

# 'Free trade' ideology continues to dog Clinton's Asia policy

by William Jones

There was general satisfaction among the largely Asian audience, when President Bill Clinton said that he would extend Most Favored Nation trade status to China unconditionally, in a speech to the Pacific Basin Economic Council on May 20. The President used the occasion of the annual conference of PBEC, an association of senior business leaders from throughout the Pacific Basin region, to announce his decision, although the White House had for weeks let it be known that there would be no hesitation on extending MFN—in spite of the various “disputes” that U.S. trade negotiators were claiming with China.

“America has vital strategic and economic interests that affect the lives of each and every American citizen,” the President told PBEC. “Disengagement from Asia, a region where we have fought three wars in this century, is simply not an option.” In a warning to some Republican leaders, trying to force a tougher line against China, the President said, “Revoking MFN and, in effect, severing our economic ties to China, would drive us back into a period of mutual isolation and recrimination that would harm America’s interests, not advance them.” “Rather than bringing stability to the region,” he continued, “it would increase instability, as the leaders of Hongkong, Taiwan, and all of the nations of the region have stated repeatedly.”

## **Kantor: no legacy of Ron Brown**

The general satisfaction was dampened, however, when, later in the day, Mickey Kantor, the new secretary of commerce, addressed the conference. Kantor was appointed to the Commerce Department post by the President shortly after the April 3 death in a plane crash of Commerce Secretary Ron Brown. Brown had been a prime mover in the Clinton foreign policy arena, backing up the diplomatic initiatives of the President in the various crisis spots of the world—Northern Ireland, Bosnia, and the Middle East—with sorely needed economic development projects. Faced with the cutbacks by the Republican-controlled Congress to anything characterized as “government-directed,” Brown used his connections to the business community to establish “private-public partnerships” to provide the investment required. Working to facilitate foreign investment in the devastated Bosnian republic,

Brown was killed with a planeload of corporate executives on their way to a meeting in Dubrovnik, Croatia.

Kantor, who represents the politically weighty Hollywood “mafia” in the Democratic Party’s California machine, had been appointed U.S. Trade Representative at the beginning of the Clinton Presidency. From this post, Kantor has been able to wield the cudgel of trade sanctions in order to dismantle the protective restrictions that have enabled the Asian economies to develop and grow. It is by no means a coincidence that the issue which triggered the imposition of sanctions against China had to do with “intellectual property” rights—more specifically, the alleged Chinese “pirating” of films on video and CD-rom. Hollywood was not going to allow anybody but themselves to make a buck on the basis of their “creativity.” On that issue, Kantor could effectively combine his role of Asia-basher with that of “step-’n’-fetch-it” for the Hollywood movie moguls. More than anyone else, Kantor was aware that bashing China on video and CD-rom production would “play well” in Hollywood in this critical election year.

The saving grace of the administration’s somewhat erratic economic policy was that they had a pro-development commerce secretary to counter the lunacy of the “trade hawks” in the office of the U.S. Trade Representative (USTR). President Clinton’s nomination of Kantor to replace Brown has changed that situation radically, although Kantor has toned down his rhetoric somewhat, in deference to his fallen colleague.

Speaking at the PBEC conference, Kantor reiterated the President’s message to the delegates. “Asia is where America’s future is and will be well into the next century,” Kantor assured his audience. He then quickly went into his customary “take-no-prisoners” mode. Promising to work with Asian Pacific nations, Kantor stressed that he wanted “to continue to tear down barriers to trade.” “In order to maintain our credibility at home,” Kantor continued, the U.S. needs to open markets overseas and be tough on those who do not respond. In a flagrant distortion of the role the deceased Brown played in U.S. economic policy, Kantor said of the former commerce secretary: “We stood shoulder to shoulder, opening markets. I can only hope to carry on his legacy.” Whatever Mickey Kantor may be “carrying on,” it’s not the legacy of Ron Brown.

## Barshefsky 'alarms' Asian delegates

Unfortunately, the removal of Kantor from his trade post has not improved the situation in the office of the U.S. Trade Representative. His successor there, a hard-nosed New York lawyer, Charlene Barshefsky, has been the real point man on the sanctions decision. "China must open its markets," she warned. "The first step is to ensure compliance with commitments already made," Barshefsky told her listeners, somewhat taken aback by her sharp tone. "China has fallen short," she said.

