

FORCED LABOR IN CHINA

HEARING
BEFORE THE
**SUBCOMMITTEE ON INTERNATIONAL OPERATIONS
AND HUMAN RIGHTS**
OF THE
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INTERNATIONAL RELATIONS**
HOUSE OF REPRESENTATIVES
ONE HUNDRED FIFTH CONGRESS

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FORCED LABOR IN CHINA

THURSDAY, MAY 22, 1997

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON INTERNATIONAL OPERATIONS AND
HUMAN RIGHTS,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:16 a.m., in room 2172, Rayburn House Office Building, Washington, D.C., Hon. Christopher H. Smith (chairman of the Subcommittee) presiding.

Mr. SMITH. The Subcommittee will come to order.

Today's hearing is about the continued production of goods by forced labor in prisons and in the Laogai, the so-called reform-through-labor camps, maintained by the Communist Government of China.

Thanks in large part to the heroic efforts of our witnesses today, the world can no longer claim ignorance of the Laogai. Two years ago at a hearing of this Subcommittee, Harry Wu and five other Laogai survivors bore witness to some of the cruelty they had suffered in that system.

Chinese labor camps house countless prisoners of conscience, political dissidents, and religious believers. Camp inmates are subjected to brainwashing, torture and forced labor. By any sane reckoning, those inmates are slaves.

The Beijing dictatorship has long used its system of labor camps to crush dissent and to remove so-called counter-revolutionaries from Chinese society. More recently, it has begun using them to turn a profit. As we will hear today, the United States and some American businesses have been complicit in making that repression profitable.

We have long known that the Chinese dictatorship exploits the slave laborers in its camps to produce goods for exports. Laogai inmates are forced to make any number of the products that you and I end up purchasing in our local malls—from clothing to automotive parts, office supplies to Christmas decorations.

Under U.S. law, products of forced labor should never make their way to the American shores. Since 1983, it has been illegal to import goods made by forced labor into the United States.

In 1992, in an effort to stem the flow of Laogai-made goods, the United States and China signed a Memorandum of Understanding designed to ensure U.S. access to the information necessary to effect its import ban on prison labor goods.

Under the MOU, the Chinese Government committed itself to investigating suspect enterprises and allowing U.S. diplomats to visit suspect facilities. Not surprisingly, Beijing has been less than cooperative in fulfilling its obligations. Laogai-produced goods continue to enter the United States. In an effort to improve China's performance, the United States and China signed a Statement of Cooperation implementing the MOU in 1994.

It seems increasingly clear that these agreements have failed. The law on the books does not keep slave-made Chinese products off our shelves. Beijing continues to resist compliance with the MOU. It is slow in responding to U.S. requests for information. What responses it does provide lack sufficient detail.

The Chinese Government frequently refuses to allow the United States to inspect facilities suspected of using forced labor. Furthermore, many Laogai enterprises make it difficult to trace banned products by commingling their output with goods from non-prison sources and by selling their goods through outside businesses.

Thus, the commercial exploitation of slaves in China's labor camps is effectively an open secret in the world of commerce. At least one of our witnesses today will detail how American businesses can and do negotiate with businesses in China to procure the less expensive products made by slaves of the Chinese dictatorship.

The current situation is terrible. The American people are being duped into purchasing products made by slave laborers. American businesses are profiting from that slavery. Our failure to stop the import of Laogai-made products does not merely show an indifference to the repression in the PRC, but it amounts to active support of such repression.

Whenever those of us who work for human rights begin talking about the need to impose sanctions to discourage these inhumane practices, certain commercial interests respond with a lecture on the need for what they call constructive engagement with the Chinese regime.

But, when their own interests are threatened, for instance, by CD and software piracy, they do not place their faith in the hope that continued openness and exposure to American values will convince the Chinese dictatorship to change its ways. Instead they work for serious, tangible economic sanctions against the Chinese Government, and I happen to think they are right.

Whatever else the Beijing dictators may be, they are not stupid. If economic sanctions are regarded as a legitimate tool in the war against software piracy, then why not in the war against torture? Why not in the war against forced abortion, against religious and political persecution, against products produced with slave labor?

As we will hear today, in the absence of any serious economic disincentive to forced labor, the practice will not just continue, but it is likely to get worse. The Laogai has become so profitable that the Chinese Government now plans to expand it.

I look forward to hearing the testimony of our very distinguished witnesses, and I expect that they will help us better understand the forced-labor regime in China and how current U.S. law has failed to fulfill its aims. I hope that they will also help us decide

what we can do to address this problem in the coming week and months in order to fix it.

I would like to introduce at this time our very distinguished panel, first of all, in the order that I would ask that they make their presentations.

Harry Wu was first arrested as a young student in Beijing for speaking out against the Soviet invasion of Hungary and criticizing the Chinese Communist party. In 1960, he was sent to the Laogai, the largest forced-labor camp system in the world today, where he was imprisoned for 19 years in 12 different forced-labor camps.

When he was finally released in 1979, Mr. Wu left China and came to the United States in 1985 as a visiting professor of geology of the University of California at Berkeley.

In the summer of 1995, Mr. Wu was arrested by the Chinese Government when he tried to enter China and was held for 66 days before being convicted in a trial for stealing State secrets. He was sentenced to 15 years, but immediately expelled as a result of an extensive international campaign launched on his behalf.

We in this Subcommittee were not slack on that issue as well. We held a hearing during Harry's incarceration and detention, and legislation that we produced got onto the House floor calling for Harry's release.

Since his release, he has continued his work in publicizing the fight to condemn the Laogai and to document its atrocities. He is the author of three books, and he also established the Laogai Research Foundation in 1992. The Foundation is recognized as the leading source of information on the human rights situation in China's forced-labor camps.

Our second witness today will be Mr. Fu Shengqi, who has dedicated his life to the pro-democracy movement in China since 1978. In 1980, he organized the all-China civilian publication, Publications Federation. He served as editor-in-chief of the Federation's publication and wrote as a representative of the 1979 pro-democracy activities.

In April 1981, Mr. Fu was arrested and sentenced to 7 years in the Laogai on the charges of counter-revolutionary propaganda and incitement. He continued his activities after his release, and in May 1991 he was arrested for a second time because of his involvement in the publication of an underground magazine called Resurrection.

He was held without trial for 17 months and was finally brought to trial in February 1993 as a result of international pressure. He was convicted once again for counter-revolutionary propaganda and incitement and sentenced to 2 years in prison and deprivation of his political rights. Mr. Fu was released following his conviction because of the international attention brought to bear on his case.

Mr. Fu was arrested again in 1993 and served in a Shanghai re-education-through-labor farm until October 1995. In 1996, he was granted political asylum in the United States.

Peter Levy has been the president of the Labelon/ Noesting Company since January 1994. The company manufactures paper clips and fasteners for office products and is located in Mount Vernon, New York. From 1988 to 1993, Mr. Levy served as the president

of the company, the predecessor of the company that he is now the head of.

Prior to his position, Mr. Levy was part of the Management Information Consulting Division of Arthur Andersen & Company from 1983 to 1988.

Our next witness is Maranda Shieh, who joined the Greater Washington Network for Democracy in China in 1989, and has been its president since 1992. Ms. Shieh has also served in the Washington office of Friends of Hong Kong and the Macao Association as a consultant since 1993 and then president since 1996. Ms. Shieh was also the chief editor for the bi-weekly Chinese publication, Democratic China.

In 1995, Ms. Shieh started to work for the Laogai Research Foundation and is currently a coordinator at the Foundation for special projects, serving as a liaison between the Foundation and the Chinese communities.

Finally, Mr. Jeffrey Fiedler is the president of the Food and Allied Service Trades Department of the AFL-CIO. He has also served as the director of the Laogai Research Foundation and frequently has provided this Subcommittee with very valuable insights and information on what is going on in China in the prison camps.

Mr. Wu, if you could begin your testimony.

**STATEMENT OF HONGDA HARRY WU, EXECUTIVE DIRECTOR,
LAOGAI RESEARCH FOUNDATION**

Mr. WU. Mr. Chairman, it is my honor to be here again for this opportunity to express my concern about the import of forced-labor products from China.

Why are we concerned about the products? Because the products are made by men and women. We want to know how many there are, where they are, why these people are forced to labor and how they are forced to labor. This is a human rights issue.

The Laogai Research Foundation works very hard to identify how many camps there are today in China. We interviewed a number of the victims to better understand the whole system. Your Subcommittee has held several hearings on this issue. I very much appreciate that.

Today I want to focus on one issue, the products. As you mentioned, the Chinese Government in October 1991 publicly guaranteed to stop the export of illegal products. They said if anyone exports the forced-labor products, they would deserve punishment. Are they keeping their word?

Today we present evidence for you in front of you to tell you that the Chinese Government repeatedly lied to us and lied to the world. Unfortunately, the American Administration is not really working very hard to enforce the law to forbid these immoral, unethical, illegal products into the United States.

Today I want to introduce a Chinese term to this Committee. In China, they have a term they call "prison economy". This has never happened in any other country in the world. Two years ago, the term was "Laogai economy". In December 1994, the Peoples Congress of China stopped using the term Laogai because they are

afraid that Laogai would become a term used the same as Soviet gulag.

Anyway, in China they have the so-called prison economy. They are talking about how the prison economy today is thriving, growing, rapidly growing. That means the prison enterprises, and also the prison workers, are growing.

It is true. We find the information according to Chinese Government information. In 1996, they had 1,400,000 so-called reform-through-labor prisoners. According to Chinese information, in 1996, in China they have 1,780,000 re-education-through-labor prisoners. This is a significant growth.

We know that when Deng Xiaoping came to power in 1979, in re-education camps there were probably only a couple thousand people. Deng Xiaoping said we need this prosecution system.

The number, and I just gave to you, 1,400,000 and 1,780,000, did not include the people put in the detention center waiting for trial and also forced in labor and also did not include the people serving the sentence and forced to resettle in the camp as the so-called workers. That became a large number of the forced labor.

According to Chinese information, until 1992, there were 200 different kinds of products exported to foreign countries. As you mentioned, the United States has a law, a Federal law, since 1932 to not allow any kind of product if made or processed by forced labor or prison labor from anywhere to import to the United States.

In 1992, the United States and China signed an agreement, a so-called Memorandum of Understanding, to try to stop the illegal importation. So far, as we learned, this memorandum can be interpreted in different ways, meaning it is useless because it does not work.

Today on this table we can see so many products found in the United States from rubber shoes to the garments. We cannot bring the big stuff—the diesel engine and stamping machines.

Let me give you some examples to explain the situation. In 1992, we found a very important labor camp located in Shanghai. The name is Shanghai Laodong Pipe Factory. Actually, this is the No. 4 prison. Then we found a Chinese internal document that has two different names. The real name is No. 7 Laogai Detachment.

All the evidence we submitted to the Customs Service. There was no action. Suddenly 4 years later, the Customs, according to the Memorandum of Understanding, requests a visit. Four years later, in 1996, the Chinese Government allowed American representatives to visit the camp, a sanitized camp, and after the visit American Customs lifted the detention order. We had to approve the facilities to work in.

The second piece of evidence I want to present to you is a chain hoist case. We have the chain hoist right here. This is a picture. We took it at the facility.

[Picture.]

The name is Zhejiang Wulin Machinery Factory. They make the chain hoists. Americans have a long-term relation with them and every year they import a large quantity to the United States. Until today, the Americans did not take any action. The products are in the United States.

The second case I want to present to you is the tools. In 1993, we received information that Diamond brand hand tools were found at an American company located in Houston. They knowingly imported the hand tools to the United States.

Only last week, the Customs Service submitted a request to visit the prison camp, and we do not know when the Chinese will be ready for them to make a visit. No inspection yet.

[Picture.]

These are the prisoners actually making these hand tools. They now set up a new entrance and changed the factory name, to so-called Hangzhou Shenda Hand Tools Company. It is ready for American representatives to visit there.

According to Chinese information, new information, a magazine titled Prison Works Newsletter issued by Guangdong Provincial Prison Bureau issued in 1996, June. There is a new facility established in the Shantou area. It is close to the special economic zone of Shantou.

The information said since 1982, the prisoner number increased from 700 to 3,800, the number increasing until very close to 3,900. According to the information, it said this prison facility is making mineral water, garments, chinaware and artificial Christmas trees.

Based upon this Chinese internal document, the Laogai Research Foundation conducted an investigation inside China. When finished, we will give the world the full report.

Today we have another witness here who is a brave American by the name of Peter Levy. Because of his consciousness and his business, he made an investigation inside China and got evidence to prove that binding clips were imported from China by OIC located in New Jersey. Today easily you can find the binding clips in Staples, everywhere. It is processed by female prisoners, and later he will give the details.

Today in this conference I will present a very important thing, the auto parts. These auto parts——

Mr. SMITH. If you could just hold for 1 second, Harry? The elusive switch.

Mr. WU. These are auto parts made by Shanxi Province No. 3 prison and imported by a Chinese Government-owned company, so-called Minmetals and MM Rotors. We found evidence that in one purchase order they shipped 160,000 pieces to American automobile secondary markets, including Midas Muffler.

The Chinese information also said these parts are also supplied to the joint venture with Beijing and Chrysler in Beijing making the American brand Cherokee Jeep. These parts make American enterprises bankrupt because there is no cost of the labor, and American enterprises are competing.

Mr. Chairman, I believe no American would want to buy Christmas lights from China. Nobody would want to buy artificial Christmas trees from China. I do not think Americans can enjoy the artificial flowers in the dining room made by blood and tears. I do not think the Americans like these no-cost, immoral products in their market. I wish we could stop the trade. The products made by blood and tears tell us this slavery system, the biggest slavery system today, still exists in front of us. We do nothing about it.

The core of the human rights abuses in China is there is a huge labor camp system. When we are talking about freedom fighters, when we are talking about Muslim freedom fighters, when we talk about the suppression of underground church activities, we have to know where they are.

Millions and millions of people are faceless, voiceless and nameless suffering today in this slavery system. We have to stop the trade because the trade benefits the Chinese brutal system.

Thank you.

[The prepared statement of Mr. Wu appears in the appendix.]

Mr. SMITH. Mr. Wu, thank you very much for your testimony. I would like to ask Mr. Fu if he would begin now.

STATEMENT OF FU SHENGQI, CHINESE DISSIDENT AND LAOGAI SURVIVOR

Mr. SHENGQI. Mr. Chairman, it is my honor to testify before your Committee.

From January, 1983, I was a prisoner at the Shanghai Municipal Prison because of my political statements. The government had devised a system of work points to control the prisoners. Prisoners were forced to labor. Work points were deducted for failure to fulfill quotas.

Once or twice a week, a prisoner could watch TV. Once a month they could watch a movie, buy foodstuffs, or meet with their family. These benefits were deprived for failure to fulfill quotas or for bad performance in reform. Hence, many prisoners were forced to labor overtime to maintain the work points. Those who were slower could have only 3 or 4 hours of sleep a day.

I witnessed how the prison established a radio assembly shop. As I learned from the other prisoners and policemen, the prison also ran a regular print shop and other shops.

From July, 1993, to April, 1994, I was incarcerated at the 2nd Company, 3rd Battalion, Shanghai Re-education-Through-Labor Farm located at Dafeng County, Jiangsu Province. Again, my political activities were my crime.

In cooperation with Shanghai No. 18 Knitting Mill, the battalion made interlock jerseys. Re-education-through-labor or Laojiao inmates were forced to labor and reform their thinking. In the busiest time, they had to labor nearly 20 hours a day. Inmates, while working at sewing machines, often fell asleep.

In slack season, several hours a day inmates sat on benches studying, writing a report of what they learned from the studies. The 1st Company, 3rd Battalion, established a shop for making the teaching slides.

In April, 1994, I was transferred to the 5th Battalion. In 1994 and in 1995, I witnessed how from June to October the battalion's 2nd Company assembled multi-colored Christmas lights for export for Haiman Lamps Factory and a lamps factory of the Jiangsu Province. Each box consisted of 36, 50, 100 or 200 lights on a string. The lights I have at hand are similar with those processed at the 2nd Company.

The task was hard. Every inmate had to labor overtime, many laboring until 1 or 2 at night. Those who failed to fulfill quotas were punished. Inmates at the woolen sweater mill also often la-

bored overtime. Inmates in farming had to labor overtime even more. For instance, inmates who transplanted rice seedlings often labored from 7 in the morning until 8 at night.

On Laojiao farms, inmates were often beaten and cursed. The government cadres cuffed and kicked them at will. Those Laojiao inmates trusted to supervise other inmates beat and cursed them even more. I was also beaten by them.

In China, reform-through-labor or Laogai and Laojiao facilities are not common prisons, but are the Communist party's tool for consolidating its one-party rule. Not only do the facilities force prisoners to labor for profit, they also force inmates to accept brainwashing. The thought reform made them surrender to the Communist party.

[The prepared statement of Mr. Shengqi appears in the appendix.]

Mr. SMITH. Mr. Fu, thank you very, very much.

I would like to ask our next witness, Ms. Shieh, if she would begin now.

STATEMENT OF MARANDA YEN SHIEH, PRESIDENT, GREATER WASHINGTON NETWORK FOR DEMOCRACY IN CHINA AND FRIENDS OF HONG KONG AND MACAO ASSOCIATION

Ms. SHIEH. Mr. Chairman, I want to thank you for holding this hearing. I also want to show our appreciation from the Chinese community for your strong support of the human rights cause in China.

My name is Maranda Shieh. I am here today to testify about the Laogai products that can easily be exported to the U.S. market. I would testify with my own records from my trip to China.

Based on information from this publication, this 1996 publication by the Chinese Government, and this is a copy of it, talks about the prison economic development policy and also talks about their actual plan to expand the prison.

Based on the information on this document, I took a trip to China this March under the direction of the Laogai Research Foundation to investigate in person the textile products exported from China to the United States.

