Appendix

In the Supplementary Files, I report the descriptive statistics and robustness checks. I first present descriptive statistics for the dependent and explanatory variables that I used in the main text (Table 3). Then, I show the results of Seemingly Unrelated Regressions (Table 4), placebo tests (Tables 5-6), and overidentification test (Table 7). Finally, I report the robustness checks that I implemented using different data, statistical models, and specifications.

The robustness checks that I conducted are as follows. First, I estimated regressions using 1) the data excluding developed countries (Tables 9-10) and 2) OECD data (Tables 13-14). Second, I estimated logistic regressions using an indicator variable for a recipient of Japan's ODA as the dependent variable (Table 15). Third, I ran regressions with the net disbursement of ODA by Germany, the UK, and France, with the aggregates of their aid (Tables 16-17). Fourth, to see whether a change in international structure affected the allocation of Japan's foreign aid, I estimated OLS regressions including cold war, an indicator variable that takes a value of 1 for all years until 1989 and 0 otherwise, and an interaction term between U.S. aid and cold war (Table 18). Fifth, I decomposed U.S. aid into U.S. economic and military assistance and ran regressions using either U.S. economic or military aid as the key explanatory variable (Tables 19-23).

In addition to these analyses, I also conducted the following robustness checks. The results are available upon request. (1) I estimated regressions using the data containing only high-income, middle-income, or low-income states, respectively. (2) I employed the data on U.S. and Japanese aid disbursements to various sectors of a recipient. (3) I estimated regressions with loans from a multilateral financial organization. (4) I included squared terms for GDP per capita and population to capture nonlinear effects of recipients' economic strength. (5) I performed analyses by including the interaction term between democracy and U.S. aid. (6) I estimated OLS and 2SLS regressions without country dummies as one may think that it could be more interesting in exploring whether the impact of U.S. aid on the allocation of Japan's ODA varies across countries rather than inves-

tigating whether the impact of U.S. aid on Japan's aid disbursements to a particular country varies across time. When I performed a test of fixed versus random effects, the null hypothesis (i.e., the preferred model is random effects) is rejected.

Summary Statistics

Table 3 displays summary statistics for variables employed in the main text.

Variable	observations	mean	std. dev.	min	max
ln(net ODA)	6,565	11.111	7.139	0	21.824
ln(loans)	6,565	4.002	7.133	0	20.839
ln(grants-tech)	6,565	11.473	6.681	0	21.832
ln(grants)	6,565	7.771	7.721	0	21.830
ln(tech assist)	6,565	10.780	6.326	0	19.468
ln(U.S. aid$_{t-1}$)	6,500	12.859	7.245	0	23.515
ln(U.S. aid)	6,565	12.960	7.184	0	23.515
ln(GDPpc$_{t-1}$)	6,539	7.796	1.601	4.028	11.886
ln(Population$_{t-1}$)	6,540	15.390	2.017	9.146	21.006
ln(Trade$_{t-1}$)	5,825	19.156	2.958	0	26.244
Democracy$_{t-1}$	6,485	0.443	0.497	0	1
Policy distance$_{t-1}$	6,265	1.230	0.717	0.001	3.685
War$_{t-1}$	6,499	0.171	0.377	0	1
ln(Natural disasters)$_{t-1}$	6,490	1.463	2.291	0	12.613
ln(Attacks on Japanese)$_{t-1}$	6,565	0.008	0.083	0	1.609
UNSC member	6,409	0.058	0.234	0	1
ln(U.S. attacks)$_{t-1}$	6,565	0.131	0.426	0	3.892

Table 3: Summary statistics

Figure 2 plots the trend of U.S. and Japanese net disbursement of ODA (1969-2014) in constant 2015 millions of U.S. dollars. The data on Japan's net ODA, grants, and net loans come from MOFA (2016), and the data on U.S. net ODA come from the OECD (2017). The solid line (in black) shows U.S. net disbursement of ODA, the dashed line (in blue) shows Japan's net ODA,[1] the dotted line (in red) shows Japan's grants-tech (total of grants and technical assistance), and the dashed line (in green) displays Japan's net loans.

From 1970 to 1992, the Japanese aid budget experienced constant growth, although its supply leveled off in the 1990s. In contrast, from 1970 to 2001, the volume of U.S. aid was small relative to its aid in the 2000s. Since the collapse of bubble economy, Japan has reduced its ODA budget,

[1] Net ODA is equivalent to gross ODA subtracted by loan repayments.

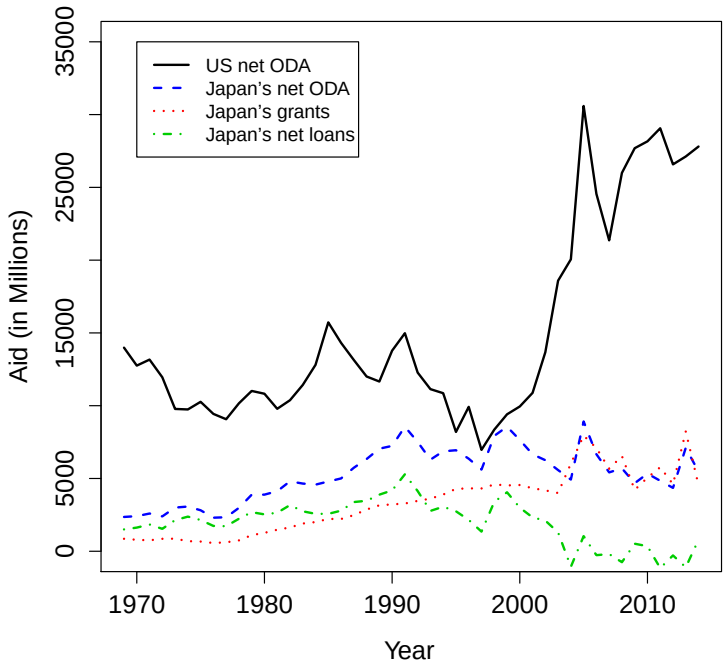

Figure 2: Trend of U.S. and Japanese Aid

and throughout the 2000s, the size of Japan's aid budget remained low despite the onset of U.S.-led War on Terror. Although immediately after 9/11, Japan's aid budget increased dramatically, it fell back to pre-9/11 levels in the late 2000s. Figure 2 also suggests that until 1992, Japan disbursed more loans than grants. Starting in 1993, the volume of loans has been declining, whereas the volume of grants increased dramatically in 2003. The comparison between the supply of grants and loans suggests that different factors affect their allocation; therefore, they need to be investigated separately.

Seemingly Unrelated Regressions

Now, I present the results of Seemingly Unrelated Regressions (SUR) and the Wald tests that are performed subsequently. Table 4 presents the results of the system of equations using loans and grants as dependent variables. First, I test the null hypothesis that the difference between the estimated coefficient of U.S. aid in column 2 and the coefficient in column 4 is equal to zero. The two-tailed test successfully rejects the null hypothesis ($p = 0.043$). Then, I test the null hypothesis that the coefficient of U.S. aid in column 2 is greater than the coefficient in column 4. The one-tailed test also rejects the null hypothesis ($p = 0.022$). As these results support Hypothesis 2, I conclude that the influence of U.S. foreign aid on the allocation of Japanese grants is greater than its influence on the allocation of yen loans.

I also estimate SUR using loans and grants-tech as dependent variables. The two-tailed test rejects the null hypothesis that the difference between the estimated coefficient of U.S. aid in column 2 and the coefficient estimate in column 3 is equal to zero at the 10 percent level ($p = 0.053$). The one-tailed test also rejects the null hypothesis that the coefficient of U.S. aid in column 2 is greater than the coefficient in column 3 ($p = 0.026$). Accordingly, I conclude that the impact of U.S. aid flows on the allocation of grants-tech is greater than its impact on the allocation of yen loans.

	1 net ODA	2 loans	3 grants-tech	4 grants	5 tech assist
Constant		39.192***		-27.639***	
		(11.522)		(9.642)	
ln(U.S. aid)$_{t-1}$		0.119***		0.168***	
		(0.020)		(0.017)	
ln(GDPpc)$_{t-1}$		0.573		-1.694***	
		(0.356)		(0.298)	
ln(Population)$_{t-1}$		-3.120***		2.290***	
		(0.604)		(0.505)	
ln(Trade)$_{t-1}$		0.178***		-0.039	
		(0.058)		(0.048)	
Democracy$_{t-1}$		0.223		0.912***	
		(0.295)		(0.247)	
Policy distance$_{t-1}$		-0.438**		-0.961***	
		(0.216)		(0.181)	
War$_{t-1}$		-1.551***		-1.432***	
		(0.287)		(0.240)	
ln(Natural disasters)$_{t-1}$		-0.064		0.111***	
		(0.044)		(0.037)	
ln(Attacks on Japanese)$_{t-1}$		-0.998		1.724**	
		(0.889)		(0.744)	
UNSC member		0.326		0.133	
		(0.303)		(0.254)	
Country Fixed Effects		Yes		Yes	
Year Fixed Effects		Yes		Yes	
Observations		5,477		5,477	
R^2		0.492		0.675	

Standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$ (two-tailed).

Table 4: Seemingly Unrelated Regressions (loans and capital grants)

Placebo Tests

Although in the main text, I assume that the occurrence of terrorist attacks against American nationals in a potential recipient country does not directly influence flows of Japanese foreign aid, one may suspect that it has a direct impact on the allocation of Japan's ODA because deaths of innocent civilians and destruction of buildings are likely to provoke Japanese citizens' sympathy and lead them to pressurize the Japanese government to disburse aid to compensate for the losses caused by terrorism.

To refute this possibility, I perform the following two placebo tests. First, I estimate OLS regressions including attacks on British, a variable that counts the number of terrorist attacks targeting British nationals within the territory of a potential recipient state. Second, I estimate OLS regressions including total attacks, a variable that counts the total number of terrorist attacks in a potential recipient country minus the number of terrorist attacks targeting Americans and Japanese nationals in the same state. Each of these variables serves as a suitable placebo practice to test the alternative hypothesis that the Japanese government disburses aid to countries that have recently been hit by terrorist attacks because it sympathizes with the victims or because it attempts to compensate for the losses caused by terrorism, such as the destruction of buildings.

The results of the first placebo exercise are presented in Table 5 and those of the second are presented in Table 6. Table 5 indicates that the estimated coefficients of British attacks are small and statistically insignificant in all columns. Similarly, Table 6 demonstrates that none of the coefficient estimates of total attacks are statistically significant at conventional levels, and that the coefficients in all columns (except column 4) have a negative sign. These results suggest that Japan does not increase its aid levels to victims of terrorist activities in the absence of U.S. influence.

	1 net ODA	2 loans	3 grants-tech	4 grants	5 tech assist
Constant	20.866 (25.338)	38.597* (22.386)	-4.713 (24.440)	-27.165 (32.872)	-15.005 (23.510)
ln(U.S. aid)$_{t-1}$	0.193*** (0.034)	0.120*** (0.041)	0.160*** (0.031)	0.167*** (0.034)	0.138*** (0.029)
ln(GDPpc)$_{t-1}$	-0.960 (0.709)	0.584 (0.860)	-0.232 (0.574)	-1.703** (0.843)	0.336 (0.599)
ln(Population)$_{t-1}$	-1.125 (1.338)	-3.093*** (1.085)	-0.018 (1.303)	2.269 (1.739)	0.231 (1.241)
ln(Trade)$_{t-1}$	0.091 (0.066)	0.178** (0.078)	0.081 (0.062)	-0.039 (0.108)	0.121* (0.069)
Democracy$_{t-1}$	1.203** (0.486)	0.238 (0.554)	1.113*** (0.330)	0.899* (0.516)	1.218*** (0.324)
Policy distance$_{t-1}$	-1.568*** (0.390)	-0.435 (0.458)	-1.857*** (0.364)	-0.964** (0.401)	-1.823*** (0.360)
War$_{t-1}$	-1.379*** (0.388)	-1.528** (0.679)	-0.890*** (0.228)	-1.451*** (0.464)	-0.773*** (0.223)
ln(Natural disasters)$_{t-1}$	0.079** (0.037)	-0.062 (0.060)	0.055** (0.025)	0.110** (0.050)	0.042* (0.023)
ln(Attacks on Japanese)$_{t-1}$	0.014 (0.748)	-0.645 (1.138)	0.513 (0.325)	1.443* (0.806)	0.283 (0.231)
UNSC member	-0.101 (0.262)	0.316 (0.348)	0.062 (0.170)	0.141 (0.209)	0.077 (0.165)
ln(Attacks on British)$_{t-1}$	0.039 (0.150)	-0.239 (0.148)	-0.013 (0.076)	0.190 (0.267)	-0.077 (0.064)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes
Observations	5,477	5,477	5,477	5,477	5,477
R^2	0.667	0.492	0.810	0.675	0.812

Clustered standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$ (two-tailed).

