

JAPANESE ECONOMIC ASSISTANCE: TRIAL AND ACHIEVEMENT

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I. PAST AND PRESENT

A. *From Indemnities to Yen Loans*

JAPANESE AID TO the developing nations began on an official government basis in December 1954 when it became a member of the Colombo plan. This was only two years after Japan had again become a full-fledged member of the international community with the signing of the San Francisco Peace Treaty. Another type of official assistance, totaling \$200 million, was begun at about the same time with the payment of reparations to Burma. This assistance began in 1955, although the agreement was concluded in November 1954. In the ensuing years, the payment of reparations and quasi-reparations (gratis economic assistance) grew to an annual total of about \$65 million. This included reparations to the Philippines begun in 1956, of \$550 million; reparations of Indonesia, begun in 1958, totaling \$223,080,000. Reparations to Vietnam and quasi-reparations to Cambodia were started in 1960.

In addition to the payment of liabilities incurred in the war but not directly related to it, new official loans (yen loans) were given. Yen loans were directed toward economic aid and the first was granted to India in 1958 at a total of \$50 million. Paraguay, Vietnam, Pakistan, Brazil, and other countries later became recipients of this type of loan.

Private activity in assistance began in 1950 when the Export-Import Bank of Japan was established. Export credit grew as exports expanded. So did overseas

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investment which resumed in the Asian area, predominantly in India in 1951. This investment assumed large proportions in 1955 in Brazil and other countries of Latin America.

B. *Recent Figures*

In 1971 Japan's total economic assistance (total net flow of financial resources to developing countries and various international agencies) was \$2,140.5 million, of which \$510.7 million was official development assistance (ODA), \$651.1 million in other official financial resources, and \$978.7 million in private funds. This represented an increase of \$316.5 million, 17.4 per cent more than the \$1,824 million of 1970. Furthermore, it was an increase 2.7-times that of 1967, representing an average annual rate of increase during the three-year period of about 28 per cent.

In 1967 Japan ranked fifth among Development Assistance Committee (DAC) members in terms of provision of economic assistance. In 1968 she ranked fourth behind the United States, West Germany, and France. It moved up to third place in 1970 and second in 1971. Japan's share of the DAC total rose from 7.0 per cent in 1967 to 11.8 per cent in 1971.

Japan's ratio of economic assistance to gross national product, an important index to showing a country's real contribution, was 0.36 per cent in 1964 well below the DAC average of 0.79 per cent. By 1969, however, the ratio went above the average and in 1971 reached 0.95 per cent.

But in terms of the most important component of economic assistance, i.e., official development assistance, Japan ranked only fifth among DAC members in 1971, her ratio of official development assistance to GNP at 0.23 per cent, much lower than the DAC average of 0.35 per cent, putting it in thirteenth place.¹ Moreover, Japan's per capita overall economic assistance and per capita official development assistance in 1971 were only \$20.50 and \$4.90, respectively, as opposed to \$34.00 and \$16.10 for the United States, \$32.30 and \$21.60 for France, \$32.40 and \$12.40 for West Germany, and \$28.30 and \$10.10 for Britain. Such figures account for the fact that there are mounting demands throughout the world that Japan should increase its economic assistance particularly official development assistance.

C. *Low Level of Official Development Assistance*

Official development assistance, consisting of bilateral grants, bilateral official loans, and other provisions from government treasury funds, is said to be the only type of assistance truly worth the name. Looking at the composition of Japan's economic assistance, we see that whereas official development assistance, other provisions of public funds, and provision of private funds each accounted for about one-third of the total in 1969. The respective shares were 24 per cent, 30 per cent, and 46 per cent in 1971, meaning a big drop in the relative weight of official

¹ According to preliminary figures on economic assistance by DAC members in 1972 announced on July 4, 1973, by the secretariat of the OECD, Japan's total was \$2,725.4 million, or 0.93 per cent of its GNP. Its official development assistance, \$611.1 million, had still not increased very much. See Appendix Table I.

development assistance. Put in another way, provision of private funds and provision of other public funds, usually linked together, account for a full three-quarters of total Japanese economic assistance.² This low proportion of official development assistance is a poor comparison to France's 66 per cent, the United States' 47 per cent, or the DAC average of 42 per cent. Furthermore, the percentage of Japan's official development assistance in grants has been declining yearly since 1967. In a nutshell, the substantial increase in the total amount of Japanese economic assistance in the last few years has been largely due to greater provision of private funds in such forms as export credit, and direct investment.

