Gary Bauer -- Opening Statement Prepared Text
Senate Foreign Relations Committee Testimony

Hearing on Giving Permanent Normal Trade Relations Status to Communist China: Human Rights, Labor, Trade, and Economic Implications

Wednesday, July 19, 2000

Mr. Chairman and Members of the Senate Foreign Relations Committee, it is a great honor to be able to be able to testify before this Committee which has played a just and vital role in the discussion and formulation of American foreign policy for decades. With your permission, I will submit my prepared remarks for the record and use my time to share a few general thoughts with you.

Eleven years ago all of us watched an extraordinary event take place in China. A few dissidents gathered in Tianamen Square to protest in favor of basic human rights – the right to vote, to worship, to start a business or to have children. Their numbers were relatively small and so the government decided to wait it out. But, the next day, instead of the crowd dissipating, it grew larger as more students joined the group. And the next day housewives, workers, intellectuals, and others joined in until tens of thousands had filled the square. This was too much for the tyrants who run China and so the Peoples Liberation Army was brought in.

I know all of us remember that dramatic picture of the lone protestor standing in front of a PLA tank – moving one way, then the other to block its progress.

When the PLA entered the square and ordered the demonstrators to disband and extraordinary thing happened. Many in the crowd reached into their pockets and pulled out copies of our Declaration of Independence. They waved copies of our Declaration as the Peoples Liberation Army lowered their guns and fired killing hundreds perhaps thousands of Chinese citizens.

What an amazing thing. Chinese students willing to die while they waved copies of ***our*** Declaration of Independence! Chinese students willing to die with the words on their lips: "We hold these truths to be self-evident – that all men are created equal and endowed by their creator with certain unalienable rights, among these are the right to Life, Liberty, and the Pursuit of Happiness."

Of all the things the Chinese dissidents could say to their oppressors, none is more threatening than the words of our Declaration. And nowhere tonight any place a tyrant lays his head on a pillow – whether in North Korea, Cuba, or the Sudan, he will not rest easily for fear that his subjects have read those words.

This hearing is on the subject of granting China Permanent Normal Trade Relations. A great debate has raged on this issue for months – splitting both political parties. But I would like to suggest to you that the China trade debate ultimately is not about China and isn't even about trade. Rather it is about us – whether we will build a foreign policy in the values of our Founding or whether we will put our foreign policy in service to commerce as our highest value.

I have heard the sincere arguments of many in Washington and in the business community that suggests trade in China will change China. I believe that trade with China is changing the United States – it is making us forget the values that American foreign policy is built on and it has led us to look the other way in the face of a massive Chinese arms build-up, look the other way as report after report suggests that oppression of religious believers and Chinese workers is worst, not better, and even look the other way as evidence grows that trade, particularly in the area of dual use technology is aiding the Peoples Liberation Army in its efforts to overcome the American military advantage in the Pacific.

Our current trading policies with China have already created a Beijing lobby in the United States. A lobby that has resulted in great American corporations led by great American capitalists becoming apologists for Chinese violations of human rights and Chinese threats on Taiwan. One news weekly has reported that some corporations have threatened to end financial support for Washington DC think tanks on the right and the left who insist on putting out policy papers critical of Beijing. In fact, many U.S. companies are finding that they can't get favorable treatment in China unless they show that they are looking gout for Chinese interests in the United States. While many here argue that trade is between individuals and should not be used as a weapon in foreign policy, the fact is that Beijing routinely used trade to advance its geopolitical goals including its stated desire to replace the United States as the premiere power throughout Asia and the Pacific.

Engage the Chinese? Of course we should. But engaging them on what grounds. First and foremost on the grounds of our national security. Second, on the same grounds as the students and workers who died in Tianamen square – the values of our Declaration of Independence that gives hope to all.

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"DEMOCRATIC ENGAGEMENT"
A CHINA POLICY ROOTED IN AMERICAN VALUES

Testimony by Gary L. Bauer before the

United States Senate Committee on Foreign Relations

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Mr. Chairman, last October, the People's Republic of China celebrated the 50th anniversary of Communist rule with a robust and nationalistic display befitting its communist tenets. A half-century after the Communists came to power, and following more than a decade of so-called "constructive engagement" by the United States, China remains a dictatorship, a tyranny of a single-class elite over a population of more than one billion fellow human beings.

Obviously, China has changed from what it was a generation ago during the horrors of the Cultural Revolution and Mao Zedong's Great Leap Forward, but it still is an authoritarian, autocratic, one-party dictatorship. There is no getting around this irrefutable moral fact.

