

Senate Chinagate hearings may boomerang back at GOP

by Edward Spannaus and Jeffrey Steinberg

As the Senate hearings on campaign financing that began on July 8 were into their second week, grandstanding Republican senators were no closer to proving their accusations of Chinese espionage and illegal fundraising, than they were at the outset. Indeed, in most respects, they were further away, and worse off, as the hearings began to shape up into another GOP fiasco—which could end up pointing the finger of illegality and impropriety at George Bush and other top Republican leaders. Almost any instance of foreign funding to which the Republicans can point, has a trail which has much bigger implications for the Grand Old Party itself.

Additionally, Sen. Fred Thompson (R-Tenn.), the chairman of the hearings, went so far out on a limb the first week, that he was scrambling to crawl back before doing more damage to his cause. Thompson charged that the Chinese government had hatched a plan during the last election cycle “to pour illegal money into American political campaigns.” Thompson said the goal of the plan was “to buy access and influence and furtherance of Chinese government interests. . . . Activities in the furtherance of the plan have occurred both inside and outside of the United States. Our investigations suggest that the plan continues today.”

Others went even further, charging that the Chinese operation included espionage against the United States.

Thompson then told the *Washington Post*, in an article published on July 13, that the FBI, CIA, and National Security Agency had all cleared his statement beforehand. That same day, the Justice Department publicly released a letter sent to Thompson, saying explicitly that the FBI had *not* approved Thompson’s conclusions.

The Justice Department letter noted that Thompson had asked FBI Director Louis Freeh for authorization to publicly state that the FBI had reviewed the draft of this opening state-

ment. The letter states that the review was only for the purpose of protecting classified information and the integrity of the pending criminal investigation. “You neither requested nor received assessments of the accuracy of any conclusions you drew from information available to the Committee. Those conclusions, of course, are your own and not necessarily those of the law enforcement or intelligence communities.”

Over that same weekend, *U.S. News and World Report* published an article which further debunked Thompson’s allegations: “FBI investigators believe that most of the \$2 million the Chinese allegedly spent or budgeted to increase their influence went to legal activities like lobbying and bringing senators to Beijing on expensive junkets. . . . According to one senior FBI source, the Chinese plan added only \$200,000 to its existing activities in America—peanuts by Washington standards—and, of that, less than half went to laundered campaign donations.”

Even Senator Thompson’s and the GOP’s efforts to nail former Commerce Department official and Democratic National Committee fundraiser John Huang, a one-time executive of the Indonesian Lippo Group conglomerate, have blown up in their faces. Again, from the *U.S. News* report: “According to FBI sources, the Bureau has not discovered evidence linking the Chinese government to the money that was illegally funneled to the Presidential campaigns. ‘There was a campaign by the Chinese to infiltrate Congress and a campaign by the Democrats to gain contributions from wealthy Asian-Americans,’ explains a top FBI official. ‘Were the two linked? Where’s the proof?’ ”

After the controversy over Thompson’s statements, Democrats on the Senate committee asked for a special FBI briefing, which was given on July 14. The next day, Senators John Glenn (D-Ohio) and Joseph Lieberman (D-Conn.) is-

sued a joint statement, which said that the information shown to them by the FBI and CIA “strongly suggests the existence of a plan by the Chinese government—containing components that are both legal and illegal—designed to influence U.S. *congressional* elections.” However, they emphasized in their statement that it is not clear that the illegal aspects of such a plan were ever put into motion. “Nor is there sufficient information to lead us to conclude that the 1996 Presidential election was affected by, or even part of, that plan.”

This statement cut the ground out from under the charges made by the Republicans: that the alleged Chinese plan had been carried out, and that it is still ongoing. More important, the Republicans have insisted that the current hearings be limited to the 1996 Presidential elections—refusing to include the congressional elections, which would implicate Republican candidates as well.