As previously mentioned, Japan's official development assistance in 1971 amounted to \$510.7 million. Let us take a closer look at its major components: bilateral official grants and bilateral official loans.

Bilateral official grants, which the recipient government has no obligation to return, totaled \$125.4 million. This can be further divided into gratuitous financial assistance and technical assistance, the former amounted to \$99.7 million. Of this last amount, \$66.3 million consisted of grants relating to war indemnities, either outright indemnities as in the case of the Philippines or quasi-indemnities as with the Republic of Korea, Burma, Singapore, and others. This category still accounts for over half of Japan's bilateral grants. Although one cannot help but feel that it is rather odd that such obligatory payments should be included in the category of economic assistance, it is permissible to do so for the purpose of DAC statistics since they do represent a flow of financial resources to the developing countries. Furthermore, the only countries still receiving such payments are the Philippines, the Republic of Korea, Burma, and the Micronesia area, and all such obligations will be completed by 1977.

The second major form of gratuitous assistance is technical assistance. Since it is a contribution to the training of personnel on whom the economic development of the recipient countries will to a large degree depend, it should be a basic ingredient of economic assistance. There is, of course, a relationship between technical assistance and financial assistance needed for development. The developing countries are not able to achieve adequate results with financial assistance alone. It is also necessary that the level of technology and skills be raised enough so that such funds can be efficiently employed in the economic development. The effect of assistance as a whole is tremendously enhanced if there is an "organic" relationship between financial assistance and technical assistance, i.e., if the technical serves to "pilot" and carry out the financial.

² In 1971, the main components of private financial assistance, export credit and direct investment, amounted to \$494 million and \$356.2 million, respectively. The category "provision of other public funds" is the same as official development assistance in the sense that treasury funds are used. But since the greater part of this category is channeled into the Overseas Economic Cooperation Fund and the Export-Import Bank of Japan and are destined for use as export credit and direct investment from the private and not the government sector. Therefore the funds should be considered a government subsidy of private business and not official development assistance. Actually, this financing of export credit and direct investment is mostly in the mixed form of public funds from the Overseas Economic Cooperation Fund, Export-Import Bank of Japan, or the private funds from commercial banks. In 1971, "provision of other public funds" amounted to \$651.1 million.

While it is true that this technical assistance did increase from \$11 million in 1967 to \$27.7 million in 1971, it still represented only 1.3 per cent of Japan's total economic assistance, which falls far short of the DAC average of 9.2 per cent. In terms of official development assistance alone, it represented 5.4 per cent, as opposed to 21.9 per cent for the DAC average.³

Bilateral official loans are in two categories: new direct loans of development funds and "debt relief" (refinancing and rescheduling) for countries having trouble paying back debts already accumulated. Needless to say, the former represents the greater amount by far.

The main portion of these direct loans consists of what are usually called "yen loans," i.e., loans of yen funds by the government to the government of the recipient country or to its agencies through the Overseas Economic Cooperation Fund or the Export-Import Bank of Japan. Also included in such direct loans, are loans and export (on a deferred payment basis since 1969) of surplus rice as official assistance in kind to Pakistan, the Republic of Korea, Indonesia, the Philippines, and other countries plagued by food shortages. In 1971, \$302.8 million of the total of bilateral official loans (\$306.7 million) went to the Republic of Korea, Indonesia, India, Pakistan, Thailand, and other countries in the form of direct loans.

Until 1964 the overwhelming portion of direct loans went to India and Pakistan. Since then, the list of recipients has been expanded to include Taiwan, the Republic of Korea, Indonesia, Malaysia, Thailand, and other countries.

