

Wall Street Wins Japanese Election

by Kathy Wolfe

Japanese Prime Minister Junichiro Koizumi won a landslide election on Sept. 11, a referendum on his plan to privatize Japan's Postal Savings System, the world's largest bank, with almost \$4 trillion of the Japanese people's \$14 trillion in savings. But once privatized, the cash would flow out of Japan and onto Wall Street, where Citibank, Goldman, Sachs, and Lazard wait to take their cut.

It's no secret that this is a scam. The *Wall Street Journal* on Aug. 26 reported that "Citigroup estimates a change in ownership would drain \$1.375 trillion out of Japanese government and corporate bonds," where postal funds are now safely invested, and send it overseas for higher rates. There, bankrupts like the U.S. government and GM offer higher return rates—due to much higher risk.

U.S. Federal Reserve Chairman Alan Greenspan and President Bush have already announced sales trips to Tokyo for Oct. 16 and Nov. 16, respectively, each in his way desperate for cash to cover blunders in the New York hedge fund and GM bankruptcies, Iraq, Washington, and New Orleans. Greenspan, as guest of the Bank of Japan, will meet Gov. Toshihiko Fukui on Oct. 17 and make a speech to Keidanren and other top business groups on Oct. 18.

Asahi News, Japan's largest daily, detailed the scenario—too late—in a Sept. 14 op-ed, "Where Will Postal Funds Finally End Up?" Koizumi's reform, seen from the United States, "must appear to offer extra opportunities to finance the mushrooming U.S. budget and external deficits" which "has ballooned the U.S. current account deficit to a nearly \$800 billion annual rate. Koizumi has already generously acquired more than \$400 billion of U.S. treasury bonds" in the last three years.

But Japan's citizens could lose their life savings, *Asahi* warns, in a dollar collapse—although the hedge funds may profit: "What is potentially problematic, is that investments into foreign countries, even if hedged, would be exposed to changes in exchange rates that could seriously undermine the value of money invested abroad. Japanese voters could be forced to ponder . . . why they supported Koizumi's pet project."

Indeed, the only ones in the dark are Japan's voters. Koizumi, given rock star billing by Japan's controlled media, lied that his plan is a "reform" to liberate the economy and taxpayers from paternalistic bureaucrats. He never said a word about sending the cash overseas.

No Economic Policy, No Democracy

The opposition Democratic Party of Japan (DPJ) played along, giving voters no economic policy alternative—just as Al Gore and the Wall Street wing of the Democratic Party threw the 2000 U.S. election to George Bush. Japan's Democrats could have made headlines by warning voters: "Don't do it, or you'll end up like all the greedy Americans who lost their savings and pensions, gambling on the dot-com stock bubble." But they didn't say a word.

Since over 70% of Japanese are against the war in Iraq, Japan's Democrats could also have made headlines warning of Dick Cheney's threat to nuclear bomb Iran soon, of which they were fully informed by *EIR*. "Nukes" are the dirtiest word in Japan. Exposing Cheney's Iran scheme could have sunk Koizumi, who is known as a Bush follower. But the DPJ never mentioned Iran, Iraq, Koizumi's destruction of relations with China (Japan's largest trade partner), or any global issue. Could it be because billionaire speculator George Soros funds the DPJ, as well as certain U.S. Democrats close to Al Gore?

The fact is that there is no democracy without an economic policy similar to Franklin D. Roosevelt's "New Deal," one which can produce enough industrial output for the population to survive. In Japan's case, there may be too much infrastructure jammed into its islands already, but the world has plenty of infrastructure programs to build.

Economic vision and political leadership are required, to inform the public of what it needs to know, not to tell the public what is popular. But it seems that Japan's Democrats have learned nothing from the failures of U.S. Democrats, or even those closer by, for example, in South Korea.

Korea's Troubles

South Korea's "democratic movement" under President Roh Moo-hyun has had the same spectacular failure for the same reasons. In April 2004 elections Roh's new Uri Party went suddenly from a few seats, to a 152-seat majority in the National Assembly, upsetting 50 years of Cold Warrior control. *EIR* warned Korean democrats that candlelight demonstrations would not be enough; there must be a full industrial policy including a "New Deal" to upgrade infrastructure from South to North under the "New Silk Road" plan.

But Korean democrats refused to study economics, making empty speeches only about "reform" in the abstract—leaving economic policy to Wall Street and its friends in Seoul. As a result, South Korea's economy is now a shambles, and Roh's party lost most of its seats again in recent elections, back almost to where it began.

In Japan similarly, the DPJ, just a few years old, had climbed to 177 seats in the Diet's 480-seat Lower House and had a chance to take power. But due to their failure to campaign, they instead lost 44 seats, down to 113, and Chairman Katsuya Okada resigned in disgrace. Koizumi's Liberal Democratic Party (LDP) gained 47 seats to win a 296-seat majority in the Lower House, and now controls the Diet.