

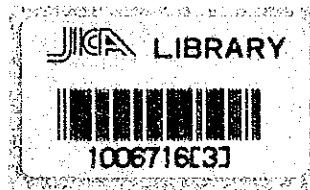
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ANNUAL REPORT

**TECHNICAL COOPERATION OF
THE JAPANESE GOVERNMENT**

OVERSEAS TECHNICAL COOPERATION AGENCY

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**TECHNICAL COOPERATION
OF
THE JAPANESE GOVERNMENT**

国際協力事業団	
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FOREWORD

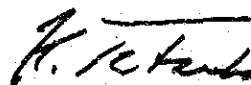
Fifteen years have already passed since Japan joined the Colombo Plan in 1954 and began to extend her technical cooperation to other countries. The first half of this period, before the establishment of Overseas Technical Cooperation Agency, can be regarded as the childhood stage of Japan's contribution to technical cooperation, while the latter half can be considered the construction stage, during which the basic construction or the groundwork for her technical cooperation was laid. Thus, she may now be said to be on the threshold of a new expansion stage in this field, fully supported by her growing national strength and her consequent increase in international obligations.

We find that the "Decade of Development," which was assisted by the cooperation of the developed countries, with the aim of raising the economic growth of developing countries by 5 per cent annually, is now ending its period. Opinions may differ as to the results attained in ten years. As you may be well aware, a number of doubts and criticisms have recently been cast on plausible results of the economic cooperation with developing countries. A fresh idea and a new resolve, therefore, are prerequisites to the cooperation policies of the 1970's.

In the following chapters, we have endeavored to review the efforts of our fifteen years' in technical cooperation, with the results of the last year as a focal point. By tracing the growth and development and by seriously reflecting upon and reviewing the results, we seek to find the most appropriate direction for technical cooperation in the coming stage, now opening before us.

It is my most sincere wish that this booklet will deepen the understanding in various quarters about the questions concerning Japan's technical cooperation and that it will contribute to its smooth functioning and will prove helpful for the execution of future policy.

December 1969



Keiichi Tatsuke
Director-General
Overseas Technical Cooperation Agency

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PART I

INTRODUCTION

CHAPTER 1

SIGNIFICANCE AND ROLE OF TECHNICAL COOPERATION

1. Challenge to "Need Amidst Plenty" and Its Results

At the outset of the 1960's, Secretary General U Thant said in effect that it was unbearable for both developed and developing countries that most of the people in the present world should be suffering more from hunger and want than in the past centuries, and that the solution to meet this want in our plentiful world was the most important mission imposed upon the United Nations. Thus, he proposed that the developed nations should commit one per cent of their national income to assistance for developing countries, and he appealed to the world to make the 1960's the "Decade of Development."

In response to the appeal, President Kennedy of the United States of America earnestly declared that the economic gap represented by the difference in the living standards between developed and developing countries was a serious menace to world peace. He elaborated upon the idea and the importance of assistance to developing countries, and he appealed to the people of the world to join in the challenge to fill the economic gap.

These appeals aroused world-wide responses and reverberations, presenting the North-South problem in a close-up picture and inspiring great enthusiasm for international cooperation.

What were the fruits of the "Decade of Development" which had an auspicious beginning with such enthusiastic commendations?

According to the annual report of the World Bank, the growth of GNP in developing countries between 1960 and 1966 was 4.8 per cent, lower than the 5.1 per cent of developed countries (although the growth rate between 1950 and 1960 for the former was 4.7 per cent against 4.0 per cent for the latter). As the recent rate of increase in population for developing countries was 2.5 per cent, which was much higher than the 1.1 per cent for developed countries, the growth rate of GNP per capita was 2.3 per cent, which compared poorly with the rate of 3.9 per cent for developed countries. In absolute figures, it is estimated that the annual growth for developed countries was about 60 dollars, while it was a mere 4 dollars for developing countries. Furthermore, the total accumulated amount of external debt of 92 developing countries had increased on an annual average of 9.8 per cent, from 30,000 million dollars at the end of 1963 to 43,600 million at the end of June 1967.

The results of the economic development during the 1960's in developing countries were far from initial expectations, and President Kennedy's so-called economic gap tended to become still wider rather than narrower.

Looking back upon the first half of the 1960's, Secretary General Prebisch of the Second United Nations Conference on Trade and Development held at New Delhi in 1969 stated in his report that the rates of economic growth in many developing countries had not attained the targets, and that a deep sense of frustration was reigning in those countries. Such frustration, however, was not experienced in developing countries alone. Not a few well-known economists of developed countries entertained doubts about the salubrious economic prospects of developing countries.

Professor Galbraith, for instance, undervalues the effect of assistance, and enumerates causes for the ineffectiveness of assistance, stating that it is difficult to assist reform from the outside in cases where impeding factors exist in the social structure, that foreign intervention for improvement is unwarranted if enthusiasm for development and capability for administration are lacking, and that no assistance can be effective unless the receiving countries strive to solve such internal problems as improvement of the administrative structure, agrarian reform, rectification of poor planning and demographic control.

Professor Bauer's opinion is that decisive factors in development are the people's quality, attitude and sense of value, as well as the socio-political system which reflects such matters as their quality and sense of value. At least, foreign assistance cannot favorably influence these human factors. Assistance to countries where conditions are not yet mature may reduce the people to be permanent recipients; and the supply of resources from the outside may weaken the indigenous power to produce them.

Common among these opinions are that, firstly, stress should be laid on human factors and the structural matters which stem from them. It is true that recognition of the importance of these factors, their study and the countermeasures for them have often been neglected. It is significant that these professors have pointed out the necessity for renewed attention to the phases which, in spite of their importance, have been inclined to be lost sight of.

Secondly, the necessity for self-help by the receiving

countries have been stressed. Until now, these countries have been prone to attribute the causes and responsibilities for their backwardness in development to donor countries, and to be little inclined to recognize the necessity for efforts on their part. As assistance is meant to help the efforts of receiving countries for development and to supplement where they are not equal to the task, the authors have with good reasons pointed out the necessity for self-help.

Thirdly, doubts have been cast upon the effects of assistance, and in extreme cases, assistance is condemned as not only useless for development, but even harmful for its favorable progress. In cases where premises, or the receiving structure, are not in order, assistance will have limited effects only, and as has been pointed out above, financial assistance in particular may act only negatively. Professor Bauer, however, seems to ignore the positive effects of assistance and stresses its negative side alone.

What we should bear in mind now is not to exaggerate minus factors too much and to turn pessimistic. As can be seen in the "green revolution," or the new trends of agriculture in recent times, quiet but strong moves for development have become noticeable in the economy of developing countries beneath its stagnant surface. Tasks of utmost importance for the future will be to pay more attention to such moves, and at the same time, to reconsider the development strategy held until now and the methods of assistance, to examine factors in developing countries counteracting the effects of assistance and to find methods to eradicate them, and to contrive and enforce adequate development plans and methods of assistance in the light of the remaining negative factors.

2. New Trends in Developing Countries

A trend peculiar to the economic development of the countries which were developing in the 1960's was the increasing difference in the rates of their growth. According to the Prebisch Report in reference above, among the 54 main developing countries, there was a group of eighteen countries with an annual average rate of growth as high as 7.3 per cent, while another group of fifteen countries registered only 2.7 per cent. Between these two extremes, there was a group whose annual average rate of growth was 4.9 per cent. Secretary General Prebisch stresses the dynamic effects of exports, comparing the 8.7 per cent increase in exports (between 1959/60 and 1964/65) for the group of the countries whose growth rates were higher with the mere 3.3 per cent increases in the group with the lower growth rates, and with the 4.9 per cent increases in the middle group.

In Asian countries, between 1960 and 1966, the rates of economic growth higher than 6.4 per cent were registered in Republic of China, Republic of Korea, Thailand, Iran, and Malaysia, while a low rate of

about 2 per cent was the result in India, Burma, Ceylon, and Indonesia. In between came the Philippines and Pakistan, whose rates of growth were more or less 5 per cent. The reason for the distinct difference in the economic growth rates is very interesting and is worth examining. It is worthy of note that there are fairly distinct differences in the ways of carrying out the development policies between the high growth group of countries and the low growth group, as follows:

Firstly, the increases in agricultural production are high in countries with higher economic growth, while many countries in the second group import foodstuffs and their rates of increases in agricultural production are low.

