

# Great Britain's six-year destabilization of Japan

by Kathy Wolfe

The chronology that follows demonstrates that for the past six years, British intelligence, officials of the Bush administration, and the London and Wall Street financial elite have carried out a campaign to destroy Japan as a sovereign industrial nation. The weapon has been a ridiculous number of petty financial scandals, which have brought down six elected governments in rapid succession.

The endless scandals are "all very dangerous for Japan," a top Tokyo source told *EIR* during the 1992 Sagawa Kyubin tiff. "This could be like Watergate, a way for the Anglo-American establishment to try to force their ideas of change on Japan. You should remember the Tanaka case [the 1976 Lockheed scandal]; the Takeshita case [the 1989 Recruit scandal] is the same. Now the Sagawa scandal is like Watergate," for Japan's governing circles.

The scandals, not coincidentally, have been coupled with repeated demands from London and New York for the wholesale financial and industrial deregulation of Japan's economy. Along with this, the Thatcher-Bush group has demanded that Japan join the U.N.'s "new world order" in police actions against developing nations such as North Korea, China, and Iraq, rather than assisting these nations economically.

Seen from the standpoint of London's policy since the 1840s Opium Wars, today's British strategy is quite clear. Japan, as one of the only nations in Asia to have industrialized, is a symbol to the developing sector. Worse, in London's view, from the 1970s, a faction in Japan developed which was committed to mobilizing Japan's economic strength to industrializing these nations, something London could not permit.

The chronology shows, for example, that each time a Japanese leader makes a peace overture to North Korea, he is attacked. Any Japanese government that attempts to establish a positive policy for the integration and industrialization of China—as opposed to the British geopolitical policy of dismembering China—is promptly attacked.

This attack upon Japan is a British policy, and not an American policy, as President Clinton's efforts to reverse Bush's confrontation prove. It was introduced by the circles associated with George Bush, beginning during the second Ronald Reagan administration, and escalating during the Bush years. It became official Bush policy when presented by Bush Director of Central Intelligence William Webster in

a Sept. 20, 1989 speech to the Los Angeles World Affairs Council: The "end of the cold war," Webster announced, means that Japan and Germany, not Russia, are the main threat. "The national security implications of a competitor's ability to create, capture, or control markets of the future are very significant."

This is part of the picture of British global attacks on U.S. foreign policy in Asia and elsewhere, which begins to shed light on the "coincidence" of so many recent atrocities in Tokyo, from the March 20 sarin gas attack, to assassination attempts and threats against National Police Agency Chief Takaji Kunimatsu, intelligence chief Yukihide Inoue, and Prime Minister Tomiichi Murayama.

## Inducing 'financial AIDS'

While much of Japan's strength is behind the curtain, in its powerful unelected ministries such as the Finance and Foreign ministries, the chaos has been such as to cripple their opposition to banking deregulation. It has also paralyzed Japan's development diplomacy. The result is that Japan's banking system is now bankrupt, its industrial companies are illiquid, and it has failed to create major export development projects in the Third World. Japan thus remains hopelessly dependent on exports to the crumbling U.S. and British economies.

The real financial crisis in Tokyo dates from the Hong-kong and Shanghai Bank-sponsored Nomura scandal, which destroyed Finance Minister Ryutaro Hashimoto, who represented the faction in the ministries opposed to what he called Wall Street's "financial AIDS." At the Sept. 25, 1990 meeting of the International Monetary Fund in Bangkok, Thailand, Hashimoto proposed an overhaul of the world monetary system, "to explore a more stable monetary system, that solidly substantiates a spirit of cooperation." A Finance Ministry official said this meant a "reference range" target zone, within which the rates for the dollar, the yen, and the European currencies would be fixed.

Because of the 1991 Nomura scandal, however, Hashimoto and the Finance Ministry came under heavy attack and finally gave in to allowing broad deregulation, opening Tokyo to trade in foreign financial derivatives, which mushroomed.

Most damaging to Japan's economy was abolition by the

Bank of Japan of its central bank "window guidance." Under this credit policy, Japan since the 1870s had followed U.S. Treasury Secretary Alexander Hamilton's policy of issuing directed credit by government *lending* to banks, based on a judgmental evaluation of how productive the loan would be to the overall increase in new technologies to be generated in the physical economy. As a result of this sound and truly "American System" Hamiltonian policy, Japan had introduced increasingly more productive technologies, and the Japanese government had never run a deficit nor a significant national debt.

