

Will Haig and Volcker force Tokyo into an independent approach?

by Daniel Sneider

"Please forgive me for saying so," a well-known Japanese political leader and statesman politely told me, "but the United States is too obsessed with containing the Soviet Union and with anti-Communism." The two great problems in the world, he said quietly, are the North-South issue and the danger of nuclear war. The Japanese statesman stressed his fears about the danger of war, pointedly stating that the idea of limited nuclear war is "totally unacceptable." "The reaction of the Europeans" to this concept, he said, "is completely understandable."

The views expressed by this Japanese leader I found to be a virtually total consensus among the dozens of leading business, government, political, and press figures I talked to in Tokyo. The Reagan administration's commitment to confrontation with the Soviet Union is viewed in Japanese circles as a simplistic and dangerous doctrine, although there is little love for Moscow in Tokyo.

The Japanese are far more concerned about the deteriorating Western economies and economic devolution in the underdeveloped countries. These conditions are viewed from Japan as the greatest threat to peace and stability in the world and it is a matter of common agreement that the current high-interest-rate austerity policies of the U.S. Federal Reserve are the greatest single cause of this situation. The stress on North-South relations is increasingly a part of official foreign policy, reflecting the fears that instability in the Third World will disrupt supplies of energy and raw materials to resource-poor Japan and wipe out the markets for Japanese technology.

In informed circles, the adoption of these views by the government of Prime Minister Zenko Suzuki as official policy is termed "the Germanization of Japan." The

identity of Japanese policy with that of West German Chancellor Helmut Schmidt is now a matter of general understanding. Schmidt's frank talk during his recent visit to the United States about the primary importance of the world economic crisis and the need for a sane East-West policy was quietly supported and admired in Tokyo. As one senior government official put it privately: "We will let the Germans do the talking and back them up from behind the scenes."

This statement reflects two pertinent facts about Japanese thinking on the current strategic situation. First, that Schmidt's leadership is irreplaceable as a counterweight to visions of confrontation with the Soviets. The same government official pointed out in private conversation that the defeat of former French President Valéry Giscard d'Estaing meant that, apart from Schmidt, there exists a complete dearth of political leadership in the advanced capitalist countries.

The second fact is that there is no agreement among leading Japanese circles as to the role Japan can and should play in this crisis situation. While they are willing to back the Germans, the Japanese are clearly not yet prepared to take a leading role themselves. When the question of "what Japan will do?" is put to people in Japan, the usual answer is a variation of the noncommittal shrug or even, as one business leader told me, "We don't know what to do."

The problem

The indecision in leading Japanese circles is not the result of a lack of ideas. It is more a function of the deteriorating state of U.S.-Japan relations and a continuing Japanese reluctance to envisage a situation where they must act totally independently of their post-war

ally, an ally on which they depend for their military security and which is Japan's number-one trading partner. As the Japanese statesman put it to me: "It is the United States that must solve these [global] problems. We are hoping that the United States will reawaken itself." The same view was stated by a senior government official who said that he foresaw a situation of muddling from one crisis to another until the 1984 U.S. presidential elections. It is clear in Tokyo that hopes regarding Reagan—and Carter was not liked here—have been much dampened over the past months.

The unstated, though evident, feeling behind these statements is a fear of U.S. pressure and retaliation against Japan for taking independent stands. Washington continues to link trade-war pressures with demands for increased Japanese defense spending and an increased NATO-style Japanese defense role in the region. Tokyo's current policy is to make immediate concessions on trade and defense issues in order to lessen that pressure, hoping at least to buy some time and work quietly along German-style policy lines.

The nationalist undertones of Japanese policy are noticeable, but they are not necessarily anti-American. In fact, as informed sources told me, one of the key architects of the "Germanization" policy is Chief Cabinet Secretary Kiichi Miyazawa, a former foreign minister who is an intimate of the Trilateral Commission, pro-United States, and "internationalist" in his views. Sources who have recently spoken to Miyazawa describe his attitude as "wait and see," particularly on any Japanese compliance with U.S. demands for a hard line toward the East around the Poland issue. Miyazawa believes, those sources say, that U.S. policy is too unstable, that it is impossible to predict what it will be from one month to the next, and therefore Japan should not commit itself in any way.

