

Export controls hurt U.S. national security

by Marsha Freeman

Late last year, in response to a non-stop media campaign, the U.S. Congress voted, under the guise of protecting U.S. national security, to make it more difficult to export commercial communications satellites. Starting with an article in the April 12, 1998 *New York Times*, allegations were made daily that China had gained access to, if not stolen, satellite- and rocket-launch technology that could be used for military purposes.

Representatives from the satellite industry, the aerospace industry more broadly, and the U.S. Commerce Department warned at the time that tightening export restrictions on satellites, by taking the license approval process out of the hands of the Commerce Department and placing commercial satellites on the Munitions List of the State Department, would have a detrimental effect on the industry.

The legislated change in licensing procedure took place on March 15. While there have been howls of protest from Europe and Japan — whose domestic satellites contain American components, and are, therefore, bound by the same draconian restrictions as satellites made in America — and lucrative contracts with Chinese and other Asian customers have been cancelled, the truth of the matter is that restricting U.S. high-technology exports will not protect national security; rather, such restrictions threaten it.

Strangling U.S. industry

In testimony to the International Economic Policy, Export, and Trade Promotion Subcommittee of the Senate Committee on Foreign Relations on June 24, the president of the Space and Strategic Missiles Sector of Lockheed Martin Corp., Thomas A. Corcoran, stated that the export policy codified in the law that became effective on March 15, “has been extremely damaging to the satellite and launch industries.” He described the restrictions as creating a “regulatory stranglehold” on industry’s ability to compete in the international marketplace, and to secure satellite export contracts from foreign customers.

Corcoran stated that Japanese and European customers, who use U.S. components in satellites, are threatening to look elsewhere for suppliers, because they can no longer depend on a transparent and reliable export control regime in the United

States. Even NATO allies have to go through bureaucratic license approvals and clearances, just to *talk* to each other. “We in industry cannot conduct our business under a system like this,” he stated.

The consequences of this “unilateral” attempt at controlling the export of technology, Corcoran said, is not simply that American corporations lose money, and jobs, but that “we jeopardize our national security and technological edge when industry is positioned to lose exports to foreign competitors.” He concluded, “We need to rebuild a consensus on what constitutes national security. . . . Business and national security interests are integrally linked.”

In an interview with this reporter on June 16, Undersecretary of Commerce, Bureau of Export Administration William Reinsch explained why the linkage between the aerospace and other high-technology industries, and national security, is direct. “What has been happening in the economy is a sea-change in the last 15 years, from specialized military production by military prime contractors, in a close relationship with the Defense Department that sustained them, to the civilianization” of advanced military technology.

Reinsch stated, “Our defense establishment is turning increasingly to advanced technologies, but those technologies are developed and manufactured by the civilian sector, for the civilian marketplace. Defense sales are in the single digits [percentages] to most of these companies. What this means is that the health of our military establishment is tied much more directly than it ever was before, to the health of civilian companies.”

How do export restrictions affect this linkage? Reinsch explained that “more than 50% [of corporate] sales are exports. In a globalized economy, exports are the key to prosperity. So, the new equation in exports means, healthy high-tech companies equal strong defense.” Both the Commerce Department and the industry warn that as exports fall, and corporate income declines, less and less funding will go into research and development, upon which the Defense Department depends for new weapons systems.

To think that you are defending “national security” by trying to deny technology to other nations, Reinsch stated, also undercuts how the United States can actually keep the technological edge. Agreeing with nuclear physicist Edward Teller’s insistence that the way to protect America’s nuclear weapons is by advancing our science, not trying to keep secrets, Reinsch stated that an important way to “maximize the technological gap between us and our adversaries is to run faster than they are. And that means making sure that our suppliers of technology, which are no longer the military prime [contractor] but the civilian company, are, in fact, healthy and doing a lot of R&D.”

