ACCESS TO INFORMATION IN THE PEOPLE'S REPUBLIC OF CHINA

HEARING

BEFORE THE

U.S.-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

JULY 31, 2007

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CONTENTS

TUESDAY, JULY 31, 2007

ACCESS TO INFORMATION IN THE PEOPLE'S REPUBLIC OF CHINA

Opening statement of Chairman Carolyn Bartholomew …… 1
Opening statement of Commissioner Kerri Houston, Hearing Cochair……. 2

PANEL I: ADMINISTRATION PERSPECTIVES

Statement of Mr. Jay Henderson, Director, East Asia and Pacific Division, Voice of America, Washington, D.C., represented by Mr. William Baum, Chief, China Branch, Voice of America and accompanied by Mr. Ken Berman, Director, Information Technology International Broadcasting Bureau, Washington, D.C….. 5
Prepared statement ……. 9
Statement of Mr. Dan Southerland, Vice President of Programming and Executive Director, Radio Free Asia, Washington, D.C…… 13
Prepared statement ……. 18
Panel I: Discussion, Questions and Answers …… 24.

PANEL II: THE STATE OF CHINA'S INFORMATION CONTROLS

Statement of Mr. XIAO Qiang, Director, China Internet Project, the Graduate School of Journalism, University of California at Berkeley, California……. 46
Prepared statement …… 50
Statement of Dr. Ashley Esarey, Luce Fellow of Asian Studies, and Assistant Professor of Comparative Politics, Middlebury, College, Middlebury, Vermont
Prepared statement…… 54

Panel II: Discussion, Questions and Answers …… 58

PANEL III: CONGRESSIONAL PERSPECTIVES

Statement of Mr. Frank Wolf, a U.S. Representative from the State of Virginia….. 76
Panel III: Discussion, Questions and Answers …… 78

PANEL IV: PERCEPTION MANAGEMENT – WHO KNOWS WHAT IN THE PRC

Statement of Ms. HE Qinglian, Senior Researcher in Residence, Human Rights in China, New York, New York, accompanied by CHENG Xiaonong…… 82
Prepared statement……. 88
Statement of Dr. Barrett McCormick, Professor, Marquette University, Milwaukee, Wisconsin…….. 90
Panel IV: Discussion, Questions and Answers……. 95

PANEL V: THE IMPACT OF PRC INFORMATION CONTROLS ON THE UNITED STATES

Statement of Dr. Scott Gottlieb, MD, Resident Fellow, American Enterprise Institute, Washington, D.C…….108
Statement of Mr. Drew Thompson, Director of China Studies and Starr Senior Fellow, Nixon Center, Washington, D.C……112
Prepared statement……117
Panel V: Discussion, Questions and Answers……..... 117

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

Statement of Alcee Hastings, a U.S. Representative from the State of Florida…….135
Statement of Tom Harkin, a U.S. Representative from the State of Iowa……..136
Statement of Dr. Oded Shenkar, Professor, Fisher School of Management, Ohio State University, Columbus, Ohio……..138

ACCESS TO INFORMATION IN THE PEOPLE'S REPUBLIC OF CHINA

TUESDAY, JULY 31, 2007

U.S.-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION
Washington, D.C.

The Commission met in Room 385, Russell Senate Office Building, Washington, D.C. at 9:25 a.m., Chairman Carolyn Bartholomew and Commissioner Kerri Houston (Hearing Cochairs), presiding.

OPENING STATEMENT OF CHAIRMAN CAROLYN BARTHOLOMEW, HEARING COCHAIR

CHAIRMAN BARTHOLOMEW: Good morning. Thank you very much for joining us this morning. Welcome to the seventh hearing of the U.S.-China Economic and Security Review Commission's 2007 reporting cycle. Commissioner Houston and I will be cochairing today's hearing on the important topic of Access to Information in the People's Republic of China. On behalf of all of the commissioners, thank you very much for joining us.

Our congressional mandate directs us to review restrictions on freedom of expression and access to information in China. In doing so, we are required to assess the implications these restrictions have on our bilateral relationship with China in the areas of economic and security policy.

At today's hearing, we will be fulfilling this mandate by closely examining the methods that the Chinese government uses to control and censor information in China's mass media and on the Internet.

We will also be examining the implications these activities have on the United States. Freedom of information in other countries has consequences for us here at home. In today's world, where goods, services, people and information move rapidly, restrictions on freedom of speech and a free press have consequences well beyond any one nation's borders.

Today's hearing is not the first time that this Commission has addressed these important subjects. Our first hearing on Chinese censorship took place in 2003 when China's government used their information controls to suppress news about the outbreak of Severe Acute Respiratory Syndrome, or SARS. The strict control of

information at that time had consequences for people around the world.

While we'll be focusing today on the how's and why's of Chinese censorship, we'll also hear from experts on how these controls may be fostering the production of dangerous food and consumer goods in China for both domestic consumption and export.

Some believe that the Chinese government may be hiding the scope of this problem as they did with SARS, and we hope to learn more about what role information controls are playing in the current food and product safety problems that are making headlines around the world.

We will also explore the systems and institutions that Beijing has developed to manage the content and opinions seen in Chinese mass media and the Internet. We already know that government agencies like the Central Propaganda Department, the General Administration of Press and Publications, and the Ministry of Information Industry work to censor information in China, but it is also important to understand how they do it and where the directives come from.

Experts from around the United States have come here to share with us their analysis of how these institutions operate, how they've changed over time, and what direction China's leadership is likely to steer them towards in the future.

I'd like to thank all of our witnesses in advance for their participation at today's hearing. At this point, I'll turn the microphone over to Cochair Commissioner Houston for her opening remarks, and before that I'd also like to note that there are congratulations in order. She recently has become engaged. Her fiancé, Mike Toloczko, is in the audience.

OPENING STATEMENT OF COMMISSIONER KERRI HOUSTON HEARING COCHAIR

HEARING COCHAIR HOUSTON: He's the one turning red back there.

Good morning, everyone. Glad you're all here. As the chairman mentioned, my name is Kerri Houston, and I'm very pleased to be chairing this hearing with her today on Access to Information in the People's Republic of China.

Before we begin with our first witness, Representative McCotter, I'd like to say a few words on this important subject. A year from now, the eyes of the world will fall on Beijing as the 2008 Olympic Games begin. Millions of visitors will pour into China and millions more will watch the games on television around the world.

For two weeks, many of the images that we will be shown will stir and inspire us. However, there are also a great many images that will not be shown and these will do anything but inspire. We will not see pictures of China's poor migrant workers in Beijing during the Olympic Games because these people will be forced from the city.

We will not see the kind of pollution that most Chinese live in in the cities and urban areas during the Olympic Games because factories and construction projects will be temporarily closed, and we even understand they're thinking about putting fans on the top of the buildings.

We certainly won't see, emphasis on the word "see," any form of dissent or political protest from the Chinese people during this time because of the increased controls on top of already draconian measures surrounding these activities in the run-up to the games.

It's important to understand in the context of today's hearing that these omissions are quite intentional. Because China won't be able to censor the foreign press in the same way they do the domestic media, they will resort to censoring the environment itself, temporarily muting the surroundings in which many foreign journalists operate, including our own U.S. journalists, in order to ensure that the content of their report is palatable to China's leadership.

Keeping information under wraps within China's media itself is considerably easier for the Chinese government. Beijing has developed an incredibly sophisticated, multi-tiered and effective platform from which to censor information in China's domestic media and on the Internet.

For instance, directives and guidelines developed by the Central Propaganda Department are periodically circulated among news producers, editors, and journalists. These communications provide explicit instructions on how to approach sensitive issues and are backed up with a variety of incentives and punishments including imprisonment and in some cases disappearance.

According to Reporters Without Borders, at least 30 journalists and 50 cyber-dissidents are currently being detained in China for violating various censorship-related laws. And, of course, those are only the ones we know about.

Some individuals have been punished for publicly discussing subjects such as democracy, human rights and openly chastising senior Chinese leadership. In many cases, the Chinese government uses ambiguous state secret laws to make these arrests.

Regardless of Beijing's justifications, internal justifications, the end result is a malleable and compliant media that is often used to further China's political goals.

Thank you very much, and I believe we're just going to wait for

Representative McCotter to arrive. So we won't take a break at this time. We'll just wait for the Congressman to arrive.

Thank you very much.

[Pause.]

HEARING COCHAIR HOUSTON: Unfortunately, Representative McCotter has been caught up in some business in his office. We are expecting him, but in the meantime, we will get started on our panel on Administration Perspectives, and then when Mr. McCotter arrives, we'll just ask our panelists to allow him to break in for ten or 15 minutes for his remarks.

PANEL I: ADMINISTRATION PERSPECTIVES

CHAIRMAN BARTHOLOMEW: All right. I think we have our second panel here. Gentlemen, thank you very much, both for appearing today and for your flexibility in scheduling and timing. I just want to start by saying that I'm very pleased that we have representatives of the Broadcasting Board of Governors who are going to talk about the activities of Voice of America and Radio Free Asia in China.

I'm disappointed, of course, that the State Department was not able to send anybody, and certainly disappointed that the Food and Drug Administration was not able to send anybody or decided not to send anybody to talk to us today. We hope to continue our discussions with them to try to get some information out of them about the status of what is going on.

But welcome to Dan Southerland and to William Baum. Mr. Southerland is the Vice President of Programming, and he's the Executive Director of Radio Free Asia. He is a distinguished journalist who spent 18 years as a foreign correspondent in Asia.

He is recognized as one of America's most respected reporters on Asian affairs. It was indeed a coup when Radio Free Asia got him on board. I remember that, being distressed that he was leaving journalism in terms of being a reporter, but thrilled that he was coming in at the beginning of Radio Free Asia because of the importance of the broadcast service.

He was the Washington Post Bureau Chief in Beijing from 1985 to 1990, where he covered China's economic reforms, political developments, human rights issues, and the Tiananmen Square uprising in June 1989.

Mr. Southerland holds a bachelor's degree from the University of North Carolina, a master's degree in East Asian Studies from Harvard, and another master's in journalism from Columbia University. We're always pleased to have him here. Thank you very much.

And Mr. William Baum is here to represent Voice of America. He will be reading a prepared statement, drafted by VOA's Director of East Asian and Pacific Division, Jay Henderson, who due to an emergency is unable to join us this morning. Mr. Baum is the Chief for the Chinese Branch of Voice of America.

Thank you again for testifying. We look forward to your remarks and, Mr. Baum, I believe that we're going to start with you.

STATEMENT OF MR. WILLIAM BAUM, CHIEF, CHINA BRANCH, VOICE OF AMERICA, WASHINGTON, D.C. [FOR MR. JAY HENDERSON, DIRECTOR, EAST ASIA AND PACIFIC DIVISION, VOICE OF AMERICA]
ACCOMPANIED BY MR. KEN BERMAN, DIRECTOR, INFORMATION TECHNOLOGY INTERNATIONAL BROADCASTING BUREAU

MR. BAUM: Thank you very much. I would like to thank the Commission for inviting us to address this very important and timely issue today, and as you said, I will be speaking for Jay Henderson, the Director of the VOA EAP.

On behalf of the Broadcasting Board of Governors and the Voice of America, I would like to thank you again for being here and I would also like to introduce Mr. Ken Berman, who is the Director of IT, Information Technology, at the International Broadcasting Bureau, under the BBG, here to help us with any technical questions that you might have.

Mr. Berman is up on all of that and he helps us a great deal in supporting both the VOA and Radio Free Asia.

Mr. Henderson's statement is quite long so I won't read it word for word, but I would like to hit on some key points here that I think we all need to address, and we're certainly aware of how China is expanding its people-to-people diplomacy overseas. They're broadcasting now in Arabic, English, and other languages, 24/7, radio and television, expanding their broadcasting to reach out to the world.

They've established their own Peace Corps. They're training their diplomats to sit down and in foreign languages to talk about issues on local television stations around the world and expanding their own public diplomacy.

