fact that the broad Japanese public often casts doubts over the rationale of Japanese aid towards regions beyond traditional interest, such as Eastern Europe.

In contrast to the weakened position of foreign pressure being a factor, internal pressure is an increasingly powerful motor for Japanese aid policies. It can be, however, considered mainly as a secondary or supplementary factor in the case of Eastern Europe, because it had influenced the case indirectly through Japanese public demands for reforms of ODA and broader contribution and involvement in global issues. In contrast, the next section will consider possibly the strongest factor of Japanese aid policies towards Eastern Europe—the national interest debate.

### 1.3 Rational Actor Model: Japanese National Interest Debate

When completing a general survey of Japanese aid policies in the 1990s, one cannot omit the debate concerning how national interest was embedded in new strategies for aid policies. This paper claims herein that the national interest debate, determinative for the diplomatic agenda, plays a stronger part, and rather overshadows the question of external and internal pressure in Japanese foreign aid policies.

Furthermore, the national interest debate implies the rational actor model for our analysis. The rational actor model explains purposeful behavior: an actor is behaving rationally if his choices are designed to achieve outcomes that are consistent with his goals (Allison and Zelikow, 1999, pp13-75)<sup>7)</sup>. This model will help us trace the motivational process for initiating aid policies towards Eastern Europe.

The definition of 'national interest' has been broadly discussed by different schools and in various works such as those of Hans Morgenthau, David Clinton, Martha Finnemore, etc. The use of national interests in a narrow 'nationalistic' sense has led to the tragedies of the two world wars. In fact, after the Second World War in particular, the defeated countries like Japan avoided terms such as "national interest" or "strategy", which are closely related to the mass destructive effect of the wars. This has given the wrong impression that these countries have no strategic view towards world developments and do not emphasize the significance of the national interests.

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7) There are four key concepts to analyze in order to determine the cause of a nation's actions: the goals and objectives of the nation, the options, the consequences, and the choice the nation has made.

In the changing realities of the 1990s, Japan gained momentum to state its national strategy and interests freely. Officials discussing Japanese foreign policy and aid policies in particular were increasingly using the term 'national interest'<sup>8)</sup>. In this regard, it has been said on a number of occasions that the reforms of Japanese ODA are linked to the closer evaluation of Japanese national interests in the bubble economy period and lasting stagnation in the 1990s. Japanese ODA policies were reassessed in accordance with the occurrence of the national interest debate as a major factor in determining aid policies.

National interest may have many roots and faces such as economic, political, strategic or even spiritual interests. Yoshii and Tsukimura point out that Japanese national interests are expressed in the security and economic dimensions (JICA Institute for International Cooperation, 2003a). One can argue, however, that this categorization is incomplete.

Apart from security and the economic national interests, there are other, third and fourth dimensions- namely, the broader 'enlightened interests' and 'political interests'. The 'enlightened interests' go further and touch upon common international interests, as the sum of global security and common well-being. As some official discussions define it, it is the indirect and long lasting approach that takes into account the mutuality expressed in the respect of the self-interest of the other countries. In comparison with the narrow and direct national interests expressed in the security dimension, the enlightened interests aim at contribution to the international economic system or the sustainability of the international order, to the development of poorer countries and to their democratization, which ultimately benefits not only other countries, but also the benefactor itself.

On the other hand, the political national interests go through the political credit a country gains by its activities. By helping developing nations and those in trouble, and establishing close and friendly ties with many of them, benefactor countries earn more international prestige and support in their further diplomatic bids and initiatives.

