

TAIPEI PROTESTS/ MISGOVERNANCE IN CHINA/ TAIWAN AND CHINA ECONOMIES

Hon. David Kilgour, JD.

Notes for remarks outside Legislative Yuan (three events)

Taipei

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Dear fellow democrats,

Permit me to congratulate the many thousands of you for having demonstrated your principles to be outside the Yuan every day for almost three weeks in rain and shine. I understand that public support for your “Sunflower Student Movement”, the coalition of students, academics, civic organizations and others, has been building since March 18, and that there was a huge citizen rally-some say as many as half a million- here in the capital on Sunday last week.

The Taipei media indicates today that the students will leave the Yuan on Thursday, thanks to the courage and integrity of Speaker Wang Jin-pyng. Permit me as a former Deputy Speaker of Canada’s House of Commons (1993-97) to say how proud his public service above any partisan interest no doubt makes all independent speakers around the world.

Taiwan has become one of the strongest practitioners of multi-party democracy, pluralism, the rule of law, human dignity/equality, freedom of speech/ assembly and independent media in Asia. You as citizen protesters are also part of a developing vigorous democracy model with Taiwanese characteristics.

Those impatient with the standoff between yourselves and the government perhaps forget that young people are likely to be affected longest and hardest by any trade agreement in services or anything else with the party-state in China. You are also worried about the indirect impact of the proposed agreement on jobs in sectors other than services across Taiwan.

Let me immediately stress that my respect for the peoples of both Taiwan and China is longstanding. It grew during several visits to both countries,

including ones as Secretary of State (Asia-Pacific) for Canada before 2004, and in meetings with both nationals and members of both diasporas in Canada and many other places. More than one million Canadians of origin in the two are among our most-educated cultural communities. It was an honour to represent some of both communities in our Parliament for almost twenty seven years.

It will be clear I hope in these remarks that my differences are with the party-state of China, not with its people, and that Taiwan's democratic governance with very Chinese qualities is what China should and probably will adopt sooner than many expect. How many 'experts' predicted the fall of the Berlin wall or the 'Arab Spring'?

Let me also stress here something diplomats, sinologists and business executives often understate: China is its people, cultures and history far more than its current unelected government. The criticisms many of us within and outside China have are of its governance, but we also acknowledge with praise 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).

GOVERNANCE IN CHINA

CONFERENCE ON DEMOCRATIZATION IN ASIA

Those who claim that democracy is incompatible with Chinese values might ponder some of the many points made last October at the Sixth Annual International Conference on Global Support for Democratization in China and Asia held in Toronto. There were delegates, some of origin in both Taiwan and China, from more than 30 organizations in more than 20 countries. Among the many points made:

Sheng Xue, chair of conference, writer/speaker,

- welcomed delegates and called for a moment of silence for all victims of communism around the world.

Hon. Jason Kenney, MP from Calgary and federal cabinet minister,

- Universal values apply well in all cultures, including China,
- Canada has welcomed millions of immigrants from "the toxic ideology of communism",

- Canadians are in solidarity with all the victims of political persecution across China.

Wayne Marston, MP and conference representative for Official Opposition (NDP) in Parliament of Canada,

- The government of China is today “the most repressive government on the face of the earth.”
- The NDP opposes the proposed Foreign Investment Protection Agreement (FIPA) between Canada and China.

Hon Judy Sgro, MP, former minister of Immigration and representative of Liberal party at opening of conference,

- The human rights of the Chinese people must be a concern of all governments,
- Dr Wang Bingzhang, A McGill University graduate, remains in a Chinese prison (For more info, see www.david-kilgour.com).

Yao Guangsheng, formerly of the Central Research Bureau of the Chinese Communist Party (CCP):

- In the 1940s, Mao said that the CCP would be an authentically democratic party, but his anti-democratic practices and thinking still prevail in Beijing,
- President Xi, Jinping applied ten times to join the CCP before succeeding, so he is in reality a “son of the party, not his father”.