Secondly, the countries in the high growth bracket adopt an open economic policy, opening the door for foreign capital and liberating economic activities, while the other group adheres to a closed policy, in many cases, restricting or controlling economic activities.

Thirdly, the growth of exports are higher for the group of the countries which enjoy higher, rather than lower rates of economic growth. The higher increases in exports prove that products of the countries are competitive in quality and price, and higher economic efficiency is supporting the increase.

Thus, it may be said experiences of recent economic management in developing countries have set a criterion for the type of development policy which can raise the economic growth in those countries. Many countries, therefore, now tend to review their policy of giving priority to political considerations and of neglecting agriculture and foreign trade, as well as their closed economy, and to adopt a serious and steady development policy based on their own economic characters.

At the same time, in keeping with the present tendency of high technological development, of expansion of markets and production units and of development of transport and communication, the trend for regional cooperation with neighboring developing countries to cooperate in the fields of trade, industrial location, and technological exchanges has become conspicuous. Furthermore, the spirit of self-help to solve one's problems by one's own efforts seems to have been implanted, though gradually, in developing countries. Such moves in recent times have been reflected by the emphasis placed on the importance of domestic economic development, under the name of integrated development strategy, as noted in the report submitted to the second meeting of UNCTAD, and in the adoption at that conference of a resolution on the improved uses of domestic resources in developing countries.

Within the assisting countries, the past methods of rendering assistance and its effects have been severely criticized and voices of self-criticisms have been raised so that the assistance policy is now subjected to review to produce more effects. In compliance, first of all, with the voices from developing countries asking for a

moderation of terms and conditions for assistance, because of their heavy accumulated obligations, the developed countries are moderating their conditions. Secondly, more attention has now been paid to the role of private investments which involve cooperation in both capital and technologies without causing a burden to the other party. Thirdly, more stress has been put on the economic nature of assistance than on political considerations. Fourthly, in view of the extreme importance of increasing exports by the developing countries in order to promote their economic development, the accepted opinion has become that all possible efforts should be made to increase the export of primary products and industrial manufactures by developing countries through such means as removal of trade barriers, conclusion of agreements on commodities, granting of preferential tariffs and the like. Lastly, and most important of all, the role of technical assistance is recognized anew in a wide range of matters from the training of personnel, on whom future development of developing countries depends, to the drafting of development plans. Thus, technical assistance is now considered to be more important than before.

Consequently, in both developing and developed countries, the past is being reviewed, improvements are contemplated and steps necessary for the rendering of effective assistance are gradually being completed.

Another trend worthy of note in the economy of developing countries is the report that a new species of grain has recently been grown extensively in Asia with extraordinary increases in the output. The new species of wheat, which has been developed by the Rockefeller Foundation in Mexico has been planted in India and Pakistan since 1964. In 1967/68, 27 million ha. of irrigated farm in India, and 12 million ha. in Pakistan were planted with the new species. The average yield in 1966/67 in Pakistan was from two and three tons per hectare, or twice the yield of the usual species. The new species of rice which was experimented on and developed at the I.R.R.I. in the Philippines, with the assistance of the Ford and Rockefeller Foundations, is characteristic of strong stalk and responsiveness to fertilizers, and is showing signs of widespread use in the Philippines and other parts of Asia. It is reported that the area where new species of high yield rice, including the rice developed at the I.R.R.I., are sown has increased from 200 acres in 1964/65 to 6.76 million acres in 1967/68 and 12.3 million in 1968/69.

For this reason, FAO estimates that in India, Pakistan, the Philippines, Malaysia, the United Arab Republic and others, where food has been short for their large populations, will annually increase their production by 4 per cent and will become self-supporting countries of food by 1975. Blind optimism, however, may be unwarranted, because a wide spread of the new species at the tempo up to now will require an extension of irrigated land and new measures to protect against

damage by blight and noxious insects. The problem of taste must also be solved for the new I.R.R.I. rice.

It is a fact, however, that a bright vista has been opened for the gloomy problem of foodstuffs. Moreover, it is very significant that farmers of developing countries, who have been known to be stubbornly against any new technique, have shown a receptive attitude toward the new species and the new technique of planting. This has demonstrated very well that under certain conditions the farmers will respond positively to new techniques and will serve as an answer to the question of whether Professor Myrdal's pessimistic opinion is appropriate.

3. Role of Technical Cooperation

The purposes of technical cooperation are to supply developing countries with the techniques and know-how of developed countries in order to develop human resources, to increase productivity, to promote scientific research, to raise technical levels, and to contribute to the promotion of economic development and the betterment of people's well-being. At the outset, however, not much attention was paid to the role of technical cooperation.

Until recently, it has generally been believed that as developing countries have excess population and limited capital, their economies may be enlarged and developed by supplementing the shortage of capital and mobilizing the abundant labor force. The well-known formulas pertaining to the "vicious circles of poverty" by Nurkse are representative of this idea. According to him, two series of vicious circles are formed in developing countries, beginning and ending with the shortage of capital. In the phase of supply, the vicious circle runs like this: shortage of capital—low productive power—low real income—low saving power—shortage of capital; and in the phase of demand, it is: shortage of capital—low productive power—low real income—low purchasing power—poor investment incentive—shortage of capital. He argues that in order to break these vicious circles and to promote development, the formation of additional capital should be the basic policy.

On the other hand, assistance by the Marshall Plan was extended after WWII to war-ravaged European countries and to devastated Japan. The assistance took the form of supplying these countries with food and raw materials which they direly needed, and which served as important factors in their rehabilitation.

The experience of the assistance thus rendered to postwar Japan and the West European countries, as well as the idea that the basic factor in the economic stagnation of developing countries is lack of capital, have naturally generated too much reliance on the effect of capital assistance.

As Professor Bauer has pointed out, West European countries and Japan in the postwar period lacked such physical factors as food and raw materials, but not the

human factors. In this sense, they were in need of being "rehabilitated," while the present developing countries have to be "developed." It is true that in developing countries there are enormous human resources which are annually increasing at rapid speed. But these people are not generally responsive to economic progress, and in particular, the so-called productive human resources, capable of management and administration and versed in techniques, are in short supply. As a result, the invested capital not only fails to bring in enough profit, but also flows, without being fully utilized, out of these capital-short countries. In developing countries, therefore, human resources are of first importance.

In his above-named report, Secretary General Prebisch interprets the difficulty encountered by the developing countries, during the ten years of development, as contradictions brought about by technological progress. Firstly, because of the splendid progress made in the field of mass communication techniques, the mode of life and the habit of consumption in advanced countries have been introduced so intensively to the developing countries that their people's desires have increased. This has resulted in a further shortage of the already scanty capital for investment. Thus, the contradiction between the increasing necessity, in keeping with technological progress, for capital input and the shortage of capital available for investment has intensified.

Secondly, scientific progress has lowered mortality and has prolonged human life, while the social and economic environment in developing countries has continued to maintain very high birth rates. As a result, the population has increased rapidly, consuming the capital necessary for economic growth.

Thirdly, technological progress, both directly and indirectly, affects the exports of primary products from developing countries. On the other hand, the introduction of new techniques into such countries increases the imports of industrial products from advanced countries, widening the existing trade gap.

Thus, Prebisch holds that technological progress puts two obstacles before the economic development of developing countries; that is, persistent tendency of imbalance in international payments and chronic gap in saving. He emphasizes the necessity for capital aid and international cooperation in trade. As past assistance has shown us, unless the receiving structure is readjusted, capital input will naturally be limited in its effects. The root of the whole question appears to lie in the lack of capital in developing countries. This is the obstacle on the surface, but there is another basic obstacle below which is the incapacity to introduce, to digest and to utilize such techniques. Technical cooperation may be said to have the mission of assisting developing countries in the adoption, digestion and utilization of advanced techniques and of cooperating with them so they may realize the rich possibilities

which technological progress can develop.

As has been stated above, the most effective means for promoting the betterment of developing countries were considered at the outset to be the supply of capital. As a result of cooperation which has been in effect for more than twenty postwar years, it has been clarified that the supply of money alone does not speed up development or cause the funds to be effectively utilized, but that it may even produce many harmful after-effects. And the truism has been confirmed again that human beings alone move the economy and that they are the basis for the foundation of a State. The importance of technical cooperation for the development of human resources has fully been recognized.

