

National Defense University

National War College

COMPLEX INTERACTIONS

WHY PRESIDENT CLINTON DE-LINKED HUMAN RIGHTS CONDITIONS FROM
THE CRITERIA FOR CHINA'S MOST FAVORED NATION STATUS

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Complex Interactions – Why President Clinton Dropped Human Rights Conditions From The Criteria For China’s Most Favored Nation Status

Introduction

In 1992, presidential hopeful William Jefferson Clinton, in what Warren Christopher called the toughest foreign policy rhetoric of the campaign, criticized then President Bush for failing to tie China’s Most Favored Nation (MFN) status to its human rights record.¹ In 1994, despite its poor progress in human rights issues, President Clinton announced his intention to support continuation of China’s MFN status. This paper examines this sea change in the Clinton presidency. It studies why this potential superpower rival was awarded MFN status despite legitimate concerns and President Clinton’s best intentions to the contrary. It also critiques the “Governmental Politics” model with respect to this decision and finally, proposes a new decision process model to evaluate economic, political and contextual influences on government decisions.

MFN Status and the MFN Status Approval Process Defined

MFN status is a trade relationship that sets tariff rates on products entering the United States from specific developing nations. On average, MFNs are charged 6% versus the 44% typically charged non-MFNs. The People’s Republic of China’s (PRC) MFN status, suspended during the Korean War, was conditionally restored in 1980 under the Jackson-Vanik freedom-of-emigration amendment to the Trade Act of 1974. These provisions added an annual renewal requirement for non-market economies based on their emigration policies and progress, and maintaining the bilateral trade agreement with the United States. In short, for China to maintain its MFN status, the President must continue to extend the three-year US-PRC commercial accord and annually notify Congress that he intends to renew the Jackson-Vanik waiver. Congress can attempt to

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prevent continuation via legislation of course, but the legislation would need the support of two thirds of both the House and Senate to override a presidential veto.²

The President De-links Human Rights Progress From China’s MFN Status

On 28 May 1993, as he requested a one year extension of the PRC’s MFN status, President Clinton announced that China would have to meet additional conditions, including human rights progress, to receive MFN status in succeeding years.³ This announcement preempted the rancorous congressional discourse on this issue that occurred each year since the 4 June 1989 Tiananmen Square massacre.⁴ Senator George Mitchell of Illinois and Representative Nancy Pelosi of California, both Democrats, expressed support for the President’s Executive Order over legislation they were sponsoring to condition MFN status for China.⁵ In March 1994, Warren Christopher reminded the PRC’s leadership that its MFN status would not be renewed unless it had improved human rights conditions, conformed to the standard of the Missile Technology Control Regime and further reformed its trade practices.⁶ On 26 May 1994 however, President Clinton disconnected human rights issues from China’s MFN renewal criteria.⁷

Proponents viewed MFN continuation as a lever to encourage improved human rights, limit the spread of Weapons of Mass Destruction (WMD) and further open China’s markets to reduce the nearly \$35 billion and growing bilateral trade deficit with China.⁸ Those in favor of China’s MFN status also noted that the uncertainty associated with the annual renewal process could complicate long term strategic planning. Opponents believed a tougher criteria-based relationship would more effectively promote the same goals. An examination of the players and participants in this process however revealed that contextual changes, pressures from groups outside the administration, MFN

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supporters in the Clinton administration and a poorly organized opposition all played important roles in the presidential about-face and China’s MFN status continuation.

