

Anti-China hysteria targets Clinton and his China policy

by Edward Spannaus and Marsha Freeman

Goaded on by leaks from Federal government officials hostile to President Clinton's policy of strategic engagement with China, a wave of "yellow peril" hysteria has swept through the U.S. Congress. With the Eastern Establishment news media and Congressional Republicans in the van, Congress is attempting to cut off all U.S. high-technology trade with China—the result of which would be to cede to European companies much of the exports and trade with China now carried out by U.S. corporations, and to isolate the United States from the world's most populous nation.

Around the time of last October's summit between Presidents Clinton and Jiang Zemin, Lyndon LaRouche stated that the U.S. relationship with China is the most important bilateral relationship that the United States has with any country in the world. He emphasized that the U.S.-China combination is the only force in the world capable of defeating the evil British Empire and leading the world out of the current, on-rushing economic breakdown crisis.

The objective of the British- and European-centered oligarchy known as the "Club of the Isles" has been to force a split between the United States and China, isolating the U.S. and creating circumstances under which the Chinese could be manipulated into adopting an adversarial posture against the United States. The actions just taken by the U.S. House of Representatives—were they to succeed—would go a long way toward accomplishing this objective.

House votes to curb exports

On May 20, the House approved four measures by lopsided votes, designed to limit satellite and high-technology exports to China. The measures were all in the form of amendments to the defense authorization bill.

The House passed, by a 364-54 vote, a ban on exports or

re-exports of satellites to China. Another amendment, prohibiting the transfer of U.S. missile equipment or missile-related technology, passed 412-6. And an amendment prohibiting U.S. companies from participating in investigations of launch failures in China passed 414-7.

The House also passed, by a vote of 417-4, a non-binding "sense of the Congress" resolution urging President Clinton not to enter into any new agreements with China involving space or missile technology during the June summit in Beijing. The resolution also declared that the granting of a waiver to Loral Space and Communications earlier this year was "not in the national interests of the United States."

The effect of the House amendments, if also passed by the Senate, would be to cancel all pending and future satellite deals with China, including a \$600 million deal involving Hughes Electronics. "The impact on American domestic producers will be significant," said Hughes, "because it would cut us out of the competition of selling satellites not only to the Chinese, but to customers in other countries that want to launch in China."

The May 21 *Wall Street Journal* said that the House measures "open a window for foreign corporations to jump ahead in the competition to provide global-communications services." Last year, there were 35 launches of commercial satellites on U.S., French, Russian, and Chinese rockets. There could be a demand for as many as 350 launches over the next few years. European companies would pick up much of the business from developing countries, which now use U.S.-made satellites which are launched on Chinese rockets, because of a shortage of U.S. launch rockets. And European companies are not subject to the same sort of rigid restrictions on dual-use technology that U.S. manufacturers are.

In short, the only country which will be hurt by a cutoff

of U.S. high-technology exports to China will be the United States itself.

New York Times lies

The immediate background to the current anti-China hysteria is as follows. On April 13, *New York Times* writer Jeff Gerth accused the Clinton administration of giving missile technology secrets to China, by allowing the launch of U.S.-built communications satellites on Chinese rockets, which could supposedly be used for military purposes.

Later, it was “revealed” that the CEO of the parent company that built the satellites in question, Space Systems/Loral, was the single largest contributor to the Democratic Party during the President’s reelection campaign. Accusations are now being thrown about, that the President was willing to give away American military secrets to China, in exchange for cash.

But, as the White House has emphasized, there has been a continuity of policy regarding using Chinese rockets to launch U.S.-made commercial satellites from the Reagan and Bush administrations to the present.

In 1988, President Reagan had given a green light to granting export licenses for American satellites on Chinese rockets. In early 1989, the Bush administration signed an agreement with Beijing to limit Chinese launches of U.S.-built satellites to nine such launches through 1994. After the June 1989 Tiananmen Square bloodshed, a Presidential waiver was required to get around the sanctions imposed on China by the U.S. Congress. The first launch of a U.S.-made satellite on a Chinese rocket took place in 1990, approved by President Bush. A total of 16 waivers have been signed, nine by Bush and the rest by Clinton.

Gerth’s fallacious assertion—mindlessly repeated by other news media and in Congress—was that potential dual-use rocket/missile guidance technology had been given to the Chinese during the investigation of a launch failure of a Long March rocket carrying a Loral satellite, in early 1996. Much is being made of the fact that the Clinton administration granted another waiver to Loral in February 1998, while the Justice Department was still investigating the 1996 incident.

The truth of the matter is that *no* missile technology was given to the Chinese by Loral or anybody else. A May 18 statement issued by Space Systems/Loral stated: “Loral makes commercial communications satellites, not launch vehicles. The company did not advise the Chinese on how to fix any problems with the Long March rocket.” The Chinese, Loral states, “and the Chinese alone—conducted an independent investigation of the launch failure, and they determined that the problem was a defective solder joint in the wiring—a ‘low-tech’ matter.”

However, insurance companies insisted that representatives of several satellite companies review the results of the Chinese investigation. A committee of U.S. engineers concurred with the Chinese on the cause of the launch failure.

“The entire activity was carried out openly. Press releases on the review committee’s work were issued . . . no sensitive information—no significant technology—was conveyed to the Chinese,” Loral states. The only real issue involved was that the committee presented its conclusion to the Chinese, before consulting with the State Department. This provided the pretext for the Justice Department investigation.

Both Loral and the White House have stated that there is no connection between the Justice Department investigation of this breach of procedure, and the issuance of a waiver by President Clinton to launch another Loral satellite this past February. President Clinton has been accused by Gerth of souring the DOJ investigation, by granting a new satellite launch waiver, so the story goes, because Loral Chairman Bernard Schwartz is a major funder of the Democratic Party. But there is not a shred of evidence that the President’s decision to grant a waiver to Loral was in any way influenced by Schwartz’s contributions.

A spokesman for Loral in New York told *EIR*: “We’re embroiled in an internal administration policy debate.” As far as Capitol Hill is concerned, he said simply, “There are some people who think we shouldn’t have any trade with China, at all.”

Gerth wrote another article on May 15, centering on sensational leaks from the Justice Department regarding Johnny Chung, a former Democratic Party fundraiser who has been indicted by the Justice Department, and who is now reported to be cooperating with Federal prosecutors in hopes of obtaining leniency. Gerth reported—all based upon anonymous sources—that Chung said that a large part of the nearly \$100,000 he gave to the Democratic Party in the summer of 1996 came from a top Chinese military official, through the officer’s daughter, an executive of China Aerospace Company. But there is absolutely no evidence that anyone in the Democratic Party or the administration even knew about the Chinese contributions—if indeed they even happened.

But it was nevertheless these two *New York Times* articles which gave rise to shrieks that the Clinton administration had given guided-missile technology to China, in exchange for campaign contributions—which technology could then be used by China to launch nuclear warheads against the United States!

As soon as the story came out, House Speaker Newt Gingrich and other Republicans called on Clinton to cancel his trip to China scheduled for June. The White House has stuck to its guns, and said that the trip will go ahead. Spokesman Mike McCurry said on May 21 that “the President sees building a more positive, constructive relationship with China as in the best interests of the American people,” and that it would be irresponsible of the President not to pursue this relationship because of the controversy being stirred up in Congress. “And after the dust settles from those votes yesterday, and some reason comes back to prevail in the halls of Congress, we’ll move on, get on, with the relationship.”