The national interest debate may be considered a major factor in defining and

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8) Two reports by official discussion groups present a good explanation of the Japanese national interest in the diplomacy and particularly in connection with aid: Discussion over the concept of Japan in the 21<sup>st</sup> Century, "Chapter 6 Japan in the World", *The Japanese frontiers are in Japan- a New World built on self-reliance and governance*; or Panel Discussion over the ODA Reforms for the 21<sup>st</sup> Century.

determining Japanese aid policies in the 1990s. This paper suggests herein that it has the strongest influence among the three factors listed above. The explanatory power of foreign pressure declined during the 1990s. Additionally, internal pressure, although a powerful motor for deciding aid policies, can be considered as a rather background or secondary factor, especially in the Eastern European case. The rational actor model tends to support the idea that national interest is a major influence, and through the next section the author tries to prove this presumption.

Among the several aspects of national interests, the enlightened and the political ones seem to be the best to rationalize aid towards Eastern Europe. This tendency is a reflection of the immense changes in Japanese aid policies through the 1980s and 1990s, when the political and strategic use of aid became superficially clear. Having previously emphasized its economic goals in the wake of the new international system, Japan distinguished the economic from the political and started to show the behavior of a rational actor, taking into consideration all the sides of its interest and focusing increasingly on strategic and political goals (Yasutomo, 1995)<sup>9</sup>.

## 2. Japanese Aid for Eastern Europe: why does it matter?

In this section, the main justification of the argument will be unveiled-namely, it will analyze the primary goals, objectives and motive of Japan's participation in the development and reconstruction of the region. As it has been inferred in the previous section, the main argument will be based on the rational actor model and it will reflect the Japanese national interest debate in the 1990s. This paper will examine through practical examples the meaning and benefits for Japan from the aid disbursed that justify Japanese behavior as a rational actor. These include economic interests and the search for new markets, the EU factor and the mutual regional involvement over security issues, a proactive international role for Japan and the gaining of political power and prestige, and finally its enlightened participation in world affairs.

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9) Considering the shifts and reforms of the Japanese aid policies through the decades, refer the work of Yasutomo (1995).

## 2.1 Economic interests-benefiting Japanese companies and new markets?

The question of Japan's economic interest in Eastern Europe is an important issue, but yet it has not been researched thoroughly. So far there is only one work by Kenichi Ohmae that argues clearly about the importance and practical charm of Eastern European countries (Ohmae, 2005).

The uniqueness of Japanese ODA towards Eastern Europe was emphasized by the remoteness of the region and its low strategic value. One could back up this assumption further with more data about the small role this region played compared to the economic and trade scale of Japan (Nikkeichou, 1992, pp255-256; Keizai Douyukai, 1991, pp2-3)<sup>10</sup>. The size of each country's market could also be considered small in comparison to those of certain Asian countries, although some analyses (Kitamura, 1993, p9; Keizai Douyukai, 1991, pp6-10) have claimed that the whole economic area covering a population of 120 million people, with its traditional relations with West Europe and Russia, could be an attractive market with vast opportunities. In addition to the low trade share, one could indicate the generally low consumption capacity and purchasing power of the population over the region in the early 1990s, despite the diversity of incomes per capita throughout the different countries.

Ohmae, however, has argued that the Eastern Europe region has much more to offer than had been previously estimated, including several important factors that could represent attractive requisites for Japanese companies, targeting Eastern European markets (Ohmae, 2005, pp61-71). One of the first requisites is related to the originality and essence of the EU project that was to provide freedom of movement for people, capital, goods and services, or a unitary market with common rules and freedoms for all citizens of the EU. As far as the countries that join the EU are concerned, this literally means no taxes and custom checks at the borders, which enables promptness of delivery and easy access to any part of Europe. As for candidate countries or those that have agreements for customs union with the EU, the procedures at checkpoints have been completely simplified. Should production be carried out inside a member or candidate country of the EU, Japanese companies would benefit from easy mobility of

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10) According to these studies in the early 1990s Japanese agencies were examining the possibility of offering aid to Eastern Europe. It was indicated that the export and import to Eastern Europe equated to just 0.3% of the general value for Japan.

their goods, with only minimal procedures and bureaucratic hindrances.