However, in the last five years, we've seen a tremendous tightening of media controls in both domestic and international media. Gone are the very sophisticated people like Wang Daohan and Zhao Qizheng, and they are replaced with a younger generation of I dare say less sophisticated people, who cling to the idea that anything that preserves stability is a good thing.

Jiao Guobiao, who has joined us on VOA for many programs, recently wrote a statement which is in Jay Henderson's testimony that I think describes the general situation pretty well, and that is that the Chinese Communist Party Central Propaganda Organization is so concerned about stability, not just for the party, but it's a question of who's in control?

It is who's in control of the economy right down to the local area, where you can see from Jiao's statement that it doesn't matter whether they are petitioners that are coming up to Beijing to complain about issues in their local community, the party and the propaganda organ behind it is stifling any dissent, anything that might raise unrest. And there is serious unrest with thousands and thousands of demonstrations every year getting out of hand, and we don't hear about all of them, but we at RFA and VOA report in detail on the ones that we can confirm.

It's gotten worse lately. I'd like to read you a summary of a report that we aired just this morning about an hour ago from VOA Mandarin.

Mainland censors are tightening the grip on media and limiting negative news reports. We interviewed a Mr. Li Datong who was removed from his position as Chief Editor of the China Youth Daily's Freeze Point, Bing Dian, editorial page, who says that propaganda bodies from the central government to the local ones have ordered media not to report negative news.

This doesn't sound like anything new, but if we look at what he's saying, he goes on in detail and is backed up other sources. Both the South China Morning Post and the Beijing controlled Hong Kong newspaper, Dagongbao, are also reporting that tightening grip on the CCTV, Central Chinese TV, and Beijing local newspapers are being pressured to fire contracted reporters and to focus on entertainment and sports news instead of political and social news. This is just today.

The Beijing Daily Messenger, a tabloid under the Beijing Daily Group, has been requested to cut its newspapers from 40 pages to 32 pages, and one-third of its 100 or so reporters will lose their jobs.

Mr. Li, Li Datong again, said that authorities were overreacting, and he mentioned even though media were not allowed to report on negative news, no one would believe that negative news would just disappear.

He thinks, in his interview with VOA this morning, that a tightening on the media is not only due to the recent fake bun report, where there was reporting that cardboard was being used for pork in buns, but also to the upcoming 17th Party Congress.

So visitors go to China and they report that there is world-class

investigative reporting, an unbelievable variety and openness in the state, as well as a certain chicness. So what's going on?

It appears to those of us who go to Beijing and Shanghai or Chengdu and don't venture out into the countryside that everything is wonderful. We've got Starbucks and McDonald's and it looks like there's great progress. But for the Chinese media, the restrictions are definitely increasing.

And they're not always written in stone. You can't find everything written down that this is what you can do and you cannot do. Certainly if you're going to report on Tibet, the Falungong, or Taiwan independence, for example, you have to follow the party line specifically or you're going to get in trouble.

But reporters usually get in trouble by stepping across a line they can't see, and they don't know exactly where it is until they've crossed that line. Nowhere are the effects of the tightening media control more apparent than on the treatment of the Voice of America, and I'm sure my colleague from RFA will concur, that this is much to the detriment of the United States, for our job is to present U.S. policy and to invite discussion of that policy.

China is determined to keep the dialogue one-sided. One recent example is the consumer product safety issue. China's official media have reported great detail in this, sometimes going back to the detailed reports on how the manufacturers have had difficulties with tainted products.

These reports have included the official media blaming international media, in particular U.S. media, for demonizing China, for focusing reportage on tainted pet food, toothpaste and other products or the raw materials from which they came from.

China's official reaction to this, as you've seen just in the past few weeks, has been first denial, then limited acceptance, then the execution of an official that some sway was a scapegoat, and then finally they blamed the American media. VOA Mandarin television and radio programs and the Internet responded by providing extensive coverage.

We aired dozens and dozens of reports, including interviews with the Food and Drug Administration, interviews with those officials, talks with experts, who explained why American consumers were concerned about this, live call-ins letting Chinese ask their own questions about it, and discussions of the legal ramifications for the companies, both U.S. and Chinese companies involved in it, and explorations of whether the American media is anti-China or not.

VOA as always has no position on any of these issues. We are facilitating interaction between our Chinese audience, U.S. officials and international experts, so that our listeners can better understand

the issues, so that they can make up their own mind about what is right or wrong or true or false.

Apart from the food and medicine controversies that have been more recent, China also does not want us to get through on other topics either, no matter how benign or hard-hitting they might be. If it's VOA, they do not let us in. They jam our shortwave broadcasts. They block our Internet. They are actively blocking our e-mails to millions of subscribers in China. We send them news e-mails and English lessons.

We've tried to work with Chinese radio and TV stations. They're very anxious to cooperate with us. They come to us saying we'd like to do a joint program or we'd like to broadcast your programs, both radio and television.

Newspapers are publishing our articles, taking them right off the Web site, sometimes taking VOA out and putting their own reporter's name and using those stories word for word as we wrote them and broadcast them.

But the officials are stopping them every way they can. Despite the demand from local radio and TV stations and print media for VOA materials, the central authorities do everything they can to stop us.

We've been under attack from Xinhua and other official news agencies just within the past few months, specifically criticizing VOA. We obviously must be a burr under their saddle, so to speak. We've produced hundreds of television programs that we broadcast into China introducing American culture and social life. We have stations that beg for those programs to broadcast them, but they're not allowed to.

We recently had Phoenix TV, one of the main satellite broadcasters based in Hong Kong, that is partially owned by the PRC government, broadcasting our programs in, and they were warned by the State Administration of Radio, Film and Television not to do so or they would lose their license.

There are other cases like that. Even though when we go through the official channels to ask for permission from SARFT to broadcast programs, they step in and stop it at the last minute.

We have for years participated in radio and television festivals, exhibitions inside China, such as the National Association of Broadcasters in Las Vegas every year. We went to those in China until two years ago. They blocked us from the one in Shanghai. We applied to the ones in Chengdu and Beijing. They blocked us again. This year we've been blocked again despite protests to the SARFT and the State Information Council.

They won't even let us go and exhibit our programming at their exhibitions where other international media are participating.

This last year, one of our Broadcasting Board of Governors went

to Beijing with a proposal for a joint television production, and he asked to meet with somebody from the State Administration of Radio, Film and Television, and no one was available to meet with him. He did meet with the State Council.

We on the other hand just received a request for SARFT officials to come and visit us, and we welcomed them to come next month to see our operations and talk with us to see how we can better explain what we're doing and understand their needs.

Those officials at this time have told us directly, to the U.S. Ambassador, that VOA is subversive. He used that particular word. Why are we subversive? We're not out to demonize China. We simply report the facts and we provide an uncensored alternative to China's state-run media.

There can be no mutual understanding if the communication is only one way. So we want two-way communication between our peoples.

I'd like to close out by making some recommendations. As we understood, the Commission was looking for some agenda items that could be acted upon to see where we could take this from now. We believe the key word is "reciprocity." We have open media in the United States. We welcome CCTV, China Radio International, all of them are here. Open. They can broadcast. They can put their programs on U.S. stations. They're easily available to all of us.

That is not the case for American media inside China. We're not asking to censor Chinese media in the United States. We're simply saying there should be fair access to the Chinese marketplace. We must insist on reciprocity just like we would in any trade issue. We need high-level representation to bring these issues up.

At this time, the President or the Secretary of State is not bringing these issues up to Chinese officials; they feel like they can ignore them.

And thirdly, again, reiterate that we want fair and equal market access. To the extent that we find statutes and regulations that are already part of the American system, we can strengthen our case, not just for China's media, but for all international media, so that we can attempt to realize the potential for international broadcasting and for other American media to reach into the Chinese marketplace.

Thank you.

[The statement follows:]

Prepared Statement of Mr. Jay Henderson
Director, East Asia & Pacific Division
Voice of America, Washington, D.C.

Mr. Chairman, Members of the Commission:

Thank you for inviting me here today to discuss China's internal information controls – on the Internet and other media – as well as to share my perception of what is happening inside China.

Because I believe all of China's individual policies, including those related to the media, are driven by the way the Party and its leaders assess China's overall situation, let me start with an overall assessment, then drill down to media controls, and finally offer several recommendations for the Committee's consideration.

Overview

There are three main features to the overall landscape in China today. The first is the tension that the leadership feels in, on the one hand, moving forward as fast as possible while, on the other, going as slow as possible to avoid spills, like a Tour de France rider who brakes for curves and puddles. We mustn't forget that not long ago the people of China were eating leaves and grass. I am certain the leaders imagine worse catastrophes befalling China if they don't correctly manage the 'go-fast; no; go-slow' tension. The challenges the leadership face in supporting rapid change range from dismantling state owned enterprises and containing corruption to meeting energy, food and medicine needs of their people and rapidly developing the institutions and policies needed to run a booming country, including being able to guarantee purity of food exports. This is surely difficult in a society that is not under rule of law. Meanwhile the taste of economic success along with a rising sense of national pride force the government to support rapid progress. So far the government has responded by reducing policy bias towards big cities by supporting rural development, health, education and the environment. There are at least 50 major implications for the United States in this aspect of China's situation: consumer product safety, the value of the RMB, our trade imbalance, and China's burgeoning investment in American stocks and bonds, to name but a few.

The second feature is looming on China's horizon: The 17th Party Congress this fall will select the "Fifth Generation" of China's leaders. In fact sixteen percent of China's senior leaders will retire and the Fifth Generation will have a clear shot at new domestic and foreign policies. The main implications here for the United States are whether the Party will begin to address domestic political reform or not and how, if at all, China will change its international agenda.

The third feature is the success China has had under Hu Jintao in preserving the dictatorship of the proletariat while building China's military strength, advancing the economy, and consolidating China's position as a leader of the international community. This success, although far from total, is large enough to permit China's neighbors, allies and adversaries to see the inevitability of China becoming a world superpower with an economy and a military robust enough to challenge the United States and anyone else. If the world's other totalitarian capitalist society, Russia, continues down the same path, the world could be a different place 25 years from now. Will China still be with us in the war on terrorism? Will human rights mean more then if total control is still seen as the secret to success? I do not have the answers, but the questions make me shiver.

Media Controls

Speaking of controls, the last five years have seen a tremendous tightening of controls over both domestic and international press. Gone are sophisticates like Wang Daohan and Zhao Qizheng; in their places are officials who are less sophisticated and who cling to the idea that anything that preserves stability is good and anything that interferes with stability is bad. Fortunately, not all Chinese agree with this paradigm. If any of you have not read Beijing Media Studies Professor Jiao Guobiao's "Declaration of the Campaign Against the Central Propaganda Department", I commend it to you and call your attention to this paragraph:

> *Based upon the Central Propaganda Department's "Stability above all," we ask whose stability overrides all else? Whenever the Central Propaganda Department puts a stop order on a news story, we see that it is the stability of the corrupt elements which overrides all else. It is the stability of the people who oppress little people which overrides all else. It is stability of the people who pay off the Central Propaganda Department which overrides all else. It is the stability of the sub-contractor boss who does not pay his workers which overrides all else. It is the stability of the people who forced the poor downtrodden people to travel thousands of miles to file petitions which overrides all else.*

From Jiao's essays and from the Committee to Protect Journalists, that ranked China 159 out of 167 in its last world press freedom index, it is easy to conclude China is one of the worst countries in the world for journalists. But visitors to China report world class investigative reporting, unbelievable variety and openness as well as state of the art chicness. What is going on? In fact, the situation to me seems relatively clear cut: journalists may 'do and say whatever they want, just don't cross the line'. If they ask where the line is, they are told nothing; cross it and they learn that in China everything is forbidden, even if it's allowed. Chinese media regulations are vague enough to allow authorities to jail journalists for anything a security officer defines as endangering national security. Only hindsight derived from case studies of dissidents in jail gives sufficient clues for reliable prediction of what will cause trouble: for sure, don't discuss Taiwan, Tibet or the Falungong – unless it's strictly along Party lines; otherwise, just don't challenge the Party or the State, meet with others to organize, or look abroad for political inspiration. If you can live within those guidelines, you'll be safe. Of course you won't be a real journalist, but you can still print newspapers, get press credentials and go on the air with newscasts. In other words, you can be a journalist who sometimes tells the truth.

