

Clinton's Foreign Economic Policy

1 Preliminary Remark

With the swearing-in of William Jefferson Clinton as the 42nd president of the United States, was a change of generation in the White House.

President Clinton is the third youngest president of the United States¹ and he is the youngest president who was re-elected. He is the first president, who grew up in the generation of the economic miracle and he also is the first president, who is the head of a society, that doesn't live automatically under better circumstances as the generation before. He became president in the post Cold War era and in a time of a serious economic crisis.

Only 43 % of the electors voted for Clinton. So he was the first president since Richard Nixon who was not elected by an absolute majority.

During his election campaign he presented himself as a new – type – Democrat. Clinton won the election against George Bush, because the people believed that he would boost the economy.

The economic crisis was shown in the bad political economic facts: There were rising Federal Budget Deficits, the rates of growth of the Gross National Product (GNP) and the rate of savings sunk and the Dollar sometimes was overvalued, sometimes undervalued. Capital flew into savings and not into investment, so the competitiveness of companies sunk more and more. The allies of the United States became economic rivals, so did Japan and the European Countries.

The American economy became more and more depended on foreign markets.

It seemed that the Laissez-faire liberalism, this means the system of a completely free market with no interventions by the government, was not the right system to get rid of the economical problems.

In this time, four of five Americans thought, that problem of America's future is not a foreign problem, but it is inside of the social and economic circumstances in

¹ After John F. Kennedy and Theodore Roosevelt.

the country itself. So Clinton convinced on 16th of August 1992 with the words: “National security begins with economic security.”²

Clinton may have been influenced by his friend, that studied with him, Robert B. Reich, who became his Secretary of Labor. Reich studied economics at Yale and Harvard.

Clinton always put the focus on the economic. When he was governor of Arkansas he demanded a fight against unemployment. So, his passion for economic came much earlier than his presidency.

After his election, Clinton installed a National Economy Council (NEC), that followed the example of the National Security Council (NSC). This council should advise the president, who himself is the head of this council. A member of the National Economy Council is the president’s security advisor and on the other hand, a member of the National Security Council is the Secretary of the Treasury. So economic policy and foreign policy were interlocked. This was already shown by Clinton’s statement in his election campaign: “Domestic policy is foreign policy is domestic policy.”³

Another principle of Clinton is to keep American’s status of a super power, and to try to keep on being the leading country of the world.

2 Clinton’s early foreign crises

It is said, that Clinton, in the beginning of his administration, was not very interested in foreign policy. A few examples should show this:

2.1 Somalia

Since summer 1993 the United Nation peace mission in Somalia seemed to get more and more difficult. On August the 8th 1993 four US-patrols were killed by Somalian rebels. Because of this, the Secretary of Defense, Les Aspin, sent the Delta Forces, a secretly acting troop, to Somalia, to catch the leader of the rebels General Aidid. But the Delta Forces didn’t act

² Clinton’s Speech to National Guard, in: The New York Times, 16.8.1992, S. A18, quoted by: Schwarz, Klaus-Dieter: Amerikanische Weltmacht im Wandel. Halbzeitbilanz der Clinton-Administration, Baden-Baden 1995, p. 15.

³ quoted by: Schwarz, Klaus-Dieter: Amerikanische Weltmacht im Wandel. Halbzeitbilanz der Clinton-Administration, Baden-Baden 1995, p. 15.

successfully. They attacked the Office of the United Nations and then they claimed to have caught General Aidid, but in fact he was free.

After street fightings in Mogadishu, where 18 Americans have been killed, Clinton tried to solve the problem on his own. But the only thing he did was to withdraw the US-troops until March 1994. After this, the civil war in Somalia started again.

In Somalia, there were neither political nor economical interests. “Only” human beings were in danger, so there was no reason to act. But this crisis also didn’t help the United States to keep their renown as a military super power.

2.2 Haiti

The first, in 1991, democratically elected president of Haiti, Aristide, was brought down by a military putsch of General Cedras, in the same year. Cedras refused giving back the power to Aristide and so the United Nations imposed an oil-, weapon- and finance- embargo on Haiti. The Secretary of Defense, Les Aspin voted against sending US- troops to Haiti for bringing down the military junta but the Secretary of State Warren Christopher and the National Security Adviser Anthony Lake wanted to do so. After Clinton was not asked and Aspin was outvoted, a ship with 200 American specialists, most of them from the CIA, was sent to Haiti. But the harbor master in Port-au-Prince refused the ship to dock. After anti-American demonstrations in the harbor, Clinton decided to call back the ship. The powerful United States gave up because of a small group of demonstrators.

