

China isn't ready for democracy

The incident with the NBA shows the Chinese people aren't ready for democracy. That will come in time, if development continues. For now, nationalism is more important to them. That will continue to create tension with the democratic world.

It's the people, not just the government

The biggest mistake one could make in assessing the current clash between the NBA and China is that this is about the Chinese government. Primarily, this is between the NBA and the Chinese people, which makes this an excellent example of the cultural gap that exists between China (and other developing countries) and the US (and other developed countries).

Democracy is always a priority for America

From the American point of view, the NBA incident and the Hong Kong issue are about freedom and democracy. The HK people want democracy and all people have the right to demand democracy in any fashion that suits because democracy is the highest of all priorities. Daryl Morey, GM of the Houston Rockets, was exercising his freedom of expression, which is a sacred right not to be curbed for almost any reason. That's the American point of view. Freedom and democracy come first.

China isn't ready for democracy yet

Despite the fact that only 15% of the world's population lives in a functioning democracy, we tend to think everyone is ready and yearns for democracy automatically. There's actually abundant evidence that this isn't true. For one thing, the Corruption Perception Index shows that corruption is much higher in poor countries than advanced economies, and that corruption decreases with development (but not due to elections). Taiwan and South Korea started with economic freedom, leaving political freedom for later, and became both richer and better democracies than countries like India and Brazil which started with democracy first. There's even forty years of survey data from social scientists at the World Values Survey that shows there a huge cultural gap between economically advanced and poor countries and that economic development via the free market changes the culture in ways that enables people to demand and support democracy. (For more on this topic, visit www.theglobaldashboard.com and view our award-winning short documentary, *Democracy Road*.)

More economic freedom and development lead to democracy

The idea is that, before development, people are not empowered, they don't believe they can shape their future, leadership is authoritarian (not just in government but at work and home and everywhere),

and the rule of law is weak. Opportunity and growth empowers people, makes leaders accountable and egalitarian, and strengthens the rule of law. This is a phenomenon for which personal experience really helps. Living in China for ten years, doing business there for more than 20 years, I've had the opportunity to see how development has changed the Chinese people. The impact has been huge.

It also makes sense intuitively. When people are highly impoverished, a better life is far more important than voting or freedom of speech. Once a certain level of development is reached, other things become more important, like politics. As a final reference point, note that, when the US was at roughly the same point of development as China is now (50-60% urbanized), it was the early 20th century, when women couldn't vote, segregation was in full force, and child labor was common. America changed a great deal as it developed. China has much change ahead of it to become ready for democracy.

National rise more important than democracy to Chinese

Hence the culture clash. Freedom and democracy are the highest priority for Americans, but not for the Chinese. Not yet. However, the Chinese do have another priority. National pride. From the invasion of the Mongols in the 17th century, through the Opium Wars (mid 19th century), the foreign concessions and the boxer rebellion (late 19th and early 20th century), and the Japanese invasion (1930's), foreign influence played a huge role in the tragic decline of China that culminated with the Cultural Revolution. (see our Chinese history video at www.theglobaldashboard.com). This history makes foreign influence to China what race is to America—a historical fact that has become a hot button issue.

Chinese not sympathetic to violent protests or independence

So the Chinese remember that Hong Kong was taken from China during the Opium Wars. The Chinese people, not just the government, want Hong Kong to be part of China again. They aren't demanding democracy for themselves, and they certainly aren't getting it, so while there is some sympathy and understanding for HK's grievances, that sympathy only goes so far. Once the protests in HK turned violent and desecration of China's national symbols became part of the protests that sympathy waned quickly.

A risk for foreigners and China itself

The point here is not that the Chinese position is correct. Democracy and freedom of expression are ultimately best for society. The point is that, China sees this issue differently. For China, at this point, nationalism is more important than political freedoms. If China continues to develop, that will likely change. In the meantime, the potential for these type of confrontations will remain high, which is a risk not only for foreign companies and countries, but for China itself.