



Building the Red Dragon

“Only Nixon could go to China” was the refrain of conventional wisdom during Richard Nixon’s 1972 official visit to Mao Tse-tung’s regime. Nixon’s anti-communist credentials, however dubious, provided useful camouflage as he opened diplomatic relations with Red China and made breathtaking concessions that an undisguised liberal couldn’t get away with. Bill Clinton’s nine-day tour of the Asian gulag state illustrates, among other things, that appeasement of the Red Dragon need no longer be disguised by spurious anti-communist credentials. By way of illegal campaign donations, the Chinese Communist Party (CCP) became the equivalent of a shareholder in the Clinton administration, and Clinton’s behavior before and during his visit reflected that relationship. But even before departing for Beijing, Clinton made it clear that he harbors no secret anti-communist impulses.

Tyranny and “Stability”

In a June 19 Oval Office interview with reporters from the *Los Angeles Times*, *Business Week*, and *Bloomberg Business News*, Clinton was asked: “Would you like to see the end of communism in China, and is that a goal of American policy?” Clinton’s 723-word reply was a tightly woven tapestry of dissimulation. He spoke of China’s need for “coherence and stability” and its need to “find a way to reconcile the realities it faces, its highest hopes for the future with its biggest nightmare.” For the Chinese, “instability in the context of their history is something that was just around the corner, only yesterday,” insisted the president; in fact, the Chinese “psyche ... is very much seared with past instabilities.”

Nowhere in his answer did the president state that he seeks the end of history’s most murderous regime. In a fashion befitting someone on Beijing’s payroll, Clinton was repackaging the official party line from Beijing, which is that communist tyranny is “necessary” in China in order to prevent “instability.” In doing so, the Empathizer-in-Chief was “feeling the pain” of Beijing’s autocrats. His storied empathy was less visible concerning the free Chinese on Taiwan, whose “psyches” have been “very much seared” by the criminal conduct, aggression, and tyranny of the mainland regime.

On the eve of Clinton’s visit, Beijing’s Foreign Minister Tang Jiaxuan demanded that the president make a public reaffirmation of earlier assurances not to sell advanced weapons to Taiwan. Red Chinese officials also demanded that the president unambiguously renounce support for Taiwan’s independence. Beijing also pressed for a presidential reiteration of the “Three-Nos” policy that had been articulated by lower-level U.S. officials for the last eight months — that is, that the U.S. will not support Taiwan’s independence, the creation of two Chinas, or Taiwan’s admission to the United Nations.

While no clear statement was made about arms sales to the free Chinese, Clinton eagerly delivered a clear endorsement of the “Three Nos” policy. Clinton informed an audience in Shanghai that during discussions with Jiang, “I had a chance to reiterate our Taiwan policy, which is that we don’t support independence for Taiwan, or ‘two Chinas,’ or ‘one Taiwan, one China,’ and we don’t believe Taiwan should be a member in any organization for which statehood is a requirement.”

Clinton’s abject appeasement of Beijing drew a sharp rebuke from Parris Chang, a legislator from Taiwan’s Progressive Democratic Party: “It’s wrong, morally and politically, for Clinton to collude with the communist dictatorship to restrict the future of a democratic country.... That Clinton has fallen into that kind of trap is unfortunate.”

Tragically, the collusion lamented by Chang is not a “trap” into which Clinton has fallen — and it’s



Written by [Alias](#) on August 3, 1998

entirely likely that Taiwan will not be its only victim.

Helping China Save Face

Clinton's visit reciprocated the October visit of dictator Jiang to the United States. At a joint Washington Press conference held during that summit, noted *Newsweek*, "Clinton fiddled with a podium step so that he would not tower over his Chinese counterpart." Jiang recounted this incident in a Politburo meeting, insisting that "from such a small gesture, you can discern the character of a politician." From the perspective of Americans who cherish our independence and pray for the freedom of the Chinese people, Clinton's gesture symbolized his servility toward the criminals who rule that unfortunate land — a servility that was abundantly evident throughout the tour.

At nearly every opportunity during his visit, the president strove to avoid giving offense to Beijing's bloody-handed thugocracy. He made a fleeting reference to the "disagreement" between the U.S. and China regarding the "meaning" of the Tiananmen Square massacre. He informed Martin Lee, a Hong Kong liberty activist whose party won legislative elections on June 24, that he would not meet with him privately out of concerns that the visit would offend China's communist rulers. He even indulged in some Maoist-style self-criticism during a June 28 exchange with students at Peking University in Beijing, insisting that he tries to balance criticism of Red China's human rights record with criticism of America's "problems in this area" — such as "discrimination in ... housing or employment or other areas based on race."

