

Committee on Resources

Full Committee

Witness Statement

TESTIMONY BY STEVEN R. GALSTER, EXECUTIVE DIRECTOR

GLOBAL SURVIVAL NETWORK

BEFORE THE HOUSE COMMITTEE ON ENERGY AND RESOURCES, CONCERNING THE U.S. COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

SEPTEMBER 16, 1999

TESTIMONY PRESENTED BY:

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TESTIMONY BY STEVEN R. GALSTER, GLOBAL SURVIVAL NETWORK, BEFORE THE HOUSE COMMITTEE ON ENERGY AND NATURAL RESOURCES, SEPTEMBER 16, 1999, CONCERNING THE U.S. COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS (CNMI)

American traditions of fairness and human rights are routinely violated in the U.S. territory of the Commonwealth of the Northern Mariana Islands (CNMI) -- and they will continue to be violated so long as the U.S. Congress gives the CNMI government control over immigration and labor there. Although not always apparent to visitors, debt bondage is a way of life for many foreign workers living in the CNMI. Taking full advantage of the CNMI's special status as a U.S. territory -- a territory that is not, in effect, fully bound by U.S. laws-- foreign corporations, Chinese employment agencies, criminal human traffickers from across Asia, and opportunistic middlemen from the CNMI have profited enormously at the expense of thousands of foreign workers in search of jobs in the USA. They have also made a mockery of our government's reputation as a leader of human rights. Instead of finding the dollars and democracy most workers seek in CNMI, many become trapped in debt-bondage situations, often with no one to look to for help.

This situation has gone on long enough. The question remains: what are those who can do something about this situation -- the House and Senate Energy and Resource Committees in particular-- going to do about it?

If past serves as prologue, so long as the characterization I just gave of the situation in CNMI remains in question, I fear that very little will be done. Word has already circulated that opponents of reform in CNMI are anxious to pin the blame for any wrongdoings in CNMI on our federal agencies.

The situation I depicted above may not be fully evident to a Congressperson during a highly visible, 3 day visit to Saipan, but it is quite real.

The basic problem is NOT that existing US laws are not enforced by federal agencies on Saipan. The basic problem is a systemic one: Congress has allowed a situation to develop in which the transplanted Asian garment industry simultaneously enjoys a substantial -perhaps \$200,000,000 a year-tax break, while flooding the local CNMI labor market with tens of thousands, powerless foreign workers. The industry is protected by U.S. tariffs, but the workers lack federal protections.

The picture I draw of the CNMI stems from my organization's research into human trafficking operations in the CNMI. Global Survival Network (GSN) is a human rights organization with a solid and extensive record for investigating cases of human trafficking around the world. Our investigative work on trafficking of women and girls for forced prostitution out of the former Soviet Union and into Europe, Asia and the United States was the focus of major media exposes carried by CNN, New York Times, US News and World Report, ABC, BBC, and a host of other overseas media outlets. The US State Department collaborated with GSN to educate women and girls in Eastern Europe of potential dangers posed by deceitful and abusive human traffickers abroad. GSN's research and recommendations are also the focus of 2 pieces of legislation aimed at combating human trafficking, which are currently being circulated in the US House and Senate chambers. GSN's investigative work on Saipan is detailed in this report, "Trapped," which was the focus of an ABC 20/20 show on Saipan in late May, 1999.

During GSN's earlier investigation into Russian Organized Crime involvement in international sex trafficking operations, a place called Saipan came up a number of times as a destination point for Russian women, as well as women from Asian countries, trafficked to service sex tourists. Typical of other trafficking cases, we heard that Russian and Asian women paid exorbitant recruitment fees to secure jobs as waitresses earning U.S. dollars in Saipan for periods of 3 to 12 months at a time. The women assumed that they would earn far more than the debt they incurred when "buying" their job, and many assumed they would be working as waitresses. We extended our investigation to the CNMI in 1998 and 1999 to have a closer look.

In preparing for our investigation, we learned that other foreigners were also buying jobs to work in Saipan, most securing menial positions with the Saipan garment industry. We read numerous accounts of alleged employer abuse, including recruitment by deceit, and working under coercive and/or debt-bondage situations. We could also see that these allegations were strongly denied by the garment industry, CNMI officials, and even some US Congresspersons.

