

President Clinton opens new relationship with China

by Kathy Wolfe

U.S. Commerce Secretary Ron Brown traveled to the People's Republic of China (P.R.C.) and Hongkong on Aug. 27-Sept. 3 as a special representative of President Bill Clinton, accompanied by 24 chiefs of U.S. corporations who, Brown said, hope to, in time, realize \$25 billion in trade from the trip. In Beijing on Aug. 29, Brown signed a Framework Agreement on Trade with Chinese Minister of Foreign Trade and Economic Cooperation Madame Wu Yi.

President Clinton "has sent substantive signals that we regard China as a commercial ally and a partner—that China's long history is deserving of respect; and China has responded," Brown told a Beijing press conference on Aug. 30. "A new relationship is being built," Brown said. With the Cold War over, President Clinton has made world "economic security" the cornerstone of his foreign policy. "We are trying to provide leadership in commercial diplomacy. Our national security is inextricably tied to our economic security. By bringing American and Chinese firms together, and by pursuing the course of commercial diplomacy, we seek to set the stage for a new era of cooperation, growth, and progress."

Despite the gesture of friendship stemming from Clinton's decision in May to end the link between human rights and trade and to renew China's Most Favored Nation (MFN) trade status, however, Beijing also insisted on showing its communist face. As Brown landed on Aug. 27, P.R.C. police took Wang Dan, a student leader of the 1989 Tiananmen democracy demonstrations, into custody for 12 hours, released him, and then detained him again on Aug. 31.

P.R.C. Prime Minister Li Peng also announced on Aug. 31 that Beijing regarded the upcoming U.N. Cairo anti-population conference "as of great significance." China, he said, would send a high-level delegation, noting that Beijing's one-child-per-family policy "has been a great success."

Yet Brown was able to meet both President Jiang Zemin

and Prime Minister Li Peng, discuss an eventual visit to China by Clinton, and announce that China and the United States will reopen their human rights negotiations in September when Chinese Foreign Minister Qian Qichen visits the United States for the U.N. General Assembly meeting. "The announcement that dialogue is going to be renewed is a very, very positive sign," Brown said on Aug. 31.

Isolate the British

As *EIR* Founding Editor Lyndon LaRouche pointed out in an Aug. 31 interview, the President and Secretary Brown's actions are precisely what America needs to do in a difficult situation. The key, he said, is that "the United States and the government of Great Britain are completely, directly at odds" on China.

"The British government policy is for civil war in China, on the occasion of the death of Chinese leader Deng Xiaoping, who recently celebrated his 90th birthday," LaRouche said. LaRouche referenced the June *Foreign Affairs* article "China's Changing Shape" by Gerald Segal, China director of London's International Institute for Strategic Studies, which calls for the bloody partition of China. "The British want a civil war in China as part of their policy of destruction of Asia. The British, of course, are trying to use the Hongkong lever as a way of destabilizing China, also as a lever for looting China," he said.

Clinton, LaRouche said, has instead introduced an entirely new policy: using American technology to develop China. "The U.S. policy is for peaceful economic development of China through economic cooperation," he said. "That is, human rights are discussed in the context of a positive issue: development."

"This does indicate a shift in U.S. policy, completely, from the George Bush nonsense" of supporting Beijing's

rulers, including Henry Kissinger's support of the butchery at Tiananmen Square—while keeping the Chinese people in abject poverty, LaRouche said. The key is that Clinton has decided to junk Britain's "free trade" economic policy in China, a trade in cheap labor in which Kissinger's consulting firm Kissinger Associates and other Bush friends had made so much blood money.

Secretary Brown's statements before and during his trip bore out administration reports to *EIR* (see our report from Aug. 26, p. 6) that Clinton and Brown want to ditch the British policy of cheap-labor Special Economic Zones (SEZs), which Beijing followed until recently on London and World Bank demands. The SEZs are low-technology plants which "just use China for sourcing," looting China for cheap labor and raw materials, and mostly producing cheap goods to export from China back into the United States. That lowers both Chinese and U. S. wages, he said.