The Clinton administration "relinquished control of [the visit's] agenda to the Chinese" wrote *London Telegraph* Washington correspondent Hugo Gurdon on June 24. "They [the Chinese] moved the visit forward from November to June, when it would coincide with the anniversary of the 1989 Tiananmen Square massacre. Instead of being greeted officially at the airport, as Mr. Nixon and others have been, Mr. Clinton will walk the red carpet in the square, providing television pictures that Beijing has been seeking for nine years. Beijing has also successfully insisted that Mr. Clinton not meet any dissidents and not visit Japan, South Korea or Taiwan, potentially implying China's pre-eminence among America's Far Eastern allies."

"What happened in Beijing was that the men who rule China learned that they may do as they wish," observed *Washington Post* columnist Michael Kelly on July 1. "China's government may deal with democracy's advocates as it sees fit. It may continue to require its female citizens to undergo forced abortions. It may continue its armed occupation of Tibet and press forward with its goal of unfolding Taiwan. We will express our disagreements, and then move on, in partnership and honest friendship." Or, as Bill Clinton declared during a televised "debate" with Jiang, "Whatever our disagreements over past action, China and the United States must go forward on the right side of history for the future sake of the world."

Behind the pomp and pageantry of the China tour loomed this question: Was it "for the sake of the world" that Bill Clinton oversaw the demolition of export controls intended to prevent Beijing from acquiring sensitive military technology — or was it for the sake of Beijing's cash? While the president's indifference to the Beijing regime's domestic tyranny is an offense against America's ideals, the role played by his administration in aiding Red China's military build-up may well be tantamount to treason.

Big Business With Red Army

On June 18, mere days before Clinton departed for China, the House voted 409-10 to create a special nine-member committee to determine if U.S. national security had been subverted by the



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administration's decision to allow the launch of U.S. satellites on Chinese Long March rockets. The committee, which will be chaired by Congressman Christopher Cox (R-Calif.), is expected to scrutinize the actions of Loral Space and Communications Corporation. Loral is suspected of allowing the transfer of critical information to Chinese scientists following the February 1996 explosion of a Long March booster that carried a satellite jointly owned by Loral and Hughes Communications Corporation. A 20-page report from the Pentagon's Defense Technology Security Administration (DTSA) found that personnel from Loral and Hughes committed three "major" security breaches involving technical information, which permitted Chinese officials to improve the accuracy of the Long March booster — which is the same missile used by Red China's nuclear forces. At least 13 of the enhanced, nuclear-armed Long March rockets are presently targeted at the United States.

As previously reported in *The New American*, (see "Treasonous Tradeoff" in our July 6, 1998 issue), Loral CEO Bernard Schwartz donated \$632,000 to the Democratic National Committee during the 1995-96 election cycle, and was the largest individual donor to the DNC in 1997. In 1995, Schwartz wrote a personal letter to Bill Clinton urging that the authority to license Chinese launches of U.S. satellites be shifted from the State Department to the Commerce Department. Clinton did as Schwartz requested in March 1996, but delayed formal implementation of the relevant presidential order until November 5, 1996 — Election Day. In February 1996, the president issued waivers for four American satellite launches in China, in spite of evidence that China was exporting nuclear and missile technology to Iran and Pakistan. He issued yet another satellite launch waiver for Loral in February 1998, and in doing so undermined an investigation by the Justice Department, which was investigating possible illegal technology transfers by Loral to the Chinese.

On three occasions, Schwartz was on the short list of candidates for the position of Secretary of Defense. Given the extent of Loral's intimate business dealings with Beijing, it is likely that Senate hearings into a Schwartz nomination would have been disastrous for the administration. But Loral is burdened with other baggage as well. In a May 30 *Boston Globe* column, business analyst John Ellis of the Rasky/Baerlin Group reported that in December 1989 Loral Corporation pleaded guilty to charges of conspiring to defraud the U.S. government, filing a false statement regarding a contract with the Air Force to build radar equipment, and conversion of U.S. government property. As a result, Loral paid a \$1.5 million fine and was put on a "watch list" for national security officials. However, Loral's fortunes improved dramatically when Bill Clinton came to power in 1993.

