

Development Cooperation and Non-Traditional Security in the Asia-Pacific

Series Editors

Takashi Inoguchi

J. F. Oberlin University, Tokyo, Japan

Brendan Howe

Graduate School of International Studies

Ewha Womans University, Seoul, Korea (Republic of)

Eun Mee Kim

Graduate School of International Studies

Ewha Womans University, Seoul, Korea (Republic of)

The Sustainable Development Goals (SDGs) was promulgated in 2016 as a follow-up to the Millennium Development Goals (MDGs), which ended in 2015 with significant progress in reducing poverty and bringing about social development in the developing world. However, the MDGs noted great geographical variation with Sub-Saharan African region as a whole unable to meet many of the targets of the MDGs, while the Northeast Asia and Southeast Asia have shown better results in reducing poverty, improving public health and education. With the SDGs, there is great discussion in the global community about how and what issues will bring the nations in the world together to fight the global challenges that continue to threaten the most vulnerable including climate change, poverty, war and conflict, environmental degradation to name a few. The 3 broad goals of SDGs – Economic Development, Social Development and Environmentally Sustainable Development – are seen as key for eradicating poverty from all nations by 2030, and saving our planet from further degradation. “Leave No One Behind” has become the motto for SDGs, and it is evident that Asia is a region composed of many nations that have shown the most economic progress in the last decades, but also a region fraught with historical tension, nuclear threat as well as disasters (natural, man made and complex disasters alike), and thus, include the largest fatalities and loss in economic terms compared to other regions. Thus, the region of Asia-Pacific has shown the greatest economic development successes as well as on-going economic challenges in the world. This book series will focus on this diverse region as the primary focus of empirical research, as well as policy implications.

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Barbara Stallings • Eun Mee Kim

Promoting Development

The Political Economy of East Asian Foreign Aid

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Barbara Stallings
Watson Institute for International
and Public Affairs
Brown University
Providence, Rhode Island, USA

Eun Mee Kim
Graduate School of International
Studies
Ewha Womans University
Seoul, Korea (Republic of)

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PREFACE

This book originated from a five-year project on “Economic Development and Human Security” at the Institute for Development and Human Security (IDHS) at Ewha Women’s University in Seoul, Korea, between 2009 and 2013. Financed by a grant from the Korea Research Foundation, the project was directed by Prof. Eun Mee Kim of Ewha University. Prof. Barbara Stallings of Brown University was Distinguished Visiting Professor at IDHS during this period. Other principal researchers were Prof. Brendan Howe of Ewha and Prof. Jae Jung Suh, then of Johns Hopkins SAIS. Kim and Stallings worked in the area of economic development, while Howe and Suh managed the human security aspects of the project. A variety of books, articles, seminars, and courses resulted. After its formal completion, Stallings and Kim continued to work on the book with occasional visits back and forth.

The focus of the economic development module came to center on an East Asian mode of foreign aid, which seemed to differ in significant ways from aid in the West. Drawing on their own spectacular economic and social success, the three main Asian donors—Japan, South Korea, and China—aimed to use their own experience to promote development in their poorer neighbors in the region. They did so by focusing on economic growth with an emphasis on exports and integration into regional production networks. The main tools were large infrastructure projects financed by aid in combination with FDI for productive facilities. This approach contrasted with Western donors who had come to emphasize immediate poverty alleviation and conditionality to promote democracy, human rights, and “good” governance in the poorest

countries, especially Sub-Saharan Africa. We decided to research the way the three donors provided aid to their neighbors and also to select a recipient to see how the process looked from the bottom up. The case selected was Vietnam. While a lengthy and ambitious project, involving field research in four countries, we are now in the position to present our results in this book.

