

54. Trade and *Human Rights*

Congress should

- treat free trade as an important human right,
- decouple trade policy from human rights policy,
- repeal Jackson-Vanik and maintain a humane refugee and asylum policy, and
- open markets to promote prosperity and human rights.

Free Trade Is a Human Right

The proper function of government is to cultivate a framework for freedom by protecting liberty and property, including freedom of contract (which includes free international trade), not to use the power of government to undermine one freedom in an attempt to secure others. The right to trade is an integral part of our properly rights and a civil right that Congress should protect as a fundamental human right.

Market exchange rests on private property, which is a natural right. As moral agents, individuals necessarily claim the right to liberty and property in order to live and to pursue their interests in a responsible manner. Congress should afford the same protection to economic liberties as to other liberties. Free trade is a right, not a privilege bestowed by government.

Protectionism Undermines Human Rights

Protectionism violates human rights. It is an act of plunder that deprives individuals of their autonomy. Controls on imports and exports impede not only the flow of goods and services but the exchange of information and the transmission of values that occur with free markets. When the market recedes, the government gains ground. People become more dependent on the state and more isolated when protectionism prevails.

A case in point is China. Before China's open-door policy, initiated in 1978, the Chinese Communist Party had a monopoly on economic, social, and political life. China isolated itself from the West and held the Chinese people hostage. The repressive system of collectivized farming prevented 80 percent of China's population from determining their own fate, and state enterprises locked in the urban population. The lack of any alternative to the centrally planned economy made China a giant serfdom where individuals had little hope of freedom. After 1978 China's open-door policy and the return of family farming (the so-called household responsibility system) freed millions of individuals from the grip of the CCP and allowed them to develop the nonstate sector. Today that sector dominates the economic landscape, and markets have largely replaced planning. With economic liberalization has come greater personal freedom—to choose one's job, to travel, to migrate from rural to urban areas, and to learn more about the West.

No one will deny that there are serious human rights violations in China, but it would be wrong to conclude that China has made no progress. As Jianying Zha writes in her book *China Pop*,

The economic reforms have created new opportunities, new dreams, and to some extent, a new atmosphere and new mindsets. The old control system has weakened in many areas, especially in the spheres of economy and lifestyle. There is a growing sense of increased space for personal freedom.

Anyone who has visited China and seen the vibrancy of the market, the dynamism of the people, and the rapid growth of rural industry will concur with Zha's cautious optimism.

It also would be wrong to conclude that the solution to China's dismal human rights record is to deny China most-favored-nation (MFN) trading status or to use the blunt instrument of economic sanctions. Those actions would serve only to strengthen China's hard-liners and slow the process of liberalization.

Instead of imposing punitive tariffs on China by removing MFN trading status or using other restrictive practices to sanction China for human rights violations, Congress should decouple trade policy and human rights policy. Kate Xiao Zhou, in her recent book *How the Farmers Changed China*, shows beyond a doubt that "commercial activity is liberating" and "a major way out of governmental control." Congress should not lose that lesson in the pursuit of some "feel-good" policy that has little chance of changing China's political climate but will devastate its blossom-

ing market sector. Keeping people in China and elsewhere in poverty by restricting their human right to trade is neither logical nor moral. Likewise, depriving Americans of the freedom to trade and invest in foreign countries violates their constitutional rights to life, liberty, and property.

A free-market approach to human rights policy, however, does not mean Americans should be indifferent to the use of slave labor, the abuse of child labor, or the use of political prisoners. Steps should be taken to restrict those practices. But blanket restrictions, such as the denial of MFN status or the use of sanctions not directly targeting the wrongdoers, should be avoided. The problem is that even limited actions are very difficult to enforce and unlikely to bring about political change in authoritarian regimes. The logical alternative is to use the leverage of trade to open nonmarket, nondemocratic systems to competition and let the rule of law and democratic values evolve spontaneously as they have in South Korea and Taiwan.

A Positive Program to Promote Human Rights

Congress should look to the U.S. Bill of Rights, not to the UN Declaration of Human Rights, for clarification of the nature of human rights. Only those rights that are consistent with individual freedom *and can be universalized*—that is, extended to everyone without violating the equal rights of others—can be justified. The fundamental right to be left alone to pursue one's happiness is inseparable from the rights to private property and free trade. If Congress is to uphold the Constitution, then the right to use one's property and to trade it for mutual gain needs to be given the same priority as the rights to free speech and association.

