

While in Tokyo Kissinger will push for Japan to drop its policy of promoting technology transfer deals with the Third World, especially Mexico, and instead adopt a policy of military rearmament. Kissinger, according to Japanese business sources in New York, will also push for Japan to stop making direct deals with Iran's National Oil Company.

The strategy inside Japan

Ironically, the country where the success of Kissinger's tactics are most apparent is Japan itself. Led by Prime Minister Masayoshi Ohira, who is personally weak when it comes to dealing with, especially, American pressure, the dominant mood in Tokyo is thus far to maintain a "good on economics, weak on politics" profile.

Last week, in a speech to Japan's Defense Agency, Ohira called for a

major buildup of Japan's military forces — an implicit threat against the Soviet Union. An increase in Japanese military spending, linked to a growing "NATOization" of Japan, has long been one of Kissinger's own recommendations as a way to increase industrial production in Japan while reducing the nation's exports.

At the same time, key sections of Japan's press have shifted their outlook on the European Monetary System, and are now denouncing the EMS as another example of European "protectionism." In a March 21 editorial headlined "EMS Cause For Alarm," the major daily *Yomiuri Daily News* attacked France's President Giscard d'Estaing for wanting to hold a development conference involving the EEC and the nations of Africa and the Middle East. "It is apparent that the EEC is bent on forming a large trading bloc with itself as the

nucleus," *Yomiuri* stated. "Under the circumstances, it might be wise for Japan to consider forming an economic bloc of its own." This, of course, is a remarkable statement coming from the leading liberal daily in Japan.

The recent protectionist assault on Japan, and Tokyo's all-too-predictable defensive reaction, has already put the Tokyo Summit on the road to failure. Whether Kissinger and the Carter Administration succeed in derailing the Tokyo meeting from the track of planning for world development, depends largely on how much longer business circles in the United States, Europe and Japan tolerate the line that Japanese exports are "the root of all evil."

— Kevin Coogan

don *Economist*, has for some time been divesting some of its oil holdings and picking up coal holdings, primarily in Latin America.

•In a discussion April 2 with *Executive Intelligence Review*, an oil company senior vice-president explained that his company is glad to get out of the nuclear business, and predicted that gasoline would rise to \$1.50 a gallon by summer. "You Americans," he said, "just want your cars to get you to church on Sundays, and you are going to have to learn to do without." This oil major has acquired large coal holdings in the last several years.

•Continental Oil, one of the nation's major coal producers through its subsidiary, Consolidated Coal, was one of the first public backers of the presidential candidacy of NATO General Alexander Haig, whose energy program is Schlesinger's.

—Leif Johnson

GOLD

Bullion price still rock-hard

Despite the rush into dollars last week, the gold price has failed to react and has continued to oscillate around the \$240 per ounce level. What happened?

Investors have pulled funds out the former "hard" currencies, the West German mark, Swiss franc, and Japanese yen, out of fear that these economies will be hurt relatively more severely by energy and raw materials price hikes than will the U.S. in order to take advantage of the higher interest rates on dollar-denominated securities.

At the same time, investors have maintained their positions in gold to "hedge" against continued double-digit inflation in the dollar sector, which could be exacerbated if President Carter's plan to deregulate domestic oil price wins acceptance from Congress. Gold's rock-hard stability reflects as well widespread recognition of the war danger, especially in the Middle East, where the barest hint of a conflict prompts large-scale hoarding of the metal.

—Alice Roth