Over this period, we have run up many debts to institutions and to individuals. We are pleased to acknowledge as many of those as we can. We are grateful to the Korea Research Foundation for its financial support, to Ewha for managing the grant, and to Ewha and Brown universities for enabling us to spend time together working on the project. Brown's Watson Institute for International and Public Affairs sponsored a workshop in November 2013, where we invited experts on the various chapter topics to comment on earlier drafts. We would like to thank Watson for its sponsorship and the workshop participants for valuable comments: Peter Evans, Nayan Chanda, Saori Katada, JJ Suh, Gregory Chin, and Laura Chirot. We have also made presentations of the main ideas of the project at a number of other venues. They include a workshop at Chatham House in London in October 2009; a conference on regional integration at the European University Institute in Florence, Italy, in April 2011; the Styles of Foreign Aid Conference in Seoul in May, 2011; a workshop at Harvard's Kennedy School in November 2011; the International Studies Association annual meeting in San Francisco in April, 2013; and the 60th anniversary conference of the Japan International Cooperation Agency (JICA) in Tokyo in July 2014. Stallings made individual presentations at the Shanghai Forum at Fudan University in May 2010, JICA Research Institute in October 2011, the Chinese Academy of Social Science in May 2014, and Tsinghua University in Beijing in November 2015. We are grateful for all of the comments received on these occasions.

In addition to institutional events, we also received an enormous amount of help and support of various kinds from individuals. While the number is too large to mention all of them, we do want to especially thank Jung Eun Kim and Liu Ge (for research assistance), Sung Eun Lim (for managing IDHS), Brendan Howe and JJ Suh (for many useful discussions). We would also like to thank the many people—in government offices, embassies, international and regional organizations, universities, and research institutes—in South Korea, Japan, China, and Vietnam who provided

us with information, documents, and insights into the aid and development process in East Asia. This book would not exist without all of their assistance.

Finally we would like to thank Jacquelyn Dolezal and Alexandra Vranas for preparing the index for the book. And we would like to express our gratitude to Jacob Dreyer and his colleagues at Palgrave Macmillan for their help in turning the manuscript into a book.

Barbara Stallings
Washington, DC

Eun Mee Kim
Seoul, Korea

BOOK SUMMARY

This book offers a novel approach to studying foreign aid in the twenty-first century. It contrasts the traditional Western mode of aid with an Asian mode. The three main East Asian donors – Japan, South Korea, and China – draw on their own dramatic developmental successes and want to transmit their experiences to their poorer neighbors in East Asia. The book has seven chapters. The first presents the framework and data on East Asian and Western donors. [Chapters 2](#) through [4](#) provide studies of the three East Asian donors. [Chapters 5](#) and [6](#) look at Asian aid from below through a case study of Vietnam. [Chapter 5](#) examines the aid process, while [Chapter 6](#) evaluates the Asian mode of foreign aid through the Vietnam case. The final chapter evaluates our hypotheses and looks at the future of foreign aid. The audience is academics, think tank personnel, and government officials in the US, Asia, and elsewhere.

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
ADF	Asian Development Fund (of ADB)
AfDB	African Development Bank
AIIB	Asian Infrastructure Investment Bank
AMF	Asian Monetary Fund
ASEAN	Association of Southeast Asian Nations
ASEAN+3	ASEAN Plus Three (China, Japan, Korea)
BOT	Build-Operate-Transfer
CAITEC	Chinese Academy of International Trade and Economic Cooperation
CG	Consultative Group (of Vietnam)
CIDC	Committee for International Development Cooperation (of Korea)
CIEM	Central Institute of Economic Management (of Vietnam)
CLMV	Cambodia/Laos/Myanmar/Vietnam
CMEA	Council for Mutual Economic Assistance (Comecon)
CPRGS	Comprehensive Poverty Reduction and Growth Strategy (of Vietnam)
CPC	Communist Party of China
CPV	Communist Party of Vietnam
CPS	Country Partnership Strategy (of Korea)
CRS	Creditor Reporting System (of OCED/DAC)
CSR	Corporate Social Responsibility
DAC	Development Assistance Committee (of OECD)
DAG	Development Assistance Group (of OECD)
DFA	Department of Foreign Aid (of China)
DFID	Department for International Development (of UK)
DPJ	Democratic Party of Japan
DPRK	Democratic People's Republic of Korea (North Korea)
DRV	Democratic Republic of Vietnam (North Vietnam)
EDCF	Economic Development Cooperation Fund (of Korea)

