

CHAPTER V

CONCLUSION

The settlement of Japan to involve in the Pacific War had conveyed to its own ponderous status in the global position from a considerably powerful state to a nation that had urgency to receive development assistance from other developed countries or international community, and then ended up by Japan's capability to be the contributor or the donor country of ODA itself.

ODA or the Official Development Assistance is the resource flow given by particular countries (donors) to countries, usually the developing countries (recipients). This what Japan has done since the past decades, since the ODA has been used by Japan as the platform for external economic cooperation, as well its foreign policy tools toward other countries in the world economy.

The use of ODA as its foreign policy tools was started by the implementation of ODA as the war reparation compensations for surrounding countries as the aftermath of the World War II. Soon after, it was transformed from export promotion to interdependence rationale as a result of turmoil owing to Japan's tied aid credit policy. The following form of ODA was as Japan's tool for global positioning by increasing its ODA volume, completed by Japan's Five Consecutive Medium-Term Targets of ODA. From being tool for global positioning, it made ODA for world peace and stability, mirrored by the enactment of ODA Charter. After all, Japan used its ODA as multilateral aid that

was distributed to the multilateral institutions such as World Bank, UNDP, World Food Program (WFP), etc.

In the sequel, Japan's involvement in economic cooperation even fancifully let Japan to be the top donor country of ODA. In this phase, Japan regarded the Southeast Asia region that might be potentially lucrative for Japan. Since then, Japan had deep concern on the region to keep the stability in those territories by contributing several forms of assistance, such as politically, socially, and especially economically. Thenceforth, when the financial crisis issued the region, then it was triggering Japan's deeper concern.

The antecedent of Asian financial crisis in the region was triggered by the crisis in Thailand by the depreciation of Thai Baht in 1997. Such a spillover effect, once a particular country in a region suffered from crisis, it would be a contagion that spread over other countries in the same region. This financial crisis in the form of declines in equity price, scarcity in the availability of international capital, declines in currencies' values were suffered by most of all the countries in the Southeast Asia region, but Thailand, Indonesia, Malaysia, and Philippines suffered the most in which Philippines with the smaller risk of the crisis. Noticing the region that was potential advantageous was in the catastrophe situation, Japan initiated too increase its aggressiveness in providing more financial assistance in the form of ODA.

Japan's high economic development led Japan becoming the top donor of ODA in 1990s. This capability of Japan, could contribute much in assisting Southeast Asia countries to solve the economic crisis when the Asian financial

crisis exploded in 1997. Number of assistances, starting from the AMF proposal, the New Miyazawa Initiative, and other types of ODA were provided by Japan to the region in its attempt to overcome the crisis at that time. However, the proposal of AMF by Japan was assertively rejected by the United States and due to many pressures from western countries, as well. Japan decided to revoke the proposal.

Japan was a country that had significant influence in Southeast Asia, had played an important role in the attempt to recover the countries from the crisis. It was known that Japan's assistance did not only start from the crisis era, but also since very previous decades, precisely in the post-World War II era. Japan's jumping-off ground to start contribution in the form of ODA to the region was represented by its post-war compensations funds for Southeast Asia countries in terms of war reparations.

Japan's deep concern and significant role in the region regarding to the crisis, were shown by its huge number of financial assistance disbursed to the region, somehow the amount of assistance given was higher than other countries or international organizations' or institutions', and group of countries' contribution.

On the basis of its implementation theoretically, Japan had been able to gain its past international respect for what so called 'hegemony', reflected from numerous actions that had been performed for the region in terms of economy, technological aspect and politics backed up by military. First, a hegemon acts as the stabilizer and capable to face all kind of emergency situations one a crisis surges its member of international community. Japan's image as an economic

giant is not something to be astonished. Japan's contribution of ODA as a donor country to the region had been started during postwar reparation agreement and continued significantly until the 1997 Asian financial crisis occurred.

Moreover, it is one of the most significant attributes that a hegemon must have a great economic condition or progressive economic growth. Japan's contribution of its ODA also never harmed itself. This means, Japan was able to increase its volume of financial assistance even though its national income was lower than the U.S. because Japan only spent two until three percent of its GNP for the assistance while it spent up to twenty five percent of its GNP for its national savings and domestic capital. Japan's low consumption for military or defense expenditure was also one of the factors behind Japan's economic growth.

