

## **THE YANKEE TRADERS' MESSAGE TO CLINTON: TRADE BEGETS DEMOCRACY IN CHINA**

**U**nited States Trade Representative Carla A. Hills arrived in Taipei on November 30; before Christmas, Commerce Secretary Barbara Hackman Franklin will arrive in Beijing. Neither the timing nor the subjects that these officials will discuss is accidental. Their messages ought also to be unambiguous: Just as the business of the post-Cold War era is trade—free, fair, and mutually beneficial—so too must its political bond be democracy. It is only when these parallel tracks converge that genuine and enduring Sino-American friendship is possible. Taiwan has long since gotten the message. Now it is up to the People's Republic. Only the Chinese can make the necessary accommodations in their political system to qualify for full membership in what is emerging as a community of democracies.

This could happen on President-elect Bill Clinton's watch. He would do well to keep straight the distinctive character of each of these tracks, the commercial and political, and to pursue both with separate but equal forcefulness.

**From Geopolitics to the Democratic Revolution.** China used to be able to present itself to the West as the benign variety of a communist regime. But that time is past. China is the only mature, nuclear-armed totalitarianism left in the world. Cuba, Vietnam, and North Korea are only remnants of what was once an aggressive Soviet empire. For most of the 1980s China was militarily self-effacing, economically adventurous, and relatively open to the outside world. Above all, it was no friend of the Soviet Union. And so, the U.S. overlooked—or lacked the clarity of purpose to confront—China's grimmer side, notably its military trade with some of the world's worst regimes and its abominable human rights record: the 10 million prisoners languishing in the Chinese gulag, the periodic crackdowns in Tibet, the absolute denial to its people of any trace of political self-expression.

Not any more. The end of the Cold War and the collapse of the Soviet Union have changed the world around China. The result is that Sino-American relations arguably are on course to becoming more realistic, and markedly healthier, than at any time in the last several decades. Strategically, China is less important to the West than it once was, leaving Washington freer to hold Beijing explicitly responsible for its misdeeds. The U.S. is beginning to demand and sometimes to secure hard-won concessions from a China that for too long has been all "get" and no "give." George Bush's decision in August to sell F-16 fighter jets to Taiwan was not just electoral porkbarreling but also a useful exercise in Pacific geopolitics. Weapons sales to Taipei send a signal that the military balance across the Taiwan Strait (and in Asia generally) must not tip too much toward Beijing. And human rights considerations have become a front-burner issue in Sino-American relations. Washington now seeks to persuade the Chinese leadership that people have the right to be treated humanely by their government; that cruelty and brutality are not acceptable; and that, ultimately, the rule of law is the benchmark in the transition of a "relationship" into a "friendship."

**Strengthening the Washington-Taipei Tie.** The arrival of an American cabinet official in Taipei is likewise long overdue. The thirteen years of political isolation since the Carter Administration in 1979 abruptly ended formal diplomatic ties with the Republic of China has forced Taipei to establish unorthodox, arm's length relations with the U.S., Europe, and other Asian countries. Still, despite the repeated diplomatic setbacks—only 29 countries today recognize the Republic of China on Taiwan—this island of 21 million sits on top of \$86 billion in foreign currency reserves, commands a global economic presence far greater than its size, and is rapidly approaching a historic landmark: the first case of institutionalized democracy in Chinese history. Indeed, democratic change on Taiwan, no less than political repression on the mainland, has altered the arena in which U.S. policy toward China must operate. Taiwan is the model for all of China in more ways than one.

More broadly, the engine of change is the emergence of a commercially borderless (and increasingly influential) Greater China—an amalgam of economies, both formal and informal, that stretches from southern and coastal China, Taiwan, and Hong Kong, to diverse focal points of the Chinese diaspora around the Pacific Rim. Chinese businesses, both within the mainland and outside, now are astonishingly free of the constraints of time and space, and thus of the control of political authorities. With the punch of a computer key, huge amounts of capital and goods move around the region. Factories in the mainland's Guangdong province operate through the night to manufacture goods that will go on sale in Hong Kong the next day. Cellular phones in Fujian province keep businessmen connected with partners in Singapore. From Beijing to Bangkok, the market is now recognized as the arbiter of economic decision-making—and the generator of wealth.

The ascendance of Greater China's own ethnically driven marketplace is altering the nature of Asia's international economic relations and its politics in ways that can be discerned only dimly. But what is certain is that the Hong Kongs, Taiwans, and Singapores of the region are not only genuine centers of full-fledged capitalism but also are the dynamos that drive the region's change. The image of prosperity through productivity is now visible even in the shadow of Mao Zedong's tomb. Free-market enterprises account for fully half—the growing half—of China's national product.



That is why the dispatch of Ambassador Hills and Secretary Franklin—George Bush's Yankee Traders—to Taipei and Beijing should be instructive for Bill Clinton. The law of supply and demand is as immutable as the law of gravity: As a country moves up the economic ladder, political freedoms almost always follow. The prosperous, the ambitious, and the educated demand them. Indeed, they take them. The correlation is neither inevitable nor predictable at a date-certain, but no totalitarian regime has long co-existed with freewheeling entrepreneurialism.

For the U.S., therefore, seeding and cultivating the burgeoning Chinese marketplace is a win-win proposition. Not for the first time, the businessman promises to be the agent of the American national interest.

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