After enormous pressure from the Bush Treasury Department and the London-controlled international financial press, Japan shifted to U.S. Federal Reserve-style "open market" operations, issuance of money via government *borrowing*. This allowed Japanese banks to go into the wild "financial AIDS" type of activities being generated in London and Wall Street, and into related categories of real estate speculation.

The effect on Japanese industry, in particular, was to make impossible the previously planned strategy of long-term, low-interest investment in large-scale infrastructure construction and investment programs in the developing nations, such as the original form of the 1970s Mitsubishi Research Institute's Global Infrastructure Fund. Such programs could have prevented Japan from becoming the untenable, financially oriented, trading company economy it is today.

Especially nasty in the scandal process has been the inside role of Henry Kissinger's close friend, Japanese parliamentarian Ichiro Ozawa. "Ozawa and [former Prime Minister Tsutomu] Hata are very close to the American establishment," a top Tokyo intelligence source told *EIR*. "They are trying to make a reform of the Japanese political system which will make their friends in Washington, such as Kissinger, happy. Ozawa knows Kissinger well. Ozawa wants to break up the LDP. Hata is also a very influential member of the Aspen Institute, very close to the American establishment. If you trace the movement of the Ozawa/Hata group, you will find it is strongly supported by the Bush establishment."

### Sea-change in Tokyo

Japan, however, as of 1995, has not been broken, but is working to form a new alliance with U.S. President Bill Clinton. This is focused on cooperation in rebuilding North Korea's economy, based on peaceful nuclear electricity plants. Japanese leaders traveled to Pyongyang in April to help Clinton's negotiations, and Prime Minister Murayama went to China on May 2 to ask Beijing to join Clinton's Korea nuclear consortium.

Today's Murayama government, a Socialist-Liberal Democratic Party (LDP) coalition which came to power on June 30, 1994, "is not a Socialist government, but a conservative government with a Socialist prime minister, which exists at a higher level" than party politics, a Japanese intelligence

source told *EIR*.

The previous Hata government, dominated by Kissinger's friend Ozawa, who has used the scandals to destroy the ruling LDP, was trying to push Japan into "the Brent Scowcroft doctrine" in Korea, the source said. In a June 15, 1994 *Washington Post* editorial, Bush National Security Adviser Brent Scowcroft called for a preemptive bombing of Pyongyang. Ozawa, the source said, was urging President Clinton to bomb "whoever does not submit" to the U.N.'s Nuclear Non-Proliferation Treaty (NPT), promising that Japan would join with U.N. troops to help police Asia. Ozawa was "continually receiving privileged information on North Korea" from Scowcroft, Bush CIA head Robert Gates, and "friends."

Murayama's Socialists, however, left the Hata-Ozawa government in opposition to war with North Korea. Now, the Murayama-LDP coalition is a "sea change" for Japan, he said. "President Clinton will find Murayama very useful in dealing with North Korea. Mr. Murayama has had ties in Pyongyang for years, and he and his friends can help Clinton." LDP coalition members led by Vice Prime Minister and Foreign Minister Yohei Kono, chief of the LDP, also want to avoid war in Korea. "We will aim to resolve the dispute over North Korea through peaceful dialogue, and try to avoid sanctions," Kono said on June 30, 1994. LDP Finance Minister Masayoshi Takemura, who met the late North Korean leader Kim Il-sung, has also come out against sanctions or military actions against Pyongyang.

Kono, Takemura, and Murayama also oppose deployment of Japanese troops into U.N. war zones, a policy which Ozawa was using the Korean crisis to attempt to push through.

Clinton is also committed to developing the economy of China and other Asian nations. U.S.-Japan cooperation on that, too, is not ruled out. The British could never tolerate either the United States or Japan having such a policy; they will stop at nothing to destroy any alliance of the U.S. and Japan to do this.

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## 1988, Recruit scandal

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**June:** Recruit scandal against Prime Minister Noboru Takeshita. *New York Times* and Japan's liberal *Asahi News* reveal that shares of Recruit Cosmos Co. were sold to leading Japanese at bargain prices, prior to being listed.

**July:** Recruit Chairman Hiromasa Ezo and Nikkei (*Japan Economic Journal*) President Ko Morita resign.

**November:** President Ronald Reagan and former Japanese Prime Minister Yasuhiro Nakasone agree to have Mitsubishi and General Dynamics develop new FSX fighter jet.

**December:** Finance Minister Kiichi Miyazawa and Ambassador Plenipotentiary Yasuhiro Nakasone are forced to resign.

**Dec. 14:** NTT Co. Chairman Hisashi Shinto resigns; Ja-

pan's telecommunications giant NTT's market is targeted by deregulators in Washington and London.