EOI	Export-Oriented Industrialization
EPA	Economic Planning Agency (of Japan)
EROA	Economic Rehabilitation in Occupied Areas (of US)
ESAF	Enhanced Structural Adjustment Fund (of IMF)
EU	European Union
FASID	Foundation for Advanced Studies on International Development (of Japan)
FDI	Foreign Direct Investment
FERD	Foreign Economic Relations Department (of Vietnam)
FOCAC	Forum on China-Africa Cooperation
FTA	Free Trade Agreement
G-20	Group of Twenty
G-5	Group of Five
G-7	Group of Seven
GARIOA	Government Aid and Relief in Occupied Areas (of US)
GATT	General Agreement for Tariffs and Trade
GDP	Gross Domestic Product
GMS	Greater Mekong Subregion
GNI	Gross National Income
HCMC	Ho Chi Minh City
HIPC	Heavily Indebted Poor Countries
HLF-2	Second High-Level Forum on Aid Effectiveness (of OECD)
HLF-4	Fourth High-Level Forum on Aid Effectiveness (of OECD)
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development (of World Bank Group)
ICOR	Incremental Capital Output Ratio
IDA	International Development Association (of World Bank Group)
IDEA	Initiative for Development in East Asia
IDRC	International Development Research Center (of Canada)
IFIs	International Financial Institutions
IMF	International Monetary Fund
IPRCC	International Poverty Research Center of China
ISI	Import-Substitution Industrialization
JAIDO	Japan International Development Organization
JBIC	Japan Bank for International Cooperation
JEXIM	Export-Import Bank of Japan
JICA	Japan International Cooperation Agency
JICA-RI	JICA Research Institute
KDI	Korea Development Institute
KOICA	Korea International Cooperation Agency
KSP	Knowledge Sharing Program (of Korea)

LDP	Liberal Democratic Party (of Japan)
LGOP	Leading Group on Poverty Alleviation and Development (of China)
LMDG	Like-Minded Donors Group (of Vietnam)
LPRP	Lao People's Revolutionary Party
MDGs	Millennium Development Goals
METI	Ministry of Economy, Trade, and Industry (of Japan)
MITI	Ministry of International Trade and Industry (of Japan)
MOF	Ministry of Finance (of China, Japan, Vietnam)
MOFA	Ministry of Foreign Affairs (of China, Japan, Korea, Vietnam)
MOFAT	Ministry of Foreign Affairs and Trade (of Korea)
MOFCOM	Ministry of Commerce (of China)
MOSF	Ministry of Strategy and Finance (of Korea)
MOU	Memorandum of Understanding
MPI	Ministry of Planning and Investment (of Vietnam)
NGO	Non-Governmental Organization
ODA	Official Development Assistance
OCF	Ordinary Capital Resources (of ADB)
ODI	Overseas Development Institute (of UK)
OECD	Organization for Economic Cooperation and Development
OFDI	Outward Foreign Direct Investment
OFLC	Office of Foreign Liquidation Commission (of US)
OOF	Other Official Flows
OTCA	Overseas Technical Cooperation Agency (of Japan)
PIP	Public Investment Program (of Vietnam)
PISA	Program for International Student Assessment
PMO	Prime Minister's Office (of Korea)
PPP	Public-Private Partnership
PRSP	Poverty Reduction Strategy Paper
RMB	Renminbi
ROV	Republic of Vietnam (South Vietnam)
SBV	State Bank of Vietnam
SDGs	Sustainable Development Goals
SEDP	Socio-Economic Development Plan (of Vietnam)
SEDS	Socio-Economic Development Strategy (of Vietnam)
SME	Small and Medium-Sized Enterprise
SOE	State-Owned Enterprise
SSA	Sub-Saharan Africa
SSC	South-South Cooperation
STEP	Special Terms for Economic Partnership (of Japan)
TICAD	Tokyo International Conference on African Development
UNDP	United Nations Development Program
UNESCO	United Nations Economic and Social Council

UNRRA	United Nations Relief and Rehabilitation Agency
USAID	United States Agency for International Development
VASS	Vietnamese Academy of Social Science
WCIDI	Working with China on Development Issues (of UK)
WTO	World Trade Organization

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