Among different kinds of assistance, therefore, developed countries have in recent times been paying more attention to technical assistance, and have been endeavoring to strengthen it. At the DAC Aid Review in 1968, it was pointed out that one of the most noteworthy changes in recent bilateral assistance programs was that assisting countries were putting more stress on technical assistance. At the second UNCTAD meeting, it was recognized that increased exports of developing countries depended largely upon the competence of the people concerned.

For Japan, technical cooperation is no less important since it contributes to the strengthening, between man and man, of long-range economic and political relations, and cultural exchanges with the other parties. Japan situated in Asia, is closely related geographically, culturally, and in particular economically, with Asian developing countries.

The historical process which has rapidly transformed Japan from conditions similar to those of the present developing countries into a modern State will supply a fine precedent in the building of a nation and the training of personnel. Moreover, there are many natural and social similarities between Japan and other Asian countries, and her technical cooperation may play a specific role in their development strategies, different from that of other assisting countries.

As the Pearson Committee declares, the world is now rapidly marching towards a "world society." The full use of the enormous idle or untrained human resources in developing countries will contribute not only to themselves, but also to the upgrading of the whole world, and good results will also bounce back to the developed countries.

The Report of the Chairman of DAC in 1969 referred, as a development assistance strategy, to an increased supply of assistance funds on more favorable terms and conditions, and to the application of modern scientific, technical and managerial power, using the best brains for the qualitative improvement of life in developing countries. It should be noted that the supply of best brains by the developed countries was regarded as important as the moderation of conditions for assist-

ance. Japan also should strive to dispatch a number of superior experts to developing countries.

4. Disturbing Human Factors in Developing Countries and Technical Cooperation

There are various factors in the political, economic, social and other fields which disturb development in developing countries. Among them, the human or the social factor is most important.

Developing countries are ill supplied with the human basis for development and for the introduction, digestion and management of modern techniques, not only in industrial, but also managerial, administrative, clerical and other techniques. Men skilled in a wide sense of techniques are needed, not always highly qualified experts, but low and basic technicians who are indispensable for the effective use of high techniques. Developing countries usually have a few excellent experts, but in many cases, they have much less middle-class, skilled and semiskilled workers than in developed countries. Moreover, high technologists and middle and lower technicians and workers who work under the high experts belong to their respective social classes, which are alienated in their mentality from each other. In no few cases, this fact disturbs exchanges and transmissions of technical matters, as well as smooth operations.

In many developing countries, technical experts are fond of desk work and tend to dislike the sweating or the staining of their hands so that they are often unfamiliar with the work on the spot and are apt to be indolent in leading lower technicians and workers who, owing to low education and lack of knowledge about their work or machinery, may offer inefficient labor.

Another problem is that of brain drain. It is a common phenomenon among developing countries that talented people go to the West for the pursuance of their study and fail to return home, making their countries even shorter in brain power. This situation arises since they are poorly paid in their countries and there are fewer posts to enable them to improve their capabilities and to give full play to their natural gifts. The result is like the outflow of capital from developing countries to safer and more profitable investment opportunities. It constitutes a potent cause for the retarded development and progress of developing countries.

The third problem is the lack of fluidity in developing society, and the resultant inflexibility in the utilization of active people. For both the economic growth and the political and social progress of the countries, it is crucial that opportunities be given to dynamic people who are gifted with imagination, originality, fighting spirit and perseverance. Developing countries, on the contrary, are usually hindered by class systems and national or tribal barriers, and their education is not diffused, so that potentially talented people are not given full opportunities to be active in their own ways.

In his Report to the second UNCTAD meeting,

Secretary General Prebisch refers to this matter, and says that in order to make such societies more fluid, economic development is necessary. But the truth seems to be the other way round. For any activation of the economy and the raising of the growth rate, it is necessary that opportunities be given to able persons to be active in all the fields of society.

Finally, what is most important is that there is some difference between techniques which developing countries need and those which advanced ones can supply. It is dangerous for the former to imitate, without due judgment, the techniques of the latter. On neither side has this fact been fully recognized yet.

Developing countries are apt to consider that the most modern techniques and best machinery of developed countries are most suitable for their own, and tend to adopt them uncritically and irrespective of their own environments and conditions. Such techniques and machinery are labor-saving contrivances developed in developed countries where labor is short. It has often been pointed out, therefore, that they are not always suitable for the present circumstances of the developing countries where wages are low and the working population abundant. At the same time, techniques and machinery based on them take for granted that the countries which would introduce them are at a certain technical and economic level. It is natural that if these conditions are absent, neither the techniques nor the machinery would be fully worked.

Japan was not immune from such failures. In the early years of the Meiji Era, she uncritically introduced large-scale and mechanized agriculture from Western Europe. On the other hand, it was the invention of the Japanese jacquards that laid the basis for the prosperity of her textile industry by acclimatizing the West European techniques and machinery to the land. Such example may afford useful lessons for the development of developing countries.

It may hardly be necessary to remark that the removal of harmful factors will depend, first of all, upon the efforts of the developing countries themselves. In planning and carrying out technical cooperation, however, assisting countries will have to take the above matter, as well as the following points, into due consideration:

Firstly, it is important to spread and strengthen education, particularly basic education, in developing countries.

Secondly, in view of the natural conditions, social environments, economic structures, cultural patterns, and the like, of assisted countries, techniques appropriate to the countries should be supplied. It should not be lost sight of that, in order to transplant the technical knowledge of developed countries to developing ones, it is necessary, in most cases, to modify and to make it more adaptable to the new ground.

Thirdly, the main purpose of technical cooperation lies in the maximal development of the human resources

in the receiving countries. The persons who are in charge of technical cooperation, therefore, should bear in mind that they should not be contented with merely transmitting techniques and skill. They should, through their actions, cultivate the scientific way of thinking in the other parties, and influence them in their sense of value, their idea about labor and will to work, as well as their attitudes toward changes and renovations. Dr. Bälz who came over to Japan from Germany as

a medical expert in the early part of the Meiji Era and who worked for medical education in Japan for thirty years said that the most important thing in technical cooperation was not the transmission of techniques themselves, but the transplanting of the spirit to foster techniques. Thus he emphasized the greater importance of the cultivating the fundamental spirit than the transmitting of expert knowledge and techniques.

CHAPTER 2

JAPAN'S FIFTEEN YEARS OF TECHNICAL COOPERATION AND THE RESULTS IN 1968

1. Fifteen Years of Japanese Governmental Technical Cooperation and Overseas Technical Cooperation Agency

Japan's technical cooperation is divided into governmental (which constitutes the major part) and private activities.

At the present time, governmental cooperation is carried out mainly through Overseas Technical Cooperation Agency (OTCA). Thus, if we look back upon the history of Japan's governmental technical cooperation, we find that we are tracing the history of OTCA.

The governmental technical cooperation of Japan now has a fifteen years' history since she officially started her bilateral cooperation by joining the Colombo Plan in 1954. A preliminary step, however, was taken in 1952, when she subscribed 800 thousand dollars to EPTA of the United Nations. This was the time when deferred payment was recognized for the first time and initial steps for Japan's economic cooperation were actually taken.

In September of the previous year, the Peace Treaty was concluded at San Francisco; and 1952 was the year when Japan began to be accepted in the comity of nations. On the other hand, Japan was emerging from the rehabilitation period after WWII and was taking the first steps of economic advance towards gradually becoming economically independent.

It was natural, therefore, that Japan should have entered upon international economic cooperation at that time. Under the circumstances and due to the nature of governmental assistances, Japan tried to channel such assistance through an organ of the United Nations, although she was not yet a member. Thus, EPTA was made an object of her technical cooperation. This was an organ formed on a recommendation of the Economic and Social Council and approved by

the General Assembly of the United Nations. Such was the true picture of the assistance policy of Japan, based on international peace and humanism. In 1953, truce was reached in deadlocked Korea, and peace was revived in East Asia.

