

Japan to propose global 'great plans'?

by Daniel Sneider

The Japanese government is working on a proposal for revitalizing the world economy through "a gigantic multinational public works program," according to government sources in Tokyo March 17. According to Kyodo news service, Prime Minister Yasuhiro Nakasone is planning to present this proposal at the May summit meeting of advanced industrial nations in Williamsburg, Virginia.

The proposal—already known as the international "New Deal," according to Kyodo news service—calls for international collaboration in a series of massive infrastructural projects in various parts of the world. The concept of a fund for infrastructure development was first proposed by the former chairman of the Mitsubishi Research Institute, Masaki Nakajima, who called it a "Global Infrastructure Fund" (GIF).

"The projects that have been considered include the construction of a second Panama Canal, the building of a huge hydroelectric power station in the Himalayas, greenification of the world's major deserts, and the trapping of sea currents for power generation," Kyodo reported. "Other projects raised as 'possible targets' for the international New Deal include the digging of a 170 kilometer canal through Thailand that would shorten maritime transport between the Indian Ocean and the South China Sea, the building of an artificial lake in central Africa by trapping waters of the Congo River in order to improve the natural environment of the region, and installation of solar fields in remote communities to generate electricity." These are the core projects proposed in Nakajima's GIF plan. (see *EIR* Feb. 23, 1982 cover story for a full analysis of the GIF plan.)

Government sources in Tokyo argued that the current world recession rivals the Great Depression of the 1930s, and that therefore the kind of major investments undertaken by Franklin Roosevelt's New Deal are required, this time on a global scale, to get the economy moving again. The Nakasone government, sources said, is working on how to raise the funds necessary to get the projects off the ground, from which point private capital could play the major role.

Trial balloon

The Japanese proposal is viewed by analysts here as a "trial balloon" being floated by the Nakasone government. They want to see if there is a favorable reaction in Washington; if there is, they are more likely to make an official

proposal at the Williamsburg summit. The government sources in Tokyo said that if the ODECD leaders at Williamsburg agreed to it, Japan would propose an international forum of experts later this year to hammer out the details of the New Deal concept.

According to sources at the Mitsubishi Research Institute, there is widespread discussion of the GIF proposal within the Japanese government, and the teams have been set up in various ministries, including the Ministry of International Trade and Industry, to prepare the GIF proposal for presentation at Williamsburg. However, those sources say, a final decision has not yet been made by Nakasone. Nakasone will meet with advocates of the GIF the week of March 21, including Nakajima and E. Saito, the chairman of the Nippon Steel Corporation, to discuss the plan.

In February, a Japanese team of business leaders, led by former Nippon Steel chairman and current Chamber of Commerce and Industry head Shigeo Nagano, visited Washington and Panama to discuss carrying out the first stages of the project to build a second Panama Canal which would be able to handle large ships. The delegation met with, among others, Secretary of State George Shultz, Commerce Undersecretary Lionel Olmer, and William Middendorf, U.S. ambassador to the Organization of American States. Sources in Tokyo report that there was a favorable reception to the second Panama Canal project in the White House.

Fear of financial collapse

The impetus for the Japanese government to adopt the GIF as its proposal at Williamsburg comes from deep concern in Tokyo over the state of the world economic collapse. Japanese business circles do not believe in the promised U.S. "recovery" and are apprehensively watching the deepening debt crisis in Ibero-America. The government has ordered the business sector to gather all information possible on the debt crisis; it has even gone so far as to set up a command center in Tokyo consisting of more than 200 Japanese banks and trading companies for this purpose. One Japanese government official told *EIR*, "This is a counter to the Ditchley Group" (the Chase Manhattan/London banks-led group of bankers that is "gathering information" for the purpose of hitching private banks to the International Monetary Fund's austerity conditions.) Both this official and numbers of private Japanese bankers have told *EIR* they consider the IMF's policies "unsuitable" for achieving economic recovery in the debtor nations.

The finance ministry has already declared 20 developing countries as "high-risk" areas, and ordered the private banks to set aside reserves in anticipation of possible default. But there is wide concern that the depression will only deepen if the banks simply pull back and do not help stimulate new investment to increase the export capacity of these countries. The GIF plan is one leading idea for pumping new credits for development into the developing sector which is being studied in Japanese government and business circles.