Employer watchfulness and intimidation of workers --be it in brothels or garment factories-- makes it difficult to obtain reliable information through traditional journalism and interviewing methods. By the same token, employers may not comfortably share with researchers the true nature of their employment and supervisory techniques, for fear of saying something that will be taken out of context and used against them unfairly.

In response to these constraints, GSN adopted unconventional research procedures to document the existence or non-existence of human trafficking in the CNMI. Leading this research team, I posed as an apparel company representative interested in placing an order with Saipan-based factories. Employers felt comfortable talking to me because they saw me as a potential buyer. Another GSN researcher posed as an academic researcher interested in migrant workers. Workers felt comfortable telling their story to her because she was able to meet the workers outside their workplace, and because the workers were never asked to provide their personal identity. On both levels of inquiry, we challenged our interviewees to back up their statements.

Travelling between executive garment offices in Hong Kong and factory floors in Saipan, not to mention workers' barracks, we learned and documented the following facts (some of which continue to be backed up

by weekly reports from our sources in Saipan):

* Most foreign workers in CNMI are working and living under debt bondage: they have incurred between \$1,500 and \$12,000 in "recruitment fee" debts for the right to have a job in CNMI. They are obliged to pay back this debt or face serious consequences, including physical harm, and possibly even death, to themselves or their families.

* In many cases, a foreign worker in CNMI will have to work one full year or more, at 60 hours per week, to pay off their debt, before they start to earn money for themselves.

* Once on Saipan, most of these foreign workers give up their right to change jobs or return home because they have signed a contract in their own country stating a commitment to work for their original employer. Specifically their boss, in effect, has the power to deny them a job transfer. This was explained to us by workers and employers alike. Several security guards and sewers working for garment factories matter-of-factly stated that if they took their respective complaints about non-payment and employer harassment to the local Department of Labor and Immigration (DOLI) they would lose their chance at having any job in the CNMI, which, given the debt they had to pay off, was not a viable option.

* This letter was written two weeks ago by a Chinese woman in Saipan who faces deportation 6 weeks from now because she has been black-listed by her former employer, who she left and complained about to a US media company. The power of her former employer extends back to China. She wrote that he told her "Don't you dream, we will not agree on your date extension. You should go back to China as soon as possible, and upon return to China, we will have to deal with your matter."

A Saipan garment factory boss confirmed that he and other employers have such power. He told me that if a worker in his factory wants to transfer to another, the CNMI government will ask him if he approves of the transfer, and usually he will say "no."

* Workers who do manage to leave their abusive employers are often forced to "buy" their new job, usually at a rate of \$1,000. Two months ago, several Bangladeshi workers secretly recorded a garment factory employer offering jobs for \$1,000 apiece. This practice is widespread.

* Chinese criminal money lenders operate on Saipan with impunity, offering desperate workers cash to buy jobs or for other purposes. Interest rates are rates as high as 30%.

* Many foreign women and some girls have been deceived by traffickers who promised jobs as waitresses, but upon arrival on Saipan they are forced into prostitution, sometimes working in Chinese and Japanese owned clubs run by what the women described to me as "Mafia."

* Many garment workers are still working in squalid conditions. Specifically, I witnessed fire hazards in factories, air unfit for breathing in others, dirty and cramped living quarters, and unsanitary water conditions.

* Garment factory bosses are known to prepare their factories and workers for visits by US legislators or garment monitors, by warning workers not to speak badly about their jobs, and by cleaning up factory floors in advance of the visit.

* Domestic servants in CNMI are often abused psychologically and sometimes physically by their employers, who often pay them late, and sometimes not at all.

* The CNMI government is neglectful of, and sometimes complicit in, labor abuse. Job permits have been sold by CNMI officials to traffickers, who turn around and sell jobs --sometimes non-existent ones-- to foreign workers. The Department of Labor and Immigration does not always thoroughly investigate some

workers complaints against garment employers because the CNMI government wants to maintain an amiable relationship with this industry. The example I gave earlier of the secretly recorded conversation of an employer selling jobs to out of work foreigners took place inside the office of the Department of Labor and Immigration in Saipan.

