

Prepared Statement of
Ted C. Fishman

**Subcommittee on Courts, the Internet, and Intellectual
Property,
House Committee on the Judiciary**
Lamar S. Smith, Chairman
Howard L. Berman, Ranking Minority Member

Oversight Hearing on "Intellectual Property Theft in China."
Tuesday 05/17/2005, 10:00 AM
2141 Rayburn House Office Building

Let me start with two bold statements. Intellectual property is now the most important issue in the economic relations between the United and China. Convincing the Chinese to consistently enforce laws that protect intellectual property, especially intellectual property held by foreigners, will be impossible without a powerful assertion of American interests. My hopes for my testimony are to explain why China's current, exceedingly loose intellectual property regime is one of the engines of the country's amazing economic growth and thoroughly in that nation's interest. I will offer what I think are the essential choices we Americans must make in addressing China's intellectual property regime, choices that often pit one strong interest—such as our interests as consumers in search of low prices-- against others—such as our need to protect America's knowledge economy.

Let me describe briefly the Chinese economic miracle which must be the backdrop for this discussion. Every since the Chinese economic reforms began in earnest a little more than two decades ago, China has been growing faster than any large economy in the history of the world. China's actual growth statistics are a source of considerable controversy, but even conservative estimates are impressive. As a nation, China has almost certainly enjoyed an average growth rate above 8 percent for two decades running. China has lifted 400 million people out of the lowest depths of poverty, and in twenty years has seen the incomes of the average household climb four-fold. In a country where recently private enterprise was strictly forbidden, and where the government owned every business, the land under every home, and even the pots, pans forks and knives in the kitchen, there are today 85 million private businesses. The United States, in contrast, has around 25 million private businesses. In other words, the Chinese Communist Party has overseen the one of the greatest capitalist flowerings the world has ever seen. It is hard for Americans to imagine leaders who proudly call themselves Communists allowing such rampant and successful commercialization, and harder still to see how communism has nevertheless informed China's transformation. Yet, when looking at how China's government will act in the future, it pays to see how the country's communist leaders act for their country's welfare, rather than to take to usual tact, which is to demonize the Communists and to see them at odds with the best interests of the Chinese people. Make not mistake: I have strong reservations about China's government and sincere hope that China will look more like our democracy over time. Even so, in the context you addressing today, we must acknowledge, and

