

## CHAPTER 5

# CHINA'S MEDIA AND INFORMATION CONTROLS—THE IMPACT IN CHINA AND THE UNITED STATES

“The Commission shall investigate and report exclusively on—  
...  
“FREEDOM OF EXPRESSION—The implications of restrictions on speech and access to information in the People’s Republic of China for its relations with the United States in the areas of economic and security policy. ...”

### **The Background of China’s Propaganda Apparatus**

The propaganda system of the People’s Republic of China (PRC) exercises control of information as a form of state power. It does not limit itself simply to monitoring and censoring news but instead has developed into “a sprawling bureaucratic establishment, extending into virtually every medium concerned with the dissemination of information. . . .”<sup>1</sup> The list of institutions subject to the authority of the Chinese Communist Party’s (CCP) Central Propaganda Department (hereafter “Propaganda Department”) includes not just traditional media outlets such as newspapers and television stations but also public and party educational institutions as well as cultural and entertainment institutions such as musical and theatrical performance troupes, film studios, clubs, libraries, and museums.<sup>2</sup> National-level policy directives related to media and information control formulated by the senior party leadership flow downward through the Propaganda Department, which then exercises its supervisory authority over media outlets and other subordinate entities. The Propaganda Department is both a highly influential and highly secretive body: it is not listed on any official diagrams of the Chinese party-state structure, its street address and phone numbers are classified as state secrets, and there is no sign outside the Propaganda Department’s main office complex in Beijing.<sup>3</sup>

The Propaganda Department’s authority has little de jure basis in codified law, but its de facto power over entities that disseminate information is considerable. Anne-Marie Brady, senior lecturer in the School of Political Science and Communication at the University of Canterbury, has noted the Propaganda Department’s preference for issuing oral instructions rather than written policy statements and described this as “a deliberate attempt to avoid a paper trail and a mark of evidence that the CCP recognizes the

shaky legal grounds for the [Propaganda Department's] powers.”<sup>4</sup> Jiao Guobiao, a former professor of journalism at Beijing University, created a sensation in 2004 with an Internet article that referred bitterly to the Propaganda Department as “a dark empire in which the rays of law do not shine” and harshly criticized it for claiming a monopoly on truth and for protecting corrupt interests at the expense of common people.<sup>5</sup> Following the posting of that article, Jiao was blacklisted from publication and later fired from his job.<sup>6</sup>

### **Control Exercised by the Propaganda Authorities Over Personnel Appointments**

The Propaganda Department maintains control over media and other information outlets through its authority over personnel appointments in a broad swath of the Chinese bureaucracy and media. The Propaganda Department and its provincial subordinate branches have broad authority over all senior personnel in the education, media, and cultural sectors and initially vet candidates who then are formally appointed by the CCP's Central Committee Organization Department or by local CCP committees.<sup>7</sup> The list of agencies and institutions subject to Propaganda Department approval for appointments includes but is not limited to the Xinhua News Agency; flagship newspapers such as the *People's Daily*; the State Administration for Radio, Film, and Television, and the General Administration for Press and Publications, which exercise direct authority over broadcast media and print media, respectively; the Ministry of Culture; and professional associations of artists and writers.<sup>8</sup> This wide-ranging authority gives the Propaganda Department enormous indirect control over information content without the need for direct intervention in the day-to-day operations of all these institutions.

Many western academics and officials may be unaware that the personnel of prominent academic institutions in the PRC also are subject to Propaganda Department approvals. The Chinese Academy of Social Sciences, for example, which performs social science research work in conjunction with many western academic institutions, is subject to the “guidance” of the Propaganda Department,<sup>9</sup> and its leading personnel are considered to be of sufficient importance to be mutually selected by the Propaganda Department and the CCP Central Committee.<sup>10</sup>

The Propaganda Department has been one of the state entities involved since the early 1990s in an active effort to co-opt academics and promising students into party membership and loyalty by offering them greater opportunities for employment, career advancement, and other perks.<sup>11</sup> This means that western academics and other influential shapers of public opinion who conduct research and academic exchanges with Chinese interlocutors are working alongside individuals who have been selected at least in part for their assessed reliability in conveying the propaganda narratives of the CCP.

The central role of the Propaganda Department is to maintain the regime in power. As its Director Liu Yunshan said in 2003, “One of the primary tasks of journalists is to make the people loyal to the Party.”<sup>12</sup> President Hu Jintao has reinforced this task, stating in a speech in June 2008 that the first priority of journalists is to “correctly guide public opinion” in support of the party.<sup>13</sup> However, the ideological rationale for the work of the propaganda apparatus extends beyond this political role, encapsulating a vision of the state as the rightful mentor for the thinking of its citizenry. Dr. Brady has quoted a Chinese official as stating that “propaganda work is spiritual work” and that propaganda officials are like priests guiding their flock.<sup>14</sup>

In line with this concept of “guiding” thinking, the propaganda apparatus does not limit its efforts solely to the suppression of unwelcome information. The system focuses on proactive propaganda, shaping messages in the media and entertainment fields that it believes its target audience should receive and the ideas it should believe.<sup>15</sup> Chinese Internet expert Xiao Qiang testified that Chinese Internet executives receive messages several times a day via cell phone, e-mail, or text messages, providing them with instructions on the shaping of content on their Web sites.<sup>16</sup> Similarly, journalists are subject to regular mandatory meetings with propaganda officials to receive directions on news content and since 2003 also have been subjected to intensified political study classes intended to tighten the party’s ideological control over the media.<sup>17</sup> This attitude on “guiding” the thinking of the public also extends to foreign journalists: One western reporter described being scolded by Chinese officials in 2008 for the failure of western journalists to “do more work aimed at leading public opinion in an impartial ... way.”<sup>18</sup>

