

The Political Forum

*A review of social and political trends and events
impacting the world's financial markets*

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Friday, October 25, 2002

A REPRINT FROM A PIECE PUBLISHED FEBRUARY 19, 1997

MFN For China Not A Shoo-In This Time Around

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Over the past decade or so, whenever the issue of "most favored nation" status for China has been raised, I have consistently predicted that it would continue to be granted for three very practical reasons.

O The first is that exports are such a large and growing share of the American economy, and China is such a potentially important part of this export market, that I simply could not imagine that the U.S. government would mess this up.

O The second is that so many influential American companies have big stakes in the Chinese market that I simply could not imagine that the U.S. government would mess this up.

O The third is that most U.S. foreign policy gurus believe that the best way to minimize the Chinese military threat to American interests in Asia is to develop a large trade relationship with them. This plan is progressing nicely, and I simply could not imagine that the U.S. government would mess this up.

Needless to say, not everyone has always agreed with this assessment. It was particularly suspect during the 1992 campaign when Bill Clinton was "morally outraged" almost daily over George Bush's support for MFN for China.

But I didn't place much stock in Bill's rhetoric at the time. This was not really a knock against him. I simply believed that he would change his mind when he learned of the practical considerations enumerated above.

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I thought it was a fairly close call at the time. But that's because I didn't know then what we all know now. That is that Bill has several very rich, off-shore Chinese "old friends," who themselves have very influential friends in high places in Beijing, all of whom stand to make a lot of money from continued friendly trade relations between the United States and China and all of whom are willing to donate scads of this money to political and other causes that Bill supports. These include his and Hillary's legal defense fund and the Democratic National Committee. In reality, it now appears that the human rights crowd was never even in the ball game.

For all these reasons, the odds still favor renewal of MFN for China when the issue comes up in the spring. But it isn't a sure thing anymore. Indeed, in my opinion, there is an outside chance that U.S.-Chinese relations could go into the kind of tail spin in 1997 that has the potential for blowing the lid off the post-cold-war world order.

Keep in mind when considering this possibility that the Chinese political leadership is made up of some very bad guys. There isn't enough room in the entire issue to offer all the evidence of this fact. People who want to delve into the matter a little further should take a look at the recently released State Department report on human rights practices in China. Even in the careful language of a government document, it reads like a Kafka short story.

For a flavor of what non-government sources have said, get a hold of Asia Watch's comments, or those from Amnesty International or from a New York based group called Human Rights in China. They'll make your hair curl. I offer the following from a July 26, 1995 piece I wrote entitled "Clinton's Foreign Policy Relevancy Kaput."

We are not talking here about a nation that simply uses prisoners to make tennis shoes. Who knows, Americans might soon be riding around in cars with license plates made by prominent former "Friends of Bill." [Since then, 16 former and current FOB's have pleaded guilty or been convicted.] We're talking about a nation that, according to Human Rights Watch Asia, executes approximately 2,000 prisoners a year in such a way that it can "harvest" their kidneys, corneas and livers for sale on the international market in response to a burgeoning demand from the transplant industry.

According to Asia Watch, the Chinese shoot to the heart for a cornea; to the head for a kidney; and sometimes, to assure a fresh organ, they botch the execution, so a surgeon can remove it while the prisoner is still alive.

We're not talking simply about a nation that condones abortions. Tens of thousands of legal abortions are performed in the United States annually. We're talking about a nation that has a formal policy of conducting massive numbers of coercive abortions and forced sterilization's each year.

We are talking about a nation that ignores overwhelming evidence of the murder of thousands of female babies each year by parents who are only allowed to have one child and want that one to be a boy; a nation that has special "dying rooms" in its state-run orphanages where little baby girls who become ill are left to die of starvation and neglect. According to a recent

article in the *Washington Post*, female infanticide in China, India, Bangladesh, Afghanistan and Pakistan has led to a combined deficit of 77 million women in those countries.

We are talking about a nation that, according to reports considered reliable by several highly respected members of Congress and the human rights community, allows the sale of aborted fetuses for about \$1.25 each, as a health food that supposedly can cure a range of maladies and promote healthy skin and organs.

Besides committing human rights atrocities as a matter of course, China sells high tech weaponry, including nuclear technology, to American adversaries such as Iran, routinely ignores U.S. property rights laws, and actively engages in industrial and military spying against the United States.

None of this is a secret, of course. It has been known for years. It was known every time Congress and the White House reapproved MFN status for China. Bill knew it when he criticized George Bush during the 1992 campaign for being too "cozy" with the "Butchers of Beijing." But, as I said above, military and trade considerations, and more recently Chinese financial largess to American politicians, have simply overwhelmed all other interests.