Dr. Gordon Chang, academic and author of *Coming Collapse of China*,

- Many economic problems are arising simultaneously now in China, including, ‘ghost cities’ without residents and ‘railways to nowhere’,
- Premier Li Keqiang is unable to make decisions himself despite the need for economic reforms, such as implementing the rule of law,
- President Xi was chosen party leader because he was the “least unacceptable” candidate; he is opposed to governance reform.

On the matter of totalitarianism, let me say a brief word about both Taiwan under martial law from 1949-1987 and China from 1949 until today under essentially no law except the Party’s deemed self-interest. Since my arrival here yesterday, I’ve been able to learn more about Green Island from Tsai Kunlin, 82, who was imprisoned and tortured there for most of ten years after 1950, and Fred Chin, who was arrested and sent there in 1972. Permit

me to recommend an excellent article on dear Mr, Tsai, who is with us tonight and most kindly will introduce me to two of the events. Please go to the most recent issue of *The Diplomat*: (https://www.facebook.com/diplomatmagazine/posts/10201722942059911?stream_ref=10).

Engaging With Beijing

The world's democrats, including our national governments, civil society institutions and businesses, should, of course, remain engaged with both the Xi/Li government and the broadest possible range of citizens across China. The Chinese people should know that the rule of law world stands 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.

On the rule of law, it is difficult outside China to understand that trials there are theatres. The deciding 'judges' usually don't even hear evidence given in 'courts'. Canadian lawyer Clive Ansley practised in Taiwan and also Shanghai (13 years in the latter), handling about 300 cases there before returning to British Columbia several years ago. He explains the reality of what happened to Nobel Laureate Liu Xiaobo, lawyer Gao Zhisheng 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'."

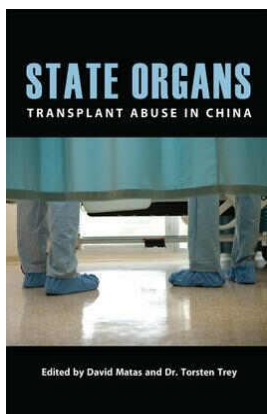
Some years ago as well, Ansley notes, a direction went to all judges across China that foreigners were not to win in Chinese 'courts'. That was the last straw for him. How can a prudent foreigner invest today in lawless China?

A New Crime Against Humanity

One of the many governance differences between the democratic world and China is how differently cultural and spiritual communities are treated. Take, for example, Falun Dafa, which has a community of peaceful and law-abiding practitioners in Taiwan, Canada, and more than a hundred other rule of law countries. Briefly, it's a spiritual discipline from the Buddha

school, seeking to improve body and mind. It has a set of gentle exercises; its core principles are “truthfulness, compassion and forbearance.” In China, where it was introduced to the general public only in 1992, it grew within seven years to 70-100 million practitioners by the government’s own estimate. In mid-1999 tragically, then president Jiang Zemin launched a violent campaign, whose stated purpose was to “eradicate” Falun Gong. David Matas and I concluded independently as volunteer researchers first in mid- 2006 that 41, 500 organs from Falun Gong prisoners of conscience were pillaged and trafficked between 2001 and 2005 alone. The inhuman commerce continues today.

Matas and I visited about a dozen countries to interview Falun Gong, who managed to leave both 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 is gross corporate irresponsibility and a violation of WTO rules. It also illustrates how little Beijing respects its international agreements, and calls for enforced trade agreements by all trading partners of China. All 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.



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 was 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.

Chen Ying

Consider the experience of Falun Gong practitioner Chen Ying, shown below, who was later awarded refugee status by the government of France:



“Because I would not renounce my Falun Gong convictions... I was imprisoned three times without any judicial process...Each time, I was mistreated and tortured by the police...At the end of September, 2000, as I would not tell them my name, I was called out by the police and taken to a hospital for a complete medical examination: cardiac, blood, eyes, etc. I had to carry chains on my legs and I was attached to a window frame. The police injected me with

unknown substances. After the injections, my heart beat abnormally quickly. Each one gave me the impression that my heart was going to explode...”.