### ***The Concept of “Information Sovereignty”***

The CCP also has sought to justify its restrictions on information with an element of nationalist pride by invoking the concept of “information sovereignty.”<sup>19</sup> This concept posits that all states manipulate information for their own ends and that the media outlets of western countries are manipulated by their governments to present news in a fashion that is hostile to China. What arises from this approach is the rationale that the Chinese state must monitor and control the information available to its citizens in order to protect them from “information hegemony.”<sup>20</sup> This is particularly the case when that information might come from a foreign source. One article from a Chinese legal journal introduces the concept this way:

*Information sovereignty is a new form of sovereignty against the backdrop of the internet and globalization, meaning the ability of a country to protect, manage, and control information. There are natural contradictions between sovereignty and the internet’s open, virtual, and globalized character. The globalization of information against the backdrop of the internet presents a severe test to traditional sovereignty, and developing countries are faced with the threat of information hegemony.*<sup>21</sup>

Such warnings about “information hegemony” are not isolated instances: officially sanctioned commentators in the media have criticized U.S.-based media outlets for disturbing the “ideological mindsets and cultural foundations” of other countries by exporting U.S. values and have asserted that Chinese people “must be serious and vigilant” in the face of “U.S. cultural hegemony assaults and infiltration.”<sup>22</sup> He Qinglian, a former journalist from China, has asserted that pervasive propaganda has convinced many Chinese youth of the veracity of such assertions. She indicates that her research supports that “it is not uncommon for young people to hold the view that ‘as a scientific and technological superpower, America controls the main web portals and uses them to promote its hegemony.’”<sup>23</sup>

Anxieties on the part of the propaganda authorities regarding their ability to maintain “information sovereignty” go beyond content. There also are concerns about foreign entities acting as conduits of information, particularly western companies acting in the role of Internet service providers. Expressing alarm that foreign companies could be the conduit for information relayed to Chinese citizens, one article from the *People’s Daily* has asserted the need to develop further domestic Chinese Internet services and blogging portals so that reliance on those provided by foreign companies can be reduced or avoided:

*In the internet age, the virtual behavior of citizens on-line must also abide by our national basic laws and regulations, and the digital foundation of the on-line activities and existence of our citizens comes in a variety of forms (such as blog service). . . . Currently, in considering the supply of blog site service providers to our domestic netizens, except for a few large-scale domestic blog service providers . . . there is no shortage of foreign blog service providers such as MSN Space . . . although netizens may register domestically, their activities, information, and data are in the hands of foreign service providers, leading to a weakening of the foundations of our citizens’ information sovereignty, and what is most fundamentally shaken in this is the foundation of national information sovereignty.*<sup>24</sup>

Such statements suggest aspirations to construct a future Internet infrastructure entirely internal to China. Jiang Mianheng, vice president of the Chinese Academy of Sciences and son of former President Jiang Zemin, has voiced support for such an idea, stating that “China needs to build a national internet network that is separate from the World Wide Web.”<sup>25</sup> However, it remains to be seen how broadly this view is held among China’s leadership or how far the government might go toward implementing such a goal.

The idea of “information sovereignty” appears to reflect a deep-seated fear on the part of party leaders that sources of information coming from abroad—particularly those originating in the United States—are potentially linked to active efforts to subvert CCP rule. Officially sanctioned PRC media articles reveal great anxiety about “color revolutions”—i.e., the nonviolent protest movements such as the “Orange Revolution” in Ukraine, the “Rose Revolution” in Georgia, and the “Tulip Revolution” in Kyrgystan—that overthrew au-

thoritarian post-Soviet governments in those countries. In the context of explaining why Beijing had maintained restrictions on the ability of foreign newspapers to publish in China, Shi Zongyuan, the head of the State Press and Publications Administration, said in late 2005, “When I think of the ‘color revolutions,’ I feel afraid.” Shi’s statements were paralleled by the August 2005 announcement of regulations intended to “defend cultural security” by restricting foreign involvement in the media.<sup>26</sup>

### **Means of Information Control Exercised by the Propaganda System**

The control exerted by the Propaganda Department and its subordinate bodies is not absolute. Some observers have conceded that there has been some relaxation of controls on social issues that do not directly challenge the authority of the CCP,<sup>27</sup> and there is considerable reporting in the Chinese media on social issues and popular culture that would have been unthinkable prior to the beginning of the reform era. On economic affairs, the party trumpets rapid economic growth benefiting all strata of Chinese society. Media officials have been advised since 1989 that they have wider latitude to report on economic issues under guidance that “political topics are sensitive, economic topics are relaxed.”<sup>28</sup>

The emergence of commercial pressures and incentives on media outlets has added new dimensions to the efforts of China’s propaganda authorities to control information. Commercial incentives provide some impetus for more independent editorial initiative and more aggressive investigative reporting. For example, bonuses make up a large percentage of the salary of Chinese journalists—with the popularity of their reports being a critical factor in determining the extent of their bonuses—thereby providing a strong incentive to publish material that will grab public attention. However, this factor can cut both ways: Because Chinese journalists are so dependent on bonuses, they also have a powerful incentive to avoid risking them by running afoul of the authorities, and therefore they may engage in self-censorship.<sup>29</sup>