Christopher suggested Clinton, he should take part more active in foreign policy, but Clinton was not interested. Christopher also suggested, to install a breakfast meeting once per week with his foreign staff but Clinton didn’t want this. Between October and December 1993 there were only two of these meetings. Clinton was annoyed of his foreign staff, and he himself didn’t know, what he should do, but he knew, that his staff did everything wrong.

Also the first summit meeting with Boris Jelzin in Vancouver was not successful. Clinton seemed uninterested and Jelzin made a boat trip with a bottle of scotch whisky. After dinner, Clinton immediately went into his rooms to meet Sharon Stone and other actors.

But on 31st of July 1994 Clinton's government got the permission of the United Nations Organization (UNO) to form up a multinational army to force the change of Haiti's government. This was the first time, the UNO legitimated a mission in the sphere of influence of the United States. The former presidents explained their missions with the Monroe-Doctrine⁴.

Clinton's threat of an invasion and the diplomatic engagement of the former president Carter was enough to re-install democracy in Haiti.

After these two crises, Clinton learned, that he has to take influence on foreign policy. It is not enough to put the focus on domestic policy. The second thing, Clinton learned, is that multilateral actions have a bad effect on the president's prestige and restrict the capacity to act of the United States.

3 Clinton's new politics

3.1 General aspects

From now on, Clinton tried to take positive effects from foreign policy to domestic policy.

After the Cold War, the threat for the United States has changed from a military into an economical threat. The public opinion was influenced by books, that were written in an quite aggressive way and they pointed out this economical threat. These were books with titles like: "*Head to Head: The Coming Economic Battle among Japan, Europe, and America; The Silent War: Inside the Global Business Battles Shaping America's Future; A Cold Peace: America, Japan; Germany and the Struggle for Supremacy*"⁵.

The new slogan was competitiveness instead of containment.⁶

Clinton's motto was: "We must compete, not retreat."⁷ So, Clinton tried to reach the competitiveness of American companies with tax relief and subsidies and also

⁴ Principle of foreign policy by president Monroe in 1823, that warned the Europeans, not to engage on the American Continent. On the other hand, the Americans promised not to engage in Europe.

⁵ Schwarz, Klaus-Dieter: Amerikanische Weltmacht im Wandel. Halbzeitbilanz der Clinton-Administration, Baden-Baden 1995, p. 19.

⁶ Compare to: a.a.O.

⁷ Clinton's Speech at American University on 26.2.1993, quoted by: a.a.O.

with the installation of a National Science and Technology Council, that should remove disadvantages in competition against Germany and Japan. The central point of Clinton's economic policy is the improvement of foreign trade. The growth of the American economy should be reached by the export of American goods and services into new markets and into existing markets. Not protectionism, as many interest groups would like, it is the aggressive trade that is forced by Clinton. The aggressive trade should win back markets, that were lost to the competitors. So, one of Clinton's most important targets, is the opening of this markets, that up to now resisted against American products. This is supported by competition advantages, for example: During the republican era, the income in the industrial and commercial sector didn't rise. So, the wages in the United States are much lower than the wages in Europe.⁸

Furthermore, the United States "export safety" to the Middle East and because of this, they achieve economic advantages in this countries.

The Bush administration didn't take action against the sinking orders in the defense industry.⁹ The Clinton administration gave 20 billion Dollars to this sector, to help to adjust to civil production. Furthermore, Clinton tried to force the export of arms. The chairman of McDonnell Douglas Corporation said: "The Clinton administration has been super in supporting exports". The United States today rule about 43 % of the international arms export market¹⁰. The Clinton administration supports this exports with generous credits for arms exports and with the liberalization of the export license. This is also for dual-use technologies like high power computers and even the sale of nuclear- and space- components, if the civil use is proofed. Export controls are a "hopeless task", "it only interferes with a company's ability to succeed internationally"¹¹ said Les Aspin, the Secretary of Defense.

⁸ Compare to table one.

⁹ Orders from Pentagon to defense industry : 1988: 80 billion Dollars; 1995: 43 billion Dollars in: Schwarz, Klaus-Dieter (1995), p. 21.

¹⁰ In 1997, data from: Harenberg, Bodo: Aktuell '99. Harenberg Lexikon der Gegenwart, Dortmund 1998, p. 370.

¹¹ Quoted from: Schwarz, Klaus-Dieter (1995), p. 23.