D. *Hard Assistance Terms*

A matter of great concern to developing countries when borrowing funds is whether or not they can do so on generous terms. Naturally they will want the lowest interest and the longest period of redemption possible. Particularly since recently a substantial part of the new assistance given developing countries is taken to repay principal and interest on accumulated debts from past assistance, the demand for both debt relief and easier terms for new assistance have been getting stronger.

Now, in Japan's case, in 1971, for instance, grants accounted for only 33 per cent of official development assistance, or much less than the DAC average of 60 per cent. Furthermore, although the terms of loan assistance by Japan have been gradually improving, in 1971 there was still a great disparity between them and the average terms offered by DAC countries as a whole: 3.5 per cent to 2.8 per cent for the rate of interest and 22.1 years to 28.7 years for the period of redemption. The only favorable comparison was the 6.8 years to 6.5 years as the period of grace. Furthermore, the terms are even worse when loans and exports of surplus rice on a deferred payment are excluded and only yen loans are considered.

Another important problem in connection with the terms of assistance is that of doing away with tied aid, i.e., the obligation on the recipient to limit his orders of

³ The breakdown of technical assistance in 1971 was \$7,240,000 for trainees and students (3,884) from developing countries, \$13,460,000 for the dispatch of experts, etc. (3,056) from Japan to these countries, \$5,630,000 for the provision of equipment and materials, and \$1,360,000 for other purposes.

commodities and services to those offered by the assistance country. From the point of view of the recipient country, the best arrangement is one by which it is able to use the financial assistance it receives to buy commodities and services at the lowest price and the highest quality from whatever country it wants to through international bidding, etc.

With few exceptions, Japan's assistance—not just grants but official loans also—has been tied to Japanese commodities and services. If a country wants to receive assistance from Japan, it has been obliged to buy Japanese commodities and services with the assistance that Japan has given.

Of course, Japan is not the only country that gives tied assistance. In fact, most countries do to some extent. In 1970, for instance, the percentage of tied bilateral official assistance was 42.8 per cent for West Germany, 43.6 per cent for France, 59.8 per cent for Britain, 66.2 per cent for Italy, 90.7 per cent for Japan, and 97.3 per cent for the United States. There is no doubt that providing assistance tied to one's own commodities helps in promoting exports. This has been particularly true in Japan's export of plant and equipment since at first the international community was not accustomed to its products. For this reason the Japanese find it hard to give up tied aid. Nevertheless, West Germany, which also depended in the past on the promotion of its trade through tied assistance, has been quick to give up this practice. Furthermore, the tendency for countries receiving assistance to be burdened more and more by accumulated debts has heightened international demands for untying to improve the effectiveness of aid.

This being the case, Japan expressed a positive attitude toward untying its assistance at the DAC conference in 1970 and at the Third United Nations Conference on Trade and Development (UNCTAD) in 1972. She revised the laws concerning the Overseas Economic Cooperation Fund and the Export-Import Bank of Japan in November 1972 in such a way as to remove institutional barriers to the untying of assistance. Furthermore, at the Seventh Southeast Asia Development Ministerial Conference in December 1972 Japan announced that it would henceforth permit its assistance to be used for procurement from developing countries as one step in an active effort to untie a greater portion of her bilateral official loans. In the future there will no doubt be demands for even greater improvement on Japan's part.

E. Overemphasis on the Asian Region

From what has already been said, it is obvious that a feature of Japanese economic assistance has been its emphasis on the Asian region. In the period 1967–71 Japan's total economic assistance amounted to \$7,070 million, of which \$4,080 million, or 57 per cent, went to Asia, excluding the Middle and Near East. This means that only 4.2 per cent went to Africa, 9.6 per cent to Latin America, and 6.4 per cent to the Middle and Near East. The trend for the whole five-year period applies also to the 1971 year. In terms of bilateral assistance, Asia's share was an even larger 64.1 per cent, and in terms of bilateral official development assistance, it was no less than 98 per cent.

In spite of the fact that in general the per capita national income of the develop-

ing countries in the Asian region is extremely low, these countries received an average per capita official economic assistance of only \$3.18 in 1969-71, as opposed to \$5.50 for Africa, \$5.18 for Central and South America, and \$3.24 for Southern Europe. Considering this and the fact that Japan is situated in Asia with long and close historical and cultural ties to the region, it is only natural that it should be first to extend a helping hand in the development of their economies and improvement of their standard of living. At the same time, however, it must be careful not to allow economic assistance to become, as matter of excessive intervention in the affairs of these countries.