The proliferation of news outlets also has created a phenomenon sometimes called “information cascade,” in which information suppressed in one region can be published or disseminated in another region, thereby making censorship more difficult.<sup>30</sup> One example of “information cascade” was seen in the aftermath of the tragic Sichuan earthquake of May 2008. Although there was a brief period of increased media openness in the immediate aftermath of the quake, authorities moved quickly to reassert central control of the media narratives surrounding the quake relief effort.<sup>31</sup> However, government efforts to suppress reports of official malfeasance—such as alleged negligence and corruption related to the shoddy construction of school buildings and the resulting loss of life among schoolchildren—were frustrated by the movements of reporters across provincial boundaries. In late May, the Guangzhou-based newspaper *Southern Weekend* ran a report about the school collapses, which included interviews with education officials indicating that the collapses could not be blamed on the quake alone. As stated by one journalist from Guangdong who was dispatched

to Sichuan to report on the quake, “It is usually easier for us to write reports critical of local governments elsewhere.”<sup>32</sup>

## **Chinese Press Freedom Over the Past Year**

### ***Media and Information Control Related to the Olympics***

In 2001, when the International Olympic Committee was considering Beijing as a venue for the 2008 Olympics, officials of the Chinese government made public promises that media freedom would be respected if Beijing were to be selected as the site of the games. Wang Wei, secretary general of the Beijing bidding committee, said, “I think we will give the media complete freedom to report when they come to China . . . we have made our guarantees in our bid document so all the world’s media will be welcome to come to China.”<sup>33</sup>

It is clear that Wang’s comments applied only to the international media and not to China’s domestic media outlets. Furthermore, the comments appear to represent tactical moves made to secure the games for China rather than literal statements of policy intent to liberalize Chinese media restrictions. Controls on domestic journalists actually were tightened, as anxiety regarding social stability and public disturbances during a “sensitive” and high-profile period led the Chinese authorities to regulate the media even more tightly. One example is the set of 21 edicts issued by the Propaganda Department in July 2008 to Chinese media outlets, directing them how to approach news coverage during the games.<sup>34</sup> Among these were directives to avoid coverage of Internet policy, religious and ethnic issues, consumer product safety, and the officially designated Olympic protest parks in Beijing.<sup>35</sup>

The picture regarding foreign journalists in China is more complex. Reporters Without Borders recognized limited improvement of access for foreign journalists in the past year but also noted that the travel of journalists in “sensitive” areas (e.g., those experiencing ethnic unrest, etc.) is still restricted.<sup>36</sup> In testimony before the Commission, Randolph Kluver, Chinese media expert and research professor at Texas A&M University, noted that some journalists experienced an improved environment in China, particularly regarding the relaxation of travel restrictions; others, however, described frustrating and opaque government regulations that stymied their work, and efforts by government officials to limit news coverage narrowly to the Olympic Games. Dr. Kluver also said that there was greater government interference in the work of broadcast journalists than of print journalists, and greater suspicion and scrutiny directed at journalists from the United States and the United Kingdom in particular.<sup>37</sup> Before and during the games, western journalists attempting to operate around Beijing reported difficulties such as getting broadcasting equipment through customs, and government attempts strictly to monitor the locations of all satellite broadcast trucks throughout the city.<sup>38</sup> During this same period, the government also increased monitoring and censorship of the Internet activity of visitors to Beijing (as described in further detail in the next portion of this chapter).

Some of the measures taken by Chinese authorities to exert control over foreign journalists could be attributed to the government's intense desire to present to both the world and to China's own citizens the positive image of a government smoothly in control of such a high-profile event of global significance.<sup>39</sup> However, restrictions on the activities of visiting journalists and stepped-up efforts to keep them under surveillance also revealed the Chinese government's continuing anxiety over the prospect of either visiting foreigners or Chinese citizens threatening "social stability" by using the games as a platform for publicizing human rights issues, advocating democratic political reform, protesting on behalf of suppressed minority or religious groups, or publicizing the grievances of individual Chinese citizens or communities.

In October 2008, the Chinese government announced that the liberalized regulations introduced during the Olympics period pertaining to foreign journalists will be made permanent, thereby giving foreign journalists greater latitude to travel and conduct interviews without prior government permission. Certain restrictions will remain in place, however, particularly those regarding travel to "sensitive" areas such as Tibet. The more liberal rules for foreign journalists will not be extended to China's own domestic media outlets, which will remain subject to strict government controls.<sup>40</sup>

## **Chinese Government Control of the Internet**

### ***The Chinese Government's Internet Control Regime***

China operates what is arguably the most extensive and sophisticated Internet control system of any nation in the world.<sup>41</sup> That system consists of two parts: a filtering infrastructure directly operated by government officials, and a more decentralized system of monitoring for which private companies and other institutions are made responsible. The former is known collectively as the "Golden Shield Project." At the heart of Golden Shield is a physical architecture for directly monitoring much of the Internet traffic into and out of the country. Author James Fallows has described this system as follows:

*... virtually all internet contact between China and the rest of the world is routed through a very small number of fiber-optic cables that enter the country at one of three points: the Beijing-Qingdao-Tianjin area in the north, where cables come in from Japan; Shanghai on the central coast, where they also come from Japan; and Guangzhou in the south, where they come from Hong Kong. ... The Chinese authorities can ... physically monitor all traffic into or out of the country. They do so by installing at each of these few 'international gateways' a device called a 'tapper' or 'network sniffer,' which can mirror every packet of data going in or out. ... Information travels along fiber-optic cables as little pulses of light, and as these travel through the Chinese gateway routers, numerous tiny mirrors bounce reflections of them to a separate set of 'Golden Shield' computers.<sup>42</sup>*

The Golden Shield is accompanied by a workforce of Internet monitors to screen suspect material and block forbidden Web sites. There are no publicly available official figures on the size of this force, but some sources estimate that it consists of approximately 30,000 personnel.<sup>43</sup> Chinese Internet expert Xiao Qiang has assessed the actual figure to be much higher.<sup>44</sup> Besides shutting down or blocking sites judged to be subversive, these Internet monitors also serve a more proactive role. They are actively engaged in many chat rooms and message boards where they monitor the discourse on potentially sensitive topics and attempt to steer the flows of conversation into territory more amenable to the preferred narratives of the party.