According to this publication, the Jieyang Prison, a prison in Guangdong formerly called the Dongjing Labor Reform Detachment, has been in the garment business for 12 years. Recently, under the new policy of the Chinese Government, they plan to move its garment factory to the new location at Jiedong County and expand its prison labor force from 150 to 1,500 in making garments. Its goals were to reach an annual revenue of \$8,000,000 RMB, which is about \$1,000,000 U.S. dollars, by 1996.

They also have a close relationship with a local garment factory called Jixiang Knitting Garment Factory. Later I will call it Jixiang Factory. That factory actually has a lot of business dealings with Hong Kong businesses.

The Jixiang Garment Factory actually is in the Shantou Special Economic Zone, which is one of the three special zones in Guangdong Province. The new prison they plan to move to is about 32 miles north to Shantou Special Economic Zone. Jixiang Factory specializes in manufacturing garments with material and patterns

provided by the buyer, most actually imported from outside China. That is how the prison operates its garment factory as well.

I made my investigation posing as an American businesswoman. I was able to order samples like the samples shown here. I was able to order samples and sign contracts with Jixiang Knitting Garment Factory. I even arranged a special textile quota with the local textile import/export company, which is actually a government company. Only they have the right to give quotas for textile products. I was able to actually arrange for samples to be sent to both the United States and Europe. We do not know exactly if these samples are Laogai products, but we think it is highly possible.

This contract, if it is fulfilled by our paying the quota charge and issuing the letter of credit to the supplier, then the textile products we ordered will be shipped from Shantou to Chicago via Hong Kong. The Laogai products can reach the U.S. market through the legitimate Jixiang Factory in Shantou.

I visited the Jixiang Factory four times, and there are several observations I made which are all backed up by the pictures I took and videotapes. The factory is very small. Actually, the owner said that they have 100 workers. Originally I was going to show the pictures here, but because of the lighting situation here, I cannot. Later we found the factory actually only has less than 40 workers on a delivery day.

According to Mr. Lee, their monthly production is 50,000 pieces of garment products. Mr. Lee also admitted he sometimes had to contract out certain types of orders when the order exceeds their capacity. He also admitted that he had a contract relationship with this particular Jieyang Prison, and he had to go to the prison himself to oversee the work there.

Mr. Lee also indicated, when I asked how much the price of the product would be if the products are made by the prison, he actually knew exactly how much. He said an order at \$50 per dozen would probably cost only \$35 per dozen, and an order of \$60 per dozen probably would only cost \$40. He also mentioned that the buyer needs to spend about \$8 to \$10 per dozen on bribes to the prison officers.

When I asked actually how the prison would distribute their profit, Mr. Lee indicated that it will go to the prison and officers. The prisoners sometimes will get some rewards if they perform well, but he indicated and actually said, "They are forced to labor, you know. They do not have to pay them anything."

When I first asked Mr. Lee to see if he could contract out our order to the prison to save some money, his reply was very circumspect. Later when I asked if he could make some arrangement for me to visit the prison so that I can be sure if their quality meets our standards, he indicated that he could make some arrangements.

In this publication, there is one paragraph specifically indicating the relationship between the prison and the Hong Kong businesses. The translation is:

"Hong Kong businesses want to cooperate with Jieyang in the garment project because their representatives saw the advantageous conditions we have in management and the labor force. Our garment project is our first large-scale production and process-

ing line where we cooperated with foreign business; the orders are abundant; and our production runs relatively effectively. It is the pillar enterprise which will bring economic development at Jieyang Prison..."

This was according to Mr. Lee, and actually Mr. Lee gave me the name cards from these Hong Kong companies. Later we actually called these companies, and they admit that they have close relationships with Jixiang Garment Factory. Those factories are: the first one is Roxy Garment, and they actually sell Esprit brand products; Sam Wing Garment Factory; Chaifa Holdings, Ltd., and that company sells Playboy, Garfield and Arnold Palmer brand products; and the last is Worldwide Industrial, Ltd. All of them are very active in the international market.

I went to the Jieyang Prison twice to take a closer look at the facility. Because there are some "Prison Forbidden Area" signs near the entrances, I did not venture in. However, I was really shocked by the brand new modern high rise buildings in that desolated countryside.

In conclusion, there are three major findings from this investigation. First, we find out that it is extremely easy for Laogai garments to reach the world market, including the American market, even with government textile quota restrictions.

Second, the Chinese Government clearly does not show any concern or worry about selling forced-labor products to the world market. There is no indication they would stop doing this.

Third, we learned that any private enterprise, new or old, including those in Hong Kong, can be established easily and used as front companies for the export of Laogai goods. The Laogai products can then easily be exported to the American market without any trace of the original source.

Thank you.

[The prepared statement of Ms. Shieh appears in the appendix.]

Mr. SMITH. Thank you very much, Ms. Shieh.

Mr. Levy.

STATEMENT OF PETER LEVY, PRESIDENT, LABELON/ NOESTING COMPANY

Mr. LEVY. Mr. Chairman, I appreciate the opportunity today to discuss the problem of forced labor in China from the perspective of an American businessman.

My name is Peter Levy. I am the president of a small manufacturer of paper clips and paper fasteners for the office products industry. My company employs approximately 20 people in Mount Vernon, New York, and has been in existence since 1913. In addition to our manufacturing plant in New York, we also import some products from China.

My adventure sprang from a conversation in the first half of 1995 about a competitor who was able to sell a certain product, binder clips, at very low prices. The competitor discussed was Officemate International of Edison, New Jersey. During that conversation, I was told that Officemate was purchasing their binder clips from a Chinese manufacturer that was using prison labor to assemble the product.

Since then, I have learned that the binder clip manufacturer in question is Allied International Manufacturers Stationery Company, Ltd., which is also known as AIMCO Nanjing, which was incorporated as a subsidiary of a New Jersey corporation named Allied International Manufacturers Company, also known as AIMCO New Jersey, by Mr. Peter Chen.

Mr. Chen is listed as the chairman of the board on the 1992 business license issued in China for AIMCO Nanjing. Mr. Chen and his wife, Shwu Chen, are listed as the major owners of Officemate International, which is a distributor of these products in the United States.

In January, 1986, before I made the decision to undertake my own research, I informally contacted the Department of State and the U.S. Customs Service regarding my suspicions. I was told that the State Department did not feel that the Chinese Government was living up to the Memorandum of Understanding on prison labor.

The Customs Service suggested that we petition the Service as specified in Section 12.42 of Title 19 of the U.S. Code. However, the State Department had also told me that the Customs Service was not allowed to make unscheduled inspections of the prison camps.

It was my opinion that the U.S. Government was not in a position to effectively investigate this matter. It was at that time that I made the decision to research this matter on my own.

From import information I obtained from the Port Import Export Reporting Service, I was able to ascertain that Officemate International was importing binding clips from AIMCO Nanjing. From the name, it was apparent that the plant was located in Nanjing, China.

In March 1996, I made a special stop in Nanjing as part of a business trip to China. With the help of a translator, we made arrangements for transportation and located the AIMCO factory.

The next day of my visit to Nanjing, we parked outside the entrance of the AIMCO Nanjing factory. After a wait of a few hours, a large truck left the plant. The crates on the truck were not covered, and here are some pictures I think you can make out, hopefully, of the crates on top.

[Pictures.]

As the parts in the crates on the truck were not covered, it appeared that they were transporting unassembled binder clip parts. We began to follow the truck.

At a point where the truck stopped due to traffic conditions, I was able to get out of the car and look into the cartons stacked on the truck. I was able to confirm that the truck was transporting unassembled binder clip parts, and here is what we are talking about.

Here is an assembled binder clip where you have the body and the handles. What they had were these large milk crates, some with just the handles in them, and others had the clips in them.

When the traffic cleared, we continued to follow the truck across the Yangtze River to what I was told was a Chinese prison camp.

Shortly after my return to the United States, I contacted a representative of the AFL-CIO. The representative put me in contact with the Laogai Research Foundation, and the Foundation was

able to independently confirm that the facility in question was a prison camp.

I recently made another trip to Nanjing. Are we going to roll the tape?

[Video.]

Here you see the AIMCO factory in Nanjing. It is on one of the thoroughfares in the city there. Their logo is clear there. Here you see a container inside their gate or their yard, which would be loaded for export. Again, here is the truck. The truck has left their factory. There you can clearly see the unassembled handles. There you are seeing the bodies of the clips.

Again, here is the truck. We are moving across the large bridge which goes across the Yangtze River from one side of Nanjing to the other. Here we are. That sign has the name of the prison camp on it, the area where the prison camp is.

Here are the walls of the prison camp. There is a high brick wall that surrounds it. Here you see the barbed wire on the top of the camp walls. We are going to approach the gate here where you will see the sign which has the name of the prison camp which is there, which is the Nanjing Women's Reform and Detention, a women's unit.

There you can see the sign on the door which has the name of the factory in Nanjing. This is the truck that had left the prison camp and which is now headed back to the factory, and here we are approaching the factory.

What I was able to do on this trip was to see the truck leave the factory in Nanjing, stop on the way, determine that there were unassembled parts in it, follow it to the prison camp. We waited approximately 2 hours where they unloaded the assembled parts and put the assembled parts on.

The truck left. Again there was a stop in the traffic. I was able to get on the truck again and confirm that there were, in fact, assembled parts, and then we followed the truck back to the factory.

During my two visits to Nanjing, I spent 2 days watching for a truck to take parts to the prison camp for assembly. Both days the truck was in action, and I saw parts for three different products move back and forth.

Yesterday, Senator Biden introduced a letter from Officemate, a response to the allegations that have been made. In this letter, Officemate states that they learned earlier this week that one of their China suppliers may have utilized convict labor for assembling the binder clips sold to us.

I think one of the important things to note is that as I testified, and as ABC reported on Nightline last night, that the sister companies, the factory in Nanjing and Officemate International, Edison, New Jersey, and Peter Chen, one of the owners of Officemate, also have a major interest in the Nanjing factory.

The laws of the United States address the issue of importation and sale of goods manufactured with Chinese prison labor in two key areas. First is U.S. Code, Title 19, Customs Duties, which prohibits the importation of convict-made goods.

The Code of Federal Regulations, Section 12.42, of Title 19, Customs Duties, states that, "If the Commissioner of Customs finds at any time that information available reasonably, but not conclu-

sively, indicates that merchandise within the purview of Section 307 is being or is likely to be imported, he will promptly advise all port directors accordingly, and the port directors shall thereupon withhold release of any such merchandise pending instructions from the Commission."

Yesterday we heard a great deal from the Administration and the Commissioner of Customs about this problem. Here we have over 50 containers which came in from Allied Nanjing last year. Many of them are listed as binder clips. If there were 50 containers, there are probably four or five on the water now, and we are going to be requesting that Customs detain these containers and investigate this matter further.

The second key area of the U.S. Code that addresses this subject is Title 18, Crimes and Criminal Procedures. There are two sections that address this. Section 1761 makes it a criminal offense to knowingly import goods made with prison labor.

Probably equally important is Section 1762, which sets a much lower standard. Section 1762 makes no reference to the word "knowingly", and people that violate this section may have the merchandise forfeited to the U.S. Government.

I think one of the main points of Section 1762 is to prevent unsuspecting consumers from going into a store and purchasing goods that would have to say "made in a Chinese prison" because the law specifies that if somehow goods got into this country, they are required to be marked with the name of the penal institution and the fact that they were made in a prison.

My purpose in testifying here today is to present the results of my research and to request that the Customs Service and the appropriate U.S. Attorney immediately investigate this matter to ensure that the laws of the United States are enforced.

Before I conclude, I need to make clear that there is absolutely no evidence and absolutely no thought that the distributors of Officemate products have any idea that the product they are purchasing may have been made in a Chinese prison.

Mr. Chairman, in conclusion, I want to thank you for this opportunity to present this important information.

[The prepared statement of Mr. Levy appears in the appendix.]

Mr. SMITH. Thank you very much, Mr. Levy, and we do appreciate the good investigative work that you have done as well.

You American businessmen have shown an inclination to do the kind of followup that you have done here. If only our Customs people and our State Department people were as vigilant in trying to track down origin of products.

We do appreciate the videotape. We will echo and try to amplify your requests that have been made as well to make sure that this issue is put to rest.

We do have one final witness, but I would like to ask Congresswoman Ileana Ros-Lehtinen if she would have any opening statement?

Ms. ROS-LEHTINEN. Thank you, Mr. Chairman. I just want to congratulate you for being a constant leader on this issue.

This is very shocking, the kind of evidence that is presented before us. I was not here for the beginning, but I had looked through the testimony that was presented. I echo your comments that we

wish our Federal agencies were as vigilant in follow-through to making sure that these products do not come into our country and that these individuals who are part of this conspiracy are brought to justice because there are a lot of businesses involved, a lot of individuals who want to look the other way and pretend that the problem does not exist. Not only is it a human rights issue, but it also affects our economy as well.

As we debate most favored nation status to China coming up in these coming weeks, I think the evidence presented here today should go a long way to highlighting that much needs to be done before we continue the status quo and pretend that this terrible tragedy is not existing, not only for the enslaved people in China, but for all of us here in the United States as well. It is to our detriment.

Mr. SMITH. I thank the gentlelady.

Ms. ROS-LEHTINEN. I thank you for your leadership.

Mr. SMITH. I appreciate that.

Jeffrey Fiedler. Jeff, if you could proceed.

STATEMENT OF JEFFREY FIEDLER, PRESIDENT, FOOD AND ALLIED SERVICE TRADES DEPARTMENT, AFL-CIO

Mr. FIEDLER. Thank you, Mr. Chairman. With your permission, I will enter my full remarks in the record.

Mr. SMITH. Without objection, it will be made a part of the record.

Mr. FIEDLER. The real point we are at is what are we going to do about it?

The Bush Administration first negotiated a Memorandum of Understanding on so-called prison labor in August 1992. That agreement did not work. As you recall, President Clinton conditioned the renewal of MFN in 1994 in compliance with the Memorandum of Understanding.

The Administration saw that they had a problem. It was a must-do condition. They knew that they could not certify compliance, so Secretary Benson went to Beijing and laid the ground work for what became the Statement of Cooperation, an implementation agreement that was allegedly going to make the MOU meaningful. We, by the way, have always called the MOU the Meaning of Useless.

While it pains me to say so, I think that this process was little more than a political deception because they could not honestly claim compliance so they said that the signing of the Statement of Cooperation was evidence of compliance in a sort of a new-think way.

Now, the problem is not just that the U.S. Government lacks the will, in my view, to enforce the law, but rather the law perhaps needs revisiting. I do not mean in a way that would just increase fines or increase penalties, whether it be time in jail for parties in the United States found guilty.

The problem is the U.S. law is designed to prosecute people in the United States. It is not designed to punish the Chinese companies that underlie the trade, and so the proposals that we are making are designed to stop the trade, not to punish Americans who may well be guilty, but are really not the source of the problem.

They succumb to temptation awfully to be sure, but the thresholds of evidence required for prosecutions are understandably and necessarily high.

If we were to prosecute someone in the United States, and let's say they even paid a fine and went to jail, the Chinese trading company would go unmolested, unpunished, and the trade would continue.

Now, last year we came to the brink of a trade war with China over intellectual property—movies, CDs, sound recordings, and things of the like. We were going to sanction \$3,000,000,000 in electronics, shoes and other things all for CDs.

Currently you have not given the Customs authority the authority to do something similar in the case of forced labor. In other words, institutionally we have put property before people. We have put effective law enforcement in an impossible position.

I think that what we have to do is if we find solid evidence, we have to give the Customs the authority to ban categories of products that we find, we meaning the United States, coming into the United States, so hand tools, binder clips. If we have solid evidence, the United States does, we say to the Chinese look, no more hand tools for the next X amount of time. This is the only way, in our view, that we are going to incentivize the Chinese Government to take action that they claim is against their own law.

Also, I think that it is important to take action against the State trading company system. In the case Harry laid out, Minmetals, we have a Chinese trading company operating in the United States. If they are found guilty, the subsidiary, they can go to jail, but the Chinese parent in the United States can just ship the products in by some other means. There is no punishment for them.

The law is topsy-turvy, and I would say, Mr. Chairman, that while we are talking about this in the context of MFN, and I mean time period context of MFN, and while this may be other evidence and perhaps your view and my view that we need to revoke MFN, I would say to you that forced-labor products trade is a soluble problem well outside the context of MFN if we provide the government the tools and, most importantly, the government has the will to act. That remains quite dubious at this point.

Thank you.

[The prepared statement of Mr. Fiedler appears in the appendix.]

Mr. SMITH. Mr. Fiedler, thank you for your very fine recommendations.

You know, I would agree with you. We have lacked the will. And that even goes for the Bush Administration because, as you might recall, when the Memorandum of Understanding was first signed we took a good look at it and felt it was not worth the paper it was written on.

When the Statement of Cooperation was hatched, that became a diplomatic fiction that takes the cake. I mean, you look at that, and it made an already weak MOU even weaker because obviously the Chinese Government would have to do the investigation first. There were all kinds of delays.

There were 60 days to present a report when a violation is alleged by our side, another 60 days for us to come back and make a recommendation as to whether or not we think their findings are

true or not, and then before any U.S. personnel step into that prison camp there has to be another 60 days. Even if they want to let us walk in that door, they will so sanitize it that the investigators would almost assuredly find nothing.

Mr. FIEDLER. It is premised on the notion that the Chinese will incriminate themselves,——

Mr. SMITH. Exactly.

Mr. FIEDLER [continuing]. which, by the way, is even in U.S. law. Why would we even think that they would provide us information that would show evidence of their guilt?

Mr. SMITH. It is ludicrous on its face, and that is why I think your recommendations for beefing up the policy side with new law and then trying to get a prosecution strategy on the part of the Customs people to really implement this aggressively, that may be one good thing to come out of not just this hearing, but this renewed emphasis on MFN, the growing number of people who want to make a difference on this, as witnessed by yesterday's press conference, which you were a part of.

I thank you for those recommendations, and I hope you and others who are testifying today will work with us on language to try to beef up that action.