Nowhere are the effects of the tightening of media controls more apparent than in the treatment China affords the Voice of America, much to the detriment of the interests of the United States, for it is our job to present U.S. policy and discussion of that policy.

But China is determined to keep the dialog one-sided. One recent example is the controversy over consumer products traded between the two countries. China's official media have reported in great detail certain aspects of the manufacture and, in some cases, recalls of tainted products. These Chinese reports have included the official media blaming international media, in particular U.S. media, for demonizing China by focusing reportage on tainted pet food, toothpaste and other products or their raw materials that originated from China. China's official reaction went from denial, to limited acceptance, to execution of an official, and finally to blaming American media. VOA Mandarin television and radio programs responded by providing extensive coverage of each case with analysis by U.S. officials and experts, including China's official reactions. We aired literally dozens of reports including interviews of Food and Drug Administration officials, talks with experts who explained why American consumers were concerned, live call-ins with Chinese asking whatever question they wanted – uncensored of course, discussions of the legal ramifications for U.S. importers and their Chinese counterparts, and unbiased explorations of whether American media were anti-China or not.

VOA has no position on any of these issues, but we have facilitated interaction between our Chinese audience, U.S. officials and international experts so that our listeners better understand the issues.

- On June 14 we aired a program called Uncut News on the food safety crisis. The format of Uncut News is to take a Chinese news report and compare it to the way the same story is covered in media outside China. In this case we compared the way Xinhua, China Daily, People's Daily and China Economic Daily were running the story to how the Wall Street Journal, the New York Times and the Straits Times of Singapore were covering the same story.

- On June 11 we invited the assistant commissioner of the FDA to be our guest on our daily one hour TV/radio call-in show. The switchboard lit up and calls poured in from all over China as this US government official explained the FDA's actions. It was clear from his presentation that the United States was not treating China any differently than manufacturers in the US or any other country, for that matter.

- Over the past few months the VOA newsroom and VOA's Mandarin Service have done dozens of stories from a wide variety of angles, including a four part series for radio and television on (1) food safety and the globalization of food production; (2) Agro-terrorism; (3) food labeling and (4) China's efforts to improve food safety.

Apart from the food and medicine controversy, China is does not want us to get through on other topics either, no matter how benign or hard-hitting they might be. If it's VOA, China does not want us to get through.

- They jam our shortwave broadcasts and bar our cooperation with local FM stations. In one glaring instance not long ago, we had arranged with a provincial radio station to coproduce a program on how Americans celebrate Lunar New Year. We brought several students from that province to Washington; the provincial station invited a few Americans into their studio; and we were all set to celebrate together on air when suddenly, only six hours before air time, the station called to say security officials had told them to drop the program.

- For many years we've attended radio and TV festivals in China, often putting up booths to show off our programming. The last time we succeeded in doing this, back in 2004, the exhibition organizers had to surround our booth with 17 security guards to control the crowds. Then suddenly our applications began being accepted and then rejected with no explanation. At this writing our application to attend the Beijing TV festival in August has been accepted and then rejected. We are appealing.

- We have produced over 300 TV programs called Cultural Odyssey that tell America's story. This is a weekly 30-minute show that stations we send to stations in China who strip off our identifiers and do whatever else is needed to hide us as their source before airing our program. The most recent episode carried stories of an American who uses rap to teach classical poetry, a tour of the Live Earth concerts, a review of the movie *Nanking*, and a report on the real Harry Potter getting his handprints in the cement outside Grauman's Chinese Theater in Los Angeles. But when Phoenix TV tried to air Cultural Odyssey, China told them they would lose their right to air in China if they did it again. They have threatened other stations caught cooperating with us as well.

- In the last year we've produced a one hour special for television on the ways American soldiers cooperated and fought side by side with China against Japan in WWII and another program on the impact the National Committee on US-China Relations has had on Sino-American relations over the last 40 years. We profiled many prominent Americans (Senators, Ambassadors, CEOs, etc.) and many prominent Chinese in that special program.

All of these programs, and others, are devoid of political content but China wants none of them shown. The leadership considers VOA to be "subversive" because we dare to provide an uncensored alternative to China's state-run media.

Let me now get to the point: it is in the interest of the United States that the people of China understand America and vice versa. But there can be no mutual understanding if the communication is primarily one-way. On the one hand China has taken advantage of America's open door to get its propaganda into the U.S. while on the other it does everything it can to bar the door against our uncensored information. China's government clearly believes this one-way flow of information is good for its people; I suggest that

it is bad for the people of the United States and we need to do something about it.

Recommendations

What can be done to turn the situation around? VOA has used whatever leverage we can find to persuade the Chinese to open up. A little bit of leverage helped us a few years ago to get a native Chinese-speaking correspondent stationed in our bureau in Beijing. But since then the Chinese have been less and less receptive to overtures from VOA. Members of the Broadcasting Board of Governors visit China regularly; each time they ask to visit key offices such as the Foreign Ministry, the State Council Information Office and the State Administration for Radio, Film and Television. The last time one of our Governors visited Beijing he had a specific programming proposal to discuss with SARFT; unfortunately no one from SARFT could find time to meet him even though China that same week was playing host to an international conference of broadcasters attended by both VOA and RFA. How ironic that only last month VOA received a request from SARFT officials to visit our facilities in Washington. We of course agreed and will use the opportunity to ask for reciprocity.

Having mentioned reciprocity, let my first recommendation be that this word become the litmus test for all future access by China's state sponsored media. Reciprocity is not an issue of freedom of the press; we are not afraid of China's message. Instead, this is an issue of unfair market access. Government-sponsored Chinese media have unfettered access to the U.S.; they are increasingly skillful at taking every advantage of our open system to get Beijing's message across; and their effort is growing; China Central TV news is now available in many American homes; they have dozens if not many more correspondents in the U.S. putting their official view on events that happen here; their reporters are free to travel wherever they want in the U.S. and they can talk to whomever they please without prior permission. If this is the kind of access that China wants to our media market, we must insist on reciprocity.

My second recommendation is to seek high-level representation on the issue of reciprocity. China has never agreed to discuss access of American media to Chinese markets with our highest officials. Britain's prime and foreign ministers in their interaction with Beijing, to some avail, are often able to mention the BBC's situation. But we believe the Chinese will not take us seriously unless and until China and the U.S. discuss this issue at the highest level. In China, nothing gets done unless the people in the center at the top of the power heap say so.

A third recommendation, also related to reciprocity, is to ask for assistance in defining what leverage, if any, we might have to exert as we insist on fair and equal market access. To the extent that we can find statutes and regulations that are already part of the American system, we will strengthen our case that this is not aimed at China or China's message but merely an attempt to realize for VOA – and other American media – the same kind of market access that China already enjoys.

Thank you.

CHAIRMAN BARTHOLOMEW: Thank you, Mr. Baum, for very interesting testimony. Mr. Southerland.

STATEMENT OF MR. DAN SOUTHERLAND, VICE PRESIDENT OF PROGRAMMING AND EXECUTIVE DIRECTOR RADIO FREE ASIA, WASHINGTON, D.C.

MR. SOUTHERLAND: Thank you, Ms. Chairman. I want to also thank you for giving me a second opportunity to speak to you. I was

here a couple of years ago, and I tried in my written testimony to use some of the same format, so you'll see a lot of similarity to what I said in 2005 and now, partly because the situation has not improved for the Chinese media.

I would also like to start by reminding you that RFA, our legislative mandate differs from that of VOA. We do little reporting on international stories unless they really have a big impact inside China and in our other target countries.

Our efforts are complementary--I think Bill would agree with me--to those of VOA. We're not a federal agency, so I'm not going to make recommendations, although I find some of those recommendations resonate with me personally.

We focus almost entirely on tough issues missing from China's domestic media. By the way, can I go for seven minutes?

CHAIRMAN BARTHOLOMEW: Yes.

MR. SOUTHERLAND: Okay. I'm supposed to be an editor so I ought to be able to do this.

CHAIRMAN BARTHOLOMEW: Maybe that's why you left reporting.

MR. SOUTHERLAND: That's right. I'm watching this. We focus on these tough issues that are missing from the domestic media coverage. News, for example, about worker protests, forced abortions, repression of underground churches, these are all very hard to get right, but we try. Tibetan monks and Uyghurs, who are almost forgotten in most of the media around the world, people whose cultures are threatened, and the Uyghurs, of course, are the Muslim people who inhabit the far west of China.

We simply do the only reliable reporting, and I'm not boasting, but we work very hard to train Uyghur scholars and people who work with us to become journalists. The head of our Uyghur Service has actually got a Ph.D. in cultural anthropology and is an expert on mummies on the Silk Road. Now, he's a journalist, but he's good.

We also try to get government officials to get their side of the story, and over the years, officials at the middle and lower levels have begun to talk to us, sometimes to argue their side of the case, sometimes to give us little tips as to what's going on.

But I wish I could report significant progress in the media environment in China. I wish I could say that the Olympics will open up a new era of opportunities for the domestic news media, but I think, as the cochair has already mentioned very eloquently, this is not happening.

Beijing is not doing what many predicted would be the result of the Olympics, now just about a year away. The authorities announced, for example, just to take an easy issue, a loosening of control over the

foreign media in advance of the Olympics. Even that isn't working out as predicted.

A journalist shows up at a factory to look at a faulty product. He's welcomed in and then suddenly he discovers he's under interrogation and being held for eight hours or whatever it was. Journalists go to Tibet. Suddenly they realize they're being tailed every step of the way, even though they're accredited to go to Tibet.

If they're that heavy-handed with the foreign media, and I'm not saying every foreign correspondent, because the foreign correspondents matter less to them. We're talking about the domestic which really matters to them. If they're that heavy-handed with some of these guys from big-name newspapers, imagine what they do to their own people, and as you said, we don't even know how many are really in jail.

I would say that the Chinese media, as I think Bill has indicated, looks more lively and colorful than before. A casual two-week visitor is going to go there and say everything is like the United States. It's capitalism. Except it's a different kind of capitalism where Communist Party officials are running factories under a new name. They're now factory directors.

I brought along Jim Mann's book, which I think half of you read--this myth about China has been going on ever since the first missionary landed there, that they're going to be just like us. We're going to lift Shanghai up to look like Kansas City. Now, it looks like Kansas City, but you got to go deeper and meet the petitioners that Bill was talking about who are getting thrown out of their homes in Shanghai to allow for these big buildings.

In the written testimony, I described the methods the Chinese government is using to jam our broadcasts, block our Web sites, disrupt our call-in shows, which is interesting. I don't want to go deeply into that. But I do think that I don't want to give the impression that our own efforts to get through to listeners and to Web sites are hopeless.

Actually, we get RFA listeners all over China who give us their thoughts and let us know they can hear us, and that they can reach out to us on the Web despite the jamming and the blocking. We have five call-in shows—one in Mandarin, one in Cantonese, four in Tibetan, one in Kamar and one in Uyghur. These are very valuable for feedback.

Quite often these listeners let us know that they don't trust the domestic Chinese media and also quite often they thank the American taxpayer for kicking in the money to help them understand trends in their own country or, more in the case of VOA, trends in the outside world. This is wonderful when you get one guy who calls you a traitor

on a hotline or a call-in, the next guy says thank the American taxpayers.

We put it all out there, but an amazing thing in the Xinjiang area, since Muslims are in the forefront these days, is how often we get pro-American sentiments out of that area. And it could be the most pro-American group of people, but I'm not going to say that authoritatively because I'm not allowed in there, but little surveys that we do indicate it. This is incredible.

These people are almost forgotten. They're not reported on in the Chinese media except as potential terrorists.