Contextual Changes Set the Stage. As unemployment reached an eight year high, “it’s the economy stupid” became the battle cry of the 1992 presidential election.⁹ Once elected, the first post Cold-War president quickly established an assistant to the president for economic affairs to rank on a par with the national security advisor.¹⁰ The new administration’s national security strategy emphasized a strong economy and open markets as vital interests.¹¹ Against this backdrop, China with its large population and growing trade surplus with the United States represented an opportunity to improve American economic prosperity. Consistent with his campaign promises however, in May 1993 President Clinton signed an Executive Order that explicitly linked trade relations, emigration and human rights progress to China’s continued MFN status.¹²

Outside Pressures Influenced. Three groups outside the Clinton administration played vital roles in the continuation of MFN status for China: American business groups, several major American corporations and a third faction that consisted of China’s leadership and the “China Lobby.” American business moguls were attracted to China’s vast reservoir of manpower for labor-intensive industries and its large domestic markets.¹³ PRC leadership and the China Lobby considered MFN status a top priority and key to China’s continued economic development.¹⁴

American business groups, at a 13 March 1994 closed meeting with Warren Christopher in China and a 15 March 1994 Council on Foreign Relations-sponsored forum in Washington, sharply criticized linking human rights with trade issues.¹⁵ A lead group advocating this position was the ubiquitous US-China Council which had

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represented American businesses since 1973. Self-labeled the “principal organization of US corporations engaged in business relations with the People’s Republic of China,” the over three hundred member council “educates” members of congress and congressional staff on China issues, appears on major broadcasts, and hosts senior Chinese (most recently both the PRC President and Premier) and American leadership at meetings and forums to promote their agenda.¹⁶ Led by Honeywell, Incorporated Chairman Michael Bonsignore, the association donates upwards of \$20 million a year to political campaigns according to a 19 May 1997 *Philadelphia Inquirer* article.¹⁷

Among the more active of the individual companies that influenced this process was the Boeing Corporation. Boeing, which donated millions to both Democratic and Republican candidates over the years, is the parent company of Loral Corporation. In 1993, Loral sought and received a waiver to launch Loral/Hughes satellites from China.¹⁸ Loral CEO Bernard Schwartz has personally donated over \$1M to both parties. Boeing also owns McDonnell-Douglas which in 1994 made an agreement with China to open a parts factory in Beijing. Boeing, who sold nearly 70% of the airliners China purchased in the 1993 to 1995 timeframe,¹⁹ selected former Clinton administration Defense Secretary William Perry for its board of directors shortly after he left the Pentagon.²⁰

Hughes Electronics Corporation, a subsidiary of General Motors (GM) and co-developer of satellite systems with Loral, also has dealings with China and worked to maintain MFN for the PRC. Hughes Electronics Chairman Michael Smith also serves as vice Chairman of the Aerospace Industries Association, a long time supporter of MFN status for China.²¹ GM was also pursuing an agreement to build a Buick assembly plant in Shanghai with joint-venture partner Shanghai Automotive Industry Corporation.²²

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These business groups and corporations helped influence Clinton’s decision to abandon his human rights-based MFN status criteria. According to Warren Christopher, President Clinton was both aware of and influenced by business community concerns when he reversed his decision to link China’s MFN status to its human rights progress.²³

Well on its way to becoming America’s second largest trade partner and already a major political contributor,²⁴ China energetically lobbied and had a number of supporters on the MFN issue.²⁵ In “The New China Lobby,” Richard Bernstein and Ross Munro noted that China’s supporters include political consultants, academics, former diplomats and others who believe in, or benefit from American involvement with China. China and its supporters fund political action committees and candidates of both parties.²⁶ They hire former senior legislators and executives to represent their interests. Political luminaries, some with considerable financial ties to China’s continued MFN status such as Henry Kissinger and Al Haig, wrote favorable op-ed pieces, called Congressmen and appeared on news programs presenting the positive aspects of MFN for China.²⁷ Masters of the properly timed maneuver, the PRC released several dissidents in the days just prior to the 3 June 1994 MFN renewal deadline.²⁸ Appearing on a 1995 *NewsHour* interview, PRC President Jiang Zemin said, “I’m not clear about the development of freedom and democracy in the USA, but I hope the Americans will understand that each country has its own process of developing democracy and freedom.”²⁹ During Warren Christopher’s March 1994 trip to China, Premier Li Peng and Foreign Minister Qian Qichen pointed out American problems, such as the 1991 Los Angeles riots, in response to Christopher’s concerns with China’s human rights progress. Christopher was warned that President

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Clinton would be blamed for “losing China.”³⁰ China’s leadership and others significantly influenced President Clinton’s decision to change his MFN policy.