Table 5: Results of OLS regressions including Attacks on British (placebo test)

	1 net ODA	2 loans	3 grants-tech	4 grants	5 tech assist
Constant	19.867 (25.442)	36.669* (21.803)	-4.878 (24.459)	-27.135 (32.742)	-15.140 (23.562)
ln(U.S. aid)$_{t-1}$	0.196*** (0.034)	0.126*** (0.040)	0.161*** (0.031)	0.167*** (0.035)	0.139*** (0.029)
ln(GDPpc)$_{t-1}$	-0.952 (0.707)	0.589 (0.854)	-0.232 (0.574)	-1.697** (0.842)	0.335 (0.599)
ln(Population)$_{t-1}$	-1.070 (1.346)	-2.978*** (1.056)	-0.008 (1.303)	2.262 (1.732)	0.240 (1.243)
ln(Trade)$_{t-1}$	0.090 (0.066)	0.173** (0.077)	0.081 (0.062)	-0.038 (0.108)	0.120* (0.068)
Democracy$_{t-1}$	1.219** (0.481)	0.262 (0.532)	1.115*** (0.329)	0.904* (0.515)	1.218*** (0.323)
Policy distance$_{t-1}$	-1.557*** (0.392)	-0.409 (0.455)	-1.855*** (0.366)	-0.967** (0.401)	-1.821*** (0.361)
War$_{t-1}$	-1.241*** (0.407)	-1.175* (0.710)	-0.862*** (0.280)	-1.507*** (0.493)	-0.731*** (0.273)
ln(Natural disasters)$_{t-1}$	0.083** (0.036)	-0.055 (0.060)	0.056** (0.024)	0.110** (0.050)	0.043* (0.023)
ln(Attacks on Japanese)$_{t-1}$	0.224 (0.794)	-0.573 (1.150)	0.527* (0.301)	1.639* (0.854)	0.225 (0.199)
UNSC member	-0.112 (0.262)	0.299 (0.345)	0.061 (0.168)	0.138 (0.212)	0.076 (0.163)
ln(Total Attacks)$_{t-1}$	-0.114 (0.138)	-0.319 (0.197)	-0.025 (0.089)	0.064 (0.157)	-0.041 (0.085)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes
Observations	5,477	5,477	5,477	5,477	5,477
R^2	0.667	0.493	0.810	0.675	0.812

Clustered standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$ (two-tailed).

Table 6: Results of OLS regressions including Total Attacks (placebo test)

Overidentification Test

The model I introduce in the main text is just identified (i.e., the number of exogenous variables is the same as the number of instruments), and thereby, it does not allow me to test the validity of the instruments. Now I perform the overidentification test by adding one more instrumental variable to the model. The second instrument is called U.S. arms exports, which is the natural log of the volume of U.S. arms exports to a potential recipient state (plus one). The data source for this variable is SIPRI (2018). When I regress U.S. aid on U.S. arms exports, the estimated coefficient is positive ($\beta = 0.070$) and statistically significant at the 1 percent level (p=0.000), suggesting that the exogenous variable and the instrumental variable are correlated. Moreover, until 2014, Japan has banned arms exports, and the 1992 ODA Charter of Japan strictly prohibits the use of aid for military purposes (MOFA 1992). Because there is a good reason to believe that apart from U.S. influence, the Japanese ODA is unlikely to be associated with the volumes of U.S. arms exports, I estimate 2SLS regressions using both U.S. attacks and U.S. arms exports as instrumental variables and report the results in Table 7. The correlation between U.S. attacks and U.S. arms exports is 0.29 and Kleibergen-Paap rk Wald F statistic is 12.685. Most importantly, Hansen J statistic, which is generated by partialling out country dummies and constant, fails to reject the null hypothesis that all overidentifying restrictions are jointly valid at the 5 percent level in all columns.

	1 net ODA	2 loans	3 grants-tech	4 grants	5 tech assist	6 first stage
Constant	-3.884	32.722	-17.539	-41.384	-24.537	43.061
	(25.755)	(25.025)	(23.024)	(34.353)	(22.488)	(27.071)
ln(U.S. aid)	0.816***	0.279	0.482***	0.511**	0.380***	
	(0.226)	(0.259)	(0.131)	(0.236)	(0.142)	
$\ln(\text{GDPpc})_{t-1}$	0.479	0.950	0.516	-0.893	0.899	-2.291***
	(0.844)	(1.033)	(0.608)	(1.005)	(0.631)	(0.569)
$\ln(\text{Population})_{t-1}$	-0.711	-3.016***	0.192	2.516	0.381	-0.917
	(1.338)	(1.133)	(1.223)	(1.770)	(1.163)	(1.481)
$\ln(\text{Trade})_{t-1}$	0.115	0.185**	0.094	-0.025	0.130*	-0.034
	(0.073)	(0.078)	(0.065)	(0.107)	(0.071)	(0.055)
Democracy_{t-1}	1.162**	0.208	1.087***	0.885*	1.193***	-0.021
	(0.497)	(0.530)	(0.328)	(0.500)	(0.320)	(0.381)
$\text{Policy distance}_{t-1}$	0.303	0.032	-0.900*	0.063	-1.105**	-2.991***
	(0.757)	(0.921)	(0.468)	(0.820)	(0.488)	(0.419)
War_{t-1}	-1.228***	-1.528**	-0.828***	-1.363***	-0.736***	-0.472
	(0.416)	(0.674)	(0.216)	(0.458)	(0.209)	(0.371)
$\ln(\text{Natural disasters})_{t-1}$	0.026	-0.082	0.024	0.078	0.017	0.054
	(0.042)	(0.060)	(0.028)	(0.053)	(0.026)	(0.036)
$\ln(\text{Attacks on Japanese})_{t-1}$	-0.522	-1.139	0.196	1.405*	-0.052	0.164
	(0.739)	(1.175)	(0.299)	(0.732)	(0.282)	(0.575)
UNSC member	-0.232	0.282	-0.014	0.051	0.020	0.220
	(0.300)	(0.341)	(0.201)	(0.222)	(0.187)	(0.239)
$\ln(\text{U.S. attacks})_{t-1}$						1.181***
						(0.282)
$\ln(\text{U.S. arms exports})_{t-1}$						0.022*
						(0.013)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	5,477	5,477	5,477	5,477	5,477	5,477
R^2	0.553	0.484	0.771	0.642	0.788	0.715
Hansen J statistic	0.352	3.746	0.324	2.046	0.477	
p-value	0.553	0.053	0.569	0.153	0.490	

Clustered standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$ (two-tailed).

Table 7: Results of 2SLS regressions with U.S. arms exports

MOFA Data Excluding OECD Countries

In the main text, I employ MOFA data encompassing both developed and developing countries. To address the possibility that the exclusion of developed countries may affect the regression results, I conduct an empirical analysis after excluding OECD member countries from MOFA data.[2] Table 8 shows summary statistics for the new data, and Table 9 reports the results of OLS regressions. In addition, Table 10 shows the results of 2SLS regressions.[3] Although I find that the estimated coefficient of U.S. aid in column 5 of Table 10 is no longer statistically significant, all other results regarding the impact of U.S. foreign aid on the allocation of Japan's ODA remain the same.

Variable	observations	mean	std. dev.	min	max
ln(net ODA)	5,626	12.629	6.240	0	21.824
ln(loans)	5,626	4.533	7.429	0	20.839
ln(grants-tech)	5,626	12.946	5.609	0	21.832
ln(grants)	5,626	8.894	7.661	0	21.830
ln(tech assist)	5,626	12.140	5.327	0	19.468
ln(U.S. aid$_{t-1}$)	5,561	13.935	6.521	0	23.515
ln(U.S. aid)	5,626	14.014	6.464	0	23.515
ln(GDPpc$_{t-1}$)	5,600	7.416	1.389	4.028	11.886
ln(Population$_{t-1}$)	5,601	15.253	2.065	9.146	21.006
ln(Trade$_{t-1}$)	4,913	18.657	2.905	0	26.244
Democracy$_{t-1}$	5,546	0.353	0.478	0	1
Policy distance$_{t-1}$	5,361	1.374	0.668	0.001	3.685
War$_{t-1}$	5,560	0.189	0.392	0	1
ln(Natural disasters)$_{t-1}$	5,551	1.492	2.352	0	12.613
ln(Attacks on Japanese)$_{t-1}$	5,626	0.009	0.085	0	1.609
UNSC member	5,548	0.051	0.221	0	1
ln(U.S. attacks)$_{t-1}$	5,626	0.114	0.395	0	3.892

Table 8: Summary statistics (excluding OECD countries)

[2] I also perform an analysis using data excluding only members of the DAC. The results remain the same.

[3] The Kleibergen-Paap rk Wald F statistic is 10.461.

	1 net ODA	2 loans	3 grants-tech	4 grants	5 tech assist
Constant	41.313**	26.544	30.197**	20.054	19.815
	(17.431)	(20.494)	(14.316)	(22.955)	(14.124)
$\ln(\text{U.S. aid})_{t-1}$	0.189***	0.143***	0.147***	0.186***	0.119***
	(0.037)	(0.052)	(0.029)	(0.043)	(0.027)
$\ln(\text{GDPpc})_{t-1}$	-0.713	0.719	-0.034	-1.461*	0.517
	(0.724)	(0.905)	(0.572)	(0.866)	(0.606)
$\ln(\text{Population})_{t-1}$	-3.187**	-3.512**	-2.725***	-1.240	-2.301**
	(1.241)	(1.411)	(0.998)	(1.628)	(0.949)
$\ln(\text{Trade})_{t-1}$	0.135**	0.213**	0.107	0.006	0.143**
	(0.067)	(0.083)	(0.065)	(0.108)	(0.071)
Democracy_{t-1}	1.170**	0.379	0.741**	0.528	0.861***
	(0.479)	(0.583)	(0.298)	(0.526)	(0.293)
$\text{Policy distance}_{t-1}$	-1.907***	-0.665	-1.860***	-1.088**	-1.793***
	(0.398)	(0.515)	(0.337)	(0.454)	(0.327)
War_{t-1}	-1.345***	-1.607**	-0.957***	-1.621***	-0.839***
	(0.389)	(0.705)	(0.240)	(0.466)	(0.232)
$\ln(\text{Natural disasters})_{t-1}$	0.079**	-0.061	0.042	0.121**	0.026
	(0.038)	(0.067)	(0.026)	(0.054)	(0.025)
$\ln(\text{Attacks on Japanese})_{t-1}$	0.262	-0.815	0.325	1.569	0.005
	(0.867)	(1.183)	(0.374)	(1.067)	(0.236)
UNSC member	-0.058	0.289	0.152	0.030	0.200
	(0.308)	(0.429)	(0.194)	(0.244)	(0.187)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes
Observations	4,678	4,678	4,678	4,678	4,678
R^2	0.516	0.475	0.699	0.643	0.708

Clustered standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$ (two-tailed).

Table 9: Results of OLS regressions (excluding OECD countries)

	1 net ODA	2 loans	3 grants-tech	4 grants	5 tech assist	6 first stage
Constant	10.650 (26.147)	33.316 (30.139)	20.338 (17.870)	-13.701 (35.298)	16.897 (17.634)	58.116*** (18.519)
ln(U.S. aid)	0.739** (0.309)	0.031 (0.375)	0.328** (0.148)	0.789** (0.349)	0.176 (0.153)	
$\ln(\text{GDPpc})_{t-1}$	0.422 (0.911)	0.502 (1.179)	0.347 (0.622)	-0.216 (1.157)	0.643 (0.659)	-2.034*** (0.553)
$\ln(\text{Population})_{t-1}$	-2.178 (1.521)	-3.787** (1.606)	-2.425** (1.119)	-0.123 (2.176)	-2.233** (1.049)	-2.080 (1.371)
$\ln(\text{Trade})_{t-1}$	0.152** (0.074)	0.210** (0.083)	0.114* (0.066)	0.025 (0.110)	0.146** (0.071)	-0.029 (0.0526)
Democracy_{t-1}	1.236** (0.500)	0.343 (0.588)	0.752** (0.292)	0.603 (0.540)	0.856*** (0.284)	-0.214 (0.378)
$\text{Policy distance}_{t-1}$	-0.196 (1.023)	-1.029 (1.299)	-1.304** (0.523)	0.794 (1.214)	-1.622*** (0.541)	-3.120*** (0.399)
War_{t-1}	-1.195*** (0.417)	-1.679** (0.709)	-0.927*** (0.219)	-1.451*** (0.478)	-0.846*** (0.214)	-0.490 (0.368)
$\ln(\text{Natural disasters})_{t-1}$	0.051 (0.040)	-0.062 (0.066)	0.029 (0.027)	0.090 (0.057)	0.020 (0.024)	0.034 (0.038)
$\ln(\text{Attacks on Japanese})_{t-1}$	-0.176 (0.739)	-0.644 (1.228)	0.219 (0.302)	1.077 (0.747)	0.003 (0.205)	0.223 (0.559)
UNSC member	-0.292 (0.348)	0.334 (0.453)	0.074 (0.223)	-0.227 (0.307)	0.174 (0.204)	0.453* (0.264)
$\ln(\text{U.S. attacks})_{t-1}$						0.958*** (0.296)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	4,678	4,678	4,678	4,678	4,678	4,678
R^2	0.401	0.472	0.677	0.563	0.703	0.668

Clustered standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$ (two-tailed).