Another merit of Eastern European countries could be the opportunity to reduce companies' expenses by inland production and taxes cuts. A common tax has been imposed on ready production from outside the EU for all the member-countries, whose value is considerably high in order to protect domestic production. In other words, if Japanese companies import parts for particular goods, whose tax is estimated to lie within the range of zero to 4% of the original value, and construct the goods inland, they would save a lot more should these taxes be cut, because custom taxes on ready goods produced in the member countries are subject to practically no charge (Ohmae, 2005, p64).

One cannot omit the fact that in comparison to other developing regions, the region of Eastern Europe has a strong primary base to advance towards a capitalistic economy and market based policies. By many indexes such as educational level, labor resources, and cultural and social axioms, the Eastern European countries have shown excellent capabilities and an ability to adapt and rapidly understand the values of democracy, freedom, free competition, market economy, etc. (Nikkeichou, 1992, p6). In this sense, these economies are often regarded as 'transitional' rather than 'developing' ones.

Another important factor of interest for Japanese companies is the agency of the worker-consumer. On one hand, the labor cost or salary level in Eastern Europe is still considered very low in comparison with other regions (Ohmae, 2005, p62). The author argues, however, that in the midterm, it may be expected that the salary level, especially in those countries that joined the EU in 2004, will go up steadily. Consequently, the citizens of the new member countries will have more demands and seek greater purchasing power in the future. The Eastern European market may be a target not for quantity, but for quality, or not for the number of consumers, but for the purchasing power of the consumers (Nikkeichou, 1992, p6).

Ohmae's analysis was published in 2005, but there are some reports by JICA and other research institutes or groups like Japan Association of Corporate Executives (Keizai Douyukai) and Japan Economic Research Institute (Nihon Keizai Chousa Kyougikai, abbr. Nikkeichou) that hint at the necessity for Japan to explore the possibility of developing the Eastern European market. According to some of these

studies, a pure "marketization" comes when the private flows and enterprises enter the economy. Through investment, their own activity or merger with local companies, these enterprises contribute to the sustainability of the economy and the market (Nikkeichou, 1992). Prior to this, however, there should exist a comparably stable political and economic environment with a favorable investment climate and a low level of risk for the enterprise. The Japanese government was expected to provide these necessary conditions by giving aid to particular countries, by signing necessary agreements for smoother advancement, and so on, in order to open the way for private enterprises and companies (Keizai Douyukai, 1991).

As far as the Eastern European case is particularly concerned, in the early 1990s, a large share of the companies did not evaluate the situation in Eastern Europe as economically or politically stable or free, which explains the small proportion of them actually having invested in the region. Indeed, asked what the main requirements towards the Eastern European countries were, most of the companies answered in the same order - legal system and provisions, economic stability, political stability, education of managerial staff and specialists, and the infrastructure. In answer to a question of what the demands towards the Japanese government were, the majority of companies confidently replied that these included an agreement for investment protection, the establishment of a stable system for aid and financial support for the respective countries, and an amplification of international trade insurance (Keizai Douyukai, 1991, pp6-10). To summarize briefly, there were many more obstacles the Japanese companies met in their advancement in Eastern Europe that include political instability, accumulated debt and lack of foreign currency, communications and transportation, undeveloped basic infrastructure, difficulties in obtaining accurate information, a lack of understanding of the market economy principles, a lack of specialists, the strong influence remaining from the socialist system, commercial risks, the threat of inflation, and the threat of ethnic confrontation and conflicts, amongst others (Keizai Douyukai, 1991, pp23-24). The main pillars of Japanese aid towards Eastern Europe tried to respond to these shared concerns of the Japanese companies.