II. FUTURE TASKS

With the extension of Japanese economic power, the developing countries will no doubt come to expect more and more of Japanese economic assistance. Let us consider a few of the tasks that the further promotion of Japan's economic assistance will involve.

A. *Expansion of Official Development Assistance*

For some time now 1 per cent of gross national product has been the international goal for the total amount of economic assistance. As for when this goal should be attained, the Pearson Report recommended 1975, and the development strategy for the Second U.N. Development Decade as well as the recommendations of the Third United Nations Conference on Trade and Development say 1972 or 1975 at the very latest. Lately, however, there has been more international interest in the amount of official development assistance included than in the total. The international goal that has been set by the development strategy of the Second U.N. Development Decade and the Third United Nations Conference on Trade and Development is for official development assistance to reach 0.7 per cent of gross national product by the mid-1970s.

As has already been stated, however, although the total amount of Japan's economic assistance is on the verge of attaining the goal of 1 per cent of GNP, having reached 0.95 per cent in 1971, Japan's official development assistance in the same year was only 0.23 per cent of GNP, the same level as the year before, and the international goal of 0.7 per cent still is way off in the distance. It has also already been said that the only assistance really worthy of the name is official development assistance. Japan's record in this respect runs directly counter to the developing nations' strong desire for more of such assistance.

While it should be possible for Japan to attain the "1 per cent goal" in the near future, one can hardly say the same for the "0.7 per cent goal" for official development assistance, which requires the use of treasury funds. That is why Japan did not give a definite date when it announced at the Third United Nations Conference on Trade and Development that it would "do its best to achieve the goal of 0.7 per cent of GNP for official development assistance as early as possible in spite of the difficulty." Considering that Japan ranks thirteenth among the sixteen members of

DAC in this regard, active measures will have to be taken to increase its official development assistance.

B. Increase of Gratuitous Assistance

Many people feel no doubt that such terms as economic assistance and economic cooperation should more often mean grants for which there is no repayment obligation, i.e., gratuitous assistance, than loans on interest. And in fact there is no question that the countries plagued with accumulated foreign debts and particularly those in a more retarded stage of economic development consider the best kind of assistance to be gratuitous assistance. Moreover, the reason why the DAC recommendations of 1965 and 1969 called for a ratio of grants to total official development assistance of at least 70 per cent and the Third UNCTAD recommendation urged countries for which this ratio was lower than 63 per cent (the DAC average in 1970) to raise it above that level by 1975 is that these recommendations considered that gratuitous assistance should form the core of economic assistance to the developing countries. In Japan's case, however, as has already been mentioned, this ratio stood at only 33 per cent in 1971, or much lower than the DAC average.

Since the major part of Japan's gratuitous assistance from the very beginning has consisted of indemnities, quasi-indemnities, and other forms of war reparations, the overall amount of such assistance has declined as these payments near termination. In order to increase gratuitous assistance, it will therefore be necessary not only to increase technical assistance but also to give more of some new kind of gratuitous assistance which will replace these indemnities. In the past, Japanese assistance has concentrated mainly on industrial production facilities, virtually ignoring schools, hospitals, and other facilities for social development. This is probably one reason why the recipient countries have looked on Japan as a country that cares only about money and material things and that puts economic considerations above all others and also why there has been so much talk about the Japanese being "economic animals." In expanding its gratuitous assistance in the future, Japan should therefore take a more positive attitude toward the kind of assistance that emphasizes human factors, including humanitarian assistance, assistance for improving the stability of people's lives, assistance for improving the economic infrastructure (not easily done on the basis of corporate profitability) and assistance in the social development segment for education, medical care, family planning, and so on.

Furthermore, Japan is dependent on foreign sources for most of its natural resources particularly minerals. In the future, therefore, its relations with the developing countries, rich in such natural resources, are bound to become increasingly close. Hence it is clear that there is a need to assure that in developing such resources a direct contribution is made to economic development of these countries. From the standpoint of development of resources, it is important that Japan actively cooperate in their social development through the form of gratuitous assistance be related to resource development.