These efforts are augmented by a loose network of individual Internet commentators paid by authorities to search for undesirable information and to post pro-government messages on the net. They also engage in online debates with those posting thoughts that might not match the party line. This group is sometimes called the “Fifty Cent Party,”<sup>45</sup> because its members reportedly are paid half an RMB for each pro-government posting they make. Further explaining the impetus behind the creation of the Fifty Cent Party, one author has written:

*In 2004, an article on a major Chinese web portal alleged that the United States Central Intelligence Agency and the Japanese government had infiltrated Chinese chat rooms with ‘web spies’ whose chief purpose was to post anti-China content. The allegations were never substantiated, but they are now a permanent fixture of China’s internet culture, where web spies, or wangte, are imagined to be facing off against the Fifty Cent Party. Whatever the case, there is a very real conviction among party leaders that China is defending itself against hostile ‘external forces’ and that the domestic internet is a critical battleground. In a paper on ‘web commentator teams’ written last year, a Party scholar wrote: ‘In an information society, the internet is an important position in the ideological domain. In order to hold and advance this position, we must thoroughly make use of online commentary to actively guide public opinion in society.’<sup>46</sup>*

China’s government has attempted to downplay negative perceptions of Internet censorship. The government portrays Internet monitoring as a part of the state’s paternalistic duty to protect the public from harmful online content. An excellent example comes from the city of Shenzhen, where the Internet Surveillance Division of the Shenzhen Public Security Bureau has created its own cartoon mascots: Jing-Jing, a male police officer, and Cha-Cha, his female counterpart. As one Shenzhen Internet police official described it, “. . . The [purpose of the] image of Internet Police in the form of a cartoon . . . is to let all internet users know that the Internet is not a place beyond [the] law, [and that] the Internet Police will maintain order in all online behaviors.”<sup>47</sup>



Images of “Jing-Jing” and “Cha-Cha” from a Web site of the Chinese Internet police.<sup>48</sup>

The other side of China’s Internet monitoring regime consists of public institutions and private sector companies. In a parallel to how the Chinese government conducts media censorship, private companies and other institutions operating inside China have adopted the use of their own Internet monitors, known colloquially as “big mamas.” A “big mama” monitors the Web page of his or her own company or institution for material that might displease government censors. In this way, companies and institutions protect themselves from official displeasure, and the government enlists the resources of business, educational, and civil society groups to censor themselves.<sup>49</sup>

Despite such extensive monitoring and censorship efforts, the government’s control over the Internet is not absolute. Chinese Internet expert Xiao Qiang called China’s Internet a “contested space,” in which the increasing number of Internet users and the rapidly proliferating number of Web sites complicate attempts to censor it.

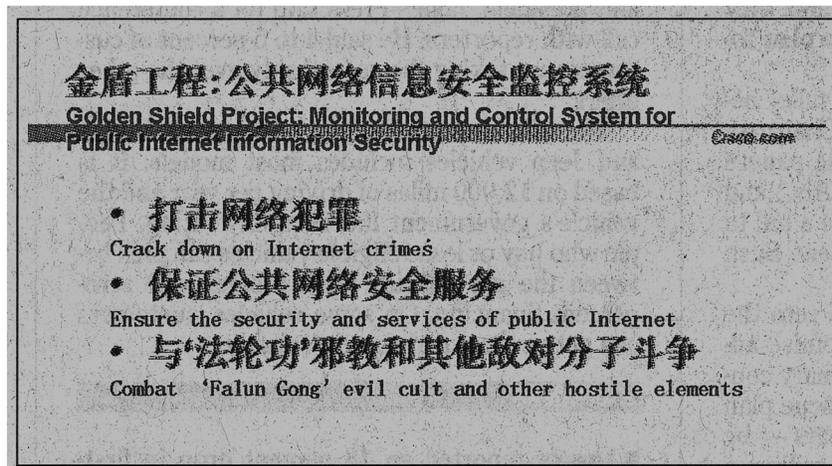
### ***The Involvement of U.S. High-Tech Firms in Supporting the “Golden Shield”***

The role played by western high-tech firms in supporting the Internet control regimes of authoritarian governments has been a matter of significant public debate in the United States. All major U.S. Internet service providers and computer hardware manufacturers operating in China have made accommodations with the government’s Internet monitoring regime, although the character and the extent of that involvement differ from firm to firm.

The actions of Cisco Corporation, which sold the Chinese government the switches and routers that now are cornerstones of the Golden Shield monitoring project, have been included among these controversial actions.<sup>50</sup> Cisco’s role was highlighted in a May 2008

public hearing of the Senate Judiciary Committee's Subcommittee on Human Rights and the Law, where a senior Cisco official was questioned on the nature of the company's support for the Golden Shield. In particular, this official was challenged regarding an internal 2002 Cisco marketing presentation that contained statements appearing to support Chinese government censorship practices as well as derogatory comments about the "evil cult" Falun Gong. Cisco officials repeatedly and consistently have denied any responsibility for facilitating Chinese government Internet control or tailoring their products to any Chinese government specifications and have stated that they bear no responsibility for the ways in which a customer might decide to use their products.<sup>51</sup> Cisco officials have downplayed the 2002 marketing presentation as a briefing prepared only for internal use among Cisco's Chinese employees and have stated that "It has nothing to do with Cisco's objectivity and Cisco's technologies. We are very much for freedom of expression."<sup>52</sup>

