

Testimony of Harry Wu
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China, PNTR and WTO
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It has long been fashionable to think, "What is good for Wall Street is good for the United States." Globalization has greatly benefited multinational corporations, and it is true that PNTR and WTO entry for China will further help these companies economically. But the other major beneficiary of China's entry into the World Trade Organization will be the Chinese Communist Party. The CCP maintains political and economic control in China, and WTO entry will not change that.

So we must first consider the effects of China's entry into the WTO on national security. Congress should, when it considers permanent NTR status for China, put this agreement under a national security microscope. The relationship between a lack of democracy, economic growth, and China's military expansion is a serious one and must be closely examined. The People's Liberation Army, which the United States fought against in Korea and Vietnam, still serves as a major component of this tyrannical regime. When we talk about China slowly achieving superpower status, we must be aware that this is a Communist power.

In recent years, many people have argued that money really can transform a tyrannical government. You heard that engagement with Chinese communist government by trade, investment and technology exchange is the best way to foster democracy and improve human rights in China. Of course these arguments were not applied to the former Soviet Union, today's North Korea or Cuba. It is true that living conditions for many Chinese have improved thanks to millions of dollars of foreign investment. But it is the Chinese government that benefits most from foreign trade and investment. The government needs foreign money and technology to maintain and increase its power and to modernize their system of tyranny. The Chinese government is using hard currency from foreign investment to rebuild its security force: to hire 2,000 former Soviet Union military experts to work for PLA; purchase missile destroyers and SU-27 jets from Russia; and support terrorist countries like North Korea, Iran and Iraq.

Faced with the bankruptcy of socialist economy, what the Chinese government wants most is increased foreign investments and guaranteed access to foreign markets, with no threat of bilateral sanctions. This trading status gives just that to the Chinese Communist dictators, increasing their authority and claims to legitimacy. The WTO and PNTR deal will give a timely boost to the Chinese Communist leadership. This blood transfusion to an obsolete and dying

regime is both unwise and unnecessary.

Unfortunately, investing in China is putting your money into the pockets of the Communist government, and of corrupt officials. The Chinese government is the ultimate decision maker, and all companies have to obey its political choices. These investments involve high risk.

American business partners in China are not free capitalists. Most of these big companies in China are owned completely by the Chinese government. That's why you saw some many Communist businessmen driving Mercedes Benzes to come to Wall Street, even to the White House.

It is a serious mistake when some try to tell you that China is becoming a market economy. The Communist Party cannot institute a true market economy. The Chinese economic miracle is based on bad loans, a transfer of wealth from the state to Party cadres, and bad accounting-- not on true production of wealth. The so-called "market economy" in China's mainland is actually a "socialist market economy," controlled by the government.

The Chinese Communist leadership has not proven to be a reliable partner in its international dealings. Its human rights abuses violate the United Nations treaties it has signed, and it continues to violate other trade treaties by dumping and exporting forced labor products.

Why do the Western capitalists want to rush into China? China has a population of 1.25 billion. This is a lucrative market. Nobody can turn away from it. But even more importantly, China has a huge cheap and obedient labor force. In this country there is no free trade unions, all the men and women are controlled by one hand – the Communist government. Chinese officials will maintain order in your business.

We've heard many politicians and business people say that doing business in China helps spread American values and business practices. It is true, that Chinese businessmen are willing to learn how to be more efficient, but US businesses in China will never be allowed to take steps to improve human rights that go against the fundamental policies of the Communist Party. The Chinese communist government is one of the worst human rights violators in the world today. In China, there is a national "population control" policy. Every woman and family is subject to this policy. If a woman in an American company gives birth to a child without a permit, Chinese law says that she will be fired. There is nothing the American bosses can do. If Chinese workers want to organize an independent trade union in an American company in China, these people would be fired or even arrested. Again, there is nothing the American bosses can do.

We have seen the “dollars to democracy” theory fail over the past twenty years. The Chinese people may have more brands to choose from at the store, but they still risk arrest, torture and imprisonment because of their political beliefs or their faith. China continues to imprison political dissenters and labor activists, to repress religious freedom, to execute more of its citizens than any nation in the world, to violate the rights of women in its population control policy.

The current crackdown on the Falungong is a sad but perfect example of the how that the Chinese government treats its common citizens. We have all seen the people of the members of Falungong practicing their beliefs. What are these people doing? Are they throwing bombs? Are they gathering secretly to discuss the overthrow of the government? No, they are practicing traditional breathing exercises. But the government is so paranoid, as all totalitarian regimes are, so it considers these people a threat. And will treat them as it does any threat, by cracking down quickly and completely. The members of Falungong are dragged into waiting vans to be detained and imprisoned. Lawyers in China have been instructed not to represent these people, showing that the Chinese government will easily break its own laws when it decides to.

As the Chinese Communist Party grows richer and stronger from this deal, part of its new wealth will go to upgrading its instruments of authority: the police and the military. Foreign investment will help them crackdown on the Falungong more efficiently, it will help them harvest organs from prisoners with better technology.

In 1994, the Clinton administration de-linked human rights and trade. This fulfilled the basic desires of the Chinese communist government. Last month the State Department Human Rights Report admitted that the human rights situation in China is worsening. The administration intends to introduce a resolution at the human rights Commission in Geneva this year. But why not take a stand in Washington DC, using our economic leverage? If foreign policy does not contain a moral basis, it is a typical appeasement policy.

From a human rights standpoint, one can only hope this focus on trade agreements will not completely overshadow the long road that must be traveled towards democracy in China. Perhaps one day, the U.S. government will try to promote human rights in China with the same zeal that it runs after market access.

I am asking you – policymakers -- to re-think United States' China policy that currently put profit over principle, otherwise we will be traveling down a road to larger and more difficult problems. We should not give the Communist Party in China a blank check.