To date, the most effective and morally authoritative organized opposition to MFN for China has, in my opinion, come from the Christian coalition and from the Catholic church. This is because their opposition has never wavered, and their objections are based on an ancient, immutable and unambiguous moral code.

Besides the atrocities against individuals, these organizations object to China's systematic, intense and brutal suppression of religious expression and to its open persecution of Christians in particular. Just last November, for example, in Jiangxi province, reliable reports indicate that 80 Catholics were arrested without warrants, beaten and jailed.

The American liberal community has been much less effective in its organized opposition to MFN for China, in my opinion. One of the reasons, I believe, is that the group's moral authority is limited, being based as it is on highly subjective tenets, which generally allow great tolerance for such things as unlimited abortion rights and euthanasia. As a result, liberal "outrage" has tended to be inconsistent and faddish.

No group anywhere in the world, for example, should theoretically be more incensed about China's policies toward women than America's radical feminist community, since women's rights is their *raison d'être*. Yet, they all merrily trooped off in September 1995 to the U.N. "World Conference on Women" in Beijing, the world capitol of coercive abortions and female infanticide.

While there, they babbled incessantly about eradicating illiteracy among women and eliminating the wage-gap between men and women worldwide. This must have seemed like some sort of sick joke to the local women, many of whom have had to endure injections of formaldehyde into their uteruses as a routine part of the government's one-child-per-family policy.

Nevertheless, the mainstream activist left in America still has considerable clout when it gets sufficiently exercised about something. And for a variety of reasons, it is beginning to look as though it might be in the process of getting exercised about human rights in China.

One reason for this is, I believe, that the radical left appears to be actively seeking a high profile cause that it can use to help burnish its moral image, which has been tarnished during the past year or so by, among other things, its successful campaign to defeat the ban on partial birth abortion and by Bill and Hillary's mounting ethical troubles.

This search for a high profile piece of moral high ground on which to stand was apparent in a column published last November by the *New York Times*'s Abe Rosenthal. Rosenthal, the paper's resident liberal bellwether, unloaded on Clinton for abandoning "without apparent shame," his promise to use tariff pressure against China for human liberties.

He likened Clinton to Neville Chamberlain, the late Prime Minister of Great Britain who acquiesced to Hitler's demands and, as result, "abandoned the 14 million people of Czechoslovakia to the German Nazis." Like Chamberlain, Clinton has, according to Rosenthal, "betrayed" an oppressed people.

This heinous act was, Rosenthal contended, committed by Clinton way back on May 28, 1993. It is worth noting that Rosenthal had nothing to say on the subject at the time, and not much since. But he appears to be exercised over the issue now, and very often when Rosenthal gets pumped up about something, the rest of the liberal community joins in.

In his first two years of the Clinton presidency, the liberal establishment had no stomach for a fight against him over MFN for China, since he was on their side in battles that they consider to be more important, such as gay rights, racial quotas and the radical feminist agenda.

Today, the activist left no longer worries much about opposing the new, "centrist" Bill Clinton on any issue. Indeed, *The Hill*, a Capitol Hill newspaper, last week reported that liberal Democrats are "preparing for a modern day Alamo: a last ditch, desperate stand not just against Newt Gingrich's assault on the new Deal, but Clinton's retreat from it."

Another reason the left might be willing to challenge Clinton more aggressively over his human rights policy toward China is that White House has tilted so far in favor of China recently that many liberals now believe that it makes a mockery of his so-called "constructive engagement" policy, which has provided cover for Clinton's flip flop on his campaign promise.

Among other things, liberals cite as evidence of this Clinton's recent "intimate" half-hour long "coffee klatch" meeting with Wang Jun, a Communist Chinese plug-ugly and arms merchant.

In the January 15, 1997 edition of *The Wall Street Journal*, Peter Schweizer laid out the case against Wang Jun. He wrote that Wang "may well be linked" to "the shadow efforts of the Chinese military to influence U. S. foreign and military policy." The company of which Wang Jun is the chairman, Poly Technologies, is "owned and run by the Chinese People's Liberation Army" (PLA) and is "a front company under . . . the Chinese Commission of Science,

Technology, and Industry for National Defense," (COSTNID); Mr. Schweizer points out that, among other things, COSTNID (and as its agent, Poly Technologies) "manage arms sales to countries such as Iran, Iraq, North Korea and Pakistan."