I do have a couple of questions I would like to pose and then yield to my two distinguished colleagues who are here.

Let me just ask you, and maybe I will start with you, Mr. Levy, because you did bring up a very specific case about Officemate International, and you did point out that letter that was sent yesterday that had four questions, one of which was, "Do you employ any prison or forced labor?", and then they have a circle "Yes" or "No".

Does that provide plausible deniability to an American company which otherwise might just say OK, we are off the hook on this one? We are getting a great low price. Therefore, as long as we get that little X in the box our culpability is mitigated.

What should be done in terms of trying to ensure that origin of product is true and real and not some bogus deal like we have here?

Mr. LEVY. Right. You know, I cannot address the specific import questionnaire audit that they filled out. I think in general, all of us as manufacturers have some responsibility to inspect the factories that we are purchasing from to determine what kind of conditions and who is making the goods for us.

In our particular case, we notified our suppliers in China that that is against our company policy and have asked them to sign an acknowledgement of that fact. In addition, we make frequent trips to China to visit our factories and want to make sure. I think that is what most companies do.

You know, Harry presented one of the cases with these brake rotors where the American company had actually had evidence of going over there and seeing the prison camp. Now they are using this information in a lawsuit to, I guess, get out of payment, but initially they had inspected the plant.

I think we as manufacturers have some obligation to stop this practice also.

Mr. SMITH. Mr. Wu, how would you describe the will as it exists both at the State Department and in Customs and the U.S. Embassy in Beijing in trying to bring to heel this use of the Laogai for the manufacture and then the exportation of those goods?

If anyone has any information on what the ratio of embassy personnel tasked for this issue is, I would like to hear it. My understanding is we only have two people in China that deal with this issue, and that is not their full portfolio, to the best of my knowledge.

During one of my human rights trips to China, one of three, I met with those two people. They had other things on their plate that they had to deal with in addition to this, and yet in the area of trade promotion there seems to be one group after another, you know. There is just no limit, it seems, to the number of people who are dedicated to that mission. If you have information on the ratio, that would be helpful, or we can get that from the Administration.

This idea of political will, does it exist, or are we talking about with the MOUs something so that when the Assistant Secretary comes up here they have a talking point about how we have this MOU and that gives them cover?

When we get into floor debate on most favored nation status or any issue dealing with human rights in China, right away that MOU is thrust in our face as proof positive of goodwill on the part of the Chinese Government.

Mr. WU. I think just like the time of the German Nazis, if you wanted to visit their concentration camp I do not think you would ever get cooperation with Hitler. If you wanted to visit Stalin's gulag, I do not think you can get into it.

Trying to cooperate with the Chinese Communists to investigate or inspect—they did not use the term; they use visit, visit the camp—I think is a terrible idea. Americans have the law to ban the illegal products. I think we should just take action to ban it. There are many ways if you are willing to do it.

Mr. FIEDLER. Mr. Chairman.

Mr. SMITH. Yes.

Mr. FIEDLER. Let me add that you are correct. They have two people. I think only actually one of them in Beijing is tasked with looking into forced-labor questions. They also are circumscribed by diplomatic protocols from operating even relatively freely.

I think that political will is demonstrated by resources, and I think that if you examine and ask the Administration what are the actual resources devoted to this, actually there may have been more resources devoted to it in the last 5 days in anticipation of scrutiny than in the previous 5 or 6 months.

Mr. SMITH. Would anyone else like to respond to that?

I would ask Members of the Subcommittee if they have not looked at it recently to do so, and I would ask unanimous consent to make both the MOU and the Statement of Cooperation on the implementation of the Memorandum of Understanding a part of the record. They are only two pages long, each of them.

I think as Members read it and as members of the press take the time to look at it, they will see how outrageous it is that this fiction parades around as a breakthrough and an advancement in the area of human rights compliance.

One of the clauses in the Statement of Cooperation states that both sides agree that arrangements for U.S. diplomats to visit suspected facilities in principle will proceed after the visit to a previous suspected facility is completely ended and a report indicating the results of the visit is submitted. In other words, we can only do one at a time, and that is only after the full report is made.

My understanding is that in 1996 there were no site visits. There were requests made previous to that, and some of those came true many months after the request was made, again giving the Chinese time to clean up their act.

Mr. FIEDLER. The most classic example of the failure of the MOU is Shanghai Loudong. Harry visited it in 1991 and filmed it with 60 minutes. In 1992, after the MOU was signed, the Administration asked for a visit. They visited it in 1996.

As a result of the visit, they could not find evidence of export to the United States. Oh, my. You would expect to find it 5 years later? They lifted the detention order. I would submit to you that that is insidious, insidious in that let's give the Chinese one. Show them that we will lift the detention order.

The problem is that they went to a place across the street from the prison, knew that there was a prison over there, and it is my understanding did not ask to visit the camp. I find that offensive at a minimum.

Mr. SMITH. Harry.

Mr. WU. Mr. Chairman, until a couple months ago, we only found American companies knowingly or unknowingly importing the products.

This is the first time a Chinese Government company brought the products directly from the prison facility to the United States and sold it to an American company in the United States. How should we treat this government company?

Mr. FIEDLER. Let me just correct you, Harry, so it is clear. The Chinese State trading company is located in California.

Mr. WU. And make the American companies bankrupt.

Mr. SMITH. Let me ask you a question regarding the issue of routing through Hong Kong. Again, proof of origin is always a difficult task, particularly when you have such a lack of concern on the part of the Customs people.

What happens after July 1 when Hong Kong reverts back to the PRC? Does that make it even harder, or do you see it as a neutral? It is already hard enough, and it is not going to make it any worse.

Mr. FIEDLER. My understanding is that the Hong Kong Customs has sort of been moving backwards in its relationship with U.S. Customs over the last year or so.

You would have to confirm that with Customs, but I think it is going to be virtually impossible when the political cost to the Custom Service in Hong Kong, no matter how independent it is on paper, will be too great for them to take any action. The political cost, frankly, of the Hong Kong Customs has been too great now. Hong Kong Customs has never determined anything.

Mr. WU. Hong Kong, after July 1, becomes a part of China, so all goods coming from China are treated as the goods coming from mainland China. This is fully under their control.

Mr. SMITH. I will ask one final question and then yield to Mr. Payne.

This whole issue of inspection of facilities is always used by the Administration. That goes for Bush even before the Clinton Administration. As a suggestion, and you pointed out, Mr. Fiedler, that just signing this second increment here was taken as a positive step in the right direction.

But imagine if its approach were applied to on-site missile or weapons verification. Two years from now or 6 months from now or even 30 or 60 days from now, the missiles could be moved, the evidence could be completely sanitized to appear that there was nothing there. It is ludicrous on its face.

Also factor in that the MOUs require that the Chinese Government do the investigation. Before we even get to the site-visit part of the protocol, the Chinese Government has to work up its own investigation, so the dictatorship investigates the dictatorship, or one of its tentacles.

As we all know, the People's Liberation Army has a hand in the profit taking, if not the actual running, of many of these businesses. Are they going to tell us it is a real problem and give us honest, verifiable information?

The same regime that tells us over and over again there are not political prisoners, that they are not killing people for their organs for transplant—despite the tremendous and growing number of evidence that Mr. Wu has provided—and that forced abortion does not occur? You can go right down the line in every category. Religious persecution is non-existent, which is what they claim.

I think you have perhaps put it right that we are talking about pathological lying, and we are supposed to believe them when they produce some kind of document.

Mr. FIEDLER. We, of course, do not believe anything and, frankly, have no expectation of truth emitting from the Chinese Government. We do, on the other hand, and should have expectation that truth emits from the U.S. Government.

We have a bit of a problem here in the repetition of Chinese lies by Administration officials, one. Two, the difference between the word *visit* and *inspect* in diplomatic terminology is this far apart, yet if you read the documents that have been entered into the record on the MOU and the SOC, you will never see the word *inspect*, yet the government witnesses, and even when they are not in a witness situation, will use the term *inspect*. They *visit*. That is the operative term.

It is not like a nuclear inspection in Iraq when Saddam Hussein has to have his facilities inspected by international agencies on a surprise basis. It is disingenuous in the extreme to use that term. Why I say it is disingenuous is I do not think any State Department official can misuse the word *inspect* because they understand it better than anyone else.

That is why, Mr. Chairman, I am deeply troubled by the demonstrated lack of will and slight of hand in dealing with the truth and also the unwillingness to fix what is clearly broken.

Mr. SMITH. I appreciate that clarification for the record so people will better understand this situation.

You might recall Congressman Frank Wolf and I visited a prison camp in Beijing in the early 1990's and actually took out jelly shoes and socks that were, we believed, being exported.

We did ask the warden, Joe his name was, to talk to the 40 Tiananmen Square activists who were being used to make these garments for export, and we were refused. The fact that we were even in his prison camp was a great irritation to him, and he could not believe that we were actually there.

As you point out, a visit is much different than an inspection because we had no access to the individuals. We were shown what they wanted to show us, and even what they showed us turned out to be information that we were able to bring back to here and use to shut that facility down.

Mr. Payne, any questions?

Mr. PAYNE. Thank you very much, Mr. Chairman. Let me commend you for your continued pursuance of this very important matter.

Unfortunately, I missed the testimony, and the questions that I have, primarily you have asked those about Hong Kong and how can we really know whether these items are being made in prison camps.

I do have perhaps a question, though, that I might just ask your comment on. It does not relate particularly to that, but I read a week or so ago, 2 weeks ago perhaps, that a large aircraft, an airplane, contract of the Airbus was granted to France recently. There was a bid by Boeing and a bid by Airbus, which is, as you know, the European consortium where Italy, France and Britain all do parts and make the Airbus, which competes with the Boeing and the other aircraft that are made by U.S. companies.

The disturbing part of that was that the French were awarded the contract for a large number of Airbuses because they were soft on an amendment in the United Nations criticizing the People's Republic of China and that the feeling was that the PRC Government was sending a message or giving a benefit to France because of their defense of the PRC.

I wonder if any of you are familiar with that, and what do you think the ramifications of that will be as we attempt to get the U.S. Government more engaged in doing the right thing? What impact do you think that that kind of message sending will have to the corporate community in this country that we have had a hard enough time trying to have them do the right thing, and with this action I do not see it making it any easier.

Would anyone like to comment on that?

Mr. WU. Mr. Congressman, when I was in Europe, I heard from European politicians and businessmen. They said you see, if we condemn Chinese human right violations, then we lose our business. I come over here and people say see, if we are tough, Boeing lost a contract. Airbus got a contract.

Anyway, all these conversations are based on one thing. Money. The people today try to tell you that the economic development in China is pretty good. The capitalist system is thriving, and democracy and human rights sooner or later will go back to China.

It is a very new idea. This kind of ideology is not applied to Cuba, did not apply to the former Soviet Union and even did not

apply to South Africa. They never engaged South Africa by trade and money. They never engaged by trade and business with Cuba.

Burma recently was given an economic sanction, because of human rights violations. The State Department report is clear that the human rights situation in China is worse. Why do you have a new idea saying the money can change that?

We cannot convince the businessman about human rights. They are concerned about copyrights. When the copyrights come up, they say sanctions. When the human rights come up, they say well, they have their own values system. Do not impose the American western values system to them.

America tried to impose the American values about copyrights and the stock market and the banking system and the credit card system on them because they want this \$1,000,000,000 cheap labor.

The Chinese dictators do not treat the Chinese as human beings. They treat them as forced laborers. Unfortunately, American businessmen, including French businessmen and Japanese businessmen, do not want you thinking this way. They want to make money. That is fine.

The other issue right here is security. I remember last December Warren Christopher, former Secretary of State, ended his diplomatic trip in Beijing. We said we are seeking a cooperative relationship with China because China is a super power.

I think if you ask the common American who is the super power, probably they will tell you America or the former Soviet Union. Now we have a new super power, China, and it is Communist China. Do you want to see another Communist giant in the east?

For 40 years you have had a debate of who lost China, and now I will say very soon you will have another debate on who renewed Communist China? Your money and your technology, just as the fuel in a tank driving a Communist vehicle.

Thank you.

Mr. FIEDLER. Mr. Chairman, it is hard to follow up after that, but Boeing has, I believe, 70 percent of the China market, Airbus the other 30 or maybe McDonnell Douglas a little bit.

Do you know why the Chinese buy Boeing aircraft? Best aircraft around. Do you know why they buy an occasional Airbus? Because they do not want to be fully dependent on Boeing. There are only two choices in the world basically.

To even allow a Boeing/Airbus discussion into a policy discussion of an import that involves national security, U.S. interest and everything else is virtually ludicrous in the sense that we are not going to hold hostage our foreign policy to a couple billion dollars worth of aircraft a year even, nor should we, nor should Boeing expect us to.

Ms. SHIEH. Can I say something?

Mr. SMITH. If you would just yield briefly?

But we do, and that is exactly, unfortunately, what has happened.

Mr. FIEDLER. Yes.

Ms. SHIEH. Years ago when we saw President Clinton e-link the MFN and de-link it from human rights on the issue of MFN, we felt that maybe the business community would be in the front line to protect American business. Based on the constructive engage-

ment policy, maybe they can influence China through business dealings.

After all these years, we see clearly, just by the failure of the MOU, and we know that the MFN actually is being used as a means for the U.S./China policy maneuvering. Because people are not standing strong, we actually failed in that too. Right now, MFN is not just a simple trade policy. It is just a means for the foreign policy maneuvering.

If I may go back to the ratio business that Mr. Chairman raised before, the ratio I think is not that important. The importance is the ratio is increasing with all the evidence that we have seen in these couple days. We know it is increasing rapidly.

In the article, China's Government clearly knows that they have opportunities. They say the resources are abundant. Our government is embracing China as a trading partner. Have we questioned how they do it and who they are getting all the resources from?

About the question about routing through Hong Kong, we know a lot of companies, a lot of Chinese companies, including PLA or government agencies. They have companies set up in Hong Kong, so definitely they are going to enjoy whatever trade favors they are going to get there. After July 1, they are definitely going to enjoy more if we allow them and if the Hong Kong people do not have the environment to stand up for themselves.

Mr. PAYNE. I think that as the Chairman said when you completed your statement, but it does. You know, it is certainly not new that much of the policy is driven because of the economics.

I mean, if we look at some of our foreign policy, we have supported the wrong people a long time. We had the Shah of Iran who did a terrible job in Iran, who was our guy. We took him out when he needed to be taken out. We supported Marcos and even before that with Samosa, I guess. Someone asked the President at that time. They said Samosa is a dictator. He said yes, but he is our dictator.

We can go through a number of our poor choices through the years that we have supported. A lot of it was because we were fighting communism. All of a sudden, as you mentioned, communism is not so bad. The way you fight communism is to keep sending in money and buying their products, and that will defeat communism.

We did not use that philosophy anywhere else. We even support an apartheid government in South Africa because they did not like communism or a brutal dictator like Mobutu with \$4,000,000,000 or \$5,000,000,000 in the bank because he did not like the Communists either. Of course, he did not like his own people, and he was a thief and a criminal and a murderer, but he did not like the Communists so that meant he was all right.

Even today in the drug program in Mexico, you know, we have it, but they are big trading partners so you kind of look at the certification process a little bit differently.

If you look at Nigeria and their brutal dictator, they have oil, so we have to perhaps not have sanctions because bilateral sanctions will hurt the United States. It is a good grade of oil, so we do not want to hurt Shell and all the other oil companies.

There is Zaire with the diamonds. They might have had a little blood on them, but just clean them up. Mobutu is all right to be supported through the years.

The problem basically is the business community and where the morals happen to be. Up to now, there is a solid majority, I guess, and they are still solid. Maybe in their hearts they know we are right, but it seems like the bottom line is the thing that is moving everything today. Like we said, we had the biggest uproar over CD records and the copyright, but human rights is another story.

I do not have any questions. We have a lot of work to do, and some of us are willing to try to help along as best we can.

Thank you.

Mr. SMITH. Thank you, Mr. Payne.

Let me ask just a couple of final questions. I wonder if you could just tell us—and, Mr. Levy, you might want to touch on this as well—how many of our business people who do business in China are really snowed by the graciousness and by the red carpet treatment that they get?

It has been my experience working on human rights for the last 17 years and trips to Romania, Russia, many of the Communist countries, that even though the delegation and I were visiting to gather information on human rights, we were treated in a way that if you did not know any better, you would ask, "Why am I here?" Everything seems so nice until you get into a gulag or really get down to business. All of a sudden, the demeanor changes.

I wonder how many of our people are disarmed by that approach because as you pointed out, Mr. Wu, in one of your previous tapes, very often they take off the military uniforms, some of these CEOs, and put on their pinstripes. If you go into the other room, they still have the military uniform on. Perhaps you would want to speak to that.

Mr. LEVY. I can only speak from my own experience. When I go to China, it is just like going to any other vendor in the United States that I deal with. If they provide a good-quality product and good service, I am going to buy from them. If they cannot deliver, I am not going to buy from them. I think for the most part, again people are trying to get a product out of there.

Clearly the way business is conducted is different than it is in the United States. I mean, you go over there, and these people adopt you for as long as you are there, whereas in the United States you have a meeting for an hour, and please leave my office and let me get you back to the airport and out of my hair. It clearly is different how business is conducted.

We are talking about the use of prison labor. If people see it and they want to turn their eye to it and say well, I am going to say a few extra pennies and do it, I do not think it is going to be so much because of the relationship. I think it is just going to be a lack of morals or greed or whatever you want to call it.

Mr. SMITH. Just one final comment on that. When I met with the U.S. Chamber of Commerce in Beijing for a 2-hour, very contentious meeting, I was surprised how unaware they were of who the dissidents were. They had never met with the dissidents. I asked, "Have you ever had Wei Jingsheng or any of these other people

come in to address you?" He is now back in prison, as we all know. Their answer was a big no on that.

When we got to the area of religious freedom, one of the business executives said, "My secretary goes to church every week. You can go with her." But that is part of the officially recognized Catholic church in this case, and it is run by the government, which very carefully circumscribes its activities. Nobody under the age of 18 can learn about God. Whole books of the Bible have been excised.

