Hearings on Religious Persecution in China: Gare Smith Oral Testimony

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(Note: These are unedited and uncorrected transcripts

Gare Smith

MR. SMITH: Mr. Chairman, members of the Commission, we want to begin by thanking each of you for the leadership that you have demonstrated today during the past year and the years to come in promoting religious freedom worldwide, and I want to thank you for providing me with the honor to testify today.

I want to condense my comments -- you all have a copy of them -- in order to leave more time for questions, which I think will be more valuable to the Commission.

I've been asked to address the role of whether U.S. multinational -- a question whether U.S. multinationals can play a role in promoting religious freedom worldwide, particularly in China. I believe that they could play a limited but valuable role in promoting religious freedom, if encouraged to do so on a voluntary basis.

Business ties between the US and China are very large and they're growing. China is the fourth largest trading partner with the United States of America. Two-way trade last year amounted to nearly $95 billion. There are hundreds of US multinationals currently doing business in China. The American Chamber of Commerce in Hong Kong is the largest in the world.

Notedly and important for our discussion today, most U.S. multinationals operating in China do not have owned-and-operated facilities there. They source through other contractors in Chinese-owned facilities. During the past decade, US companies have helped China support rule of law, which helps business

and helps human rights. Moreover, a growing number of multinationals are working to increase respect for fundamental freedoms, including freedom of speech, assembly, association and movement. Although the overall effect of these efforts has been limited, they've set important precedents and facilitated the recognition of these rights.

To date, companies have paid very little attention to religious freedom, and this is the case for three reasons: First, business leaders don't see an automatic nexus between religious freedom and their business. Second, a lot of them are quite fearful of the reaction of the government of China should they stand up forcefully and speak up for fundamental freedoms. And third, to speak very frankly to the Commission, business leaders do not see promoting religious freedom as their business. For these reasons, it is my belief that any effort to mandate multinational support for religious freedom is bound to be met with hostility from the business community.

With that said, I think that if the Commission wants U.S. multinationals to exert leadership in this area, that it take steps to educate them and ask for their leadership. You'll find that some companies are perfectly happy to come forward and take those positions.

Recent history regarding these related issues suggests that some companies will be interested in freedom of religion. During the past decade, U.S. multinationals demonstrated an unparalleled interest in human rights issues abroad, particularly in third-world countries such as China.

Corporate initiatives promoting fundamental rights emerged in two manners. The first was through value-based decision making by industry leaders who are committed to improving the lives of their workers and who recognize the brand of their products is tied to socially responsible business.

Bob Haas, Chairman of Levi Strauss and Company, and John Kamm, president of Asian Pacific Resources, are two such examples. Under Bob Haas, Levi Strauss created the first multinational code of conduct in the world, which guarantees respect for the rights of workers worldwide. Based on that code, in 1993, the company announced it would terminate contracts in China due to concern that it could not guarantee respect for the rights of Chinese workers there.

John Kamm, who formerly served as chairman of the American Chamber of Commerce in Hong Kong,

has for a decade urged Chinese leaders to identify and release prisoners of conscience, including prisoners who had been jailed for their religious beliefs. It's been quite successful. He secured the release of many prisoners, including Catholic Bishop Zeng Jing Mu, and he saved House Church Pastor Li Dexian from a lengthy prison sentence. I think it's important to note, both for the Commission and for businesses in this testimony, that neither Levi Strauss nor Asian Pacific Resources was retaliated against by the Chinese government for any of their steps.

The second manner in which corporate initiatives promoting fundamental rights have emerged is through influence from external stakeholders; by that I mean labor union leaders, human rights groups, students, and the federal government. In 1995, the Clinton Administration released the Model Business Principles, which was a voluntary code of conduct under which companies assume responsibility through respect of fundamental labor rights, the human rights of their workers, and respect for their environment. The Best Practices Award was established by leaders in the corporate community who adhere to that code.

The following year, the Administration created the Apparel Industry Partnership in which textile and footwear manufacturers, working in conjunction with organized labor, human rights groups, and the National Consumers' Union, created the code of conduct to guarantee respect for the fundamental rights of workers worldwide. This partnership inspired companies subsequently to create a follow-up organization to have independent monitoring of compliance with that code.