Second, a hegemon also must be superior in terms of technological leading. Japan's ability to catch up western's technology in the form of technology was noted by the establishment of train railway after deciding to close its status as Isolationist state in around 1872. Japan's merit to the Southeast Asia countries in the form of economy was described by Japan's transfer of knowledge and technology that contributed much to the future of the region's technology. Japan's rapid development at technology to rebuild their nation from losses in the World War II remarked Japan's inevitable capability in terms of technological leading that started to give positive impacts to the Southeast Asia region.

Third, it is compulsory for a hegemonic state to have military force to back up its political power. It is known that Japan would avoid any military use in the region to guarantee the security and stability in the region. It was based on Japan's

vital interest in the region in case of its economic aid. However, Japan still facilitated them by the admission of the foreign military trainers in Japan's Military School from 1975 until 1985. The Southeast Asia countries had felt their necessity with Japan in terms of defense or military. Besides, Japan's active participation on military aspect through sending its SDF troops to several cases started in 1992 could be seen by its participation in the Gulf War.

Japan's importance to the region is about how to gain its past hegemony as it was before the Second War exploded, remarked by Japan's aggressiveness in providing financial assistance in the form ODA either grant aid, Yen loans, and technical assistance (especially) will increase the rate or level of dependency, bonding, attachment, and influence on Japan from the Southeast Asia region, which may lead to the condition of hegemony. In fact, at the era of post crisis, Japan's assistance flows are still disbursed in a certain number of funds. It may be mirroring how the implication of those attachment, bonding, and influence of the Southeast Asia region toward Japan.

In summary, Japan could be considered successfully gaining its past hegemony by using its ODA disbursement as Japan's foreign policy tools to achieve its international respect through Japan's capabilities, especially in case of economic giant state. Because being a hegemon, does not merely need power in terms of tangible aspects like economy, military, and technology, but also the recognition from the international community is also important.

Thus, by giving the official assistance especially in terms of economy, as well as technology and military power, describes Japan's tangible power, which is

Japan's means to achieve its intangible power. Japan with its capability in tangible power has the ability to establish the intangible one which is the recognition from the international community where the Southeast Asia countries, finally recognizes the hegemony of Japan and they become the members of Japan's hegemony. Eventually, Japan's tangible and intangible power could help Japan to gain its ideal in terms of hegemony.

Finally, hegemony does not only consist of tangible aspects, such as economy, technological leading, military power, but also the recognition from its international members, that lead to the leadership role as a hegemon since all aspects have linkages with one another. To be an Asian hegemon, Japan had been overqualified in fulfilling those elements at that time. Japan's capacities to stabilize the condition of Southeast Asia had been fulfilled as the criteria for Japan to be a hegemon actor in which Japan had to assure the stability of the countries of its system. Because these countries remained important for Japan in several aspects to enforce Japan's Asian hegemony, Japan was responsible in creating this stability.

Overall, this undergraduate thesis comprehensively found the fact that Japan in the middle of its attempt to attain hegemony, had found its tangible power in terms of the capabilities in certain aspects. Furthermore, those tangible aspects had supported Japan to achieve its intangible aspect, as well, in terms of recognition. Even though this tangible aspect is something hypothetical or abstract, but it devotes the significant effect for Japan's hegemony.

The topic of this undergraduate thesis is related to several studies. For example, Foreign Policy Studies, and Japanese Politics and Government in case of Japan-Southeast Asia countries relations by contributing deeper comprehension about the use of ODA as Japan's strategic foreign policy. Besides, this topic can be also related to Globalization, Global Leadership, and International Political Economy Studies where Japan acts as Asian hegemon that performs series of actions as the leader of the region, that concern about assistance distribution especially financial assistance in terms of ODA.

The use of ODA is originally aimed at assisting the developing countries, like most of Southeast Asia countries at that time to recover from the financial crisis in 1997. However, considering Japan's motive behind its ODA disbursement that is stated in the writer's hypothesis emphasizes Japan's capacities to be the actor of Asian hegemony in Southeast Asia. Thus, there will be questions more regarding to the use of ODA. Has the use of the ODA already effectively accommodated the aspirations of Southeast Asia countries? Conversely, those countries have been pragmatic about the ODA given. How is the opinion or perspective from the ODA recipient countries in the region? The more question is whether those Southeast Asia countries merely act as the recipient countries of the ODA due to the 1997 financial crisis or they also already have their own interests behind the ODA disbursement because they have been pragmatic, as well.

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