### 2002 Cisco Marketing Presentation



*Reproduction of a PowerPoint slide contained in a 2002 Cisco marketing presentation.<sup>53</sup> It was obtained by a Congressional Committee. Cisco says it was not intended as a marketing tool.*

Yahoo! came under public criticism and Congressional scrutiny after it was revealed that Yahoo! subsidiaries operating in China had turned over information that allowed Chinese authorities to track down online dissidents.<sup>54</sup> Yahoo! has continued to assert that certain compromises are necessary in order to receive and maintain market access in countries such as China. It also has maintained that widening access to the Internet in these countries, even if subject to restrictions, inevitably will have a positive effect on information access. Such statements have been echoed by officials from Google, who have noted how services such as YouTube transmit information out of closed societies, even as the company has acknowledged filtering out "sensitive" material from its Chinese-language search engine at the request of the Chinese government.<sup>55</sup>

Legislation was introduced during the 110<sup>th</sup> Congress to bar U.S. companies from disclosing personally identifiable information about Internet users to a foreign government except for “legitimate foreign law enforcement purposes” as defined by the U.S. Department of Justice. The bill also would have prohibited U.S.-based Internet service providers operating in other countries from blocking online content from U.S. government or government-financed Web sites, and required them to disclose the search terms and material that they filter out.<sup>56</sup> In July 2008, similar legislation was introduced in the European parliament.<sup>57</sup> As this Report is submitted, neither bill has been enacted into law.

### ***Internet Control in Response to the Olympics***

In the lead-up to the Beijing Olympics, Chinese officials made repeated pledges of greater Internet access during the games and in the period preceding them. One such set of comments was offered at an April 2008 press conference by Sun Weijia, the media operations director for the games, who stated that “There will be no censorship; we have no restrictions on access to the internet for accredited media during the games.”<sup>58</sup> Other statements seemed to promise less restricted access for foreign visitors but not for Chinese citizens.

Examining this issue, journalist James Fallows has described efforts by Chinese authorities to create a sort of parallel “Potemkin Village” Internet for foreigners in China. He asserts that certain Internet cafes, hotel rooms, and conference centers have freer access than that available to ordinary Chinese citizens.<sup>59</sup> Such a system allows the government to cultivate a better image in the eyes of visiting foreigners while limiting the potentially subversive effects of uncontrolled Internet access among the Chinese population. Dr. Kluver told the Commission at its June 2008 hearing that the Chinese government pledged greater Internet freedom during the Olympics with no intent to extend such access to China’s own citizens.<sup>60</sup>

China’s government also has reneged on some of its pledges of greater Internet access for foreign visitors. Immediately prior to the Olympics, and in response to statements from the International Olympic Committee that continued Internet restrictions “would reflect very poorly” on the host country, China lifted restrictions on certain Web sites, including the English—although not the Chinese—version of Wikipedia. However, while Wikipedia articles on innocuous topics were accessible, entries on sensitive topics such as Tibet and Tiananmen remained blocked.<sup>61</sup> In late July, journalists in Beijing’s Olympic press facilities reported some sites being alternately blocked and then unblocked following complaints to the authorities.<sup>62</sup>

Behind the scenes, Chinese security officials have conducted an ambitious program to monitor the Internet activities of guests staying in hotels and guesthouses in large sections of the country. Throughout the second half of 2007 and the spring of 2008, Ministry of Public Security offices in southern and eastern China distributed notices to hotels and guesthouses instructing them to install Internet surveillance systems on their guest computers. These systems are intended to record the usernames, log-in/log-off times,

dial-up numbers, and account information of users and the Internet addresses, domain names, and registration information of Web sites accessed; to filter out “illegal information”; and to send the data collected to centers run by security officials.<sup>63</sup> One directive from the Shanghai Public Security Bureau said that failure to comply by the stated deadline could result in “. . . up to RMB 5,000 [approximately \$732] penalty by the responsible individual or RMB 15,000 [approximately \$2,196] by the organization and that cases of serious violation would result in suspension of Internet access or business license cancellation.”<sup>64</sup>

### **The Role of Information Control in Ethnic Unrest and Chinese Nationalism**

In the wake of the Tiananmen Massacre of 1989, the CCP began seeking a means to restore the party’s tattered legitimacy. As a central component of this effort, the CCP adopted the propagation of nationalist narratives for the purpose of domestic political mobilization. A key feature of this is the glorification of a powerful, centralized state:

*In the wake of the Tiananmen crackdown in 1989, the Jiang Zemin government began to compensate for the bankruptcy of communism by propping up nationalism as a new form of ideological legitimacy. Expansionist emperors were promoted as historical heroes to instill national pride. . . . Qin’s First Emperor [was glorified] as a great hero who unified China, despite . . . negative assessment[s] of his tyranny. . . .*<sup>65</sup>

One facet of this effort to harness Chinese nationalism to re-legitimize the CCP is the government’s program of nationalist education and propaganda, known variously as the Patriotic Education Campaign or the Socialist Spiritual Civilization Campaign. The essential characteristics of this program are presented in a document titled the *Outline for Practical Patriotic Education*. The *Outline* explicitly links Chinese nationalism to the CCP, making it clear that “patriotic education” should conflate Chinese patriotism with support for the CCP:

*We must foster education about the long history of the Chinese nationality. . . . Through education in Chinese history, especially modern and contemporary history, people should understand how the Chinese nationality developed, how it made great efforts to strengthen itself, remaining indomitable. . . . People should understand . . . the great spirit of achievement shown by the Chinese people as they opposed foreign aggression and oppression and as they resisted corrupt rulers and fought bloody wars again and again for national independence and national liberation. Particularly, people should understand the great spirit and accomplishments of the Chinese Communist Party, how it led all the people of the entire nation in the fight to establish a new China. [emphasis added]*<sup>66</sup>