Table 10: Results of 2SLS regressions (excluding OECD countries)

OECD Data

The vast majority of preceding studies on aid disbursements utilize data from the OECD. Following this practice, I now use the dependent variables coming from the OECD data (OECD 2017). Variables are created by combining parts I and II of the data.[4] It should be noted that information on grants is not available from the OECD data. Thus, I calculate Japanese grants by subtracting Japanese tech assist from Japanese grants-tech. Table 11 provides summary statistics for the dependent variables from the OECD data, and Table 12 shows the correlation between the dependent variables obtained from MOFA and OECD data. Table 11 reveals that a significant number observations of yen loans are missing from the OECD data; therefore, sample selection bias may affect the results of regressions using this dependent variable. Table 12 indicates that the correlation of grants-tech (obtained from MOFA and OECD data) and the correlation of tech assist is relatively low, although they are still greater than 0.800.

variable	observations	mean	std. dev.	min	max
ln(net ODA)	4,845	14.605	4.094	0	21.824
ln(loans)	2,473	10.316	8.163	0	20.839
ln(grants-tech)	4,841	15.083	2.213	9.210	21.832
ln(grants)	4,815	10.317	7.321	0	21.830
ln(tech assist)	4,816	14.225	2.030	9.210	19.468

Table 11: Summary statistics of the dependent variables from the OECD data

Table 13 reports the results of OLS regressions using dependent variables from the OECD data.[5] I find that the estimated coefficients of U.S. aid are positive and statistically significant in all columns (except column 2), and the coefficient in column 4 is much greater than the coefficient in column 2. The loss of statistical significance of U.S. aid in column 2 seems to stem from the

[4]The results of regressions using both U.S. aid and dependent variables coming from the OECD data are available upon request.

[5]Recall that I still employ U.S. aid obtained from USAID (2017) as the key independent variable.

		MOFA				
		net ODA	loans	grants-tech	grants	tech assist
OECD	net ODA	0.936 (obs=4,845)				
	loans		0.986 (obs=2,473)			
	grants-tech			0.828 (obs=4,841)		
	grants				0.986 (obs=4,815)	
	tech assist					0.810 (obs=4,816)

Table 12: Correlation between the dependent variables from MOFA and OECD data

loss of a large number of observations. Table 14 shows the results of 2SLS regressions.[6] Column 6 reports the results of the first stage in column 1. Although the estimated coefficient of U.S. aid in column 5 of Table 14 is no longer statistically significant, the results in column 5 do not pass the robust regression-based test. I also find that the coefficient estimates of U.S. aid in columns 1, 3, and 4 are statistically significant, and that the coefficient in column 4 remains much larger than the one in column 2 of Table 13. The overall results suggest that the use of different data on Japan's aid did not largely affect the main results of the analyses despite the loss of a large number of observations.

[6]The Kleibergen-Paaprk Wald F statistic in each column is 11.783, 3.481, 11.584, 11.638, and 11.638, respectively.

	1 net ODA	2 loans	3 grants-tech	4 grants	5 tech assist
Constant	27.139	51.237	-2.160	-4.837	-6.788
	(16.968)	(52.980)	(7.372)	(21.858)	(6.023)
$\ln(\text{U.S. aid})_{t-1}$	0.117***	0.111	0.063***	0.239***	0.033***
	(0.038)	(0.086)	(0.012)	(0.048)	(0.010)
$\ln(\text{GDPpc})_{t-1}$	-1.229**	2.276	-0.036	-1.402*	0.423*
	(0.515)	(1.780)	(0.241)	(0.811)	(0.219)
$\ln(\text{Population})_{t-1}$	-0.882	-3.431	0.703	0.539	0.773*
	(1.277)	(3.077)	(0.530)	(1.603)	(0.437)
$\ln(\text{Trade})_{t-1}$	0.078	-0.322	0.063	0.128	0.064*
	(0.056)	(0.266)	(0.049)	(0.135)	(0.034)
Democracy_{t-1}	0.600	0.156	0.150	0.015	0.188*
	(0.423)	(0.870)	(0.129)	(0.516)	(0.106)
$\text{Policy distance}_{t-1}$	-0.542	0.127	-0.511***	-0.943*	-0.375***
	(0.381)	(1.388)	(0.157)	(0.519)	(0.129)
War_{t-1}	-1.189***	-0.501	-0.662***	-1.477***	-0.630***
	(0.343)	(0.901)	(0.124)	(0.439)	(0.106)
$\ln(\text{Natural disasters})_{t-1}$	0.076**	-0.043	0.015	0.072	0.004
	(0.032)	(0.075)	(0.013)	(0.050)	(0.010)
$\ln(\text{Attacks on Japanese})_{t-1}$	0.117	-1.994	0.458	1.226	0.187
	(0.871)	(1.263)	(0.343)	(0.953)	(0.137)
UNSC member	-0.135	0.250	0.040	0.163	0.046
	(0.329)	(0.606)	(0.072)	(0.248)	(0.063)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes
Observations	4,249	2,308	4,245	4,226	4,226
R^2	0.336	0.418	0.737	0.626	0.801

Clustered standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$ (two-tailed).

Table 13: Results of OLS regressions (Japan's ODA is from the OECD data)

	1 net ODA	2 loans	3 grants-tech	4 grants	5 tech assist	6 first stage
Constant	-15.813 (25.353)	54.030 (57.878)	-13.675 (11.552)	-36.816 (34.592)	-10.979 (10.029)	69.183*** (17.343)
ln(U.S. aid)	0.758*** (0.290)	0.071 (0.374)	0.237** (0.101)	0.724** (0.314)	0.097 (0.094)	
$\ln(\text{GDPpc})_{t-1}$	0.051 (0.743)	2.214 (1.876)	0.314 (0.327)	-0.397 (1.079)	0.555* (0.298)	-1.947*** (0.516)
$\ln(\text{Population})_{t-1}$	0.775 (1.409)	-3.520 (3.051)	1.135* (0.683)	1.709 (2.074)	0.925 (0.572)	-2.828** (1.230)
$\ln(\text{Trade})_{t-1}$	0.146** (0.067)	-0.330 (0.266)	0.082 (0.051)	0.178 (0.139)	0.071** (0.034)	-0.101* (0.054)
Democracy_{t-1}	0.768* (0.464)	0.129 (0.849)	0.191 (0.136)	0.128 (0.522)	0.203* (0.107)	-0.344 (0.341)
$\text{Policy distance}_{t-1}$	1.029 (0.839)	0.025 (1.456)	-0.091 (0.277)	0.225 (1.008)	-0.222 (0.243)	-2.472*** 0.520
War_{t-1}	-1.040*** (0.400)	-0.494 (0.869)	-0.625*** (0.127)	-1.374*** (0.436)	-0.617*** (0.106)	-0.366 (0.330)
$\ln(\text{Natural disasters})_{t-1}$	0.039 (0.034)	-0.045 (0.074)	0.004 (0.015)	0.037 (0.052)	-0.001 (0.012)	0.042 (0.031)
$\ln(\text{Attacks on Japanese})_{t-1}$	-0.411 (0.706)	-1.934 (1.335)	0.328 (0.208)	0.887 (0.708)	0.143 (0.106)	0.165 (0.563)
UNSC member	-0.203 (0.349)	0.261 (0.580)	0.024 (0.086)	0.120 (0.272)	0.040 (0.065)	0.155 (0.247)
$\ln(\text{U.S. attacks})_{t-1}$						1.004*** (0.293)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	4,249	2,308	4,245	4,226	4,226	4,249
R^2	0.114	0.417	0.677	0.578	0.791	0.691

Clustered standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$ (two-tailed).

Table 14: Results of 2SLS regressions (Japan's ODA is from the OECD data)

Logistic Regressions

One may suspect that U.S. influence over Japan in the allocation equation might differ from its influence in the selection equation. To determine whether the impact of U.S. foreign aid on Japanese aid levels is different from its impact on Japan's decisions when selecting recipients, I estimate logistic regressions using binary dependent variables. Each dependent variable is now coded 1 if a state receives a specific type of Japan's aid and 0 otherwise.[7] Table 15 reports coefficient estimates of logistic regressions. Although a large number of observations are dropped due to perfect prediction, the central results regarding the magnitude and directions of U.S. influence on Japan's aid largely remain the same. I also estimate logistic regressions without country dummies and find that the main results still hold.

[7] I create these variables based on the original dependent variables of Japan's ODA (MOFA 2016).

	1 net ODA dummy	2 loans dummy	3 grants-tech dummy	4 grants dummy	5 tech assist dummy
Constant	17.359	25.810*	-34.083	2.362	-38.472*
	(16.255)	(14.800)	(21.886)	(25.052)	(21.965)
ln(U.S. aid)$_{t-1}$	0.135***	0.083***	0.239***	0.146***	0.216***
	(0.026)	(0.028)	(0.078)	(0.034)	(0.076)
ln(GDPpc)$_{t-1}$	-0.459	0.270	1.747***	0.312	1.972***
	(0.569)	(0.564)	(0.663)	(0.753)	(0.760)
ln(Population)$_{t-1}$	-0.969	-3.240***	1.619	-0.429	1.770
	(1.135)	(1.147)	(1.660)	(1.641)	(1.696)
ln(Trade)$_{t-1}$	0.040	0.187*	0.020	-0.047	0.062
	(0.058)	(0.109)	(0.069)	(0.076)	(0.062)
Democracy$_{t-1}$	0.504	0.125	0.201	0.195	0.728
	(0.519)	(0.267)	(1.305)	(0.449)	(1.359)
Policy distance$_{t-1}$	-1.008***	-0.327	-1.493***	-0.735**	-1.453***
	(0.330)	(0.271)	(0.513)	(0.333)	(0.526)
War$_{t-1}$	-0.854***	-0.847***	-0.591	-1.011***	-0.188
	(0.287)	(0.309)	(0.390)	(0.315)	(0.371)
ln(Natural disasters)$_{t-1}$	0.061*	-0.030	0.080	0.010	0.062
	(0.036)	(0.028)	(0.056)	(0.040)	(0.053)
[a]ln(Attacks on Japanese)$_{t-1}$	-0.461	-0.521		0.492	
	(0.473)	(0.492)		(0.516)	
UNSC member	-0.164	0.066	0.022	0.225	0.182
	(0.249)	(0.191)	(0.482)	(0.224)	(0.499)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes
Observations	3,458	3,644	2,187	4,179	2,224
Log pseudolikelihood	-1097.945	-1675.045	-481.436	-1268.634	-505.227
Pseudo R^2	0.350	0.317	0.560	0.543	0.552

Clustered standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$ (two-tailed).
a. In columns 3 and 5, this variable is dropped due to perfect prediction.

Table 15: Results of logistic regressions

Other Major Donors

It is plausible that the U.S. is not the solo major donor that coerces Japan to disburse aid to certain recipients. Therefore, I also estimate regressions by controlling for the effects of German, British, and French aid flows on Japan's aid disbursements. I select these donors because the volume of aid disbursed by each of these countries surpassed Japan's aid in 2016. In addition, from 1970 to 1994, approximately 70 percent of total ODA was disbursed by the U.S., Japan, France, and Germany. The UK was the next largest donor (Alesina and Dollar 2000, 35-36). The explanatory variables introduced in this analysis are called German aid, British aid, French aid, and total aid. German aid is the net disbursement of German ODA, British aid is the net disbursement of British ODA, French aid is the net disbursement of French ODA, and total aid is the aggregate of net disbursement of aid by Germany, the UK, and France.[8] The original data are taken from the OECD and measured in constant 2015 U.S. dollars (OECD 2017). I take the natural logarithm of each variable (plus one).[9] These variables are also lagged by one year to reflect information available to the Japanese government when making allocation decisions. Although aid flows from these governments are also deemed to be influenced by Japan's foreign aid, I could not find appropriate instrumental variables. Therefore, I only show the results of OLS regressions. It should also be noted that the number of observations is reduced into 3,311. Nevertheless, inclusion of these variables does not affect the sign and magnitude of the coefficient estimates of U.S. aid.