* CNMI politicians and CNMI-based businessmen feel free to abuse workers because:

-(a) the local government agency in charge of investigating labor abuse, the Department of Labor and Immigration (DOLI) is less than diligent in investigating allegations of abuse;

-(b) the US Department of Labor has limited authority in investigating individual complaints. (See * below for details).

-(c) they have learned that window dressing for visits by US federal officers or Congressmen is enough to deter reform efforts, even though some of this window dressing has been exposed as very superficial, evidenced recently by a serious water contamination case at the best factory in Saipan.

-(d) they feel that they have close friends in high places that will staunch efforts at reform, specifically high level US Congressmen.

On this last point, and then I will close, it is worth pointing out that the very top garment executives, as well as some CNMI legislators I met, felt completely immune from any potential Congressional reform efforts in CNMI. They claimed that House Majority Whip, Tom DeLay would manipulate congressional processes to prevent CNMI labor reform. The exact words of one executive, which summed up this feeling of immunity, were these: "You know what Tom told me? He said, [name of executive], if they elect me as majority whip, I make the schedule of the Congress. And I'm not going to put in on the schedule. They got to go through all the committees before they come to me. Even if it comes to me, I'm not going to schedule it. What, are they going to have a motion to get it from my committee, they will not do that --who are you? So Tom told me, forget it...not a chance."

This same executive, who holds more sway with the CNMI government than any one person, added: "[Tom DeLay] called up the guy who is charge of the committee, his name is Don Young from Alaska...And he said Don, nothing wrong with CNMI. He say, you gotta go there. If this is slave labor, mistreatment, those kind of thing, go after them. It's all not true...You guys are trying to do something right into wrong. Tom explained to them. So, Don Young backed off."

I hope that this Committee is not really backing off the issue of reform in CNMI.

There are many people in the CNMI, together with their families back home, who anxiously await the outcome of these hearings. Indulge me one last time as I read another quote from the letter written by the Chinese worker in Saipan, who has exhausted all available channels for help in Saipan, including the very committed, but limited US federal offices. If you think this is manipulative, just remember that this story is typical of what so many foreign workers have to tell from their experience in the US Commonwealth of the Northern Mariana Islands. This letter was written on August 30, 1999:

"Currently, my situation is very difficult. If I return to China, its governmental International Company [the agency that recruited her to work in Saipan and charged her for the job] would seek revenge and punish me; if I don't go back to China, my life is threatened here. Everyday, I am on tenterhooks, hiding while seeking jobs that are not to be found. I can't support myself for basic expenses, such as food, rent and going to the doctor. Now, I am at the end of my rope. I once asked for help from relevant U.S. departments in Saipan. I never got any answers. I am beginning to think it may be true that the U.S. government really has used me up, and doesn't care about my life or death??? Therefore, I ask you, Congress, etc. to help me. If you don't help me, and I continue to live like this, I may die in Saipan. I have reached the stage of collapse. Please

give me a hand.!!!"

Please give this woman, and many other foreign workers like her in CNMI, a hand. Please extend the Immigration and Nationality Act, and the Fair Labor Standards Act of the United States, to the CNMI as soon as possible. Congress has denied to the states, such as Alaska, the power to control their own immigration and minimum wage laws, but it has given these same powers to CNMI politicians, who are mainly influenced by Asian garment companies that care first and foremost about profit, and little if anything about human rights for their workers. That was a mistake that Congress can change by a majority vote. Thank you.

footnote:

* The U.S. Department of Labor's Wage Hour Division has the authority to investigate cases involving non-payment of appropriate overtime wages referred from the CNMI Department of Labor and Immigration or directly from workers. Both agencies, however, lack the authority to look into cases of unpaid regular wages. The federal Wage Hour Division only intervenes to examine businesses with more than \$500,000 in wages annually, thus, only in cases involving multiple employees and egregious overtime violations.