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## 1989, Recruit scandal

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**March 6:** NTT ex-chairman Shinto, 78, one of Japan's leading industrialists, is arrested in the hospital.

**March 28:** Thirteen have been arrested, including the vice ministers of labor and education.

**April 1:** Prime Minister Takeshita confirms that Recruit donated \$150,000 to his 1987 campaign. Rumors spread that former Prime Minister Nakasone will be arrested.

**April 4:** U.S. Bush administration Commerce Secretary Robert Mosbacher declares that Bush will dump FSX deal. Sen. Jesse Helms (R-N.C.) demands that Japan buy old F-16s off the shelf.

**April 12:** *Bungei Shinju* magazine writes that Ronald Reagan and Nakasone got kickbacks after sale of a U.S. Cray computer to NTT, which Recruit used. *Bungei Shinju* broke the 1976 Lockheed scandal against Japan.

**April 13:** Chinese Premier Li Peng is in Tokyo, invites Emperor Akihito to Beijing, gets large loans.

**April 14:** Former Foreign Minister Shintaro Abe, head of ruling Liberal Democratic Party (LDP) and next in line as prime minister, admits that his wife bought Recruit shares.

**April 18:** *New York Times* reports that NTT is major target, calls for it to be broken up. Bush and Henry Kissinger's friend Ichiro Ozawa, an LDP trade negotiator, are trying to bring Motorola into Japan to take NTT business.

**April 23:** Noboru Takeshita resigns as prime minister.

**May:** Finance Ministry and Bank of Japan deregulate interest rates, double central bank's discount rate.

**May 2-7:** Takeshita carries out his planned trip to Indonesia, Thailand, Malaysia, Singapore, and Philippines, where he was to have set up major economic cooperation; trip is reduced to a diplomatic gesture.

**May 30:** Nakasone resigns from LDP.

**June 2:** Sosuke Uno, an ally of Nakasone, is elected prime minister. He is immediately accused by a geisha of paying her for an affair in 1985.

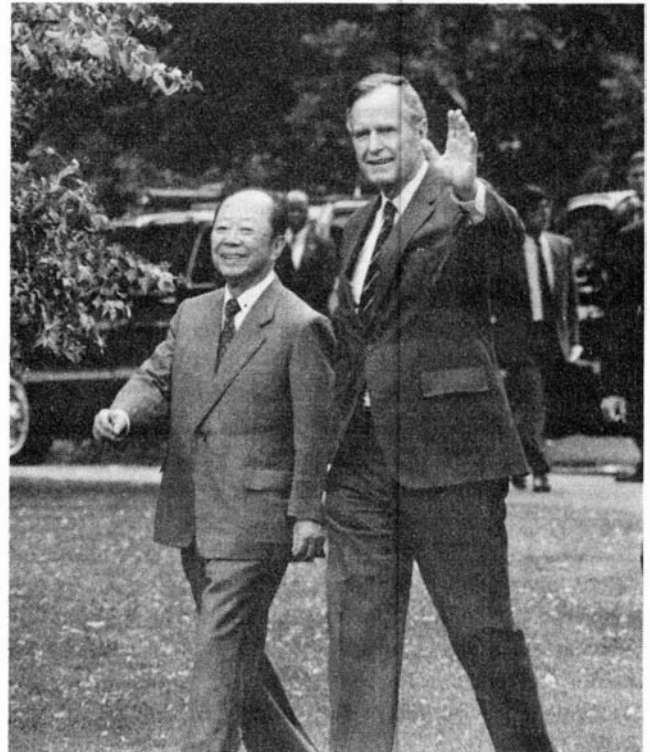
**June 28:** Bush administration forces Japan to sign a deal allowing Motorola a major Japanese market share, to avoid U.S. punitive tariffs.

**July 24:** Uno resigns over geisha-gate scandal.

**Aug. 8:** Former Education Minister Toshiki Kaifu becomes prime minister. Kaifu was made a Knight of the British Empire (KBE) by Queen Elizabeth II in 1975 in London. He is a longstanding member of the Japan-British Parliamentarians League and founding member of the "2000" Group of Japanese and British business and political leaders.