The point is: they buy into it. It is almost like this MOU. They give you enough to give you a sense of comfort, and then aggressively push that with smiles and other good manners. The next thing you know, you are oblivious to what is really going on. I just wanted to raise that to see if that might be your experience.

On May 15, U.S. Customs submitted a request for information about a hardware tools plant in Hangzhou. Do you have any information—perhaps, Mr. Fiedler, you might—as to what prompted Customs to take that action and whether or not it may be timed to coincide with the hearings that are going on both on the Senate and House side?

Mr. FIEDLER. That is known as the Qinq Jiang case, which we have been working on for quite a number of years to gather up documentation. In 1994, Harry visited that prison. It happens to be located directly next to Wu Lin, which is also known as Hang Chou Super Power Hoist Works. We had done an investigation about the importation into Buffalo of these chain hoists.

We gathered evidence that they were importing or exporting to a company in Houston, Texas, and nothing happened. It was Cosmos Company. It says on the document the prison name and the Cosmos name. Dilly dally, dilly dally. They did nothing. I do not know.

The true and full answer to that question is if I were to speculate, I would think it is because they thought that there was going to be some more attention come on it in the coming weeks that they finally got off their duffs, if you will, and began to do some action.

Mr. WU. Mr. Chairman, Mr. Fu wants to make a short statement. He said he would appreciate this opportunity to express his own view.

He said China is the largest populated country of the world. This means 1,200,000,000. If the human rights in the world have to improve, I think first we will have to improve the human rights situation in China because this is a big part of the whole world. America plays a very important role and major role in this improvement.

He appreciates this opportunity to express his viewpoint.

Mr. SMITH. Let me just conclude because, unfortunately, there is a vote on the floor.

I think in the style that you did last time, you anticipated a lot of the questions and, thankfully, your testimonies covered that, but I wonder if any of the political prisoners, the prisoners of conscience, are aware that the products they are making are ultimately being exported?

Is that kind of knowledge available in the prison camps in the Laogai, and how does it make them feel knowing that it is ending

up on the shelves of western democracies who give a lot of lip service to human rights?

Mr. WU. Mr. Fu said yes, most of these prisoners are aware, including himself. He is aware that the goods made by prisoners and sold to the United States are illegal, and also he is aware that this is fundamentally against human rights. He is aware of that.

Mr. SMITH. I think the next time Li Peng celebrates Christmas will be the first, so I think that is a good assumption too.

Let me ask for one final statement. Regarding the Memorandum of Understanding and the Statement of Cooperation, I would just like to know what your reaction is in 30 seconds or less. It says that the U.S. Government recognizes and respects Chinese legal regulations concerning the prohibition of the export of prison labor goods, and the United States takes note and appreciates the good intentions and efforts made by both sides in implementing the MOU signed in August 1992.

Mr. FIEDLER. Balderdash.

Mr. SMITH. That is less than 30 seconds.

Does anybody else want to comment on that? Ms. Shieh.

Ms. SHIEH. Based on our experience with them, we know that they not only do not abide by their promise, but they actually ignore it and do the opposite. Based on the information stated in that publication, they actually do not care what they are doing, and they do it knowingly.

Thank you.

Mr. SMITH. Thank you.

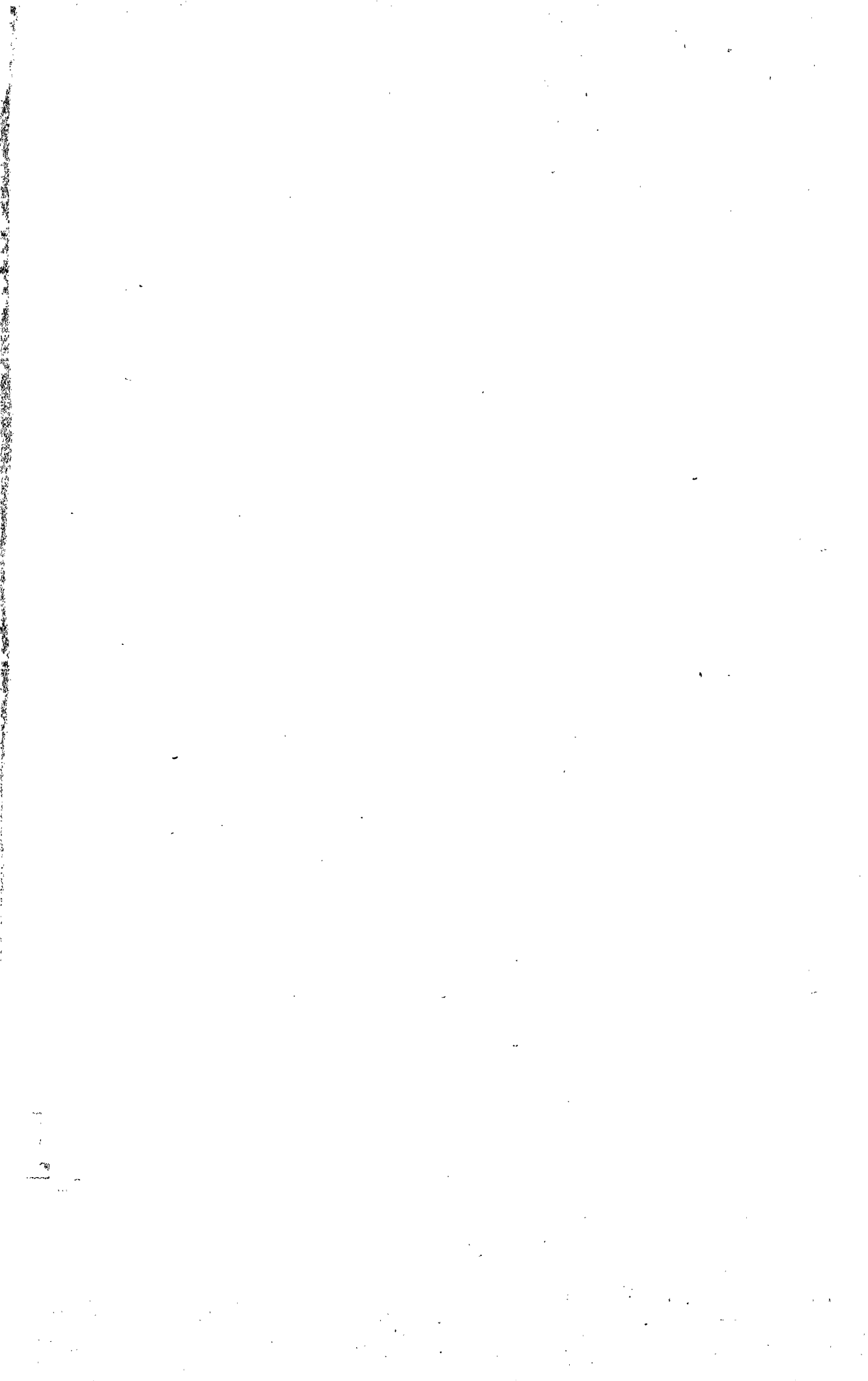
I want to thank our very distinguished witnesses for their very fine presentations and, above all, for the work you do on behalf of those suffering in the Laogai.

We will follow up as a Subcommittee, as we have each and every time, on this issue. I think Mr. Fiedler has provided us with some very good recommendations. We will flesh out those details.

I think we need to hold the Administration even more accountable for its lack of action on this weak and ineffective MOU, and hopefully we will see some real progress.

I want to thank you very much. This hearing is adjourned.

[Whereupon, at 11:55 a.m. the Subcommittee was adjourned.]



APPENDIX

STATEMENT OF CHRISTOPHER H. SMITH CHAIRMAN, SUBCOMMITTEE ON INTERNATIONAL OPERATIONS AND HUMAN RIGHTS

Today's hearing is about the continued production of goods by forced labor in prisons and in the Laogai --- so-called "reform through labor" camps --- maintained by the Communist government of China.

Thanks in large part to the heroic efforts of our witnesses today, the world can no longer claim ignorance of the Laogai. Two years ago at a hearing of this Subcommittee, Harry Wu and five other Laogai survivors bore witness to some of the cruelty they had suffered in that system. Chinese labor camps house countless prisoners of conscience -- political dissidents and religious believers. Camp inmates are subjected to brainwashing, torture, and forced labor. By any sane reckoning, those inmates are slaves. The Beijing regime dictatorship has long used its system of labor camps to crush dissent and to remove so-called "counter-revolutionaries" from Chinese society. More recently, it has begun using them to turn a profit. As we will hear today, the United States and some American businesses have been complicit in making that repression profitable.

We have long known that the Chinese regime exploits the slave laborers in its camps to produce goods for export. Laogai inmates are forced to make any number of the products that you and I end up purchasing in our local shopping malls: from clothing to automotive parts, office supplies to Christmas decorations.

Under United States law, products of forced labor should never make their way to American shores. Since 1932, it has been illegal to import goods made by forced labor into the United States.¹ In 1992, in an effort to stem the flow of Laogai-made goods, the United States and China signed a Memorandum of Understanding (MOU) designed to ensure U.S. access to the information necessary to effect its import ban on prison labor products. Under the MOU, the Chinese government committed itself to investigating suspect enterprises and allowing U.S. diplomats to visit suspect facilities. Not surprisingly, Beijing has been less than cooperative in fulfilling its obligations. Laogai-produced goods continued to enter the United States. In an effort to improve China's performance, the U.S. and China signed a Statement of Cooperation implementing the MOU in 1994.

It seems increasingly clear that these agreements have failed. The law on the books does not keep slave-made Chinese products off our shelves. Beijing continues to resist compliance with the MOU. It is slow in responding to U.S. requests for information. What responses it does provide lack sufficient detail. The Chinese government frequently refuses to allow the

¹19 U.S.C. §1307

U.S. to inspect facilities suspected of using forced labor. Furthermore, many Laogai enterprises make it difficult to trace banned products by commingling their output with goods from non-prison sources, and by selling their goods through outside businesses. Thus the commercial exploitation of slaves in China's labor camps is effectively an open secret in the world of commerce. At least one of our witnesses today will detail how American businesses can (and do) negotiate with businesses in China to procure the less expensive products made by slaves of the Chinese dictatorship.

The current situation is terrible. The American people are being duped into purchasing products made by slave laborers. American businesses are profiting from that slavery. Our failure to stop the import of Laogai-made products does not merely show an indifference to repression in the PRC, it amounts to active support of such repression.

Whenever those of us who work for human rights begin talking about the need to impose sanctions to discourage these inhumane practices, certain commercial interests respond with a lecture on the need for what they call "constructive engagement" with the Chinese regime. But when their own interests are threatened --- for instance, by CD and software piracy --- they do not place their faith in the hope that continued openness and exposure to American values will convince the Chinese dictatorship to change its ways. Instead they work for serious, tangible economic sanctions against the Chinese government. I happen to think they are right. Whatever else the Beijing dictators may be, they are not stupid. But if economic sanctions are regarded as a legitimate tool in the war against software piracy, then why not in the war against torture? Why not in the war against forced abortion, against religious and political persecution, against products produced with slave labor?

As we will hear today, in the absence of any serious economic disincentive to forced labor, the practice will not just continue, it will get worse. The Laogai system has become so profitable that the Chinese government now plans to expand it.

I look forward to receiving the testimony of our distinguished witnesses today. I expect that they will help us better understand the forced labor regime in China, as well as how current U.S. law has failed to fulfill its aims. I hope that they will also help us decide what we can do to address this problem and fix it.

STATEMENT OF HARRY WU
Executive Director, Laogai Research Foundation
on Forced Labor in China

Before the House Committee on International Relations
Subcommittee on International Operations and Human Rights
May 22, 1997

Thank you for the opportunity to express my concerns on the import of forced labor products from China. Thank you, Mr. Chairman, for your steadfast commitment to improving the lives of the Chinese people.

My appearance today has only one purpose: to show that the Chinese government has repeatedly lied about its efforts to stop the trade in Chinese forced labor products. There can be no denying this fact. Although I have been disappointed by the American government's resolve in the past, I remain hopeful that our efforts here today will result in a new commitment to the prevention of the trade in forced labor goods from China.

The Senate Foreign Relations Committee in 1991 was the first body in the world to hear about the Laogai - China's forced labor camp system- as an important sector of the Chinese economy. I presented the photos and the official Chinese documents which showed the vital role the export of forced labor goods played in funding the Laogai.

The United States has had a law banning the import of forced labor goods since 1932, so my revelations caused a swift reaction by the American government. The Customs Service used its authority to identify Laogai products and ban their entry into the United States. Despite official Chinese statements that denied the export of Laogai goods, the Customs Service between October 1991 and August 1992 banned seventeen different Laogai products from the US. One American company, E.W. Bliss of Michigan, was brought to court on criminal charges, pled guilty and was fined \$75,000. Another American company, China Diesel Engines of California, sued the US government in the Court of International Trade to have the ban on its goods removed. The Court agreed with the government in 1994 and those Laogai diesel engines were removed from the country.

In August 1992, however, something changed. The US government lowered its guard against the Chinese government and the Laogai and its blood-stained products. At that time, the Bush Administration negotiated the Memorandum of Understanding on Prison Labor Products with the Chinese government. A certain level of evidence is needed in US courts to convict American companies importing the Laogai goods. The US wanted a means to identify the origins of suspected products. So the MOU was meant as a way to get documents from the Chinese government and gain access to the Laogai camps to make a positive identification. This was a terrible idea. Does anyone

think the Chinese would willingly provide the evidence that proved they exported forced labor goods to the US? The MOU was doomed to failure.

After the MOU was signed, the Laogai products continued to come to the United States. In May 1993, President Clinton made the MOU a must-do condition in the extension of MFN for 1994. It was a public stance that I supported at the time. He said unless the Chinese followed the agreement, then MFN status would end in spring 1994.

But the Chinese still sent Laogai products to the US. The Customs Service found four more Laogai products coming to the US between August 1992 and March 1994. The president of the Columbus McKinnon Company of New York admitted to having a long-term import relationship with a Laogai camp. The Chinese denied American requests for visits or tried to deceive the Customs Service. Even Commissioner Weise said in November 1993 in testimony before the House of Representatives, "We have substantial concerns about ongoing implementation and Chinese compliance with the letter and spirit of the agreement." At that same hearing, Assistant Secretary Winston Lord repeated the pledge to end MFN if the MOU was not followed by the Chinese government.

All evidence showed the Chinese did not follow the MOU. But President Clinton didn't go through with his threat. Instead, the American government gave the Chinese government a way out. Officials from the State Department and Treasury Department went to Beijing in late 1993 to negotiate a second binding agreement. This agreement, the Statement of Cooperation on the Implementation of the MOU (SOC), was signed in March 1994. The SOC set a 60 day time limit for answers from the Chinese government as well as other adjustments to the MOU. Then Secretary of State Warren Christopher deceived all of America for the Chinese: he said because the Chinese government signed the new agreement, they had complied with the old agreement, so they met the must-do condition and deserve MFN. President Clinton delinked MFN and the MOU and rewarded the Chinese lies. I know the Chinese didn't deserve our favor. They still do not deserve our favor.

Since then, the forced labor products law has had no commitment by either government, the MOU and SOC have proved worthless and Laogai products still come into the United States.

In May 1993, officials of the Columbus McKinnon Company admitted to a long-term relationship with the Zhejiang Wulin Machinery Plant for the manufacture of chain hoists. The Customs Service had evidence showing Wulin is in fact the Zhejiang No. 4 Prison. Customs investigated Wulin, banned its chain hoists, and turned the case over to the Justice Department for prosecution. And nothing happened.

In 1993, we learned that a Houston company called Cosmo Trading knowingly imported 'Diamond' brand hand tools from the Zhejiang Province No. 2 Prison. We presented our findings to the Customs Service for investigation. And nothing happened.

In December 1994, the Chinese denied access to a 'reeducation through labor' camp, where a prisoner is given a three-year sentence without trial and is forced to labor, which the Customs Service identified as shipping artificial flowers to the US. The Chinese denied access by saying reeducation-through-labor camps were not part of the MOU and cannot be investigated under its rules. And nothing happened.

In May 1995, the president of Asbury Graphite of New Jersey admitted on the NBC national news broadcast that his company got expandable graphite from the Shandong Province Beishu Prison mine. And nothing happened.

The 1996 State Department Human Rights Report for China said about the MOU, "cooperation has stalled since mid-1995. As of the end of 1995, the authorities had not granted access to a prison labor facility since April 30 (1995)." And nothing happened.

The Chinese allowed a visit in 1996 to a camp first investigated in 1991. Customs went to the camp and removed the detention order on the Laogai product. Other requests first made in 1992 have been ignored. But nothing happened.

The 1997 State Department Human Rights Report for China said, "Repeated delays in arranging prison labor site visits called into question the Government's intentions regarding the implementation of the MOU and SOC." But nothing happened.

Not only are we allowing the Chinese government to ignore the binding agreements, we are failing to enforce our own laws.

My research into the Laogai shows that both the number of camps and the population of the camps is increasing. The Chinese government views the prisoner as simply a production unit; the Laogai has the lowest cost labor in China. This labor is exploited to the profit of the state. And the Laogai is using the profits from its trade to get bigger. According to Chinese statistics, which are never complete, there were 1.4 million prisoners in the reform-through-labor camps in 1997 and 1.78 million in the reeducation-through-labor camps in 1996. These numbers do not include the local detention center prisoners or the forced-job-placement personnel, laborers who have finished their sentence but are still forced to labor at the camps. All indications show that the Chinese jails and labor camps are filled to capacity. We believe there are between six and eight million prisoners forced to labor in the Laogai today. New facilities are being built with the profits, especially new reeducation-through-labor camps.