3.2 Multilateral treaties

Clinton himself supports the idea of free trade. This is shown by the hurry, he brought the GATT (General Agreement on Tariffs and Trade) treaty to a close in December 1993.¹² It promised to lead to a great increase of world trade, and to an increase of American exports. Later, the GATT became the World Trade Organization (WTO) and was expanded with the issues of service and knowledge. Clinton said: "What virtually every country in the world wants from America is access to its vast open market. More than ever, we want access to foreign markets."¹³

An other multilateral treaty initiated by Clinton, was the North American Free Trade Agreement (NAFTA), that was signed in December 1992 and was the counterpart to the European Community. The members of the NAFTA are Canada, the United States of America and Mexico. The NAFTA, with 360 million people and a Gross National Product of about seven trillion dollars, is bigger than the European Community. In April 1998, on a summit meeting in Chile, Clinton promised to enlarge the NAFTA to Middle- and South- America. Clinton promised, that the NAFTA will create 200.000 jobs in the United States until 1995.

With a look on the Asian area, foreign secretary Christoher said, that the US exports into this area are about 128 billion Dollars and have created 2,4 million jobs in the USA. The United States could reach this increase of exports because of GATT and Asian-Pacific Economic Cooperation (APEC) and because of bilateral treaties between single counties.

The focus of Clinton's exporting strategy is based on the theory of *Big Emerging Markets* and *Big Emerging Sectors* like telecommunication, environmental and health technology. The ten markets, the government beliefs they would develop best, are: China, Indonesia, South Korea, India, Turkey, South Africa, Poland, Argentina, Brazil and Mexico. These are the most interesting markets for Clinton and his foreign engagement. Chairmen of big companies gave Clinton a list of their goods and markets, they would like to engage, and Clinton tried to do his best to open these markets for them. For example, the sale of Boeing planes to

¹² The issue was the fact that the European Community subsidized grain exports and different seeds, that it was difficult for the United States to import feed into the European Community.

¹³ Quoted from: Schwarz, Klaus-Dieter (1995), p. 28.

China and Saudi Arabia was initiated this way. After Clinton's intervention and the visit of three of his secretaries in Riad, Boeing and McDonnell Douglas got the order for 50 planes for about 6,2 billion dollars, that were financed by the US-ExportImport-Bank. The European competitor, the Airbus Industry, didn't get any order, although they were cheaper. Secretary of State Christopher said: "This administration understands, that America's strength at home and its strength abroad are interlocking and mutually reinforcing. That is why President Clinton and I have placed economic policy at the heart of our foreign policy"¹⁴.

3.3 Clinton's China politics

Clinton's attitude towards China shows, that his priority is the economic policy. Although China is a big emerging market, Clinton tried to link the problem of human rights in China with the matter of trade. But Clinton recognized very soon, that China will not change their attitude towards human rights, so Clinton decided on 26th of May 1994 to separate these two issues. After that, the Chinese government improved the legal position of the citizens with three laws, and gave the citizens the right to go to court, if they feel discriminated.

Clinton wants to improve the relationship between China and the USA to conquer the Chinese market with US products. Therefore he neglects the old principles of American Foreign Policy. The problems of this relationship are now pirate copies of American CDs and imitations of US trademark products and not general political principals.

In Mai 1996, the Chinese government restricted the cold trade war and the economical piracy.

In June/July 1998, Clinton visited China officially as the first president, since the democracy movement was put down in 1989. Trade treaties for about 3,1 billion dollars were signed.

¹⁴ Warren Christopher at the Senate at 4.11.1993, quoted from: Schwarz, Klaus-Dieter (1995), p. 28.

3.4 Clinton's politics towards Europe

Clinton wanted to install a Trans Atlantic Free Trade Association (TAFTA) to prevent the danger of an European fortress. He was frightened of a European market without or with little American participation. The USA and the European Community are the world's biggest trade nations and the most important trade partners for each other. The TAFTA failed, because Christopher and the EU trade commissioner saw unsolvable problems at the agriculture and the textile industry. So the smaller Transatlantic Agenda¹⁵ was signed.

There were three main themes of Clinton's Europe politics:

- The transatlantic agenda,
- the NATO eastern expansion,
- and the Balkan war.¹⁶

The NATO eastern expansion was a big problem for American politicians. Poland, Hungary and the Czech Republic wanted to get members of the North Atlantic Treaty Organization. The Security Advisor Anthony Lake voted for the expansion but Les Aspin and the special advisor for the former Sowjet Union states, Strobe Talbott were against it. Both were concerned, that Russia could be upset, because the NATO, the former enemy, gets nearer and nearer to its borders. Clinton said in January 1994 in Prague, that he is for the expansion, and only a few years later, on the 1st May 1998, the Senate voted with a two-third majority¹⁷ for the expansion.

The main reason for Clinton's vote for the expansion may be the fact that, in the Eastern European countries, there rises a big market for armaments. The expansion should be a step to open this market for US arms exports. Another reason may be, that the United States didn't want to lose hegemony in Europe. Clinton recognized, that it is very important to keep the influence on the old continent. A NATO border, that is near to the Russian border could keep the Russians from beginning a new cold war. A main problem is, that the Russian political system is

¹⁵ It developed the transatlantic partnership further on economic, political and security issues. Signed on 3rd of December 1995.