"In the early summer of 1994, Loral Chairman Bernard Schwartz made a 'soft-money' contribution to the Democratic National Committee in the amount of \$100,000," continued Ellis. "Two months later, Schwartz jetted to China on a trade mission with the late Commerce Secretary Ronald Brown and 23 other executives." During that trade mission, Brown "publicly praised Loral's Globalstar cellular telephone system before an audience of Chinese telecommunications officials. Shortly thereafter, Loral secured a \$250 million cellular phone deal with the Ministry of Telecommunications."

It was during the same trade mission that Schwartz cut a deal with Shen Rong-jun, vice chairman of China's Commission on Science Technology and Industry for National Defense (COSTIND). That deal involved the use of highly sensitive encryption technology, which can be used to control satellites. COSTIND "is one of China's secondary intelligence organizations," noted a 1996 Congressional Research Service report. Its primary function is "acquiring advanced technology with military applications," and "members of CONSTIND have attempted to steal foreign, especially American, technology for military applications."



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Satellite encryption is among the most sensitive “dual use” technologies coveted by COSTIND. In fact, President Clinton refused to sign a waiver allowing the export of an encryption control chip to Australia, which is an American ally under the ANZUS treaty. For several years, the Red Chinese People’s Liberation Army (PLA) had been desperate to obtain encryption technology, which it needs in order to integrate its land, sea, and airborne military elements. Accordingly, the administration-brokered deal between Loral and COSTIND was a tremendous gift to the PLA — or, some might contend, a very handsome return on a very small investment.

PLA’s Influence Money

Loral’s Bernard Schwartz was not the only shady figure who plied the administration with campaign donations. Liu Chao-ying, a lieutenant colonel in the PLA and an official of the PLA-controlled China Aerospace firm, gave \$300,000 to notorious Democratic Party fundraiser Johnny Chung; at least \$110,000 of that amount was filtered into Clinton’s re-election campaign. That illegal donation occurred, noted the *New York Times*, at a time when “President Clinton was making it easier for American civilian communications satellites to be launched by Chinese rockets, a key issue for the PLA and for Ms. Liu’s company.” Significantly, Liu’s father is General Liu Huaqing, who until retirement in 1997 was vice chairman of Red China’s Central Military Commission and a member of the five-man Standing Committee of the CCP Politburo.

After the *New York Times* revealed that the “Chinagate” money trail reached from the highest levels of the Politburo into Bill Clinton’s White House, administration spokesmen from the president down adopted a curious tactic: They essentially ignored the implications of the Liu-Chung donations and insisted that the decision to allow U.S. companies to launch satellites on Chinese boosters was in America’s national interest. In his own defense, Bill Clinton created a unique standard of proof: “I don’t believe that you can find any evidence of the fact that I had changed government policy solely because of a contribution.” But to make the case for bribery it is necessary only to demonstrate that the contributions from Schwartz, Liu, and other tainted sources played any kind of a role in the decision — and the material case for the impeachable offense of bribery continues to grow.

On June 14, Senate leaders examined classified Pentagon reports documenting that “the White House had known for a long time that China was employing U.S. satellite technology for military purposes” reported the *Times of London*. “The intelligence reports, compiled by the Pentagon last year, showed that for two years the Chinese Army had relied on American satellites, sold for civilian purposes, to transmit messages to military garrisons in far-flung regions of the country.” These classified reports offered “the most powerful evidence so far that the Administration knew the Chinese Army was taking advantage of its technology transfers.”

More evidence of the administration’s culpable disregard of U.S. national security was presented by Dr. Peter M. Leitner, an export licensing analyst at the Pentagon’s Defense Technology Security Administration (DTSA). It was the DTSA which concluded that the actions of Loral and Hughes corporations had helped the Chinese perfect the Long March booster. However, according to Dr. Leitner, a 12-year veteran at DTSA, this was hardly an isolated case.

Over the past six years, stated Leitner in his June 25 testimony before the Senate’s Governmental Affairs Committee, the process of controlling export of “dual use” technologies “has failed its stated mission — to safeguard the national security of the United States.” The term “dual-use” refers to technologies — such as satellite encryption and missile technology — that can be employed for either civilian or military purposes. In the Clinton administration, the procedures used to control export of



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“dual use” items have “been hijacked by longtime ideological opponents of the very process of export controls,” testified Leitner. Having gutted the export control protocols, the Clintonites have created a “Potemkin Village” intended to deceive “both the Congress and the American people to lull us all into a false sense of security while short-sighted business interests line their pockets at the expense of future generations of American soldiers and citizens alike.”