In addition to promoting a powerful and centralized state run by the Communist Party, the curriculum of patriotic education blots out those elements of PRC history that embarrass the party. For example, students in Chinese schools may learn nothing about the protest movement of 1989 or the means by which the government crushed it. If the Tiananmen Massacre is addressed at all in Chinese schools, it is taught as an incident in which a handful of People's Liberation Army (PLA) soldiers lost their lives suppressing a dangerous mob.<sup>67</sup> In June 2007, editors of a Chengdu newspaper were fired after the paper ran a small ad honoring the mothers of those killed on June 4, 1989. A junior clerk had approved the ad, not realizing its political significance because she did not know the significance of the date; the person placing the ad reportedly told her that it was the date of a mining accident.<sup>68</sup>

PRC government propaganda directed at China's own citizens consistently describes the United States as a bullying and hegemonic power intent on blocking China's peaceful emergence as a prosperous and influential nation.<sup>69</sup> As Professor Jiao, the Chinese Propaganda Department critic, has stated, "Anything that the Central Propaganda Department touches about the United States is always hostile."<sup>70</sup> The impact that a steady drumbeat of this sort of propaganda can have on China's relations with other countries was dramatically displayed in spring 2008 when western criticisms of the Chinese government's crackdown on Tibetan unrest collided with the worldwide tour of the Olympic torch. This produced both pro-Tibetan protests and parallel counterprotests by Chinese residents in western countries and South Korea, as well as an angry nationalist backlash within China itself. Aside from Chinese government efforts to downplay the crackdown and to play up instances of alleged western media bias,<sup>71</sup> Chinese officials repeatedly have accused "anti-China forces" within the "Dalai Clique" and elsewhere of fomenting the violence in Tibet with the intent of embarrassing China during its moment of Olympic glory.<sup>72</sup>

The government has sought actively to propagate a narrative that the 2008 Tibetan violence was fomented by agents of the Dalai Lama, caught innocent and law-abiding Tibetans and Han Chinese alike in the crossfire, and prompted a very restrained and professional response from Chinese security forces.<sup>73</sup> The Chinese government has clamped down aggressively on information coming out of Tibet in order to staunch any contrasting narrative. It imposed a ban on the travel of foreign journalists into large areas of western China; confiscated cameras and communications equipment from monasteries, universities, and private citizens in the affected regions; disconnected both land-line phones and cell phone towers in many areas; and has actively monitored remaining telephone communications, which may be disconnected if protests are mentioned.<sup>74</sup>

However, angry Chinese nationalism aroused by issues like the Tibet protests should not be viewed as entirely the result of government control of information. In testimony before the Commission this year, Peter Gries, director of the Institute for U.S.-China Issues at the University of Oklahoma, and Perry Link, professor of East Asian Studies at Princeton University, both agreed that popular Chinese nationalism sometimes is a spontaneously occurring

phenomenon encouraged and exploited by the government rather than an artificial construct wholly engendered by propaganda.<sup>75</sup> Other observers who have studied the issue of Chinese nationalism also have commented that it has deep popular resonance within large sectors of the Chinese population and that most Han Chinese appear to have little sympathy for the grievances of either Tibetans or other ethnic minorities,<sup>76</sup> thereby making them inclined to accept government narratives on these issues.

Whether engineered by the government or emerging spontaneously, public discourse on issues regarding the United States and other western countries often is characterized by crude nationalist narratives tinged by xenophobia and paranoia. Representative articles from PRC political science journals have described a “U.S. dream of global hegemony” intent on dominating all the Eurasian landmass, including China.<sup>77</sup> An article posted in June on a Web site of the state news agency Xinhua contained allegations that U.S. and European officials were the secret puppetmasters behind an active conspiracy to stir up the Tibetan unrest in March 2008 and identified by name U.S. Undersecretary of State for Democracy and Global Affairs Paula Dobriansky as one of the conspirators who had “been directing the worldwide Tibet actions from their Washington headquarters.”<sup>78</sup> Some recent discussion in the Chinese media insinuated that the global financial crisis in 2008 was the result of a secret plot by American elites: in an October 2008 article from the *Global Times* titled “Is the Financial Crisis an American Conspiracy?” the author indicates that the probable answer is yes and that “This is a serious question worthy of deep examination.”<sup>79</sup>

Such discourse often gives Chinese citizens distorted views of the United States and other nations, generates undue distrust regarding U.S. intentions toward China, and injures efforts to build more productive relations between the two countries. As Dr. Gries noted, the need to appear responsive to angry popular nationalist reactions also could lead the Chinese government to make foreign policy decisions that run contrary to the longer-term interests of both China and other nations. As the best means of dealing with this phenomenon, Dr. Link recommended continued engagement with the Chinese government and public, addressing issues of concern in a straightforward, respectful, and dignified fashion without being indulgent of Chinese expressions of nationalist resentment.<sup>80</sup>

### **Debates Surrounding Information Control as a Trade Issue**

During 2008, the Commission considered the question of whether restrictions on particular categories of information legitimately could be considered a violation of the Chinese government’s obligations as a member of the World Trade Organization (WTO). The debate on this topic centers primarily on two issues: first, whether the Chinese government’s rules governing financial services information constitute a WTO violation; and second, whether restrictions on Internet content disadvantage foreign companies and thereby violate the provisions of the WTO treaty.