The Chinese government calls this their Prison Economy. It is a stated policy of the government to turn all camps into profitable enterprises. I'll give you one example, from information dated June 1996. I will submit the original document with translations for the record. A conference was held on April 8, 1996 to discuss the economic development policy of Jieyang Prison in Guangdong Province. The attendees all gave speeches about the need to improve production and earnings in the various production units at the prison. This Laogai camp initially was a farm growing tea and fruits and it

operated a quarry. In 1982, its population was 700. By 1986, it had grown to 1,800. By 1990, it was 2,100. At the end of 1995, this camp had nearly 3,900 prisoners. The review of the conference states, "The proportion of prisoners working indoors has grown from 20% in 1989 to the current 80%. Economic benefits have also risen markedly." The prison turned a profit for the first time in 1994 and had earnings of US\$14,000 in 1995. How did it become profitable? By making products like chinaware, rosaries, watchbands, mineral water, artificial Christmas trees and garments for the domestic and international markets. There are 1,500 prisoners committed to producing garments like these for the international market. The profits will be put to good use: the warden says he wants to build seven more prisons with the earnings.

The Laogai is the largest forced labor system in the world today. Trade is crucial to the growth of the Laogai and thus the growth of the Chinese communist dictatorship. The Laogai Research Foundation wants to see an end to the Laogai. We feel one way of achieving this is to stop the trade of the products and the ability of the Laogai to gain hard currency. The Laogai Research Foundation has monitored the system and the trade in its goods. We have recently finished investigations that show that Laogai products continue to come to the United States in violation of the MOU, SOC and American law.

In the case of Jieyang Prison, the prison's own documents identified the legitimate companies that act as their pipeline to the business world. The brochure names the Jixiang Knitting Factory in Shantou, Guangdong as one of the plants that has established a long-term contract with the prison. We recently sent someone to the Jixiang factory to confirm the connection between Jieyang Prison and Jixiang Factory. In taped conversations the plant officials confirmed that they sub-contracted work to the prison. They even quoted us the price of goods made by the prison as being one-third less than other textiles. We also learned that Jixiang has contracts from a number of Hong Kong companies to manufacture clothes. These companies include the Sam Wing Garment Factory, World Wise Industries Ltd., the Roxy Garment Factory and Chaifa Holdings Ltd. Chaifa Holdings holds the exclusive license to manufacture clothes under the Garfield, Arnold Palmer and Playboy brandnames. In addition, Jixiang Factory provided samples of their work for the Esprit namebrand. The Jixiang facility is very small with perhaps one-hundred workers, but they were able to sign a contract for a large quantity of product in a very short time. The contract we signed is still valid, and if we executed it, we would receive finished garments that came from the Jieyang Prison to the US market.

There is a brave man sitting here today, Mr. Peter Levy. Mr. Levy will tell you about how a competitor that sources its products at a female Laogai camp in China is taking over the market and threatening legitimate business. Mr. Levy is the first businessman to conduct his own investigation of the Laogai and I want to thank him for his efforts.

The company that is illegally selling forced labor imports is called Officemate International Corporation, or OIC, of New Jersey. The President of OIC has created a company in Nanjing, China named Allied International Manufacturers or Amico. These

binder clips are assembled by women prisoners at the Nanjing Detention Center Women's Division for hours a day. Production output is measured to assess labor attitude and performance in accepting reform; one former prisoner said the silver clips were inserted into the black pieces until her fingers bled. This is terrible labor. These laborers cost only a quarter of the normal worker in China. Shipping documents show that OIC received 79,500 kilograms of binder clips from Amico in the month of February 1997 alone. News reports said that OIC has around one-third of the domestic market for binder clips. OIC sells these forced labor products to office supply stores around the country, including Staples, Boise Cascade Office Products and BT Office Products.

This company knowingly uses forced labor and then profits from the suffering of the Chinese prisoners. Staples should stop buying OIC products. The Customs Service should immediately seize all binder clips shipped to OIC by Amico and ban the products. The American government should investigate this company.

The Laogai Research Foundation has learned of two California court cases about a forced labor auto parts plant in Shanxi Province that was importing its products to the United States. Excel Industries, an American company, bought brake rotors from a company called MM Rotors in California. MM Rotors is a US-based subsidiary of China National Minerals & Metals Corporation, known as Minmetals. The President of MM Rotors and Minmetals Inc. LA is Su Hailin. The Vice-president of MM Rotors is Li Bai. Buyers from Excel Industries were brought to China in 1993 by Su Hailin and Li Bai to inspect the source factories of products sold by MM Rotors and Minmetals. Mr. Li Xiang, an official of Excel Industries, is a Chinese man who said in his sworn testimony that Minmetals brought them to the Shanxi Province Number 3 Prison in December 1993. This Laogai, using the name Shanxi Linfen Automobile Manufacturing Plant, made brake rotors for MM Rotors for export. Mr. Li states in his deposition that he read the signpost at the Linfen factory that identified it as a prison and saw armed guards, walls and electric fences surrounding the compound. He was told that Minmetals was buying most of the brake parts made by the Shanxi Linfen prison factory.

Directories of Chinese manufacturing published by the China State Planning Publishers in 1991 and 1996 provide extensive information on Shanxi Linfen. The 1991 entry for brake discs made at Shanxi Linfen show that the annual output at 12,500 units is 100% for export for use as "American automobile parts. The 1995 entry for brake discs made at Shanxi Linfen shows that the annual output had grown to 300,000 units with 100% for export and use in the "Beijing Cherokee, (and) Shanghai Santana." Chrysler manufactures the Cherokee at a joint-venture in China called Beijing Jeep. Volkswagen manufactures the Santana at a joint-venture in Shanghai called the Shanghai Volkswagen Automobile Manufacturer. We call on both Chrysler and Volkswagen to stop buying brake parts from Shanxi until they can determine the origins of the suspect parts.

The financial reporting company Dun & Bradstreet has also research Shanxi Linfen. In its *1995/96 Directory of Key Manufacturing Companies in P.R. China*, D&B gives production output of RMB12,254,000 and sales of RMB12,084,000.

MM Rotors receives tons of auto parts from China annually. In one shipment in February 1994, MM Rotors received 161,500 brake drums, hub rotors and brake discs from China Minmetals. Commercially available shipping records show that MM Rotors received 561 metric tons of auto parts from China in 1995 and 612 metric tons of auto parts from China in 1996. In a "Defective Parts List" dated July 22, 1996, MM Rotors lists 81 companies that bought its products between 1993 and-1996. This list includes such large auto parts companies as Autocraft, Midas Muffler Co., and Monroe Motor Parts. We don't know how many brake parts manufactured at Shanxi Linfen were imported to the US by MM Rotors or how many were eventually sold by American retailers.

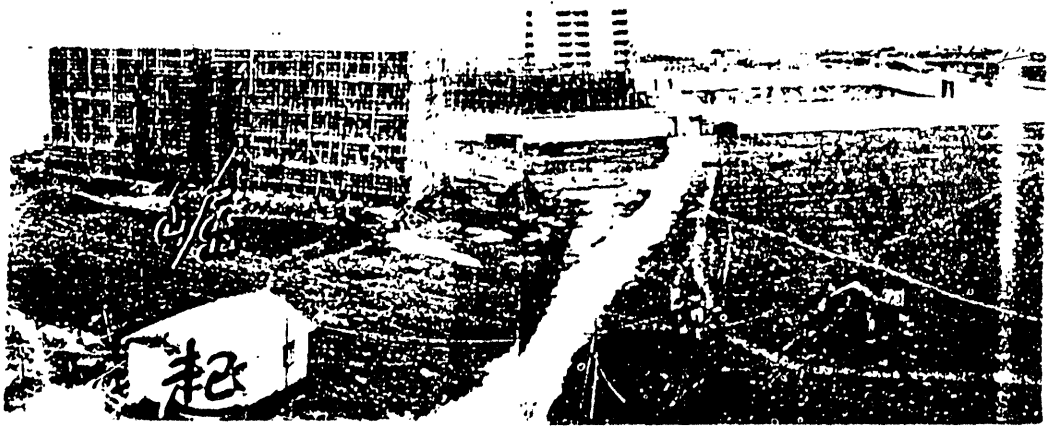
MM Rotors, a company owned by the Chinese government operating freely in the United States, is importing forced labor goods. This company should be investigated and its license to operate in the US should be revoked. MM Rotors knowingly imported auto parts from the Shanxi Province Number 3 Prison. All other subsidiaries of the state-owned China National Minerals & Metals Corporation should be investigated for other products from the Laogai. This is further evidence that the Chinese government has no intention of preventing the export of Laogai goods.

Mr. Fu Shenqi is a prominent Chinese dissident who has been jailed many times for his public stance promoting democracy in China. He is an eyewitness to the manufacture of Christmas lights inside a Laogai factory . There is no market for Christmas lights inside China, a country where Christians are targeted and arrested for their beliefs. Christmas lights are for export. The US is almost 40% of China's export market, so it is reasonable to say that at least 40% of the Christmas lights are for America. We do not know under what brand these lights are sold. Or in what store the lights are sold. The American government must investigate this facility to determine the whole story.

I believe no American would buy Christmas lights from China if they thought they came from the Laogai . I believe no American would buy artificial Christmas trees from China if they thought they came from the Laogai. I don't want to see any of these blood-stained trees and lights taint our holy nights.

Mr. Chairman, we must stop this trade. If the law is broken, then it must be fixed. If the Chinese continue to violate our sovereignty, then we must act without them. Our government must commit the time and energy to stop the Laogai trade. If we ignore the issue of Laogai imports, it means we are ignoring existing American law. If we ignore our law, it means we are willing to enjoy the products made by Chinese blood and tears. We cannot forget our principles. Americans say again and again they don't want these goods. The government must never put money ahead of our belief in human rights. If we care only about money and not human suffering, then we insult our traditions.

The Laogai is the Chinese communist dictatorship's primary tool for crushing its citizens. The trade makes it grow. The Foreign Relations Committee has been concerned with the Laogai since 1991, yet it is still growing. We must take action now. Thank you.



在古老潮汕平原的揭阳监狱

揭阳监狱新址位于揭阳市普宁
县流沙镇，距本局第五分局1930 国道
约5公里。工程总投资1.2亿元。规划总
占地1000亩。总建筑面积100万平方
米。其中18万平米，位于普宁县城内。另
有182万平米，位于普宁县城外。距普
宁县城约10公里。距普宁特区30
公里。距普宁揭阳监狱旧址约10公里。
该监狱分为生活区、生产区、监舍区、

个主要功能区组成。外加配套的综合性和
生活区。整体规划建设20多幢规模可观的
大楼。占地200多亩。目前已建成围墙、
岗楼、一幢监舍综合楼和一幢干警宿舍
楼。还有两幢监舍楼和一幢厂房即将建
成。各项配套设施正在加紧施工。力争今
年九月份住进部分犯人。

Jieyang Prison's new confinement facility is located at Yuzhao Town, Jiedong County. Its front gate borders provincial Route 1930 Anjie Highway; its back is 500 km to the town station of Guangzhou-Meixian-Shantou Railroad; its east wing to 10 km to Chaozhou City; its west wing is 18 km to Jieyang City and 9 km to Jiedong County Downtown; its south wing is 10 km to the planned Chaozhou International Airport and 50 km to the Shantou Special Economic Zone.

为实现广东监狱工作「九五」宏伟目标服务 广泛开展群众性监狱理论研究

在'96揭阳监狱经济研讨会上的讲话

省司法厅副厅长兼监狱管理局党委书记 周仕良

(一九九六年四月九日)

同志们：

'96揭阳监狱经济研讨会今天隆重召开，这是我省第一次由监狱主办的监狱经济研讨会，为我省各监狱组织广大干警开展监狱理论研究开了个好头。在此，我代表省司法厅、省监狱管理局和局党委表示热烈的祝贺！并向出席这届研讨会、长期以来重视和支持揭阳监狱建设的潮汕三市党政机关领导同志表示衷心的感谢！

近几年来，揭阳监狱积极贯彻实施省局党委“两个战略转移”决策，各项工作取得了很大成绩。经过解放思想，更新观念，深化改革，勇于开拓，揭阳监狱办工业和承揽加工业迅速发展，从事室内劳动的犯人比例已从1989年的20%发展到现在的80%，经济效益也显著提高，从1994年以来扭亏为盈，在总体上实现了产业结构调整从过去野外农茶生产为主向狱内工业生产为主的转移。特别是在场所布局调整方面，揭阳监狱经过艰苦努力，在省局和当地政府的大力支持下，走出山门，把新增监管关押点建在交通沿线，大大改善了监管条件和投资环境，为揭阳监狱各项工作的开展奠定了良好的基础。新关押点的建设鼓舞着广大干警职工，促进了各项工作的发展，领导班子和队伍建设、监管改造工作、监狱经济等方面发展的势头都很好。在加强实际工作的同时，揭阳监狱领导班子十分重视监狱理论研究工作，特别是针对市场经济条件下监狱生产出现的新情况新问题，广泛发动大中队基层干警联系本地区本单位实际深入调查研究，专门召开了这次监狱经济研讨会，鼓励大家为发展监狱经济和加快新关押点建设出谋献策，为实现“九五”宏伟目标、加快现代化文明监狱建设服务。这种从实践中来、回到实践中去的理论研讨活动，很值得在全省各监狱推广，希望各监狱都像揭阳监狱这样，深入研究市场经济条件下监狱经济的特殊性和普遍性，探索出一条符合自身特点的发展监狱经济新路子，努力使监狱经济适应社会主义市场经济的发展。

以《监狱法》的颁布、国务院（1995）4号文的下发和创建现代化文明监狱总体目标的确定为标志，我省监狱工作已经进入了重要的发展阶段。为此省局经过反复调查研究，制定了“九五”计划，主要发展目标概括为“1234567”工程，即树立一个指导思想，以监管改造好罪犯工作为重点，推动各项工作向前发展；工农业总产值和干警职工人均收入各翻一番；建好3个支柱产业，新建扩建4个改造基地；发展5个生产项目；办成5个亿元企业；建成7个现代化文明监狱。这个宏伟工程的制定，有着坚实的现实依据和科学依据，是一个实实在在的、通过努力可以

ZHOU Shi-Liang

Vice Director, Provincial Judiciary Department. Secretary, Prison Administration Department Party Committee

(April 9, 1996)

Jieyang Prison's own manufacturing and contract processing business is grown from 20% in 1989 to the current 80%. Economic benefits have also risen markedly, turning losses to gains starting in 1994. The manufacturing structure has been adjusted from farming and tea production in the fields as the backbone to industrial production within the prison as the backbone.

While emphasizing flawless prisoner confinement and reform, we must promote all other tasks: double total industrial and agricultural output value as well as cadres', police officers' and employees' income; establish three backbone manufactures; establish and expand five reform bases; develop five production projects; form six 100,000,000 RMB-class enterprises; establish seven modern civilized prisons.

深入开展理论研究 加速监狱全面工作发展

省监狱管理局党委 副书记、局长 陈伟雄

同志们：

首先我代表省监狱管理局对'96揭阳监狱经济研讨会的召开和获奖论文作者表示祝贺！

这次研讨会是在实施“九五”规划的第一年召开的，为监狱各项工作开好局，起好步，将起到积极的促进作用。这次研讨会开得很成功，主要表现在：

1. 得到监狱领导和全体干警职工的关心，特别是汕头、潮州、揭阳三市党政部门领导的关心，并在临会议指导。
2. 撰写的论文具有广泛的群众性，切合实际，意见可行，启发性强。这次研讨会实际上是一次发展监狱经济工作的教育会、交流会、动员会。
3. 结合监狱工作的实际，为经济发展出谋献策；发展监狱经济已成为广大干警职工的共识，体现了强烈的敬业精神。
4. 具有一定的深度和广度，特别是以建设有中国特色社会主义理论为指导，解放思想，开拓进取，结合监狱地理、项目等优势，为监狱经济发展勾勒出很多设想。

相信这次研讨会对揭阳监狱的整体工作，特别是



经济工作将产生积极的深远的意义和影响。

这次研讨会既是理论的研讨，又有很强的现实针对性 and 指导性。监狱的性质和任务决定了我们在贯彻《监狱法》，贯彻惩罚与改造相结合，以改造人为宗旨的方针，努力做好“确保监管安全，提高改造质量”这个重点的同时，必须大力发展经济，这是建设现代化文明监狱的需要，是增强监狱整体实力的需要，也是提高队伍战斗力的需要。邓小平同志指出：“发展才是硬道理”，这一点，对监狱经济显得十分重要。由于历史的原因，监狱单位的经济基础薄弱，

Comrade Deng Xiaoping pointed out: “Only development is the hard principle.” This is especially important for prison economics. Due to historical reasons, prison economy work fell far short of the developing situation.

