

# Land of the rising yen

**W**hat do you call the world's leading dispenser of foreign aid? It used to be "sir" when Uncle Sam did most of the handing out. Now, however, recipients will have to bow low and say, "*domo arigato, Takeshita-san*" because Japan has surpassed the U.S. to become the largest donor of international aid.

More important, Japan's ever-widening aid program has become a key component of western security. Delegates to this weekend's Toronto economic summit will certainly be aware of this fact and treat Japan's visiting yen lords with deep reverence and respect.

Japanese aid has helped produce economic booms and political stability in Taiwan, Thailand and Malaysia. Tokyo gives more aid to China than any other nation. Much of China's recent surge in agricultural and economic power has been fuelled by Japanese assistance. Free-flowing yen from Tokyo also has the vital role of keeping the heads of economically distressed Burma, Bangladesh and the strategic Philippines above water.

Tokyo is not happy about Filipino threats to oust U.S. bases; continued Japanese aid to Manila may depend on keeping the U.S. installations.

Now, after years of cautious hesitation, Japanese aid is flowing to key western allies like Egypt, Pakistan and Turkey. Tokyo also maintains a close but highly discreet rapport with Iran. Look to Japan to re-establish western influence in a post-Khomeini Iran.

All this Japanese aid activity is particularly significant because it comes at a time when budget cutbacks are reducing U.S. foreign aid. And when more than 50% of U.S. economic and military aid is being poured into those bottomless Mideast wells, Egypt and Israel. Thanks to the Camp David accords, the U.S. is stuck paying the Egyptians and Israelis some \$8.2 billion annually not to fight one another — and they are clamoring for more.

This leaves precious little for other key U.S. allies such as the Philippines, Pakistan or long-

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neglected Turkey.

Hard cash, rather more than ideology, is the cement binding together the western alliance. When Washington runs short, as is now happening, many U.S. aid recipients start quivering and their Third World eyes begin to bat languidly at the Soviets. The Soviets are always low on cash but they can sometimes jiggle enough hard currency out of their piggybank to finance a dalliance with one of Washington's two-timing former clients.

And cash keeps friendly leaders and parties in power. Imagine Jordan's King Hussein, Morocco's King Hassan or Italy's Christian Democrats without their stipends from Washington.

Enter the smiling gentlemen from Tokyo with the big yen — just in the nick of time to save cash-strapped Washington from telling its clients that the cupboard was bare. Much of the yen dispensed by Tokyo naturally goes back to the island kingdom to buy Sonys and Toyotas. But a good portion still holds together the capitalist world's weak links.

Japan bashers, who complain about Tokyo's closed domestic market and inadequate defence spending, often fail to see Japan's extremely important role in financing the West's security system.

At the same time, Japan is trying ever so politely but ever so firmly to keep a grip on the world financial and monetary order which is gravely threatened by the reckless spend-and-be-damned profligacy of the U.S. Congress. Without Japan's steadying hand, our financial system and some of our wobbly allies might have collapsed.

Japan clearly has a vital interest in maintaining the existing order. Like imperial Britain, more than half of its income now comes from foreign investments. But Japan also bears a disturbing resemblance to ancient Carthage, that great, rich merchant city state that had to rely on foreign mercenaries for defence — to its final ruin.

At least the Japanese have a sensible foreign aid policy. The Japanese delegation may well take time during the Toronto meeting to ask the North Americans why so much of their money goes to places that contribute little to western security or world political stability. Like those pet Canadian charities, Zimbabwe, Zambia or Mozambique.

The answer, of course, is that domestic politics have overtaken rational foreign policy in Canada and the U.S.

For example, if Michael Dukakis becomes the next U.S. president, Greece might become a second Israel, swaddled deep in the largesse of the U.S. treasury. The practical Japanese take a dim view of such eccentricities. Perhaps this Toronto weekend they may even manage to impart some wisdom to their honorable western allies.