Let me just skip ahead here. I want to mention that one of our most successful call-in shows is run by a labor activist, who sits in Hong Kong, a contractor, Han Dongfang, spends his days, nights, weekends. I can't even get an appointment with the guy because he's always on the phone with some worker in China. Han, could I see you, well, I'm sorry, Dan, I got this thing coming up; I'm talking to this guy; he's in the middle of a riot. The guy tells us he's listening to Han on the radio while he's rioting. And then Han is very good. He does what I mentioned earlier--he gets the local labor union, party controlled labor union--the guy admits he can't do anything for the workers. Then he gets the party official who says no, there aren't 500 people demonstrating, there are only 400. Then we keep triangulating this information, and we get a real story, which you don't necessarily get if you're sitting in Beijing.

We supplement this kind of interactive dialogue that Han carries on and also our other skilled call-in hosts with blogs, with tips from citizen journalists--that's what we're calling them--not quite sure where that term came from--but Ken Berman over here is the expert on this stuff.

They send us videos taken by cell phone of land disputes, student protests, clashes between farmers and police, occurring all over China. Within a couple of hours, this is recorded, and we get it on YouTube. It goes all over the world. Sometimes this stuff comes back to us. It's not even labeled RFA anymore. It's from some other Web site, but they've left our content unchanged and unfortunately you can't measure that in surveys.

So I can't give you statistics that I believe in. I can't give you any reliable statistics. We know we're getting impact because people tell us that. People who are lawyers, activist lawyers, who are one of the most important groups in China, one of the bravest groups of people, who are defending these farmers.

These are guys from Beijing who go out to some village and defend farmers whose land has been seized, and who are given lousy compensation by some party official, who has now become a capitalist,

who then flips it over and sells it to a Hong Kong developer, and these people are disenfranchised. These lawyers are now being--there's one case in particular--tortured in prison. They are the gutsiest people, along with some of the journalists who keep speaking out, such as the one mentioned by Bill, Li Datong.

That guy won't shut up. They took his publication away. They put him in some research department, but he just keeps talking to us. It's wonderful. I don't want to denigrate the brave Chinese journalists who are out there trying to do what we sometimes--basically they're our colleagues. I've got a couple of them working for me. They left after Tiananmen and they don't want to go back.

I'd say the hottest story in China at the moment is what Bill mentioned, which is the debate over, particularly over food products. This is going on as we speak right now. I didn't put it in the written testimony because I tried to figure it out, and then I finally asked the smart people--my own broadcasters--what the heck is going on?

What happened was, when this food product story started, Chinese journalists thought this was a safe area, one of those not sensitive areas. Let's report on it. They were going to do their stuff. The bloggers were doing their stuff. It was incredible. They were trying to do their job, their honest journalism.

All of a sudden we're getting very heavy-handed warnings to these guys, pull back, don't exaggerate. I forget who it was--the Deputy Director of Quality Control or something--just made a statement. I've got the text in here in Chinese saying, look, most of this stuff is safe. What are you exaggerating for? We're doing okay; it's the foreign media are, as Bill said, are pumping this up.

But look what it would do for the world and for America if we had good honest Chinese journalists covering this story because it's happening all over China. No one outfit can cover this. China is big, as we all know.

You need good Chinese journalists out there checking this factory and that factory, but not just one factory. They need to look at the whole system and that's not what they're allowed to do. They can't do stuff about what's wrong with the whole system. They can get away with doing a local factory producing toothpaste, maybe, although I doubt they could do that today with all the warnings going out.

They can't do, hey, what's wrong with the system? And it's not enough to kill the director of their FDA. That's what the Chinese call killing a--well, anyway--I won't get into that. But I think you have an expert on how the Chinese media is controlled here. I'm really impressed with his work, and I always mispronounce his name, but I hope I meet him later, Professor Esarey, who is I think from Middlebury, but anyway, one of your expert panelists.

He really knows what they're doing is much more subtle for the most part. It's not like this food products thing where I think they're in a panic and they're using the old method of sending our circulars that you mentioned. What they do now is they call a journalist up and they say you're not running this story, and you're not going to tell anybody you're not running the story.

One guy got jailed because he talked about the list of restrictions that he was getting. But it's done more subtly. I think the Chinese government is embarrassed about this censorship issue so it's done in incredible ways that the professor can describe better than I can.

It just happens in this food products thing, I think they consider it an emergency and it's going to affect trade so they're weighing in very heavy on it. The authorities are taking out Web sites that post opinions contrary to this rosy official line that all is well with Chinese food.

I can talk more about the Olympics. I can talk more about other issues, but how many minutes have I gone because--

CHAIRMAN BARTHOLOMEW: You've gone over.

MR. SOUTHERLAND: Oh, jeez, and I promised—

[The statement follows:]

Prepared Statement of Mr. Dan Southerland, Vice President of Programming and Executive Director, Radio Free Asia Washington, D.,C.

Mr. Chairman and Members of the Commission:

Overview of RFA's Mission and Broadcasts

Radio Free Asia (RFA) is a private, nonprofit corporation broadcasting news and information in 12 languages and dialects to listeners in Asia who lack access to free news media. RFA launched its first broadcast, in Mandarin Chinese, in September 1996. RFA aims to serve as a model substitute for local media, providing local news in countries that prohibit free speech. Funded through an annual grant distributed from the Broadcasting Board of Governors (BBG), RFA's legislative mandate is to deliver accurate and timely news and information, and to provide a forum for a variety of opinions and voices.

RFA adheres to the highest standards of journalism and aims to exemplify accuracy, balance, and fairness in its editorial content. In addition to its news programming, RFA strives to be a "university of the air," broadcasting works of literature and nonfiction that have been banned in RFA's target countries. RFA also aims to give its listeners a vehicle to voice their thoughts, including when they disagree with RFA reporting, through numerous call-in programs—five in Mandarin, one in Cantonese, four in Tibetan, one in Uyghur, and one in Khmer. This interactive dialogue is augmented by our award-winning online presence, which comprises message boards, blogs and multimedia components contributed by citizen journalists on the ground inside China, which we post after they are authenticated by RFA editors.

RFA's Mandarin service broadcasts 12 hours a day to China. The Tibetan service broadcasts eight hours and the Cantonese and Uyghur services two hours each. These services incorporate reports from

correspondents and stringers based in Hong Kong, Taipei, Seoul, Ankara, Katmandu, Central Asia, and Dharamsala, in northern India.

With a mandate that differs markedly from that of VOA, RFA does little reporting on regional and international news unless it has an impact in our target countries. Nor does RFA broadcast in English. Each language service is staffed entirely by native speakers, and the programming of each service is distinctive, reflecting each market's individual requirements.

RFA focuses on tough issues missing from China's domestic media coverage. In just 10 years, we have established ourselves as an authoritative source for news on sensitive topics such as censorship, corruption, civil unrest, and human rights legal activism. When the Chinese People's Armed Police opened fire on villagers in southern China in December 2005, citizens on the scene phoned RFA to say "Listen – they're using real bullets!"

It is therefore hardly surprising that China would seek to interfere with RFA programming through electronic jamming of shortwave radio broadcasts, Web blocking, and the disruption of call-in shows.

RFA has no bureau inside China. RFA has no direct access to press conferences inside China. RFA does not have any sanctioned re-broadcasting or affiliates inside China.

Chinese Interference with RFA's Web site and Radio Broadcasts

The Chinese authorities block our Web site by name, by key words, and by topics targeted for censorship on the Chinese Internet. They have disrupted some of the phone lines to our call-in programs with repeated calls, apparently computer-driven. Sometimes the lines simply go dead. They have tracked down some of our sources, interviewees, and repeat callers and harassed or persecuted them despite attempts by RFA to protect sources and callers on the air. Most callers know the danger and go through complicated machinations to escape detection and retaliation.

RFA broadcasts to China in Mandarin, Tibetan, and Uyghur are consistently jammed. Jamming is accomplished through a two-pronged approach using high-powered transmitters to jam broad areas of China and low-powered transmitters to target major cities. Former Communist Party Chief and President, Jiang Zemin personally directed a large-scale, broad-spectrum, and long-term build-up of aggressive censorship aimed specifically at the Tibetan and Uyghur people, including construction of new state-of-the-art jamming facilities and intensified official central news broadcasting in Uyghur and in three Tibetan dialects on television, shortwave radio and via satellite.

According to industry sources, a 2004 Chinese government purchase of 16 more high-powered transmitters from Thales, a French corporation, signaled China's plans to intensify its efforts. These new transmitters cost more than U.S. $1.5 million each, but this was just a small part of the overall cost needed to operate, maintain, and manage such a large jamming network. A single transmitter used by RFA may attract a dozen small local jammers and one or two larger jammers working against it. The jamming often consists of Chinese funeral music, which incorporates the harsh sounds of Chinese horns, drums, and gongs—and sends Chinese listeners scrambling to change the frequency.

Despite all this effort, RFA continues to get through to a significant number of listeners in every province of China. Our call-in hosts have received calls from people of all ages—from eight to 99. The callers complain about the jamming, but many are able to hear us well enough to give feedback on our shows. But the police have issued warnings to repeat callers in a number of provinces. We know of at least a few who have been detained or fined for listening to RFA, with reports of this coming most frequently from -Tibetan areas. RFA received a report late last year that a Buddhist monk had been

jailed, in part because he told poor Tibetan families to educate themselves by getting radios and listening to RFA broadcasts.

Many listeners call in to RFA from pay phones to avoid having their calls traced. In one case, a caller to the Cantonese Hotline from Guangxi Province said two policemen dragged him out of a phone booth and detained him for a month without charges, beat him, imposed a heavy fine, and warned him not to make any more calls to RFA. He told our Cantonese call-in host that he would continue to call. Earlier this year, a Mandarin caller told us he rode his bicycle for several miles to reach a pay phone booth in order to call RFA. He was afraid, he said, that he might be overheard at his university. Some callers have told us they have had to try upwards of 50 calls to get through to RFA. Some are reduced to tears upon finally reaching our call-in hosts. Such random interference and intimidation reveal both the tenacity of the Chinese authorities and the determination of our callers. A wave of sophisticated Chinese laws aim to control and force registration of internet identification letters and may require mobile phone subscribers to register their real names. These laws provide the authorities with the ability to trace all manner of communications including email, short messaging and internet use.

In addition to jamming our broadcasts and blocking of our Web site, China has applied pressure to several of its neighbors in order to dissuade them from allowing RFA to broadcast from their countries. In Thailand and the Philippines, large U.S. government transmitter sites cannot broadcast RFA programming because those countries refuse to allow it.

The Chinese government has also periodically sought to disrupt our call-in shows. Starting around July 20, 2004, Beijing began blocking caller access codes in northeast China and appeared to be bombarding our Mandarin Listener Hotline show with automated crank dial-ups. Callers complained about busy signals eight out of 10 times when seeking 800-number access. Another problem was Chinese operators who asked callers why they were trying to reach these numbers, and then claimed that RFA's toll-free lines were "non-working" numbers. But dedicated listeners have found ways to continue to reach host William Zhang. RFA's long-distance carrier has investigated these phenomena and advised that the source of the problem originated inside China.

There is no known technical solution that will solve RFA's jamming problem. Political pressure on China to halt the jamming would be the most effective means to stop it but repeated formal requests have yet to yield any improvement or even acknowledgement. A halt in jamming would save the BBG millions of dollars a year. Effectively countering jamming would require more than double the number of transmitters now in use. The cheapest means to do this would be to obtain permission for RFA broadcasts from U.S. government sites in Thailand and the Philippines and gain access to some of the border country transmitters. But officials in both Thailand and the Philippines are sensitive to Chinese concerns.

Although RFA Web sites directed at China—in Mandarin, Cantonese, Tibetan, and Uyghur—are targets of aggressive Chinese blocking measures, our Web users are creative and determined to use proxy servers and other software countermeasures to reach us. We know that our news does get through via these ingenious users, individual blog and private Web site republications and "human proxies, who not only spread our news by word of mouth but also send mass e-mails of our reports and links. They re-post our reports on other Web sites and on blogs accessible inside China.
Although it is impossible to measure with any degree of accuracy the multiplier effect of the republication and mass e-mailing of RFA material, we ourselves frequently get played back to us unedited news from RFA that is published by someone else as if it were their own product.

