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# China's and South Korea's Criticism against Japan's Monetary Policy Wide of the Mark

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China and South Korea are waging a negative campaign against Japan's monetary policy to the western media claiming that Japan is intentionally letting the yen fall in value on foreign exchange markets. Fairly high-ranking government officials including South Korea's financial minister are repeatedly making utterly groundless criticism based on mistaken ideas and misinterpretation of facts. Today's Chinese and South Korean governments are taking such Hitlerite approach that if you tell a lie big enough and keep repeating it, people will eventually come to believe it. It is an approach which manipulates the fact, employed solely for the sake of their own national interests and is therefore lacking decency. We must be wary of it.

In making judgments about diplomacy or politics, we should refrain from emotionally or sentimentally expressing outrage and I personally would not approve of such demeanor. However, given that the current criticism against Japan's policy is entirely slanderous accusation, I find it necessary to offer rebuttals to it and therefore take up my pen here. Firstly, as the case now stands, yen is not at all "weakening". In view of the market environment, current move is no more than a process of correction of the quite exceeding yen appreciation as a consequence of speculative trades months ago. According to the long-term trend of the past, it is obvious that there is no claiming that yen has yet returned to a reasonable level.

Secondly, while it is true that expectations and conducts of market players have shifted due to the change in Japan's monetary policy and this consequently affected the foreign exchange market, this should be regarded as a regular free market behavior in response to the change in Japan's monetary policy as a part of its domestic economic policy and the accusation of talking down the yen is a significant factual error.

Needless to say, market players are free to conduct in Japan and other advanced countries. If a government must constrain its policy lest there be any influence on the market at large, factoring into calculation conducts of market players,

the initial premise of the market economy would be turned on its head. Countries anywhere would be deprived of the ability to expeditiously implement not only monetary policies but policies of any kind. It is a most strange argument ever.

It has been a commonly recognized prohibited means in the international community, subject to world-wide criticism, to manipulate the trend of money flow via direct intervention in the market as do China and South Korea. In fact, why could Chinese yuan and Korean Won remain abnormally low against US dollars in comparison to Japanese yen? It is obvious that there was no little influence of direct intervention in the foreign exchange market by the governments.

The criticism of China and South Korea, who have been taking such prohibited measures, against the free conduct of market players as a consequence of the change in Japan's monetary policy out of their national ego, must be quite wide of the mark and irresponsible and baseless agitation and slanderous accusation. Should the current Japan's monetary policy be subject to criticism, any monetary easing implemented by the central banks should also be criticized. This is a sheer nonsense. In the future, it is quite likely that China and South Korea will persistently wage slanderous campaign all over the world and I am really afraid of the situation that other countries will come to believe their lies. Bearing these points in mind, Japanese government is expected to express duly the truth externally.

**(This is an English translation of the article written by Mr. SUZUKI Keisuke, Member of the House of Representatives, which originally appeared on the e-forum “Hyakka-Somei” of CEAC on July 19, 2013.)**