Many of the economic and social rights claimed in the UN Declaration of Rights are inconsistent with private property and individual freedom. Article 25 states that each person "has the right to a standard of living adequate for the health and well-being of himself and his family, including food, clothing, housing and medical care and necessary social services." If sanctions were imposed on China or other countries for failing to protect those alleged "human rights"—rights that lie outside the bounds of the U.S. Constitution, that cannot be universalized, and that cannot be implemented—the world would become less free and less prosperous. America would be putting up a "no exit" sign on the state sector and a "no entrance" sign on the emerging market sector in China and other Third World countries trying to make the transition from plan to market. Before acting too hastily, human rights advocates need to think more clearly

about the nature of human rights and how best to help China and other countries along the path toward a free society.

A positive program for promoting human rights in China and elsewhere should include the following provisions:

1. Decouple trade policy from human rights policy. Grant China unconditional **MFN trading status**—which should be renamed "normal trade relations"—to open markets and to provide an outlet for the nonstate enterprises that are giving the Chinese people a window to the West. Hong Kong and Taiwan will benefit as well from the reduction in uncertainty in trade relations once China is afforded permanent MFN trading status.
2. Repeal the **Jackson-Vanik** amendment to the Trade Act of 1974 and maintain a generous refugee and asylum policy. The **Jackson-Vanik** amendment, which denies MFN status to communist countries if they do not allow relatively open emigration and necessitates the annual renewal of **China's** MFN status, was not an important factor in the collapse of the Soviet Union and is unsuitable for China. From a practical standpoint, no one believes that the United States is going to allow a billion Chinese into the country, so requiring China to have an open emigration policy is nonsensical as a condition for MFN status. To deny people the right to trade because their government denies them the right to emigrate is a dead-end policy for promoting human rights. The fall of the Soviet Union was not the result of sanctions; it was the result of the internal contradictions and weaknesses of the system of central planning and communism. The information revolution, the opening of markets, a strong U.S. national defense, and pressure from the West to conform to the rule of law were instrumental in ending the Soviet regime. Those same forces will help open China.

Instead of focusing on emigration, Congress should focus on immigration and continue to provide a sanctuary for the victims of human rights violations in China and elsewhere. The number of refugees admitted into the United States each year is determined by consultation between the president and Congress. In that process, Congress should be open and generous. Providing an exit option for those fleeing tyrannical regimes will send a clear message that America is still the land of the free.

3. Open markets to promote prosperity and human rights. People must ultimately choose their own form of government and fight for free-

dom. The United States cannot change China or other repressive regimes by erecting trade barriers. Removing those barriers, however, would set in motion forces to undermine the ruling elites and increase the chances for democracy.

Free markets foster economic development and provide individuals with the means to liberate themselves from the state. A growing middle class will have a strong economic stake in determining its own political fate. The ground will then be prepared for constitutional change. As Taiwan's newly elected President Lee Teng-hui stated, "Vigorous economic development leads to independent thinking. People hope to be able to fully satisfy their free will and see their rights fully protected. And then demand ensues for political reform."

Congress's concern for human rights should be reflected in positive policies that remove impediments to the natural flow of goods, ideas, and people among nations. Traders have always been the carriers of culture as well as goods and services across national boundaries. The legitimate concern for human rights should not be allowed to degenerate into protectionism that denies Americans and foreigners their natural right to trade.

In the case of China, the U.S. government will have more leverage if it uses quiet diplomacy and expands trade than if it bashes that nation. Congress, however, should stand on principle and let China's leaders know that, to become respected members of the international community, they will have to accept rules of just conduct and let market institutions and the rule of law evolve. It is important for China to become a member of the World Trade Organization so that the nation's leaders have an incentive to adhere to the standards required of civilized nations.

Governments everywhere need to get out of the business of trade and leave markets alone. Western democratic governments, in particular, need to practice the principles of freedom they preach and recognize that free trade is not a privilege but a right. Using the threat of sanctions to promote human rights is illogical and risky. Freedom is better advanced by expanding international trade and cultivating market-liberalism at home.

Congress should not let the "feel-good" policy of linking trade and human rights raise a wall of protectionism that blocks out the light of liberty and impoverishes all nations.

Suggested Readings

Bastiat, Frederic. "Protectionism and Communism." In *Selected Essays on Political Economy*. Edited by G. B. de Huszar. Irvington-on-Hudson: Foundation for Economic Education, 1964.

- Dorn, James A. "Trade and Human Rights: The Case of China." *Cato Journal* 16 (Spring-Summer 1996).
- Lee, Teng-hui. "Taiwan's Quiet Revolution." Interview. *Wall Street Journal*, March 27, 1996.
- Pilon, Roger. "The Idea of Human Rights." *National Interest* (Fall 1986).
- Zha, Jianying. *China Pop*. New York: New Press, 1995.
- Zhou, Kate Xiao. _____, Colo.: Westview, 1996.

—Prepared by James A. Dorn