SUPPLEMENTAL SHEET

TESTIMONY PRESENTED BY:

STEVEN R. GALSTER

EXECUTIVE DIRECTOR

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BEFORE THE HOUSE COMMITTEE ON ENERGY AND RESOURCES, CONCERNING THE U.S. COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

SEPTEMBER 16, 1999

TOPICAL OUTLINE OR SUMMARY:

American traditions of fairness and human rights are routinely violated in the U.S. territory of the Commonwealth of the Northern Mariana Islands (CNMI) -- and they will continue to be violated so long as the U.S. Congress gives the CNMI government control over immigration and labor there. Although not always apparent to visitors, debt bondage is a way of life for many foreign workers living in the CNMI. Taking full advantage of the CNMI's special status as a U.S. territory --a territory that is not, in effect, fully bound by U.S. laws-- foreign corporations, Chinese employment agencies, criminal human traffickers from across Asia, and opportunistic middlemen from the CNMI have profited enormously at the expense of thousands of foreign workers in search of jobs in the USA. They have also made a mockery of our government's reputation as a leader of human rights. Instead of finding the dollars and democracy most workers seek in CNMI, many become trapped in debt-bondage situations, often with no one to look to for help.

The basic problem is NOT that existing US laws are not enforced by federal agencies on Saipan. The basic

problem is a systemic one: Congress has allowed a situation to develop in which the transplanted Asian garment industry simultaneously enjoys a substantial -perhaps \$200,000,000 a year-tax break, while flooding the local CNMI labor market with tens of thousands, powerless foreign workers. The industry is protected by U.S. tariffs, but the workers lack federal protections.

Congress has denied to the states, such as Alaska, the power to control their own immigration and minimum wage laws, but it has given these same powers to CNMI politicians, who are mainly influenced by Asian garment companies that care first and foremost about profit, and little if anything about human rights for their workers. That was a mistake that Congress can change by a majority vote.

RECOMMENDATIONS:

Extend the Immigration and Nationality Act, and the Fair Labor Standards Act of the United States, to the CNMI as soon as possible.

DISCLOSURE REQUIREMENT

Required by House Rule XI, clause 2(g)

and Rules of the Committee on Resources

* This part is to be completed by all witnesses:

* Name: Steven R. Galster

* Business Address: 1201 U Street, Northwest, Washington, DC 20009

* Business Phone Number: 202-387-0028

* Organization you are representing: Global Survival Network

* Any training or educational certificates, diplomas or degrees or other educational experiences which add to your qualifications to testify on or knowledge of the subject matter of the hearing:

M.A. in International Affairs and Security Policy Studies from George Washington University

* Any professional licenses, certifications, or affiliations held which are relevant to your qualifications to testify on or knowledge of the subject matter of the hearing:

Certificate in Intelligence Training from the California Department of Justice, April 1999.

* Any employment, occupation, ownership in a firm or business, or work related experiences which relate to your qualifications to testify on or knowledge of the subject matter of the hearing:

As Executive Director and Lead investigator for the Global Survival Network, I have led 7 investigations relating to human trafficking around the world. I was also the co-author of several reports on this subject, including "Crime and Servitude: the trafficking of women for Prostitution from the Newly Independent States" (1997), and "Trapped: Human Trafficking for Forced Labor in the U.S. Commonwealth of the Northern Mariana Islands" (1999). I also co-produced a video documentary on trafficking called "Bought and Sold," which has been broadcast in Ukraine, Russia, and shown at numerous USIA seminars addressing trafficking, as well as State Department training sessions for foreign service personnel. Additionally, I have co-authored a chapter in a new book, "Illegal Immigration and Commercial Sex, the New Slave Trade," (1999). Film and findings from investigations I have led on this subject have been the focus of numerous media stories carried by CNN, ABC, BBC, New York Times, U.S. News and World Report, and

Washington Post, among others.

* Any offices, elected positions, or representational capacity held in the organization on whose behalf you are testifying:

I am the Executive Director of Global Survival Network, which as a Human Trafficking Program

* To be completed by nongovernmental witnesses only:

* Any federal grants or contracts (including subgrants or subcontracts) which you have received since October 1, 1994, from federal agency, the source and the amount of each grant or contract:

None.

* Any Federal grants or contracts (including subgrants or subcontracts) which were received since October 1, 1994, from federal agency by the organization(s) which you represent at this hearing, including the source and amount of each grant or contract:

None

* Any other information you wish to convey to the committee which might aid the members

of the committee to better understand the context of your testimony:

Please see testimony. For more information, please feel free to access our report, "Trapped" on our web site: www.globalsurvival.net

Thank you.

