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**Before the Committee on International Relations
Subcommittee on Africa, Global Human Rights, and International Operations
On Human Rights in China: Improving or Deteriorating Conditions?**

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Mr. Chairman, Members of the Subcommittee, thank you for the opportunity to testify today on behalf of the nine million working men and women of the AFL-CIO on this very important topic.

The U.S. trade relationship with China is enormously imbalanced and problematic. The Chinese government has violated its international obligations with respect to currency manipulation, export subsidies, and intellectual property rights, among other things. However, for the American labor movement (and for unions globally), addressing the Chinese government's massive violations of human rights and workers' rights is the top priority. This issue is both a moral issue and an economic issue, impacting the daily lives of Chinese workers, and the quality and composition of American jobs, as well as trade and investment flows for many developing countries.

We urge President Bush and the Congress to put protecting workers' rights at the center of the U.S. and Chinese governments' dialogue, both during this week's visit by President Hu Jintao and in the future.

Violations of Workers' and Human Rights

The Chinese government's systematic and sometimes brutal repression of fundamental workers' rights is a key contributor to the unfair advantage Chinese exports enjoy in the U.S. market and in third-country markets. Chinese workers' most basic rights are routinely repressed, and they do not enjoy the political freedom to criticize, let alone change, their government.

Chinese workers do not enjoy freedom of association or the right to organize and bargain collectively. According to the State Department's 2005 Human Rights Report, "workers were not free to organize or join unions of their own choosing," and "independent unions are illegal." The single labor organization in China, the All-China Federation of Trade Unions (ACFTU), is legally subordinate to the government and the Chinese Communist Party, not to its members.

The Chinese government also fails to enforce its own laws with respect to minimum wages, maximum hours, child labor, and health and safety rules. Migrant workers face particularly harsh and precarious conditions, often facing deportation if they complain to authorities about abuses by employers. Child labor is becoming more common, as labor shortages increase turnover in some regions. Forced labor remains a significant, if difficult to measure, problem. Wage arrearages are becoming increasingly problematic, with some researchers estimating that the national average of unpaid wages is three months for each worker.

These abuses allow producers in China, including many multinational and U.S. corporations, to operate in an environment free of independent unions, to pay illegally low wages, and to profit

from the widespread violation of workers' basic human rights. For example, Chinese mines are the most dangerous in the world, with more than 10,000 Chinese miners dying in industrial accidents each year (about 80% of the worldwide total). Unlike American mineworkers, Chinese mineworkers are denied the right to organize and bargain collectively -- a crucial element in the development of effective mine safety regulations in this country.

Rates of illness and injury have never been higher in China's manufacturing sector -- as officials of China's own Work Safety Administration conceded as recently as February, 2006.¹ Aggregate unpaid wages have risen to record levels, setting off thousands of illegal demonstrations, labor shortages, and increased child labor -- as adult workers increasingly refuse to accept such injustice. Workers who merely petition for payment of their wages are increasingly met with violence by security police and other local officials.

There are as many as ten to twenty million child workers in China -- from one-eighth to one-quarter the number of factory workers. The problem of child labor has increased in recent years. China's minimum working age standard is widely violated, and the Chinese government does little to enforce the standard. As the U.S. State Department stated in its 2005 Human Rights Report on China, "The government continued to maintain that the country did not have a widespread child labor problem."² As reported in CSR -- Asia Weekly last November local officials rushing to compete for manufacturing investments local are reticent to enforce child labor regulations.

The Chinese government implements an extensive system of forced labor camps. The precise number of forced prison laborers is unknown, but estimates range from 1.75 million to 6 million and higher.³ Independent researchers, the Congressional-Executive Commission on China, and the U.S. House of Representatives confirmed that goods produced in China by forced labor continued to be exported to the United States in 2005, despite numerous promises to the contrary.⁴ In its 2005 resolution condemning China's forced labor, the House of Representatives detailed the appalling working conditions in the forced labor camps and found that the "Chinese Government has continuously encouraged the export of goods produced through the Laogai prison system and relies on forced labor as an integral part of its economy."

Chinese policies amount to a deliberate and artificial suppression of wages below what a freely bargained wage would be, and even below what would be efficient in the Chinese context. This exploitation impacts American workers and domestic producers, as well as those in other developing countries, and artificially lowers the price of Chinese exports in the U.S. market.

