Clinton foreign policy set on economic warfare

by Marcia Merry

The Clinton administration, after starting with a social agenda of gender and other yuppie concerns, has embarked on a series of belligerent foreign trade initiatives adding up to a foreign policy of economic warfare.

This perspective is not new. In 1989 at a meeting on the West Coast, incoming CIA director William Webster and former CIA head William Colby agreed on a policy of economic warfare against U.S. allies who, they judged, were now to be seen as enemies of the United States in the post-Soviet era. Under the Bush administration, this Webster-Colby viewpoint was manifest in the arena of the U.N. General Agreement on Tariffs and Trade (GATT) Uruguay Round talks, in bilateral U.S. trade demands, financial interventions against Europe, and in many other actions.

But the latest belligerence is unprecedented. It takes place in the context of attempts by an Anglo-American financial circle to prop up the dollar and serve their own private-gain purposes, no matter what harm and suffering results to nations and the world economy.

Director of Central Intelligence R. James Woolsey specifically cited "economic challenges" as the focus of his prospective work, at his confirmation hearings before the Senate Intelligence Committee. Woolsey said that, despite the demise of the Soviet Union, "the number and complexity of very serious threats to major aspects of our national security and interests have grown, not shrunk. . . . The proliferation of weapons of mass destruction and ballistic missiles to carry them; ethnic and national hatreds that can metastasize across large portions of the globe, the international narcotics trade, terrorism, the dangers inherent in the West's dependence on Mideast oil, new economic and environmental challenges" are the new threats.

The importance of "economic intelligence" is emphasized by the fact that Clinton's first foreign policy action was to sign a directive on Jan. 21 putting economic deliberation under the National Security Council. In a complete innovation, Clinton put Treasury Secretary Lloyd Bentsen, White House Economic Council head Robert E. Rubin, and U.N. Ambassador Madeleine Albright on the NSC.

White House spokesman George Stephanopoulos said that these additions indicate Clinton's resolve to make sure that economic dimensions are "at the center of our national security policy." Administration officials are cited in the press saying that Clinton's order presages close coordination between the NSC and the Economic Council, which was originally to be called the "economic security council." NSC Deputy Staff Director Samuel Berger will join committees of the Economic Council, and the Economic Council deputy staff chief will join NSC committees on economic issues.

Complaints and countercomplaints

The most obvious manifestation of the reshuffling is trade war. U.S. Trade Representative Mickey Kantor, Hollywood thug-turned-diplomat, has been carrying a get-tough message to U.S. trading partners. The issues range from steel, grain, and textiles, to airline seats.

Steel. Just four days after the U.S. Commerce Department had imposed preliminary tariffs of up to 109% on over $2 billion worth of imports of steel from 19 countries, Revenue Canada, the trade regulating agency in Canada, imposed tariffs of up to 124.2% on steel from the United States, Germany, France, Italy, Britain, and New Zealand. At the same time, Brazil filed a formal complaint against the U.S. tariffs with GATT.

Now Mexico plans to impose punitive tariffs of up to 279% on Feb. 15 on steel plate and hot- and cold-rolled steel made by six U.S. companies—Bethlehem, Geneva, LTV, National Steel, U.S. Steel Group, and Wierton Steel. Tariffs are also being imposed on U.S. exports of steel building-reinforcement rods, vinyl flooring, acrylic, and polyvinyl chloride. Mexico is studying possible tariffs on five other U.S. products, including steel reinforcing wire, tin sheets, galvanized sheet steel, and hydrogen peroxide.

Airlines. The United States has now formally approved a complaint filed by United Airlines last November, charging that the Japanese had refused to allow United to apply directly to the Japanese Transportation Ministry for approval to continue a New York to Tokyo flight on to Sydney, Australia. U.S. Transportation Secretary Federico Pena is now entertaining suggestions for U.S. retaliatory moves against Japan.

U.S. airline industry sources have reported that United fears that if it has to apply via the Japanese Foreign Ministry, conditions may be placed on the flight, such as limitations on the domestic content of its passenger list. The Japanese are getting increasingly aggravated by the air transport bilateral agreement with the U.S., which was completed in 1952, when Japan was still subject to U.S. military occupation.