We recently discovered that a Web site inside China run by Tibetan students re-broadcasts RFA's Tibetan call-in shows in their entirety. And Tibetan schools in exile distribute RFA Tibetan Web news to

students to use as part of their daily reading materials.

RFA's Uyghur Web site has now become the only non-Chinese Uyghur site that is updated continuously, in an Arabic-based font, and that provides accurate and balanced news coverage about events inside China. The site also functions as a collective memory for the Uyghurs' besieged culture and language. The Uyghurs are a Muslim minority of some 10 million people living in China's Xinjiang Autonomous Region, which encompasses roughly one-sixth of Chinese territory. Radio Free Asia has recently seen its Uyghur news proliferate on other Uyghur Web sites on a daily basis.

RFA is now entering a new era in which the Web no longer exists simply to amplify regular broadcasts. We have hired a first-rate Web team. We published our first blog in January 2006 during the tsunami crisis, when one of our Tibetan reporters in south India wrote what we believe at the time was the world's first Tibetan-language blog. We have since introduced our first slide shows, and have begun attracting a younger audience through other interactive features. Finally, RFA is now offering a large place to citizen journalists who send us videos that would not otherwise reach many people seeking uncensored news in a restricted media environment.

RFA and Citizen Journalists

The most significant new phenomenon is the advent and explosion of citizen journalists inside China. Nothing may frighten the Chinese government more than scores of citizens on the ground with cell phone cameras at the ready to capture and disseminate images from protests, demonstrations, and other events as they take place — and which can be quickly recorded by anyone and everyone. Radio Free Asia is meanwhile expanding its multimedia content on its Web sites right alongside this movement.

Major Stories by RFA's China Services

Cantonese

In early 2007, RFA's Cantonese service obtained and published online exclusive video of a major riot in Sichuan, in southwestern China, in which thousands of local residents converged on an upscale hotel, setting fire to the building to protest the death and alleged rape of a 16-year-old girl who worked there. This story was also picked up by major international media and signified the emergence of "citizen journalism" as a major phenomenon in China, in which ordinary citizens are increasingly recording, reporting, and publicizing news that China's official media are prohibited from covering. In 2007, RFA's Cantonese service broke news of major riots in Guangxi province over harsh population control policies, including forced abortions and heavy fines. Thousands of villagers set fires and smashed cars in Shabi Township. Some villagers gave varying accounts of injuries and deaths but the local government rejected these reports.

Mandarin

In December 2005, RFA's Mandarin service broke the story of a deadly police crackdown in the southern Chinese township of Dongzhou. China's official Xinhua news agency later reported that police had opened fire "in alarm" on protesters who attacked them with home-made explosives, killing at least three people. But villagers said police fired first on an unarmed crowd, and that the death toll was higher than official reports admitted. The story was picked up by hundreds of media outlets worldwide. Soon after the crackdown, which prompted a media blackout, an RFA reporter traveled to the scene, reporting that: "The closer you get to Dongzhou, the more signs there are....'Crack down on criminals. Maintain social stability. Do not believe rumors. Do not believe evil talk. ...Without the government, it will be hard to have peace. The government solidly supports the people of Dongzhou." RFA-Mandarin is widely republished in the international media when we break such stories, with dozens of prominent pickups every week.

Uyghur In early 2007, RFA's Uyghur service broadcast an exclusive report – picked up by major media worldwide - on the secret execution in far-west Urumqi of an ethnic Uyghur man who allegedly attempted to "split the [Chinese] motherland." Semed, a Uyghur political activist deported to China from Pakistan in 2003, was sentenced to death Oct. 31, 2005, by the Urumqi City Intermediate People's Court for being "a splittist" and for "possessing firearms and explosives." RFA Uyghur has also reported exclusively and extensively on the continued practice of forced labor or hasha in the Xinjiang Uyghur Autonomous Region, under which ethnic Uyghurs are effectively conscripted to work without pay under official direction. In a series of interviews with RFA in 2004, Chinese government officials in Xinjiang confirmed that hasha still exists, although the system has long since been eliminated in other parts of China. More recently, the Uyghur service reported exclusively—and was credited as such at length by the London *Sunday Times* —regarding the systematic confiscation of passports held by ethnic Uyghurs and ethnic Hui Muslims in a bid to stop them from making pilgrimages to Mecca.

Tibetan

In 2006, members of a group of 43 Tibetans described their terrifying flight over the mountains to Nepal while under fire from Chinese border guards who took several dozen other Tibetans into custody. Witnesses said at least one person was killed and at least one wounded by the gunfire on Sept. 30, 2006, near the Himalayan pass at Nangpa La in the Mount Everest region. Others set the death toll higher. Another 36 or 37 Tibetans were detained, witnesses told the Tibetan service. In 2007,

Chinese police detained at least one person when several hundred Tibetans in Lhasa took part in an outlawed incense-burning there in a rare open display of opposition to Chinese rule. "About 500 Tibetans planned to participate in a huge incense-burning ritual at Kuru Bridge …in response to the offering rituals for His Holiness the Dalai Lama's long life, one source told the Tibetan service. RFA-Tibetan also broke the news this year of the detention of a group of Western tourists for staging a protest in Lhasa.

Topics the Chinese Government Attempts To Control

As RFA's Mandarin service director Jennifer Chou has written, when a new generation of Chinese leaders took power several years ago, "the world had high expectations." The self-proclaimed "human-centered policies" of President Hu Jintao and Premier Wen Jiabao led many in China to believe that the new leaders would introduce political reforms—or at least loosen controls over society and the media—to match China's blazing economic growth.

In the West, many have long held the belief that, eventually, economic modernization would bring democratization. But early hopes for the Hu-Wen "new leadership" have so far proved to be "overly optimistic," wrote Ms. Chou in a *Weekly Standard* article on how the Chinese authorities are targeting cyber-dissidents and journalists.

According to recent U.S. State Department human rights reports, the Chinese government has continued to threaten, arrest, and imprison many individuals for exercising free speech.

Just as was the case several years ago, the biggest taboo for journalists remains criticisms of senior leaders or reporting and opinions that directly challenge Communist Party rule.

According to Reporters Without Borders (RSF), a Paris-based monitoring group, China currently imprisons more than 30 journalists, making the country the world's leading jailor of journalists. In addition, more than 50 cyber-dissidents are under detention for posting messages or articles on the Internet that were considered.

Just this month, RSF reported that Li Xing, a young employee at a wedding photo shop was being held

under police detention in Shandong Province after she took part in an online debate over the damage caused by the recent floods in China. She was accused of "broadcasting rumors about floods and creating an atmosphere of terror in the region." The police refused to reveal the exact content of the woman's posting. According to public security regulations, publishing false news that could disturb the public order and create panic is punishable with a prison sentence. The case seems to show that despite cautious legal changes in the area of natural disaster reporting, Chinese officials can still enforce strict censorship in a great variety of instances.

In fairness, let me report some improvements. Under Hu and Wen, the government has allowed more coverage of problems affecting ordinary citizens' daily lives—problems outside the "most sensitive topics" zone. These topics that once were largely off-limits include, in some cases but not all, natural disasters, robberies, traffic accidents, coal-mine explosions, excessive agricultural taxes, social issues such as prostitution and gambling, and official corruption at medium-to-lower levels of the bureaucracy.

After playing down the threat of AIDS to China for many years, the Chinese government has encouraged more discussion of the subject. But the government and media still appear to be underestimating the total number of HIV/AIDS sufferers. Officials in Henan Province continue to block reporters attempting to investigate cases of hundreds of thousands of poor farmers who are believed to have been infected with the HIV virus after selling their blood under a program approved by the provincial government.

While the coverage of such topics has expanded, the central government still imposes limits. In many cases, such as the coverage of coal mine explosions, the media are advised to carry the official Xinhua News Agency version of events. Xinhua tends to play down the seriousness of negative events and attribute the causes to unworthy or corrupt individuals but not to the system itself. As an RFA broadcaster said recently, the Xinhua stories are confusing at times. "You do see partial truths and facts, but not … the whole picture," he said.

Part of that complete picture is the suffering of individuals involved. Take, for example, the thousands of Chinese coal miners who have died in a series of coal mine disasters over the last few years. Their stories and those of their families are rarely brought into full view.

Topics that remain under strict control

High-level corruption: Such corruption is rarely covered unless it involves an official who has fallen from favor with the top leaders. The media rarely investigate such cases unless the authorities are already pursuing them.

Unrest among farmers and workers: Premier Wen has focused on the growing income gap between China's city dwellers and many of the 800 million people still living in the countryside, the majority of whom is still quite poor. Increasing rural income has been made a top priority. This has led to more coverage of excessive agricultural taxes and the low prices of agricultural products. The problems of migrant workers who seek work in the cities have also drawn more coverage. But coverage of protests, demonstrations, and riots by workers and farmers that are occurring by the tens of thousands each year, all over the country, go largely unreported. The Hu-Wen team clearly fears that coverage of this unrest could affect "stability."

Petitioners: The police regularly round up and detain petitioners, including workers and farmers, who come from around the country to protest against abuses of power—an obvious story, but one that the state media cover up.

Religion: Coverage of religious groups not recognized by the government is banned. The state has

arrested and persecuted numerous members of the Falun Gong spiritual movement in recent years, but no coverage of the movement's own views or complaints is allowed. Underground Catholic and Protestant church members are not free to be quoted and the obvious growth in the numbers of Chinese Christians in recent years is not considered a story. The police have arrested many "house church" leaders, but news about this is banned.

History: It has been said that only the future is predictable in Communist-led countries. The past is unpredictable, because history can be rewritten under the guidance of the party. Off-limit subjects include Mao Zedong's and other top party leaders' responsibility for millions of deaths caused by the Great Leap Forward and subsequent famine and the Great Cultural Revolution. The real story of the crackdown and shootings of demonstrators near Tiananmen Square in 1989 is, of course, still on the government's taboo list.

The most sensitive topics

The top leadership: Any discussion of ups and downs and power struggles within the top leadership is taboo. Zhao Yan, a *New York Times* researcher in Beijing, was arrested -for allegedly leaking the news that Jiang Zemin would be resigning as head of China's powerful military commission. The *Times* denied the allegation.

Dissidents: Under Hu Jintao, the government has so far been more strictly monitoring and controlling dissidents and independent-minded intellectuals than it did under Hu's predecessor, Jiang Zemin. A few dissidents have been allowed to visit Hong Kong

Ethnic minorities: No coverage is allowed of tension and conflicts between ethnic minorities and Han Chinese.

Foreign affairs: No coverage is allowed of foreign countries'criticism of China's human rights problems or of its sales of military technology overseas. There is no coverage of what is really happening in Taiwan.

The official line in China is that ordinary Chinese care about practical issues—food, housing, and their day-to-day struggle to make a living, and not about political issues. But the outpouring of varying views on politics evidenced by calls to RFA from inside China, suggests the contrary. RFA callers, while not necessarily representative of the country as a whole, do care deeply about politically sensitive issues.

Methods the Chinese Government Uses To Control the Flow of Information

The Chinese government has fired a number of top editors who were testing the limits and pursuing investigative journalism that offended the authorities. The best examples of this could be seen over the last several years in the city of Guangzhou, where the news media have long been considered the most open in China. Altogether at least seven leading editors were ousted and some jailed. Party or government propaganda specialists took over key positions. Liang Guobiao, the new head of *The Yangcheng Evening News*, one of the leading newspapers in Guangzhou, has no journalism experience, according to journalists who work at the paper.

Guangzhou's popular tabloid, *Nanfang Dushi Bao*, or *Southern Metropolis Daily*, had been the first to break the SARS story in early 2003. This kind of coverage embarrassed Guangzhou officials and police. Two of the paper's executives were arrested on charges of "embezzlement" and sentenced to terms of 11 and 13 years in prison. The newspaper's editor-in-chief was arrested and held in jail for five months. Unfortunately these censorship stories are all too common today in China.