Japan began to cooperate with Asian countries for the purpose of contributing to their economic development and political stability. Owing to her as yet weak economic power, technical cooperation was first taken up, as it did not require much money. Technical cooperation was Japan's voluntary act, and was all the more significant in order to open up human resources, which were the main motive power for economic development, to raise technical levels and to liquidate the shortage of skilled labor, which was impeding the economic growth of the developing countries. The assistance was to contribute to the stabilization of the life and welfare of the people who were suffering from poverty and illness. It was understood that such assistance would greatly promote friendly and neighborly relations with the developing countries. On the other hand, technical cooperation was considered to be very important for the purpose of cultivating deeper political and economic cooperation with the other parties. It was common knowledge in the Asian region that Japan had learned Western technologies and had acclimatized them. Thus, Japan had set a good model for building a nation and training useful personnel to the newly independent and developing countries in Asia, which placed great hope on Japanese technical cooperation.

In June 1953, by decision of the Yoshida Cabinet, the Asia Industrial Cooperation Association was established with the actual task of technical cooperation. Trainees were received from Indonesia, Thailand and others, at the expense of the beneficiary Governments, and experts were dispatched similarly to the Republic of China and Burma. In consideration of the future

and in view of the importance of the business, however, the association was transformed in April 1954 into the Asia Association under the supervision of the Ministry of Foreign Affairs.

This Association, a corporation, was to specialize in technical cooperation and related enlightening work to continue the training of students from abroad and the dispatch of experts, which had been started by the Asia Industrial Cooperation Association, and to handle other phases of work.

From 1954, Japan accepted trainees from developing countries (mainly in the Asian region) under the ICA Training Plan for Third Countries at the expense of the United States Government. The Asia Association was entrusted with the training.

In October 1954, Japan joined the Colombo Plan, a club for bilateral assistance, and inaugurated technical cooperation. (This is a consultative committee for international cooperation established in Colombo where Foreign Ministers of the British Commonwealth met in 1950. The first conference of the Committee was held in Sydney in May 1954, and it was at the sixth meeting in Ottawa that Japan joined the Committee). In 1955, with a budget of 38.4 million yen, Japan received trainees, dispatched experts, and so forth.

The areas covered by Japanese bilateral cooperation was extended in 1957 from the Asian region under the Colombo Plan, etc., to the Near and Middle East and Africa. The actual business was entrusted to the Asia Association. Thus, the focus of technical cooperation was shifted from initial cooperation with an organ of the United Nations to cases of bilateral cooperation, and the business which had been limited to trainees and experts was expanded to development research and investigation at the expenditure of 150 million yen. This latter work was entrusted to the International Engineering Consultants Association, a corporation, and so, the development research and investigation work was started. In 1958, the area to be covered was again expanded, and the Latin American Technical Cooperation Plan, a bilateral form of technical cooperation with Latin America, was begun. In the same year, in cooperation with ECAFE, research for the Mekong development was inaugurated, and was entrusted to the Mekong Basin Development Survey Association. Thus, Japan took part in international undertakings with several countries, and research and investigation work was further extended. Capital cooperation also was carried out in 1957-58 on a large scale as a loan to India. In 1959, the Economic and Technical Cooperation Agreement was concluded between Japan and Cambodia, and technical cooperation with Cambodia was started. In 1960, after the conclusion of the Reparations Agreement, Japan lent technical cooperation to Indonesia, and subsequently to the Philippines. Trainees were received. It was in 1960 that the bilateral cooperation, the Northeast Asian Plan, and

the like, were realized with the Republic of China which had not been a member of the Colombo Plan.

All the work concerned was entrusted to the Asia Association. In the meantime, the United States took Japan into consideration in carrying out technical assistance to Southeast Asian countries because Japan had many similarities in natural and social environments with Asian countries, and decided to seek her cooperation in the particular fields where Japan could cooperate usefully. As a result, the ICA Training Plan for Third Countries of the previous year was redrafted to become the Joint U.S.-Japanese Training Plan for Third Countries, financed at the expense mainly of the United States and partly of Japan, to train in Japan mostly, the personnel from developing countries. On the strength of an Exchange of Notes between the two Governments, Japan received trainees.

After July 1, 1964, those who were to be trained in Japan were received at the expense of Japan, except for travelling expenses to and from Japan. This procedure was not substantially different from the receipt of trainees under the bilateral formula such as the Colombo Plan. By putting this Plan into practice, the weight of training was shifted more to Japan; and in 1965, it was brought to an end.

In keeping with the expansion of technical cooperation, domestic facilities for the purpose were enlarged; and the construction of the Nagoya Centre for training in Central Japan and the Misaki Centre for training in coastal fishery were commenced. Moreover, in October 1960, the twelfth meeting of the Colombo Plan Consultative Committee was held in Tokyo. Thus Japan's position in Asia was brought into relief, and interest in technical cooperation was quickly intensified. If Japan's history of technical cooperation for fifteen years is traced, it will be noted that 1960 was an epoch-making year; for, in the latter half of that year, the economic cooperation of the world, including Japan, was expanded, made multifarious and developed; and indeed, it entered upon a new stage. Japan's expenditure, mainly for bilateral cooperation, which had always been increasing since her partnership in the Colombo Plan, was enormously increased in the latter half of 1960.

Internationally, a resolution on the "Decade of Development" was adopted at the U.N. General Assembly, recognizing the economic growth of developing countries at 5 per cent. This showed that world-wide attention was being paid to the development of underdeveloped countries. But the attention was more due to the fact that in spite of the large amount of assistance supplied by developed countries to developing ones, the difference between the two categories of countries was still so wide; and that for the stable extension of the world economy and the maintenance of world peace, the difference could not be overlooked. Serious reflections upon the quality of past assistance were involved in this situation. In past cases of assistance, the financial

and technical assistances were not very well planned at the outset and did not complement each other; that is to say, the financial and technical sides of the economic assistance should have been interrelated. For efficient operation, any increase in financial assistance should be supported by technical assistance, since only strong financial backing would make such assistance less effective.

Historically, the assistance given by developed countries at that time, due to various economic conditions of developing countries, became different in character from that at the outset, as follows:

About 1950 (the time of the Point Four Program), technical assistance was considered important. Subsequently, financial assistance became the main form of assistance as a result of the unfavorable international payments situation encountered by the developing countries (due mainly to the decline in primary products prices) and the earnest execution of large-scale development plans. As financial assistance increased, stress on its efficient use followed, and the shortage of technicians on both the developed and developing sides was aggravated. On the other hand, the higher the level of development plans for various countries became, the heavier the demands for technical cooperation grew. Thus, developing countries began by degrees to recognize the importance of self-help. At this time in Japan "Overseas Technical Cooperation Agency Law" was approved at the 40th Ordinary Session of the Diet and was promulgated on May 10, 1962, as Law No. 120, on the basis of which the OTCA, a special corporation, was established as an organization for the overall execution of technical cooperation. With the organization of the OTCA with the Asia Association as the core, the Asia Association and the Mekong Basin Development Research Association, to which the execution of technical cooperation on the governmental basis had been entrusted, were dissolved and their businesses were turned over to the OTCA. Also, the activities entrusted to the Latin-American Association and the International Engineering Consultants Association at the outset were also transferred.

The establishment of the OTCA was evidently caused by the urgent necessity to consolidate the domestic structure for efficient foreign assistance, because along with the smooth development of the Japanese economy, international requests for technical assistance was increasing and the scale of economic cooperation was growing. Technical cooperation had to be unified if Japan were to further extend her assistance.

Let us now cover the well-arranged assistance structure in the main developed countries at the time when foreign assistance came into vogue.

In the United States, President Kennedy in March 1961 clarified his intention in a message on foreign assistance, indicating his desire to strengthen American assistance to developing countries. As a result, in 1961,

the Foreign Assistance Bill was enacted and the Agency for International Development, a new assistance structure to take the place of ICA, was established for the unified extension of technical and capital cooperation. The Peace Corps and other movements made a start about the same time.

In order to unify technical assistance, which in the past had been carried out by several Ministries, the Ministry of Technical Cooperation was established in Britain in July 1961 (renamed in October 1962 as the British Ministry of Overseas Development), and is carrying on programs for overseas colonial development, assistance to Africa, the Colombo Plan, and so forth.

In Canada, the Foreign Assistance Agency was established in November 1960 for a sound enforcement of foreign assistance, and both technical and capital assistance are being simultaneously carried on.

In West Germany also, the Economic Cooperation Ministry was established in November 1961, and efforts are being exerted to extend foreign assistance.

