

Bush, Miyazawa ignore the important issues

by Kathy Wolfe

The most important questions raised by George Bush's sales trip to Japan Jan. 7-10 were those neither Bush nor Japan's Miyazawa government really asked: Will eastern Europe starve this winter? What about the ongoing genocide of the Third World? Instead, while the world watched, the U.S. and Japan bickered over the privilege of selling \$14,000 cars with CD players to U.S. and Japanese yuppies, a species about to be made extinct, on both sides of the Pacific, by the collapse of the dollar banking system.

Bush, outgoing Commerce Secretary Robert Mosbacher, and their entourage of American executives led by Chrysler's large-mouthed chairman Lee Iacocca, made themselves ridiculous, as expected, by blaming Japan for the collapse of GM and every ill in America but perhaps the AIDS virus.

Bush's trip to Japan is "a silly dog and pony show, grandstanding for American voters in an election year," Japanese business professor Yoshi Tsurumi told the ABC News program "This Week with David Brinkley" Jan. 5. Bush "is not acting presidential. He's acting like a political hack," added Tsurumi, who teaches at City University of New York. The visit is "a political game," a Japanese auto executive said, "just to bring about some effect which will satisfy U.S. congressmen and citizens irritated with Japan."

The Japanese Foreign Ministry's 1991 Annual Report released Dec. 24 states this nonsense could even rupture the alliance. "With the disappearance of the East-West confrontation, it cannot be denied that the U.S. Alliance . . . is becoming less persuasive to the [Japanese] public."

Yet despite Bush's crudeness, the Miyazawa government

fell over itself to support him—in a vain attempt to secure his reelection. As *EIR* reported Nov. 15, Mosbacher and Deputy Commerce Secretary Rockwell Schnabel keep telling the Japanese that unless they make Bush look good in 1992, he'll lose to a protectionist Democrat, who will shut Japan completely out of the U.S. market. "Japan is considering the U.S. presidential election this year in making its conciliatory response to Bush's trade demands," a Japanese Foreign Ministry official confirmed Jan. 7. "A Democrat would be considerably tougher on Japan regarding trade issues."

Britain rigs the game

The Japanese are making a big political mistake. Lyndon H. LaRouche, Jr., a Democratic presidential candidate who thinks Japan is one of the few functional economies left on earth, is the one man in the race who would make a viable ally for Japan. "But if we try to talk about America's Japan policy, the discussion becomes very quickly idiotic by fallacy of composition," LaRouche told *EIR* Jan. 7.

The real problem, LaRouche said, is Britain. Bush is a British toady, and Japan, he said, lacks the guts to confront "the British Versailles System," the banking system set up by Britain after World War I and continued under the International Monetary Fund (IMF). "The Japanese accept the Versailles System, the Great Game," he said. "And they define their game as surviving while the Game continues." It was the British, using IMF "conditionalities," who pressured Japan out of Ibero-America and Africa in the 1980s, pressured Japan to drop Mitsubishi's \$500 billion Global Infrastructure

Fund for Third World industrialization, and are now pressuring Japan to stay out of eastern Europe. Japan is thus stuck with the United States. The Japanese, he said, "hope the Anglo-Americans will just go away, like bad weather and earthquakes. . . . Japan does not really have a conception of a global policy. Japan is waiting for the Anglo-Americans and the Russians to both blow themselves away."

Certainly Bush's "Jap bashing" before and during this trip was in the classical style of the 19th-century British imperialists forcing free trade on the "wogs," as Asians are known in Britain. In Canberra, Australia on Jan. 2, Bush blamed the whole U.S. depression on Japan. "I want to see us get more jobs created in the United States," he said, "by concessions made, or by positions taken in Japan: We need more access to their markets."

"On this trip, we're going to be talking about breaking open markets that shut out American products, American business, and in the process deny us the opportunity to create more good American jobs," Bush told workers in a bar Dec. 27 in Beeville, Texas. "Right now, during tough times, exports are our strong suit," said Bush. "New exports mean new jobs. Good jobs. Jobs, jobs, jobs is what this trip is all about." Bush released figures purporting to show that every \$1 billion in exports means 23,000 jobs, and demanded that Japan "provide U.S. companies the same kind of opportunities that their firms enjoy here."