On the first day of the hearings, for example, the only documented case of illegal foreign election funding to appear was the case of \$2 million which came from Hongkong to finance Republican candidates in the 1994 mid-term elections. John Glenn said in his opening statement, regarding the case involving the National Policy Forum, an arm of the Republican National Committee, that this “is the only one so far where the head of a national political party knowingly and successfully solicited foreign money, infused it into the election process, and intentionally tried to cover it up.

“It’s the story of a multimillionaire and his Hongkong corporation, a desperate, cash-strapped Republican Party, and how they combined to finance the Contract with America in 1994, and then two years later, to infuse the Republican Party with nearly three-quarters of a million dollars in foreign money.” Glenn said that the foreign money helped make a major difference in November 1994, when the Republicans captured the Congress for the first time in 40 years.

Early in the hearings Senator Glenn revealed that Wang Ju, the chairman of China International Trust and Investment Corp. (CITIC), is a longtime friend and business associate of such top Republicans as former President George Bush, his National Security Adviser Gen. Brent Scowcroft, and Henry Kissinger. Wang Ju appeared at a White House coffee session with President Clinton, and this has been another hot-button issue for Republicans trying to exploit the Clinton-China connection.

Glenn described how Bush had gone to China in 1995, and met with CITIC, Beijing’s investment arm. Glenn continued: “In April 1996, two months after his White House visit, Wang was host at a Beijing dinner that included former President George Bush and National Security Adviser Brent Scowcroft.” Glenn also pointed out that CITIC’s international advisory council includes former Bush Secretary of State George Shultz and insurance magnate Maurice Greenberg. Further, said Glenn, Wang has met on numerous occasions with Alexander Haig and Kissinger, and considers the latter “a good friend.”

‘Espionage’ fiasco

Early in the second week of hearings, Republicans brought forward an “expert” witness, who attempted to paint the Lippo Group as being closely linked to Chinese espionage operations. Thomas Hampson, president of Search International of Chicago, described the Lippo Group as a multibillion-dollar confederation of companies controlled by Indonesia’s Riady family. Hampson said that over the past few years, the Lippo Group has shifted its strategic center from Indonesia to the People’s Republic of China. “Lippo’s principal partner on the mainland is China Resources, a company wholly owned by the government of the People’s Republic of China,” Hampson continued. He described it as “a huge trading company . . . involved in everything from peanuts to property development and from minerals to machinery. . . . Its purpose is to foster trade and to promote development of the mainland’s economy. Through business ties it has established, the group seeks out technology that the country needs and buys it.”

But, he continued: “China Resources also has a more geopolitical purpose. It is well-established in the public record that the government of the People’s Republic of China uses China Resources as an agent of espionage—economic, military and political. If its agents can’t buy the technology, they obtain it by other means.”

Later in the session, Senator Lieberman asked Hampson about the basis of these statements. “There’s a number of published reports in the media about this,” Hampson replied. “There was a BBC broadcast a few years ago, where it quoted intelligence agents on that particular subject. There were a couple of other references, too, that I can’t—I have it in my materials, but I can’t recall the exact source.”

Brits give the most

The final bit of bad news on Chinagate to bite the Republicans in their exposed posterior, came, ironically, from Rupert Murdoch’s London *Times*, which ran a prominent story on July 16, pointing out that the biggest foreign contributors to the 1996 U.S. Federal elections were British corporations, operating through their American subsidiaries! (Readers of *EIR* already knew this story, see May 9, 1997 issue.) And the bulk of the money went to the GOP—not the Democrats. Was this a signal by the GOP-friendly Murdoch that the Republicans are barking up the wrong tree in their zealous pursuit of “Donorgate?” Perhaps. The *Times* story reported that, according to the Center for Responsive Politics, British multies gave \$4.3 million in “soft money” to the political parties during the 1996 general elections. “Three-quarters of the British money went to Republicans, who control Congress and are traditionally the party of big business; and \$1 million to Democrats.” The study identified 128 American subsidiaries of 93 foreign corporations that coughed up cash to the two big political parties for the 1996 election. The two top donors were subsidiaries of Seagram’s of Canada, and the Australian News Corporation—Murdoch’s own flagship company!