Partly as a result of periodic crackdowns, self-censorship has become widespread among editors and reporters practicing all forms of journalism, including online journalism.

Meanwhile, since I testified before this commission in April 2005, Chinese government control of the media has intensified in less overt but in evermore subtle and sophisticated ways. Color and variety—form over content—are allowed. Once-taboo subjects such as sex can be discussed. Television has adopted more attractive packaging.

But what we are seeing is not better journalism. It is what *The Wall Street Journal* once described as "new and improved propaganda." Hard-hitting investigative journalism remains off-limits, except in certain isolated local situations where the authorities sometimes have trouble catching up. The kind of journalism that examines the entire system is off limits, thus depriving the Chinese people of the information they need to make up their own minds about how they are governed and led.

PANEL I: Discussion, Questions and Answers

CHAIRMAN BARTHOLOMEW: And we have people with questions. Thank you very much, gentlemen, both for the testimony that you bring to us today, but even more for the dedication that you bring to your work day in and day out. It's important to the people in this country. They often don't see it, but it really is. It's an inspiration to all of us and certainly the dedication and the integrity of the reporters who are out there taking risks on a daily basis is really something to be commended.

So thank you for your service. We'll start actually with Commissioner Wortzel for questions.

COMMISSIONER WORTZEL: Thank you very much, both of you, for being here and for the work that you do. You've got a very active program in China. I think it's effective. I wanted to ask a couple of questions about reciprocity and then one about the Olympics. I'll just throw the issues out and be happy for any of you, including Mr. Berman, to respond, but you mentioned reciprocity, Bill, and has this issue of reciprocity in access to the market ever been raised by members of Congress in an Interparliamentary Dialogue?

We do get the NPC over here. They visit. Is it part of any Senior Dialogue, you know, does Paulson raise it? Or did the Deputy Secretary of State Zoellick raise that issue when he was in a Senior Dialogue. And has the Secretary of State ever brought it up during one of her visits--any Secretary of State--? Has or does the Broadcasting Board of Governors go to China as a body; do they bring it up?

That's a body of questions, but they're all built around reciprocity. The second issue is the Olympics. You both mentioned that the Communist leadership values stability. Will communist domestic repression increase, as we get closer to the Olympics or are we going to see a loosening so they can show the world just, you

know, how open China is?

MR. BAUM: If I can start on the question of reciprocity. I think the last time that this was raised in a serious manner would have been around 1992-1993. At the time when the Clinton administration was negotiating MFN, there were high-level negotiations at the White House level to stop jamming of international broadcasting, of U.S. international broadcasting, and when MFN was fully granted to China, China dropped out of those negotiations and continued to jam us, and so that ended that.

The Broadcasting Board of Governors regularly sends governors over to talk with PRC officials, both at the State Council, the Foreign Ministry, and when we can the State Administration of Radio, Film and Television, to request reciprocity and to request that they stop jamming our broadcasts and issue visas to our reporters.

So there is an ongoing dialogue there, but to my knowledge, this has not been raised in any legislation or resolutions from Congress. Certainly, the State Department has been supportive of us and including the Ambassador has made entreaties to Chinese officials quite recently demanding more access for us and to stop jamming.

But unless it's brought up at a higher level, I'm afraid it's not going to make much progress.

I'll talk briefly about the Olympics and then let Dan respond. We recently had two of our respondents return from three-year posts in Beijing, both an English and a Chinese correspondent, Mandarin correspondent. Pretty much the same feeling about the so-called lifting of restrictions for the Olympics, and that is that, yes, it is easier to travel around the country now. No one will talk to us.

The officials, both government and company officials, have been warned “don't talk to the foreign media,” and so it has gotten increasingly difficult to get interviews and to talk to people.

CHAIRMAN BARTHOLOMEW: Mr. Southerland, anything you want to add?

MR. SOUTHERLAND: Yes, and Bill or perhaps Ken Berman can correct me if I'm wrong. I think more than one, but particularly one board member, has raised the issues of restrictions and jamming at the Beijing level, at the State Council. Am I right on that, Bill? You asked about the BBG. Yes, they have done their best to raise this.

Also, the federal--what is it called, Ken--

MR. BERMAN: Federal Communications, the FCC.

MR. SOUTHERLAND: The Federal Communications--sorry, I must really be tired--they have brought this up regularly, and the Chinese simply answer--I'm talking the jamming now. The Chinese simply answer, you know, we’ve got a lot of channels now. Maybe there's some overlap. We don't really jam.

The jamming can be technically traced back to Chinese transmitters. Basically it's not modern science. You just build transmitters that are roughly like transmitting regular broadcast to fight back against our transmitters except they'll put, they'll have local jammers and bigger jammers. You can map it out.

Ken Berman can draw you a map and show you what they're doing. The Chinese denying that is ridiculous. They play this lousy funeral music which is really annoying to listen to. Larry Wortzel has heard this Chinese funeral music. It's gongs and the most dedicated listeners will start changing frequencies. That's why we have multiple frequencies.

COMMISSIONER WORTZEL: Yes. At the National Women's Conference when Madeleine Albright spoke, they ran up four funeral bands to play all around the compound when she spoke.

MR. SOUTHERLAND: Did she get the message? But one thing we can't forget here is that as you get farther from Beijing, what Bill is talking about, officials not talking. Not only that, you're followed by people.

The state security when they decide to go after you, they got a lot of people. I was once followed by guys on motor bikes, cars, outside the restaurant. I finally talked to this guy standing in the rain and said, you know, I've got nothing confidential to talk about in there, can't you go home, you're getting wet.

I never antagonize those guys or they take it personally, but it's hard to describe. I think we sometimes forget the Tibetans and the Uyghurs, these are huge territories. China likes to say it's just the Tibetan Autonomous Region and forgets that the Tibetan, predominant Tibetan regions reached right into Sichuan Province and to Qinghai.

The Uyghur region is huge, roughly one-sixth of China. You get out there and they can really control things. I'm not blaming the foreign correspondents in Beijing that do a great job when they get out there. They break away from their handlers. They always come up with some Uyghur guy who says get the Chinese out of here, but regular reporting on these areas is extremely difficult, and we have to remember.

I hope some day you'll hold a hearing just on the ethnic groups that we broadcast to, who are very intelligent people. They know they're getting straight news from us. They're finding ingenious ways. Let me just mention one thing that happens. I like this story. It has nothing to do with what you just asked, but you know how it is.

MR. BERMAN: Let me add a little bit.

MR. SOUTHERLAND: He cut me at the right time. Don't worry. I'm coming back.

MR. BERMAN: The BBG has big radio stations in Thailand, in

Sri Lanka, in a little island Tinian which is near Guam. We broadcast for Voice of America and Radio Free Asia. All of our frequencies are registered with the International Telecommunications Union as part of the United Nations. These are published official frequencies.

We also have tracked, as Dan said, using FCC specific locations where the Chinese are co-broadcasting at the same time. Sometimes it's Chinese opera. Sometimes it's funeral dirges on our legitimate frequencies. We regularly file protests through the FCC to the United Nations, ITU, but as you've said, Dan, there's frequently, oh, it was just an accident, didn't mean to do that, it's a big country, who can control this stuff? So it doesn't resonate. They don't seem to take it seriously.

COMMISSIONER WORTZEL: But it's Commerce is the department that covers it for international broadcasting.

MR. BERMAN: The State Department handles negotiations with the Chinese about jamming. The FCC submits “complaints” to the ITU on our behalf and does Direction Finding work (i.e. locates the source of the jamming) that we request. Commerce, in the form of National Telecommunications and Information Administration “represents” IBB interests in international conferences, such as the ITU’s World Radiocommunication Conference. The jamming is for the VOA and RFA Mandarin language; VOA Cantonese is not jammed.

MR. SOUTHERLAND: I'm going to finish that anyway.

CHAIRMAN BARTHOLOMEW: Go ahead.

MR. SOUTHERLAND: Unfortunately it's a little bit difficult to lighten up this conversation, but anyway, the admirable people who are listening to this stuff, Lhasa is heavily jammed. Jammed to the point where we've got pictures of a businessman, Tibetan businessman, a couple of years ago brought back pictures of the transmitters. They're right there. They're there to jam us.

Lhasa people sometimes go out on a picnic to get away from the jamming, pick up what they can get on shortwave, bring it back, and tell ten other people. They also get radio off satellite. There has been an improvement in economics for some Tibetans. Others are left totally behind.

But these who are going to get it will get a satellite and get radio off satellite. So we have to think very flexibly. We can't think in terms of just we're getting totally jammed. No, we're not because the Web gives us alternatives. Some of the things I mentioned briefly earlier, and if you look at the citizen journalism section I've got in my paper, if you don't read anything else, please read that.

The video stuff now is moving around. So we can beat the system. It's just damn expensive and, you know, expensive for them to

get through and more expensive, I should say, not in terms of the total U.S. budget. It's a very small part of the budget.

I like to say that RFA, the total budget is less or used to--Wortzel will correct me, F-16 fighter plane not fully equipped--that's our budget for a year. Go ahead and challenge me. Military guys don't like it when I say this. Okay. Maybe not an F-16.

MR. BAUM: If I can add a point about the jamming. If you monitor VOA Cantonese Service, the Chinese are broadcasting two programs on our frequency, and we recently changed our frequency on the AM, and they followed us. On the shortwave, they have--one is China National Radio and the other is Chinese Japanese lessons, teaching Chinese how to speak Japanese. This is on shortwave radio.

They themselves have two broadcasts on our frequency, and they follow us when we move, but people still listen. They still tune in and in some areas, shortwave does get through.

CHAIRMAN BARTHOLOMEW: Thank you. I'm surprised that Commissioner Wortzel did not share his story about when we were just in China and he had CNN on in the morning, wasn't it, and Mia Farrow was doing her press conference on the genocide in Sudan, and expressing concern about the Chinese actions there, and the censor must have been asleep at the switch because there was a minute or so of her and then it was blacked out.

MR. SOUTHERLAND: This is CNN.

CHAIRMAN BARTHOLOMEW: CNN in a Western hotel.

MR. SOUTHERLAND: Oh, that's not a problem for them. People always tell me, I came back from China, and there's CNN; isn't that good enough? Most Chinese still don't watch CNN. Savvy students, yes. Something happens--9/11--they'll get CNN. Some of them have got money enough to take out a hotel room.

But don't think about the hotel rooms. You got to get outside the hotel rooms. That's why I'm taking you to the--

CHAIRMAN BARTHOLOMEW: The point was even in a Western hotel room, there was censorship that was going on.

MR. SOUTHERLAND: Oh, I see. Okay.

CHAIRMAN BARTHOLOMEW: The next hour they blacked it out completely. So for the Westerners who are going and thinking, well, everything is fine--

MR. SOUTHERLAND: Right, right.

CHAIRMAN BARTHOLOMEW:--because look at what I can see--

MR. SOUTHERLAND: Right.

CHAIRMAN BARTHOLOMEW: --it turns out that even in the Western hotels, it isn't, but people do need to remember that what they see when they are visiting China is not necessarily what's happening in

the rest of the country.

MR. SOUTHERLAND: Right, right.

CHAIRMAN BARTHOLOMEW: Commissioner Houston.

HEARING COCHAIR HOUSTON: This is such a huge subject, I hardly know where to start. Mr. Baum, I'm really glad you brought up the broadcasting in Arabic. China's intervention, energy seeking and infrastructure building in Africa has been a very big issue for us, and it's very interesting to know that they they've got another prong to their plan.

Mr. Southerland, I think this whole issue of censorship with radio, with all the other forms of media, it's really, I think, a microcosm of what I would describe as their captive capitalism.

They have a huge tension there between what's going on economically and what's going on in a speech/assembly side of economic freedom, and it seems what is most disturbing to me is that they're taking a great leap backward with the censorship, and so my question is I have to wonder about the Chinese people. They're going to Starbucks, they're going to McDonald's. They're buying Levis, they're buying Channel purses in Shanghai. So the economic growth is creating, I'm assuming here, creating an interest in the Chinese communities for things Western, things U.S.