Table 16 reports the results of OLS regressions including German, British, and French aid. The estimated coefficients of German aid are positive and statistically significant in all columns. I also find that the coefficient in column 4 is smaller than the coefficient in column 2, suggesting that the allocation of German net ODA has a greater impact on the allocation of yen loans than the allocation of grants. None of the estimated coefficients of British aid are statistically significant

[8] I replace the negative values with zeros.

[9] Dependent variables come from MOFA data, and U.S. aid is taken from USAID.

at conventional levels and the coefficients are equally small. The estimated coefficients of French aid are positive in all columns but only those in columns 1 and 2 are statistically significant. The negative sign of British aid in column 4 and the relatively small coefficients of British and French aid in column 4 (compared to the coefficient of U.S. aid) suggest that the main results of the present research are not a mere reflection of a convergence of major powers' interests; rather, they are outcomes of the U.S. direct intervention. It is noteworthy that aid from Germany, a country that is also dependent on the U.S. security guarantees and seems to be vulnerable to U.S. pressure, has a positive sign in all columns, meaning that its aid allocation also appears to be influenced by the U.S. political interests.

Table 17 presents the results of OLS regressions including total aid. The estimated coefficients of total aid have a positive sign and statistical significance in all columns, although the coefficient in column 2 is greater than the coefficient in column 4, which suggests that aggregated aid disbursements from Germany, the UK, and France seem to have a greater impact on Japan's loan allocations than grants. Given that these results are likely to suffer from sample selection bias, and that the issues of reverse causality and joint decision-making still remain, more concrete analysis is needed before concluding that aid supplies from other major donors may have a positive impact on Japan's aid patterns.

	1 net ODA	2 loans	3 grants-tech	4 grants	5 tech assist
Constant	2.839	17.495	-7.012	-15.805	-14.924
	(28.221)	(28.883)	(24.666)	(31.384)	(25.106)
$\ln(\text{U.S. aid})_{t-1}$	0.108*	0.028	0.115***	0.249***	0.082**
	(0.056)	(0.071)	(0.038)	(0.060)	(0.033)
$\ln(\text{GDPpc})_{t-1}$	-0.574	1.570	0.001	-1.256	0.656
	(0.866)	(1.050)	(0.723)	(1.078)	(0.782)
$\ln(\text{Population})_{t-1}$	-0.274	-3.703*	0.275	0.802	0.516
	(2.087)	(2.165)	(1.768)	(2.171)	(1.754)
$\ln(\text{Trade})_{t-1}$	0.147	0.148	0.192**	0.320**	0.181**
	(0.091)	(0.100)	(0.092)	(0.161)	(0.089)
Democracy_{t-1}	0.409	-0.781	0.248	-0.291	0.336
	(0.491)	(0.664)	(0.268)	(0.454)	(0.245)
$\text{Policy distance}_{t-1}$	-1.314**	-0.741	-1.138***	-1.282**	-1.074***
	(0.578)	(0.865)	(0.383)	(0.626)	(0.334)
War_{t-1}	-0.967***	-1.337*	-0.628***	-1.410***	-0.483**
	(0.369)	(0.754)	(0.206)	(0.467)	(0.191)
$\ln(\text{Natural disasters})_{t-1}$	0.085**	-0.045	0.026	-0.008	0.032*
	(0.040)	(0.073)	(0.020)	(0.042)	(0.018)
$\ln(\text{Attacks on Japanese})_{t-1}$	-0.538	-1.924	0.305	1.445*	0.079
	(0.923)	(1.341)	(0.386)	(0.810)	(0.213)
UNSC member	-0.183	0.465	0.160	0.301	0.145
	(0.354)	(0.493)	(0.136)	(0.275)	(0.126)
$\ln(\text{German aid})_{t-1}$	0.216***	0.163***	0.080***	0.096*	0.068***
	(0.058)	(0.046)	(0.025)	(0.053)	(0.022)
$\ln(\text{British aid})_{t-1}$	0.077	0.074	0.013	-0.038	0.012
	(0.047)	(0.048)	(0.018)	(0.041)	(0.018)
$\ln(\text{French aid})_{t-1}$	0.141***	0.166***	0.010	0.033	0.016
	(0.049)	(0.052)	(0.019)	(0.047)	(0.016)
Region Fixed Effects	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes
Observations	3,311	3,311	3,311	3,311	3,311
R^2	0.442	0.497	0.667	0.629	0.695

Clustered standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$ (two-tailed).

Table 16: Results of OLS regressions (with aid from Germany, Britain, and France)

	1 net ODA	2 loans	3 grants-tech	4 grants	5 tech assist
Constant	8.152 (31.498)	26.271 (27.809)	-7.632 (25.317)	-16.770 (30.488)	-15.142 (25.785)
ln(U.S. aid)$_{t-1}$	0.159*** (0.059)	0.063 (0.071)	0.128*** (0.040)	0.246*** (0.059)	0.094*** (0.035)
ln(GDPpc)$_{t-1}$	-1.038 (0.914)	1.168 (1.034)	-0.091 (0.728)	-1.266 (1.055)	0.566 (0.786)
ln(Population)$_{t-1}$	-0.256 (2.316)	-4.069* (2.092)	0.409 (1.814)	0.830 (2.133)	0.619 (1.803)
ln(Trade)$_{t-1}$	0.158 (0.097)	0.158 (0.104)	0.194** (0.093)	0.321* (0.163)	0.183** (0.090)
Democracy$_{t-1}$	0.561 (0.531)	-0.679 (0.682)	0.288 (0.272)	-0.267 (0.460)	0.374 (0.248)
Policy distance$_{t-1}$	-1.270** (0.598)	-0.710 (0.866)	-1.123*** (0.393)	-1.238** (0.620)	-1.059*** (0.343)
War$_{t-1}$	-1.186*** (0.394)	-1.519* (0.771)	-0.680*** (0.206)	-1.445*** (0.470)	-0.532*** (0.192)
ln(Natural disasters)$_{t-1}$	0.091** (0.042)	-0.039 (0.074)	0.026 (0.020)	-0.008 (0.043)	0.032* (0.018)
ln(Attacks on Japanese)$_{t-1}$	-0.536 (0.911)	-1.963 (1.338)	0.307 (0.380)	1.421* (0.803)	0.082 (0.209)
UNSC member	-0.221 (0.382)	0.447 (0.502)	0.147 (0.137)	0.306 (0.277)	0.134 (0.127)
ln(Total aid)$_{t-1}$	0.173*** (0.059)	0.212*** (0.052)	0.055** (0.023)	0.128** (0.051)	0.046** (0.022)
Region Fixed Effects	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes
Observations	3,311	3,311	3,311	3,311	3,311
R^2	0.420	0.492	0.664	0.629	0.693

Clustered standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$ (two-tailed).

Table 17: Results of OLS regressions (with aggregated aid from Germany, Britain, and France)

Cold War

To address the possibility that the change in international structure might have affected the allocation of Japanese foreign aid, I estimate OLS regressions including cold war, a variable that takes a value of 1 for all years until 1989 and 0 otherwise, and an interaction term between U.S. aid and cold war. During the Cold War, the U.S. pursued several overarching objectives such as the containment of communism and maintenance of global stability. This gave the U.S. an incentive to be more attentive to the flows of aid disbursed by its alliance partners and apply greater pressure on them to disburse aid in tandem. Since 1990, however, U.S. interest in assisting the governments of frontline countries that had been fighting the threat of communism has waned; therefore, the U.S. might have applied less pressure on other major donors. If this argument is valid, then the direction of U.S. influence on Japan has flipped from positive to negative, or at least its impact has lessened since the end of the Cold War.

Table 18 reports the results of OLS regressions including cold war and U.S. aid $\times$ cold war.[10] The coefficient estimates of cold war have a negative sign and statistical significance in all columns. The coefficient estimates for the interaction term are positive and statistically insignificant in columns 1 and 2, whereas those in the other columns have a negative sign; furthermore, only the coefficient in column 4 has statistical significance. Therefore, holding all other variables constant, in the post-Cold War period, as the volume of U.S. aid increases by 1 percent, on average Japan increases the levels of Japan's net ODA by 0.175 percent, loans by 0.092 percent, grants-tech by 0.185 percent, grants by 0.281 percent, and tech assist by 0.159 percent. In contrast, in the Cold War era, as the volume of U.S. aid increases by 1 percent, Japan raises the levels of grants on average by 0.281-0.182=0.099 percent.[11]

[10] I do not estimate 2SLS regressions because the model includes the interaction term between cold war and U.S. aid.

[11] Notice that only the coefficient (for the interaction term) in column 4 is statistically significant.

This result raises questions regarding why the supply of U.S. aid seems to retain a smaller influence on the volume of Japan's grants during the Cold War than it does so in the post-Cold War period. The following factors might have affected the increased U.S. influence on Japan's grant aid in the post-Cold War era. First, since the collapse of the Soviet Union, several countries have declared independence. These newly independent countries, together with countries in the former Eastern Block, sought development assistance from Western countries to implement economic reforms and democratization. As a result of Western donors (including Japan) responding to those requests, aid to such countries has increased dramatically (Boschini and Olofsgård 2007, 627).

Second, even though the U.S. was well aware of the importance of continuing to disburse aid to developing countries, the volume of U.S. foreign aid during the 1990s dropped substantially because its aid policy lost perceived legitimacy in the eyes of U.S. citizens following the declined threat from former communist countries (Boschini and Olofsgård 2007; Lai 2003). A growing disillusionment about the efficacy of aid in reducing poverty triggered or exacerbated aid fatigue in the U.S. and other Western donors (Boschini and Olofsgård 2007, 630). In contrast, since the late 1970s, Japan has enjoyed economic prosperity and announced a series of aid doubling plans. This rapid increase in aid budget intended to respond to pressure from the U.S. and other Western countries to recycle Japan's trade surplus (Arase 1995, 211-212; Feasel 2015, 102).

Third, immediately after the onset of the war on terror, the U.S. dramatically increased aid volumes and urged leaders of other countries to support its counterterrorism efforts (Fleck and Kilby 2010; MOFA 2002, 13). During a meeting with U.S. President George W. Bush, Japanese Prime Minister Junichiro Koizumi agreed to reinforce diplomatic ties with the states neighboring Afghanistan. Japan agreed to disburse emergency budgetary assistance to Pakistan (MOFA 2002, 17-18)[12] and to provide emergency assistance and grant aid to Central Asian countries such as Tajikistan and Uzbekistan, which allowed U.S. forces access to their military bases (MOFA 2002,

[12]Emergency assistance took the form of non-project grant aid. Japan also agreed to disburse economic assistance in the form of grant aid (MOFA 2002, 21).

22). These factors seem to increase the impact of U.S. aid on the allocation of Japan's grants in the post-Cold War era.

	1 net ODA	2 loans	3 grants-tech	4 grants	5 tech assist
Constant	22.679	38.916*	3.496	-6.053	-8.278
	(27.168)	(23.372)	(25.989)	(33.069)	(25.131)
$\ln(\text{U.S. aid})_{t-1}$	0.175***	0.092**	0.185***	0.281***	0.159***
	(0.034)	(0.044)	(0.029)	(0.041)	(0.027)
$\ln(\text{GDPpc})_{t-1}$	-0.958	0.573	-0.233	-1.692**	0.333
	(0.705)	(0.856)	(0.575)	(0.828)	(0.601)
$\ln(\text{Population})_{t-1}$	-0.973	-2.908***	-0.217	1.397	0.058
	(1.392)	(1.099)	(1.330)	(1.661)	(1.273)
$\ln(\text{Trade})_{t-1}$	0.090	0.175**	0.084	-0.028	0.123*
	(0.066)	(0.077)	(0.062)	(0.107)	(0.069)
Democracy_{t-1}	1.262**	0.303	1.037***	0.573	1.151***
	(0.492)	(0.561)	(0.329)	(0.507)	(0.325)
$\text{Policy distance}_{t-1}$	-1.550***	-0.413	-1.880***	-1.066***	-1.844***
	(0.389)	(0.453)	(0.364)	(0.400)	(0.359)
War_{t-1}	-1.365***	-1.536**	-0.905***	-1.494***	-0.792***
	(0.389)	(0.687)	(0.228)	(0.461)	(0.222)
$\ln(\text{Natural disasters})_{t-1}$	0.083**	-0.060	0.051**	0.095*	0.038*
	(0.037)	(0.059)	(0.024)	(0.048)	(0.023)
$\ln(\text{Attacks on Japanese})_{t-1}$	0.102	-0.956	0.454	1.545	0.137
	(0.824)	(1.112)	(0.323)	(0.947)	(0.224)
UNSC member	-0.101	0.328	0.061	0.126	0.079
	(0.262)	(0.347)	(0.168)	(0.201)	(0.163)
Cold war	-4.549***	-3.505***	-4.655***	-5.660***	-3.623***
	(1.259)	(1.158)	(1.199)	(1.466)	(1.154)
$\ln(\text{U.S. aid})_{t-1}$	0.030	0.043	-0.040	-0.182***	-0.033
$\times$ Cold war	(0.030)	(0.041)	(0.025)	(0.038)	(0.023)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes
Observations	5,477	5,477	5,477	5,477	5,477
R^2	0.667	0.492	0.810	0.680	0.812

Clustered standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$ (two-tailed).