Yet the glamorous portrait of China presented to us today by corporate lobbyists and the foreign policy elite of both parties is one of a big, bustling capitalist wonderland populated by millions of aspiring entrepreneurs. Every one is busy running around making money, buying, selling and producing things. The Chinese people supposedly are happier than ever.

This portrait of China is willfully delusional. In our eagerness to do business -- to open the "China market" to trade and investment -- we have, literally, traded away our principles. Based upon an undefined precept commonly called the “third way” we are rushing to a mushy center where values are amorphous, principle looses meaning, and vision is lost in a smog of confusion and contradiction. Such a course opens doors to misunderstanding and miscalculation and widens the possibility of needless conflict.

The Communist government of China has a well-deserved reputation as one of the most coercive and repressive regimes on earth. Hundreds of thousands of people languish in Communist jails and prison camps merely because they dared to practice their Christian, Buddhist or Islamic faith. International human rights organizations have documented hundreds of thousands of cases of arbitrary imprisonment, torture, house arrest or death at the hands of this Communist government.

Even as we meet here today -- even as corporate America lobbies Congress on behalf of granting China permanent most favored nation trade status -- Catholic and Protestant Christians are being arrested. In recent months, we have witnessed a brutal crackdown against Falun Gong, a harmless Buddhist sect. And so it goes. Indeed, China's communist took to heart its Party's 1938 articles of subordination, which state 1) the individual is subordinate to the organization; 2) the minority is subordinate to the majority; 3) the lower level is subordinate to the higher level; and 4) the entire membership is subordinate to the Central Committee. Whoever violates these articles of discipline disrupts Party unity. Today these principles form the basis of a strict political/social regimen commonly applied to even the slightest form of dissent whether real or perceived. Minorities in China whether political, racial or ethnic must not only shut-up they must put-up as well.

Millions of others have been persecuted for so-called "crimes" such as advocating political pluralism and the ideals of democracy. They have been beaten, jailed arbitrarily, sentenced without appeal. This continues today, right now, even as the trade delegations come and go and American CEOs sip champagne with the oppressors in the Great Hall of the People.

Meanwhile, the people of Tibet have been driven from their homeland, imprisoned and trampled upon by a forced relocation program that which is little better than genocide and is certainly comparable to the brutal ethnic cleansing that Slobodan Milosevic carried out in Bosnia and Kosovo. A Milosevic, who by the way, continues to be propped up by Beijing with hundreds of millions of dollars in aid and China's unrelenting political support in forums such as the UN Security Council.

In China today, particularly in rural areas of the country, expectant mothers are subjected to the Communist regime's odious program of forced abortions and a hard and unforgiving policy toward "excess" children. Abandoned children, especially baby girls, are packed into orphanages, sold, or simply left somewhere to die. As a result, international organizations now report an incredible imbalance in numbers of men over women in the Chinese population.

And even as the Clinton administration continues to pursue a policy of so-called "constructive engagement," the President's own State Department reports that all public dissent against the party and government has been effectively silenced by threats, intimidation, exile, house arrest, and imprisonment. Ten years after Tiananmen Square, the State Department could not identify a single active political dissident in a country of 1.2 billion people. This is a sad phenomenon all too common to repressive regimes. In this year's annual report on human rights, the State Department concluded that

China's "poor human rights record deteriorated markedly throughout the year."

Yet the proponents of "constructive engagement" accuse critics of China's dismal human rights record of being hopelessly naïve moralists, of lacking a hardheaded, pragmatic realism. We are all too familiar with the main argument of corporate America and the China lobby: that trade with China will change China, that international commerce will inevitably result in political liberalization – that the internet, computers and cell phones will bring freedom.

Mr. Chairman, what is needed here is a little "constructive clarity," rather than "constructive engagement," for it is the supposed realists who are either hopelessly deluded as to the true nature of the Communist regime in China or who refuse to come clean with the American people regarding the challenges and potential threats which may lie ahead.

The Communist autocrats in Beijing are practicing a kind of "market Maoism." They are perfectly content to pursue a "selective engagement" on the economic side, exploiting trade and gullible American businessmen to advance their national strategic goals, while maintaining an oppressive one-party political control. Trade alone will no more resolve the great contest between freedom and oppression in China than it did in the Europe of the 1930s or in the Soviet Union in the détente era of the 1970s. The Communist Chinese are proving that it is possible to have at once a limited market economy and political dictatorship. This is a potentially volatile type of oil and water mixture that the Chinese leadership and the United States may come to regret. Absent the checks and balances that a democratic system offers, an energized capitalistic engine in the hands of China’s communists or military could prove troublesome.