Jan Harvey and I wrote for a Canadian Catholic magazine, *Convivium*, an article on the persecution of faith communities generally in China a couple of years ago. You can access it at <http://www.davidkilgour.com/2011/convivium2011.pdf>.

ECONOMIES OF TAIWAN AND CHINA

The economic indicators in the most recent issue of the *Economist* magazine (Mar 29-Apr 4) suggest that Taiwan’s economy is performing comparatively well, including, an estimated 3.2 per cent real growth in 2014, a current enviable account balance of \$57 billion for 2013 and interest rates of 1.6 per cent (for 10-year gov’t bonds). Yes, unemployment is 4.1% (the same as China’s), but it lower than most other advanced economy nations.

Manufacturing remains the lifeblood of most successful economies, including those in Taiwan, China, Germany and South Korea. Did not Taiwan become a leading ‘Asian Tiger’ economy decades ago primarily because of the strength of its manufacturing sector?

Canadians are among many peoples who have watched numerous manufacturing jobs at home disappear because irresponsible investors felt they could make fatter profits in China. For example, Goodyear Tire closed its plant near Montreal several years ago, ending about 850 livelihoods, to move production to China. The U.S. Transportation agency later declared that tires made in China could be safety hazards.

I'm told by the academic Greg Autry of California that the U.S. has lost an estimated 57,000 factories and 20 million manufacturing jobs mostly to China over the past two decades? How many such jobs have been lost in Taiwan and many other countries over the same period for the same reason? To my knowledge, only the US is so myopic as not to tax company profits from investments kept off-shore.

Here is something Autry asked Prof Ann Lee of NYU in *Global Trade* magazine (April/May 2012): "What would you tell an American who lost his job at (a) factory and had to take two retail jobs without benefits selling Chinese-made goods to his fellow Americans about why the U.S.-China relationship has been mutually beneficial?"

Governments, investors and business leaders might also examine why they are supporting the violation of so many universal and democratic values in order to increase trade/investment with China. It 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?

Foxconn

Is the huge Foxconn plant in China (owned by a Taiwanese), making Apple and no doubt other i-phones with about 700,000 employees, to be the model for Taiwanese on this island in future under cross-strait agreements? Someone who visited Foxconn tells me that about half of the employees, mostly aged from 16 (he hopes) to 35, live in dormitories on site, staying there for 51 weeks a year. There are photogenic swimming pools and sports facilities, but my friend got the impression from dust, etc that they are rarely used. When he asked about the nets on the factory roof to catch employees seeking to commit suicide, he was lamely told that Foxconn's suicide rate is no higher than the general one across China.

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 responsible Taiwanese companies again recognizing that fellow citizens with good manufacturing jobs are their best consumers?

This brings me to some other thoughts on the economy of your neighbor. 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 extraordinaire, which is going to burst with a lot of citizen grief?

I understand that Chinese banking is dominated by state-owned banks that lend primarily to inefficient government businesses and currently pay about 0.3 per cent for deposits. There is no deposit insurance. These factors encourage abused depositors to invest in increasingly risky realty and stocks. There is a very large amount of money in the shadow banking sector, but it has very little regulation. It also holds a lot of the total debt in China, which since 2008 has surged to about 210 per cent of GDP. In short, when Premier Li Keqiang said recently that he expects to see some corporate defaults on debt this year, banking would seem like a good sector for candidates. The retail, manufacturing, housing and investment sectors in China have all weakened sharply in the first quarter of 2014.

Californians Autry/Navarro

Greg Autry and Peter Navarro at the University of California, Irvine argue convincingly that consumer markets worldwide have been "conquered" by China largely through cheating. They have 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 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.