"If Bush pushes too hard," worried the *International Herald Tribune* Jan. 4, there will be such anti-American sentiment throughout Asia that "it may well make it more difficult for the United States to sustain its military presence in the western Pacific." "Japan stands out like a sore thumb in the world trading body," Commerce Secretary Robert Mosbacher told NBC's "Meet the Press" Dec. 29. "It's the only major trading partner with whom we haven't lowered our trading deficit over the last couple of years."

The American "business executives" accompanying bullly boy Bush took numerous press opportunities to be equally rude. "I hope the Japanese will recognize that they are out of step with the world. They are exporting to every country of the world as far as I know and their market is closed. That is a bad position for them to be in. This isn't going to go on forever and it would be in their best interest for them to cure the trade imbalance rather than have the United States mandate it," threatened Beverly Dolan, vice chairman of Bush's President's Export Council and president of Textron, Inc., in Singapore Jan. 5.

"They've got to open up their markets," Chrysler's chairman Lee Iacocca said at a press conference by the Big Three U.S. automakers' chairmen in Tokyo Jan. 7. Iacocca charged the Japanese with destroying "6 or 7 million U.S. jobs" by running up a cumulative "\$300 billion trade surplus" with the U.S. since 1985. "We need access. . . . They're shipping a lot of cars to us and they won't give us access to their market. It's not fair, and it's got to stop."

"Japan is jeopardizing the world trading system," Ford Motor chairman Harold Poling added. "Japan is targeting the auto industry around the world," GM chairman Robert Stempel said. "They have an auto production capacity of 14 million, but the market is only 7 million [in Japan]. They plan to export the rest." America is becoming a Japanese colony, charged Dexter Baker, chairman of the National Association of Manufacturers and CEO of Air Products and Chemicals. "We don't want to have a relationship with Japan like we had with Great Britain, where we supplied raw materials and they supplied manufactured goods," he said. "But the Japanese have an aversion to buying manufactured products."

No solutions within the game

One result of the trip, under the insanity of Britain's rigged IMF game, is that Japan has established an "import quota" for U.S. automobiles, to force Japanese auto dealers to import U.S. cars! The cars will likely sit in the showrooms, because Japanese consumers look down on American cars as junk, but the deal is supposed to gun up U.S. export figures just enough to reelect Bush. An official at Japan's Ministry of International Trade and Industry (MITI) said Jan. 7 that Tokyo would start next month providing "low-interest loans to Japanese companies to help them import more U.S. cars and car parts."

The real reason Japanese automakers have a 30% market share in the U.S., but the Americans have a mere 1% in Japan, is that American cars and parts are inferior, and don't meet even the lowest Japanese standards. U.S. automakers can't manage to make cars with steering wheels on the right for Japan, which is a left-hand drive country, or calibrate cars on Japan's metric system, or even meet Japan's pollution emissions standards.

"U.S. auto parts have poor performance and fail quite often," a Japanese official told *Kyodo News* Dec. 18. "The U.S. share in the Japanese auto parts market [\$460 million a year] is negligible." "There are no longer any parts we want to buy from America," lamented one Japanese auto official.

"It is difficult for Americans to expand their market share because Japanese customers are prejudiced against American cars," Katsumi Matsumoto, a Toyota dealer in Tokyo, told the press Jan. 6. "Japanese think American cars break down often, don't perform well and cost a lot," he added. "Unless the manufacturers tackle this problem and change the consumer's mind, they will not win in Japan. Even if we open our dealerships to them, just because they have access to sales networks doesn't mean they will be able to sell."

"To tell you the truth, I am not confident of selling American cars," said a Japanese car dealer who requested anonymity. "I would rather sell BMW or Mercedes cars than a GM. Even if we are forced to offer U.S. cars, customers will choose what they want," he added. "I'm proud to sell Toyota cars and am happy to recommend them, but I don't think I would be proud to sell American cars."

MITI is proposing specific figures to try to force-feed U.S. cars into Japan. They plan to have the 23 leading Japanese car, electronics, and machinery makers increase imports of autos and auto parts by \$10 billion in 1993 from the \$16.2 billion they spent in 1990. Half these imports would come from the United States.