In China, the result has been "labor shortages," wildcat strikes, and massive protests. According to Time Magazine ("Inside the Pitchfork Rebellion," by Hannah Beech), "Violent local protests are convulsing the Chinese countryside with ever greater frequency-- and Beijing has proved unable to quell the unrest. By the central government's own count, there were 87,000 'public order disturbances' in 2005, up from 10,000 in 1994."

¹ Reported in Cao Desheng, "Diseases at Work Haunt Migrant Workers," China Daily (February 17, 2006)

² U.S. Department of State, Bureau of Democracy, Human Rights, and Labor, Country Report on Human Rights 2005: China (March 8, 2006).

³ Evan Osborne, "Some Economics of Chinese Prison Labor," Wright State University and Osaka University Institute of Social and Economic Research (undated); Philip Pan, "China's Prison Laborers Pay Price for Market Reforms," Washington Post (June 14, 2002)..

⁴ Congressional-Executive Commission on China Roundtable on Forced Labor (June 22, 2005).

That is an average of 238 protests every day last year.

President Bush did not demand any specific improvements in human rights when he met with China's President Hu in the summer of 2003. Instead, the Bush Administration has only engaged in an ambiguous and ineffective "cooperative dialogue."

The Administration's failure to take concrete actions on human rights and workers' rights in China allows rampant violations to continue. Workers in China, the United States, and around the world pay the price for this inaction, while companies producing in China enjoy the profits.

Workers' Rights Section 301

Two years ago, the AFL-CIO filed an unprecedented petition with the United States Trade Representative under Section 301 of the Trade Act of 1974. The petition asked the Trade Representative to take action to end the Chinese government's repression of the human rights of its factory workers.

It marked the first time in the history of Section 301 that a petition invoked the violation of workers' rights as an unfair trade practice, although it is common for corporations or the government to use Section 301 to challenge commercial unfair trade practices, such as illegal subsidies or violations of intellectual property rights.

Section 301(d)(3)(B)(iii) of the Trade Act provides that acts, policies, or practices of a trading partner are unreasonable if they constitute "a persistent pattern of conduct" that –

- (I) denies workers the right of association,
- (II) denies workers the right to organize and bargain collectively,
- (III) permits any form of forced or compulsory labor,
- (IV) fails to provide a minimum age for the employment of children, or
- (V) fails to provide standards for minimum wages, hours of work, and occupational safety and health of workers.

The petition showed that the Chinese government was engaged in a "persistent pattern" of denying the fundamental rights of its factory workers. Second, it demonstrated that China's violation of workers' rights artificially reduces wages and production costs in China and, as a result, displaces hundreds of thousands of manufacturing jobs in the United States.

The petition also showed that workers in China are being forced to work for wages 47 to 86 percent below what they should be, often as bonded laborers, with few workplace health and safety protections and no right to join or form free trade unions. The cost advantage of this worker repression is staggering. If the Chinese government enforced workers' rights and its own minimum wage and workplace standards, manufacturing costs there would rise between 12 and 77 percent, or an average of 44 percent.

This unfair cost advantage continues to exacerbate the stunning bilateral trade deficit with China. Under the terms of Section 301, we argued that this egregious violation of workers' human rights clearly "burdens and restricts" U.S. commerce.

In the model of development embodied in section 301(d), the global integration of labor markets, capital markets, and markets in goods and services is not intrinsically a bad thing. If workers'

rights are vigorously enforced, then the impoverished and underemployed – whether in China, India, Indonesia, Mexico, or the United States -- may improve their standard of living and generate new domestic demand in a virtuous cycle of equitable development, while providing new markets for overseas investors and workers, including those in the United States.

If, however, the workers' rights of one-quarter of the world's workforce are radically suppressed – as they in fact are, in China -- then labor conditions for the world's unskilled and semiskilled workers are worsened; domestic and global demand is depressed; excess productive capacity is created; and a path of inequitable, unsustainable development is promoted.⁵

Failure to address the systematic, egregious, and institutionalized repression of workers' rights in China costs hundreds of thousands of good jobs here, creates conditions of desperation and exploitation in China, and fundamentally alters the nature of global labor competition in the rest of the world.

