

A sea-change is taking place in Japan and Korea

by Kathy Wolfe

Japan Socialist Party Chairman Tomiichi Murayama was elected prime minister in the Lower House of the Diet on June 29, in an unusual alliance with the Liberal Democratic Party (LDP), an adversary of 40 years. Contrary to the howls from the Anglo-American media, "this is not a Socialist government," a top Japanese intelligence source told *EIR* on July 7. "It is a conservative government with a Socialist prime minister, which exists at a higher level" than party politics, he said.

The new Socialist-LDP government is "a sea-change," the source said; its formation is meant to help President Clinton to cool down the Korea crisis, and to help create an atmosphere in East Asia in which the economic development of North Korea and China can proceed.

South Korea, meanwhile, is "cautiously optimistic," one official told *EIR*, about high-level talks which opened July 8 in Geneva between North Korean Vice Foreign Minister Kang Sok-ju and U.S. Assistant Secretary of State Robert Gallucci. President Clinton has accepted the original 1990 proposal of then-South Korean President Noh Tae-woo for "a broad and thorough" discussion of the entire North-South relationship, Gallucci told a conference at Georgetown University in Washington on June 29.

In exchange for a freeze on Pyongyang's plutonium program, the United States will discuss diplomatic recognition for North Korea and "assistance in moving from graphite [plutonium] reactor technology to light water reactor technology," Gallucci said. "Light water technology is superior as an energy source, and it would have proliferation benefits." He noted that Japan and South Korea have authorized the United States to discuss "bringing their technical and economic assistance to North Korea" in financing and rebuilding the North's nuclear plants.

The Geneva talks and the July 25-27 summit between

South Korean President Kim Young-sam and North Korea's Kim Il-sung are an historic opportunity for the United States, Japan, and China as well—a chance to move East Asia out of a war zone, and into the 21st century. A major multinational program for high-technology investment from South to North Korea, led by nuclear electric power, bullet trains, magnetic levitation transport, science cities, and water infrastructure, could reunify Korea with growth.

If North and South Korea cooperated on constructing new reactors with U.S. aid, one U.S. official told the *Washington Post* of July 7, "it would be an enormous leap forward toward normalization" for all three.

Asian development quadrangle

Such a high-tech boom across Korea could lead to the nuclear electric power development of China's enormous market, and become the centerpiece of a Eurasian high-speed rail grid from Tokyo to Moscow via Seoul, Pyongyang, and Beijing. As President John Kennedy's launching of the Apollo Moon-landing program showed, a dollar of government investment in such "science-driver" technologies creates at least \$10 of private investment in new industries.

When the Berlin Wall fell in 1989, *EIR* Founding Editor Lyndon H. LaRouche, Jr., proposed such a science-driver program for the "European Productive Triangle," beginning with a high-speed rail grid from Paris, to Berlin, to Vienna, to reunify Germany with such infrastructure projects. Spurs to Moscow would have brought eastern Europe and Russia into this 21st-century development.

But under pressure from Britain's Margaret Thatcher—as she brags in her memoirs—and from George Bush, both Germany and Russia instead chose the shock therapy programs of the International Monetary Fund. This has led to dis-investment, decay, and the threat of communists re-

turning to power from Berlin to Moscow.

East Asia has a chance to avoid this, and build a "development quadrangle" of infrastructure crossing from Japan, through South and North Korea, into China. If this window of opportunity is missed, the result will be not only possible war in Korea, but an economic crisis in China far worse than that in Russia, with consequences that threaten the region.

The new government in Tokyo

Japan's new "odd couple" Murayama government has a number of interesting features, if considered from this Asian strategic standpoint. First, "President Clinton will find Mr. Murayama very useful in dealing with North Korea," the Japanese intelligence source told *EIR*. "Mr. Murayama has had ties to Pyongyang for years." Japan's Socialists have long traveled back and forth to North Korea, a relationship looked upon as obscure in Washington, but as a long-term investment in Tokyo, where planning proceeds over decades.

Murayama, the source pointed out, "is not some sort of wild revolutionary, but an old trade union man, the fifth son of a fisherman, who worked for the National Railway System."