Satoh stated that in recent years the close relationship between the government and Japanese companies had lost its strength (Satoh, 1992, pp10-11). On a number of occasions, such as in the case of Eastern Europe, the expectations of the government

differed from the actions of companies following their own interests. In this sense, in the early 1990s, despite the high anticipations of the Japanese government for broader and stronger participation of the Japanese companies in the reconstruction and marketization of former communist countries, as well as further investments, the Japanese enterprises indicated limited interest and investment, in contrast to those from America or Western Europe. The fault in the process may be due to the bureaucratic hindrances among the ministries and agencies and the low guarantees and insurance the latter had given to the Japanese enterprises. In this context, the author concludes that Japanese ODA in its turn had the task to provide a favorable climate for the advancement of foreign companies, with the main focus on Japanese enterprises, which with further investment, joint ventures and independent activity could help the economies of Eastern Europe to achieve stability (Nikkeichou, 1992). It may be speculated that the ultimate purpose is the national interest of Japan, to enrich its own companies and revive its own economic growth. Eventually, however, due to these certain tendencies in the relations between the Japanese government and the companies, the ODA disbursed to the countries of Eastern Europe may be considered rather as a basis for strengthening relations in the future. This, however, does not exclude the possibility of benefiting Japanese companies in the longer term.

In conclusion, the author herein claims that despite some serious grounds in believing that Japanese ODA towards this region is provoked by the desire to benefit Japanese companies and the search for new markets, it would be too bold to claim this was the central motive of the Japanese government. The Japanese aid towards Eastern Europe may be a good way of producing a favorable environment and lowering the risk for Japanese companies. In order to achieve this, however, the original motive of Japanese aid passes through other considerations-overall political and economic stabilization-which was a major requirement according to Japanese companies.

## 2.2 The European Union factor-a new global player and the stake of KEDO?

In the previous section, the economic justification of Japanese aid was examined as one of the primary motives of foreign aid towards Eastern Europe. As was pointed out in the first section, the definition of Japan's national interests not only concerns its economic profits, but also involves security aspects, both regionally and globally. In

this section, the author discusses the security dimension of Japan's national interests through the EU-Japan relations.

In the last decade, some innovative studies such as that of Julie Gilson examined the political aspect of EU-Japan relations (Gilson, 2000). The reason for this new stream of research lies in the fact that since the beginning of the 1990s there has been a shared enthusiasm for building a political dialogue between these two major actors, which could facilitate the framework for straightening the economic friction ahead, and work for their mutual interest in various spheres<sup>11)</sup>.

As far as our research question is concerned, there are several points of speculation one can put forward in the debate. First of all, Japan's efforts and financial support towards the region of Eastern Europe can be interpreted as an attempt to enhance its relations with Western Europe through these acts of cooperation. As stated above, the growing importance of the EU in the international arena could be foreseen in the early 1990s, and made it essential for Japan to reevaluate its diplomatic course towards Europe (Yasutomo, 1995, p111, p124).

The correlation between the security and stability of Eastern Europe and the overall security of Europe is quite clear. In helping the European Union, which is the leading initiator for aid towards Eastern Europe, Japan would gain political credit and bargaining power for its future relations with the region as a whole (Nikkeichou, 1992, pp8-9). There also exist deeper roots to the Japanese financial assistance, which date back to when aid was not given specifically to Eastern Europe, but to Greece or Portugal (*JICA Annual Reports*). However, Japan has never answered as eagerly to international call as to the one from the EU countries for rebuilding the region of Eastern Europe. The Japanese participation in this aid initiative may be considered more planned, more strategic and more grounded by the rules of the post Cold War period.

In the early 1990s when attention was focused on Eastern Europe, Japan was concerned about the main course of developments in the region and their global impact. The great change of 1989 brought insecurity for the future not only in Europe

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11) The first steps towards this goal were the epochal visits by Prime Minister Toshiki Kaifu to Europe in early 1990, and the visit of the President of the European Commission Jacques Delors to Japan in May 1991. These led to the Hague Declaration in the year 1991, which is recognized to be the starting point of the Japan-EU active political dialogue aiming at stronger future relations.

but across the whole world, particularly in Asia (Yasutomo, 1995, p117)<sup>12)</sup>. Japan's main anxiety at this time was the eventual regression and reversion of Eastern European countries to communism<sup>13)</sup>, which could ultimately rehabilitate the former strength of communism as an ideology, especially in respect to the Asian region where communism still existed in China, North Korea, and Vietnam, among others.