***Chinese Government Restrictions on Financial Services Information as a WTO Issue***

In September 2006, the Chinese government promulgated regulations stating that foreign firms that deal in financial services sector information may neither distribute information directly to nor solicit Chinese customers. Instead, they must conduct such business through the China Economic Information Service, a commercial enterprise subsidiary of the Xinhua state news agency. In effect, this means that foreign firms that deal in stock prices and other financial services information (e.g., Dow Jones, Reuters, and Bloomberg) may do so in China only by working through a Chinese competitor. Further, they are required to submit financial information to Xinhua prior to its release and to provide to the Foreign Information Administration Center—a regulatory body that also is a subordinate entity of Xinhua—information on their services, customers, and foreign suppliers.<sup>81</sup>

Such an arrangement allows Xinhua to control the dissemination of financial services sector information that the Chinese government believes might threaten either “social stability” or the business interests of well-connected people, such as negative assessments of the financial health of certain enterprises that could generate bad publicity or negatively impact stock prices. It also poses a formidable competitive barrier to foreign firms dealing in financial services information and forces them to hand over proprietary information critical to their competitiveness. In March 2008, representatives of the United States and the European Union filed a “request for consultation” within the WTO framework, claiming that these practices constitute a violation of China’s commitments as a WTO signatory. In June 2008, the Canadian government also submitted a complaint on the same grounds.<sup>82</sup> In the wake of the initial complaints, the Chinese government issued a statement saying it would comply with WTO dispute resolution rules, but the matter remains unresolved.<sup>83</sup>

Legal experts consulted by the Commission this year agreed that the efforts of the Chinese government to control financial services sector information do violate its WTO commitments. Gilbert Kaplan, an attorney with the law firm of King & Spalding LLP, testified that China’s regulations clearly violate China’s signatory obligations not to discriminate against foreign firms in favor of domestic ones. He pointed out that China agreed to separate the regulatory authorities for financial information services from the service suppliers they regulate but has not done so. He stated that these regulations also violate the “acquired rights commitments” in China’s WTO accession agreement that prohibit making the conditions on a foreign firm’s operations more restrictive than they were at the time of WTO accession. He further asserted that the restrictions placed on the ability of foreign financial services firms to gather information about Chinese firms and market conditions also constitutes a WTO violation.<sup>84</sup>

Kevin Dempsey, an attorney with the law firm of Dewey and LeBoeuf LLP, told Commission staff members in August 2008 that he agreed with most of Mr. Kaplan’s views on this issue. He also acknowledged the difficulty of separating regulatory and political interests in China, stating that “I have yet to see a truly inde-

pendent regulator” in China. He said these regulations likely had been enacted in order to secure greater market share for Xinhua and its subsidiaries at the expense of foreign-based competitors. Mr. Dempsey did not agree, however, with Mr. Kaplan’s opinion on the specific assertion that restrictions on the ability of foreign financial services firms to gather information about Chinese firms and market conditions constitute a WTO violation, noting that the PRC had not committed itself to WTO provisions to this effect.<sup>85</sup>

***The Chinese Government’s Internet Control Regime as a Potential WTO Issue***

Another major issue pertaining to information control and China’s WTO commitments that was considered by the Commission this year is the question of whether Chinese government restrictions on publicly available information, and particularly on Internet access, could be considered WTO violations. This question emerged as a public policy issue in February 2008, when the European parliament passed a proposal to treat Internet censorship as a trade barrier. This proposal now awaits action by the European Council. If the council adopts it, the European Union will have to classify Internet censorship as a trade barrier and raise that issue in trade negotiations.<sup>86</sup> One group in the United States that advocates such a position is the California First Amendment Coalition (hereafter “California Coalition”). It is pressing the U.S. Trade Representative (USTR) to challenge China’s Internet filtering policies under the auspices of the WTO.<sup>87</sup> One team of authors expressed the crux of this argument as follows:

*[The U.S. government] should explore attacking censorship as a barrier to trade. Chinese censorship of foreign-source internet content has often resembled antitrade tactics. When Chinese surfers have attempted to reach certain foreign sites, censorship software has slowed their access. Chinese users have shifted to faster China-based sites, operated largely by companies that are more willing than their U.S. counterparts to censor. . . . A restriction on trade—here the trade in information—puts foreign companies at a disadvantage, which is prohibited by trade agreements.<sup>88</sup>*

Speaking on behalf of the California Coalition, Mr. Kaplan testified before the Commission in support of this idea, noting the following as examples of the ways in which the Chinese government’s Internet control regime interferes in free trade:

- Web sites lose advertising revenue when they are blocked.
- Traffic intended for blocked sites is redirected to the Web sites of domestic Chinese competitors.
- Potential business is lost when foreign-based commercial Web sites operating outside the government’s firewall are filtered and thereby operate more slowly than domestic Chinese competitors inside the firewall.

Mr. Kaplan also stated that the slower operation of Web sites could put pressure on U.S. tech firms to relocate services to China, noting that “Google . . . has stated that one of the most important considerations driving its decision to relocate its Chinese language

search engine and the servers supporting it from the U.S. to China was the need to overcome the performance deficit caused by the firewall.”<sup>89</sup>

Mr. Kaplan also testified to a number of specific points related to articles of the General Agreement on Trade and Tariffs (GATT) and General Agreement on Trade in Services (GATS). The underlying foundation of his arguments was that such effects of censorship violate GATT article III:4, the “national treatment provision,” which states that governments may not treat products supplied from outside the country less favorably than products produced by domestic suppliers; and GATS article III:1, which calls for transparency in the application of any barriers on the entry of services into a member country.<sup>90</sup>