Table 18: Results of OLS regressions including Cold War and U.S. aid $\times$ Cold war

U.S. Economic and Military Assistance

In the main analysis, I employed the aggregate value of U.S. economic and military aid because the U.S. seems to utilize both economic and military assistance to elicit concessions from the recipients.[13] To see the general impact of the U.S. foreign aid on Japan's foreign aid (instead of the effect of one specific type of U.S. aid on Japan's aid), the use of aggregate value appears to be more appropriate. However, one may suspect that the impact of U.S. aid on Japan's aid allocation may vary across different types of U.S. foreign aid. To investigate this possibility, I now decompose U.S. aid into economic and military assistance. Table 19 reports summary statistics for U.S. economic and military aid.

variable	observations	mean	std. dev.	min	max
ln(U.S. economic aid)$_{t-1}$	6,500	11.774	7.791	0	22.960
ln(U.S. economic aid)	6,565	11.885	7.741	0	22.960
ln(U.S. military aid)$_{t-1}$	6,500	7.991	7.400	0	23.374
ln(U.S. military aid)	6,565	8.122	7.377	0	23.374

Table 19: Summary statistics of U.S. economic and military aid

Using these variables, I conduct an empirical analysis. Table 20 presents the results of OLS regressions using U.S. economic aid as the key explanatory variable. The estimated coefficients of U.S. economic aid are positive and statistically significant in all columns. Unlike the results presented in the main text, I find that the coefficient of U.S. economic aid in column 2 is greater than the coefficient in column 4. As this outcome is likely to suffer from reverse causality, I also estimate 2SLS regressions and report the results in Table 21.[14] The results indicate that the estimated coefficient of U.S. economic aid in column 4 of Table 21 is much greater than the coefficient in column 2 of Table 20.[15] Accordingly, the overall results suggest that flows of U.S. economic aid

[13] It should be noted that until 2015, the provision of aid for military purposes had been prohibited in Japan (Rafferty 2015).

[14] The Kleibergen-Paap Waldrk F statistic is 11.90.

[15] Only the results in column 2 of Table 21 fail to pass the robust regression-based test at the 10 percent level.

have a greater impact on the allocation of Japan's grants than the allocation of yen loans.

Similarly, Table 22 displays the results of OLS regressions using U.S. military aid as the key explanatory variable. The estimated coefficients of U.S. military aid are positive and statistically significant in all columns. Furthermore, the coefficient of U.S. military aid in column 4 is much greater than the coefficient in column 2, which means that the impact of U.S. military aid on the allocation of Japan's grants is much larger than its impact on the allocation of yen loans. Table 23 displays the results of 2SLS regressions using U.S. military aid as the key explanatory variable. I find that the Kleibergen-Paap Waldrk F statistic is 3.601 (i.e., the instrumental variable is weak).[16] Because the results of 2SLS regressions are likely to be biased, I refrain from addressing the results presented in Table 23. The overall results suggest that the decomposition of U.S. aid does not alter the central findings of this study.

[16] All results except the ones in column 2 pass the robust regression-based test at the 10 percent level.

	1 net ODA	2 loans	3 grants-tech	4 grants	5 tech assist
Constant	19.275	36.304	-5.332	-27.889	-15.429
	(26.463)	(22.198)	(25.557)	(33.840)	(24.429)
ln(U.S. economic aid)$_{t-1}$	0.154***	0.129***	0.117***	0.115***	0.101***
	(0.028)	(0.038)	(0.024)	(0.030)	(0.024)
ln(GDPpc)$_{t-1}$	-0.922	0.699	-0.234	-1.718**	0.335
	(0.721)	(0.857)	(0.585)	(0.858)	(0.608)
ln(Population)$_{t-1}$	-1.028	-3.012***	0.043	2.344	0.277
	(1.404)	(1.075)	(1.364)	(1.786)	(1.292)
ln(Trade)$_{t-1}$	0.090	0.178**	0.080	-0.040	0.120*
	(0.066)	(0.078)	(0.062)	(0.109)	(0.068)
Democracy$_{t-1}$	1.165**	0.189	1.082***	0.882*	1.186***
	(0.487)	(0.555)	(0.338)	(0.523)	(0.331)
Policy distance$_{t-1}$	-1.743***	-0.446	-2.033***	-1.168***	-1.973***
	(0.395)	(0.454)	(0.366)	(0.394)	(0.362)
War$_{t-1}$	-1.404***	-1.553**	-0.920***	-1.466***	-0.804***
	(0.393)	(0.677)	(0.235)	(0.467)	(0.227)
ln(Natural disasters)$_{t-1}$	0.079**	-0.065	0.055**	0.111**	0.041*
	(0.038)	(0.060)	(0.025)	(0.050)	(0.024)
ln(Attacks on Japanese)$_{t-1}$	0.156	-0.979	0.573	1.814*	0.237
	(0.845)	(1.125)	(0.355)	(0.996)	(0.226)
UNSC member	-0.089	0.337	0.073	0.143	0.089
	(0.264)	(0.348)	(0.170)	(0.204)	(0.165)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes
Observations	5,477	5,477	5,477	5,477	5,477
R^2	0.664	0.493	0.806	0.672	0.809

Clustered standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$ (two-tailed).

Table 20: Results of OLS regressions including U.S. economic aid

	1 net ODA	2 loans	3 grants-tech	4 grants	5 tech assist	6 first stage
Constant	-26.361 (36.032)	32.923 (28.065)	-30.791 (29.513)	-62.060 (41.813)	-34.478 (28.098)	61.476*** (23.176)
ln(U.S. economic aid)	0.927*** (0.335)	0.182 (0.280)	0.547** (0.220)	0.694** (0.322)	0.423** (0.215)	
ln(GDPpc)$_{t-1}$	1.333 (1.238)	0.849 (1.200)	1.020 (0.872)	-0.029 (1.340)	1.271 (0.849)	-2.906*** (0.627)
ln(Population)$_{t-1}$	0.178 (1.667)	-2.919** (1.163)	0.716 (1.441)	3.247 (2.038)	0.781 (1.349)	-1.726 (1.265)
ln(Trade)$_{t-1}$	0.120 (0.079)	0.181** (0.077)	0.097 (0.069)	-0.018 (0.114)	0.132* (0.072)	-0.033 (0.057)
Democracy$_{t-1}$	1.050** (0.527)	0.192 (0.534)	1.020*** (0.355)	0.796 (0.532)	1.142*** (0.339)	0.097 (0.407)
Policy distance$_{t-1}$	0.331 (0.959)	-0.323 (0.905)	-0.884 (0.643)	0.386 (0.959)	-1.117* (0.628)	-2.704*** (0.417)
War$_{t-1}$	-1.354*** (0.462)	-1.588** (0.665)	-0.902*** (0.243)	-1.428*** (0.469)	-0.796*** (0.225)	-0.258 (0.394)
ln(Natural disasters)$_{t-1}$	0.037 (0.046)	-0.072 (0.059)	0.030 (0.031)	0.079 (0.055)	0.022 (0.028)	0.036 (0.0402)
ln(Attacks on Japanese)$_{t-1}$	-0.254 (0.734)	-0.967 (1.128)	0.355 (0.366)	1.507** (0.753)	0.079 (0.339)	-0.105 (0.647)
UNSC member	-0.013 (0.321)	0.344 (0.337)	0.116 (0.211)	0.200 (0.253)	0.121 (0.190)	-0.050 (0.266)
ln(U.S. attacks)$_{t-1}$						1.019*** (0.295)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	5,477	5,477	5,477	5,477	5,477	5,477
R^2	0.475	0.491	0.733	0.581	0.763	0.738

Clustered standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$ (two-tailed).

Table 21: Results of 2SLS regressions including U.S. economic aid

	1 net ODA	2 loans	3 grants-tech	4 grants	5 tech assist
Constant	37.724	47.063**	11.366	-7.711	-1.345
	(26.357)	(22.237)	(24.213)	(31.771)	(23.455)
ln(U.S. military aid)$_{t-1}$	0.157***	0.056*	0.162***	0.220***	0.134***
	(0.026)	(0.030)	(0.021)	(0.029)	(0.021)
ln(GDPpc)$_{t-1}$	-1.443**	0.293	-0.649	-2.151***	-0.023
	(0.697)	(0.829)	(0.543)	(0.774)	(0.575)
ln(Population)$_{t-1}$	-1.789	-3.391***	-0.684	1.423	-0.331
	(1.373)	(1.082)	(1.277)	(1.668)	(1.223)
ln(Trade)$_{t-1}$	0.080	0.173**	0.071	-0.052	0.112*
	(0.063)	(0.077)	(0.054)	(0.090)	(0.066)
Democracy$_{t-1}$	1.126**	0.194	1.030***	0.801	1.145***
	(0.485)	(0.560)	(0.329)	(0.508)	(0.324)
Policy distance$_{t-1}$	-1.535***	-0.587	-1.696***	-0.586	-1.709***
	(0.427)	(0.473)	(0.376)	(0.379)	(0.377)
War$_{t-1}$	-1.380***	-1.578**	-0.876***	-1.386***	-0.770***
	(0.400)	(0.686)	(0.234)	(0.461)	(0.230)
ln(Natural disasters)$_{t-1}$	0.084**	-0.062	0.060***	0.117**	0.045**
	(0.036)	(0.059)	(0.023)	(0.047)	(0.022)
ln(Attacks on Japanese)$_{t-1}$	0.146	-0.913	0.523*	1.706*	0.200
	(0.852)	(1.137)	(0.310)	(0.938)	(0.235)
UNSC member	-0.107	0.325	0.057	0.125	0.075
	(0.262)	(0.347)	(0.162)	(0.191)	(0.159)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes
Observations	5,477	5,477	5,477	5,477	5,477
R^2	0.667	0.489	0.815	0.687	0.816

Clustered standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$ (two-tailed).

Table 22: Results of OLS regressions including U.S. military aid

	1 net ODA	2 loans	3 grants-tech	4 grants	5 tech assist	6 first stage
Constant	87.896**	55.373**	36.632	23.447	17.636	-52.297
	(44.295)	(28.153)	(29.889)	(40.972)	(27.421)	(33.798)
ln(U.S. military aid)	1.095**	0.215	0.646**	0.819**	0.499*	
	(0.490)	(0.356)	(0.290)	(0.414)	(0.275)	
$\ln(\text{GDPpc})_{t-1}$	-1.234	0.345	-0.495	-1.950**	0.100	-0.117
	(1.057)	(0.787)	(0.626)	(0.834)	(0.590)	(1.050)
$\ln(\text{Population})_{t-1}$	-4.913**	-3.920**	-2.288	-0.563	-1.541	3.189*
	(2.368)	(1.553)	(1.613)	(2.230)	(1.466)	(1.683)
$\ln(\text{Trade})_{t-1}$	0.059	0.169**	0.061	-0.064	0.105	0.028
	(0.134)	(0.073)	(0.074)	(0.071)	(0.083)	(0.132)
Democracy_{t-1}	0.311	0.046	0.584	0.242	0.804*	0.757
	(0.796)	(0.586)	(0.460)	(0.656)	(0.426)	(0.613)
$\text{Policy distance}_{t-1}$	2.440	0.091	0.361	1.964	-0.155	-4.217***
	(2.068)	(1.583)	(1.247)	(1.820)	(1.179)	(0.455)
War_{t-1}	-0.461	-1.413*	-0.376	-0.760	-0.389	-1.034**
	(0.792)	(0.777)	(0.410)	(0.611)	(0.377)	(0.495)
$\ln(\text{Natural disasters})_{t-1}$	0.062	-0.067	0.045	0.098*	0.033	0.008
	(0.057)	(0.058)	(0.034)	(0.054)	(0.030)	(0.052)
$\ln(\text{Attacks on Japanese})_{t-1}$	0.045	-0.909	0.531	1.731*	0.215	-0.36208
	(1.275)	(1.219)	(0.581)	(0.946)	(0.582)	(1.079)
UNSC member	-0.371	0.274	-0.096	-0.069	-0.043	0.285
	(0.421)	(0.355)	(0.259)	(0.270)	(0.234)	(0.296)
$\ln(\text{U.S. attacks})_{t-1}$						0.863*
						(0.455)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	5,477	5,477	5,477	5,477	5,477	5,477
R^2	0.283	0.481	0.693	0.558	0.741	0.601

Clustered standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$ (two-tailed).