Internal Support. There were several champions for this reversal within the Clinton administration. Commerce Secretary Ron Brown promoted “commercial diplomacy,” a policy of strengthening economic and trade links to gain leverage over human rights and other issues.³¹ MFN supporter, US Trade Representative and eventual Commerce Secretary Mickey Kantor was also a supporter of commercial diplomacy and a consistent critic of import restrictions and licensing requirements. MFN for China also found support at the State Department when Warren Christopher recommended renewal in a 23 May report to the President.³² The report suggested that MFN revocation would disrupt ongoing negotiations to establish tools to protect American interests.³³ The Treasury and Agriculture Departments were also solidly against linking human rights or other factors to MFN continuation for China.³⁴

The Department of Defense, having endured the withdrawal of Secretary designee Bobby Inman and the resignation and death of Les Aspin, was led by former deputy Secretary William Perry. Despite these leadership changes, the Pentagon supported continuation based on regional security implications and a belief that MFN renewal would help the military work with China to reduce WMD proliferation. A 23 June 1997 letter favoring MFN for China and signed by ten former Defense Secretaries outlined these views and shows the consistency of the Pentagon on this issue.³⁵

1994 was a busy time for the administration with significant professional and personal challenges. A major earthquake rocked Los Angeles in January. That April, Bosnia withdrew forces from Sarajevo and the United States withdrew the last of its

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forces from Somalia. During that same period, the CIA was reeling from the Aldridge Ames spy case. CIA Director James Woolsey was criticized in connection with the case and would eventually resign. In addition, Congress was in the process of rejecting Hillary Clinton's health care reform proposals, a smashing defeat for both Clintons.³⁶ The President was also under tremendous personal pressures. Special council Kenneth Starr was examining Clinton's affairs in conjunction with a financial and real estate project in Arkansas. "Whitewater" would be the subject of congressional hearings that July and August. Finally, on 6 May 1994 Clinton became the first sitting president targeted with a civil suit when Paula Jones filed a sexual-harassment complaint. In the midst of this turmoil, Warren Christopher became convinced the Chinese would not meet the human rights criteria the Clinton administration had established.³⁷

Strange Bedfellows. China's poor human rights record, religious persecution and alleged proliferation of nuclear technology were arguments against continuing its MFN status. Opponents also had the end of apartheid in South Africa and the recent Nelson Mandela election as a successful example of the use of sanctions to address human rights issues. The opposition however, was a motley crew with diverse perspectives. Human rights activist Congresswoman Nancy Pelosi (D-CA) aligned with anti-Communist Senator Jesse Helms (R-NC). Conservative Christian Right to Life advocates combined with arms control specialists.³⁸ The forces for MFN continuation mounted coordinated, multi-layered, synergistic initiatives towards their goal and were able to focus their energies on one man, Bill Clinton. Their adversaries conversely, had the disadvantage of needing probably two thirds of Congress to support their position. These coordination challenges contributed to the opposition's inability to prevent China's MFN continuation.

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The End Game. Harried by personal challenges, aware of economic concerns and pressured by cabinet members and business groups, on 3 May 1994 an embattled President Clinton admitted to mistakes in pursuit of his principles. Facing a dismal 36% foreign policy approval rating³⁹ and stymied by Chinese intransigence, President Clinton also said, “We don’t know what will work within the limits of our ability to deal with some of these problems.”⁴⁰ On 26 May 1994 he reversed his human rights stand and signed an Executive Order extending MFN trading status for the PRC. During his announcement, Clinton said that MFN “offers the best opportunity to lay the basis for long-range sustainable progress in human rights.”⁴¹ That August, the House of Representatives voted 280-152 in favor of a measure sponsored by Congressman Lee Hamilton (D-IN) supporting President Clinton’s decision.