It is common to hear criticism in business and political circles of the leadership qualities of Premier Suzuki, particularly in the area of foreign policy. Suzuki's experience as a politician has been confined almost entirely to domestic affairs, except for negotiations with the Soviet Union on a fishery agreement when he was Fishery Minister. Some sources believe that Suzuki depends entirely on Miyazawa—one journalist described the latter as "the real Prime Minister." However, a source close to the Prime Minister's office rejects this charge. Suzuki, he told me, ultimately makes his decisions by himself. Of course, he added, he has advisers; but various people—former Prime Minister Fukuda and others—as well as Miyazawa—have had influence on him at different times. There is no one person, he insisted, shaping Suzuki's foreign policy.

Suzuki himself has some strong views, according to this source, which are crucial to his foreign-policy outlook. "Suzuki is very committed to peace," he said,

a view shaped by the experience of the Second World War. He is opposed in principle to any large-scale remilitarization of Japan, although he is willing to accommodate U.S. pressures for slight increases in defense spending.

The Soviet question

Most intriguing is Suzuki's strong interest in developing better relations with Japan's northern neighbor, the Soviet Union. According to this source, Suzuki hopes to make his mark in foreign policy as a Prime Minister by completing the one item of business unfinished after World War II—the conclusion of a peace treaty with the Soviets. Signing that treaty means reaching an agreement on the status of the four islands north of Hokkaido, the northernmost of Japan's main islands. The northern islands were occupied by the Soviet Union at the end of the war as part of the Potsdam Conference agreement, but Japan officially insists on their return as part of a peace treaty. The source believes that Suzuki is aiming at an agreement that was visible in outline at the time of former Premier Tanaka's visit to Moscow in 1973—the return of the two southernmost islands. Suzuki is also deeply interested in the Japanese participation in the development of Siberian and Soviet Far East resources. According to this source, former Premier Tanaka, the main backer of the Suzuki cabinet within the ruling Liberal Democratic Party, also supports this aim.

Thus, considering the chilly state of Japan-Soviet relations since the Soviet invasion of Afghanistan and the conclusion of the Japan-China peace treaty, there is now considerable openness toward improving relations with Moscow. One good reason for this is economics, always a factor in Japanese policy-making. Japan lost minimally several billions of dollars in contracts with the Soviet Union due to Tokyo's full-scale participation in the post-Afghanistan economic embargo. When President Reagan summarily lifted the U.S. grain embargo, the Japanese felt left in the lurch. There is almost no sympathy in Tokyo, particularly among business circles, for Japan to again faithfully follow U.S. economic sanctions against the socialist bloc over the Poland crisis.

That situation is viewed, particularly in business circles, as fundamentally an economic crisis within Poland, not dissimilar to the debt-fueled economic crises affecting many developing countries. A top official of Japan's largest trading company, Mitsubishi Corporation, expressed greatest worry over the effect of the Polish crisis on other economies in Eastern Europe, an area of increasing Japanese trade and loan activity. He related recent conversations with East German officials who described cutbacks in their economic plans due to the disruption of the Polish economy. Nobody

said as much, but it was implied that Japanese business would be happy to see stability and increased economic activity in Poland, if possible, under the military regime.

Another factor in renewed Japanese interest in the Soviet Union and its Comecon allies is their relatively sober view of the prospects for Chinese economic development. With long knowledge of China, Japanese business circles were skeptical about the "China-boom" fever which caught up many Americans and Europeans. While China is an important investment market and trading partner for Japan, there are no illusions about the economic mess in China today. A top government official dealing with foreign economic relations said: "It will be a hundred years before China becomes a modern industrial nation." The same official had recently made a visit to India, which, despite problems, would progress at twice the rate of China, he said.

Third World factor

Overall, there is a strong belief in Japanese policy circles that strategic problems, particularly the Third World "hot spots," are fundamentally economic problems. The crux of Japanese North-South policy, which is increasingly a focus of their foreign policy, is that the crises in the developing sector are not basically caused by Soviet activity, although the U.S.S.R. may exploit certain opportunities, but by economic backwardness and underdevelopment. There is great concern, for example, over the possibility of Iran-style crises flowing from internal economic problems.

From this standpoint the Japanese have emphasized the necessity of industrial and agricultural development in the Third World. In response to U.S. demands for Japan to take responsibility for security problems outside their borders, arguments have been made in Tokyo that the best role for Japan to take is economic assistance, not military mobilization.

This is part of a broader debate in the Japanese elite over Japan's future as a world power. According to a top official in the Economic Planning Agency, the essence of the debate is whether Japan should be a world power with a military establishment commensurate with its economic strength, or whether Japan could carry out the bold and "unprecedented idea of being a power based solely on its economic strength." This official said that he supports the latter course, which is the majority view, both in the leadership and among the population. The economic planner pointed out the relatively low level of defense expenditure relative to GNP made by post-war Japan, and asserted that this was an essential factor in Japan's economic growth.