Table 23: Results of 2SLS regressions including U.S. military aid

Cases

The Japanese aid program originated in war reparations to countries occupied by Japan during World War II.[17] In response to pressure from U.S. Secretary of State John Foster Dulles, Prime Minister Shigeru Yoshida extended reparation payments to a total of thirteen countries (Arase 1995, 29; Orr 1990, 53).[18] In 1958, under the initiative of MITI, Japan extended the first yen loan to India; between 1959 and 1964, Japan provided loans to Paraguay, South Vietnam, Pakistan, and Brazil. The primary objective of these loans was to develop export markets and raw material sources (Arase 1995, 39–41). In the 1960s, as the U.S. became more heavily involved in the Vietnam War, it sought to let other allies share the burden of foreign aid. In January 1965, President Johnson urged Prime Minister Sato to disburse aid to Taiwan and South Korea. Japan provided aid to Taiwan in 1965 and South Korea in 1967 (Orr 1990, 109–110). In 1967, Japan also disbursed aid to Indonesia, Malaysia, the Philippines, and Thailand, while the U.S. kept exerting pressure on Japan to disburse more aid (Orr 1990, 110). From 1969 to 1973, twenty-eight grant aid projects (out of thirty-five) were extended to Laos, Cambodia, South Vietnam, and Thailand (Arase 1995, 56). Following the end of the Vietnam War, President Carter urged Japan to increase aid to ASEAN countries (Orr 1990, 110). This has led to a dramatic increase in Japan's aid to ASEAN since 1978 (Orr 1990, 105). After the Vietnamese invasion of Cambodia, the U.S. further pressed Japan to increase aid to Thailand which experienced a massive influx of refugees (Orr 1990, 79; Arase 1995, 214). As a result, the amount of Japan's grant aid to Thailand surged from 1.0 billion yen in 1975 to 13.4 billion yen in 1985 (Arase 1995, 99).

Although American pressure on Japan's aid programs had existed in the 1950s and 1960s, the U.S. urged Japan to alter its aid policy only sporadically. This practice has changed in 1978 when

[17] Reparations are counted as grant aid (Arase 1995, 55).

[18] Reparations countries were Myanmar, Thailand, the Philippines, Indonesia, Laos, Cambodia, South Vietnam, South Korea, Singapore, Malaysia, Micronesia, Vietnam, and Mongolia. India, the People's Republic of China, and the Republic of China renounced their right to accept war reparations (Arase 1995, 28–29).

the U.S. decided to hold periodic consultations on foreign aid with Japan. The U.S. dispatched the USAID Administrator and high-ranking officials from the State Department to these meetings, while the Economic Cooperation Bureau of MOFA led the Japanese delegation. These aid consultations served as fora for the U.S. to press Japan to increase aid to politically important countries (Inada 1989, 402; Orr 1990, 128). Following the Soviet invasion of Afghanistan in 1979, the U.S. pressured Japan to substantially increase aid to Pakistan and Turkey (Orr 1990, 111). After Reagan's inauguration as U.S. President in 1981, the National Security Council drafted guidelines for Japan's aid policy, which urged Japan to increase aid to regions outside of Asia while maintaining its aid levels to Southeast Asia (Orr 1990, 112). In the 1982 aid consultations, the U.S. delegation presented a list of countries to which the U.S. wished Japan to disburse aid (Orr 1990, 129), and in subsequent meetings, the U.S. continually pressed Japan to increase aid to non-Asian regions (Orr 1990, 129–130). Under U.S. pressure, Japan extended aid to frontline states, such as Jamaica, Sudan, Egypt, the Philippines, and the Pacific Islands (Arase 1995, 217; Orr 1990, 112). After the 1985 Plaza Accord, external pressure on Japan to recycle its trade surpluses rose. In 1987, Japan pledged to disburse grants to sub-Saharan Africa within three years (Arase 1995, 128; Orr 1990, 37, 94). Although the MITI opposed this plan, the MOFA constantly stressed the presence of American pressure when determining aid projects (Orr 1990, 56). U.S. pressure on Japan continued even in the post-Cold War era. After the onset of the War on Terror, Prime Minister Koizumi met with U.S. President George W. Bush and responded to U.S. pressure by agreeing to disburse emergency budgetary assistance to Pakistan (MOFA 2002, 17–18)[19] and to provide emergency assistance and grant aid to Central Asian countries such as Tajikistan and Uzbekistan, which allowed U.S. forces access to their military bases (MOFA 2002, 22).

In what follow, I conduct more detailed case studies to illustrate how Japan has changed the course of its action when it faced pressure from the U.S. In some cases, the U.S. began to disburse

[19]Emergency assistance took the form of non-project grant aid. Japan also agreed to disburse economic assistance in the form of grant aid (MOFA 2002, 21).

or increase its ODA to a particular state, and the U.S. officials applied pressure on MOFA officials or Japan's Foreign Ministry to follow suit. In other cases, the U.S. determined to withhold or decrease its ODA and pressured the MOFA to terminate or reduce Japan's ODA to the same recipient. In all cases, we observed a change in Japan's course of action following the U.S. applying pressure on Japan. Although Japan had initially taken a policy distinct from that of the U.S. and refused to alter its aid programs, the Japanese government eventually yielded to U.S. pressure by accommodating U.S. interests. Yet, once the U.S. weakened its pressure, the Japanese government restored its original aid policy. In most cases, the U.S. did not employ an explicit threat to alter Japan's course of action; nevertheless, Japan agreed to change its aid policy as its perceived risk of provoking the ally was grave.

Nicaragua

On July 19, 1979, the Sandinista National Liberation Front overthrew President Somoza and took power in Nicaragua. The Sandinista Nicaragua desperately needed foreign aid to rebuild its war-torn economy, and the U.S. President Jimmy Carter agreed to provide aid on the condition that Nicaragua would not assist arms conflict in another country (Leogrande 1996, 330). By January 1981, however, it became apparent that the Sandinistas were engaging in arms smuggling to El Salvador, and the Carter administration suspended economic assistance to Nicaragua (Leogrande 1996, 330). Soon after, President Ronald Reagan took office and decided to cancel technical assistance to the Sandinista government and pressed other DAC members to follow suit (Orr 1990, 123). The Reagan administration even authorized to extend aid to the Contras. Although Japan refrained from criticizing U.S. aid provision to the Contras, Tokyo preferred a peaceful settlement and expressed its support for the Contadora process. However, such policy positions increased U.S. suspicion over Japan's intention in Cental America. According to Matsushita (1993, 92), "Perhaps the United States welcomed Japanese aid to these countries, given its own inability to provide much money for them. But all these activities that Japan carried out concerning Central

America meant that Japan had begun to try to increase its influence, even in the US backyard, sharing some American points of view but at the same time showing some different attitudes." The differences between U.S. and Japan's preferences became apparent in 1982, when several MOFA staff members informed USAID officials of Japan's intention to provide technical assistance to the Sandinista government. Japan's attempt failed as it met strong opposition from the U.S. During the aid consultations in 1982, USAID Administrator McPherson repeatedly advised the Japanese delegate not to proceed with that plan. Under U.S. pressure, Japan refrained from extending assistance to Nicaragua from 1982 through 1989 (Orr 1990, 123). This historical case illustrates that even the MOFA did not share U.S. interests, and that the U.S. exerted pressure on Japan to prevent it from increasing its own clout in a developing country.

The Gulf War

On August 2, 1990, Iraqi military forces invaded Kuwait. The next day, Prime Minister Toshiki Kaifu held an emergency meeting with top cabinet officials, discussed the suspension of yen loans and trade with Iraq, and froze the assets in Japan held by the Kuwaiti. While MOFA officials stressed the importance of solidarity with the U.S., MITI officials argued that Japan should wait for a response of Western European countries (Purrington and A.K. 1991, 307-308). The government supported the MOFA's stance, and on August 5, Chief Cabinet Secretary Misoji Sakamoto announced that Japan would impose economic sanctions against Iraq, including the suspension of economic assistance (Purrington and A.K. 1991, 308). Due to the constitutional constraints, however, the Japanese government refrained from taking military action against Iraq. The Bush administration warned Japan of the increasing anger of U.S. Congress over Japan's perceived free riding and requested Japan to dispatch minesweepers, provide financial support for the coalition forces, extend economic assistance to countries in the region, and increase financial support for U.S. troops stationed in Japan (Purrington and A.K. 1991, 308). On August 14, President Bush called Prime Minister Toshiki Kaifu to formulate an aid package to countries whose economy was

severely hit by the crisis (Orr 1993, 298).

In response to U.S. pressure, on August 29, the Japanese government announced that it would charter ships and planes to transport food and medical supplies to the multinational forces in Saudi Arabia, send a medical team to the region, and offer emergency assistance to Jordan, Egypt, and Turkey. The total amount of the aid package was $1 billion (*New York Times*, August 30, 1990). The government's plan was criticized by the MOFA for its small contribution, and the MOFA encouraged the government to increase the amount of financial contribution (Purrington and A.K. 1991, 309). The Foreign Ministry warned other officials that "problems in U.S.-Japan relations loomed on the horizon if Japan did not do more" (Orr 1993, 298). The U.S. officials also expressed their disappointment over the amount of contribution. The State Department urged Japan to take further steps and make more contributions. An American official posited that "this is not what we had in mind" (Orr 1993, 298). To ease U.S. anger, on August 31, the Finance Ministry explained that "$1 billion package would be Japan's last contribution for Fiscal Year 1990" (Orr 1993, 298). On September 7, U.S. Treasury Secretary had talks with Prime Minister Kaifu, Finance Minister Ryutaro Hashimoto, and Foreign Minister Taro Nakayama, and discussed the possible increase in Japan's contribution (Purrington and A.K. 1991, 310). U.S. Ambassador Michael Armacost also repeatedly pressed Japan to take on more of the burden. He even noted that "Japan's response would have a large bearing on its bid for a permanent seat in the U.S. Security Council" (Purrington and A.K. 1991, 310). On September 10, the U.S. Senate passed a resolution that asked the Bush administration to report U.S. allies' contributions to the crisis by November 30. The Senate also noted that "Japan-U.S. relations would erode if Japan did not contribute more" (Purrington and A.K. 1991, 310). On September 12, the U.S. House of Representatives adopted an amendment to the defense authorization bill that called for the annual withdrawal of 5,000 troops from Japan's homeland should Japan refuse to pay the full cost of deploying U.S. troops there (Purrington and A.K. 1991, 310).

On September 14, to alleviate mounting U.S. criticism, Prime Minister Kaifu announced a sec-

ond aid package, amounting to $3 billion (Orr 1993, 298). The total of $4 billion was to be evenly divided between the multinational forces and emergency assistance for frontline states (Purrington and A.K. 1991, 310). In late September, Kaifu met with President Bush and announced that the U.S. and Japan would equally share the costs of U.S. troops stationed in Japan (Purrington and A.K. 1991, 310). On January 14, 1991, Foreign Minister Nakayama told Secretary of State James Baker that Japan would assume all yen-based costs of U.S. troops stationed in Japan (Purrington 1992, 162). After the war started, Japan declared its full support for the U.S. However, a gap still existed between the U.S. and Japan over Japan's financial contribution. On January 21, Finance Minster Hashimoto told U.S. Tresury Secretary Brady that Japan was ready to offer an additional $5 billion to support the multinational forces, but Brady suggested that he expected Japan to contribute about $10 billion (Purrington 1992, 163). On January 24, the Japanese government announced that Japan would contribute $9 billion to support the U.S.-led multilateral coalition forces. The U.S. applauded Japan's contribution as "generous and timely" (Orr 1993, 299).

In this case, the U.S. and Japan pursued the same diplomatic objective; however, they disagreed on how much they should spend to attain the diplomatic objective. Because the U.S. found that Japan did not share the sufficient burden, it exerted pressure on Japan to take on more of the burden. Owing to U.S. pressure, the size of Japan's contribution has changed. The volume of Japan's foreign aid to frontline states would have been much smaller had the U.S. not applied pressure on Tokyo. This case illustrates that U.S. pressure influences the direction of Japan's foreign aid as well as its volume to a particular recipient state.