The private owners of web sites in China have been barred from documenting foreign news. And just this Friday a new government agency was set up in China to stamp out “harmful information” on the Internet. Trade with China isn’t changing them nearly as much as it is changing us – making us forget who we are, where we came from, and what we stand for in the world.

In our foreign relations, we need a policy that embraces our most cherished values -- values that include basic human rights as well as commerce and free trade. Our foreign policy must have a greater moral purpose than the corporate bottom line. It is imperative that U.S. policy toward China first be based on a realistic assessment of the nature of Chinese Communism.

The Communist Chinese do not seek trade for its own sake, for the economic benefits it brings or because they wish to improve the lives of the Chinese people. Instead, trade is simply another piece in the

overall national strategy. Trade is another weapon in the arsenal. The Communists are following philosopher Sun Tzu's advice that the best war is the one you win without fighting a single battle.

If one looks at some of the historical rhetoric of China’s communists if becomes clear that the “new” China continues to follow a path rooted in Mao Zedong’s confrontational approach toward the free world and distain for individual liberty and democracy. Mao stood firmly on the side of the Panamanian’s “just” opposition to American engagement of the Panama Canal and today America’s influence over the canal is lost and its facilities are now managed by a Chinese company.

Yet we continue to make trade with China the major yardstick of our relationship. Such a policy is not driven by a realistic view of China, the nature of its regime and its international ambitions. It is opportunism, the chance to make a quick buck. It lends support to what the Chinese Communists contemptuously believe, that we are just a "moneybags democracy," moralizing about human rights on one hand while profiteering on the other.

Ultimately, the China debate is not about China -- it is about us. What kind of a people are we? This is the fundamental question posed by our current policy toward China. Are we willfully subsidizing China's arms race? Can we in good conscience buy goods produced by slave labor? Can we invest in companies intimately bound to a dictatorial government that inflicts terror on its own people? Have we put our most cherished ideals on the auction block?

In a report to Congress last year, the Pentagon declared: "The Chinese realize that attaining recognition as the preeminent political power in Asia will require the weakening of U.S. political influence in the region . . .”

China’s military leadership is preparing for war with the United States. This is an uncontradicted reality. Such conflict, perhaps war is not inevitable however – not over Taiwan or any other issue if America wisely manages relations between the two powers. The present policy of trade at any price -- evidenced by President Clinton's drive for speedy congressional approval of permanent normal trade relations and WTO membership for China -- is little better than appeasement however, and holds promise for disaster.

The Middle Kingdom aspires to be, and is becoming, a global superpower. By virtue of its geography, population, economy and military might, China already is the dominant power in Asia.

Trade relations notwithstanding, China and the U.S. have competing national interests. China wants to drive U.S. power out of the Western Pacific and thereby reduce America's allies -- Japan, South Korea and Taiwan -- to the status of vassal states. Driven by a

militant nationalism, Beijing views the U.S. presence in the Western Pacific as a continuing historical humiliation and part of Washington's strategy to keep China from fulfilling its destiny as a world power. There is nothing new in this position. By undermining U.S. relations with Japan, the world’s second largest economy, marginalizing South Korea and Taiwan, China strikes not only at key elements of the free world’s economy but at its political cohesion as well.

For this reason the interests of China and the U.S. dramatically diverge. Because these competing interests are geo-strategic, no level of trade will neutralize them. As many have observed, *everything changes but geography.* Indeed, China seeks trade to advance its geo-strategic objectives. China's economy is highly dependent on the infusion of capital from abroad via trade and foreign capital investment. China must have such foreign investment in order to sustain the level of economic activity necessary to support its national military and strategic goals.

Although China is secretive to the point of paranoia about its military capabilities, the objectives of its planning are obvious to American intelligence agencies and the Pentagon. America's power in the Pacific is sea-based. Consequently, China is frantically acquiring the means to neutralize American maritime power.

It is buying nuclear submarines and nuclear guided missile destroyers from Russia, along with advanced anti-aircraft, radar and command and control fire systems. China's engineers are adept at turning dual-use technologies acquired through trade with the West to military applications. China has reverse-engineered Exocet anti-ship missiles, and purchased Russian SSN-22 "Sunburn" supersonic anti-ship missiles and S-300 anti-aircraft missiles. Beijing recently concluded a deal with Moscow to produce the latest Russian jet fighters as platforms for its growing missile capability.