Toyota, Japan's largest automaker, announced in Tokyo Jan. 2 plans to set up procurement centers for auto parts in the U.S. to establish a permanent gateway for purchasing U.S.-made products. The centers will be set up this year in several areas, including Detroit and the West Coast, officials said. Japan's top five automakers—Toyota, Nissan, Honda, Mitsubishi, and Mazda—also pledged to boost U.S. auto and parts sales in Japan on Jan. 2. In plans submitted to the government, the five said that they will increase imports of finished cars and auto parts by 170% from fiscal year 1990 to fiscal year 1994. Their subsidiaries in the U.S. expect to double purchases of parts from local suppliers.

None of this can possibly work. As Prof. Yoshi Tsurumi told "This Week with David Brinkley" Jan. 5, "In the first place, the American car industry is in trouble not because Japanese are not buying, but because American consumers are not buying. Bush couldn't have chosen a less appropriate group of U.S. business leaders to take to Japan, because they represent collectively what is *wrong* with U.S. society and economics today!" Some improvement has been taking place in U.S. auto production, he said, but "it's not good enough yet and American consumers are just not buying it. The resale value of American autos in the U.S. market, compared with that of Japanese imports, declines steeply as the car ages. That is the U.S. market's evaluation of the reliability of American cars!"

Told that the problem is Japanese government subsidies to Japanese automakers, he replied: "That old argument doesn't wash, because Americans are buying up the Hondas and Nissans all made in the United States."

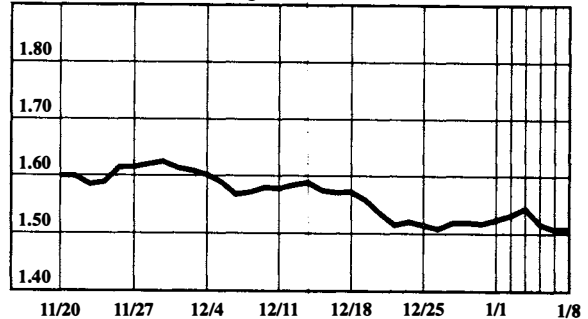
"We have strong doubts about a simple equation between U.S. unemployment and market access to Japan," a Japanese Foreign Ministry official told reporters Jan. 3. "There are many more efforts that the American side should make on the domestic front in terms of more competitiveness, education standards, and all sorts of long-term structural issues," he said. "These are the most important key issues for American economic problems, and the President knows that."

Detroit, Lyndon LaRouche told *EIR* Jan. 7, is justly suffering "Henry Ford's revenge. These bums have used their Seventh Avenue garment manufacturer methods and Wall Street bankers to make a consumer-oriented industry, and now they've got their come-uppance," he said. "They put crazy McNamara, Robert Strange McNamara, in at Ford, as Ford surrendered to Wall Street, bringing in systems analysis. They ruined the entire industry, and now they're complaining they're going to suffer. They're going to collapse in two years, if something isn't done about it."

Currency Rates

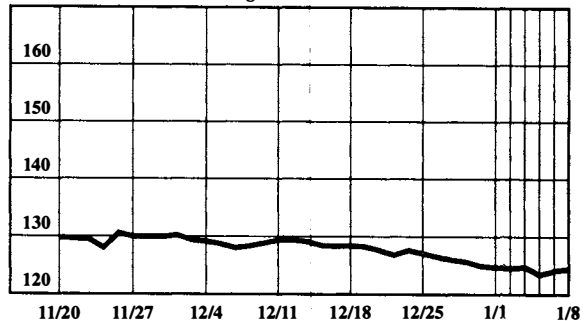
The dollar in deutschemarks

New York late afternoon fixing



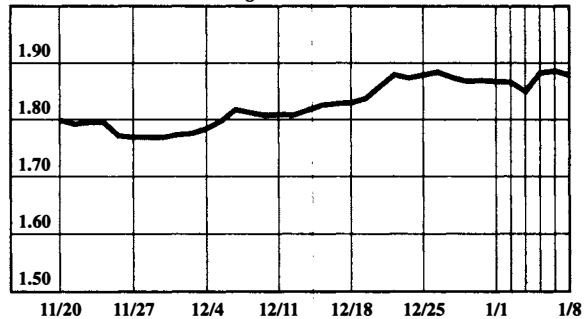
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

