

Lower Saxony Minister-President when he announced there would be "no relief" to agricultural debt.

Federal Economics Minister Hans Friderichs has been put under immense pressure during his campaign tour. In Düsseldorf, he simply told the ELP that "I will not show you my cards before Sept. 15," the day of the Paris North-South talks. But the next day in Bremen, he exploded into a screeching attack against the "opportunistic Japanese," and then solemnly warned the audience: "Ladies and Gentlemen, imagine what would happen after a debt moratorium. Do you think that any German bank would give credits following this? They would not."

A member of a "future-oriented faction" in the CDU immediately asked Friderichs about prospects for economic growth in the Bremen industrial-shipbuilding region. Friderichs refused to answer.

Privately, however, Friderichs is already preparing for the inevitable. In a letter to Atlanticist industrialist Otto Wolf von Amerongen, parts of which have been published, Friderichs warns of a "disaster" if trade with the Comecon sector were reduced to a "barter level," and, in phrases lifted from the

Labor Party, blames the bloated Eurodollar market for West Germany's problems.

In Stuttgart, SPD state chairman and zero-growth advocate Erhard Eppler decided to throw politics to the winds and merely clown around. As he was wandering out of the hall, he found two district leaders gratefully shaking hands with ELP spokesmen. Eppler joined in the handshaking.

Finance Minister Hans Apel, in the meantime, is rapidly being shocked out of his professed deep belief in Divine Providence (of the Rockefeller family). State leaders spent the duration of Apel's speech reading ELP literature in full view of the audience of 300. After Apel finished, he fled to his car, burying his face in his hands and muttering "CIA" to an ELP challenger. He had to be reminded of the fate of Bremen SPD official Ernst Waltemathe, who is now threatened with a \$250,000 fine or six months in jail if he ever repeats such concocted slanders.

One of the SPD officials present at the meeting later moaned, "Now we'll hear this new world economic order for the next five weeks — that will be the campaign."

Special Report-Japan

Japan's Power Struggle Will Determine Role In New Economic Order

Sept. 1 (NSIPS) — At this moment, a fierce struggle is being waged between Japanese Prime Minister Takeo Miki and his opponents in the conservative Liberal Democratic Party, led by Deputy Prime Minister Takeo Fukuda, who are trying to depose him from office. Every hour new rumors fly across Tokyo of moves and countermoves by Miki and his factional enemies, in a deadly game of Japanese poker. But behind the byzantine plots being cooked up in the Geisha houses of Tokyo, more powerful forces are on the move — forces prepared to establish Japan's independence from the dollar empire and its participation in the emerging new international economic order.

With the Third World now prepared to carry out debt moratoria and force the implementation of the new world monetary system following the Colombo summit of the Non-Aligned nations, these forces are giving clear signals of their intention to back the developing countries. Their problem remains the government itself and the necessity of quickly resolving the chaos in the LDP and establishing a regime capable of implementing economic development policies. In this context, the outcome of the struggle between pro-development Miki and Fukuda, a proponent of zero-growth austerity and an ally of the dollar interests, will determine in great part whether Japan joins Italy and France to be the first advanced capitalist nations to join the new international economic order.

The "Resources Faction"

At the core of these pro-growth forces in Japan is a group of powerful leaders of Japan's big business elite, the zaikai, who are known in certain circles as the "resources faction." This group has been pursuing a policy of "economic diplomacy" aimed at expanding Japan's trade with the developing countries — mainly in Asia, the Middle East and Latin America — and the Soviet Union and the socialist countries which will free Japan from its dependence on the United States and on the raw materials controlled by the New York banks and multinational corporations. Japan's economic growth as a high-technology, capital-intensive industrial power, crucially depends on

securing both the sources of raw materials — of which Japan has none to speak of — and the markets for Japanese capital goods in an expanding world economy.

These needs have forced the "resources faction" to forge a pragmatic strategy of cooperations with the developing countries based on Japanese economic participation in development programs. While the New York banks and the International Monetary Fund have used every opportunity to force austerity policies on the developing countries to guarantee the repayment of foreign debt, the Japanese industrialists have continued to extend credit for capital investment in industrial projects and agricultural production. In countries like Indonesia and Brazil, where there are already large-scale Japanese investments, they have countered the austerity moves of Wall Street by continuing Japanese participation in projects for aluminum production, steel production, and the development of oil and natural gas — projects that would otherwise be scrapped. In Brazil, where the New York banks led by Citibank, have instituted a credit embargo to force austerity measures and the collection of debt, the Japanese government and business have moved to aid forces based in Brazil's public sector to keep projects going. Following up the July trip of Japan's Minister of International Trade and Industry, Komoto (a close Miki ally and "resources faction" member), Brazilian President Geisel will go to Japan on Sept. 15 to discuss economic cooperation.

Komoto's visit to Brazil was aimed especially at strengthening joint cooperation between the Brazilian state-controlled steel industry and major Japanese Steel giants like Nippon Steel and Kawasaki. While in Brazil, Komoto worked out an agreement for Nippon Steel to participate in the development of a huge iron ore project in northern Brazil. Until now, Japanese participation in the project had been blocked by Brazil's other main partner in the deal — U.S. Steel.