The Governmental Politics Model

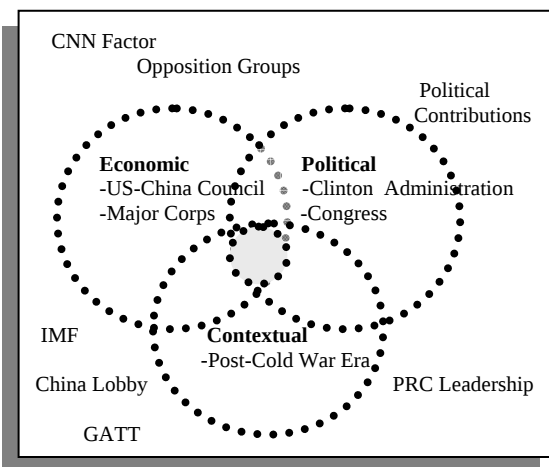
There are a number of models that attempt to explain organizational decisions. Among these constructs, the Governmental Politics model, developed by Graham Allison has achieved some prominence. Allison’s model sees decisions as a function of the struggle between players for control of the national agenda. Proximity to leadership determines level of influence. Allison further contends that participants are too overwhelmed to have focus, integrate policy or implement a consistent vision.⁴²

The Allison model accurately explains the amalgamation of diverse interests, differing perspectives and conflicting agendas that partly resulted in President Clinton’s human rights policy reversal. It also demonstrates the difficulty of maintaining a vision in a complex and changing world. It has two weaknesses however, that reduce its explanatory value for this case. First, it incorrectly portrays the government as a closed

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system without external influences. This policy change was clearly influenced by the powerful business industry and China’s persistent leaders among others. In addition, this model does not identify the role of contextual factors on government decisions. In this example, from the ascension of economic issues to the poor foreign policy approval ratings of President Clinton, contextual pressures were considerations in this decision. Finally, the static and linear nature of this model belies the rapidly changing nature of players, issues and participants. An attempt to incorporate these factors and portray the influences on this decision is provided in the “Complex Interactions” model seen below.

The Complex Interactions Model



This model has three major components.

The overlapping circles represent the environments that combine to influence decisions: the political, economic, and contextual spheres. These sub-systems contain the players, organizations and significant events in their respective

arenas. At the Venn-like center these non-linear worlds synergistically combine to mold policy. This approach shows how items can exert influence in more than one venue. The sub-system’s dashed-line exteriors represent the tendency of items to flow into, out of and within the complex sub-systems as influence varies. Around the sub-systems float numerous minor factors that also compete for attention and influence. An event of sufficient seismic magnitude however, such as the *Challenger* tragedy which led to President Reagan allowing American companies to launch satellites from China, can

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rapidly move an item from the sidelines to center stage. Consequently, proximity counts but it is temporary and modified by intensity. In sum, this model explains the chaotic interaction of the range of factors that can influence a government decision.

Conclusion

This study examined the 26 May 1994 presidential decision to drop human rights progress as a condition to continue China's MFN status despite President Clinton's campaign promises to the contrary. In between his promise and eventual reversal Bill Clinton underwent two difficult years and on this issue, transitioned from campaign idealism to executive pragmatism. Candidate Clinton promised a relationship with China that would use the threat of economic isolation to move the PRC towards our human rights values. Once elected and with this vision in place, President Clinton was acted upon and eventually influenced by pervasive and well organized economic, contextual and political pressures. These pressures and other distractions helped Clinton decide that his planned approach would isolate the PRC and could harm the American economy. On this realization, he supported a method that emphasized open markets and strong economic ties as vehicles to improve China's human rights record.

At end, significant influences and their complex interactions were identified, evaluated and modeled but the exact reasons for this policy change cannot be precisely determined. This case may however, reveal more about the perplexing nature of the interagency foreign policy process, the difficulty of the elected implementing what the candidate championed and the likelihood that this policy will continue than the differences between Candidate Clinton and President Clinton on this issue.

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