At the same time it will be necessary to greatly strengthen and expand technical assistance, another form of gratuitous assistance. The importance of the role of technical assistance has already been widely recognized in training talent to sustain economic and social development in the developing countries, raise the level of technical proficiency and promote mutual understanding between both countries through human contact. As has already been pointed out, Japan's technical assistance is still far behind that of other developed countries. This circumstance has already prompted growing demands both at home and abroad for the strengthening and expansion of such assistance. Needless to say, this will require the speedy establishment of a domestic capability to dispatch to the developing countries a large number of well-prepared experts, experts who can expand existing institutions, help build new ones, and work for the training of native personnel. Of course, sufficient funds will have to be allocated to cover the cost of expansion. It will also be necessary to increase technical assistance in such fields as education, medical care, the population problem (fields which have received little technical assistance from Japan in the past), and to coordinate the various assistance programs which hitherto have been undertaken in an unconnected fashion and increase the scale of these comprehensive programs.

C. The Easing of Terms of Assistance

A loan is a debt and has to be repaid when it expires. In recent years, however, the debts of countries receiving assistance have accumulated, and the debt service ratio has been going upward, resulting in a larger and larger portion of hard-earned new assistance being eaten up in servicing old debts. From this standpoint as well, the problem of easing terms of assistance becomes more and more prominent. Several recommendations have been made in regard to this problem by various DAC conferences since the end of the 1960s most notably by the Third United Nations Conference on Trade and Development and the program of the Second U.N. Development Decade. The DAC conference held in October 1972 adopted the recommendation that the "grant element" in official development assistance be raised to an average of at least 84 per cent, and Japan agreed. It will not be easy, however, for Japan to attain this level in view of the fact that in 1971 the grant element in its official development assistance averaged only 65 per cent, as opposed to the DAC average of 83 per cent.⁴

In order to lighten the burden of debt of the countries receiving assistance and to promote the efficient use of assistance, Japan will have to strive to achieve the aforementioned international goal at an early date by, among other things, in-

⁴ The grant element is an indication of the "softness" of the terms of assistance. More specifically, it is a percentage indication of the difference in severity between normal commercial terms and actual terms given, the difference being regarded as a favor. Thus, a gratuitous grant would have a grant element of 100 per cent, a loan at 0.75 per cent interest with a fifty-year period of redemption (including a ten-year grace period) a grant element of 84 per cent, and a loan at 2 per cent interest and with a period of redemption of twenty-five years (including a seven-year grace period) a grant element of 61 per cent. See Appendix Table II.

creasing its gratuitous assistance and increasing the amount of government funds available to the Overseas Economic Cooperation Fund.⁵

Besides easing the terms of assistance, it is necessary to stress once against the need for further untying of assistance. At the present time the developed countries as a whole are not very willing to untie assistance, with some exceptions. As has been mentioned, Japan expressed a positive attitude toward untying at the Third United Nations Conference on Trade and Development and at the Seventh South-east Asia Development Ministerial Conference. It therefore behooves Japan to increase its efforts to persuade other countries to form an international consensus that will completely untie assistance. At the same time demands will become stronger that Japan take concrete steps at an early date to untie her own assistance.

D. *Expanded Financing of Local Costs*

Besides easing terms and untying, another important factor in the improvement of the quality of government loans would be the expansion of financing of local costs. What is meant here by "local costs" are those costs to be met by the recipient country in connection with the implementation of a project financed with an official loan, part or all of the local costs involved being included in the loan.⁶ Up to now the prevalent attitude has been that it is only natural that the recipient country should procure the funds to cover local costs by its own efforts, and in Japan's case, too, rarely have local costs been covered by official loans.

However, since in many cases the recipient countries have trouble in procuring funds to cover such local costs, this is detrimental to the smooth implementation of the project. There has recently been a gradual increase in the number of cases where official loans by Japan have included local costs. The Republic of Korea, South Vietnam, and Peru are among the countries that have benefited from this new arrangement. Japan will have to continue expanding its financing of local costs involved in assistance projects in order to facilitate the implementation of such projects and thus increase the overall effectiveness of economic assistance.