**Aug. 29:** Kaifu on eve of summit with Bush vows to stop protectionism in Japan, liberalize farm markets.

**Sept. 20:** Bush CIA director William Webster in Los



*Japanese Prime Minister Kiichi Miyazawa and George Bush in 1992. Miyazawa was targeted by scandals that succeeded in ousting his government in July 1993, driving the Liberal Democratic Party out of power for the first time since World War II.*

Angeles says that the "end of the cold war" means that Japan and Germany, not Russia, are now the main threat to the United States. "Our political and military allies are also our economic competitors. The national security implications of a competitor's ability to create, capture, or control markets of the future are very significant."

Webster labels "Japanese and European surplus capital" as "creating some potential risks." CIA creates a new Fifth Directorate to coordinate actions against this alleged threat.

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## 1990, the Webster Doctrine

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**Feb. 18:** LDP wins Lower House election, shocking the world media. Kaifu is reelected to a second term.

**March 16:** Henry Kissinger endorses butchers of Tiananmen Square as "key to a balance of the Asian equilibrium" against Japan, "a more assertive aggressor" globally.

**April 30:** Kaifu tours India, Pakistan, Bangladesh, and Sri Lanka on behalf of his "Asia doctrine" for Japan to speak for the development of the developing countries.

**June 17:** *New York Times* reports that CIA director Webster has ordered the CIA and National Security Agency to radically shift priorities from collecting intelligence on the

U.S.S.R., to collecting economic data on America's allies, especially Japan and Germany.

**June 18:** U.S. Attorney in Los Angeles charges that Japanese firms are stealing U.S. Strategic Defense Initiative (SDI) secrets; those charged include Mitsubishi Heavy Industries, Mitsubishi Trading, Ishikawajima-Harima Heavy Industries, and Nissan Motor. Mitsubishi, Japan's leading industrial combine, is key to Japanese aid to the U.S. SDI program.

"This time, a Stalin has replaced a Churchill as the main U.S. partner, but the enemy is still Germany and Japan," a Japanese spokesman said.

**July 5:** A report by Japan's Ministry of International Trade and Industry (MITI) proposes that Japan take an independent place in the world and promote global development, using "new funding schemes of public-private cooperation which emulate the role the U.S. played after World War II."

**Aug. 2:** Iraq invades Kuwait at the encouragement of U.S. Ambassador April Gillespie. In addition to destroying economic development in Iraq, the Gulf war is primarily aimed at terrorizing Japan and western Europe and destroying their capital technology exports.

**Aug. 29:** Bush Tokyo Ambassador Michael Armacost demands that Japan send U.N. troops and money for Gulf war.

**Sept. 5:** Kissinger in Tokyo harshly attacks Japan for refusing to send troops; Japan donates \$13 billion after Kissinger's friend Ozawa uses "tremendous muscle," Tokyo intelligence sources say.

**Sept. 10:** MITI sends planning team to Moscow to aid in rebuilding Russian economy, attacks International Monetary Fund (IMF) shock therapy.

**Sept. 11:** U.S. defense bill demands that Japan cut its military spending and foot \$7.4 billion annual cost of U.S. troops in Japan.

**Sept. 25:** Finance Minister Ryutaro Hashimoto calls for overhaul of world monetary system at Bangkok IMF meeting. He proposes "to explore a more stable monetary system that solidly substantiates a spirit of cooperation." A Finance Ministry official says Tokyo is studying creation of a "reference range" target zone within which the rates for the dollar, the yen, and the European currencies would be fixed.

**Sept. 26:** Shin Kanemaru, Takeshita's lieutenant, heads Japanese parliamentary delegation to North Korea, with officials from MITI, the Foreign Ministry, Finance Ministry, and other agencies. Kanemaru meets North Korean leader Kim Il-sung three times; air and satellite communications are set up from Pyongyang to Tokyo.

**Oct. 28:** Dr. Hazem Nusseibeh, former foreign minister of Jordan and ambassador to the U.N., tells *EIR*, "The feeling is widespread in the Arab region that the armed deployment has amongst its other principal components, putting Japan and a united western Europe, particularly Germany, under Anglo-American economic blackmail."

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## 1991, Nomura scandal

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**Jan. 1:** Bush-led U.N. "coalition" begins bombardment of Iraq.

**April 4:** Finance Minister Ryutaro Hashimoto, who coined the term "financial AIDS" to denounce Wall Street deregulation, and called for a new world monetary system, is front-runner in prime minister election, scheduled for the fall.

**May 20:** U.S. Treasury Secretary Nicholas Brady and Bank of England demand that Japan adopt Hongkong-style financial deregulation, opening Japanese markets to London and New York banks. Treasury model is the U.S. International Banking Act of 1978, written at behest of Hongkong and Shanghai Banking Corp., to allow the British to buy up American banks.