China recently took delivery of the first of four nuclear missile equipped destroyers purchased from Russia. A second destroyer is undergoing security tests now. Its newest *Kilo*-class submarine equipped with the latest generation Russian long-range anti-ship cruise missiles joined the fleet earlier this year. China has deployed 200 ballistic missiles opposite Taiwan to threaten that island democracy and continues to add 50 missiles a year. In a recent report the Pentagon said these offensive missiles pose an immediate threat to Taiwan's security.

These and other arms initiatives suggest that in the event of a confrontation in the Taiwan Strait and South China Sea, the U.S. Navy would face serious problems. China's military planners do not believe that they have to worry much about a land war with the U.S. China is

not Iraq. China only has to checkmate American sea and air power in the Western Pacific to achieve its strategic objectives.

By brandishing their growing missile capability, the Communists seek to threaten and intimidate not only Taiwan, but also Japan, South Korea, Indonesia, Malaysia, Singapore and other countries in the region. In effect, Beijing seeks to hold every one of our military men and women in the region hostage to missile attack. High-ranking Chinese military officials even have hinted at nuclear attacks on the United States itself.

Perhaps the most disturbing aspect of the Communist Chinese arms race is that we are subsidizing it by our one-sided trade policy that has provided Beijing the hard currency to pay for its missile program. And because of security lapses, China has been able to steal what it could not simply buy on the open market. The bipartisan congressional Cox Report detailed the scale and seriousness of China's espionage and its legal acquisition of military technology from a slumbering America.

This pillaging of our intellectual capital continues unimpeded because there is today in America an entrenched and powerful China lobby made up of big corporate interests, politicians and government bureaucrats. This lobby continues to foster the conceit that, without vigorously asserting our own national interests, trade alone will guarantee China's good behavior and that commerce will lead China to democracy.

Of this conceit I ask, "Where is the evidence?"

Where is the evidence that China's ruling thugs are any less autocratic today than they were a decade ago? Where is the evidence that our trade deficit with China, which has grown from $12.7 billion in 1991 to more than $60 billion today, has done anything to moderate the Communists' attitude toward basic human right? The China lobby has no answer, for there is no evidence that the current policy is having any of the results claimed for it.

Oh, China is happy to welcome the transfer of high-speed supercomputer technology in the name of free trade -- computers, incidentally, that permit the Communists to test nuclear weapons based on stolen U.S. designs without having to actually explode devices. Beijing is delighted to allow Boeing, Lockheed, Loral and Hughes to do business in China. But suggest allowing anything like the free flow of information by means of the Internet and the door slams shut to American entrepreneurs.

In fact, it is not an exaggeration to speak of China's military as the Peoples Liberation Army, Incorporated. Hundreds of Chinese companies doing business in the United States are controlled entirely

or in part by the PLA, Inc. China has no independent, private business sector as we understand it. All business enterprises in China are, to greater or lesser degrees, entities of the state. PLA Inc., is not just the so-called military-industrial complex as it is understood in this country. It is a network so vast and intricate that our own intelligence experts can only begin to trace its reach or monitor its activities. It has, with the advent of income generating capabilities, become a sort of self-perpetuating management unit. It is taking on a life of its own, financing and developing its own self-interests on a scale, which may become unmanageable if left uncontrolled by china’s “civilian leadership”.

PLA Inc., runs hundreds of factories in China, many located in prison camps where cheap slave labor undercuts the costs of American manufacturing. Dozens of PLA companies doing business in the United States exist for no other reason than to conduct industrial espionage, to acquire military applicable technology and transfer it China.

The latest Communist gambit to exploit America involves the bond market. Thanks to China's fundraising in the U.S. bond market, the PLA has succeeded in taking billions of dollars out of America. Are we subsidizing China's military arms race? Are American investors paying for the missiles aimed at our 35,000 military men and women stationed in South Korea? We do not know for certain, for there has been no systematic effort to "follow the money" in the sale of Chinese bonds in this country.

Many of these bonds, which are totally unsecured save by the promise of the Communist government in Beijing, are turning up in U.S. pension funds, mutual funds and other investment portfolios. It seems an inescapable conclusion that American pensioners and investors are unwittingly helping finance China's offensive arms race.