E. *Extending Assistance to a Wider Range of Areas*

Another aspect of improving economic assistance is the extension of assistance to a wider range of areas. We have already noted the fact that because of, compelling geographic and economic circumstances, the emphasis of Japanese economic assistance has traditionally been on Asia and it is unlikely that there will be a major change in this respect in the future. Nevertheless, as Japan's international respon-

⁵ Although both the Overseas Economic Cooperation Fund and the Export-Import Bank of Japan are government financial institutions which handle economic assistance, the main purpose of the latter is to promote trade and overseas investment, whereas the former was established for the sole purpose of handling economic assistance. Because of this difference, the terms of the loans granted by the former are easier.

⁶ These local costs include: (1) the cost of purchasing raw materials, parts, work tools, etc. produced locally; (2) the wages paid to local labor; (3) the expenses of foreign technicians, consultants, etc. during their stay in the country; (4) the cost of transporting materials, parts, work tools, etc. for work projects domestically; (5) the cost of purchasing land for the site(s); (6) incidental works expenses; (7) general expenses; and (8) tariffs, taxes, fiscal surcharges, etc.

sibilities and the dimensions of assistance increase as its economic power grows, the need to widen the scope of economic assistance to include other areas will increase, and such economic assistance will have to be geared to the particular circumstances of each area. Latin America, for instance, with its rich farm production, minerals, natural resources, and rapid progress in economic development, is becoming increasingly interested in Japanese economic assistance. Japan, in turn, will have to promote such assistance as well as economic exchanges in general and of course will have to do so on the basis of a thorough understanding of what the countries involved are trying to achieve. Similarly, since there are quite a few countries in both the Middle and Near East and Africa that want to increase their economic exchanges with Japan, it would be a good idea for Japan to gradually expand the scope of its economic assistance to these areas, starting for the time being with technical assistance to agriculture, mining, and industry, and loans for improvement of the economic and social infrastructure.

III. CONCLUSION

In the past several years there has been a rising tide of criticism abroad of Japan and the Japanese as being "economic animals" who could not care less about the annoyance caused others so long as they are making money. Other similarly disparaging epithets attached to them include "ugly Japanese," "parasite," and "Japan, Inc." This should not be considered to be the result merely of unfounded fears of economic aggression at the sight of Japanese goods flooding the local market. In fact, for better or worse, there is no doubt that with the growth of economic assistance that will accompany expansion of Japanese exports and private investment overseas, Japan's economic influence over the recipient countries will increase as well. And there is the danger that this could eventually bring pressure to bear on these countries or perhaps even excessive intervention in their affairs. In this sense, therefore, the need to make due allowance to respect the economic independence of these countries will become stronger as economic assistance is expanded.

Another factor contributing to the mounting criticism of Japan has undeniably been the irresponsible behavior of some Japanese travelers abroad and excessive competition among Japanese trading companies. Japan and the Japanese would therefore do well to engage in some sincere reflection on their past behavior and attitudes. This also applies to economic assistance. In order to avoid criticism that Japan earns twice as much from its "assistance" as it puts out, both the government and those in the private sector involved in such assistance must not only respect the point of view of the other country but also lend an ear to its wishes regarding what projects should receive assistance and the form of such assistance should be and be careful not to let Japan's economic assistance backfire, inviting mistrust instead of friendship.

Nor should it be forgotten that if Japan allows a situation to continue in which its assistance is far inferior to that of other developed countries with respect to terms, etc., it will be criticized by both developing countries and developed countries. It will be castigated for refusing to coordinate its policies and of using its assistance

to other countries for the purpose of expanding its trade and earning foreign exchange and might then be ostracized from international society.