Under the Clinton administration, the DTSA has been systematically marginalized, demoralized, isolated from intelligence reports, and saddled with inept staffers in key technical positions. Clinton-appointed management also “began arbitrarily dismissing valid intelligence information because ‘it was over one year old,’” recounted Dr. Leitner. “Thus, when faced with evidence that would have traditionally been termed ‘a smoking gun,’ the chain of command now capriciously rejects intelligence data and technical analysis when it suits them.” When other methods fail, the Clintonites will resort to blatant falsification: On one occasion, Leitner recalled, a recommendation he issued to deny an export license was changed in an official database while he was on vacation with his family.

The subversion of export control mechanisms has made possible the sale of supercomputers, oscilloscopes, and other previously controlled key technologies to China, as well as to Pakistan, India, Russia, and other potential adversaries. To illustrate the extent of the damage wrought by the Clinton administration, Leitner provided as an exhibit a DTSA “internal routing sheet” which is used “to solicit and coordinate positions and recommendations” regarding export decisions — “including satellite launch policies.” “As you will notice,” Leitner wryly observed, “there are only two possible options given for DTSA analysts to return: Approval or Approval. The analyst who seeks to deny an export has no avenue to express an objection.”

Leitner informed the Senate Committee that under Bill Clinton, the export control system has been eclipsed by the Commerce Department’s mandate to pursue “economic engagement.” “This philosophy is generally agreed with, if not vigorously endorsed, by high level political appointees in all departments and agencies — including [Defense],” lamented Leitner. “Technology sold to a potential adversary that can be used to close the technical gap between its military systems and ours diminishes our national security.... Tragically, nowhere in this government are analyses being performed to assess the overall strategic and military impact of the technology decontrols I have described.”

Leitner’s testimony is chilling, but there is an even more dreadful possibility he declined to mention — namely, that those analyses are being performed, and deliberately ignored. This would mean that the systematic subversion he describes is the product of ideological perversity, vulgar greed, or both.

Abundant Evidence

In the days leading up to Bill Clinton’s China trip, evidence continued to accumulate regarding Beijing’s bellicosity, and the administration’s duplicity:

- In testimony before the Senate Foreign Relations Committee on June 11, Gordon Oehler, who until recently was head of the CIA’s Non-Proliferation Center, insisted that China’s exports of nuclear, chemical, and biological warfare materials “to Pakistan and Iran have not abated, and some exports to other countries have continued, as well.” The June 16 *Washington Times*, citing highly placed intelligence sources, reported that “Iran held discussions with China last month on the purchase of ‘telemetry equipment’ for missile testing,” and Chinese technicians are aiding Libyan efforts to develop missile technology.

- On June 18, the Associated Press reported that federal investigators “want to know if Shen Jun, a



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satellite project manager and computer scientist with Hughes Space and Communications, provided information in 1995 and 1996 that may have helped China's military satellite program." Shen's father is General Shen Rong-jun, vice chairman of COSTIND — a fact that did not prevent the administration from granting the younger Shen (a Canadian citizen) a license to work on a \$650 million project in 1996. On July 1 the State Department, invoking "information that has recently been brought to our attention," suspended Shen's license.

- On June 23, computer security consultant Charles Smith reported that newly released documents show that in December 1997, "the Clinton Administration approved the export of a U.S. built supercomputer to communist China without performing a required inspection of the [Chinese] site.... Defense officials fear the computer is now being used for biological and chemical weapons research at a Chinese military facility."

Prior to departing for China, Clinton offered perfunctory assurances that the issue of illegal campaign contributions from Chinese officials would be on the agenda. And indeed it was — after a fashion. Clinton said at the end of his China trip that the issue was discussed during a summit meeting with Jiang. Jiang, the president claimed, denied that Beijing had tried to influence the U.S. elections. Clinton believed Jiang, of course. Not that this should be considered surprising: Clinton's eagerness to expose what "really" happened in "Chinagate" is roughly equal to the zeal displayed by O.J. Simpson in his pursuit of the "real killers" of his ex-wife Nicole. Had Bill Clinton been the innocent victim a devious Chinese bribery scheme, rather than a willing party thereto, his probable reaction would have been to cancel the China trip and end his policy of accommodation and appeasement. Of course, this was hardly the president's approach.

During their televised "debate," Jiang Zemin described Bill Clinton as "a strong defender of the American interest." One might be forgiven for perceiving a hint of triumphant irony in Jiang's assessment.



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