远远跟不上形势发展的需要。十一届三中全会以来，通过改革，通过实施两个战略转移，从整体上看，监狱经济有进步，促进了监狱整体工作向前迈出了很大的一步。但从全省的情况来看，一是发展的速度跟不上社会生产增长的速度。全省的经济增长速度在20%以上，而监狱只有2.2%。二是还不能很好地跟上市场经济的步伐，缺乏强劲的竞争力。在开发拳头产品和集约化经营上差距很大。三是人均产值、人均总收入远远低于同行业的水平和同地区的收入水平。这种状况远不适应广东社会经济的发展。作为揭阳监狱，这几年的工作，尤其是经济工作有了很大的发展。1994年以来实现了两个突破，一是产值突破1000万元，二是摘掉亏损帽子。纯利润首次排在全省的前10名。这是监狱领导和全体干警共同努力的结果。但是与局党委提出的目标差距还很大，经济并不富裕，现代化文明监狱建设的物质保障基础还不够扎实。

局党委提出的“1234567工程”离不开发展经济作基础。尽管现在“皇粮”、“四粮”的财政保障体制已基本落实，但标准低，历史欠帐多，各项建设的缺口大，尤其是现代化文明监狱的建设。在某种意义上讲，没有监狱经济的充实和发展，就难以达到现代化的文明监狱目标的实现。如“1234567工程”，资金投入存在很大的差距。就拿生产投入来说，到2000年生产总值要翻一番，达到12个亿以上，就必须投入资金4个亿，平均每年不少于7000万元。各单位筹集资金的能力普遍不强。省局为揭阳监狱新点建设已投入了3000多万元，今年将投入1000多万元，1997年将投入3000多万元。最近，中央政法委和省厅正在研究从优待警的政策。从优也离不开一定的物质基础作保证。以上这些都需全体监狱干警职工树立责任感、紧迫感，千方百计解决好监狱经济这个难点。《监狱法》的颁布，国务院〔1995〕4号文的下达，对监狱工作的要求越来越高。省局的“1234567工程”，也向揭阳监狱提出了具体的奋斗目标。监狱领导和全体干警要继续鼓足干劲，树立雄心壮志，力争整体工作走在全省的前列，尽快建立起改造、生产的重点基地。在经济上，要向创亿元单位迈进，发动干警出谋献策，搞好发展规划，为全省监狱工作作出更大的贡献。

监狱经济要进一步加强理论研究。周副厅长对今后的重大研讨课题提出了四个明确的要求，对今后加强这方面的理论研究具有重要的指导意义。希望揭阳监狱进一步深化这方面的理论研究，不断提高研讨水平。这次研讨会主要的课题是监狱经济发展的方

向。今后还可以围绕建设现代化文明监狱的整体要求，在管教、队伍建设、生产经济发展，加强工业基础管理、生产现场管理“双达标”，产业产品结构调整、TQC活动、QC小组活动，管教与劳动生产两者的最佳结合点，创亿元单位，以及从计划经济向市场经济，从粗放型向集约型转变，转换经营机制，发展“三高”农业，向管理要效益，内抓现场、外抓市场，内强素质，外树形象，以及各方面的激励机制等进行全面的研讨。以理论指导实践，开拓视野，提高工作水平。还可以根据监狱关押任务的变化，特别是关押重刑犯后，如何强化监狱意识，从严治监，严格管理方面开展超前的理论研讨，为今后扩大收押量，管理教育好重刑犯打下基础。如果每个干警一年一个课题，中队每年也有一个课题，监狱工作理论研讨的质量就更高，气氛就更浓，干警的素质就提高得更快。

同志们，司法部和省局前段时间召开的警察队伍建设会议明确提出了要把我们这个队伍建设成为一支政治坚定；业务精通，作风优良，纪律严明，清正廉洁，具有良好形象，特别能战斗的警察队伍，达到政治、业务素质两个提高。政治上，要求干警要有正确的政治方向、坚定的政治立场，鲜明的政治观点，敏锐的政治辨别力，一切符合建设有中国特色社会主义这个政治方向。业务上，既要当管教工作的能手，也要当生产经营的能手。这是监狱警察岗位性质决定的。希望同志们继续努力，为提高改造质量，大力发展监狱经济，提高经济效益，加强队伍建设，提高队伍的政治业务素质作出更大贡献。

最后，祝愿揭阳监狱的整体工作水平更上一层楼！



Looking at the province as a whole, the rate of prison development lags behind production increases in society—while the rate of production increase for the province is over 20%, it is only 2.2% in prisons. Second, prison production cannot keep pace with the market economy and lacks a competitive edge; the gap is wide between prisons and society in developing “fist” products and management of labor intensive production.

开幕词

揭阳监狱党委书记、监狱长

洪炎江

(一九九六年四月九日上午)

各位领导、同志们：

由省改造罪犯研究所和揭阳监狱联合举办的'96揭阳监狱经济研讨会现在开幕！在此，我代表揭阳监狱党委和全体干警职工向亲临研讨会指导的各级领导同志表示崇高的敬意！向大力支持和热情关心揭阳监狱经济工作的各有关部门领导表示热烈的欢迎和衷心的感谢！

这届监狱经济研讨会是在我监全面贯彻《监狱法》和不久前召开的全省监狱工作会议精神、各项工作取得较快进展的大好形势下召开的。近几年来，我监认真贯彻落实省局党委制订的“两个战略转移”决策和52条改革措施，促使各项工作的不断发展。特别是在省厅局的高度重视和大力支持下，新关押点的建设进展较快，为我监创建现代化文明监狱打下良好基础；新关押点的建设极大地鼓舞了我监全体干警职工，如今广大干警职工的积极性很高，队伍稳定，狱内改造秩序持续稳定，为发展监狱经济提供了有力保障。经过二年的艰苦奋斗，我监的监狱生产已形成了以农茶业为基础，以加工业为主的新格局，生产项目由过去的单一农茶业迅速扩大到服装、塑料制品、珍珠、编织、裹带、碎石、矿泉水等工业、加工业项目；从



1994年起摘掉了亏损帽子；1995年工农业总产值首次突破1千万，实现完成1568.78万元，盈利11万元，是建监以来最好的年。这些成绩的取得，凝聚着省厅局和各有关部门的关怀和支持，凝聚着全体干警职工辛勤的汗水和智慧。随着社会主义市场经济的深入发展，我监经济工作面临着许多新情况、新问题。如何把我监发展经济、实践经济总结上升为科学理论，探索出一条符合我监实际的发展监狱经济新路，发动广大干警职工为发展我监经济和加快新关押点建设出谋献策，是本届经济研讨会的主要目的。因此，要求我监全体论文作者和与会同志集中精力开好会，认真学习领会省厅局领导同志的宝贵指示精神

和地三市领导同志的指示，运用马克思主义的基本原理、立场、观点和方法，遵循社会主义市场经济的规律，研讨我监经济工作的实践和理论问题，为我发展监狱经济提供决策依据。

会后，预祝本届研讨会圆满成功！

HONG Yan-Jiang, Jieyang Prison Party Committee Secretary and Warden
Opening Speech at Jieyang Prison Economics Symposium
April 9, 1996

A new structure has been formed in our prison's production with farming and tea production as the base and processing business as the backbone. Projects for production are rapidly expanding from solitary farming and tea production to manufacturing and processing of garments, plastic products, rosaries, knitwears, watchbands, stone materials, mineral water, and others. Starting in 1994, the prison has ceased to be a money-losing unit. In 1995, for the first time, total value of industrial and agricultural production broke the barrier of 10 million RMB, actually attaining 15,687,878 RMB, with a profit of 110,000 RMB.

实施“两个战略转移”

是振兴揭阳监狱的**必由之路**

——谈揭阳监狱经济发展状况和前景

党委书记、监狱长 洪炎江（特别奖）

1986年，省监狱管理局针对全省监狱场所布局 and 产业结构不适应改革开放的形势和本系统发展的要求，在同年2月份全省监狱工作会议和同年11月的全省监狱单位党委书记会议提出“两个战略转移”的决策，即：调整场所布局，从边远山区向靠近城市和交通沿线转移；调整产业结构，从野外农业生产向狱内工业生产为主转移。这一重大举



措出台后，给全省监狱经济注入了生机和活力。揭阳监狱近年来认准了这个大方向，深化改革，勇于开拓，积极进取，使监狱各项工作有了较快的发展。

一、调整产业结构，实现“从野外农业生产向狱内工业生产为主转移”的第一个“战略转移”。

揭阳监狱（原东经劳改支队）创建于1951年，当时是汕头地区管理的劳改茶场。1978年收归省监狱管理局管辖。至1986年止全场种植生柑800多亩，茶树1100亩，水稻100多亩，全年工农业总产值195万元，亏损4.4万元，以后都连续亏损。亏损的原因是投入多，收益期未到，近千亩生柑虽都进入收益期，但仍未能减少亏损。这说明依靠农茶来发展监狱经济是不行的，原因是劳动效率低，野外作业也不便管理。省局党委“两个战略转移”的决策为我监狱的发展指明了方向，经过一阵阵反思和一次次辩论，

监狱党委和全体干警达成共识——必须发挥劳动力价廉的优势，大力发展承揽加工业。当时监狱党委决定，把800亩生柑承包给当地农民，把腾出来的300名犯人组织起来发展加工业。这一项措施实施后一年，生柑从原来亏损25.8万元变成纯利32万元，加工业收入从原来的18万元增长到75万元。1991年比1989年减亏13万元。

那一年的实践证明，我监实施第一个战略转移是成功的，东经要发展，必须靠“两个战略转移”。于是我们进一步探索，继续推进第二个战略转移，使生产布局进一步得到改善，从事室内加工业劳动的犯人比例，从1989年的20%发展到1995年底的80%。第一个战略转移已经得到实现，随着加工业队伍的壮大，如何提高加工业效益已成为必须尽快解决的课题。1994年，我们在总结经验教训和学习兄弟单位先进管理模式后，采取了全额承包管理方式和一系列调动干警、犯人积极性的措施，使揭阳监狱承揽加工业进入迅猛发展的全盛时期。1994年，全监工农业总产值808万元，其中加工业收入370万元，实现了扭亏为盈；1995年全监工农业总产值1565万元，其中加工业产值745万元，利润11万元。使揭阳监狱真正尝到了第一个“战略转移”的甜头。

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HONG Yan-Jiang, Jieyang Prison Party Committee Secretary and Warden
“Status and Perspectives of Economic Development in Jieyang Prison”

Jieyang Prison (formerly Dongjing Labour-Reform Detachment) was established in 1951 as a labor-reform tea farm administered by the Shantou Region. In 1978 its administration was transferred to the provincial prison administration department. Up to 1986, the farm had planted over 800 mu (1 mu = 0.1647 acre) of mandarins, over 1,100 mu of tea tress and over 100 mu of rice. The total industrial and agricultural value of production that year was 1,950,000 RMB.

二、抓住机遇，积极进取，促
成第二个“战略转移”。

随着形势的发展，揭阳监狱关
押的犯人越来越多，1982年关押
量在700名左右，1984年“严
打”后关押量急剧上升，1986年
关押1801名，1990年增加到2108
名，省监狱管理局核定关押指标
1800名，到1995年底已达到3839
名，超过局核定指标2039名，翻
了一大番。到1992年，所有教学
楼不得不作为犯人监舍，个别单位
的犯人点名厅都已住人，还有近
300名犯人住在随时有倒塌危险的
旧监舍，加上社会治安形势严峻，
新投犯不断增加，揭阳监狱又是潮
汕三市唯一的监狱，但尚未具备关
押重刑犯的条件。为了这个需要，
省局党委于1992年9月决定扩建
东径，核定收容犯人3000名。

揭阳监狱作为我省重点扩容扩
建单位，这是揭阳监狱发展史上很
好的机遇。如何用好这个机遇，也
就是说，在原来的山沟里扩建还是
另选交通方便的地点新建，成为大
家关心的问题。为此，监狱党委统
一了思想，认为不能把钱继续投在
条件较差的山沟里，投得越多，就
越难实现第二个战略转移，于是决
定向省局报告，要求到交通便利、
靠近城镇的地方选址建新关押点。

此时，适逢揭阳监狱所在地玉
窖镇政府把办公楼搬迁到省道揭
阳至潮州路段中点的官坝车站旁，
并在那里划出1千亩地作为经济开
发区，镇领导亲自上门，欢迎我监
在开发区内以特优惠价征地建新关
押点。经过双方共同努力，最后省局
批准，同意揭阳监狱在开发区内征
地200亩建新关押点。目前已建好
围墙和一幢干警住宅楼，一幢犯人
监舍，还有两幢监舍已接近完工，
一幢厂房正在打基础，为揭阳监狱
实施第二个“战略转移”迈出了关
键的一大步。

三、实施第二个“战略转
移”，发挥新老点优势，使揭阳监
狱阔步迈入振兴时期。

揭阳新关押点目前已投入资金
2212万元，计划今年下半年开始
关押罪犯1500名，各方面配套设
备和基础设施基本完善，使全监关
押规模达到4千名，原老关押点关
押量由目前的3800名减少为2000
名。这样一来，规模扩大了，格局
变化了，为振兴揭阳监狱打下坚实
的基础。

1. 新关押点的优势和前景。

新关押点地处潮汕三市中心的
玉窖镇开发区内，距省道揭阳至潮
州路段只有500米，背后是广梅汕
铁路一个货物上落站，交通、信
息、能源条件十分优越，适合发展
大中型工业和承接加工行业，对台
资和合作伙伴和外地来汕工作的科
技人才有很大的吸引力。因此，我
监计划在新关押点重点发展上规
模、效益高的工业和来料加工行
业，特别是要想方设法吸引带有专
利开发项目的人才共同开发专利产
品，使之成为我监的拳头产品，为
成为支柱工业。在资金方面，要积
极吸引外部资金，多办几家合资合
作企业。总之，新关押点要发挥自
身优势，既要办成现代化文明监
狱，又要使监狱企业经营管理符合
社会主义市场经济规律，做到各项
工作高起点、高效益。

2. 新老点的互补作用与发展 思路。

新老点相距只有3公里，新点
的优势是老点所缺乏的。今后老
点的发展，需要新点的带动和辐射。
新点应该成为老点的门面和龙头，
新点的经营管理模式也为老点提供
借鉴。对外而言，新老点仍为一
体，于是，老点原有的交通不便、
信息不灵、知名度不高的缺陷也得
到了弥补。当然，老点也有其优
势，比如资源丰富、自然环境好，

山坡、耕地面积大，是开发资源和
发展三高农业的宝地。而且几十
年后还可以成为旅游、度假、安居
的好去处。老点发展得好，还能成
为“菜篮子”基地，源源不断地为
新点输送肉、鱼、菜、水果等，为
新点的发展提供了有力的后方保
障。

总之，新老点的发展有很大互
补作用，两者在客观上存在互相依
赖、互相促进、共同发展的关系。
无论是改造罪犯还是发展监狱经
济，新老点并举的格局是比较理
想、比较科学的。笔者认为，未来
的生产布局应充分发挥新老点的优
势和互补作用。在老关押点，应当
重点发展以下几个项目：

一是花大力气，在“水”字做
文章，而且要做大文章。即在现有
的基础上争取与广东太阳神集团公
司合作，开发矿泉水资源，并进一
步生产矿泉水系列饮料。预计产
值：1997年2千万元，1998年3
千万元，力争2000年达到5千万
元。

二是发挥老点优势，把东厝寮
点作为水产养殖基地。应筑水库，
挖鱼塘，建养猪场；把东径点作为
畜牧基地，种牧草，发展肉牛、
羊、兔等畜牧业，把下径点作为
“菜篮子”基地，解决新老点干
部、职工和犯人的吃菜问题。

三、茶叶生产要进一步改良品
种，向三高方向发展。

四、继续办好石场开发资源。
五、利用好原有的厂房，把大
部分劳动力投入加工业。

在新关押点，应当重点办好大
中型狱办工业和大中型加工业，最
好能开发专利产品，办好支柱工
业，生产自己的拳头产品。就目前
形势发展而言，可先办如下项目。

一是大办服装加工业，计划投
入劳动力1500名。并在今年下半
年把服装厂搬到新（下转第27页）

With new development, Jieyang Prison is housing more and more prisoners. In 1982, the number of prisoners was around 700. As the result of the "strike-hard-blows" movement starting in 1984, the number has been rising rapidly. It jumped to 1,801 in 1986 and 2,108 in 1990. The original capacity set by the provincial prison administration department was 1,800, but the actual number was 3,839 by the end of 1995.

In September 1992 the provincial prison administration department decided to add Dongjing Prison to the system. It has a capacity of 3,000 prisoners.

We must vigorously develop garment processing business. As planned, a labor force of 1500 will be involved. In the second half of this year the garment processing factory will be moved to the new detention facility. It will have a total annual income of 8,000,000 RMB from garment processing.

