

'Financial AIDS' hits Japan, Hashimoto

by Kathy Wolfe

Japanese Finance Minister Ryutaro Hashimoto will resign to take responsibility for scandals plaguing Japan's financial sector, the Japanese press reported Aug. 6. Hashimoto himself denied it the next day, but even if the press is lying, his chance to become Japan's next prime minister in October, and his career, are now done for.

After resisting demands to quit over the Nomura stock scandal since June 21, Hashimoto confirmed on July 27 that his former top aide, Toyoki Kobayashi, had acted as an intermediary in securing possibly illegal loans in a "totally unrelated" scandal at the huge Fuji Bank.

On July 25, Fuji Bank announced it had fired three executives caught in a loan fraud scheme involving nearly \$2 billion. Days later, three more of Japan's largest banks were implicated. Fuji and other Japanese banks are in a cash squeeze because of Bank for International Settlements (BIS) capital restrictions, which have forced a contraction of Japanese bank lending over the past year. The Fuji employees reportedly issued false documents showing deposits at the bank for 23 corporate clients, mostly real estate companies, which the desperate realtors then used as collateral to get loans elsewhere. Hashimoto's aide is said to have known about the deal.

There are now four or five such "totally unrelated" scandals rocking all of Japanese finance, industry, and government. The situation reeks of the kind of sting operation the BIS set up with the Bank of Credit and Commerce International (BCCI) scandal, which has become a time bomb for financial warfare against the U.S. and other nations.

The first of the recent Japan scandals against Nomura Securities was begun by Britain's Dope, Inc. bank Jardine Matheson (see *EIR*, June 19 and June 26).

Fatal disease

Hashimoto reportedly coined the term "Financial AIDS" to describe the banking and financial deregulation which the BIS central bankers have used to destroy the U.S. and other western financial systems over the past 20 years. He is being targeted not for what he has done wrong, but for what he might have done correctly.

Before the scandals broke in June, Hashimoto was the front-runner to replace Bush's favorite doormat, Prime Min-

ister Toshiki Kaifu, as head of state. Kaifu is highly unpopular for kowtowing to Bush's genocide in Iraq earlier this year. Hashimoto as prime minister might have attempted to defend Japan's Meiji Era banking system and Japanese industry from the BIS's demands.

Hashimoto "admitted responsibility" in the Fuji Bank scandal Aug. 6 and apologized to the public, which is silly. The BIS and Jardine's are counting on him and other Japanese leaders to be impotently self-effacing, according to profile. The only way to stop the destruction of Japan, in fact, is for Japanese patriots to break all the rules and name the names of the BIS and private western bankers who are cooking up these scandals to pry open the Japanese market.

Let's face it: The BIS's "flea market" economics carries "financial AIDS" as efficiently as mosquitos carry the HIV virus. And you can't be "just a little bit HIV-positive." If Tokyo backs down and lets the BIS really deregulate Japanese markets, it will gridlock the whole Japanese economy.

Prime Minister Kaifu, on the other hand, is suddenly now assured of reelection in October, promoting himself as "Mr. Clean" to Hashimoto's "fallen idol" image. Reality is that Bush, the Federal Reserve, and the BIS want to keep Kaifu in office because he's the one ready to play geisha to their plans for a new BIS occupation of Japan.

Kaifu opened an emergency session of Japan's Parliament on the scandal crisis on Aug. 5, with a call for political and financial "reforms" which make Lyndon Johnson's "Great Society" speech look conservative.

Kaifu said: "There are a number of systemic issues in the way politics and government currently work that need to be reformed." He expressed regret over the recent brokerage scandal and called the brokerages' conduct "deplorable" because "they are at variance with our ideal of a fair society."

Kaifu will submit an amendment to the law covering securities trading that would increase inspections of securities firms, ban compensation, and generally deregulate financial markets.

Kaifu is further demanding election law reforms including redistricting of Japanese electoral districts which would give far more seats in Parliament to the "New Age" yuppies in Japan's suburbs. Kaifu's reforms would also give the new U.S.-modeled watchdog agencies tighter control over how political leaders raise electoral funds.

Wall Street's Securities and Exchange Commission (SEC) meanwhile has sent letters of investigation to at least three of Japan's four main securities firms, asking them for information and threatening indictments.

The New York Stock Exchange and the National Association of Securities Dealers, which operate the two biggest U.S. stock markets, recently sent letters to the Big Four firms requesting to "verify that Nomura and other Japanese firms' U.S. subsidiaries were abiding by" U.S. law. Whether the Japanese are "still beating their wives" is expected to be the next SEC-Wall Street inquiry.