Why bankers want Japan's debt to grow

EIR's study of the composition of foreign and domestic debt of all industrial nations for its *Quarterly Economic Report*, provides the key to why the coterie of international bankers, led by Shearson/American Express and the Trilateral Commission, are concentrating so much of their energies on Japan. In their view, Japan just doesn't have enough foreign debt!

This means that Japan, unlike the United States, for example, is not dependent upon the international bankers in Switzerland and London for putting together financing for capital investment, or the funding of the government itself. In the eyes of the international bankers who run the IMF and World Bank, it is Japan's sovereign control over its own capital markets, not its share of the international auto or steel markets, which is its biggest sin.

Japan's foreign debt, at just over $100 billion, is about the size of Mexico's. That is a tiny foreign debt, especially when compared with the United States' whopping $850 billion foreign debt. This is because Japan has kept its capital markets closed to foreigners, and has not allowed the international bankers to make loans to Japan or Japanese companies, and thus foul up their economy with debt tied to a foreign currency and foreign policy centers in London and New York.

Yet, Japan's internal debt has skyrocketed, from $613 billion to $3.3 trillion during the 1972-to-1984 period. This is an even sharper rate of rise than that experienced by the United States over the same period.

Thus, there is obviously a large market for bank loans in Japan. But at present, all of it is in Japanese yen, and being loaned happily to Japanese industry by Japanese bankers.

In contrast to the situation in the United States, where usurious interest rates, and a deliberate policy for a "post-industrial society," have led to a phenomenal increase in domestic debt at the same time that production has collapsed, Japanese production did not collapse. Japanese production of steel, autos, tractors, and machine-tools rose during the entire period, even if per-capita productivities began to decline. Japan may not have been growing fast enough, but it was growing.

Thus, the Trilateral Commission and the international bankers want into Japan for two reasons. First, and simply, Amex and the New York bankers look at the $3.3 trillion (U.S. dollars) Japanese domestic loan market, and they see a great deal of business on which they are missing out. Not only that, but Japanese bankers are making these loans at 6-7% interest rates. "What a killing we could make in there at 12-13%," think the idiots in New York.

Second, they want to stop Japan from being allowed to loan credit in sovereign fashion, in the amount they see fit, to so much industry. These friends of Henry Kissinger simply want to force Japan to become dependent on foreign usury, to link the country more closely to the overall defense and budgetary policies of London and New York.

The demands on Japan to open its capital markets have come from several sources. At the end of January 1985, a delegation from Shearson/Amex visited Japan, led by Henry Kissinger. Their fundamental aim? "We want to see large-scale liberalization of the yen market in Tokyo. That goes with liberalization in London and the United States, which combined with new banking technologies, will mean a worldwide financial market"—which, incidentally, will be under the control of the supranational financial institutions.

The name for this market is the "Euroyen" market—the equivalent of the offshore "Eurodollar" market, which has multiplied claims on the U.S. Treasury for dollars many hundredfold since the liberalization of the U.S. markets in the early 1970s.

Issuing parallel demands on Japan are the international regulatory agencies, such as GATT, as well as the Trilateral Commission, and the treasuries of Western European nations controlled by Trilateral members or sympathizers. The Trilateraloids just completed a meeting in Tokyo on April 23, following which the three chairmen met with Japanese Prime Minister Yasuhiro Nakasone to press the reduction of Japanese barriers to foreign imports, including capital.

Not to be left out of the assault are the British, the centuries-old experts at invading and destroying sovereign capital markets. British Trade and Industry Secretary Norman Tebbit arrived in Tokyo on April 15 to try to pick up the pieces after the U.S. trade-war fiasco. Tebbit carried the message that the Trilateral financiers want Japan's sound domestic financial markets opened up to the speculator bankers of London and New York. He told the Japanese government that, in return for Britain allowing the Industrial Bank of Japan to continue its full-service operations in London, the Japanese government would have to approve the opening of two British banks in Japan.

This follows the opening last year on a pilot basis of the Anglo-Venetian S.G. Warburg merchant bank in Tokyo.