Vietnam

In 1959, Japan agreed to provide war reparations and decided to extend yen loans to South Vietnam. The war reparation payments completed in 1965, but Japan suspended its aid programs to South Vietnam following the escalation of the Vietnam War (Hirata 2001). After U.S. President Richard Nixon announced the Guam Doctrine in 1969, urging U.S. allies to take on more respon-

sibility for preventing the spread of communism in Asia, Japan resumed its aid programs to South Vietnam (Hirata 2001). Following the signing of a Paris Peace Accord in 1973, the U.S. started withdrawing its troops, and American influence in the region has declined. In September 1973, Japan normalized diplomatic relations with the Democratic Republic of Vietnam, and in October 1975, it began disbursing grant aid to the newly unified Socialist Republic of Vietnam (Inada 1993). In July 1978, Japan also agreed to extend commodity loans to Vietnam. Japan had high stakes in Southeast Asia as it appeared to be an attractive export market with a major source of raw material. Indeed, soon after the initiation of ODA, Japan became the second largest trading partner of Vietnam (Hirata 2001, 101). In order to preserve its commercial interests and increase its political influence in the region, Japan decided to play an active role in stabilizing Indochina. In August 1977, Prime Minister Fukuda announced the Fukuda Doctrine; the third principle of the doctine expressed Japan's willingness to serve as a mediator between the ASEAN and Indochina in an attempt to bring about their peaceful coexistence (Hirata 2001, 102).

The situation in Southeast Asia deteriorated drastically in December 1978, when Vietnam invaded Cambodia and installed the Heng Samrin government. The invasion took place two weeks after Japan agreed to offer its ODA to Vietnam for the following year (Hirata 2001, 104). Although Japan immediately postponed the disbursement of ODA, it refrained from determining whether to continue or suspend its aid programs to Vietnam (Hirata 2001, 103). Various domestic actors in Japan were initially opposed to the suspension of aid to Vietnam. The MOFA wished to maintain its influence on Vietnam in order to implement the Fukuda Doctrine. Several MOFA officials also believed that providing aid is more effective in persuading Vietnam than suspending aid. The Japanese business community also objected to the suspension of ODA as it wished to preserve business opportunities in the region. Several Japanese politicians also asserted that Japan should disburse aid to maintain channels of communication with Hanoi (Hirata 2001, 104). These domestic interests prevented Japan from taking a clear stance on the termination of aid. In June 1979, the Vietnamese occupation generated a massive outflow of refugees, and several European countries

began suspending aid to express their frustration over Vietnam's policy. Yet, Japan still refrained from determining its aid policy (Inada 2001, 176). As the occupation progressed, however, the U.S. increasingly applied pressure on Japan to suspend aid to Hanoi. For example, at the July 1979 ASEAN Ministerial Conference, the U.S. urged Japan to freeze aid to Vietnam (Hirata 2001, 104). Facing U.S. pressure, MOFA officials, business leaders, and politicians grudgingly decided to accommodate U.S. interests because they did not want to provoke the U.S. and wished to preserve economic and security relations with Washington. Despite the absence of an explicit U.S. threat, the Japanese business community feared of American retaliation such as disruption of trade and investment. MOFA officials were concerned that the U.S. might urge Japan to take on more of the security burden. To maintain U.S. security protection and secure access to U.S. market, in December 1979, Japan officially announced that it would not restart its ODA until Vietnam withdraws its troops from Cambodia (Hirata 2001, 105). Although Japan did not completely abandon the third principle of the Fukuda Doctrine, throughout the 1980s, Japan failed to serve as a mediator between the ASEAN and Indochina (Hirata 2001, 106). U.S. pressure drove Japan to act in concert with American interests, and as a result, Japan forfeited the chance of taking political initiatives in Southeast Asia and advancing its commercial interests in Vietnam.

Since the late 1980s, the environment surrounding Indochina has gradually improved. In July 1988, Vietnam pledged to withdraw its troops from Cambodia by the end of 1989, and in September 1988, peace negotiations over Cambodia were launched. By September 1989, Vietnam completely withdraw its troops from Cambodia (Miyashita 2003, 82). With the collapse of the Soviet Union, the communist threat in the region has waned and this led to the decline in U.S. interests in the region (Hirata 2001, 107). Nevertheless, the U.S. maintained its trade embargo on Vietnam, and Washington continued exerting pressure on its allies to maintain their aid sanctions until Vietnam became totally cooperative with the problems of missing in action and prisoners of war (Inada 1993, 125; Miyashita 2003, 80). In 1989, the Japanese government informed the U.S. of its intention to resume ODA to Vietnam, but it met with adamant opposition (Miyashita 2003, 80).

U.S. business leaders, who also wished to lift U.S. sanctions, demanded that if the U.S. could not lift the trade embargo, it should not permit Japan to restart its aid to Vietnam as it would provide Japanese corporations with opportunities to boost their economic foothold (Miyashita 2003, 83-84). Although Japanese Foreign Minister Hiroshi Mitsuzaka was initially planning to announce the resumption of Japan's ODA at the 1989 Cambodian peace talks in Paris, U.S. Secretary of State James Barker told Mitsuzaka that it is premature to resume economic aid to Vietnam. Under U.S. pressure, Japan refrained from announcing the plan (Miyashita 2003, 83). Thus, U.S. and Japan's interests in Vietnam were still conflicting: whereas Japan wished to resume Japan's ODA to Vietnam immediately after Vietnam's withdrawal from Cambodia, the U.S. wished Japan to maintain aid suspension. Although Japan had sought to improve its relationship with Vietnam by reopening its aid, the Japanese government refrained from lifting aid sanctions as it would aggravate the relations with the U.S.

For the subsequent years, Japan continued to appeal to the U.S. to lift aid sanctions on Vietnam. For instance, when the Cambodian peace agreements were signed in Paris in October 1991, Japanese Foreign Minister Taro Nakayama informed James Baker of the importance of supporting Vietnam's economic reform. In the following month, the new Foreign Minister Michio Watanabe told Baker that Japan was ready to extend economic aid to Hanoi. On both occasions, Baker asked Japan to formulate its aid policy aligned with U.S. interests (Miyashita 2003, 86). The upcoming U.S. presidential election in November 1992 made it difficult for the Bush administration to permit the resumption of foreign aid to Vietnam (Miyashita 2003, 87). Although the Japanese government faced growing pressure from the Japanese business community, it refrained from lifting aid sanctions on Vietnam.

The U.S.-Vietnamese relationship underwent a major shift in the spring of 1992. At an early March meeting, Vietnam agreed to make concessions regarding the issue of missing in action, and the U.S. pledged to offer humanitarian assistance in return. Washington also relaxed its trade embargo against Vietnam (Miyashita 2003, 89). Soon after the rapprochement, Japan asked the

U.S. to approve Japan's resumption of ODA to Hanoi. The U.S. did not object to Japan's decision, while it requested that Japan await for the announcement of its aid resumption until the 1992 U.S. presidential election (Hirata 2001, 110). Japan accepted the request and announced the termination of its aid suspension on November 6, 1992. Shortly after, Japan extended a commodity loan to Vietnam (Miyashita 2003, 90).

Given the strategic importance of Vietnam, the U.S. mounted pressure on Japan when Tokyo was deciding whether to suspend its aid and whether to resume it. The U.S. seemed to exert stronger pressure on Japan when the latter attempted to resume its ODA. Japan sought to resume its aid immediately after the withdrawal of Vietnamese troops from Cambodia as it would promote business opportunities for Japanese firms and advance their commercial interests. However, the U.S. adamantly objected to the resumption of Japan's ODA until the missing in action problems were resolved. U.S. objection prevented Japan from lifting the aid sanctions for the subsequent four years. It was only after rapprochement between the U.S. and Vietnam that Japan was able to restart its ODA to Vietnam. Moreover, Japan had to wait for the resumption of aid until the 1992 U.S. presidential election. The timing of the announcement indicates how receptive Japan's aid policy is to American pressure.

Russia

Following the end of the Cold War, Western European countries' policy toward the Soviet Union underwent a major shift, and they began to support Moscow's transition to democracy and a market economy. In July 1990, at the Group of seven (G-7) summit in Houston, West German Chancellor Helmut Kohl urged other countries to disburse foreign aid to the Soviet Union. Given that the unification of Germany was extremely unlikely unless West Germany secured Gorbachev's consent, Kohl was eager to provide aid to Moscow, protect Gorbachev's regime, and assist his political and economic reform (Miyashita 2003, 105). In contrast to Germany's conciliatory approach, the U.S. was initially reluctant to disburse aid to Moscow as the Bush administration was skeptical about

Gorbachev's commitment to a market-oriented economy (Yasutomo 1995, 153). Yet, American attitude toward the Soviet Union started to change in August 1991 when there was an attempted coup d'etat against Gorbachev. In September 1991, U.S. Secretary of State James Baker announced that the U.S. was planning to extend aid to Moscow (Miyashita 2003, 109). The collapse of the Soviet Union in December 1991 further prompted the U.S. to recognize the necessity to provide economic assistance to Russia in order to protect Yeltsin's reformist regime. On April 1, 1992, President Bush, together with Chancellor Kohl, suddenly announced a total of $24 billion aid package to Russia as a commitment of G-7 countries, and this aid package was approved at the July 1992 G-7 summit in Munich (Miyashita 2003, 111-112). In mid-April, 1993, President Clinton met with Boris Yeltsin in Vancouver and pledged to offer $1.6 billion bilateral aid to Russia. He also urged other G-7 countries to follow suit. On April 14, the G-7 joint ministerial conference was held in Japan, and representatives agreed to provide a new aid package to Russia, totalling $43.4 billion. Of all G-7 members, Washington made the largest contribution, a total of $5.4 billion (Miyashita 2003, 115).

Initially, Japan was strongly opposed to the provision of aid to the Soviet Union. Japan had been taking a policy of "non-separation of politics and economics," a linkage strategy that Japan would not provide economic assistance to Russia unless Moscow returned the southern Kurile Islands (the "Northern Territories") to Japan (Miyashita 2003, 105). The MOFA took the leading role in taking this hard-line approach to Russia. There has been a deep-rooted mistrust toward Russia among Japanese citizens, which stemmed mainly from Moscow's violation of the Neutrality pact in 1945, the treatment of Japanese prisoners of war, and the refusal of restarting diplomatic negotiations over the territorial issues (Yasutomo 1995, 152; Miyashita 2003, 108). Moscow was not an important trading partner or an attractive investment location; therefore, other bureaucratic branches, including the MITI and the MOF, were not enthusiastic about offering aid to Russia, either. According to Miyashita (2003, 122), "the relative lack of economic interests, coupled with Russia's domestic instability, gave them little incentive to challenge MOFA's hard-line policy

toward Moscow." At the July 1990 Houston summit, Japan agreed to extend technical assistance to the Soviet Union on the condition that Moscow commits itself to a settlement of the Northern Territories (Carlile 1994, 422). In April 1991, Gorbachev visited Japan, asking for large-scale economic assistance. Although Japan acknowledged that his visit signaled the Soviet's willingness to discuss the territorial issue, it agreed to offer only modest levels of technical assistance (Carlile 1994, 422; Yasutomo 1995, 154). The differences between Germany's and Japan's policy stance toward Moscow rested largely on the fact that Gorbachev made a concession on the unification of Germany, while he refused to make the similar concession on the territorial dispute with Japan (Miyashita 2003, 106).