As assistance by various developed countries was strengthened, an international structure for assistance was set up. First of all, the Organization for European Economic Cooperation which had existed in Europe was reorganized in September 1961 as the Organization for Economic Cooperation and Development (OECD), and as its infrastructure, the Development Assistance Committee (DAC), which is the reorganization of DAG of 1960, was established with the objective of supplying long-term credits and other development assistance to developing countries. This organ, with its infrastructural Technical Cooperation Works Department, has been exchanging information between assisting countries and adjusting assistance. Japan joined DAC from the outset and has played an important role in international coordination of assistance to developing countries. Also, Japan has taken part in the consultation groups and consortia of the International Development Association and the World Bank.

The development of OTCA from its establishment will now be reviewed.

OTCA was established on June 30, 1962, for the purpose of meeting demands, both domestic and overseas, for technical cooperation. Its budget grew four times in seven years from 1,700 million yen at the outset to 6,960 million for fiscal 1969. Its work has been qualitatively and quantitatively increased, now including new activities of the Japan Overseas Cooperation Volunteers, medical and agricultural cooperation, and so forth.

The number of trainees the Internal Operations Division received from abroad grew from 722 in 1962 to 856 in 1963, and the total exceeded 10,000 in July 1968. Training facilities have been improved. The three facilities for trainees at the Ibaraki International Agricultural Training Centre, the Misaki International Fisheries Training Centre and the Nagoya International

Training Centre were at first mainly for board and lodging, but they have become more like training institutes, that is, courses were established at the Ibaraki Centre for rice-growing in 1963, for training in agricultural implements and for land improvement in 1968, and for vegetable cultivation in 1969; and in keeping with the new courses, laboratories, class-rooms, work-rooms and trainees' club were constructed. Twenty-four bedrooms were added in 1967, and the construction of the main building was planned with the budget of 30 million yen in 1969. In the Misaki Centre, a training course for fishing nets and boats was established; and laboratories, class-rooms, exhibition room and trainees' club were constructed. In 1965, the first training boat (Daichi-Kenshu-Maru) was built and the second and the third boats for training were made ready in 1968, when training facilities were better arranged. For lodging, the Tokyo International Centre was built in Tokyo (finished in September 1964 with 191 beds, and with plans for 100 more beds in 1969). The Osaka International Training Centre was completed in 1969 with 70 beds. The International Training Centre in Nagoya has become outworn, and preparations are now underway to rebuild it for larger capacity.

The External Operations Division dispatched 96 experts in 1962 and 111 in 1963. The increasing trend resulted in a total of 1,811 experts being assigned in fiscal 1968. On the other hand, the business of material supply, which was started in 1964 with 46 million yen, had a budget of 95 million in 1968; and the grand total up to 1968 amounted to 264 million. Moreover, twenty-one Overseas Technical Cooperation Centres had been built by 1968 in Asia, Near and Middle East, Africa, and Latin America, initially for training technicians, and subsequently, for other purposes such as research at the Virus Centre in Thailand, and technical exhibition at the Agricultural Extension Centre in India.

Like the above two phases of work, the development survey work also was doubly expanded from 160 million yen in 1962 to 300 million in 1968. The increase was due, not only to the expansion of each survey work such as the Mekong Basin Survey, but also to the expenditure which was inserted in the 1966 budget for the survey of the Asian Highway Project and for the design work on the Economic Development Project which started with the proposed construction of the first bridge in Thailand in 1968.

Besides the above activities, new ones of the Japan Overseas Cooperation Volunteers, Medical Cooperation, Agricultural Development Cooperation and Primary Products Development Cooperation shall now be explained.

The Japan Overseas Cooperation Volunteers (JOCV) began its work in 1965 with a staff of six persons, and the first group sent abroad consisted of forty persons. In 1968, 198 members, including 39 persons for Laos, were dispatched. A total of 520 are now active in

Asia and Africa. In 1967, the construction of an office and a building for training was approved with a budget (at the cost of 260 million yen), the Central Office was established in Tokyo in March 1968 (with a capacity for 120 Volunteers) as its mother-body where it would be able to unify the work and the training of those who belonged to the Corps.

The basis of success for the cooperation was thus laid. For enhancing the efficient work of the volunteers resident representatives have been stationed in Malaysia, Tanzania, Laos, the Philippines and Morocco.

The Medical Cooperation was begun in 1966 with an expenditure of 340 million yen for the assignment of the work to competent quarters. Medical Cooperation work was multifarious, such as the dispatch of medical survey missions and medical experts supply of materials for the construction of hospitals, and procurement of machinery and material, as well as training of medical staffs. The countries where Japan's Medical Cooperation projects had been practiced until March 31, 1969, were nineteen.

Agricultural Development Cooperation was started with a sum of 380 million yen for the assignment of work for the year 1967. The work is for agricultural development in Southeast Asia: it is technical cooperation based on comprehensive projects, including experiments, improvement of land, such as irrigation and draining, guidance in modern techniques by improved methods of agriculture, and wide guidance in agricultural management among peripheral peasants. Projects for urgent increase of food in West Java, Indonesia, and others, are being undertaken.

The Primary Products Development Cooperation work also was started in 1967 with a sum of 100 million yen for assignment. In order to rectify the imbalance in trade between Japan and the country concerned, this cooperation work assists in developing primary products of the country for export. Four projects including the development of maize in Cambodia and Indonesia are now being undertaken, all in Asia.

For efficient performance of the above phases of the OTCA's work, smooth execution of overseas work, taking care of the experts on the spot, liaison with the authorities and other offices abroad, information service, and the like, the OTCA has overseas offices in Thailand, India, Cambodia, the Philippines, Indonesia and Pakistan, where resident representatives are stationed.

Disseminating activities at home about economic cooperation have recently become positive; and in 1964, the first week for the promotion of economic cooperation was inaugurated, and it has been continued each year to enlighten the people on technical cooperation.

With a background of favorable economic development and with increases in the money spent for economic cooperation, Japan's technical cooperation has continued to expand. International demands for it, how-

Flow of Funds from Japanese to Developing Countries and Economic Assistance Organs
(in absolute amounts in million dollars)

Items	1950-55													
	(Annual average)	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
Official Flows														
1. Bilateral Grants	2.1	11.0	69.3	240.9	70.2	66.9	67.8	74.6	76.7	68.7	82.2	104.7	138.4	117.0
(1) Repairs Payments	2.1	8.0	66.3	59.9	63.2	64.3	65.1	66.8	62.1	57.8	62.8	55.6	81.7	46.4
(2) Technical Assistance	—	—	—	1.0	3.0	2.2	2.4	3.6	4.5	5.8	6.0	7.6	11.0	13.7
(3) Other Grants	—	3.0	3.0	180.0	4.0	0.4	0.3	4.2	10.1	5.1	13.4	41.6	45.7	56.9
2. Government Long-term Capital	—	55.0	△ 3.4	4.5	12.4	4.0	27.7	5.0	51.5	37.5	144.1	130.0	207.5	191.3
(1) Direct Loans	—	—	—	—	6.0	10.0	26.8	12.5	60.3	49.1	83.2	114.8	167.2	178.9
(2) Refinancing	—	—	—	—	—	—	—	—	—	—	31.7	29.9	41.2	3.9
(3) Consolidated Credit	—	55.0	△ 3.4	4.4	6.4	△ 6.0	0.9	△ 7.5	△ 8.8	△ 11.6	29.2	△ 14.7	△ 0.9	8.6
3. Grants to Multilateral Agencies	0.2	0.2	0.2	0.9	0.8	1.0	2.0	2.2	2.9	3.2	3.7	4.1	4.6	6.8
4. Capital Subscription to Multilateral Agencies	2.6	3.0	7.4	18.5	11.3	29.3	9.4	5.0	9.2	6.5	13.8	46.5	40.1	42.0
5. Total	4.9	69.2	73.5	264.7	94.7	136.7	106.9	86.8	140.3	115.9	243.8	285.3	390.6	357.1
Private Flows														
6. Direct Investment	2.0	13.0	17.0	24.0	18.0	77.1	98.4	68.4	76.7	39.3	87.4	97.1	84.6	122.6
7. Export Credits	10.3	38.0	15.0	25.0	61.9	59.6	180.7	130.3	50.6	135.7	154.7	243.1	322.4	569.6
8. Multilateral Portfolio Investment	—	2.0	—	1.0	1.0	—	△ 4.6	0.7	—	0.3	—	△ 0.4	△ 0.1	—
9. Total	12.3	53.0	32.0	50.0	80.9	136.7	274.5	199.4	127.3	175.3	242.1	339.8	406.9	692.2
10. Grand Total	17.2	122.2	105.5	314.7	175.6	237.8	381.4	286.2	267.6	291.2	485.9	625.1	797.5	1,049.5
National Income (in \$100 million)	160.9	218.2	255.8	265.6	294.0	356.0	421.0	481.9	552.8	632.0	707.3	810.8	959.5	1,119
Percentage to National Income (%)	0.11	0.56	0.41	1.18	0.60	0.67	0.91	0.49	0.48	0.46	0.69	0.77	0.83	0.91
Gross National Product (in \$100 million)	195.9	270.2	307.8	320.1	359.1	430.5	531.3	588.9	679.6	801.1	883.1	1,015.5	1,195.5	1,420
Percentage of GNP (%)	0.09	0.45	0.34	0.98	0.49	0.55	0.72	0.49	0.39	0.36	0.55	0.62	0.67	0.74

Note: (1) Grants and credits over one year only are included.