Finally, though it goes without saying, the purpose of economic assistance should be to contribute to the recipient country's economic independence and to help build a peaceful and prosperous world. Economic independence means the liquidation of economic subservience to any other country and the building of a kind of national economy in which standard of living for all social strata rises and everyone is able to enjoy a way of life both culturally and materially befitting to human beings. If economic assistance benefits only a privileged class or the oligarchy, corruption is bound to thrive on it, to the detriment of both the recipient country and Japan and with an inevitable increase in social unrest. "Economic assistance" which does not help in the building of a healthy national economy or the promotion of true economic independence and welfare of the people obviously does not deserve to be called economic assistance. An iron rule in the promotion of economic assistance must be that an immediate halt be put to any "economic assistance" which goes against the true interest of the people of both the recipient country and Japan.

APPENDIX TABLE I
OFFICIAL DEVELOPMENT ASSISTANCE AND TOTAL FLOW OF FINANCIAL
RESOURCES FOR MAJOR DAC COUNTRIES IN 1971 AND 1972

	Official Development Assistance				Total Flow of Financial Resources			
	1971		1972		1971		1972	
	\$Million	% of GNP	\$Million	% of GNP	\$Million	% of GNP	\$Million	% of GNP
DAC total	7,708.3	0.35	8,592.6	0.34	18,122.5	0.82	19,451.2	0.77
Japan	510.7	0.23	611.1	0.21	2,140.5	0.95	2,725.4	0.93
U.S.A.	3,324.0	0.32	3,349.0	0.29	6,867.0	0.65	7,354.0	0.64
France	1,075.3	0.66	1,320.5	0.67	1,623.5	1.00	(2,072.7)	1.06
W. Germany	734.2	0.34	808.3	0.31	1,915.2	0.88	1,713.8	0.67
Britain	561.8	0.41	608.7	0.40	1,568.6	1.15	1,695.8	1.11
Canada	340.1	0.37	462.5	0.44	752.1	0.82	985.9	0.95

Source: Japan, Ministry of Foreign Affairs.

Note: In 1972 Portugal led the sixteen members of DAC in terms of the ratio of official development assistance to gross national products with 1.51 per cent, followed by the Netherlands and France both with 0.67 per cent, Australia 0.61 per cent, and Belgium 0.55 per cent. Japan shared thirteenth place with Switzerland at 0.21 per cent, the same rank as the year before.

The leaders in terms of ratio of total flow of financial resources were Portugal (2.15 per cent), the Netherlands (1.42 per cent), Belgium (1.12 per cent), Britain (1.11 per cent), and France (1.06 per cent), with Japan in eighth place (0.93 per cent), the same as the previous year.

APPENDIX TABLE II
TERMS OF OFFICIAL DEVELOPMENT ASSISTANCE BY MAJOR
DAC COUNTRIES IN 1971 AND 1972

	Percentage of Gratuitous Grants		Average Loan Terms						Grant Element for Entire Official Develop- ment Assistance (%)			
			Annual Interest Rate (%)		Period (Year)		Grace Period (Year)					
	'71	'72	'71	'72	'71	'72	'71	'72	'71	'72		
DAC average	59.7	63.1	2.8		29.1		7.0		57.0 (58.0)	82.6 (84.5)		
Japan	32.6	32.7	3.5	4.0	22.1	21.2	6.8	6.7	47.9	41.7	64.9	61.0
U.S.A.	59.2	63.2	2.9	2.6	35.7	37.1	8.7	9.7	61.5	65.1	84.3	87.2
France	75.6	79.6	4.0	4.1	17.7	15.3	2.5	3.2	35.5	31.9	84.3	86.1
W. Germany	53.7	53.0	2.0	2.6	29.6	28.9	6.6	8.3	64.8	59.5	83.7	80.9
Britain	47.3	60.0	(1.1)	(0.2)	23.6	(23.3)	5.6	(6.3)	64.7	(70.2)	81.4	(88.1)
Canada	63.4	69.2	1.0	0.02	43.1	49.8	8.9	9.9	79.1	90.1	92.4	97.0

Source: Japan, Ministry of Foreign Affairs.

Note: In 1972 the grant element of official development assistance in its entirety was 100 per cent for Australia, 99.6 per cent for Norway, 90.7 per cent for Canada, 96.4 per cent for Belgium, and 95.2 per cent for Sweden. Japan, at 61.0 per cent, ranked fourteenth among the sixteen member countries of the DAC, same as in 1971.