After an attempted coup d'etat against Gorbachev in August 1991, the U.S. stepped up pressure on Japan to provide economic assistance to the Soviet Union. In October, in the face of U.S. pressure, Japan announced that it would extend an emergence aid package, totalling $2.5 billion, to Moscow through multilateral channels (Carlile 1994, 422). The assistance was restricted for humanitarian purposes and was disbursed only through multilateral institutions. Japan stated that it would refuse to provide more assistance unless there was consultation with the U.S. (Yasutomo 1995, 155). When Bush and Kohl suddenly announced an aid package for Russia in April 1992, Japan strongly protested against the announcement by stating that the specific amount had not been agreed upon, and that it had not been consulted in advance. Although Japan agreed to provide the aid package to Moscow through multilateral institutions, it refused to provide bilateral assistance to Russia (Yasutomo 1995, 156; Miyashita 2003, 112). Toward the end of that year, Russia's domestic situation deteriorated, and the U.S. increased its support for Yeltsin's regime and mounted pressure on Japan to alter Japan's aid policy (Yasutomo 1995, 159). In the spring of 1993, the U.S. urged the MOFA to abandon its linkage strategy toward Russia. On March 9, U.S. President Clinton and French President Mitterrand publicly criticized Japan for lacking understanding of the importance of providing assistance for Russia (Miyashita 2003, 114). In the early April 1993, prior to the meeting with Yeltsin, Clinton telephoned the Japanese new Prime Minister Miyazawa

and told him that Japan should formulate a comprehensive aid package for a joint ministerial conference scheduled in Tokyo on April 14. By the mid-April G-7 ministerial conference, MOFA officials had concluded that the linkage strategy was extremely costly as it increased the risk of isolation from the international community (Miyashita 2003, 115, 121). At the April G-7 conference, countries agreed to provide a new aid package, a total of $43.4 billion, for Russia. During this conference, Japan abandoned its linkage strategy, and agreed to offer $1.82 billion bilateral aid to Russia (Carlile 1994, 426). This was the first time that Tokyo pledged to offer bilateral aid to Russia (Miyashita 2003, 115). At a press conference held on April 15, Chief Cabinet Secretary Kono told that Japan would no longer adopt the principle of non-separation of politics and economics in relations with Russia, and that Japan would not make economic assistance contingent upon return of the Northern Territories (Miyashita 2003, 115). It should be noted that this change in Japan's aid policy took place without Russia's concession on the territorial issue. Moreover, this change has not attributed to domestic politics of Japan because the deep-rooted distrust toward Russia among the Japanese citizens has not disappeared; rather, the negative image of Russia deteriorated when Yeltsin abruptly cancelled his scheduled trip to Japan in September 1992 (Miyashita 2003, 121). According to Carlile (1994, 431), "External pressure, and in particular pressure from the United States, has made it virtually impossible for the time being for Japan to not expand its commitments." Indeed, Japan's aid flows to Russia lessened dramatically after 1993, following the decline of American pressure on Japan to disburse aid to Russia (Miyashita 2003, 120).

North Korea

North Korean nuclear crises began in March 1993 when North Korea declared its withdrawal from the Nuclear Non-Proliferation Treaty (NPT). The North Korean government refused to accept the International Atomic Energy Agency (IAEA)'s request for a special inspection of nuclear facilities in Yongbyon (Kim 1995, 18). Given that the withdrawal from the NPT would allow North Korea to legally develop nuclear weapons program, the U.S. made several efforts to keep North Korea

in the NPT. The U.S. officials had several high-level talks with North Korean representatives and eventually succeeded in eliciting Pyongyang's agreement to postpone the withdrawal from the NPT. In return, the U.S. agreed to start talks on normalizing relations and expressed support for the idea of introducing light-water nuclear reactors in North Korea (Miyashita 2003, 148).

International criticism against North Korea grew in May 1994 when North Korea abruptly shut down the Yongbyon reactor and destroyed evidence of its possible use of nuclear materials (Kim 1995, 19). On June 10, 1994, the IAEA decided to impose sanctions and halt technical assistance to Pyongyang. Three days later, North Korea declared its withdrawal from the IAEA (Kim 1995, 19). On June 14, the U.S. called for a temporary ban on arms sales, suspension of multilateral assistance, and a halt on financial transactions. North Korea reacted to U.S. announcement by stating that North Korea would treat UN sanctions as a declaration of war (Kim 1995, 21). Because the U.S. was not certain whether China would support the sanctions against North Korea, it refrained from imposing multilateral sanctions (Barilleaux and Kim 1999, 33; Miyashita 2003, 156). To reduce tension between the U.S. and North Korea, in mid-June, former U.S. president Jimmy Carter visited Pyongyang and had an informal meeting with Kim Il Sung. During the meeting, Kim asked Carter to restart high-level meetings and provide financial support for the construction of light-water reactors. Carter explained that Washington would not be able to provide massive assistance to North Korea but suggested that the U.S. would apply pressure on Japan and South Korea to extend economic assistance to Pyongyang (Miyashita 2003, 149). Soon after Carter's visit, official talks between the U.S. and North Korea resumed. On August 13, the U.S. and North Korea reached a tentative agreement over the construction of the nuclear reactors (Miyashita 2003, 156). On October 21, 1994, they signed the Agreed Framework, in which North Korea pledged to remain a party to the NPT and abandon its nuclear weapons program. The U.S. also agreed, in cooperation with South Korea and Japan, to support the construction of the two light-water nuclear reactors in North Korea and promised to offer heavy oil until the completion of the reactors (Kim 1995, 19-20; Barilleaux and Kim 1999, 33).

Japan has been reluctant to provide financial assistance to Pyongyang. North Korea was one of the few countries that Japan had no diplomatic relations, and there existed a deep distrust toward North Korea among the Japanese public. MOFA officials were doubtful that American conciliatory policy would dissuade North Korea from developing nuclear programs. Because North Korea was not an important trading partner to Japan, other bureaucratic agencies, including the MITI and the MOF, also showed their reluctance to provide economic assistance to North Korea (Miyashita 2003, 165-166). Despite Japan's concern, since June 1994, the U.S. has applied pressure on Japan to share the cost of the construction of nuclear reactors in North Korea. On his way back to the U.S., Carter visited the U.S. embassy in Tokyo and asked Japan to provide financial assistance for the project (Miyashita 2003, 155). Two days later, Secretary of State Warren Christopher told Foreign Minister Yohei Kono that Japan should cooperate with the U.S. on this issue. Similarly, Assistant Secretary of State Robert Gallucci informed MOFA officials that Japan's assistance for this project was essential for the successful termination of the nuclear crisis (Miyashita 2003, 155). Nevertheless, Japan remained reluctant to extend financial assistance to North Korea. In August, after conclusion of the tentative agreement between the U.S. and North Korea, South Korea agreed to partially shoulder the costs of the reactors (Miyashita 2003, 156). This increased Japan's fear of being isolated from the international community. The deterioration of U.S.-Japan economic relations and U.S. threat of imposing trade sanctions on Japan also deepened the fear among MOFA officials. For example, Vice Foreign Minister Kunihiko Saito showed his concern that "while Japan was right to say no to unacceptable demands, it is clear that the failure to reach an agreement on the trade issue would have negative effects on overall U.S.-Japan relations," and suggested that Japan should take on more of the burden to avoid being perceived as a selfish state (Miyashita 2003, 157).

The Japanese government began to realize that further resistance would inflict severe damage on U.S.-Japan relationship. The MOFA was particularly concerned that Japan's hard-line position on this issue would give an impression that Japan is a selfish state (Miyashita 2003, 157). In

response to increasing pressure, Japan decided to assume some costs of the nuclear reactors. In mid-September 1994, the Japanese government told U.S. chief negotiator Robert Gallucci that Japan agreed to finance the two reactors in North Korea (Miyashita 2003, 157). On March 10, 1995, the U.S., South Korea, and Japan established the Korean Peninsula Energy Development Organization (KEDO) (*The Japan Times*, September 18, 2002). While Japan agreed to disburse $1 billion for the construction of the KEDO, South Korea promised to provide $3.2 billion. The U.S. pledged to pay the remaining $4 billion in addition to supply the heavy oil (Miyashita 2003, 158). This was a significant departure from Japan's earlier policy stance. Under U.S. pressure, Japan had to modify its hard-line stance. In March 1995, Japan and North Korea agreed to resume official talks. On May 26, 1995, North Korea asked Japan to provide food aid (Jeffries 2006, 447), and on June 30, Japan agreed to send rice as an emergency relief (*The Japan Times*, September 18, 2002). On September 7, North Korea again requested Japan to extend humanitarian aid, and on October 3, Japan provided emergency rice supplies to North Korea (Jeffries 2006, 447). In February 1996, the U.S. ambassador to Japan, Walter Mondale, asked Japan to shoulder some cost of the heavy oil shipment to North Korea, which the U.S. had agreed to provide to North Korea until the completion of the reactors. The Japanese government agreed, albeit reluctantly, to shoulder the burden (Miyasita 2003, 160).

Despite the conciliatory policy taken by the Japanese government, the relationship between North Korea and Japan deteriorated in 1997. In that year, the Japanese government reached a conclusion that North Korea had kidnapped a dozen of Japanese citizens during the 1970s and 1980s (*New York Times*, February 7, 1997; *New York Times*, October 15, 2000). Moreover, on August 31, 1998, North Korea fired a long-range missile over Japan. The Japanese government publicly denounced the missile launch and refused to sign the KEDO documents that would oblige Japan to provide $1 billion for the construction of the light-water reactors in North Korea (Sakai 2001, 67). The Japanese government also suspended food aid and bilateral talks on diplomatic normalization (Sakai 2001, 67). Foreign Minister Masahiko Komura asserted that "We must not

let North Korea just keep gaining" (Sakai 2001, 67). Similarly, a MOFA official denoted that "How could Japan and the United States accept a cost-sharing decision if that was announced right after the firing of a missile?" (Miyashita 2003, 161). By suspending financial assistance to North Korea, Japan tried to elicit North Korea's apology for the missile-firing test and a promise to halt missile production and testing in the future (Sakai 2001, 72). However, Japan's decision to freeze the KEDO funding met strong opposition from the U.S. Soon after the announcement, Washington exerted pressure on Japan to reconsider the decision. For example, three days after the missile launch, KEDO's executive director, Desaix Anderso, said to Japanese vice Foreign Minister Keizo Takemi that "KEDO has been well functioning. If KEDO were to be destroyed, Japan would face the danger of both the nuclear and missile developments" (Miyashita 2003, 162). At the September 20 meeting between the U.S. and Japan, U.S. representatives urged Japan to sign the agreement to contribute $1 billion to KEDO. However, this meeting did not help to bridge the divide between the U.S. and Japan. After the meeting, U.S. Secretary of State Madeleine Albright asserted that "the United States and Japan must demand that North Korea stop missile production and tests while keeping promises on the Framed Agreement and financial aid for the KEDO" (Sakai 2001, 69). In contrast, Foreign Minister Komura stressed the importance of taking punitive measures against North Korea and contended that the unconditional aid disbursement would convey a wrong message to North Korea (Sakai 2001, 69).

In the subsequent meetings between the U.S. and Japan, Washington kept applying pressure on Japan to lift Japan's freeze on the KEDO funding. On September 22, President Clinton met Prime Minister Keizo Obuchi and obtained his confirmation that Japan would support the Agreed Framework. On September 22, Albright had the second meeting with Komura and elicited an agreement to maintain close consultation on KEDO (Sakai 2001, 69). Eventually at the press conference held on September 29, Foreign Minister Komura stated that the international community, especially the U.S. and South Korea, did not want Japan to continue putting the freeze on KEDO funding, and that the time has come to reconsider the suspension of aid (Sakai 2001, 69). On October 2, Ko-

mura again admitted that Japan would not be able to keep freezing the KEDO funding; if Japan continued, it would be alienated from the international community (Sakai 2001, 69). On October 16, after a meeting with Komura, Primie Minsiter Obuchi announced that it would resume funding for the KEDO (Sakai 2001, 70). Eventually, on October 21, less than two months after the Missile crisis, the Japanese government signed a KEDO Executive Board resolution which obliged Japan to share the cost of the construction of the light-water nuclear reactors in North Korea (MOFA 1998). Chief Cabinet Secretary Hiromu Nonaka explained that "Both the U.S. and the R.O.K. are striving to make progress in work related to KEDO and have asked for Japan's understanding on the importance of signing the KEDO Executive Board resolution without delay. From the view-point of maintaining and strengthening its strategic cooperative relationship with the U.S. and the R.O.K., Japan needs to consider signing the KEDO Executive Board resolution referred to above" (MOFA 1998). It should be noted that the Japanese government did not lift the suspension on food aid or the freeze on the bilateral talks on diplomatic normalization (Miyashita 2003, 162). In the absence of U.S. pressure, Japan maintained a hard-line approach toward North Korea.

After North Korea's missile testing in 1998, Japan decided to freeze its aid on the KEDO. By suspending its aid to North Korea, Japan tried to elicit North Korea's apology for the missile-fire testing and a promise of terminating missile production and tests (Sakai 2001, 72). Although the U.S. believed that a conciliatory policy would help prevent North Korea from developing nuclear weapons program, the MOFA remained skeptical about North Korea's intention (Miyashita 2003, 165). Nevertheless, Japan chose to end its freeze on the KEDO funding as the U.S. increased its pressure on Japan. This is a stark contrast with food aid on which the U.S. did not put pressure. The timing of the removal of the freeze on the KEDO funding as well as the inconsistency in Japan's attitude across different types of sanctions indicate that U.S. pressure played an important role in shaping Japan's aid policies even when Japan's security was seriously threatened.

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