(2) △ shows excess of receipt.

(3) The values of the national income and GNP for 1952-1967 are the latest revised values published on May 23, 1969. The value for 1958 is a provisional estimate.

(4) In the export credits for 1966-1968 are included only those for the export of ships to the so-called expedient nationalities in real terms (Liberia and Panama), excluding ships for developed countries in real terms. From the export credits before 1965 are excluded those for countries bound for countries of expedient registry, irrespective of whether they are for developed or developing countries.

(5) As for the figures before 1960, in particular those for the calendar years, authoritative figures of the Japanese Government, owing partly to lack of any definite concept of both national and international statistics and the time, are only fragmentary. The figures before 1960 which are added up here are no better than personal trial calculations including many estimates.

ever, have grown still more active, and at the 1964 session of UNCTAD, assistance by advanced country for one per cent of its national income was brought up for discussion.

In comparison with the other advanced countries, Japan's technical cooperation, which has thus been enlarged, is still very small in both the absolute figure and the percentage to the total sum of assistance (Table 1). Particularly in the percentage, Japan was the lowest in the list of DAC members and was deeply disappointing to the countries concerned. An enthusiastic application has even been made to Japan for an increase in the rate of her technical assistance. In this respect, at the 1966 annual review of DAC, Chairman Thorp pointed out that Japan's share of technical assistance was despairingly small and that this was inconceivable for a country whose technical resources were abundant and whose organs for the execution of assistance were well-organized. Thus, he earnestly appealed to Japan for an increase in her technical cooperation. Also in Japan, the dominant opinion favored a quantitative promotion of technical cooperation before general economic cooperation. The reply submitted by the Economic and Social Development Program consolidated by the Economic Deliberation Council some time ago had this to say: "As Japan has been late in starting technical cooperation, its scale should now be expanded and economic cooperation should be made more efficient by strengthening its connection with cooperation in capital; technicians to be dispatched abroad should be secured; and organs for technical cooperation enlarged. In consideration of the food question in developing countries, particular attention should be paid to agriculture."

On the other hand, regional cooperation has recently been put into practice in Asian and other developing countries. In such regions, the OTCA has steadily extended its activities by rendering assistance in the survey of the Lower Mekong Basin Development Project and the Asian Highways Project, and by participation in the cooperation for projects by the Southeast Asian Development Ministers Council and for the Asia Development Bank. The following were OTCA's recent activities.

In April 1966, under the auspices of Japan the Ministerial Conference for the Economic Development of Southeast Asia was held in Tokyo, where Japan as the sole developed nation among the participant countries pledged efforts to bring her assistance as near to one per cent of her national income, and to increase financial and technical assistance in the fields of agriculture, industrialization, medicine and education. At the same time, an idea of setting up a fishery development center was advanced. At the second session of the Ministerial Conference for the Economic Development of Southeast Asia in 1967, the idea of the Southeast Asian Fisheries Development Centre was officially taken into the communiqué, and decision was made to set up a train-

ing department in Thailand and a research department in Singapore: about 500 million yen would be expended for the construction of vessels for training and investigation, as well as machinery and material for research; experts for guidance would be dispatched; and the vessels would be purchased and delivered to the parties concerned through the OTCA.

The Asian Development Bank has been established as a symbol of cooperation with the object of promoting economic development and cooperation in the Asian countries, and Japan has contributed 20 million dollars to its Agricultural Development Fund, and 200 thousand dollars for technical cooperation; thereby, the OTCA would cooperate in the Bank's employment of experts.

Through these evident signs of development in Asia, Japan is carrying on economic and technical cooperation with developing countries, particularly in Asia, and large expectations are held for her cooperation, especially since her GNP is now next to the United States, and a new post-Vietnam Asian policy will have to be formulated by the United States as the British armed forces are withdrawn east of Suez. The OTCA should heartily respond to such expectations, contribute to the development of Asian human resources and technical levels and find real economic development and political stability in Asia.

In the calendar year of 1968, Japan's technical assistance amounted to 13.7 million dollars, which was an increase of 25 per cent over the previous year. In her total technical assistance, Japan ranked ninth among the DAC member countries, and this represented 4.4 per cent of her assistance on a bilateral basis, showing that in consideration of her economic power and her total economic cooperation, technical cooperation have not been given an adequate amount. Japan, however, has been making efforts to increase technical assistance, and her posture to pay more attention to such assistance in the future was reflected in the speech of Finance Minister Fukuda in April 1969 at the Second General Meeting of the Asian Development Bank. Among other matters, he said: "For a smooth achievement of regional development in the future, many able persons, such as active farmers and enterprisers, competent administrators and experienced technicians, are necessary in various fields, and the key to their supply is the spread of education, the rise of its level and technical education."

When Japan's technical cooperation in 1968 is looked back on, it will be noted that, in the general expansion of cooperation, the supply of machinery and material showed a particular increase (80 per cent increase over the previous year), and cooperation with ECAFE, the Asian Development Bank, the Southeast Asian Fisheries Development Centre, APO and other organizations was carried out by accepting trainees and dispatching experts.

The fiscal 1968 budget of the Overseas Technical Cooperation Agency, which was in charge of most of the

technical cooperation on official basis, was 17.2 million dollars. The Agency's main activities were as follows:

(1) At the expense of 2.17 million dollars, 1,510 trainees were received, including many high class personnel. Trainees came mostly from Asia, with Korea, Thailand and the Republic of China sending more than 150 persons each. The important fields for training activities were agriculture, forestry and fishery (23.0 per cent); administration (21.2 per cent); mining and industry (11.7 per cent); electric communication (10.6 per cent); and so forth. Compared with the previous year, agriculture and forestry with fishery and transportation showed a decline, while there was a rise in administration.

(2) With the budget of about 2.5 million dollars, 436 experts, including 219 new ones, were dispatched to developing countries and international organizations. Agriculture, forestry and fishery ranked first with 124 experts, followed by public utilities, postal services, light industries and transportation.

(3) By 1968, 28 overseas technical cooperation centres had been established in various developing countries, and in the same year, preparations were undertaken to set up an electric communication centre in Iran and an vocational training centre in the Republic of China. On the other hand, substantial cooperation for the multilateral Southeast Asian Fisheries Development Centre was begun in 1968 by the procurement of vessels, and machinery and material.

(4) For development surveys, 1.13 million dollars were appropriated in 1968, and 27 survey teams were sent abroad. Activities worthy of note were surveys and construction designs for a bridge in Thailand, an airport in Laos and harbors in Cambodia and Malaysia. All these were very significant as the first step Japan took in the combining of technical with financial cooperation. Besides the regional cooperation, such as the survey of the Lower Mekong Basin Development Project and the Asian Highways Project, which had

already been undertaken, an enlargement program for iron and steel development in six Southeast Asian countries, at the request of the Asian Industrial Development Council of ECAFE, was studied.

(5) In order to make cooperation in large projects more effective, a follow-through process was stressed. In the fields of agriculture, for instance, experts were dispatched not only for a preliminary survey, but also for the arrangement of the land basis, the designing of the construction of such projects, and the guidance in agricultural management, as well as the supply of machinery and material.