谈揭阳监狱经济 发展方向的调整

办公室副主任 苏斌（一等奖）



正确估计揭阳监狱经济发展的优势，积极探索在农办农，对监狱经济的转型更有必要。

揭阳监狱经济发展的主要制约因素

揭阳监狱位于潮汕平原中的山区，交通不便，信息闭塞，长期靠山吃山，从事单一的农茶业，是典型落后的山区监狱经济。纵观整个经济发展过程，可以归纳以下几个制约因素

1. 经济发展缓慢起伏，缺乏发展后劲。

揭阳监狱经过四十多年来的建设，工农业生产初具规模，六十年代后期加大工业比重，经济状况有所好转。1994年首次摘掉亏损帽子，盈利18万元，1995年工农业总产值突破1000万元，实现利润100多万元。然而从1969年至1993年（除1991年）的25年中，其中1969年至1972年五年（十年）工农业总产值351.19万元，平均每年只有111.88万元，而且

前29年产值一直徘徊在100万元以内，发展缓慢。工农业发展缺乏上升的势头，经常出现较大程度的起伏。羁绊着揭阳监狱经济的发展，连年亏损，负债数额巨大。1971年至1993年亏损共计817.7万元，入款367万元，合计1184.75万元，加上企业管理水平低，资金使用率低，周转慢，给监狱企业留下严重的创伤。上述问题长期得不到很好解决，导致经济缓慢的工业经济只能维持一般的再生产，发展的后劲非常脆弱。

2. 产业结构比例失调。

长期以来，揭阳监狱经济发展教条地固守“农业是基础”的思想，故而农业占了大头，工业只是点缀。农业全员劳动率低下，却集中了三分之一的男人和三分之二的干警，产品结构又比较单一，主要是“出率低的种植业，科技含量几乎是零。工业虽在五十年来得到发展，但主要是加工业和手工业，缺乏农产品与机械经济，加工业或手工业受客户制约，工业

In 39 years, from 1951, when the prison was established (with a lapse during 1969-1972) to 1993, the total industrial and agricultural output value was 43,634,900 RMB, only 1,118,800 RMB annually

性小,经济效益低,近乎中世纪的作坊,发展缓慢,而狱办工业发展步履艰难。如酿酒厂,免烧砖厂,东兴塑胶厂、玻璃厂等狱办工业还收不回成本就夭折了,茶厂、塑料厂却由于缺乏拳头产品和发展规模,难于打入市场。无论是农业还是工业,其产品附加值非常低,无法获得较高的利润以促进监狱经济效益的提高。由于第一、二产业不发达,导致第三产业贫乏,使监狱的产业结构不合理。

3. 监狱企业作为市场经济的一部分,在市场经济条件下缺乏现代化大生产的手段。

先进的生产方在提高监狱经济效益的同时,可以加强对罪犯的改造功能。但揭阳监狱长期受改造与生产这对矛盾的困扰,难于实行“统一领导,双轨运行”的管理体制,导致出现改造紧张紧张,生产忙忙碌碌的状态,无法得到两者在社会效益和经济效益上的互补。在经济工作中,未能借助和体现现代化大生产的手段,如产品科技含量低,生产设备老化,技术改造缺乏等,更主要的是现代化大生产的管理者素质和技术水平低。由于受传统思想的影响,揭阳监狱重视的只是队伍的政治管理和思想管理,对科学管理、技术管理和培养干警的管理科学、管理技术等方面很苍白,引进的人才也较为混乱和缺乏系统论。严格地说,揭阳监狱的干警只不过是“看守型”或“守旧摊子型”的管理“人员”。比如,直接为经济服务的财会人员全监共有26名,其中大专以上学历程度是零,中专财会专业毕业只有1人,占4%,中专文化程度5人,占19.2%,高中以下占76.8%;技术职称方面,全国统考取得专业技术职称的为零,被省场评为助理会计师的4人,占15.4%,会计员7人,占26.9%。其余的没有会计证。如此的水准是无法实现“向管理要效益”的。

揭阳监狱经济的发展方向

分析制约揭阳监狱经济发展的因素对我们扬长避短,调整发展的方向很重要。揭阳监狱经济发展方面可以从以下几个方面来探讨:

1. 因地制宜,发挥三优势。

揭阳监狱自身经济发展中存在一些有利条件,主要有三方面的优势:一是地理位置的优势。揭阳监狱位于“二线二区”范围内,有着得天独厚地利。“二线”即广梅汕铁路和省道1930线,两线贯穿揭阳监狱,有着优越的交通优势;“二区”即潮汕三市经济发展的黄金三角区和闽粤粤边贸经济协作区,揭阳监狱受惠于两区优越的经济环境的辐射,可刺激监狱

经济的发展。二是自然资源优势。揭阳监狱占地11.4平方公里,山地占80%,地形多样,可发展多种农业经济;地下资源较丰富,有优质的天然矿泉水,可在水上发展经济。三是台作客户多和劳动力多的优势。揭阳监狱拥有三千多名犯人而且大多是青壮年,是一支潜力很大的劳动大军,很适宜发展劳动密集型企业;当前潮汕三市劳动密集型企业还占很大部分,可促使两家合作经营。

2. 借助合理的布局调整产业结构。

1992年揭阳监狱在玉窖(官坝)经济开发区内征地200亩建新关押点,从而在客观上形成合理的布局,即利用两关押点的优势从宏观上布局,官坝关押点发展工业,东径关押点发展农业,“两点”合理安插第三产业,重点放在官坝关押点和发展商贸业。基于这一布局,从微观上调整产业结构和产品结构,即东径关押点依靠科技发展“三高”农业,并向科学化、集约化、专业化的方向发展,可从东径茶点、下径点、东径点的地形、地势、土壤及山地气候的特点等方面考虑,分别发展淡水养殖业、菜篮子 and 米袋子工程、饲养业及林果业等经济作物,同时注意各行业之间的联系,尽可能做到良性循环,并利用自然资源优势发展山区工业,如开办碎石场等。官坝关押点的工业可由粗放型向集约型的方向发展。由于受劳动者的素质和技术水平的影响,短时间内仍以粗放型的加工业或手工业为主,但要加重技术密集型的比重并形成规模,提高产品附加值和技术含量,开发高起点的拳头产品。

第三产业可根据官坝关押点的地理优势和规划设计特点,发展商贸业和餐饮业,建立监狱银行,集中闲散资金,服务经济建设,同时不可放弃汕头裕华公司,应发挥其优点,为今后揭阳监狱产品转销市场起作用。

3. 抓拳头产品开发,形成监狱经济的支柱。

揭阳监狱经济的腾飞取决于工业,而工业的发展又取决于拳头产品。目前重点发挥丰富的地下水资源的优势,推出矿泉水系列饮料产品。揭阳监狱矿泉水具有低矿化度、低钠、淡味的特征,其中偏硅酸的质量浓度达52mg/L,钠的质量浓度为0.27mg/L,两项指标不仅达到饮用天然矿泉水标准,而且达到国家医疗矿泉水的标准,其他指标均符合GB8537-87的技术要求,市场潜力非常大,应尽快投产并以此为契机,带动其他拳头产品的开发,促进监狱经济的快速发展。同时,茶厂与塑料厂尽快进行技术改造,提高产品的质量与效益,并形成规模,在这基础上可从装填上下功夫,把产品打入市场。

Jieyang Prison has a prisoner population of over 3,000, most of them young and in prison years, a force of considerable labor potentials. It is fit for developing labor intensive enterprises.

浅谈强化技术教育



与发展监狱经济的关系

教育科副科长 吴惠春 (二尊安)

一 强化技术教育的法律依据

《监狱法》的颁布实施,标志着我国的监狱工作进一步纳入了法制化的轨道。《监狱法》第四条规定,监狱对罪犯应当依法监管,根据改造罪犯的需要,组织罪犯从事生产劳动,对罪犯进行思想教育、文化教育、技术教育。此条规定把组织生产劳动,进行技术教育与“改造罪犯的需要”联系在一起,从而将生产劳动、监管、教育共同确定为改造罪犯的基本手段,为监狱对罪犯强化技术教育提供了法律依据。

二 强化技术教育有利于发展监狱经济

1. 理论依据

马克思主义政治经济学的原理告诉我们,商品的价值量由生产这种商品所需的社会必要劳动时间决定。社会必要劳动时间是指在现有的社会正常的生产条件下,在社会平均的劳动熟练程度和劳动强度下制造某种使用价值所需要的劳动时间。《监狱法》第六十九条规定,“有劳动能力的罪犯,必须参加劳动。”这种劳动,是社会劳动的一部分,通过合理的

组织,同样能创造使用价值和形成价值。在中国,有监狱即有监狱经济。监狱经济是社会主义市场经济的一部分,也要随着社会主义市场经济的发展而发展。在监狱,罪犯是从事生产的主要劳动者,即商品生产者。通过对这些劳动者的教育,特别是生产技术教育,使劳动者具备生产技术知识,进而提高劳动熟练程度,使劳动熟练程度高于社会平均的劳动熟练程度。这样,“在现有的社会正常的生产条件下”是一样的,因为我们对罪犯实行人道主义,所以罪犯的劳动强度必然与“社会平均的劳动强度”是一致的。综上所述,监狱生产劳动制造某种使用价值所需的个别劳动时间少于社会必要劳动时间,这种劳动,不但能够补偿全部劳动耗费,而且还可以赢利,在商品经济大潮竞争中处于有利地位,有利于发展监狱经济并增强其发展后劲。

2. 实践依据

两年来,某阳监狱的教育改造工作以政治教育为核心,以文化教育为基础,以技术教育为重点组织教

Wu Huichun
Education Department Vice-Director

In China, wherever there are prisons, there is prison economy. It is a part of the socialist market economy and develops along with the socialist market economy. In prisons, criminals are the chief laborers engaged in production, i.e. they make commodities.

当，具有二重性。只有正确摆开科学处理这两者之间的关系，在政治活动与经济活动之间建立起内在的确定关系和运行机制，使两者在运行中相互协调，相互促进，相互制约，才能促使监狱工作得以顺利进行，改造罪犯的手段才能充分而有效地发挥其应有的功能。由于传统的计划经济体制及其他因素的影响，长期以来我们没有充分认识和正确处理监狱工作中的二重性问题，把监狱工作当作完全的政治活动，生产劳动也成了单纯的改造罪犯的司法实践活动，没有从经济的角度去认识罪犯从事的生产劳动，经济活动被严重政治化，割断了政治活动与经济活动的内在联系，这就必然导致监狱工作在政策、制度等方面出现偏差，从而使改造和生产陷入长期的矛盾状态，既影响了改造效果，又影响了经济效益。在监狱企业被推向市场之后，我们必须充分认识监狱工作的这一二重性，在认识这两种活动各自运动规律的基础上，必须使两者在实践上有机地结合起来，最终既达到改造罪犯的政治目的，又取得理想的经济效益。在监狱企业进入市场，罪犯从事的生产活动加入社会生产之后，实行罪犯劳动工资制度，就能在原有的不规范的罪犯无偿劳动制度的基础上，使罪犯劳动与其经济收益建立起内在的联系，做到既服从罪犯改造的规律，又服从经济运行的规律，从而实现改造罪犯与发展经济的有机结合，使改造和生产的矛盾在外在体制和内在联系上得以较好的解决。这样，监狱工作必将进入一个良好的规范运行状态。

三、实行罪犯劳动工资制度，能有效地调动罪犯的劳动积极性。

罪犯在监狱进行改造，在监狱企业中他们是劳动力，他们的素质及其自身能力的发挥状况，在一定程度上决定着监狱企业的命运。为了使罪犯关心监狱企

业生产经营的经济效益，就必须把罪犯劳动与获取的经济收益联系起来，把罪犯的劳动数量和质量与其获取经济利益多少联系起来，使罪犯真正关心生产劳动。如果罪犯在劳动中能多劳多得，那么必然会对罪犯产生激励作用，使罪犯努力钻研技术，提高操作技能，遵守劳动纪律。如果罪犯的思想和行为发生正负的变化，就能促进劳动效能的提高，从而获得更多的收入。因此，实行罪犯劳动工资制度能有效调动罪犯的劳动积极性，使罪犯既关心自己劳动的数量和质量以及经济收益，又重视企业整体的发展。同时对罪犯来说，他不但要在劳动中取得正当的经济收益，而且要实现个人的政治价值，这一点他们会认为更重要。实行罪犯劳动工资制度，使罪犯拥有享受自己的劳动成果就使罪犯个人的价值在政治和经济上同时得以实现，可以使罪犯真正体会到自己存在的价值，可以直接促使罪犯思想的转化，使罪犯在整个服刑过程中具有长久的、积极进取的动力。

四、实行罪犯劳动工资制度，是国际政治斗争的需要。

近年来，西方少数国家对国家霸权主义本性不改，借口所谓中国罪犯的人权问题攻击我国，对我国施加各种政治和经济压力，干预我国内政。因而，在法律和事实上以公开而规范的形式实行罪犯劳动工资制度，就能使那些少数国家的敌对分子阴谋不攻自破，从而增强我国在国际斗争中的力量，在国际上树立起我国监狱工作的正确形象。因此笔者认为，实行罪犯劳动工资制度必将是我国监狱改造罪犯制度的又一大进步，体现了我党改造人、教育人、造就人的伟大胸怀，同时也必将有效地提高监狱企业的经济效益，解除罪犯回归社会就业的后顾之忧，从而促进罪犯思想的积极转化以及监狱工作的规范化。■

(上接第21页)面。

笔者认为，对“三个能手”的奖励应当制定有关制度，以每月各人所创值的多少为主要依据。监狱的生产科、教育科应共同做好对“三个能手”的奖励工作。我监的做法取得较好的效果：

由生产科根据各单位的经济效益核定3%—7%的比例给监狱各生产单位，各单位根据各罪犯月创值的多少由高到低依次授予能手的称号，凡连续三个月或不连续五个月被授予能手称号的，监狱给予记功一次并作为减刑、假释等奖励的依据。

四、强化技术教育应注意的3个问题

1、应加强对技术教育工作的领导，成立技术教

育教研室，教育科要有一位领导和一位专管生抓这项工作。教育科应把技术教育的方案报监狱主管领导，以使方案更可行、完善。

2、技术教育工作是一项涉及面较广的工作，教育改造部门应多做工作，多宣传搞好技术教育的意义，动员全体干警都来关心支持这项工作，形成共识。

3、掌握政策，依法办事。干警应以《监狱法》为准则，在政策法律准许的范围内做好技术教育工作。象不为某客户加工、印制“地府冥币”一事就做得对；对诸如砸破等技术的教育、劳动保护、安全教育等也应相应跟上。

HENG Jing-Feng Second Battalion A Few Words on Criminal Labor Compensation System

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To make criminals care about economic benefits of production in prison enterprises it is necessary to join criminal labor and economic incentives, thus joining criminals' labor quantity and quality and their own economic benefits.

Implementation of a criminal labor compensation system is a necessity in our international political struggle.

In recent years, a few hostile countries in the West, their nature of hegemony unchanged, are assaulting our country under the pretext of the so called Chinese criminals human rights issue, exerting various political and economic pressures on our country and trying to intervene in our internal affairs. As the result of implementing a criminal labor compensation system legally, openly and in a standardized way, hostile elements who conspire in those few countries will collapse. This will enhance our edge in the international struggle and set up a correct image of our prison work.

创揭阳监狱支柱产业

促监狱经济迅猛发展

三大队 陈国辉 (三等奖)

监狱经济要发展, 监狱企业要生存, 就必须打破以往特殊企业的模式, 大力调整产业产品结构, 创建设投入少、高效率的支柱产业, 提高各种经济资源的利用率, 促进监狱经济的发展。本文就揭阳监狱近年来的一些成功做法, 浅谈如何调整产业产品结构, 创支柱产业的认识。

一、充分利用自然资源, 创支柱产业。

商品的价格受价值规律的制约, 监狱企业必须围绕市场需求不断开发和培植适销对路的产品, 降低生产成本, 增强市场的吸引力。充分利用自然资源, 能够使监狱企业投入少, 产品成本低, 在市场上增强竞争力。

(1) 大力发展碎石生产。从目前的经济情况看, 建筑行业保持着良好的发展势头, 因为潮汕地区正处于发展建设时期, 许多基础设施建设需要大量的碎石材料。揭阳监狱地处潮汕平原中的山区, 具有丰富的石材资源, 发展潜力很大。揭阳监狱从1992年底就认准形势, 对碎石生产重点投资, 建成了碎石场两个。到1995年初, 揭阳监狱又抓住了厂间铁路建设的机遇, 及时调整碎石场原有的生产布局, 扩大生产规模。1995年碎石产值共300多万元, 取得了较好的经济效益。



CHEN Guo-Hui
Third Detachment

(2) 致力于矿泉水生产。从现在市场的消费情况看, 矿泉水的消费日益上升, 矿泉水日益受消费者的欢迎, 具有广阔的市场前景。揭阳监狱具有丰富的地下矿泉水资源, 经过鉴定, 矿物质的含量达到或超过饮用矿泉水的标准。目前揭阳监狱正在兴建矿泉水厂并与香港港商签约, 销售上广东太阳神集团已看好监狱的矿泉水市场, 有签约意向。因此, 若按每年1千万元产值的速度发展, 到2000年就可达5千万元的产值, 具有较好的经济效益, 它应当是揭阳监狱今后的支柱产业之一。

二、充分利用现有的设备和技木, 发展支柱产业。

监狱企业要重视市场调查, 收集信息开发一些“冷门”而又是自己优势的产品, 充分认识到科学技术是第一生产力, 引进改造一些传统的产品, 在质量、品种和包装上吸引市场。比如, 五年揭阳监狱塑料厂集中力量进行技术改造, 生产了许多塑料瓶新品种, 同时进行技术创新, 严格把好质量关, 使产品在质量上和品种上进一步提高和丰富, 大大增强了市场的吸引力。1995年产值为221.22万元, 比上年增加166.96万元, 取得较好的经济效益, 成为揭阳监狱的支柱产业之一。

三、充分利用监狱企业管理和劳力的优势, 发展支柱产业。

监狱是国家专政机关的重要组成部分, 监狱企业的管理与社会企业相比, 具有许多优势。监狱企业实行军事化管理, 人员相对稳定, 而且都有限定的劳动场所和活动场所, 不致使原料和产品流失, 这是社会企业所缺乏的。比如, 揭阳监狱服装厂与港商合作的服装项目, 是因为他们的负责人看到监狱企业在管理上和劳动力上的有利条件才与我们合作。服装项目是揭阳监狱与外商合作的第一个成规模、货源足、效益较好的来料加工项目, 它是带动揭阳监狱经济发展的支柱产业。笔者认为, 这个项目将带动其他合作项目的发展。■

Judging by the market, consumption of mineral water is ever rising. Being ever increasingly welcomed by consumers, it has good market conditions. Jieyang Prison has rich sources of underground mineral water. Laboratory tests proved that minerals in the water attain or surpass standards set for drinking mineral water. Currently Jieyang Prison is establishing a mineral water plant and will sign an agreement with cooperating Hong Kong merchants. Shangchang Apollo Group believes that our prison's mineral water has broad market potential and is inclined toward signing the agreement. If we suppose mineral water production develops by an annual production value of 10,000,000 RMB, an annual production value of 50,000,000 RMB will be reached by the year of 2000.

Statement of Mr. Fu Shenqi
Chinese Dissident and Laogai Survivor
on Forced Labor in China
before the House Committee on International Relations
Subcommittee on International Operations and Human Rights

, May 22, 1997

From January 1983, I was incarcerated at the Shanghai Municipal Prison because of my political statements. The government devised a system of work points to control the prisoners. Prisoners were forced to labor. Work points were deducted for failure to fulfill quotas. Once or twice a week prisoners could watch TV; once a month they could watch a movie, buy foodstuffs, or meet with their family. These benefits were deprived for failure to fulfill quotas or for unsatisfactory performance in reform. Hence, many prisoners were forced to labor overtime to maintain the work points. Those who were slower could have only 3-4 hours of sleep a day. I witnessed how the prison established a semiconductor radio assembly shop. As I learned from other prisoners and policemen, the prison also ran a regular print shop and other processing shops,

From July 1993 to April 1994, I was incarcerated at 2nd Company, 3rd Battalion, Shanghai Reeducation-Through-Labor Farm located at Dafeng County, Jiangsu Province. Again my political activities were my 'crime'. In cooperation with Shanghai No. 18 Knitting Mill, the battalion made interlock jerseys. Reeducation-Through-Labor (Laojiao) inmates were forced to labor and reform their ideology. In the busiest times, they had to labor nearly 20 hours a day. Inmates, while working at sewing machines, often fell asleep. In slack season, several hours a day inmates sat on benches, studying, writing ideological reports or what they learned from studies. The 1st Company, 3rd Battalion established a shop for making teaching slides.