**May 28:** Former Lehmann Brothers Chairman Peter Peterson charges that Japan will soon treat United States as President Eisenhower did Britain at Suez, when Eisenhower threatened to crash the pound, to make the British obey U.S. military aims.

**June 7:** Nomura scandal breaks. On tip from Hongkong and Shanghai Banking Corp. agent Robert Zielinski, Tokyo economist of Jardine Matheson, Kyodo News charges the giant Nomura and Nikko Securities companies with creating false profits for gangster boss Susumu Ishii. Ishii is also a business partner of George Bush's brother, Prescott Bush, Jr.

**June 15:** London *Economist* denounces Finance Minister Hashimoto for collusion with Nomura, calls for financial deregulation, dumping of Japanese bank stocks.

**June 21:** Nomura, Daiwa, and Yamaichi Securities confess at Tokyo press conference to making payments to compensate large clients for stock market losses. *This is perfectly legal.* Tokyo stock market begins to crash.

**June 27:** Japan Finance Ministry is forced to announce drastic financial deregulation including decontrols on interest rates, bank lending, foreign exchange, restrictions separating banks and brokerages, and abolition of Bank of Japan "window guidance."

**July 9:** Finance Minister Hashimoto is forced to apologize and take a pay cut. Tokyo market in free fall.

**July 22:** Bush administration official complains to *Business Week* that Hashimoto is "pushing Japan's interests more forcefully than his predecessors. . . . Hashimoto is of the younger generation, and has seen the strong rebirth of Japan, while older leaders knew Japan's dependence on the U.S. . . . For American investment bankers, the crackdown in Japan is welcome. For years they struggled to break into the Japanese banking business. Now the field for U.S. bankers and brokers is leveling."

**July 27:** Hashimoto confirms that a former aide was involved with questionable loans at Fuji Bank. There are

now four such “totally unrelated” scandals implicating heads of all major Japanese banks and a dozen industrial giants.

**Aug. 27:** Hashimoto tells the Diet (Parliament) that he is preparing indictments of dozens of bankers and corporate executives. Nikkei stock index has collapsed by 14% since June 7.

**Oct. 18:** Hashimoto resigns as finance minister. Hashimoto is “a patriot who would try to defend the Japanese financial system,” notes a Tokyo source.

**Oct. 27:** Kiichi Miyazawa is elected prime minister, brings Nakasone and Takeshita back as “supreme advisers,” to British howls. “American officials wonder whether Miyazawa will be more effective in accommodating Washington, or more willing to tell the U.S. off,” writes the *New York Times*.

**Nov. 2:** Petroleum bomb attack on house of Shin Kanemaru by rightists, protesting Japan’s diplomacy with North Korea.

**Nov. 11:** Bush Secretary of State James Baker in Tokyo denounces Japan for “checkbook diplomacy,” demands that Japan join U.S. actions against North Korea, commit troops to U.N. policing operations, and deregulate its rice market.

**Nov. 12:** President Bush makes same demands.

**Nov. 16-19:** Gen. Colin Powell, chairman of U.S. Joint Chiefs of Staff, visits Tokyo with same demands.

**November:** Inagawa mob chief Susumu Ishii dies.

**Dec. 12:** London *Financial Times* complains that Miyazawa has failed to shove through the bill for Japan U.N. troops.

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## 1992, Sagawa Kyubin scandal

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**Jan. 2:** George Bush vomits on Miyazawa in Tokyo.

**Jan. 14:** Fumio Abe, MP, ally of Miyazawa, is arrested for taking a bribe from Kyowa Corp. This is the first time since the 1976 Lockheed scandal that a sitting parliamentarian has been arrested.

**Feb. 3:** Prime Minister Miyazawa criticizes Wall Street bankers; British media lie in translation that he attacked U.S. workers; scandal ensues. He actually said: “The money market does not create productive goods. . . . The problem is that everyone believes value can be created in the money market. . . . The decline in producing goods by the sweat of our brows, a type of work ethic, is related.”

**March:** Shin Kanemaru shot at by rightist calling him a “traitor” for North Korean diplomacy; he is unharmed.

**March 23:** Salomon Brothers undocumented report, charging that Japanese banks have the world’s weakest capital, collapses Tokyo stock market by 17% from March 23 to April 9. Tokyo sources tell *EIR*, “There is something more conspiratorial. This is manipulation. Sales of Japanese stocks in fact were led by U.S. and U.K. investors.”