ATTACHMENT TO ACCOMPANY:

TESTIMONY PRESENTED BY:

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SEPTEMBER 16, 1999

Wan Lan: Chinese-English Literal Translation, Written in Saipan

Dear respectful Mr. Steph gelster:

My name is Wan Lan. I am a Chinese laborer working in Saipan Island. I am writing to especially tell you

about my persecution and the difficult situation that I am in after I complained about my employer. I hope you will find time in your busy schedule to help me, a helpless, pitiful person.

In 1996, I was introduced by a Chinese governmental organization Jiangxi Province International Company to come to work in MGM Junior clothing company in Saipan. In 1998, ABC television station in New York broadcasted my complaint about my employer regarding human rights problems, etc. The complaint generated strong repercussions in all walks of society. My employer's shame turned to anger and he directed a subordinate to wound me (I have the picture of my wound and the diagnosis from the doctor). Taking advantage of my not knowing English, he had me detained in a police station for a day and a night. Then, he fired me. After I lost my job, I went to work as a TWA temporary worker for three months in another clothing factory, UK Company. Since I am a serious worker, the UK Company was ready to transfer me into a regular company worker job. Once my original employer, MGM Junior, found out about this, he tried very hard to stop this and I lost another job. After this, I paid a \$1,000 fee to ask some go-between person to introduce and transfer me to Mariana Fashion Corp. (Because Saipan is currently very corrupt, in order to get to work in a

clothing factory, the employer, the director, and the local manager all ask for a fee which is kept secret). Little did I know that MGM Junior had called my new employer and attacked me, which cost me not only a job opportunity but also \$1,000. After this, I looked for jobs in many clothing factories, but once they heard my name, they rejected me. Finally, I knew it was MGM Junior who had called all the companies and had asked them to reject me. Although, I looked for jobs in stores and restaurants, I got the same treatment. The MGM Junior employer once said that he was going to get revenge and put me to death.

Now, I am facing the November 6, 1999 expiration date of my business passport. According to Chinese government regulations, the extension of the expiration date should be approved by Jiangxi International Company. Yet, the staff from the International Company says: "Don't you dream, we will not agree on your date extension. You should go back to China as soon as possible, and upon returning to China, we will have to deal with your matter." The reason that they treated me as such is because I was the one who originally complained about the MGM Junior employer, and I also got on the ABC station to lead people to go to the federal Labor Department to be witnesses, and become witnesses for the U.S. lawyers' class action case to sue the Saipan clothing business for \$1 billion compensation. At that time, the International Company once warned me not to sue or to lead others to sue. It said that the Americans were using me and once they finished using me, they would kick me out and never pay attention to me. It also said that if I sue, it would have a negative impact on the clothing business in Saipan, which would directly have a negative effect on the International Company's transport labor business and cause the company big economic losses since each laborer pays 30,000 to 45,000 yuan Renminbi. According to our knowledge, the company and the employer would divide the money equally.

There were even more frightening things happening a few months ago after I took quite a few people to the federal Labor Department to sue. Also, I appeared for the second time on the New York ABC station, etc. I was threatened many times on the telephone that if I continue to lead people to sue, I would be killed. The person who threatened me said that he is part of the mafia sent by the clothing factory. At that time I asked for help from the federal Labor Department. I got immediate protection from people sent by the FBI for a few days. Since the criminal wasn't caught, the case was set aside. I can't think straight, wondering whether or not these departments would only protect me after I am wounded or dead. If I really have to wait until then to get protection, why would I need their help and what would be the use of such help???

Currently, my situation is very difficult. If I return to China, its governmental International Company would seek revenge and punish me; if I don't go back to China, my life is threatened here. Everyday, I am on tenterhooks, hiding while seeking jobs that are not to be found. I can't support myself for basic expenses such as food, rent, and going to the doctor. Now, I am at the end of my rope. I once asked for help from relevant U.S. departments in Saipan. I never got any answers. I am beginning to think it may be true that the

U.S. government really has used me up, and doesn't care about my life or death???

Therefore, I had to ask you, Congress, etc. to try to help me. If you don't help me, and I continue to live like this, I may die in Saipan. I have reached the stage of collapse. Please give me a hand!!!

Pleader for help: Wan Lan

August 30, 1999, written in Saipan

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