In other cases like Vietnam, following the end of the war, the Japanese have moved in with economic aid and investment which, in the coming period, will amount to 20 per cent of

Vietnam's reconstruction needs. This month a major Japanese business delegation from Keidanren — Japan's big business federation — including representatives from three of Japan's major banks, Mitsui, Sanwa, and Bank of Tokyo will visit Vietnam to work out plans for expanded mutual economic cooperation. Japanese ships now pick up high grade anthracite coal from Vietnamese mines at Haiphong harbor, accounting for more than one-half of Japan's imports from Vietnam. In return, the Japanese are supplying Vietnam with the trucks, bulldozers and chemical fertilizers, as well as the technical advisors needed to develop Vietnam into a highly productive, capital-intensive food exporter in the future.

Japan's "resources faction", acutely aware that Japan's current overwhelming dependence on American food imports subjects Japan to a potential "food embargo" as well as an "oil embargo" at any time has made the development of joint Japanese-Third World capital intensive agricultural development a central feature of Japan's "economic diplomacy." The imposition during the Nixon Administration of a "soybean embargo" against Japan only served to strengthen Japanese business's commitment to capital intensive agricultural policies.

Japan also continues to strengthen its economic relations with the USSR. Last month, following the Keidanren visit to the Soviet Union, a delegation from the Osaka Chamber of Commerce led by the head of a major Japanese trading company, C. Itoh, visited the Soviet Union to discuss joint economic cooperation. Centered in a major belt of heavy industry, Osaka is the "Chicago" of Japan and industrialists from that region have for many years been the leading proponents of vastly expanded trade with both China and the Soviet Union.

Who is the "resources faction?" While there is no list of names to be found, the grouping is known to be based in the large conglomerates — the zaibatsu — which are mainly engaged in heavy industrial production and international trade. At the center of this group are companies like Nippon Steel, the largest steel producer in the world, the Industrial Bank of Japan, a bank tied to these industrial firms, and giant trading companies like C. Itoh, Marubeni, and Mitsui and Co. These trading companies are a peculiar Japanese entity which vertically organizes the import-export activities of Japanese industry; the top ten of these trading companies control over 50 per cent of Japan's foreign trade. The heads of these firms, men like Nagano and Inayama of Nippon Steel, are major figures in themselves, leading the business delegations who have been conducting Japan's "economic diplomacy."

Nippon Steel itself is exemplary of the close interrelationship of the "state" and "private" sector in formulating policy for the country as a whole. The world's largest steel corporation, Nippon was established in the late 1960's through the merger of two major corporations, Yawata and Fuji Iron and Steel, at the behest of the huge Ministry of International Trade and Industry, currently headed by Miki-ally Komoto. The current president of Nippon Steel, Tomisaburo Hirai, spent most of life as a government bureaucrat and entered Nippon Steel in the 1950s after serving as a high official at MITI. This MITI-heavy industry axis has been the nemesis of zero growth advocate Fukuda and his allies at the heavily U.S. bank infiltrated Ministry of Finance. Not surprisingly, current MITI head Toshio Komoto is also a leading advocate of the development of fusion power in Japan. This same high technology-oriented alliance of "government business" in Japan has also led the search for new energy sources outside the Rockefellers' control such as fission and fusion power. Last month's talks between Japanese businessmen and the Soviet Union revolve around joint cooperation in fission and fusion development. Japan is already

involved in negotiations to help the Soviet Union build major new atomic facilities.

The Survival Of Miki

The Miki government has been the vehicle of the pro-development forces in carrying out their "resources diplomacy" since the government of Prime Minister Kakuei Tanaka — now indicted in the Lockheed scandal — was forced out of office by a Fukuda-backed Watergate operation in November, 1974. The Lockheed scandal has been merely the cover for a massive destabilization effort against the resources faction by the New York banks and their Japanese allies. Fukuda's current effort to overthrow Miki is the culmination of this drive, which included the destruction of Tanaka, his major rival in the party and the leader of the LDP's largest faction. Fukuda has cynically attempted to portray the chaos in the LDP and the government resulting from the Lockheed scandal as Miki's responsibility, and has offered himself as the man who can restore order to the situation.

There is no question that if Miki survives the present crisis, Japan will be in the forefront of the developed countries joining in the new international economic order. The resources faction is not tied so much to Miki personally as to the implementation of their policies which depend on the restoration of the LDP government's ability to rule. The LDP is the party of the zaibatsu and, in the semi-feudal system of Japanese political influence, it is impossible for the zaikai to even contemplate a government that is not LDP. Their concern in the present struggle within the LDP is therefore mixed with the fear that the LDP itself will split and throw the government into complete turmoil including the possibility of a coalition government, a shattering prospect in a country where the LDP has ruled almost continuously since the end of the Second World War.

The zaikai's growing sense of its key political role in the new world economic order has made Rockefeller-agent Fukuda increasingly desperate. On Sept. 3 Fukuda along with his crony the current Minister of Finance, Masayoshi Ohira, announced that as long as Miki was still premier they would oppose any calling of a special session of Japan's Parliament (or Diet) which big business has been demanding as the only way to pass public works legislation. By so doing, both Fukuda and Ohira went on record as being publicly opposed to an LDP-business compromise plan to get the Diet started which both Ohira and Fukuda a few days earlier had said they both supported. Fukuda realizes his only chance of ever getting into office is now, before the major political shifts occurring in Japanese business circles make his policies totally impossible.

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