**April 1:** Finance Minister Tsutomu Hata tells Japan-Brit-

ish Society in London, “Japan sees its relations with Britain as a very important pillar.”

**April 5:** Man armed with knife storms Prime Minister Miyazawa’s residence, but is overpowered by police.

**April 23:** Shin Kanemaru receives five bullets in the mail with death threat letter from rightist gangsters.

**May 18-19:** Royal Institute for International Affairs and Japan Finance Ministry hold London conference on “Financial Reform and Global Market Integration” to demand that Japan deregulate.

**June 8:** MITI “Report on Unfair Trade Practices” charges that U.S. is the most unfair trading nation.

**July 3:** Prime Minister Miyazawa demands that U.S. and Europe turn their attention to economic development of Asia.

**July 26:** Miyazawa and LDP win election; Takeshita faction, now led by Shin Kanemaru, makes large gains.

**July 28:** Sagawa scandal breaks out. Head of Sagawa Kyubin trucking firm charges that Shin Kanemaru paid off late yakuza chief Susumu Ishii, Prescott Bush’s partner, to halt the Inagawa mob 1987 attacks on Takeshita.

**Sept. 9:** Entire Miyazawa cabinet is accused of graft related to Sagawa firm. Foreign Minister Michio Watanabe and former Prime Minister Nakasone file libel suits against the charges.

**Sept. 25:** Shin Kanemaru admits taking \$4.2 million from Inagawa mob. Former Prime Minister Takeshita is also charged.

**Oct. 14:** Shin Kanemaru resigns from Diet.

**Oct. 15:** “Cleaner Japan, Easier Ally,” the *New York Times* gloats in editorial headline.

**Oct. 21:** *New York Times* feature charges that the entire LDP was founded in 1950s, and is run today, by gangsters.

**Oct. 23:** LDP Secretary General Ichiro Ozawa, Kissinger’s ally, is in a public brawl over his demand to head Kanemaru wing of LDP; Miyazawa government is paralyzed. Keizo Obuchi, ally of Ryutaro Hashimoto and intimate of imperial family, is named instead. Ozawa threatens to break up the LDP.

**Oct. 24:** Shin Kanemaru is indicted.

**Oct. 26:** “Japan is not a democracy,” charges Chalmers Johnson, dean of “Japan bashers”; the LDP must be destroyed for making Japan an “autocratic corporatist state run by gangsters.” He praises Ozawa’s plan to break up not only the LDP, but the powerful ministries, too.

**Nov. 23:** Ozawa precipitates the breakup of the LDP by knifing his mentor and in-law Shin Kanemaru in the back, Tokyo sources report. Ozawa conned the elderly Kanemaru into making his public confession, to try to take over the LDP’s Takeshita faction for himself.

**Dec. 10:** Kissinger visits Tokyo, meets Ozawa. Ozawa met with Kissinger frequently in the 1980s, and was “much too close” to Bush’s Tokyo ambassador, Michael Armacost; he was “basically a U.S. stooge,” one Tokyo source says.

**Dec. 18:** Ichiro Ozawa and Finance Minister Tsutomu

Hata resign from LDP's Takeshita faction, splitting it.

**Dec. 25:** Prime Minister Miyazawa releases a report calling for regional security agreement with ASEAN before Jan. 11 visit to Thailand, Malaysia, Indonesia.

**Dec. 29:** "Ozawa and Hata are very close to the American establishment," a Tokyo source says. "They are trying to make a reform of the Japanese political system which will make their friends in Washington such as Kissinger happy. Ozawa knows Kissinger well. Ozawa wants to break up the LDP. He agrees with Chalmers Johnson.

"Hata is also a very influential member of the Aspen Institute, very close to the American establishment. If you trace the movement of the Ozawa-Hata group you will find it is strongly supported by the Bush establishment.

"This is all very dangerous for Japan. . . . This could be like Watergate, a way for the Anglo-American establishment to try to force their ideas of change on Japan. You should remember the Tanaka case [Lockheed scandal]; the Takeshita case [Recruit scandal] is the same. Now the Sagawa scandal is like Watergate."

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## 1993, fall of the LDP

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**March 6:** Shin Kanemaru is arrested.

**March 10:** U.S.-South Korean war games provoke North Korea to announce intent to withdraw from Nuclear Non-Proliferation Treaty when U.S. side refuses to negotiate diplomatic recognition and economic cooperation. This is North Korea's right under the NPT.

**March 30:** Twenty Japanese construction firms have been raided on charges that they bribed Kanemaru. U.S. Special Trade Representative Mickey Kantor demands that Japan's \$100 billion construction bids be opened up to foreign companies.