The AFL-CIO's petition did not challenge China's right to compete in the global economy on the basis of low wages. It is natural for a developing country with an excess supply of poorly educated rural workers to have low wages. We fully understand that even if China fully enforced its workers' rights, the wage gap between Chinese and American workers would not disappear. But it would surely narrow. The AFL-CIO challenge was specifically targeted to the *incremental* cost advantage that comes from the brutal and undemocratic repression of workers' human rights. That increment was then and remains today illegitimate advantage under universal norms of human rights. And it is illegitimate under U.S. trade law as well.

The AFL-CIO's 301 petition sought to ensure that our government would give this issue the priority it deserves in its economic dialogue with the Chinese government.

Violation of Workers' Rights Is Worsening, Not Improving

The overwhelming evidence that the Chinese government denies the workers' rights covered by the Section 301 petition in 2004 has only become stronger in the two years since the case was filed. The petition amassed evidence from the U.S. State Department, the International Labor Organization (ILO), labor unions, academics, newspaper accounts, and human rights groups. The AFL-CIO and other organizations continue to track the Chinese government's violations. Rather than showing signs of improvement, all reports indicated conditions are worsening.

While the Bush Administration conceded there were serious concerns with regard to China's workers' rights abuses, it nonetheless denied the AFL-CIO's petition. Seven months after the President rejected the AFL-CIO's first petition, the Chinese government abruptly cancelled an international conference on the monitoring of workplace conditions.

In its 2005 Annual Report, the Congressional-Executive Commission on China (CECC) concluded "the Chinese government has avoided discussions with the international labor community on Chinese workers' rights." The CECC also found in 2005 that:

⁵ See, e.g., Minqi Li, "Aggregate Demand, Productivity, and 'Disguised Unemployment' in the Chinese Industrial Sector," *World Development* vol. 32, no. 3 (March 2004) at pp. 409-425.

“The Commission finds no improvement overall in human rights conditions in China over the past year.... The Chinese government does not recognize the core labor rights of freedom of association and collective bargaining. The government prohibits independent labor unions and punishes workers who attempt to establish them. Wage and pension arrears are among the most important problems that Chinese workers face...Chinese workers continue to struggle to collect wages and benefits because relevant agencies do not enforce the regulations. Workplace health and safety conditions are poor for millions of Chinese workers...Forced labor is an integral part of the Chinese administrative detention system, and child labor remains a significant problem in China, despite being prohibited by law....”

Similarly, the State Department’s 2004 Country Report on Human Rights in China concludes “The [Chinese] Government continued to deny internationally recognized worker rights, including freedom of association” – the identical conclusion reached in the State Department’s 2003 Report.

The just-released 2005 State Department Country Report on Human Rights in China is much the same, finding that China denies basic worker rights, including freedom of association, workplace health and safety, payment of wages, rights against forced labor, and rights against trafficking in children. Peaceful labor protestors are subject to police violence, imprisonment, and torture. This report by the Administration itself concedes that these fundamental facts have not changed since the President’s assertion in 2004 that he would undertake measures to remedy China’s noncompliance. According to the State Department, regulations aimed at suppressing autonomous labor organizations grew harsher in 2005.

The results in the U.S. have been devastating: hundreds of thousands of lost jobs, countless bankrupt businesses and ruined communities. Unsafe and exploitative working conditions remain for uncounted Chinese workers.

Time to Act

The administration has clearly abdicated its duty to protect American workers and industry. The onus now falls upon Congress to help guide our nation to swift action. We simply cannot afford another year of inaction and empty promises. We cannot afford another year of watching working conditions in China worsen, as good jobs continue to leave the United States.

The AFL-CIO will continue to support measures to address currency manipulation, such as H.R. 1498, the bipartisan Ryan-Hunter China Currency Act of 2005; as well as S.295, the Schumer-Graham bill, which would impose a 27.5 percent tariff on Chinese goods if the Chinese government fails to revalue its currency in a timely fashion. And we will support legislation to address other illegal subsidies. Most of all we will continue to work in every forum possible to improve workers’ rights in China.

The AFL-CIO remains committed to fighting for America’s working families and America’s manufacturing industries.

Thank you for having me here today and thank you for the important work you do.