

## Editorial

### *AEI Misses The Point About Japan*

An American Enterprise Institute (AEI) January 2002 report, titled “Japan and Depression,” authored by AEI’s “Resident Scholar” John Makin, describes Japan’s economy fairly, as an “economy in depression,” but shows no comprehension of the fact that Japan’s post-October 1998 role as pumper of hyperinflationary monetary-financial aggregate into an already self-doomed IMF system, has been a keystone on which the short-term political strength of the U.S. monetary-financial system has depended. This “economic kamikaze” role, forced upon Japan by the United States and others, has, inevitably, pushed Japan’s economic-monetary-financial system beyond the breaking-point. It is also to be emphasized, that the wrong turn in the U.S. and Japanese reaction to the misnamed “Asia crisis” of 1997, set the stage for the hyperinflationary follies which the G-7 unleashed, following the LTCM hedge-fund blow-out, in October 1998.

Makin fairly describes Japan, in effect, as hopelessly flooded by a virtual Weimar-1923-style global monetary-financial hyperinflation; but he seems to have no comprehension of the fact that the flood itself is the result of the collapse of the big dam upstream: the also-depression-wracked U.S. economy. Thus, in effect, AEI’s Makin makes himself a silly hypocrite, when he demands that Japan find a specifically national remedy for the crisis dumped upon servant Japan by its master upstream. Of course, such hypocrisy is only to be expected from those expressing the eccentric ideology of AEI.

Therefore, when anyone from the United States writes about the problems of Japan today, they ought to have the decency to admit that it was the dominant financier interests behind the hegemonic governments of the G-7, which created the self-feeding combination of spirals of monetary-financial hyperinflation and economic deflation, which is the root of Japan’s present existential crisis. Japan is ruined today, because it has done too long what the United States ordered it to do.

Indeed, it has long been my image of recent trends in the situation in Japan, that the U.S.A. and Japan are

like two late-night Tokyo drunks, stumbling home from a business celebration, who must lean upon the stupors of one another, to keep from toppling into the gutter. Sooner or later, the process of intoxication reaches the stage, at which leaning on one another ensures, that, now, instead of supporting one another, they are simply each pushing one another into the gutter. That image portrays the reality of the U.S.-Japan relationship which Makin avoids.

In formal terms, Makin’s folly is this: There is no more conclusive evidence of incompetence among would-be economists, accountants, politicians, and other relevant cases, than the assumption that the collapse of Japan’s economy is comparable to, but otherwise distinct from that of the U.S. economy. The systemic character of the delusion such a state of mind bespeaks, is fairly compared to a “flat earth” delusion, in which things simply happen, as if on an infinitely extended plane, and that these regions of the plane may interact, but are otherwise distinct from one another. In science in general, and competent economic and related matters, the most significant feature of a process is the common physical geometry of the universal process in which the outcome of the interactions is determined.

In this case, what is disintegrating is the present international monetary-financial system. The fact that that system is globalized, and that virtually all of the world’s internal economies, as well as the relations among them, are regulated by that monetary-financial system, means that the collapse of Japan—as Makin fairly describes some key facts of the matter—signifies the collapse of the supporting role of the yen, which means a collapse of the dollar whose defense depends on the contribution of the wall of money flowing from Japan into the United States-dollar domain. The problem is, that as long as the present policies of the IMF and its G-7 proprietor are continued, there is no hope for any part of the world. Either eliminate the relevant follies of current G-7/IMF policy, or prepare to enjoy nothing but the worst for all of us.

—Lyndon H. LaRouche, Jr., Jan. 8, 2001