In April 1994, I was transferred to the 5th Battalion. In 1994 and 1995 I witnessed how from June to October the battalion's 2nd Company assembled multicolored Christmas lights for export for Haiman Multicolored Lamps Factory and a lamps and lanterns factory of Jiangsu Province. Each box consisted of 36, 50, 100 or 200 lights on a string. The lights I have at hand are similar with those processed at the 2nd Company. The task was hard. Every inmate had to labor overtime, many laboring until one or two at night. Those who failed to fulfill quotas were punished. Inmates at the woolen sweaters mill also often labored overtime. Inmates in farming had to labor overtime even more. For instance, inmates who transplanted rice seedlings often labored from seven in the morning till eight at night.

On Laojiao farms inmates were routinely beaten and cursed. Government cadres cuffed and kicked them at will. Those Laojiao inmates trusted to supervise other inmates beat and cursed them even more. I was also beaten by them.

In China, reform-through-labor (Laogai) and Laojiao facilities are not common prisons, but the communist party's tools for consolidating its one-party rule. Not only do the facilities force prisoners to labor for profit, they also force inmates to accept brainwashing. The thought reform made them surrender to the communist party ideologically and psychologically.

**Statement of Maranda Yen Shieh
President, Greater Washington Network for Democracy in China and
Friends of Hong Kong and Macao Association**

**on Forced Labor in China
Before the House Committee on Foreign Relations
Subcommittee on International Operations and Human Rights
May 22, 1997**

My name is Maranda Yen Shieh. I am the president of the Greater Washington Network for Democracy in China and Friends of Hong Kong and Macao Association. I am here today to testify about the Laogai products that can easily be exported to the United States market.

Based on information from this June 1996 special edition of bimonthly "Prison Work Newsletter", a publication of the Chinese government, I took a trip to China this March under the direction of the Laogai Research Foundation to investigate the textile products exported from China to the United States. According to this publication, the Guangdong Province Jieyang Prison, formerly Dongjing Labor Reform Detachment, has been in the garment business for 12 years.

Recently, under the guidance of the "prison economic development policy" of the government, Jieyang Prison moved its garment factory to the new location at Jiedong. It expanded its prison labor force making garments from 150 to 1500. Its goals were to reach an annual revenue of 8 million RMB, which is about one million US dollars, by 1996. They also aggressively pursued larger market by way of securing a long-term stable relationship with Guangdong Shantou S.E.Z. Jixiang Knitting Garment Factory (later called Jixiang Factory) and working with businesses in Hong Kong.

Shantou is one of three Special Economic Zones (S.E.Z.) in coastal Guangdong Province. Jieyang Prison is about 32 miles north to Shantou S.E.Z. Jixiang Factory specializes in manufacturing garments with material and patterns provided by the buyer. This is also how Jieyang Prison operates their garment factory, as indicated in this brochure.

I made my investigation posing as an American businesswoman. I was able to order samples and sign contracts with Jixiang Knitting Garment Factory. I arranged an 3 3 8/9S quota for the contract signed with the Guangdong Shantou Textile Import/Export Company, the designated company for obtaining textile quota for export in Shantou area. I also managed to order samples to be sent to both the United States and Europe. We don't know if these samples came from the Laogai factory, but it is highly possible.

This contract will be fulfilled once we agree upon the price for the 338/9S quota, pay the quota charge, and issue a Letter of Credit (L/C) to the supplier, Then the textile

products we ordered will be shipped from Shantou to Chicago via Hong Kong. This is the path Laogai products take to the United States through the legitimate Jixiang Factory.

I visited the Jixiang Factory four times, and there are several observations I made, which are all backed up with visual and audio records.

The factory is small. Mr. Lee, the owner, claimed it has 100 workers and monthly production of 50,000 pieces, but I saw less than twenty workers on a delivery day.

Mr. Lee admitted he sometimes contracts out "certain types" of orders when the order exceeds their capacity. He also admitted he had a contract relationship with Jieyang Prison and he had gone to the prison himself to oversee the work.

Mr. Lee did not answer me directly if he could contract our order to the prison. I asked him later if he could make arrangements to visit the prison, and he said he could make the arrangements.

When Mr. Lee was asked about how much I could save if products are made by prisoners, he knew exactly how much. He said an order at \$50 per dozen would probably cost only \$35 per dozen; an order at \$60 per dozen probably would cost only \$40. He also mentioned the buyer needs to spend \$8 to \$10 per dozen on bribes to prison officers. He said for people like me from overseas, they will probably ask me to buy something for them on my next trip.

When asked how the prison distribute their profits, Mr. Lee said that all money goes to the prison and officers. The prisoners sometimes will get some reward if they perform well. But he also said, "They are forced to labor, you know, they don't have to pay them anything."

One of the articles in this prison work newsletter stated:

"Hong Kong businesses want to cooperate with Jieyang in the garment project because their representatives saw the advantageous conditions we have in management and labor. Our garment project is our first large scale production and processing line where we cooperate with foreign business; the orders are abundant; and our production runs relatively effectively. It is the pillar enterprise which will bring economic development at Jieyang Prison...."

According to Mr. Lee, the Jixiang Factory has business relationships with four companies in Hong Kong. Later we called the four companies in Hong Kong. They all admitted they have business relationships with Jixiang Factory. They are: Roxy Garment Factory Ltd., which sells Esprit brand clothing; Sam Wing Garment Factory Limited Ltd.; Chaifa Holdings Ltd., which has a license to make and sell Playboy, Garfield; and Arnold Palmer brand products; and Worldwide Industrial Ltd. All these companies are active in the international market.

I went to Jieyang twice to look at the Prison. With "Prison Forbidden Area" signs near the entrances, I didn't venture in. However, I was shocked by the brand-new modern high-rise buildings in that desolated countryside.

In conclusion, there are three major findings from this investigation:

1. We found out it is extremely easy for Laogai garments to reach the world market, including the American market, even with quota restriction;
2. The Chinese government does not show any concern or worry about selling of forced labor products to the world market. There is no indication they would stop doing this; and
3. We learned that any private enterprise, new or old, including those in Hong Kong, can be established and used as front companies for the export of Laogai goods. The Laogai products can then easily be exported to the American market without any trace of the original source.

Thank you.

**Statement of Mr. Peter B. Levy
President, Labelon/Noesting Company
on Forced Labor in China
Before the House Committee on International Relations
Subcommittee on International Operations and Human Rights**

May 22, 1997

Mr. Chairman, distinguished Members, I appreciate the opportunity to appear today to discuss the problem of forced labor in China from the perspective of an American businessman.

My name is Peter Levy. I am the President of the Labelon/Noesting Company, a small manufacturer of paper clips and fasteners for the office products industry. We employ approximately 20 people in Mt. Vernon, New York. The company has been in existence since 1913. Some of our products are manufactured in China.

My adventure sprang from a conversation in the first half of 1995 about a competitor who was able to sell a certain product, binder clips, at very low prices. The competitor discussed was Officemate International of Edison, New Jersey. During that conversation I was told that Officemate was purchasing their binder clips from a Chinese manufacturer that was using prison labor to assemble the product. Since then I have learned that the binder-clip manufacturer in question is Allied International Manufacturers (Nanjing) Stationery Co., Ltd. (also known as AIMCO Nanjing), which was incorporated as a subsidiary of a New Jersey corporation named Allied International Manufacturers Co. (also known as AIMCO New Jersey) by a Mr. Peter Chen. Mr. Chen is listed as the Chairman of the Board on the 1992 business license issued in China for AIMCO Nanjing. Mr. Chen and his wife, Shwu Chen, are listed as the major owners of Officemate International.

In January 1996, before I made the decision to undertake my own research, I informally contacted both the Department of State and the U.S. Customs Service regarding my suspicions. I was told that the State Department did not feel that the Chinese government was living up to the Memorandum of Understanding on prison labor. The Customs Service suggested that we petition the Service as specified in Section 12.42 of Title 19 of the United States Code. However, the State Department had also told me that the Customs Service was not allowed to make unscheduled inspections of the prison camps. It was my opinion that the United States government was not in a position to effectively investigate this matter. It was at that time that I made the decision to research this matter on my own.

From import information I obtained from PIERS (Port Import Export Reporting Service) I was able to ascertain that Officemate International was importing binder clips from AIMCO Nanjing. From the name it was apparent that the plant was located in Nanjing, China.

In March, 1996 I made a special stop in Nanjing as part of a business trip to China. With the help of a translator we made arrangements for transportation and located the AIMCO factory.

The next day of my visit to Nanjing we parked outside the entrance of the AIMCO Nanjing factory. After a wait of a few hours a large truck left the plant. As the crates on the truck were not covered it appeared that they were transporting unassembled binder clip parts and we began to follow the truck. At a point the truck stopped due to traffic conditions I got out of the car and looked into the cartons stacked on the truck. I was able to confirm that the truck was transporting unassembled parts for the #20 (small) binder clip- When the traffic cleared, we continued to follow the truck across the Yangtze River to what I was told was a Chinese prison camp.

Shortly after my return to the United States I contacted a representative of the AFL-CIO. (My employees are represented by a union affiliated with the AFL-CIO.) The representative put me in contact with the Laogai Research Foundation. The Foundation was able to independently confirm that the facility in question was a prison camp.

I recently made another trip to Nanjing. We again parked ourselves outside the AIMCO Nanjing Plant. When we arrived we saw the same truck that I had photographed on my previous trip waiting inside the gates of the plant. The truck has the name of AIMCO Nanjing on the doors. After a short wait the truck pulled out and we began to follow it on the same route that it had taken on my previous visit. During a traffic stop I was able to inspect the material on the truck. Again it was unassembled binder clip parts. This time it was handles for the #50 (medium) binder clips and colored bodies for the #20 (small) binder clips. Again we followed the truck to the prison camp and waited a short distance from the gate. Approximately 2 hours later the truck drove out of the camp and we began to follow it again. During the drive back to the factory the truck stopped in traffic and I was able to determine that it was carrying assembled #20 binder clips. We then followed the truck back to the AIMCO Nanjing factory.

During my two visits to Nanjing I spent two days watching for a truck to take parts to the prison camp for assembly. Both days the truck was in action and I saw parts for three different products move back and forth. I understand from a 1992 letter that AIMCO Nanjing's main products are binder clips, staple removers, paper clips, letter openers, hole punches and hanging folder frames.

The laws of the United States address the issue of the importation and sale of goods manufactured with Chinese prison labor in two key areas.

First, United States Code Title 19 - Customs Duties prohibits the importation of convict-made goods. Code of Federal Regulations Section 12.42 of Title 19 Customs Duties states that "if the Commissioner of Customs finds at any time that information available reasonably but not conclusively indicates that merchandise within the purview of section 307 is being, or is likely to be, imported, he will promptly advise all port directors accordingly and the port directors shall thereupon withhold release of any such merchandise pending instructions from the Commissioner as to whether the merchandise may be released otherwise than for exportation.

The second key area of the United States Code that addresses this subject is Title 18 - Crimes and Criminal Procedure. Section 1761 makes it a criminal offense to knowingly transport in interstate commerce or from any foreign country into the United States any goods manufactured, wholly or in part, by convicts or prisoners. Section 1762 states that all packages containing any product manufactured, wholly or in part, by convicts or prisoners when shipped or transported in

interstate or foreign commerce shall be plainly and clearly marked so that the name and location of the penal institution where produced may be readily ascertained on an inspection of the outside of such package. Violation of this section is punishable by a fine of not more than \$50,000 and any merchandise transported in violation of this section or section 1761 shall be forfeited to the United States. Section 1762 sets a much lower standard for determining whether or not a crime has been committed. This section makes no reference to the word "knowingly."

One of the points of Section 1762 is to prevent unsuspecting consumers from having a fraud perpetrated on them. Very few people would go into a store and purchase merchandise that was marked "Made in a Chinese prison."

In 1939, the very few members of my family that escaped the Nazi holocaust found refuge in Shanghai where they lived until 1948. I think the interaction with the thousands of Westerners doing business in China helps to move forward the cause of human rights there, I have discussed the problem of prison labor with a number of my Chinese suppliers. They have all been aware that they are not allowed to ship products made with prison labor to the United States. They also told me that while they are aware that the practice continues, the Chinese factories shipping goods manufactured with prison labor are doing so against the dictates of Beijing. If this practice is to be stopped we must continue to push the Chinese Central government to exert more control at the local level.

My purpose in testifying here today is to present the results of my research and to request that the Customs Service and the appropriate US Attorney immediately investigate this matter to ensure that the laws of the United States are enforced.

Like most industries, the office products industry is extremely competitive. The industry is undergoing a tremendous consolidation. All of the manufacturers, particularly the smaller ones like my firm, are fighting to survive this shakeout. Products like paper clips and binder clips are considered commodities and sold by the lowest bidder. We are all looking for a competitive advantage, but the use of prison labor goes too far.

Before I conclude, I should make clear that there is absolutely no evidence and absolutely no thought that the distributors of Officemate products have any idea that the product they are purchasing may have been made in a Chinese prison.

Few small businesses can afford to hire lawyers and lobbyists to get their point heard. That is why, Mr. Chairman and Members of the committee, that I greatly appreciate this opportunity to make my voice heard.

Thank you.

**Statement of Jeffrey L. Fiedler, President
Food and Allied Service Trades Department, AFL-CIO
on Forced Labor in China
before the House Committee on International Relations
Subcommittee on International Operations and Human Rights
May 22, 1997**

Mr. Chairman, members of the Committee, thank you for the opportunity to appear again before you. My name is Jeffrey Fiedler and I am President of the Food and Allied Service Trades Department of the AFL-CIO. I also serve as a director of the Laogai Research Foundation.

We have heard testimony which provides evidence that the Memorandum of Understanding on Prison Labor (MOU) negotiated by the Bush Administration and the Statement of Cooperation (SOC) negotiated by the Clinton Administration have not worked.

These agreements have not stopped the illegal trade in forced labor products from China because the Chinese government has undermined them from the start.

The most fundamental, and fatal flaw in both the MOU and SOC is that U.S. efforts to use them to enforce our laws is dependent upon the willingness of the Chinese government to provide evidence that is self-incriminating. No one in America would be expected to do so, and the Chinese communists who want to profit from this trade certainly will not.

The reality is that U.S. government attorneys are unwilling to prosecute cases against American citizens based upon evidence gathered in China. The only exception to this is when another American citizen is willing to come forward to provide eyewitness testimony. As a result, the Chinese Laogai camps and trading companies continue to do business, albeit a little further underground.

The MOU and SOC are empty diplomatic tools. I believe they were originally negotiated to merely give the appearance that the U.S. and Chinese governments were intent upon solving the problem, so as to diffuse what both governments perceived to be a growing and potentially explosive political problem.

Current U.S. law concerning forced labor products is directed at punishing U.S. importers who knowingly import these products. While this is certainly justifiable, the real goal should be to end the trade in forced labor products. In other words, U.S. law should also be designed to punish the mainland Chinese companies which engage in this illegal trade. Under current law they escape punishment almost entirely. We should establish a series of significant penalties in law which would have the effect of forcing the Chinese government to end this illegal trade.

I am not suggesting that the rules of evidence for prosecuting American citizens suspected of committing a crime be changed. These thresholds should remain high. But, when it comes to providing China with access to the U.S. market, different standards are appropriate and necessary. This principle is already in practice in such areas as intellectual property and textile transshipments.

We propose that Congress enact new legislation which would:

1. Direct the Customs Service, based upon credible information, to ban entire categories of products from China if it is found that forced labor products of the same type are being sent into the United States. For example, if China is found to be exporting brake rotors from a Laogai camp, Customs would have the authority to ban all brake rotor imports from China for a set period of time. We suggest that a three year ban would be an appropriate period to create a strong disincentive. This would address the current problem of China mixing Laogai products with legitimately produced products as a way of hiding the former.
2. Direct the Customs Service, based upon credible information, to ban all imports from the Chinese state trading company which cooperates in the illegal importation of forced labor products. For example, if MinMetals is sending in the brake rotors it can no longer do any import business with the United States.
3. Direct the State Department and/or the Immigration and Naturalization Service to revoke the business visa of any PRC national working in the United States for a company or any of its subsidiaries which has been found by the Customs Service to be involved in the illegal trade of forced labor products.
4. Ban U.S. companies from doing business (buying, selling or establishing joint ventures with) in China with any company or its subsidiaries which has been found by the U.S. Customs Service to be dealing in forced labor products.

In addition to the changes in the law we are proposing, it would be necessary to provide modest additional funding for the Customs Service and State Department. We estimate this to be no more than \$2 million a year. This is a small price to pay for ending U.S. complicity in the forced labor products trade.

Some would object by saying these changes might punish legitimate companies in China. But access to the U.S. market is not a right, and Congress has the responsibility to determine the conditions under which goods and services enter this market. We believe these proposals are the best way to create the incentive inside China to end trade in forced labor goods.

Our proposal shifts the negotiating power to the United States in dealing with this problem, and replaces an empty diplomatic agreement with real tools of enforcement directed at the source of the illegal trade. It removes from the process dependence on the Chinese government for information implicating themselves, and by narrowly focusing on those products which are found to be made by forced labor, provides the means to insure these goods do not enter the U.S. market.

The Administration recently created, with great fanfare, a commission focused on labor conditions in the apparel industry. We think the time is long overdue to create a similar commission on forced labor in China. This commission, which could be composed of officials from Customs, Treasury, the State Department, and citizens representing business, labor, and the human rights community, should be charged with making proposals to deal with forced labor products. The result, I believe, would be legislation which would pass both the Senate and House by overwhelming majorities.

Thank you.