¹⁶ Compare with: Hacke, Christian: Zur Weltmacht verdammt: Die amerikanische Außenpolitik von Kennedy bis Clinton, Berlin 1997, p. 561.

¹⁷ 80:19 votes, data from: Harenberg, Bodo: Aktuell '99. Harenberg Lexikon der Gegenwart, Dortmund 1998, p. 565.

not as stabile, that you can say that there will never be a new threat. Countries that are members of the NATO won't get Russian satellite states so easily.

3.5 The Middle East Strategy

Clinton's negotiator Dennis Ross forced the peace bringing process in the Middle East . In May 1994 a peace treaty between Israel and the PLO, and after that, in October between Israel and Jordan was signed. Among other things, economical incentives forced the peace process. The process should be profitable for all partners. The Middle Eastern region should become more attractive for investors. This kind of economic diplomacy, Clinton used also at the Balkan. The advantage for the USA is the increase of exports in this region. The American part of the Israeli import is about 20 %. The foreign invests in Israel rose from about 600 million Dollars to about 1200 million Dollars from the Year 1994 to 1995.¹⁸ So, Clinton tried to establish an Free Trade Association between the United States and Israel to increase the US imports.

4 Closing words

Not very much of Clinton's predecessor have made such a process of ripening in foreign policy. In the beginning Clinton had no interests in foreign policy but later on, he saw the importance of this field and learned to use it for his interests. The central point has always been the domestic economy. He wanted to get rid of problems like unemployment, the Federal Budget deficit and the deficit in the balance of trade. The quote of unemployment in 1998 was with 4,7 % the deepest for the last 24 years, and there is no Federal Budget Deficit for 1999. Only the trade deficit didn't improve. Not at least because of the Asian Crisis the deficit went to its highest level¹⁹.

The connection between foreign and domestic policy brought the success, Clinton hoped. But in my opinion, the boom of the economy unfortunately was bought with the loss of principles of the US foreign policy, like human rights. But I think, not all decisions were made on his own. He was driven to many decisions by

¹⁸ Data from: Wolffsohn/Bokovoy: Israel. Geschichte, Wirtschaft, Gesellschaft, Politik, 5. Auflage, Opladen 1996, p. 467.

¹⁹ 12,1 billion dollars in February 1998. Data from: Harenberg, Bodo: Aktuell '99 (1998), p. 517.

congress or by the public opinion. The congress especially Republican majority in congress wanted Clinton to force the NATO eastern expansion or to rise the military budget. The public opinion confirmed him, that what he has done was right. The Americans like what he does and this was shown, that Clinton was re-elected. So, Clinton has no need to act different. He reached what he has promised, he got rid of the high unemployment.

Literature

Alfred Herrhausen Gesellschaft für internationalen Dialog (Hrsg.): Pax Americana ?, München 1998.

Bundeszentrale für politische Bildung (Hrsg.): Informationen zur politischen Bildung. Politisches System der USA, Bonn 1997.

Chomsky, Noam: Clinton's Vision, Grafenau 1994.

Dittgen, Herbert: Amerikanische Demokratie und Weltpolitik. Außenpolitik in den Vereinigten Staaten, Paderborn, 1998.

Hacke, Christian: Zur Weltmacht verdammt. Die amerikanische Außenpolitik von Kennedy bis Clinton, Berlin 1997.

Ders. : Amerika first – aber wohin? In: Aus Politik und Zeitgeschichte, B19/98, 1. Mai 1998.

Harenberg, Bodo: Aktuell '99. Harenberg Lexikon der Gegenwart, Dortmund 1998.

Mewes, Horst: Einführung in das politische System der USA, Heidelberg 1986.

Ragsdale, Lyn: Vital Statistics on the presidency. Washington to Clinton, Washington, D.C. 1996

Reich, Robert B.: Locked in the Cabinet, New York, 1997.

Schwarz, Klaus-Dieter: Amerikanische Weltmacht im Wandel. Halbzeitbilanz der Clinton Administration, Baden-Baden, 1995.

Wasser, Hartmut(Hrsg.): USA. Wirtschaft, Gesellschaft, Politik, 3. Auflage, Opladen 1996.

Wolffsohn, Michael/Bokovoy, Douglas: Israel. Geschichte, Wirtschaft, Gesellschaft, Politik, 5. Auflage, Opladen 1996.

Woyke, Wichard (Hrsg.): Handwörterbuch Internationale Politik, Opladen 1998.

Internet: www.whitehouse.gov
 www.hsfk.de
 www.lbbs.org/zmag/index.htm
 <http://stats.bls.gov/>