The Brown mission, the Clinton official said, is meant to shift American investment in China into major infrastructure projects and promote U.S. high-technology exports to China. The delegation, he said, "consists principally of U. S. exporters of all kinds, including of high-technology, who produce things like heavy capital goods in the United States—which creates jobs here—and which we want the Chinese to buy."

As one Beijing official told the Hongkong journal *Juang Chiao Ching* on Aug. 16, the Clinton administration has in effect joined in an international move to "isolate Britain." The most important part of Li Peng's recent trip to Germany, he said, was to create "new policies and strategic arrangements." These include dialogue and cooperation with the United States, using the new Sino-German partnership as an example, in order to "check the U.S., isolate Britain, and influence France," and foster cordial relations with eastern Europe.

Germany, he stressed, has been "the most open country with regard to high-technology exports to China," and Li Peng timed his trip to Germany, "cleverly" set to coincide with Clinton's trip to Germany the following week, thus linking China, in Clinton's eyes, to the friendly relations between the United States and Germany.

Clinton junks laissez-faire

In meetings with President Jiang Zemin and Li Peng, a possible upcoming Clinton trip to China as well as other "high-level visits by officials of both China and the United States was discussed," Brown said. He delivered a letter to Jiang from Clinton which, he said, was "much more than a simple expression of goodwill; it makes important points about the importance of our relationship and the importance of our mission."

Potentially most important, Brown said on Aug. 29 that Clinton "has junked a 12-year tradition of laissez-faire government" to fight for U. S. exporters in the global market, with financial support from the U. S. Export-Import Bank and other U. S. government resources. "We are committed to

going beyond simply insuring that American firms find a level playing field around the world," Brown told the American Chamber of Commerce in Beijing. "We are also committed to playing to win."

He was referencing the Bush free-trade policy known as the "level playing field," under which Washington for several years has concentrated on kicking down the protective tariffs and other necessary market structures of America's trading partner nations, while leaving U. S. industry and labor completely unprotected in the global market. This has collapsed American wage standards and impoverished our trading partners around the world.

Instead, said Brown, "Asia must play a central role in our future growth if we are to carry American global leadership into the next century. The U. S. government is now playing an activist role on your behalf."

In Washington before his departure, Brown specified that the Export-Import Bank will be used more in Asia. "We continue to work very closely with Ken Brody and his team at the Exim Bank. They've shown a great deal of flexibility and, frankly, many of these transactions would not have come to fruition if the Exim Bank had not improved our financing packages," he said. "I think the Chinese would very much like to do more business with the United States. We have somewhere around a 10% market share of the business in China. In my view that's unacceptably low. . . . We ought to be doing a lot better. As you know, President [François] Mitterrand and Chancellor [Helmut] Kohl have made highly publicized trips to China seeking to enhance the commercial interests of French and German business and industry. We intend to send a signal that we are going to compete and that we intend to compete aggressively."

"The U. S. has been lagging behind in the Chinese market, especially in infrastructure. In this mission, we focus on infrastructure. In selecting the 24 companies in the mission, we chose telecommunications, transportation, and power generation. We're disappointed in the degree of American participation in those infrastructure projects. There will be several hundreds of billions of dollars spent on infrastructure and development between now and the year 2000. I certainly am interested in American companies participating heavily in those infrastructure projects; that is clearly one of the purposes of the mission."

On Aug. 30, Brown said that his delegation had already signed \$5 billion in deals. These included Energy Corp., which will build a Chinese power plant for \$1 billion, in partnership with the Lippo Group in Hongkong; the Wing Group, to build another \$2 billion Chinese power plant; and Westinghouse, which will upgrade a power plant in Beijing and form a joint venture with Shanghai Electric Equipment Corp. to manufacture power-generation components. Communications giant Pitney Bowes also signed a post-office equipment deal and IBM signed a computer and telecommunications project deal, while General Electric, Chrysler and TRW are expected to sign major contracts.