

**Hearing: Senate Commerce Subcommittee on Interstate Commerce and
Trade “Sweatshop Practices in the Chinese Toy Industry”
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**Testimony: The Chinese Labor System and the Toy Industry
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Good morning, I would first like to thank the Senate Commerce Subcommittee on Interstate Commerce and Trade and especially Chairman Dorgan and his staff for inviting me here today. This issue is extremely timely in light of recent toy recalls, and I am pleased that the United States Senate is concerned about labor conditions in China’s toy industry.

I have been asked to focus on the Chinese labor system and the working conditions in toy factories in China. For many years human rights organizations have raised awareness about the atrocious conditions in Chinese sweatshops where workers make most of the clothes we are wearing right now, and most of the toys our children play with. Today my testimony will confirm that Chinese and foreign-owned companies operating in China consistently violate international labor standards in the toy industry and the Chinese Communist Party (CCP) ignores these violations in order to maintain economic growth and foreign investment. The Chinese government placates the international community by agreeing to promote labor rights in multi-lateral meetings while continuing to allow the abuse of its workers at home.

First, I will cover a subject less discussed in the international arena—forced labor. I will begin with early CCP theories on forcing prisoners to work, and will provide current examples of forced labor being used in the toy industry specifically. Next, I will discuss China’s so-called national trade union, the All China Federation of Trade Unions (ACFTU), and its role as one of the Party’s many tools to repress its people. I will conclude with what actions the US government and American companies should take.

My knowledge of this subject originates from my 19 years in China’s prison camps where I was forced to labor, and from my subsequent work as a human rights activist. I am the founder and the Executive Director of the Laogai Research Foundation which began in 1992 for the purpose of researching and raising awareness about China’s vast system of prison camps, called the “Laogai”, and other human rights abuses in China.

Chinese Government Labor Theories

The Chinese word “Laogai”, meaning “reform through labor,” refers to a system of forced labor camps that spans China’s entire territory. Since the inception of the Chinese Communist Party in 1949 the Chinese government’s ideology has been to use its people to fulfill its political and economic goals. As a result humans are viewed as expendable commodities. Mao Zedong immediately recognized prisoners as a huge source of manpower, and in 1951 amended the “Resolution of the Third National Public Security Conference” to support this idea:

The large number of people who are serving their sentences is an enormous source of labor. In order to reform them, in order to solve the problems of the prisons, in order that these sentenced counterrevolutionaries will not just sit there and be fed for nothing, we should begin to organize our Laogai work. In the areas where this work already exists, it should be expanded.

During the 1950's and 60's Laogai inmates were the primary labor force for massive state-run reconstruction projects such as irrigation, mining, and dam projects that would have been impossible to undertake with regular workers. As China's economy developed and it shifted from agriculture to manufacturing, so did the type of work that prisoners were forced to endure. During Deng Xiaoping's reform era the goal for economic development drove the country to open to foreign investment and the importance of forced labor increased. In the 1988 "Criminal Reform Handbook" Deng reiterated that one of the three major functions of the Laogai facilities was to organize "criminals in labor and production, thus creating wealth for society."¹ This amount of profit cannot be underestimated because prisoners are not compensated for their work.

Forced Labor and the Toy Industry

In our foundation's most recent biannual handbook (Laogai Handbook 2005-2006) we identified more than 1,100 labor camps by name and location (693 prisons and 352 re-education through labor camps). According to our research, there are eleven (11) prisons that produce toys for domestic and international markets in provinces across China and there are likely many more.

These provinces include Beijing, Shanghai, Gansu, Hunan, Hubei, Zhejiang, Shandong, Liaoning, and Henan. In the No. 2 Re-education through labor camp in Shandong province female prisoners, many of whom are imprisoned for political reasons, are forced to work without pay on handicrafts and toys for international export. Former prisoners from the camp have described some of their tasks to include applying artificial eyelashes and hair to dolls. At the Shiliping re-education thorough labor camp in Zhejiang province, where profits equal about 80 million yuan or almost 11 million US dollars, inmates produce wool sweaters, leather products, and toys for international export. Hunan province's Chishan Prison forces its inmates to make toys for export to South Korea. At a juvenile detention facility in Shanghai youths are forced to produce toys, clothes and other products.

In June 2004, Li Ying a former political prisoner held for two years at the Shanghai Women's re-education through labor facility talked about the toys she was forced to produce--dolls that were eventually sold in Italy. She asserted that she and her fellow inmates on "Team No. 3" made these dolls from June 2002- May 2003 laboring from 7 a.m. until 11 p.m., and sometimes even until 1 a.m. The prisoners were required to fulfill a quota of 120 dolls per day without pay in horrible working conditions.

The US State Department's Annual Human Rights Report from 2006 confirms that "prison labor" is common in China. The report states that throughout last year "prisoners worked in facilities directly connected with penal institutions; in other cases they were contracted to nonprison enterprises....Facilities and their management profited from inmate labor." This fact that companies are using forced labor makes it very likely that some of the toys are entering the United States.

Unfortunately, the Memorandum of Understanding on Prison Labor (MOU) signed between the United States and China in the United States has proven to be completely ineffective in stopping the trade in forced labor products. Our own efforts to gather specific evidence are hampered significantly by the fact that China has deemed much information about these camps to be "state secrets". They severely punish anyone who reveals it. While we have revealed much information about the Laogai over the years, we have also contributed to simply forcing the trade to go further underground. The Chinese systematically use legitimate trading companies unconnected to the Laogai to sell the products abroad.