Is there any kind of influence of people or from peer-to-peer contact that you have that applies any pressure whatsoever on the censorship as the interest grows for Western culture, Western ideas, and Western widgets? Is there any kind of counterbalancing structure inside the activist community or the Chinese business community or anything peer-to-peer that is changing any of this that you can perceive?

MR. SOUTHERLAND: I'm going to think about that and let Bill go first. I have an answer, but my answer is going to be China is big and complicated. Go ahead.

MR. BAUM: That's a very good question and a very difficult question to answer. I think recently there was an NGO publication that was shut down in China that was serving as a voice for the NGO community, and I think the officials' fear of that kind of publicity--and this was not something for the public--this was a publication that was communicating with the other NGO organizations. They're thousands of them in China.

There is a new class of people in China that are capable of buying Western products or the latest cars and so forth, and the economy is booming, and you have these we call them the rising power class, and they're frequently party members or they're in business or they know somebody who is in the party. They're affluent and they're well connected, and they're the ones that are concerned about

maintaining stability.

There is the rest of the China which doesn't have all of those benefits, who can't afford to go out and buy the Gucci bags or the knockoffs even, and it is the dichotomy between the two which is what's going to happen, are they going to be able to maintain control of them?

Certainly while the NGOs are trying to do their share of facilitating progress in everything from environmental to economic areas, they do not try to play any kind of political role. They have to back out of any political role.

But there are those that believe that within the party, there are some who would like to expand some reforms. Most recently in the military, there have been articles published in the Chinese military publications and statements made that there will be no so-called nationalism of the People's Liberation Army. What does nationalism mean?

It means something different for them. It basically means professionalizing or having a professional military, which is not listening to the party, but is listening to the government, and so in that field, we saw the party immediately stepped in and senior generals came in and said this is not going to happen, denying that there is going to be any nationalism of the armed forces as in professionalism. So that there is not going to be any separation of the party control of the military apparatus.

So you're asking a difficult question, and it's hard to see where any break is going to come.

MR. SOUTHERLAND: May I have a minute on that? I'll go back to Tiananmen. I know that kind of dates me at this point. A lot of young Chinese don't even know what happened at Tiananmen, which we still report on what happened.

I remember seeing a million Chinese in the streets, which is the most amazing thing that I remember, not just the bodies I saw in hospitals, but that moment where people were speaking out and debating political issues on street corners. I had been told by many Chinese--I vowed never to say many Chinese, but anyway, Chinese I knew--that it was impossible, most people didn't care about democracy, this is just the students. They're mad about corruption, and it was true. Many of them the big issue is corruption, not throwing out the Communist Party.

But it was just incredible, when the Army moved in, you would see people still talking, and then slowly it was shut down, but there was this opening up where people did things they weren't supposed to do according to the predictions. They had all bought into the system, things were better, getting better, you know even at that point.

1988, by the way, was my year that I saw the most open media in China, and of course after Tiananmen, that was gone completely. That's my benchmark.

But the affluent people, yes, some of them have definitely bought into the system. I think they've been very clever. It's starting to bring some of these guys into the Communist Party. Some of these people are now billionaires. They're with the system. They're going to do what it takes.

They're all mixed up together. There was a book by, I believe it was a GW professor, which I've got, you may have time to read, called Red Capitalists or something like that, which goes into these people. But there is, the thing we're not talking about enough here is rule of law. That's what's missing. If you had it, and I know it's a cliché, but if you had it, you could control some of these activities.

Rule of law plus honest media. Missing that, we don't have, you know, the Chinese people aren't getting except maybe from VOA, RFA and other international broadcasters, are not getting the truth. You also have this activist lawyers who are middle class people who could be making a good living doing contracts or energy contracts or coal fired plants or something contracts--big money in that. They're not. They're dedicated people.

They're very tough and they've been torturing one guy right now--what the Chinese call "kill a chicken to scare the monkeys," "sha ji gei hou kan," something like that. Every Chinese knows that statement. You pick out an example, a journalist that you really think is going too far and you nail that guy.

And then you make deals with the other guys. Lots of people are making compromises with the system because there is more money sloshing around. But watch these lawyers. I've never seen anything like it. They're not going to go away. They're not running away from China. They're going to jail. They use the system. This is what's so important. They use the Chinese constitution. It's a nice constitution if you implement it. It's pretty good. It's got a lot of guarantees for free press and so forth. It just doesn't happen, you know.

So I'm talking too much, but I want to make that point.

CHAIRMAN BARTHOLOMEW: You're going to have to--

MR. SOUTHERLAND: I got one more point.

CHAIRMAN BARTHOLOMEW: Yes.

MR. SOUTHERLAND: Bill talked about some Communist Party officials want reform. That's absolutely true. I used to have a source in China. Fortunately, I never burdened this guy. He would just sneak me little stories about the school system and the countryside. The things that were happening 50 miles outside of Beijing, and he just dropped these little hints, and I realized he was giving me story ideas,

you know. He was pretty well placed.

He hated the corruption. He wasn't corrupt. We have a call-in in Cantonese, a talk show in Cantonese in Hong Kong. People like to hear the Cantonese language even though they can read Mandarin. It's a very different language. We get Communist Party officials telling our guy privately, we're getting ideas from you people, you know, don't shut down, don't cut your Cantonese service.

That's fascinating. I can't put a number on it. I can't put a statistic on it, but middle level, I'm not saying the top people usually hate us--talking about these guys who are coming up the system. They're getting ideas. It makes them think to listen to this talk show. Sorry to throw that in.

I have something to say about Chinese nationalism later and how that could great out of control if the Chinese media is manipulated.

CHAIRMAN BARTHOLOMEW: Great. Okay. And a story idea for you, of course, is the long arm of Chinese censorship on Tiananmen. Here one of our own commissioners was somebody at a think tank here in Washington, D.C. tried to prevent him from using the phrase "Tiananmen massacre" at a briefing up here on Capitol Hill. So that's current.

MR. SOUTHERLAND: Excellent.

CHAIRMAN BARTHOLOMEW: About six months ago, current, and certainly of concern still.

Commissioner Fiedler.

COMMISSIONER FIEDLER: First, let me make a comment. On your call-in programs, I happen to have been in Hong Kong during the Daqing oil workers strike with Han Dongfang when he was making some of these calls or receiving them actually. And I can confirm he was talking to everybody, the public security, the ACFTU, actual workers, local government officials, and I don't think that any reporters in the United States were actually talking to as many people as he was, and he really understood and broadcast on RFA what was really happening in Daqing.

Two questions. Do any of your ethnic Chinese reporters have any retaliation threatened against them because they have relatives still in China or is there pressure brought them?

MR. SOUTHERLAND: Relatives have had, shall we say, friendly visits from State Security just inquiring about--it doesn't take much to intimidate people in Xinjiang atmosphere, even in Urumqi, which is now dominated by Han Chinese, it doesn't take much to intimidate people. So we get reports. I don't want to try to quantify it.

In some ways it was worse earlier on. Things like your wife is going to lose her job if you continue to work for this hostile radio. Or

we hear rumors that your husband is working for this RFA. It could cost you your job is basically the message, one of the worst cases I know of. But I really don't want to go too far into it.

COMMISSIONER FIEDLER: No, I don't need specific.

MR. SOUTHERLAND: But I remember recruiting somebody. I was sitting in Hong Kong and that person is safely working outside RFA now so I can talk about it. I did a job interview with her, and I realized this person is coming from another world. There was so much fear just the aura around this person, very good broadcaster as it turned out, and I can't give names, but it's very hard to describe the atmosphere of fear that will not affect the casual visitor, but any Uyghur will feel it, any Tibetan will feel it.

But we've done amazing reporting using contractors and other people in these areas, where our own staff would be extremely threatened. Sorry to be so vague about it--

COMMISSIONER FIEDLER: No, no, I--

MR. SOUTHERLAND: A tough answer.

COMMISSIONER FIEDLER: A general answer is fine.

MR. BAUM: It's something that we're very conscious of observing and looking out for, and it's quite common for our journalists to be called into the Foreign Ministry, for example, and asked about a story. Most recently, we were promoting the fact that we were having a live interview on our television programs with Rebiya Kadeer, the Uyghur activist. Our reporter in Beijing was called into the Foreign Ministry and warned not to allow Mrs. Kadeer to appear on our program, and my boss Jay Henderson was also paid a visit from the Embassy here in Washington and told don't have this woman on your show.

Of course, we had her on and about a week later, the president gave her an award for her work, but that is a very blatant kind of threat. For our own employees, once they become U.S. citizens, there is certainly more confidence in what they're doing. We've had difficulties with those who still carry PRC passports and getting into China. They've been denied visas, but usually once they become a U.S. citizen, it's not so much an issue.

That said, most of our broadcasters from the People's Republic of China use noms de guerres or aliases.

COMMISSIONER FIEDLER: Can I quickly follow up on that? Do we know if Chinese officials who have direct responsibility on censorship visit the United States under any official programs from--

MR. BAUM: Yes, they do.

COMMISSIONER FIEDLER: So we're enabling this or what?

MR. BAUM: I'm sorry?

COMMISSIONER FIEDLER: We're helping these folks?

MR. BAUM: We welcome them here. As I was mentioning earlier with the officials from the State Administration for Radio, Film and Television, they might not want to meet with us in China, but we welcome them to come here, to get to know us, to understand who we are, and we are trying to be transparent with them.

As far as facilitating them, our objective is increased understanding, and so I don't know how we would be facilitating them.

COMMISSIONER FIEDLER: All right. Thank you.

CHAIRMAN BARTHOLOMEW: Okay. Commissioner Reinsch.

COMMISSIONER REINSCH: Thank you. I have one topic I want to pursue. Both of you alluded to what struck me as an interesting phenomenon, which is that you have better luck with mid-level, and I presume local, officials than higher up central government officials.

Most of the time here when we talk, for example, about IP protection, people say that the central government at the higher level is trying to do something, and they have problems at the lower levels. You're sort of saying the opposite which makes perfect sense. In another sense, you're also eliminating the central government versus regional or lower level control program, which persists in many different ways.

MR. SOUTHERLAND: Yes.

COMMISSIONER REINSCH: Can you elaborate a little bit on your experience with mid-level and local officials and just provide a little bit more context for us, and at the same time, talk about whether you see that changing? Is that improving or is the impending Olympics that you talked about, Mr. Baum, producing some sort of further tightening that is making it more difficult for you to make progress with local level officials?

MR. SOUTHERLAND: I don't want to overstate it, but there is an aspect of China out of control out there in the countryside where the local officials, the really corrupt ones, and a lot of them are corrupt, are not going to talk to us.

Not only that, but this is something I wanted to put in the written, and I'm still struggling with, it's hard to analyze, but there are local thugs working for these local officials all over the place. Almost every time we get a land dispute, and we try to get to a local official, he's surrounded by these gangsters, and I think it was The Economist, they called it the gangsterization of China.

This is something I'm trying to do research on because nobody has really got their hands on it because it's so localized. But these guys are doing so well, these gangsters, that they loan money to the local officials. Those people will not talk to us. I'm talking about an honest Communist Party official. They actually exist. I've met them

myself.

They're sick of the corruption. They're not making money. We tend to get the guy on that level or we get the mayor who wants to defend--he realizes people are listening to Radio Free Asia and he wants to give his side of the story. It's the old thing about I may hate you, but I'll talk to you because I want to get my voice on the air, and we feel that's a better way of getting the truth.

You measure what he says against what the other guy says, just basic journalism. I'm not exactly answering because it's a very, as I like to say, complicated issue, but I don't think the Olympics is having much effect once you get further out except for what Bill mentioned. We'll let you travel; it's just that we're going to escort you and we're going to watch you, and we're not going to talk to you. That is hard to measure.

I almost have to give you a specific case maybe--I don't want to waste your time, but I can follow up with you. I have specific cases. It just varies from place to place. It's regional.

To get back to the other question--yes, I think Hu Jintao would like to--let me give you an example. The AIDS problem in Henan Province, which I mention in my testimony, which is a really big story where hundreds of thousands of farmers got infected with this bad blood plasma as part of a government plan to make money down there. It was a localized thing.