**April 21:** Outgoing Bush U.S. commander in Korea Gen. Robert RisCassi says, "North Korea could explode."

**May 12:** Bush networks in U.S. State Department force through U.N. resolution condemning North Korea.

**June 4:** Ozawa quits LDP, forms new Japan Renewal Party with frontman Finance Minister Tsutomu Hata. "I am the actor and Ozawa is the scriptwriter," Hata says.

**June 18:** Ozawa leads and wins no-confidence vote against Miyazawa government; general elections are called.

**July 9:** U.S. Treasury Secretary Lloyd Bentsen in Tokyo demands that Japan open up to foreign derivative speculation, charging that Japan is "trying to exclude foreign firms."

**July 14:** President Clinton calms Korea crisis by agreeing to negotiate North Korea's proposal for reconstruction of its nuclear industry.

**July 18:** General election. Prime Minister Miyazawa and LDP lose majority for first time in 38 years. Only 4 seats are lost by LDP in election; the other 47 seats are lost by Ozawa, who induces 47 other MPs to quit the LDP.

**July 30:** Morihiro Hosokawa is named prime minister as puppet of Ozawa's anti-LDP coalition of new mini-parties and Socialists. LDP is out of power for the first time since World War II. Hosokawa is a blueblood; his grandfather, Prince Konoe, was prime minister 1937-39 and 1940-41, invaded China, and concluded Tokyo's pact with Nazi Germany.

**Nov. 3:** Kajima scandal. Kajima Corp. Chairman Rokuro Ishikawa, a top industrialist, is charged in payoffs of regional governors in construction kickbacks. Twenty executives of major construction firms are implicated.

Ozawa acknowledges payments from Kajima Corp, but denies wrongdoing, calls it a normal political donation.

**Nov. 11:** Daishowa Paper head Ryohei Saito, in-law of former Prime Minister Yasuhiro Nakasone, is arrested in Kajima construction scandal.

**Nov. 16:** MITI "Agenda 21" report to U.N. calls for saving environment by export of nuclear power plants to less-developed countries and development of nuclear fusion power.

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## 1994, Korea crisis

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**Jan. 30:** "Japan to Go Nuclear in Asian Arms Race" headlines London *Sunday Times*, leaking classified British Defense Ministry report charging that Japan is rearming. "The Japanese could have acquired all the expertise for imploding a weapon," one British Defense Ministry expert is quoted. A subsequent AP wire quotes the British report saying that "Japan has the expertise to go nuclear very quickly."

**Feb. 1:** British intelligence may have leaked the report on Japan's nuclear program to the *Sunday Times* in order to start up an anti-nuclear movement to try to kill Japan's nuclear power program, a Green lobby nuclear expert told EIRNS. "That was the charge of the Greens in the 1980s: that Germany had a nuclear weapons program, and they saw the strongest evidence in the German insistence on pursuing breeder reactors and plutonium in light water reactors, with no need for it," he said.

**March 21:** British Defense Ministry adviser Paul Beaver, editor of *Jane's*, says the Korean crisis is "serious, no longer soap opera" and partly needed to make Japan and China "stay in the box" of the U.N.-IMF system.

"Remember 1961, sitting on the edge of your chair, waiting for war? Every ship approaching North Korea will have to be stopped, we'll be on the brink," Beaver said. "Washington might also be interested in a little blockade here and there, to put the Japanese in a box. The Japanese now say that if North Korea is going to have missiles, we're going to go nuclear, too. It's for real, what the British Defense Ministry told the *Sunday Times*."

**March 22:** Japan tells Asian finance ministers meeting that Asia must resist U.S. calls for financial deregulation, so

as not to “disrupt economic growth. . . . Japan’s postwar economic growth was made possible due to regulations and protective measures, such as interest rate controls and concentrated investment.”

**March:** Ichiro Ozawa, in his new bestseller *Blueprint for Building a New Japan*, cites Venice as his model. He calls for breaking down what he calls the “golden triangle” of the Japanese political system—politicians, bureaucrats, and business leaders.

**April 8:** Prime Minister Hosokawa is forced out after a scandal over his old loans from Sagawa Kyubin.

**April 21:** Foreign Minister Tsutomu Hata, Ozawa’s puppet, becomes prime minister. Ozawa announces that Japan will raise taxes, join U.N. military activities, and support any U.N. sanctions against North Korea.