A recent civil case involving the importation of forced labor made coffee mugs was brought by a US company in Ohio. Detailed evidence of the production link to Luzhong Prison was presented. Unfortunately, the bringing of such cases is extremely rare, not because forced labor is rare, but rather because it is dangerous and difficult to gather the information in the first place.

Sweatshops

Of course, the overwhelming majority of toys made in China are produced in private factories, most of which are foreign-owned. Many of these can and have been defined as “sweatshops” by NGO’s, unions, and journalists in literally hundreds of reports over the past decade.

The State Department’s investigation also reported the sweatshop conditions that exist in factories including those that make toys:

In July more than 1,000 workers at a plastic toy factory in Dongguan, Guangdong Province, rioted over allegations of inadequate pay and working conditions, particularly excessive overtime, and protesters clashed with police and company security. Dozens of workers were detained after the two-day protest.

In September of this year, the Hong Kong labor rights organization, Students and Scholars against Corporate Misbehaviour (SACOM), exposed the conditions at a factory in China making toys for Disney. Workers at Haowei Toys in southern China said they were forced to labor for 15 hours a day for 28 days a month during peak seasons, work 28 days a month and up to 15 hours a day using dangerous toxic chemicals.

The labor conditions in prisons and sweatshops are clearly different, but in all too many cases only by degree. If prisoners attempt to defend their rights they are quickly stifled by beatings or even torture. If workers do, they are either fired or arrested. Prisoners labor without remuneration and many factory workers are denied the pay that is due them for the hours they work. Forced labor and sweatshop conditions in the toy industry like nearly every other industry are perpetuated by the Chinese government because economic profit and GDP growth are the CCP’s number one priority. China still refuses to ratify the International Labor Organization’s convention against forced labor claiming its has a useful purpose in its reeducation camps. The government also will not ratify any United Nations or ILO conventions that allow workers to create and join independent unions and collectively bargain.

This week the Salt Lake Tribune is running a series of investigative reports on working conditions in Guangdong province by reporter Loretta Tofani entitled “American Imports, Chinese Deaths”. It represents a 14-month effort and was sponsored by the Pulitzer Center for Crisis Reporting. With your permission I am attaching it to my testimony for the record. While it does not deal specifically with the toy industry, it is the most current expose of the tragic nature of work in southern China, the very same region where a majority of toys are produced for export to the United States.

China’s National Trade Union

The Chinese government outlaws all independent trade unions, forcing workers to join the state-sponsored All China Federation of Trade Unions (ACFTU). This organization, run by the CCP, with over 170 million members, is used to control union activities and workers. The ultimate goal of the ACFTU is to "uphold...the leadership of the Communist Party" and to quash any grassroots union movements.

The government’s most recent tactic is to co-opt foreign companies into allowing their employees to join the ACFTU under the auspices of protecting the workers. In 2006 Wal-Mart—a company that does not allow its employees to unionize in any other country--finally capitulated to ACFTU demands and currently 77 out of 84 of its stores in China have union branches. This tactic has two motives for the government as its economy’s shifts to privately owned enterprises. First dues paid by companies with ACFTU branches help off-set the losses from the diminishing state-owned sector, and second, the CCP can better monitor and control its private-sector workers.

There is no evidence that Wal-Mart workers are allowed to bargain their own contracts with the company. And, unfortunately some in the American labor movement have seen fit to ignore the reality that the ACFTU is CCP controlled and an oppressor of workers rather than their advocates and have granted them a legitimacy they don't deserve by meeting and working with them as equals.

Sadly, workers who attempt to organize independent unions are quickly dealt with, usually by arrest and sentencing to serve terms in the Laogai and could end up making the products we are discussing here today.

Conclusion

The labor abuses in the toy industry prove that despite its rhetoric China has not progressed in human rights nor does it respect international labor standards. The high number of recalled toys made in China this year alone should be a sufficient warning for US companies and consumers. The Chinese government continues to use forced labor to make goods, condones sweatshop conditions in its factories, and refuses to allow workers to create independent unions-- is it really any wonder that low-quality, harmful toys are being exported to the US and into the hands of our children? The toy industry in China is a vivid example that disproves the commonly mentioned notion that economic development and/or capitalism will bring democratic change to China. In contrast, more and more US companies are bending to the government's demands making the totalitarian regime even stronger.

The US government has an obligation to ensure that forced labor products and tainted goods do not enter our borders. American companies must take responsibility for the Chinese factories that produce their goods. They must perform more frequent inspections and audits and should not allow phony unions to be set up in their factories and workplaces. Profit is the only factor that has the potential to affect China's behavior. Worker's rights in China will not improve until foreign businesses and governments collectively decide to press China to stop using prison and sweatshop labor and to allow their workers to independently organize.

The time has long past to discard meaningless Codes of Conduct.

The Administration has rejected the AFL-CIO's "301" petition on worker rights in China. I believe the Congress should itself resubmit this petition as well as significantly strengthen inspection at its ports of any and all products, including toys, which could endanger the health and well-being of American consumers.

Thank you.