

UKRAINE/PUTIN, CORPORATE RESPONSIBILITY, BEIJING GOVERNANCE/ORGAN PILLAGING/ECONOMICS

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Notes for discussion with business leaders in Los Angeles region.

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It's good to be back in a state where your two trillion dollar economy now appears to have regained its place as the 8th largest in the world, and where your recent Academy awards ceremony was evidently seen live in about 200 countries. It's of interest for Canadians to know that there are more Californians than Canadians and that as of several years ago there were an estimated 700-800,000 Canadians living in this state. Having last Friday left about three feet of snow in Ottawa, it was a pleasant shock to feel the temperature in the 80-degree (F) range over the weekend.

Ukraine/Putin

First, a brief comment on the Ukraine crisis and Vladimir Putin, prefaced by noting that David Matas and I are barred from Russia for our 2009 book, *Bloody Harvest*, which criticises the party-state in China for a new crime against humanity, and contains virtually nothing about Russia. A court in southern Russia found it 'terrorist' literature.

There are about 1.3 million Canadians of origin in Ukraine. In 2004, I was one of hundreds of Canadian observers of the second election. At a polling station near Luhansk close to the Russian border, a voter in his 80s there told me that in the winter of 1932/33 both his parents died in the barbaric famine Stalin imposed on Ukraine. Like many around the world, I support a democratic/independent Ukraine. We must all help Ukraine now.

Here are three points made by the former world/Russian chess champion and democracy advocate Garry Kasparov in a recent article (Wall Street Journal, March 7):

- Vladimir Putin has twice during six years sent Russian troops across internationally recognised borders to snap off pieces of neighbouring countries, first in Georgia (South Ossetia and Abkhazia) and now in Ukraine (Crimea), thereby joining an exclusive club with Saddam Hussein and Sloboban Milosevic.
- In Ukraine, Putin used the same rhetoric as Hitler during the Austrian Anschluss in 1938 about protecting a threatened population. Much of the Kremlin's statements about Crimea could have been translated from the German, with "Fatherland" replaced by "Motherland". Like Hitler, Putin first occupies and then negotiates, while holding a snap referendum in Crimea at the point of guns.
- It is a waste of time to seek a deep strategy in Putin's actions. "There are only personal interests, the interests of those close to him who keep him in power, and how best to consolidate that power". If the West punishes Russia with sanctions and a trade war, "it would be cruel to 140 million Russians, so instead sanction the 140 oligarchs who would dump Mr Putin...if he cannot protect their assets

abroad. Target their visas, their mansions and IPOs in London, their yachts and Swiss bank accounts. Use banks, not tanks”.

Corporate Social Responsibility and Beijing

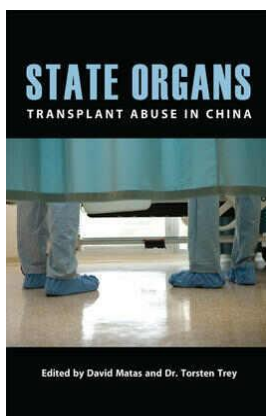
My respect and affection for the Chinese people in general is longstanding. It grew during several visits to the country and in meetings with both nationals and members of the vast Chinese diaspora. More than one million Canadians of origin in the Middle Kingdom are our most-educated cultural community. It was an honour to represent some of them in our Parliament for almost twenty seven years.

Falun Dafa (or Falun Gong) is an ancient spiritual discipline from the Buddha school that seeks to improve body and mind. It has a set of gentle exercises to improve health; for the mind, its core principles are “truthfulness, compassion and forbearance.” In China, where it was introduced to the general public only in 1992, Falun Gong grew within seven years to 70-100 million practitioners by the government’s own estimate.

In mid-1999, Party boss and president Jiang Zemin, launched a protracted and violent campaign whose stated purpose was to “eradicate” Falun Gong. David Matas and I concluded that 41, 500 organs from Falun Gong were pillaged and trafficked in the years between 2001 and 2005 alone. The commerce continues today.

Matas and I visited about a dozen countries to interview Falun Gong, who managed to leave both the forced labour camps and China. They told us of working in appalling conditions for up to sixteen hours daily with no pay and little food, crowded sleeping conditions and torture. Inmates made a wide range of export products--from clothing to Christmas decorations to toys--as subcontractors to multinational companies. This constitutes both gross corporate irresponsibility and a violation of WTO rules and calls for an effective response by all trading partners of China. Our governments should ban forced labour exports by enacting legislation which places an onus on importers in each country to prove their goods are not made in effect by slaves.

State Organs



In the 2012 book *State Organs*, Ethan Gutmann estimates that 65,000 Falun Gong were killed for their organs during the years 2000-2008, selected from about 1.2 million of them interned in China’s gulag. As with the camps created by Hitler’s Germany and Stalin’s Russia, on which the China network were adapted by Mao, a police signature remains sufficient to commit anyone to one of them for up to three years. There are no charges, no lawyers, and no appeals for inmates. In 2007, a U.S. government report estimated that at least half of the inmates in 350 such camps were Falun Gong.

Governance

Let me also stress here something that Western diplomats, sinologists and business executives often overlook: China is its people, cultures and history far more than its unelected government. The criticisms many of us within and outside China have are of its governance, but we also acknowledge that the economic policies of paramount leader Deng after 1978 lifted hundreds of millions of Chinese families out of grinding poverty (about which Mao did virtually nothing between 1949 and his death).

The world's democrats, including our national governments, civil society institutions and businesses, should, of course, remain engaged with the new government in Beijing and the broadest possible range of citizens across China despite the continuous difficulties created by autocratic governance. Democracy with very Chinese features is probably closer than many think. How many 'experts' anticipated the fall of European totalitarianism in 1989 or the Arab Spring more recently?