(6) The dispatch of the Japan Overseas Cooperation Volunteers, which was started in 1965, subsequently progressed smoothly, and young people sent in 1968 numbered more than 400. Most of these are engaged, independently or with experts, in economic or social development work in the fields of agriculture, construction, transportation, communication and the like. Their technical levels are high, and they are very popular in various countries.

(7) As for medical cooperation, on the other hand, 166 medical experts and a large quantity of machinery and material were supplied widely to hospitals, research institutes of universities and other quarters.

(8) In keeping with the promotion of technical assistance for medical, agricultural, primary products development, etc., on the basis of projects, and the like, the supply of machinery and material was increased, and its rating in technical assistance became higher. Such trends were strong also in the assistance given by the OTCA in 1968.

(9) In 1967, steps were taken to measure the effects of the training of foreign trainees; and in 1968, for the first time, the effects of the supply of machinery and material to Asian countries were evaluated by instituting questionnaires or dispatching investigators. The results were useful improving the effects of Japanese technical cooperation.

CHAPTER 3

MOOT POINTS IN TECHNICAL COOPERATION AND FUTURE PROSPECTS

The economic cooperation of Japan with developing countries, endorsed by strong applications to Japan by both developing and advanced countries and by the high growth of the Japanese economy and accumulated foreign exchange, is going to be greatly enlarged. This trend is seen in the speech of Foreign Minister Aichi at the Fourth Ministerial Conference for the Economic

Development of Southeast Asia and that of Finance Minister Fukuda at the Second Meeting of the Board of Governors of the Asian Development Bank.

On the part of developing countries, the situation is fluid. It is noticeable that the difference between the forward group of developing countries and the backward group is growing sharper, that regional coopera-

tion is more strongly desired and that noteworthy changes are taking place in the usually stagnant agricultural production.

It is assumed that, under such circumstances, requests for a rapid increase in Japan's technical cooperation and for its new development will hereafter be intensified.

As has been stated, Japan began to extend technical cooperation in 1954 when she joined the Colombo Plan. She now has fifteen years' history and experience, and the scale of her technical cooperation has been largely expanded and the contents made multifarious.

According to calculations by DAC, Japan's appropriation for 1968 for bilateral technical cooperation on a governmental basis was 13.7 million dollars. This was an increase of 25 per cent over the previous year. The percentage of technical assistance in the total bilateral assistance on a governmental basis, however, was merely 4.4 per cent, while the average percentage for the DAC countries was 27.2. In the Annual Review of DAC, an expansion and intensification of Japan's share has been repeatedly requested; and it is now incumbent upon her to take into consideration a large-scale future expansion in the whole structure of economic cooperation and to remarkably increase technical cooperation. An expansion is the first task imposed upon Japan in this field.

The obstacles which are in the way of such an expansion are: (1) budgetary restrictions on appropriations and the number of employable personnel since appropriations are subject to the budgetary limitations of the Ministries concerned. (2) Japan is backward in the organizational structure necessary, in keeping with increases in appropriations, for the realization of large-scale cooperation. The necessity for the unification of Japanese organizations for assistance has been pointed out by DAC.

Moreover, the domestic structure for the business of receiving foreign trainees and dispatching experts is not well organized; and it cannot be denied that Governmental organizations have been relied upon too heavily, and no channel or system has been completed for cooperation from private sources, local public entities, universities, and so forth. The urgent task for an extraordinary expansion of technical cooperation can be said to be an extension of the program support to all parts of the country, including the whole nation. (3) In order to expand technical cooperation, therefore, active enlightenment work to gain the people's understanding and cooperation is necessary.

The second task for Japan's technical cooperation is an improvement in its efficiency by reviewing past results and through efforts to meet changes in the needs of developing countries. For this it is necessary (1) to cultivate active cooperation with organizations for this purpose in such new fields as educational and regional cooperation. (2) Next, to raise the overall effects of technical cooperation, efforts should be exerted to or-

ganize and unify management of various departmental businesses, and to take flexible measures in compliance with the actual affairs of the developing countries concerned. (3) For better efficiency in the entire economic cooperation, the scope and role of technical cooperation on a Governmental basis should be well distinguished from those of general economic cooperation and connection with private and financial cooperation should be strengthened. (4) More attention should be paid to the economic nature and profitability of cooperation and care should be taken to design and conduct guidance in conformity with the affairs of the developing countries. (5) Finally, in view of the different stages and manners of development in those countries, cooperation should be planned in accordance with their actual affairs, based on a country by country (or region by region) study.

1. The Problem of Improvement in the Executive Structure

(1) The problem of domestic training facilities

The organizations undertaking the training of those from developing countries at present are mostly experimental stations and institutes of the Government, and they are unable to meet the requirements of recent increases in trainees and of requests for multifarious contents of training. Besides, many such facilities are not for the purpose of training foreigners, and the specialized training facilities which are organized for Japanese trainees are not familiar with foreign trainees' technical capabilities or on-the-spot affairs in foreign countries. As a result, it is necessary to explore more training facilities and to increase trainers and interpreters. It is most desirable that special facilities for foreign trainees should be established. The OTCA's own training facilities at present are those for agriculture and fisheries only. It is necessary to plan joint training facilities for experts to be sent abroad for agriculture, fisheries and medium and small scale industrial fields, and also for the basic training of foreign trainees. At the same time, measures are needed to support public and private training facilities so that their training may become more effective.

As the shortage of training facilities is posing such a serious problem, a more active approach should be made not only to the Government, but also to local public entities, national and private universities, private enterprises and similar groups.

(2) The problem of securing experts

Requests from abroad for the dispatch of Japanese experts have been increasing, particularly in recent times for high-class experts who are able to provide designs or advice about the economy, and the like, of the countries concerned. Owing, however, to the recent dispatch of an increasingly large number of experts to handle growing volume of cooperation and their domes-

tic shortage as a result of brisk business at home, there is an urgent need, for the purpose of securing those who are commensurate, in both the quality and the quantity, with the requirements of developing countries, to quickly initiate the following measures:

The present practice is, whenever the dispatch of experts is required, to turn to the human resources of various national public service organs, local public entities, organizations connected with the Government, private enterprises, and the like, for the selection of individual experts, because there is almost no constant business connection with the bodies, except for the Ministries, which are capable of dispatching experts. In order to send as many well-qualified experts abroad as often as they are wanted by various countries, it is of utmost importance that constant and close connections be maintained with the bodies which are able to spare such experts and that the understanding for technical cooperation be driven home to such bodies so they will be ready for cooperation.

Furthermore, it is necessary to explore new human resources all over the country and to take steps to find and select competent persons from various strata of the people.

More fundamentally, a long-term plan should be drawn up for the training of technically qualified experts who are good at foreign languages and endowed with international sense. It is said that in the United States a long-range program for training experts is being conducted under the name of the International Development Intern Program.

For the taking of all these measures, it is necessary to resolve the status of the dispatched experts. In this respect, it is most desirable that, in order to make their status secure, experts should be retained on the active list while they stay abroad. National public service personnel who occupy nearly one half of the dispatched experts are mostly kept an active service while abroad, but often, they are variously treated in different Ministries, for instance, in the length of the period of their stay abroad in active service, and other measures. Experts sent on prolonged trips abroad have the question of substitutes during their absence. Some Ministries and agencies have their own systems for overseas cooperation officials, but most do not. It is desired that the experts should not be unfavorably treated by the bodies concerned after returning home.

There is no provision in the law by which local public entities, organizations connected with the Government, private enterprises, etc., are obliged to cooperate with the State in the assistance work which they undertake or to send their experts abroad; nor is there any system to make up for the loss caused by the dispatch to the bodies to which the experts belong. Under the present circumstances, everything depends upon the voluntary cooperation and good will of the bodies which supply the experts available. In most cases, therefore,

experts going abroad are laid off; and in some cases, they have to retire temporarily. As a countermeasure, it is necessary to provide a system as that the OTCA makes up at least the experts' salaries, if they are paid by the dispatching bodies during their absences, in order to compensate for the loss of personnel expenses incurred by the dispatching parties.

All these measures may still leave the question of substitutes for the outgoing experts unsettled, and it may be expected that this will hinder their trips abroad with pay. A relief measure in such cases may be the adoption of the temporary staff system, under which experts during their absence may be "seconded" to the OTCA, and their salaries, and family, special, and retirement allowances will be paid by the OTCA. With the cooperation of the bodies in question, a system should be devised, as far as the retirement allowances and the pensions are concerned, to compute the dispatched period as part of the service in the original bodies.