The majority of Japan's new cabinet is composed of LDP conservatives who have been eager to avoid a Korean war and to work for the economic development of the region. "We will aim to resolve the dispute over North Korea's suspected nuclear plans through peaceful dialogue, and try to avoid sanctions," Vice Prime Minister and Foreign Minister Yohei Kono, chief of the LDP, told the press on June 30. The new finance minister, Masayoshi Takemura, a former LDP Diet member who has met with Kim Il-sung, has also come out against sanctions or military action against North Korea. The London *Financial Times* on June 30 denounced both Kono and Takemura as "pacifists" for opposing war in Korea.

British schemes are on hold

Kono, Takemura, and Murayama are also opposed to expansion of Japan's role in the British-controlled United Nations, whose International Atomic Energy Agency (IAEA) has constantly provoked the Korean crisis by making demands for intrusive police powers upon the already paranoid North Koreans. The three Japanese leaders oppose revision of Article Nine of Japan's Constitution, which forbids Japanese troop participation in U.N. deployments where fighting occurs. They even plan to slow down Japan's push for a permanent seat on the U.N. Security Council.

On economic policy, the Murayama government has put plans for trade and financial deregulation in Japan, plans previously demanded by Wall Street and London, on hold for now. A significant appointment is that of former LDP Finance Minister Ryutaro Hashimoto as head of the Ministry of International Trade and Industry (MITI). In 1990, Hashimoto coined the term "financial AIDS" to describe the Wall Street disease which London and Washington were demanding that Japan implement, by importing such speculative methods as junk bonds, bank reserve ratio deregulation,

and the creation of the huge and cancerous derivatives market, which has become Wall Street's biggest headache.

Deregulation plans written by the previous government of Tsutomu Hata and Ichiro Ozawa would have created the first-ever international derivatives market in Japan. Now, however, a Tokyo Finance Ministry official told *EIR* on July 2 that the Murayama cabinet has put this off. Finance Minister Takemura was until recently in Hashimoto's conservative wing of the LDP, the official noted, agrees with Hashimoto's views, and in any case has no international experience, and so expects to rely on Hashimoto. The Murayama government, said the source, will not allow a foreign derivatives market in Japan.

Finance Minister Takemura and the rest of the cabinet have also taken a strong stance against currency speculation and pledged to help President Clinton try to stop the current crash of the dollar as best they can. "We must pay our biggest attention to the rapid rise of the yen," Takemura said on July 1, denouncing "speculators who should expect to get their fingers burnt" if they continue to dump the dollar.

London and New York outlets are already complaining loudly. The *Wall Street Journal* of July 1 called the new government a "Counter-Reformation" against the Hata-Ozawa deregulation program.

Korean-Russian cooperation

In Seoul, meanwhile, talks about the nuclear power-based reconstruction of the North opened in the Parliament on July 5, and there has even been discussion of mobilizing the science sector of the Russian economy for this purpose. "It was a very close call; there nearly was a war," one Seoul official told *EIR*, "and those who talk about war, have no idea what it would mean, if after 40 years of building up our country, it were to all be destroyed. But we agree with everything President Clinton did—and now we think it's a very good idea to offer the North new light water reactor nuclear technology, as part of a broad package of negotiations, including full diplomatic relations with the U.S."

South Korean Prime Minister Lee Yung-dug told Parliament on July 5 that "if North Korea guarantees its nuclear transparency, we will seriously consider aiding the North, in cooperation with the U.S. and international community, for the conversion of its nuclear reactors to those of the light water system. . . . If South and North lay the foundation at the [July 25] summit for mutual trust and cooperation, we can envision wide-scale economic cooperation, including joint advancement of overseas construction markets and joint supplies of electricity and energy."

President Clinton is now studying the idea that Russia could give North Korea light water nuclear power technology which would be calculated as repayments for South Korean loans to Moscow, Seoul's *Yonhap* news agency reported. South Korea extended a \$3 billion loan to Moscow just before the two countries established diplomatic relations in September 1990, most of which is now in default.