

# Japan's Outlook Concerning Eurasian Cooperation

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I'd like to divide my presentation into four parts. The first one is very short, about myself, why I'm here. The second part is about the Japanese economy, with specific focus upon three points which were actually asked by Helga. And the third part is my observa-



tion about the world economy, from my own personal perspective. In the fourth part—just inspired by Mr. LaRouche's point—I would like to explain a very, very important new invention which my company created very recently which would completely change this world.

First, about myself. I worked in the Ministry of Finance of Japan for 35 years, and fortunately, or unfortunately, I was in charge of the settlement of the financial crisis in the late 1990s in Japan. I lost some friends of mine and my staff, as well as my friends, Japa-

nese bankers who were arrested and put in jail or committed suicide. But I survived.

At that time I had to liquidate major Japanese investment banks, two companies—Yamaichi Securities and another—and also I had to partially nationalize two major banks in Japan. In 2007 I went to the IMF, and I was involved in the liquidation of Lehman Brothers in 2008. Just last week, I had a chance to meet my former colleague, Mr. Dominique Strauss-Kahn, in St. Petersburg at the Economic Forum. That's my background.

### **Prospects for Russo-Japanese Rapprochement**

My second part is about the Japanese economy, and my first focus is upon the relationship between Japan and Russia. Last month on May 2, I celebrated my birthday; it was a joint birthday party with my friend who is a very famous Russian conductor, Valery Gergiev, because his birthday is May 2nd, and mine is May 3rd. So for the last seven years, we have celebrated our birthdays together somewhere in the world. [applause] And he told me that he would perform on the next day in Kazan, and in Yekaterinburg on May 4th. But he didn't say anything further. On May 5th, I was sitting in a lounge in the Moscow Airport and suddenly I saw his face, performing in Syria at Aleppo! That was a big surprise, but that was a fantastic performance.

Also at that birthday party of about 40 people, I had my friend, my very good friend who is the best speaker of the Russian language—he is our ambassador in Moscow. Early in the morning of the next day, he flew to Sochi to support our Prime Minister Mr. Abe in his meeting with Mr. Putin. That meeting took place on May 6th. On May 7th I received an email from my friend. He said three things: Oh, I cannot tell you anything specific. Number 2, Meeting went very well. Number 3, Prime Minister went back to Japan with full satisfaction. [laughter] So, that was a very simple message.

But thanks to that message,—As you know, in 2018 in Russia, they have their Presidential election, and also in China they have this kind of election next year; usually one year before that kind of election, nothing moves because people are more concerned about where they're going to work on something.

So we had thought it was not likely that we would have a final agreement with Russia next year. But this

meeting on May 6 changed everything. Now, we expect that our Prime Minister, Mr. Abe, is likely to accept the invitation of Mr. Putin, and will attend the economic forum in Vladivostok on Sept. 2-3, and I am quite hopeful that within this year, Mr. Putin will come to Japan. [applause] And if that will happen, it is highly likely that we would come to the final agreement with Russia sometime next year. Now, I think I'm very optimistic about it. So that part is now going very well.

### **More Nuclear Power for Japan**

Japan's plans for nuclear power are an important point. As you know, we shut down all nuclear power plants after the incident at Fukushima in 2011. Last year, finally, we reactivated two of them. And then followed by one. But two weeks ago, our Ministry of Economy made public the report which provides the prospect for the future energy combination in Japan; the target year is 2030, and in that report, we expect that we will build 24 new nuclear power plants in Japan. [applause]

### **Japan's Tsunami of Chinese Tourists**

My third point is that the Japanese economy is actually now in a kind of bubble that is not shown in figures. Instead, I'd like to just tell you about the incredible incidents now in Tokyo. We relaxed some visa requirements for people from Southeast Asia. Of course, we didn't relax visa requirements for the Chinese, because we are afraid that if we did that, several hundred million Chinese might come to Tokyo.

But last year, we received 5 million Chinese tourists. That was a 100% increase over two years ago. And the average purchase volume of each Chinese tourist is now something about \$3,000. So now we have a shortfall of hotels. After the big earthquake and tsunami in 2011, hotels in Tokyo had vacancy rates of about 90%—miserable. But these days everything is full. Especially starting last year, Chinese people started to come to Japan—at the end of March and early April—just to enjoy the cherry blossoms in Tokyo! So now, all those parks that are very famous for their cherry blossoms in Tokyo, are completely occupied by Chinese tourists.

Because of the shortfall in hotels, starting last year—also in local cities, where the size of the population is something like Frankfurt am Main, and another something like Wiesbaden—they started to receive

huge numbers of Chinese tourists. So they set up a fleet from Shanghai to those cities; last year a ship with 2,000 Chinese tourists came in, followed by another ship with 3,000. And this year, in a very small city, something like Wiesbaden, they received a *very* big ship with a capacity of 8,000 tourists!

As you can imagine, you need to have at least one bus for 100 tourists. In the first case, we had 20 buses and 30 buses; this year they had to arrange for 80 buses for those people. And they stayed on the ship! So thanks to those foreign tourists, our economy is now very good. [laughter]

### Infrastructure, not Investment Bankers, OK?

Mr. LaRouche talked about infrastructure, and I am very thankful for his comment, because as Deputy Budget Examiner in the Ministry of Finance, I was in charge of the budget of Japanese economic assistance to China. In 1989, we agreed upon economic assistance to China of more than \$10 billion each year for six years. So those loans were made to build, for example, an airport in Beijing, an airport in Shanghai, an airport in Guangzhou, and seven ports and seven railroads, and seven fertilizer factories, seven dams, and seven power plants. And also the phone network in Shanghai, as well as the phone network in Beijing, and the subway system in Beijing, were built with these loans, which were carried on 0.5% interest.

Thanks to that infrastructure, Japanese companies started to make investments in China, and now we are actually getting the fruits in the form of huge numbers of Chinese tourists.

So I'm very sure that if we just make investments in the right way, we can actually redouble the volume of demand which is completely missing in this world. And I completely agree with Mr. Zanni's opinion, because we don't care about investment bankers. They do care only about rich people, OK? And they are interested in only gambling, and we don't need them. But we *do* need commercial banks, because they are the settlement bankers and they take care of deposits. [applause] To stop investment bankers gambling, as he said, it is very important to look at the asset side. Even if we would allow bankers to keep a huge amount of money under the name of equity, it does not stop gamblers from gambling.

So we have to separate these two, and we have to take all banks back to our own life. And he just men-

tioned—of course, this a little bit difficult to understand—but there is a concept of “notional amount” for derivatives. When they gamble, they need some kind of base figure, which is not real. But it is said that the notional amount of derivatives held by Deutsche Bank is €300 *trillion*! That is five times larger than the GNP of Germany! So you'll be really frightened. But don't worry: There's a way to settle it. Those investment bankers, they just gamble against each other; maybe the counterpart might be Goldman Sachs or Morgan Stanley. So, they should just net out everything. Then suddenly, the amount would become almost zero; so here again, we don't have to worry about it. And we should focus more upon manufacturing.

And so now's the time to disclose our invention: It is a small cooking machine the size of an electric range. [Kotegawa explains in detail that the machine cooks without allowing the food any access to oxygen. The food is therefore not oxidized, which is very good for health, and keeps the food very tasty.]

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—Lyndon LaRouche, Feb. 11, 2013

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