Some companies have adopted stronger human rights stances, responding to the burgeoning anti-sweatshop movement. The anti-sweatshop movement on college campuses today is the largest human rights movement since the apartheid era. This movement is focused on the sourcing of products in developing countries such as China and has led multinationals to pay much greater attention to the working conditions under which their products are manufactured. As a consequence, many now regulate the conditions in facilities where they source, as well as their own facilities.

This past year, Levi Strauss & Company, Reebok, the shoemaker, and Mattel, the toy maker, joined labor and human rights groups in promoting the U.S. business principles for human rights of workers in China. This is a code made specifically for businesses operating in China.

The opportunities for leadership presented by the Administration through the Model Business Principles and the Apparel Industry Partnership, combined with the

anti-sweatshop initiative launched by external stakeholders, have led many multinationals to recognize that it is in their self-interest to protect the rights of workers, and have led to the widespread promulgation of codes of conduct and monitoring operations.

These developments demonstrate that business can be responsive to global human rights concerns. The challenge for this Commission, of course, is to determine, 1, how businesses can promote freedom of religion, and 2, how we can get businesses to promote freedom of religion.

In approaching the business community, I suggest it might be helpful to outline a series of tiered approaches, steps which companies could take to promote religious freedom. The most basic level of these approaches would be for companies to guarantee that no workers would be discriminated against in hiring or promotion on the basis of their religious beliefs. It seems rather straightforward and obvious to some of us, but in fact most businesses do not have such provisions and most codes don't. I'd say that the new OECD guidelines do, and Levi, Reebok and Mattel do; most do not. That has to be the base.

Companies interested in taking an additional step could ensure that workers worshiping on factory premises would not be censured or punished for doing so. One step a little bit higher would be workers wishing to worship on factory premises could be given a specific place to worship, either in private or to congregate with others.

This may sound a little goofy if we think of factories here in the United States and someone wanting to worship for an extended period of time between 9:00 and 5:00. You have to understand that most factories in China, people live hundreds or thousands of miles away. They live in dormitories at the facility itself. So providing a space where people can worship would be a tremendous step for religious freedom.

Next tier, one higher, companies could follow in the footsteps of John Kamm and adopt local individuals who have been arrested for freedom of religion or freedom of other fundamental beliefs. Go to the local authorities and suggest that these people be released. The final step, taking it up to the top, companies could come straight out to government officials and request that the government officials respect their own Constitution, guaranteed freedom of religion, and stop arresting people. That, of course, would be a very high level to get to, but some may.

Inevitably, company leaders who are really interested in freedom of religion will come up with their own initiatives, probably better ones than I have suggested right now. I think, accordingly, the Commission might want to recommend the creation of a high-profile award similar to the Ron Brown Award for corporate achievement by which these company leaders could be distinguished. The Commission might also recommend the creation of a presidential roundtable whereby leaders of like mind in promoting freedom of religion might compare ideas and codes and learn together.

Since we are talking about the business community, of course, fiscal incentives are something that tend to wake business leaders up. The government already provides grants and loans to businesses that are doing good works in the United States; for example, rehabilitating inner cities or developing inner-city school systems. Why not provide help to companies that promote religious freedom and other fundamental freedoms outside the United States? A small break on import/export bank loans might be such a way to help secure the interest of some business leaders in doing this.

I have one additional point which is not in my written testimony, and that is that time and time again, we, as American citizens, as Commissions and members of Congress, hold U.S. business leaders to a higher and higher level of responsibility for human rights standards, for the workers' standards, for the labor rights standards, and environmental standards. I think that's right. I think we should be.

The problem is that their competitors worldwide are not held to that standard. Companies in Germany, companies in France, companies in India, companies in other countries around the world sometimes use that as a competitive advantage in pushing against American companies that are trying to promote these ideals. For that reason, it might behoove this Commission to try and internationalize this process, perhaps to make a recommendation to the Administration to raise the principles and values you come up with before the OECD, before the Council in Europe, before the United Nations Human Rights Commission, to try and commit other nations to push the same values with their businesses.

It would not be a service to this Commission if I were to be Pollyannaish about the likelihood of a strong response from the business community to run out and approach religious freedom. It's not likely to happen. With that said, if we look at what's happened in the last ten years around the world, particularly in China, I think we can find that some U.S. multinationals can be our greatest ambassadors in promoting fundamental human rights and respect for the ideals that we all share. And I think if this Commission encourages the Administration and the Congress to take steps to encourage them -- educate and encourage them to do so, then you will find that there is corporate leadership.

Thank you very much.