U.S. tech firms generally have been circumspect regarding public comment on such arguments or initiatives. Although Google’s deputy general counsel and Yahoo! News’ vice president and editor in chief both sit on the board of the California Coalition, neither company has taken a position on the coalition’s petition to the U.S. Trade Representative.<sup>91</sup> Representatives of U.S. tech firms have tended instead publicly to support the creation of a voluntary industry code of conduct to deal with ethical issues raised by cooperation with Internet control regimes.<sup>92</sup> In early August 2008, representatives of Google, Microsoft, and Yahoo! wrote letters to the chairman and ranking member of the Senate Judiciary Committee’s Subcommittee on Human Rights and the Law, informing them that these companies had reached agreement on a general set of principles for such a voluntary code of conduct, to be titled the “ICT [Internet, communications, and technology] Initiative on Freedom of Expression and Privacy.” The letters stated that the three companies were working out the details, implementation guidelines, and accountability framework of the agreement, with plans to unveil the initiative sometime in the autumn of 2008.<sup>93</sup>

However, arguments such as those of the California Coalition, while popular among many human rights and free speech advocates, have met with skepticism among those who more narrowly interpret the provisions of the WTO treaty. Eric Altbach, a former deputy assistant U.S. Trade Representative for China, has stated that “a case primarily focused on China’s content review would be extremely unlikely to succeed at the WTO. As a general matter, USTR looks very closely at the merits of any potential WTO case, and is extremely resistant to moving forward without a strong legal basis. . . . Attempts to address other kinds of [non-trade] political issues would put additional strain on the WTO at a time when its legitimacy has been weakened by the collapse of the Doha round, and could threaten to undermine its ability to enforce trade rules.”<sup>94</sup>

In his interview with the Commission, Mr. Dempsey stated that Mr. Kaplan had asserted overly broad WTO principles in support of his arguments and offered his own view that it is necessary to examine the specific, item-by-item GATS commitments of each WTO signatory country. Mr. Dempsey pointed out that China’s WTO accession agreement had not committed the PRC to many of the articles related to information and entertainment services; for example, it had not made commitments to grant access to foreign

news agencies and therefore could restrict their access and operations in China with impunity. Mr. Dempsey said that Mr. Kaplan's general arguments regarding WTO guarantees of open market access for foreign firms ran afoul of many of these specific provisions. Mr. Dempsey did express agreement, however, with Mr. Kaplan's assertion that the lack of transparent regulation of Internet services could constitute a WTO violation, as GATS is explicit in demanding that regulations and obligations pertaining to commercial transactions be clearly publicized.

These consultations, and additional research performed by Commission staff, indicate that when China became a signatory to the GATT/GATS provisions within the WTO framework, it carefully avoided formal commitments in many of the service areas related to news, information, and entertainment—all areas traditionally falling within the cognizance of the Propaganda Department and its prerogatives to shape what China's citizens have a right to know. The PRC also structured the agreements in such a way that foreign firms dealing in information services would be forced to work through joint ventures in which they could not have a controlling interest, thereby reducing their ability to function independent of Chinese state influence.<sup>95</sup>

#### ***WTO Provisions on Public Morals, Public Order, and National Security***

Another issue raised by the Commission's research pertains to public morals and public order clauses within the GATT/GATS framework. Mr. Dempsey noted that GATT provides a national security exception to trade in certain goods, as well as a similar provision for the protection of public morals.<sup>96</sup> Where services are concerned, GATS article XIV contains a security exception for trade in information as well as exception clauses for public morals and public order: "... [N]othing in this agreement shall be construed to prevent the adoption or enforcement by any Member of measures ... necessary to protect public morals or to maintain public order." Additionally, article XIV *bis* contains a security exceptions clause: "Nothing in this agreement shall be construed ... to require any Member to furnish any information, the disclosure of which it considers contrary to its essential security interests."<sup>97</sup>

If challenged on issues pertaining to information control and WTO commitments, China's government may be able to invoke these public morals, public order, and national security clauses of GATS. Mr. Dempsey indicated that the public morals clause had been invoked in previous WTO disputes, including one involving the United States.<sup>98</sup> However, he said that to the best of his knowledge, the public order and security clauses of GATS have not yet been invoked or challenged in the context of WTO disputation and that any such actions would be legal terra incognita.

#### **Conclusions**

- The Chinese government has created an information control regime intended to regulate nearly every venue that might transmit information to China's citizens: the print and broadcast

media, the Internet, popular entertainment, cultural activities, and education.

- The Central Propaganda Department and its subordinate regional bodies exercise extensive authority over the hiring and firing of personnel in the media, educational, and entertainment sectors.
- Personnel working in the media, educational, and cultural fields have been conditioned into self-censorship by the rewards and punishments of China's information control system and also face possible fines, demotion, termination of employment, and even prison for publishing information contrary to the party's preferred narratives.
- The Chinese government did not fully honor promises of greater media freedom that it made in conjunction with its bid to host the 2008 Olympic Games. Those promises now appear to have been tactical moves intended to smooth the way for the games rather than serious statements of policy intent. There were limited improvements in the latitude granted to foreign journalists, particularly in terms of travel rights within the country. However, many western journalists, particularly those from the United States and the United Kingdom, remained subject to government scrutiny and to opaque regulations restricting their activities.
- The Chinese government has established an extensive physical infrastructure to screen and monitor information on the Internet. An Internet police force of large but indeterminate size monitors and censors information on the Internet.
- The propaganda system's central purpose is to perpetuate the political authority of the Chinese Communist Party by concealing negative information about the party and its history and by propagating narratives intended to bolster the party's authoritarian rule. The propaganda system also actively seeks to inflame Chinese nationalism in order to co-opt nationalist sentiment as a means of legitimizing the party's authority.
- The U.S. government takes the position that current Chinese government regulations requiring all financial services companies to operate through a subsidiary of the Xinhua news agency, and similar regulations that make a Xinhua subsidiary a regulator of all financial services information, violate China's signatory commitments to the WTO.