In addition, another factor has often been pointed out as a reason for Japanese aid towards Eastern Europe. The contemporary world of interdependence led to the processes of mutual involvement of big powers into their respective regions, as well as the internationalization of any internal or external problems of middle or large scale. Through the 1990s, the troubled regions required and received broader publicity and international reaction led by institutions like the UN, the World Bank, IMF, and OSCE, among others. This has led Japan to the idea of further cooperation with counterparts or major players in other regions. The Hague Declaration of 1991 between the EU and Japan refers also particularly to plans of "strengthening the cooperation within international organizations" (Hague Declaration, 1991).

In this context, the insecurity relating to the situation in the fast developing Asian region provoked Japan to question the sufficiency of the guarantees given by the U.S. Japan considered it necessary to find another counterpart for mutual regional involvement. Through the 1990s, the most secure and stable player among the other powers was the union of European countries, with its "soft power" potential and international credit. Only the EU members together had military and economical capabilities and an influential political voice close to or equal to those of the U.S. In this respect, Japan had found merit to invest in the European prosperity and security in return for EU participation at times when there were international or local issues in the Asian region (PKO Oraru Histori Shiriizu, 2005, pp18-20; Hiraiwa and others, 1992, p16)<sup>14)</sup>.

Although the government, aid agencies and many scholars mention these kinds of measures in annual reports, some critics say that interregional involvement is not

12) See the citation of a statement by Prime Minister Kaifu.

13) Such explanation was also given during the interviews with Japanese officials (4-5 June, 2005)

14) As the former Ambassador Kuriyama, a foreign policy advisor in the early 1990s, says in the cited work, Japan has given considerable attention and financial support, because it was necessary to reciprocate Europe's attention towards Asia.

quite so active<sup>15)</sup>. The author argues, however, that such a point should be reevaluated. Japan holds an observer seat in organizations like OSCE, and participated actively in G24; dialogues have also been initiated in recent years between Asia and Europe such as ASEM, and dialogues between the EU and ASEAN, or participation of both in ARF (Gilson, 2000, pp121-122). A clear example of efforts being made on interdependence projects is the EU participation in the Korean Peninsula Energy Development Organization (KEDO)<sup>16)</sup> in return for Japanese participation in the Eastern Europe reconstruction<sup>17)</sup>.

The EU joined KEDO in September 1997, with representation on the Executive Board for a term to coincide with its substantial and sustained support. This European initiative is often seen as reciprocation of the Japanese diplomatic and financial contribution to international aid after the Dayton agreement for Bosnia and Herzegovina (BiH) (Gilson, 2000, pp131-132). Japan has also become a member of the Steering Committee of the Peace Implementation Council in BiH, and in turn, the EU extended its membership in KEDO for another five years and increased its annual contribution from 15 to 20 million Euros in December 2001. In 1997 Poland also joined KEDO, and the Czech Republic became a member in 1999. This could account for the comparative effect of the regional interdependence policies of Japan and the reasonability of aid towards Eastern European countries such as Poland and the Czech Republic.

In conclusion, the author suggests herein that the EU factor plays an essential role in the reasoning behind Japanese aid towards Eastern Europe, especially in the circumstances of the contemporary post Cold War era. It is not an exaggeration to say that the EU factor is a strong impulse provoking Japanese aid towards Eastern Europe, with the final goal of strengthening the EU-Japan relations and the mutual regional involvement, as well as gaining credit for future economic or political developments.