**April 24:** *New York Times* reports that Ozawa is in a campaign to change Japan’s Constitution to join any offensive U.S. naval blockade against North Korea. Hata, at urging of Ozawa, phones Clinton to say Japan will support sanctions.

Ozawa wanted to push Japan into “the Brent Scowcroft doctrine” in the Korea crisis, Tokyo intelligence sources tell *EIR*. Under this, the U.S. would bomb “whoever does not submit” to the U.N.’s NPT in Asia, and Japan would join with U.N. troops to help police the area. Ozawa was “continually receiving privileged information on North Korea” from George Bush’s National Security Adviser Brent Scowcroft, Director of Central Intelligence Robert Gates, and “their friends in the Pentagon—Ozawa always had it first,” the source said.

**May 23:** LDP Former Defense Minister Taku Yamasaki attacks unlimited extension of NPT. “Why should a has-been economy like Britain be allowed to produce nuclear weapons, and not Japan? Let Britain cut back,” one Japanese diplomat tells *EIR*.

**June 17:** Jimmy Carter concludes agreement to rebuild North Korean nuclear industry, with Kim Il-sung in Pyongyang.

**June 18:** LDP parliamentarian Hirokimi Oki recommends that Japan not agree to extend the NPT when it expires in 1995. The NPT is “a treaty of inequality which perpetuates the existing nuclear club,” he said.

**June 25:** Prime Minister Tsutomu Hata is forced out when Socialist Party leaves Ozawa coalition over refusal to back Ozawa’s sanctions against North Korea.

**June 29:** Socialist Party Chairman Tomiichi Murayama is elected prime minister in “odd couple” coalition with LDP. LDP Secretary General Yohei Kono is foreign minister, former Finance Minister Ryutaru Hashimoto is MITI minister.

British bankers complain that Murayama ditched Ozawa’s bank regulation plans. “Deregulation is something for a future government to handle,” says a Barclays official.

Murayama and Vice Prime Minister and Foreign Minis-

ter Yohei Kono, chief of the LDP, say the new government is against sanctions against North Korea. “We will aim to resolve the dispute over North Korea through peaceful dialogue, and try to avoid sanctions,” Kono states.

**June 30:** London *Financial Times* denounces LDP chief Kono and LDP Finance Minister Masayoshi Takemura, who has met Kim Il-sung and also come out against sanctions or military actions against Pyongyang, as “pacifists.”

**July 2:** The Murayama government has “put off” Ozawa’s financial deregulation plans, a Tokyo Finance Ministry source tells *EIR*.

**July 6:** The new Socialist-LDP government is “a sea change,” a Tokyo source tells *EIR*. “This is not a Socialist government, but a conservative government with a Socialist prime minister. President Clinton will find Murayama very useful in dealing with North Korea.”

**July 6:** Prime Minister Murayama says he hoped to talk about the economies of the less-developed countries, global unemployment, and the Korea crisis at Naples summit.

**July 28:** Ozawa, in a speech at the Washington National Press Club, takes full credit for the 1980s deregulation of Japan, and calls for overthrow of Japan’s political system.

**July 29:** U.S. Special Trade Representative Mickey Kantor threatens Japan with trade sanctions.

**Oct. 21:** U.S.-North Korea Geneva accord.

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## 1995, terror explodes

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**March 20:** Sarin nerve gas released on Tokyo subways targets Kasumigaseki headquarters of major ministries.

**March 21:** Kissinger in Bombay says that India, China, and Japan must fight each other, “similar to the competing nations of Europe in the last century.”

**March 27:** Prime Minister Murayama announces trip to China to urge Beijing to join Clinton’s Korean nuclear pact.

**March 28:** Michio Watanabe of LDP’s Nakasone wing leads delegation to Pyongyang to normalize relations. “The Japanese are being very helpful,” says Clinton aide.

**March 30:** Takaji Kunimatsu, director of Japan’s National Police Agency, in charge of Tokyo subway gassing investigation, is shot and seriously wounded by professional hitman. Death threats are telephoned to Japan intelligence chief Yoshio Omori and to Kunimatsu’s deputy.

**March 30:** Diet ratifies U.N.’s Chemical Weapons Convention which, under cover of banning weapons, is meant to eliminate production of vital agricultural chemicals.

**April 1:** Death threat to Prime Minister Murayama.

**April 19:** Over 500 are injured in Yokohama Station by phosgene poison gas spread through the ventilation system.

**April 21:** Some 25 are injured by noxious gas spread through a Yokohama department store complex.

**April 24:** Hideo Murai, director of Aum group’s science section, is stabbed to death on national television.