Fielding questions, Barshefsky was immediately confronted by Wang Jinzhen, director of PBEC-China, who listed the steps that the Chinese government had taken to combat software piracy. "If there is evidence shown of violations," Wang said, "I'm sure the Chinese government will investigate and close it down." Wang warned that the imposition of trade sanctions against China would be a "lose-lose" situation for the United States.

Barshefsky fired back: "With respect to the translation from words to deeds, China has fallen through the cracks. It is vital that China take the necessary action with respect to factories, with respect to border enforcement, with respect to severe crackdown, particularly in Guandong Province, in order for it to satisfactorily implement the intellectual property rights agreement." "We are not looking here for talk, we are looking for action," Barshefsky growled.

Wang was not the only Asian delegate who reacted sharply to Barshefsky's arrogant comments. When she had finished her response to Wang, R.V. Navaratnam, the executive chairman of the Asian Strategy and Leadership Institute in Malaysia, intervened. "What you have said has alarmed me and many people here," Navaratnam said. "You speak of reciprocity, but there can only be reciprocity between equal partners. China has a very low standard of living. How can you talk of mutual benefit when you're dealing with a mighty nation versus a weak nation? The U.S. should not begrudge the Third World from going up. Don't stifle them."

Similar remarks had been made earlier in the day by Malaysian Prime Minister Mahathir Bin Mohammad, speaking on the issue of "Asian values." "If it is preposterous and mad for Asian leaders to threaten sanctions when Europeans fail to measure up to their standards and norms," Mahathir said, "could it not be a little preposterous for Europeans to threaten sanctions when decent Asian societies prefer their own standards and norms, and not Europe's?"

To complicate matters further, the United States is facing a campaign in Asia by the newly consolidated Anglo-French "Entente Cordiale" between British Prime Minister John Major and French President Jacques Chirac, to paint the United States as the "devil on the wall" for the Asia nations, in contrast to the more "conciliatory" Anglo-French combination. Even the British-educated Mahathir seemed to fall for some of the British claptrap, characterizing his "Asian values" as "Victorian values." "Even America's close cousin, the Brit-

ish, find some American values a little off-putting," Mahathir said.

If the Clinton administration continues to allow free trade hawks like Barshefsky and Kantor to determine policy in the Asia-Pacific region, the British scandalmongers are going to have a heyday beating the drums against "Yankee imperialism."

## Bingaman: a dissenting voice

Fortunately, there are other voices close to the administration to be heard in the trade debate.

Speaking at the PBEC conference on May 21, Sen. Jeff Bingaman (D-N.M.), one of the architects of the Bingaman-Daschle proposal that calls for a return to some semblance of "industrial policy" in the United States, struck a much different note. Warning that there is too much fascination with what he called "neoclassical economic theory," referring to the Adam Smith free trade bias infecting much of U.S. economic policy, Bingaman urged his listeners to examine the real causes of the tremendous growth of the Asian economies since the end of World War II, rather than relying on some irrelevant economic theory.

"The theory of neoclassical economics that we have developed in the West does not satisfactorily explain the growth that is being experienced in Asia," Bingaman said, "because much of that growth is tied to protection of markets, government-led economic development, export-led growth, which were not supposed to lead to that kind of economic prosperity, according to neoclassical economics."

"In contrast to the great difficulties that I think are being experienced in the Soviet Union today, in their efforts to pursue free market-oriented development," Bingaman said, "developing countries in Asia have been drawn to Japan's model of development of capitalism. And it has served them extremely well."

Bingaman and other proponents of so-called "industrial policy" have started to come out of the trenches, as they begin to realize that the "victory" of the Conservative Revolution in 1994 was largely the fault of the Democrats' failure to put forward any programmatic alternative. As Sen. Edward Kennedy (D-Mass.) said in a speech in February 1995, the country doesn't need "two Republican parties." In fact, Lyndon LaRouche has emphasized, the Democratic National Committee threw the 1994 Congressional election to Newt Gingrich and company.

The "industrial policy" faction has also been emboldened by the broad public exposure of millions of voters to the LaRouche development policies, in four nationwide broadcasts over the last few months, as a part of the LaRouche Presidential campaign, in which LaRouche has lambasted the "free trade" lunacy. As free trade policies lead the country and the world into increasing chaos, an alternative policy is waiting in the wings. Let's hope that President Clinton calls it on stage before it's too late.