For Japan to actually carry out this "unprecedented idea," it must solve the North-South problem through large-scale economic modernization of the developing countries. So far, Japanese rhetoric on the North-South

issue has outpaced any real policy initiatives. Partly this is a product of the indecisiveness of Japanese policy-making, the preference to "wait and see." The Japanese have placed themselves in the difficult position of making gestures toward the South and ensuring that their policy does not diverge too much from the consensus of the North, which usually comes down to not straying too far from the U.S. position. For example, at the request of several developing countries, Prime Minister Suzuki acted as mediator between the two sides at the October 1981 North-South summit in Cancún, Mexico. He tried to get the United States to soften its policy of drastic credit reduction measures to multinational aid institutions. He also gave mild support to the notion of conducting North-South talks through international dialogue, rather than the Washington line of turning all issues over to the International Monetary Fund/World Bank.

Yet, when Secretary of State Alexander Haig made very clear his hostility to Suzuki's efforts—going so far as to prevent direct, personal discussion between Suzuki and President Reagan—many people in Tokyo argued that the Suzuki initiative was "a failure," and that Japan should not have taken such an independent approach.

Official policy emphasis has been on increasing government aid levels. Privately, Japanese foreign-aid officials admit that this is no solution to the severe economic crisis hitting the developing—and developed—sectors. However, as a senior leader of the ruling party explained, they do not believe that the developing countries would accept the "sincerity" of Japan's offer to play a mediating role if the levels of official aid do not increase substantially.

In reality the net transfer of Japanese resources—technology and capital—has been increasing tremendously over the past year and a half. The transfer occurs through the private sector, which, however, is backed up by the official government agencies, under MITI's direction. The principal focus of such activity is in Asia, particularly in Southeast Asia, which has had the highest growth rate of any region in the world over the recent period. The Japanese have also been active for many years in places like Brazil, and more recently in Mexico, and Japanese businessmen also express an increasing interest in black Africa.

Critics point out that Japanese economic-development activity is mostly tied to energy and resource development in countries which are major sources of these supplies to Japan. The Japanese have been more ready to transfer technology and assist the industrialization plans of countries like Brazil and Mexico than any other of the industrialized capitalist countries.

The development of Japan's economy in a short period from backwardness to industrialization denies

any claim that such rapid development is not possible. Privately Japanese officials in government and business know this is true, but they are careful to take a low profile regarding any public declaration that Japan is a "model"—partly out of a desire not to raise expectations regarding what Japan will do for the Third World.

At a higher level of policy debate, however, there is recognition that Japan must define its role in world affairs precisely from the standpoint of its own experience of economic development and the transfer of that experience, and its fruits to the developing countries. The most profound and far-reaching expression of this recognition is a bold concept promoted by Masaki Nakajima, founding chairman of the Mitsubishi Research Institute and a former top official of Mitsubishi Bank and Steel Corporation. It calls for the formation of a new Global Infrastructure Fund (GIF), and a \$25 billion annual fund separate from the IMF/World Bank system to finance mammoth infrastructure projects in the developing sectors. (See *EIR*, Feb. 23.)

The concept behind the GIF plan, which Nakajima began to publicize in 1977, is that such projects, lasting ten years or more to completion, would have a \$500 billion multiplier effect on the world economy, and would provide vast sites for on-the-job training of skilled manpower, transfer of advanced technology, and peaceful cooperation among regions and nations. The

implicit idea is that this would be the basis for a new world monetary system, project-oriented rather than "money-oriented." The projects themselves are left open to suggestion and discussion, although Nakajima has thrown out some illustrative ideas drawn from existing studies, including greening of the Sahara Desert; vast water-power development in central Africa, Latin America, and South Asia; canals across the Thai Isthmus; and a second Panama canal.

The GIF idea has received backing from the leadership of the business circles and from elements in the government in the recent period, and Nakajima is hopeful that the GIF may soon be adopted as official policy. On Jan. 1 a group was formed to promote the idea. Headed by the powerful former chairman of the business federation Keidanren, Toshio Doko, it comprises such senior government officials as the head of the official aid agency, the Overseas Economic Cooperation Fund, Hosomi, and former Foreign Minister Saburo Okita. Former Prime Minister Takeo Fukuda is a backer of the idea as well.

The willingness of the Japanese government to independently put its weight and resources behind such ideas will be the decisive test of whether the leadership of this nation has the ability to define a new role for Japan in the world, a role which will define the identity of its citizens into the next century.

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