At least two state pension funds -- the enormous California Public Employees Retirement System and the Texas Teacher Retirement System -- have invested in Chinese bonds sold by companies linked to the PLA. Are the hard-working public employees of California and the teachers of Texas unwittingly underwriting China's arms build-up?

The Cox Report only lit the fuse on the potentially explosive issue of China's bond schemes. Increasingly, China is using U.S. capital markets, not only as a source of funding for its arms build-up, but also to cloak the efforts of its front companies in acquiring U.S. technology.

China's most conspicuous threats, however, have been reserved for Taiwan, a democracy and a long-time friend and ally of the United States. Taiwan, of course, poses no military threat to China. Only Taiwan's intolerable example of democratic self-government represents a threat to the Communist dictatorship on the Chinese mainland.

The United States should make it unambiguously clear to China that it will use any and all means necessary to help Taiwan defend itself against Communist aggression. This was the policy of every American President, Republican and Democrat, before the current Administration.

Since the 1996 crisis, the Clinton administration has stepped up pressure on Taiwan to enter into "interim agreements" with the Communists with the view toward the eventual reunification of the island with the mainland. This is intolerable! Taiwan is a free society of 22 million people. It is unthinkable, and a betrayal of our most sacred ideals, even to suggest that free people would be pressured by the United States into exchanging democracy for rule by a Communist dictatorship.

The U.S. went to war with Yugoslavia to guarantee self-determination for 1 million Kosovars. Will we abandon to the tender mercies of Beijing's Communists the 22 million free people of Taiwan? God forbid! It would be one of the greatest betrayals in history.

What, then, should our policy be in China?

I do not believe that we can, or should even try, to isolate China. Neither do I seek some kind of crusade against China. America does not need crusades abroad. But we do need principles, a moral framework for our policies, and this is what has been lacking in our relationship with China.

I am neither a protectionist nor an isolationist. I believe in free and fair trade among nations. Trade is a good and beneficial thing. I would follow the example of Ronald Reagan who, while avoiding protectionism, did not view trade and commerce as ends in themselves. The business of American foreign policy is not business. It is justice, freedom and security, not only for us, but for all peoples.

As for trade it must follow foreign policy, not lead it around by the nose. Trade and diplomacy go hand in hand. But if we must choose between our profits and our principles -- our principles must prevail. They must not be negotiable.

I would pursue a two-track approach to China.

First, I would ensure that we have the military means to defend America, our troops overseas and our allies. To checkmate China's growing missile threat we need to deploy an anti-missile defense system to protect our soldiers, sailors and airmen stationed in the Pacific. This defensive umbrella should include our friends in the region -- Japan, South Korea, Taiwan. We have the technical means to do this today. All that we lack is the political will.

Second, we should pursue a policy of "democratic engagement" with China. Our policy should be based on America's historical principles and ideals, and not just corporate greed.

A country, like an individual, must have integrity. A great nation cannot live a double life, affirming justice at home while tolerating evil abroad. We cannot be loyal to our principles at home and unfaithful to them abroad. We must have the moral integrity to remain true to our democratic principles everywhere in the world. Freedom belongs to the Chinese people no less than it does to Americans. Our Founders proclaimed to the world universal truths, that all men are created equal and endowed by the Creator with unalienable rights to life, liberty and the pursuit of happiness.

For China, this means that trade and commercial concessions must be conditional -- conditioned upon minimum standards of civilized behavior toward its own people and its neighbors in Asia. Chinese investment in the U.S. should be strictly monitored and severely limited. No more doing business with Chinese corporations that are fronts for the People's Liberation Army. Most Favored Nation trade status is our high card, our most powerful leverage over China's Communist leaders. Yet we are prepared to throw it away without obtaining anything from China in return.

To promote freedom and democracy in China, human rights issues must be addressed openly and repeatedly. Top U.S. officials should meet regularly with pro-democracy and pro-freedom leaders in exile from China, Hong Kong and Tibet. We should restore the rigorous system of monitoring technology transfers that was instituted by Ronald Reagan, but which has been all but swept away by the current administration's rush to trade with China.

I do not propose that we "turn our back on China," as some have misrepresented my position. Nor do I seek another Cold War. I do propose, however, that our approach to China be grounded in a larger moral purpose than mere profits, that it reflect the most cherished ideals for which our nation long has stood as a beacon of freedom and democracy and as a shinning city on a hill.

What does history ask of us at this moment? Only that we use, not squander, the great opportunities God has bestowed on us, that we honor the freedom that other Americans have won for us. It requires only faithfulness to our ideals and values. Thank you.

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