Side by side with the policy of asking the Ministries and the agencies concerned, and other organizations, for the loans of experts, the OTCA began in fiscal 1967 the system of registering experts who wish to be dispatched. The number of registrations now exceeds 600, but this system has not yet been fully utilized. It should, therefore, be strengthened and put to better use by making it better known, by setting up a survey system, and by other programs.

Moreover, in 1968, new measures were started for returnee experts who were expected to undertake a second term of service. One is to pay emolument to them as the OTCA's non-regular members until their next mission, and the other is to pool them for a technical brushup. The present pooling system is for too short a period to cover all the returnee experts, and the brushup is only for those who are actually want to go abroad again. To make better use of the available returnee experts, the pooling should be for longer periods and they should be better treated.

Finally, as has been stated above, these high-level experts are now in greater demand. At the current level of pay to general experts, however, those who are equipped with higher knowledge, technology and experience are difficult to secure. Comparison with experts sent by other advanced countries or the Asian Development Bank should be taken into consideration. It is absolutely necessary to establish a system of special technological remuneration for high-level experts.

2. Enlightenment Activities

It may be hardly necessary to add that, for an expansion and successful realization of technical cooperation in compliance with the needs of the times, both domestic and foreign, the general understanding and cooperation of all people are prerequisites. In the 1967 Report by the Chairman of DAC Annual Aid Review,

he pointed out that three years ago the Japanese public were not well informed, or were wrongly informed about the assistance. In this respect, more efforts should be exerted to enlighten public opinion. It is most regrettable that activities to awaken public opinion, which is most important for technical cooperation, are being carried out unsatisfactorily.

3. The Problem of Many-Sided Development of Technical Cooperation—Educational Cooperation

The weight of education in Japan's technical cooperation is very slight. It is not too much to say that, except for some cooperation in medicine and scientific education, almost no educational cooperation is being extended by either the dispatch of experts, or the supply of machinery and material, or training in Japan. Such an inactive attitude by Japan toward educational cooperation is a direct contrast to the very active attitudes taken by the advanced Western countries which have noticed the importance of this field of cooperation.

Japan's backwardness in educational cooperation is believed to lie in (1) the great handicap in her language, (2) the possibly heavy financial burden stemming from the wide scope of such cooperation and (3) the existence of close relations in education between developing countries and their former suzerain states.

Recently, however, there is a strong indication to activate Japan's educational cooperation for the reasons (1) that the interest of developing countries in formal education, which has been the basis for the high Japanese economic growth, has been aroused, (2) that it is now deeply recognized in Japan that, for better results of economic and technical cooperation, the diffusion of basic education is indispensable and (3) that for the rectification of biased education dependent upon the former suzerain states and for the prevention of brain drain which is impeding progress in developing countries, it is necessary to reinforce and strengthen universities on the spot.

At the present time, when both remarkable expansion and greater efficiency are in need, it is considered important to think out the basic idea about educational cooperation and to promote it actively. It is worthy of note in this connection that the 1968 Report of DAC Aid Review by Chairman Martin prognosticated that during the 1970's, higher education would be spread in developing countries at a tempo quicker than primary and middle school education. It is extremely important that the training and the quality of research at higher educational institutions should be maintained and improved, and for this purpose, the outcry for Japan's educational cooperation in the higher schools and universities of developing countries will become louder in the future. It is desirable that closer relations be established with universities over there.

4. The Problem of Integration and Elastic Management of Technical Cooperation

In many cases in the past, Japan's technical cooperation has tended to be given, case by case, to individual requests from various countries, and has lacked the consideration of drawing up different formulas for technical cooperation, of combining them organically and of integrating cooperation. This tendency has recently been somewhat corrected, though not very satisfactorily. As part of the follow-up care of experts, of trainees returned from Japan and members of the JOC Volunteers, equipment is supplied and counterpart personnel from overseas technical cooperation centres are trained in Japan. There is room for improvements by providing a good combination between the dispatch of experts and of Volunteers, as well as by making better use their overseas experiences in the training conducted in Japan.

Since developing countries differ widely among themselves in their stages of development, technical level, financial conditions, etc., no uniform formulae can be applied to them successfully. For better results in technical cooperation, economic and social conditions, as well as the technical environment should be investigated, country by country, and a policy of cooperation should be formulated individually, and minute care should be taken with flexibility in accordance with the respective internal affairs.

5. Importance of Economy—the Question of Understanding and Compliance with the Needs of the Other Party

Japan's technical cooperation is said to be practiced passively as requested by the recipient country, so it lacks originality and planning. Nevertheless, the needs of the developing countries are not very well grasped. At a recent seminar for the evaluation of cooperation, it was pointed out that Japan's collective course of study and seminars held for developing countries had not taken the countries into proper consideration. It was desired that before the dispatch of experts, that they be given previous orientation about the developing countries. In many cases, the poor results of the Japanese method have been due to an insufficient grasp of the popular needs of receiving countries and to the mere enforcement of techniques and the way of thinking of the Japanese.

As a result, attention to the matter of economy and profitability becomes insufficient and the gaps between Japanese techniques and those needed by the developing countries are not bridged. As to the first point, in the developing countries, the people's standards are low, economic profitability also is fairly low and the ability of poor farmers and laborers to absorb techniques is not necessarily high. In many cases, therefore, techniques requiring large investment of capital and presuming a high intellectual level are not adaptable to such

countries. If care were not taken in these respects, technically high designs, experiments and researches do not prove to be feasible and practical for developing countries. Such has been the case with agricultural cooperation in accordance with the OTCA "formula," which, disregarding reports of development survey missions or the actual conditions of the farmers in the countries concerned, was put into practice, proudly stressing high yields and frequent sowing.

Feasible designing and care for the economic nature of enterprises are always closely related to the technical development which developing countries need. Techniques are general, as well as particular; they reflect the environment and the conditions of the society in which they were born to fulfil its needs. Between developed and developing countries, the conditions of nature, the social environment, the economic power of the people and their intellectual levels are different. Hence, a large gap exists between the techniques possessed by the former countries and those wanted by the latter.

In order to fill this gap, it is necessary to consider the following points: (1) active study of the society, conditions of nature, culture, and the like, of the developing countries, (2) thorough orientation of experts and mission members in the affairs of the countries concerned, (3) the inclusion of economists or sociologists as members for exploration surveys by advanced countries has been considered very important, and (4) reports of dispatched experts should be analyzed, arranged in order and fully utilized.

6. Technical Cooperation on a Governmental Basis and Its Position in Japan's Economic Cooperation

From the structure for foreign assistance, it can be clearly seen that the Japanese Government's policy of assistance toward developing countries is not integrated. Financially, there is the Overseas Economic Cooperation Fund under the Economic Planning Agency and the

Japan Export-Import Bank under the Ministry of Finance. For Governmental technical cooperation, the Overseas Technical Cooperation Agency is operating under the Ministry of Foreign Affairs; while for technical cooperation on private basis, the Overseas Technicians Training Association is established under the Ministry of International Trade and Industry, and the Ministry of Education has jurisdiction over foreign students.

For these reasons, the position of technical cooperation in economic cooperation as a whole is not clear. Nor are the relations between financial and technical cooperation. Also, the connections or mutual relations between private economic cooperation and Governmental technical cooperation are not clearly defined. The current practice is that cooperation proceeds in various fields within their respective frameworks, irrespective of relations with other fields of cooperation.

For an integration and efficiency of economic cooperation, it is necessary that close connections be maintained and that an organic combination be formed between financial and technical, and between Governmental and private fields of cooperation.

As for relations between technical and financial cooperation, good results of the former in developing countries can be realized in many cases if followed by the latter. On the other hand, the selection of a worthy project for financial cooperation should be preceded by a technical survey, and an efficient utilization of supplied funds will preferably be accompanied by technical cooperation.

Relations with private cooperation become necessary, particularly in the case of cooperation for primary products, before technical guidance on the Governmental basis bears fruit.

With a history of fifteen years as a background, it is time for technical cooperation to review its concrete results and to substantiate its position toward and its relations to cooperation with economic and with private cooperation.