In an essay on “An Export Control Agenda for the 21st Century,” appearing in *Economic Casualties*, published by the Cato Institute earlier this year, Reinsch also makes the



Undersecretary of Commerce William Reinsch: The way to “maximize the technological gap between us and our adversaries is to run faster than they are.”

point that “our national security interest lies more in making sure we maintain healthy high-tech companies that can supply our military’s needs than it does in attempting to ‘control the uncontrollable.’” Not only in communications satellites, but in computers and advanced machine tools, the United States has implemented virtually unilateral sanctions against “sensitive” countries, such as China.

Build bridges, don’t invent adversaries

In the essay, Reinsch states: “We do not have a fully adversarial relationship with all the targets of our proliferation controls. On the contrary, we are seeking to engage those states in a dialogue to lead to closer integration with the international community and to develop a range of normal trade relations.” A case in point, is the People’s Republic of China.

Over the past year, Reinsch has made the point, in Congressional testimony and speeches, that the trade and economic relations we put forward with China will have an impact on China’s strategic orientation to the United States. In his interview with *EIR*, Reinsch observed, “I think there’s been a tendency among some in the Congress to try to draw a Cold War analogy between China and the Soviet Union in the 1950s.” But, he said, “the Soviet Union participated in walling itself off from Western influence, and really created a second camp, and articulated an alternative ideology and world view. The Chinese are really doing the opposite, as far as economics is concerned,” seeking to engage themselves in the world economy.

Reflecting back on U.S. economic and trade policy over the past four decades, Reinsch stated, “One of President Kennedy’s theories about these things was that the way to reach better relationships was to build bridges. You start out building cultural and economic bridges, because those are the easiest ones to build.

“Each time you build a bridge, you increase the stake in the relationship and you increase the cost of disrupting the relationship. Each little bridge that you build, even the smallest, becomes one more thing that binds us together and gives us incentives to work on our differences peacefully, rather than become adversaries. That’s what we’ve been trying to do with the Chinese.” The current “assumption that they are going to be an enemy,” he said, “would essentially turn the last 20 years of strides, ever since 1979, on its head, and move our policy in the opposite direction.”

Asked if the attempt to re-create the Cold War, this time with China, could push the Chinese into an adversarial relationship with the United States, where it does not now exist, Reinsch replied, “Yes, it is a self-fulfilling prophecy; you treat them like one, you increase the likelihood that they’ll become one.”

Secretary Reinsch expressed a somewhat cynical view, stating, “I start with the premise that [the Chinese] are fundamentally interested in two things: one, the government is interested in keeping itself in power, which is what governments are always interested in. But they perceive that, historically in China, the best way to do that is to increase the prosperity of the people. So, they are focussed on the reforms that are necessary to produce economic growth and prosperity.” In reality, the primary concern of the government of China is to promote the policies that will raise the standard of living of its people, which it can do from a position in power, not the other way around.

The Clinton administration, Reinsch stated, believes that “political developments inevitably will follow economic developments. You can’t link them [the Chinese] to Western capital, Western technologies, Western goods, Western intellectual property, in an economic sense, and expect Western ideas to somehow be missing from that equation. . . . The consequences start out being economic, but they don’t end up being only economic. There is an inevitability about this, that is historically compelling. That is what we really toss into the trash can, if we pursue a Cold War policy.”

Reinsch stated that the ongoing economic relationship between the United States and China has been affected by the NATO war with Yugoslavia. Because of the Chinese Embassy bombing in Belgrade, “a lot of things have stopped or been put on hold,” he said. While he was unaware that any contracts had been cancelled, “it had an effect, at minimum, of slowing things down.” Meetings have been cancelled, or delayed, and the Chinese population has demonstrated its opposition to the NATO policy by boycotting American-made goods.

It is clear that the policy of “building bridges”—figuratively with China, and literally in the Balkans—is what is needed by this administration, if those promoting various “enemy-images” are not to have the upper hand in U.S. foreign policy.