Nevertheless, many scholars omit this factor in their studies, giving more room to the economic interest and the international responsibility of Japan. Some other studies,

15) A point of criticism during the interviews with Japanese officials (4-5 July, 2005).

16) For more information on KEDO refer to: <http://www.kedo.org/index.asp> (last access: 15/05/2006)

17) On a bilateral basis EU has engaged not only in the Korean peninsula but also in Cambodia or the development of Mongolia (Gilson, 2000, p108).

meanwhile, mention it vaguely without thorough examination of the bilateral EU-Japan relations and the progressing tendency of interdependence between the European and Asian regions. This ignorance of the EU factor is understandable, as far as it is often engulfed in the bigger framework of rapidly changing international relations and the growing need for Japan's more pro-active participation in the international arena with bigger and more complex responsibilities. In this respect, the relations between the EU and Japan are part of the complicated puzzle of contemporary international relations rather than merely being a single factor. This larger framework, however, will be the main subject of the next section.

### 2.3 New internationalism and a proactive role for Japan?

As discussed above, the economic interest and the security considerations are powerful motors for policies including foreign aid. Herein, however, the author argues that Japanese aid towards Eastern Europe, extends to greater and more compound rationales, and brings a clearly expressed new dimension to Japanese diplomacy, based on enlightened and political national interests. The reason for such a conclusion is that the former two types of interests can be thought as not having priority and great strategic significance at the time of commencing the aid. The expectation span for results out of these policies can also be related to longer terms. Briefly observing the results at present, one still cannot see an overwhelming advancement of Japanese enterprises in Eastern Europe; neither can one see a significantly improved import-export balance or trade growth between the region and Japan. Additionally, the EU-Japan relations, albeit promoted broadly, are in stagnation, whereas Japan still heavily relies on U.S. support.

This paper asserts that by the late 1980s and during the 1990s, Japan clearly linked its aid to broader global issues and strategic goals. In such a way, Japan showed signs of enhanced participation in world developments and a more pro-active political role in contrast with its reactive past (Yasutomo, 1995; Collection of Speeches by Prime Minister Kaifu). This can be particularly said about the aid given to regions beyond traditional interest such as that of Eastern Europe.

The clear explicit development of the political dimension of the Japanese national interest debate coincided with the system change and revolutions in Eastern Europe.

During his government, Prime Minister Kaifu (1989-91) stated political goals that paralleled the Western ideas: democratization, a multiparty political system, rule of law and human rights, and market economies. The prime minister extended this political conditionality to all Japanese ODA policies, foreshadowing the clear realization of these intentions-the creation of a new Japanese aid philosophy or the ODA Charter (Yasutomo, 1995, p110).

Through the late 1980s and the early 1990s, the world was shaken by great changes and shifts in international relations, and so-called global issues came to the surface. To cope with such new risks, Japan had to embrace initiatives of improving the world environment and stabilizing the overall political and economic situation for the common interest (Speeches by Prime Minister Hashimoto). Although its aid continued to be mainly focused towards Asia, Japan looked beyond these borders and involved itself in other regions and areas out of traditional interest (Yasutomo, 1995, pp10-16, p111). The motives were clear, expanding from the mere national interest of a bigger trading nation-being highly dependent on the welfare of global community and a healthy economic climate-going through the desire for a better political position in international relations by gaining political credit and prestige, to pure perception of interdependence and will for enlightened involvement into all regions in trouble, being a responsible member of the international society and an economic power *per se*.

Never before had Japan tried harder to fulfill its duties as an enthusiastic "member of the wealthy club of the Western nations" and a responsible leader of an international community (Nikkeichou, 1992, pp7-10). It may be said that, during the 1990s, Japan started its bid for recognition as a global power in terms of international relations, and that it made many efforts to settle its proactive role in global initiatives with its own agenda and ideas (Yasutomo, 1995). It tried to reconfirm its prestige of being a caring, friendly nation, and to broaden its influence among aid-receiving states (JICA Institute for International Cooperation, 2003b, p20).

