

Clinton's trip to China--shadowed by crisis at home and abroad

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President Clinton arrived in China late Wednesday night (US time), in the longest and most elaborate state visit ever made to that country by a US president. The trip comes at a time of mounting crisis for both the Clinton administration itself and for Clinton's hosts, the Beijing dictatorship headed by President Jiang Zemin.

Clinton left Washington with his political enemies snapping at his heels. Leading congressional Republicans, seeking to develop a new line of attack on a White House already virtually paralyzed by Independent Counsel Kenneth Starr and the Monica Lewinsky investigation, had urged cancellation of the visit.

They raised a hue and cry over charges of illegal Chinese campaign contributions to the 1996 Democratic presidential campaign, and the alleged transfer of sensitive technical information through an administration-backed program of launching American telecommunications satellites on Chinese military rockets.

Senate Democrats had to stage a filibuster to block legislation pushed by the Republican majority that would have dealt Beijing a slap in the face on the eve of Clinton's arrival. They blocked amendments that would have denied entry visas to Chinese officials alleged to be involved in religious persecution or compulsory abortions, required the US government to oppose new international loans to China and stripped the Commerce Department of the power to approve commercial satellite launches using Chinese rockets.

Clinton is accompanied by a huge retinue of more than 1,000 government officials and businessmen, who will participate in the backroom deal-making that is one of the major purposes of the trip. On the eve of the trip two US telecommunications firms, Lucent Technologies and Motorola, signed deals in China collectively worth more than \$400 million. No doubt billions more in such agreements will be reached before Clinton departs.

The Clinton administration has dropped the occasional fulminations over human rights which were characteristic of its initial approach to China, in favor of a cold-blooded and

thoroughly cynical pursuit of the strategic and economic interests of American capitalism.

As one Clinton adviser, former deputy Beijing chief of mission Charles W. Freeman, who was Clinton's first assistant secretary of defense for international security affairs, told the *Washington Post*, "The administration accepted that it was going to have to deal seriously with China, that China was more than a theme park for the human rights advocates and the Dalai Lama's followers."

This is symbolized by Clinton's agreement to an official welcoming ceremony in Tiananmen Square, signifying the US rapprochement with those responsible for the 1989 massacre of antigovernment demonstrators. Clinton will also travel to Shanghai, China's commercial center, where he will give a speech hailing the development of capitalism in China. This will be followed by an appearance in Hong Kong, turned back to Chinese sovereignty one year ago, to mark the Chinese cooperation with Washington in dealing with the Asian financial crisis.

Administration officials have repeatedly praised the Chinese Stalinists for their efforts to prop up capitalism throughout Asia over the past year. Despite devaluations of the currencies of Thailand, Malaysia, Indonesia, Japan and South Korea, which have put tremendous competitive pressure on Chinese export markets, Beijing maintained the value of the Chinese currency, the yuan.

The number three man in the Beijing leadership, former Prime Minister Li Peng, made an unusually explicit denunciation of Japan last week for allowing the yen to depreciate, aligning China with the effort by Washington to prop up the yen and stave off a war of currency devaluation throughout Asia.

Just as importantly, Beijing's hand-picked governor of Hong Kong, billionaire Tung Chee Hwa, has resisted enormous financial pressure to devalue the Hong Kong dollar, breaking its fixed parity to the US dollar, set at HK\$7.8 to US\$1 since 1983. An end to the pegging of the Hong Kong dollar could rapidly trigger a wider financial panic. Last week Tung announced an emergency \$44 billion

plan to stabilize Hong Kong's financial markets, together with a freeze on real estate transactions to halt the plunge in property values.

Former Secretary of State Henry Kissinger, architect of the strategic rapprochement between American capitalism and Chinese Stalinism in the early 1970s, defended Clinton's efforts to continue that policy. He wrote in the current issue of *Newsweek* magazine: "Do we really want to turn the world's most populous nation and second largest economy into an enemy at a time when Japan is in economic crisis, South Asia is entering the nuclear age, Indonesia is in turmoil, the Russian evolution is uncertain, the Persian Gulf unsettled and the Balkans on the brink of war?"

Kissinger was arguing against those sections of the American ruling elite, increasingly vocal, who see a resurgent China, with by some measures the world's second largest economy, as the new strategic threat to American imperialism. They see it especially as a challenger to the hegemonic position that Washington has enjoyed in the Asian-Pacific region since its defeat of Japan in World War II.

What both sides in the official discussion of China largely ignore are the mounting signs of crisis within the world's most populous nation. The very policies which Kissinger helped initiate and which Clinton will praise throughout his trip--Beijing's embrace of capitalist economic relations and the market--are creating the conditions for massive social and political convulsions.

Far from being an "island of stability in Asia," as US Treasury Secretary Robert Rubin called it earlier this spring, China is riven by the most explosive social contradictions--between agriculture and industry, between the vast rural hinterland and the coastal urban areas, between the poverty-stricken north and the booming south, between the rampant corruption of the new capitalist elite, many of them the offspring of Communist Party bureaucrats, and the great mass of the population living on per capita incomes of \$600 a year or less.

Since last year, when the ruling Chinese Communist Party adopted a policy to privatize much of state-run industry over the next three years, there have been repeated eruptions of working class protest in China's industrial cities, especially in the interior provinces, such as Sichuan and Hunan, and in Manchuria. These areas have not participated in the boom fueled by the influx of foreign capital into south China and the Shanghai region.

When he took office in March, Prime Minister Zhu Rongji, the former economic czar, said that the Chinese economy had to grow by 8 percent just to absorb the tens of millions of workers being displaced by the shutdown of state-run factories. Since then, under the impact of the Asian crisis,

the Chinese growth rate has slowed to below 7 percent.

Hong Kong newspapers have reported in recent weeks a series of urgent instructions from the Chinese Communist Party Central Committee for greater vigilance against opposition to the regime from below. Sichuan province, the country's most populous, has ordered every official "to adopt" an unemployed worker.

Wuhan, once China's industrial capital, and Xian, where Clinton begins his visit, were the scenes of mass demonstrations against unemployment earlier this month. In the city of Chongqing, the state-run trade union federation gave shoeshine boxes to women textile workers laid off when their mill closed.

On June 22, at an international conference on social security systems held in Beijing, Politburo member Li Tieying said it would take at least five years before China could afford to establish a program of unemployment compensation to make up for the shattering of the "iron rice bowl"--the guarantee of lifetime jobs, housing and food supplies for workers in the state sector of the economy.

On the same day, a circular was issued by the Communist Party and the State Council warning that more needed to be done to find jobs for millions of workers laid off by struggling state firms. It said stronger measures must be taken in order to preserve social stability.

The circular promised that half of the laid-off workers would find new jobs this year. This means, however, that half will not, swelling the army of unemployed which is already estimated at over 30 million, with another 100 million in a "floating population" of peasants who shift back and forth from rural to urban areas in search of a livelihood.

It is this immense social crisis which underlies the tensions and rifts within the CCP leadership. On the eve of Clinton's visit, the former general secretary of the party, Zhao Ziyang, who was sacked by Deng Xiaoping for opposing the 1989 crackdown, issued a letter to the party leadership which found its way to the Western media. Zhao, who is 78 and under house arrest, described the Tiananmen Square massacre as "one of the biggest human rights problems this century," and called on Jiang Zemin and other party leaders to admit that it was a mistake.



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