Gerry Seper of the *Washington Times* writes: "Poly Technologies . . . at the time of the [Wang Jun's] visit it was under investigation by the U. S. Customs Service in a major smuggling operation. The company had been identified by undercover agents as a supplier of 2000 AK-47s delivered to drug dealers and street gangs in the United States."

Also, of course, some liberals are as incensed about the recent red carpet treatment the White House gave to Chinese General Chi Haotian, who was in charge of the massacre of unarmed pro-Democracy demonstrators at Tiananmen Square in 1989. Regarding General Chi, Rep. Nancy Pelosi, a Democrat from San Francisco, who has been one of the most vocal, consistent and effective critics of both Bush and Clinton on their Asian human rights policies, put it this way.

My objection is not to the visit of Chinese Defense Minister General Chi Haotian, but to our country giving full military honors to the person who was in operational command over the Tiananmen Square massacre in 1989 and who directed the Chinese government military threats against the Taiwanese people during their elections.

At the same time that President Clinton will not meet with any of the Chinese dissidents or have an official meeting with His Holiness the Dalai Lama, he has an official meeting with the person who crushed and continues to crush dissent in China and Tibet. With its actions, the Clinton administration has given great face to the hardliners in the Chinese regime.

General Chi oversaw the massacre of civilians in Tiananmen Square who rallied around the symbol of our democracy, the Statue of Liberty. These people responded to our ideals, they were crushed, and now we honor those who crushed them. We will not forget those who died in the struggle for freedom in China and we will not abandon those who continue the struggle against the forces of repression.

According to syndicated columnist Nat Hentoff, Pelosi's reaction to the Chi visit was "Oh my God, I thought I would never see the day. The president won't see the Dalai Lama, he won't see the pro-democracy dissidents, he won't see Harry Wu, but he did see this thug. It's absolutely appalling." Yet, even if Rosenthal and Pelosi can prompt a liberal assault, it probably wouldn't be enough to kill MFN renewal this spring, even with the help of the Christian right and Catholics, given the economic and military considerations cited above.

But a new force has entered the MFN-for-China picture, which could, combined with Christian opposition and renewed liberal interest in the matter, make it a very close call. I am speaking of the upcoming hearings by Republican Senator Fred Thompson (Tenn.) into allegations of irregularities in White House fundraising efforts.

To my knowledge, neither Thompson, nor any of the other Republicans who are pushing this investigation, has any intention of using the hearings to attack MFN renewal. But the law of unintended consequences works in strange ways, and whether they wish it or not, these hearings

have the potential of uncovering some very damaging information about Chinese activities in the United States. This, in turn, could increase mainstream America's distaste and dislike for the Communist Chinese and, in doing so, put MFN in serious danger.

Thompson, a former actor and prosecuting attorney, makes no bones about his intention to hold highly publicized and explosive hearings. He is in the process of hiring a staff of experienced former prosecutors, and is seeking an unprecedented \$6.5 million to finance the hearings. This compares to the \$1.8 million price tag on last year's Whitewater hearings. Thompson doesn't say so publicly, but he clearly has presidential aspirations and believes that these hearings, if done correctly, could catapult him to national prominence.

The *Washington Times* recently quoted William Schneider, from CNN's *Inside Politics*, as saying that the hearings will be: "a drama that is likely to become the long-running hit of the new Washington season It's called 'Show me the Money,' and 'it stars two of the great political actors of our time. One, Bill Clinton, a familiar popular favorite; the other, Fred Thompson, an experienced Hollywood performer but new to the Washington stage. From the looks of things, this show is going to be a blockbuster.'"

Although Thompson's Senatorial adversaries, primarily John Glenn, have insisted that any investigation focus on financial irregularities in both parties, Thompson appears ready to subtly sidestep the campaign finance issue in order to focus more on the fascinating question of whether the Clinton administration's foreign policy was up for sale.

At the heart of this issue is Bill's involvement with his two old Little Rock friends, restaurateur Charles Yan Lin Trie, who finagled the White House invitation for Wang Jun, and John Huang, former Commerce Department official, Democratic party fund raiser *extraordinaire*, and long-time Lippo executive. Both have extensive business and political connections in China.

Space does not permit an exploration of the kinds of activities that some observers suspect may have taken place as a result of the efforts of Huang and Trie, and which could come out in the Thompson hearings. But I promise to address this in some detail in a future issue.

In the meantime, suffice it to say that John Huang's activities while working for the Clinton Administration have prompted House Rules Committee Chairman Gerald Solomon to ask the FBI to investigate possible economic espionage by China (emphasis added). And no matter how serious you might think Solomon's request is, just the fact that he made it can't be good for China's MFN status.

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