

Baker to Japan: Write more checks

by Kathy Wolfe

Washington sent out the message the week of Nov. 12 that Japan is expected to become the junior partner and piggy bank for George Bush's "new world order." In addition to U.S. Secretary of State James Baker III's nine-day tour of Asia beginning in Tokyo Nov. 11, Bush made a major speech on Japan and Asia policy in New York on Nov. 12, and Gen. Colin Powell, chairman of the U.S. Joint Chiefs of Staff, visited Japan and South Korea Nov. 16-19.

The new Japanese government of Prime Minister Kiichi Miyazawa was noncommittal.

"Your 'checkbook diplomacy,' like our 'dollar diplomacy' earlier, clearly is too narrow," Baker told the Japan Institute for International Affairs (JIIA) in Tokyo on Nov. 11. But his offensive remarks were "certainly *not* a request for Japan to write fewer checks," Japanese banking sources told *EIR*. "The [Bush] administration wants us to take a wider diplomatic role with them, in addition to giving more money to international causes."

In fact, the U.S. wants the Japanese government to form a bailout fund for U.S. banks, Japanese bankers said. Baker wants Japan to hand over some \$3-6 billion to the International Monetary Fund, to buy out U.S. banks' bad debts in Argentina, Brazil, and Mexico. "The IMF is trying to put together a 'Brady bond' plan" for Argentina, said one banker, referring to the scheme by which Treasury Secretary Nicholas Brady refinanced Mexico's debt. "Japan would buy from \$1 to \$2 billion in Argentine 'Brady bonds' and \$3 billion in Brazil bonds." Japan's government Export Import Bank alone, he said, bought over \$6 billion in Mexican Brady Bonds during 1988 and 1989.

The point is that unless Japan devotes its cash to these IMF schemes, there is no way the mega-debtor countries can find enough cash to keep Citibank and the other bankrupt banks afloat. This would give Japan tremendous leverage over Washington, if Tokyo considered the situation properly.

Pressure to join the 'new world order'

Otherwise, the Bush team loudly sang of their love for Japan—if Japan agrees not only to give more money, but to play an expanded role, replacing the collapsing U.S.S.R., as Bush's condominium partner in the new world order. "America's relationship with Japan is our most important bilateral association in the world, bar none," Baker told the JIIA. "I want to leave no doubt that the United States is fully

committed to working with Japan . . . to shape a new order in Asia."

In New York, Bush told an Asia Society dinner on Nov. 12 that U.S.-Japanese relations have never been better. "Yes, we disagree on some important trade issues, but we also recognize a more important fact: Our fates and values have become linked forever," he said. "Japan has become one of our closest and most treasured allies."

Baker repeated the usual demand for Japan to open up its rice, auto, and other domestic markets to U.S. dumping. "Japan will need to make an effort to open its markets to the United States," he told the JIIA. "Probably no country has benefited as much from the postwar GATT trading system as Japan." In private meetings, Baker threatened Japanese Foreign Minister Michio Watanabe that failure to conclude the GATT talks by the end of this year would result in a "serious political problem."

Further, Baker demanded that Japan play a broader role in "promotion of democracy and human rights," the buzzwords for the new world order. He said that Japan's failure to send troops to the Gulf war must be a "watershed," after which Japan must now abandon its traditional postwar pacifism.

He called for Japan to play a greater role in policing the Third World with United Nations troops, and "in building democracy, respect for human rights, stopping the proliferation of weapons of mass destruction, and in facing transnational challenges in areas such as the environment, narcotics, and refugees."

In New York, Bush repeated that the U.S. and Japan should police the world together. "In laying the foundation for peace through our global partnership, we have worked closely with Japan," he said. "We cooperate on development assistance, environmental protection, trade, arms control, refugees, and regional peace."

In meetings with Foreign Minister Watanabe, Baker demanded that Japan start by helping Washington prevent the development of nuclear energy in Korea, under cover of stopping the "threat" of North Korea's nuclear weapons program. "We learned from Iraq," Baker told the JIIA, "that even International Atomic Energy Agency safeguards cannot ensure that a renegade regime will not seek to acquire nuclear weapons. The very real danger of nuclear proliferation on the Korean peninsula, is now the number one security threat in northeast Asia."

Baker, while praising Japan for upgrading its military, was careful to note the real military issue between Japan and the United States: Washington now is dangerously dependent upon Japan for a large percentage of America's most crucial defense technologies, such as new generations of computer chips. Baker demanded a "balanced two-way flow of defense-related technology, an increasingly critical resource in the security system." Japan must share more advanced defense technology, particularly technology for fighter aircraft, a U.S. official said.