On Feb. 5, the U.S. Transportation Department also approved a complaint by Northwest Airlines accusing Australia of violating a bilateral airline agreement by restricting the number of passengers on Northwest's current New York-Osaka-Sydney service.

Grain. On Feb. 8, Kantor scheduled a meeting with Canadian Trade Minister Brian Wilson to haggle over how Canada's wheat exports are priced.

Behind the belligerence

Congress is passing the ammunition to back up the trade war threats. Sen. Max Baucus (D-Mont.), chairman of the Senate Subcommittee on Trade, has introduced a bill reviving the Super 301 retaliatory measures that were condemned by U.S. trading partners before they expired two years ago. In an early February speech, Baucus singled out Japan as a country which maintains trade barriers blocking U.S. exports and which openly violates trade agreements.

Sen. Ernest Hollings (D-S.C.), chairman of the Senate Commerce Committee, has introduced a bill that would impose a maximum market share on Japanese cars of about 5%—about one-fifth the current Japanese market share.

In Japan, Sozaburo Okamatsu, the director general of the Ministry of International Trade and Industry's trade policy bureau, and a senior trade negotiator, said, "If [the U.S.] brought back the Super 301 clause and applied it to Japan unilaterally, we should take retaliatory action. . . . The American people should know that if they unduly impose unilateral measures, then we will respond to it." Okamatsu condemned the industry-specific approach of the United States to trade issues. "We completely reject this sort of approach to set some market share for imports into Japan. We do not want to proceed down that road."

However, behind U.S. trade bellicosity is a deeper threat to national economies. Select Anglo-American financial interests are conducting all manner of espionage and threats to maintain U.S. dollar supremacy, while destabilizing perceived economic enemies, especially continental Europe and Japan. New York-based currency speculation and derivatives activity is one battlefront (see p. 4).

Secondly, supranational companies connected to them are demanding privileged trade access and protected contracts and profits—for example, General Electric's expectations for lucrative contracts for natural gas turbine power generators in the U.S., Britain, and other countries.

Also, for example, GE has designed a natural gas-fired "environmentally clean" turbine designed to replace "dirty" coal-fired generating equipment. All other major competitors, such as Westinghouse, Asea-Brown-Boveri, Siemens, or Hitachi, are years away from matching GE's turbine; GE, and apparently the Clinton administration (Mickey Kantor was a paid lobbyist for GE), expect GE to reap huge sales, even while the world depression worsens. The only competitor is European Gas Turbine, partly owned by GEC of Britain and Alcatel-Alsthom of France (and 10% by GE).

Some of the new faces in the Clinton administration reflect this natural gas sweetheart deal; Energy Secretary Hazel O'Leary came from being president of NSP Gas Co., the natural gas division of Northern States Power in Minnesota. O'Leary belongs to the Business Council for a Sustainable Future, a front group for boosting natural gas for special interest gain.

On Feb. 11, a major topic in a meeting between Kantor and Sir Leon Brittan, the European Community external trade commissioner, was a dispute between the U.S. and European Community over the EC directive on accepting bids for its electric power-generating equipment. The current EC directive is to reject tenders where the non-EC content is more than 50%. In addition, preference is given to any bid, even if its price tag is 3% higher, where more than 50% of the content supplied will be EC-originated. GE, with much production based in the U.S. and Britain, could be ineligible—which certain financial elites consider intolerable.

A host of such special interest cases are part of the portfolio of the new economic warfare team in Washington, along with the question of who will be "in" on deals and intelligence and who will be "out."

Woolsey said that the issue of sharing CIA economic and technological intelligence with private U.S. firms and individuals was the "hottest current topic of intelligence policy," and that the administration would review the "complexities, legal difficulties [and] foreign policy difficulties" of giving government intelligence to private business. He claimed that "some of our friends and allies . . . are involved in economic intelligence operations" against the U.S., and that he had decided on the review after consulting with National Security Adviser Anthony Lake and Economic Council Director Robert E. Rubin.

Stephanopoulos said on Feb. 1 that Clinton wants the CIA to "focus more on economic interests and economic intelligence, which is where the real competition is now."