No-one on the democratic side should forget in this engagement that the values we represent are universal ones, including human dignity/equality, the rule of law, multi-party democracy, corporate social responsibility and the need for people everywhere to have access to good jobs.

Any discussion of governance in Beijing today must begin with Mao Zedong because the PRC founder remains the overarching icon of its party-state. Jung Chang and Jon Holliday end their comprehensive biography, *Mao, The Unknown Story*, by saying, "Today (2005), Mao's portrait and corpse still dominate Tiananmen Square in the heart of the Chinese capital. The current Communist regime declares itself to be Mao's heir and fiercely perpetuates the myth of Mao." All independent historians today include him with Stalin and Hitler as the three worst mass murderers of the 20th century. Chang-Holliday note, "In all, well over 70 million Chinese perished under Mao's rule in peacetime.

Rule of Law

It is difficult outside China to understand that trials there are mere theatres. The deciding 'judges' usually don't even hear evidence given in 'courts'. Canadian lawyer Clive Ansley practised law in Shanghai for 13 years, handling about 300 cases before returning to British Columbia several years ago. He explains the reality of what happened to Nobel Laureate Liu Xiaobo and so many other dissidents: "There is a current saying amongst Chinese lawyers and judges who truly believe in the Rule of Law and this saying... is: 'Those who hear the case do not make the judgment; those who make the judgment have not heard the case'.... Nothing which has transpired in the 'courtroom' has any impact on the 'judgment'." Some years ago as well, Ansley notes, a direction went to all judges across China that foreigners were not to win in Chinese 'courts'. How then can any prudent foreigner invest in China?.

The international community should remain engaged with Beijing despite constant difficulties created by its governance model. The Chinese people should know that Americans, Canadians and the rule of law world stand with them, not with their party-state, just as we did in central Europe during the cold war, and with South Africans,

particularly during the late 1980s and in the lead-up to the election of Nelson Mandela as president in 1994.

Economy

International affairs columnist Jonathan Manthorpe concluded in the *Vancouver Sun* a couple of years ago that China is full of variations of a Ponzi scheme. “A local government, without a functioning system for raising tax revenue—and...riddled with corruption...sells development land to garner cash... (first getting rid of (farmers) living on the land)... And, this being China...the municipality has the power to instruct banks to lend the development company the money for the sale. So the local government gets its cash, the municipally-owned company gets to build a speculative residential or industrial complex, and all seems well”.

In the *Financial Times* not long after Manthorpe wrote was a story about how in one coastal city luxury apartments were to be built for as much as 70,000 Yuan (\$11,000) a square metre, which is about twice the annual income of the average resident. To finance a 150 square metre apartment in the building would consume every penny of a typical resident’s income for 350 years. Is this not a housing bubble deluxe, which is going to burst?

He Qinglian, a Chinese author and economist, wrote that in China today. “Over 100 million farmers do not have land. Tens of millions of city dwellers are unemployed...there are four basic requirements for a society to sustain itself: the ecological system...; the moral system...; basic living rights...; (and) a political system that maintains the normal operations of a society. Currently, the...only thing left is the political dictatorship. “

Manufacturing remains the lifeblood of most successful economies, including those in Germany, South Korea and China. Canadians have watched numerous manufacturing jobs at home - including thousands of garment industry ones in Montreal after quotas were lifted in 2000 - disappear because irresponsible investors felt they could make fatter profits in China. I understand from Greg Autry that the U.S. has lost about 57,000 factories and 20 million manufacturing jobs mostly to China over the past two decades.

Governments, investors and business leaders should examine why they are supporting the violation of so many universal values in order to increase trade and investment with China. Their short-sighted greed has resulted mostly in jobs being outsourced to China and continuous increases in our bi-lateral trade/investment deficits.

Are the rest of us so focused on inexpensive consumer goods that we ignore the human, social and natural environment costs paid by millions of Chinese to produce them?

Last year, even Wal-Mart pledged to hire more than 100,000 American veterans and boost its sourcing from domestic suppliers. The retailer announced a three-part plan to help jump-start the American economy, which includes spending \$50 billion to buy more American-made goods over the next ten years and helping its part-time workers move into full-time positions. How about other American companies again recognizing that fellow citizens with good manufacturing and other jobs are their best consumers?

Gene Autry and Peter Navarro at the University of California argue convincingly that consumer markets worldwide have been "conquered" by China largely through cheating. They have both made proposals to ensure that trade becomes fair. Specifically, they say all nations should:

- define currency manipulation as an illegal export subsidy and add it to other subsidies when calculating anti-dumping and countervail penalties;
- respect intellectual property; adopt and enforce health, safety and environmental regulations consistent with international norms; ban the use of forced labour effectively-not merely on paper as now- and provide decent wages and working conditions for all;
- apply provisions for protection of the natural environment in all bilateral and multilateral trade agreements in order to reverse the 'race to the environmental bottom' in China and elsewhere.

The Nobel laureate economist Paul Krugman has predicted that Beijing's ongoing refusal to let its currency float will cause retaliation in a world struggling with overcapacity. He adds that by displacing the output and jobs of other nations with its own low-wage goods, China is arguably the prime culprit in holding back a robust recovery in global economies.

Conclusion

The Chinese people want the same things as the rest of us, respect for all, education, safety and security, good jobs, the rule of law, democratic and accountable governance and a sustainable natural environment. If the party-state ends its systematic and gross violations of human rights at home, especially in respect of Falun Gong practitioners, and abroad and begins to treat its trade partners in a transparent and equitable way, the new century can bring harmony and coherence for China and the world. The first step in a better direction is to end organ pillaging now.

Thank you.