These conclusions may be supported by the case of Eastern European aid as well. Some Japanese government officials define aid towards Eastern Europe as a mere reaction to the rapid changes in the international environment in the early 1990s. However, this most likely was the beginning, or at least part of, the global involvement of Japan in further stabilizing the various regions in trouble and in facing

diverse problems. Provided that Japan could not use full military potential abroad<sup>18)</sup>, limited by its peaceful constitution, and its public opinion would most probably oppose any non-strategic and heavy dispatch of self-defense forces outside the country, the only way that it could contribute to remote regions such as Eastern Europe would be a reasonable and planned disbursement of economic assistance.

It could be inferred that the aid was directed towards economic development and stability of the region because of its highly economical character. The aid, however, was very much aimed at bringing political stability, which is an indispensable condition for further sustainable economic development. Creating politically resistant and economically steady countries in Eastern Europe would be of greater benefit for the world's economy and political well-being.

Apart from the pure responsibility as a member of the developed countries, Japan had to follow another agenda as a caring member of the international society. Japanese aid towards diverse countries has been often said to create amiable relations with the countries concerned, and that could eventually support Japan-led initiatives internationally and provide favorable conditions for Japanese companies domestically. This assumption indicates the efforts Japan makes to play a larger role in the international arena in trying to obtain more political influence.

Simple examples that may be examined are the case of the Kyoto Protocol and the Japanese bid for a seat in the Security Council of the UN. Japan and the EU were the main supporters of the Protocol among the highly developed countries, and Japan was also an enthusiastic agitator and used its influence to promote the ratification of the agreement with other countries. In the case of Eastern Europe, all the countries, except Serbia, Bosnia and Herzegovina, have signed and ratified the document. Another example of Japanese initiatives is its bid for a permanent seat in the SC. Although this case does not apply particularly to the countries of Eastern Europe, by providing aid to the region, Japan gains not only the support of the countries of Eastern Europe, it also receives the sympathy of the other major countries of the EU and especially from the permanent members France and Britain and the other candidate,

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18) For more details on the responsibilities and activities of the Japanese Self-Defense Forces during Peace Keeping Operations (PKO) refer the Law Concerning Cooperation for United Nations Peace-keeping and Other Operations (June 19, 1992).

Germany. Eastern Europe has considerable weight in the SC, because one seat for non-permanent member is provisional for the region. Along with creating friendly relations with the European countries, the aid will represent good credit for the future efforts of Japan to achieve its goal.

Japanese aid towards Eastern Europe may be also seen as fulfillment of responsibilities to which Japan has been bonded by its membership and donations to major organizations and formations. Among these, one should mention the G7 (8) meeting, where at the Arch Meeting in Paris in 1989, the strongest economies in the world took an initiative to aid the economies in transition in Eastern Europe. Other organizations, in which Japanese government took part, are IMF, WB, EBRD, and G24, which play an essential role in the economic development of the target countries. In our case, the EBRD in particular plays a crucial role in the transition of Eastern Europe (Yasutomo, 1995, pp102-118).

Another point of discussion is the participation of Japan in the reconstruction and peace building in areas of conflict. Bound by its peaceful constitution, the main contribution of Japan can be through aid and financial support for reconstruction, healing the consequences of the conflict. In the case of Yugoslavia, Japan contributed with plenty of aid grants in the form of food and emergency aid, which did not have to be rationalized since this aid was part of an international initiative of global proportions. It was an act of international involvement that could satisfy the international community by fulfilling its duty, and satisfying public opinion by keeping its actions within the principles of the constitution in achieving humanitarian goals (JICA Institute for International Cooperation, 2003b, p19).

## Conclusion

This paper's main point of justification of the rational actor model rested on the suggestion that the main motive of Japanese aid towards Eastern Europe is finding a more proactive role for Japan in the international arena through aid contribution as a bargaining and diplomatic tool for achieving strategic goals. Limited by its peaceful constitution, Japan seeks a way to increase its influence and international voice by means of aid and economic cooperation. The significance of the aid towards Eastern

Europe is that it seeks international support for Japan in its bids and initiatives, prestige and the image of a responsible member of the community-all these having implications for national interests and for future actions in a broad international context. In this sense, this aid is a clear example of the increased strategic and political objectives of Japanese aid diplomacy. The political and enlightened dimensions of the national interest have proved their growing importance in the Japanese aid diplomacy agenda. Specifically in the case of Eastern Europe, they can be referred to as the main rationales for determining aid policies towards the region.

It would, however, be rather premature to end the discussion at this point. Even though the leading rationale of Japanese aid towards Eastern Europe may be considered to be its new internationalism and proactive political role, the aid is multifaceted and has compound purposes. It can be argued that it is better to regard Japanese economic interests and the EU factor as essential, rather than to blindly ignore them. As was discussed earlier in the previous section, there are many indicators that support these two rationales of Japanese aid.

This paper's main task was identifying the determining factors for Japanese aid towards Eastern Europe. The author argues herein that the national interest debate has had the strongest influence among other essential factors that concern aid policies through the late 1980s and during the 1990s. The foreign pressure factor, albeit a significant force during the Cold War period, has been overshadowed by the national interest debate in the 1990s. Its weakening power can be predicted due to the growing independence of Japanese foreign policy. On the other hand, the increasing importance of the internal pressure factor has been demonstrated, especially in the 1990s. In the case of Eastern Europe, however, the role of the Japanese public is rather unclear, and it would be inaccurate to claim that the public was the main proponent for the aid towards the region.

The central role of the national interest debate is the concluding point of our debate. It can be unfolded in several directions. First of all, the national interest debate was an interesting development in the late 1980s and 1990s. The "ignorance" of the Japanese 'national interest' questioned the rationality of Japanese foreign policy for many years; during which foreign pressure was recognized to have played the most significant role. The dynamism of international relations after 1989 brought about the explicit

verbalization of national interests in public.

Second, there came the necessity to look through the national interest debate as an explanatory framework for the aid policies of Japan. Many authors through the 1990s still relied heavily on the foreign pressure debate when they tried to examine the factors concerning the aid policies. The foreign pressure explanation, however, does not fit the new realities of the post Cold War period very well, and it tends to leave many questions unanswered.

Third, Japanese national interest has been discussed by a number of authors and it has been brought into public debate in the 1990s. The thorough observation of its different aspects, however, has been neglected, and only an economic, negative image of this factor has been broadly examined. Many have not taken into close consideration the positive gains for the political and enlightened interest of Japan, coming from the aid. This paper has emphasized the importance of these two aspects of the national interest and it has tried to present some more alternatives in the economically centered debate over Japanese aid. The case of Eastern Europe is a good example in this direction, where deep economic interests cannot be detected.

The Japanese ODA reforms in accordance with the national interest debate in the 1990s, the separation of the economic from the political, and the growing importance of political agenda and goals in the aid policies have already been emphasized in the aid studies of the 1990s (Yasutomo, 1995). Most academics, however, have omitted an outstanding argumentative case that gives evidence to such processes - namely, that of Eastern Europe. The case of Eastern Europe has helped to prove that Japan has shown the behavior of a rational player in the international arena, following and expressing its national interests explicitly in its own original agenda. Through our case, its national interest has been proved to have much more importance in the present aid policymaking than the external and internal pressure - a tendency that has been ignored in the aid studies in the 1990s. Despite the fact that this article touched upon only the explicit cases of aid towards Eastern Europe and its rationales, the author claims herein that the aid towards other diverse regions should be also closely reevaluated in the light of the rational actor model. This could provide clearer and more profound understanding of Japanese aid objectives and rationales in the new international context after the changes of 1989.

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