Okay. Now, we see a change. I give them credit for opening up more of the coverage of AIDS, but what do they cover? They have an AIDS International Day, and they talk about AIDS. They don't allow the journalists to attack this local issue, which is the blood, which is poisoning people because it's still happening.

Top government people, the propaganda guy who runs, Li Changchun is still the guy, I think, the Politburo guy, oversees propaganda, he was the province official when all this started. He's in a league with some of the local police and people who beat up the petitioners on the issue. So I'm talking too much, but you have to take a specific example that makes it come to life.

So we don't have good AIDS coverage at the local level, but we have the guys at the top saying we've got to stop this and so forth. It's a little more open, but look at specific examples. Maybe I'm not giving you the best one.

COMMISSIONER REINSCH: That's very helpful; the gangsterization issue is something that's very interesting. Mr. Baum, you want to have a brief comment before I surrender my time?

MR. BAUM: If I could just comment on, as far as the broadcasters that we deal with both at the national and local provincial level. Five to eight years ago, as the Chinese media were told to go

out and fund themselves, basically commercialization, where they were no longer going to receive full funding from the state, and they had to make it on their own through advertising, we had a huge interest in stations, local and national, coming to us saying we want your programming because we were giving it to them for free.

That has, I think, radically changed. They still want our programming, but now they know that they're going to get in trouble if they put it on the air with any kind of branding, and they've been warned not to do so.

Even though there was a liberalization of the media and it looks in some respects very open, just within the past, particularly three years, two years, it has gotten tighter and tighter, and I think going up into the 17th Congress and to the Olympics, it's going to get much tighter.

COMMISSIONER REINSCH: Thank you.

CHAIRMAN BARTHOLOMEW: Before we move on to Commissioner D'Amato, I just want to note on the topic of AIDS in China, there was just a little tiny, like one or two sentences in the Washington Post yesterday, that there was supposed to be a conference of foreign and Chinese AIDS researchers and activists in China in August, and the Chinese government has shut it down.

Thanks. Commissioner D'Amato.

COMMISSIONER D'AMATO: Thank you, Madam Chairman. This may not be the right panel to ask this question, but I believe it was the Broadcasting Board of Governors that was given the assignment through some legislation introduced and passed at the request of Senator Kohl a few years ago to provide funds for individuals who we believe had the capacity to break through the firewall of the Chinese Internet system and bring programming unvarnished and uncensored to individual users in China.

And that we believe it was the Broadcasting Board of Governors that had that assignment to manage that program. Is that correct?

MR. BAUM: I think I'll allow Mr. Berman to answer.

MR. BERMAN: Yes, it is. We do run an active program. We send out millions of e-mails everyday for the Voice of America Mandarin Service and Radio Free Asia Mandarin Service. Within those e-mails are texts that are produced by the journalists from the two organizations, VOA and RFA.

More important, though, we put a proxy link. We put a Web link, www.kenberman.com, something that is brand new and hasn't been censored because it's new to everyone's eyes. And on that link, you can click it and be taken securely to even Voice of America or Radio Free Asia, depending on whose e-mails we are sending up.

I think most important, though, is after you've reviewed the VOA

and RFA content, and I'm sure my journalists colleagues hope you stay on it as long as possible, we have a jump bar that allows you to go, inside China, to go to any site you want. You can research portal sites, you can go to history sites, religious sites, cultural sites, entertainment sites.

So what we're trying to do with this program is not just land you securely on Voice of America or Radio Free Asia because they are censored and you can't get to them, but once you do get to them, we are trying to open up the Internet for anyone in China to explore any bit of information they want. So we are trying to foster the concept of freedom of information, freedom of expression on the Internet.

So we have a two-pronged program. We provide technical circumvention techniques, technical workarounds, and we're also trying to promulgate the idea of freedom of Internet freedom of exploration on the Internet.

We've recently had an online Web chat that was the Voice of America in which folks through the proxy sites could interact with journalists and guests. I think one of your guests was on organ harvesting, Harry Wu, and you had an online program there.

MR. BAUM: That's right.

MR. BERMAN: We've set up those technical systems so that folks in China can communicate online with in this case the Voice of America Chinese Service Web event.

So we are attempting to come up with any circumvention techniques that we can. I'll tell you one more thing. The latest thing we're trying to do is exploit a service like Skype Internet telephone, very popular. No one wants to shut it down.

In Skype, you can get conference rooms. People can join up with conference rooms, up to 100 people. So what we're attempting to do is invite folks to join conference rooms, randomized conference rooms, of which the code is sent out through these e-mails, and they can listen to live VOA or RFA broadcasts. You're not going to shut that down unless you shut down Skype.

So the attempt is to try to come up with technical solutions that require the Chinese to take drastic steps, at the same time focusing on ways to reach individuals. As I said, these e-mails go out to eight figures, you know, multiple millions everyday, and so we feel the program is a reasonable success and provides the main access per our trending reports on ways folks get their information through the Internet from VOA as opposed to radio waves which are extremely censored and there is really no workarounds that we're aware of.

I don't know if that answers your question.

COMMISSIONER D'AMATO: Well, partly it does, and I don't want to pursue it too much anymore because I think there is some

sensitivity to some of these techniques, but I would like to ask you if you could provide the Commission with a report on the success of these techniques and this program, if you would be willing to do that, so that we can get a little more guidance on to the kinds of things we might recommend to get to users that want to have pure information from wherever they can get it on the Web, from the West, whatever.

We think that there are some productive roots here, and there may be some need for some additional resources so we'd like to know more about this activity and your evaluation of what further can be done with it.

MR. BERMAN: Be happy to do that.

CHAIRMAN BARTHOLOMEW: Wonderful. I'm going to ask a couple questions myself, and then we have two more commissioners who have questions.

My first question has to do with the issue of self-censorship. We've been talking a lot about censorship. Mr. Baum, you made reference to the fact that there are no hard rules out there that have been published. So people who are trying to do reporting are constantly faced with this, well, we're not quite sure what we can cover and what we can't.

How is it that some people are willing to push the boundaries and others aren't? How much self-censorship is going on? Do we have any sense of that? And are there ways we can try to break through that? That's one set of questions.

The second set of questions I'd like to ask is what thoughts you have about the role of public relations firms now in what's going on? I notice that the strategy this time in response to the poisoned food and lead-painted Thomas the Tank stories was that--Thomas the Train--whoops.

HEARING COCHAIR HOUSTON: No, you got it right.

CHAIRMAN BARTHOLOMEW: Thomas the Tank Engine--anyway, that one, in fact, it's been kind of interesting because a few Western reporters, just a few, have mentioned in their reporting that the Chinese government has hired, I believe, it's Ogilvy & Mather in order to help, and in fact there is quite an aggressive PR campaign that's going on. What thoughts you might have about U.S.-based PR firms and how they might be facilitating some of these things? Thank you.

MR. BAUM: I think for the self-censorship issue, it's good to look at the case of Hong Kong because there we previously had a quite free media, and today it has changed substantially, and it's been a very slow evolution. It didn't happen overnight in '97.

What has happened is, and believe me, this is also a factor in the

Chinese language media in North America, the advertising firms and the big companies that buy the ads in the South China Morning Post or the Qingdao or Mingbao, whatever newspaper you're talking about, even in the TV stations, have tremendous control over what's going on.

And if you're going to air stories that are going to embarrass the Chinese leadership, those big companies, whether they're AAA advertising agencies or just individual Chinese firms aren't going to buy ads in your newspaper or on your TV station. That pushes editors to tell somebody that's not such a great story idea, and the reporters learn very fast.

There is a fear of retaliation inside China. As Dan mentioned, as far as thugs are concerned who are working perhaps with officials. That is very difficult to prove. There have been cases where journalists have perhaps turned out to be corrupt themselves, and there is an issue of that as well, but we never know quite what to believe sometimes.

But self-censorship, I think, is the key to how the system is working, whereas before you knew you couldn't cross a certain line. Today you're kind of on a trial and error, and if you cross that line, it's too late.

On the issue of the public relations firms, I think China has taken this from the last Strategic Economic Development talks that we had here in Washington. They were really quite surprised in meeting with Secretary Paulson and other officials at how seriously the United States is to the issue of consumer safety and the pet food issues and the toothpaste, and they want to fight back, and they believe that most of their products are good and most of the--they claim 99 percent of the items that Americans import from China are safe and reliable.

They have a real PR battle on their hands now because 99 percent is not really adequate. And so I think that they are working very hard to try to turn that around and blaming the domestic, U.S. domestic media, and of course international broadcasters is part of their effort.

But they really are quite serious about trying to change it. They've passed some recent laws and trying to improve their food and drug safety, and they're making efforts there, but I think the general consensus, and I'm not an expert on this area, is that it's more dependent upon the manufacturers to clean up their act, and many of these mom and pop operations out of a garage are the ones that don't have the capability to recall a product if necessary. They can't pay for the legal fees, and so it's an ongoing situation that I don't think is going to be improved radically or quickly.

CHAIRMAN BARTHOLOMEW: Mr. Southerland.

MR. SOUTHERLAND: I don't have anything to say about the PR firms. They never offered me a job, and I don't want to take a job from them. But I do know a little bit about these thugs, because I've been trying to figure that out. I think it's Reporters Without Borders, RSF, that has been keeping a tally to look this up--of how many have been beaten up, how many journalists have been beaten up, some quite badly, some just roughed up, scared.

I think it got up to 40 or something in the last year or so. This is kind of serious. This is a very great inducement to start self-censoring, to avoid the tough stories, not to go into a village where there's trouble, and yet I have to emphasize, their intrepid journalists and foreign correspondents that do get into these places, and some of our people do.

Journalists are taking bribes. It's one way out. You can make pretty good money now if you blackmail somebody and say I'm not going to write this story about you, but could you help me out? You know it doesn't take much to do that. Lots of journalists are doing that. I don't know how many. It's not all of them.

The great thing is that some of them still have a very idealistic spirit left and that's what is so amazing and I think we should pay some tribute to those guys. Self-censorship is the key; that's what I think Professor Esarey will tell you. This is what they're going for. It's much more subtle. You can't see it.

Hong Kong--I've been researching that. I was just in Hong Kong a couple weeks ago. All my colleagues there tell me it's there, but very hard to document, because the journalists themselves don't want to admit it. They don't want to say--but Hong Kong Journalist Association has done a wonderful survey indicating it's increasing.

And this affects South China when that happens. South China used to get stories that were picked up by the Hong Kong media. It would set an example. We're breaking stories. Recently, I was at the Foreign Correspondents Club in Hong Kong. RFA won three out of four prizes for Chinese broadcasting. Why? Partly because the Hong Kong media isn't doing the job. So I think we have a role now in Hong Kong, but that's more later. You should have a hearing on that too.

CHAIRMAN BARTHOLOMEW: Commissioner Wessel.

COMMISSIONER WESSEL: Thank you for all your testimony this morning. It's been very interesting. I have a couple of miscellaneous questions that I was hoping you could answer. First of all, as I understand what most of this process in terms of transmission, it's a hub and spoke, if you will, that it's coming either from radio or some other means, Internet sites. How much can be done virally? By that, I mean taking a transmission, a story, for example, a podcast, and sending it along through other means?

Are you finding leakage and corrosion in the Chinese censorship system that can be expanded with technology?

MR. BERMAN: It's interesting you ask that because we consider China setting the benchmark for all other nations in the world as regards Internet censorship. We're also running active programs against censorship in Iran and Vietnam and Chinese are the leaders in terms of technology, in terms of psychological means and everything else.

One of the things that we are looking to the future because you can only go so far with e-mails, and people have said that frankly e-mails and Web-browsing is one generation. The next generation is having much more customized content. VOA and RFA both have customized feeds known as RSS, real simple syndications. We are combining banner ads with RSS feeds to try to get past that.

We have an active program of podcasts going on. The key, though as I look at the future, is how can we get mobile video content to individuals in China? People at a certain age, let's say 18 to 25, they've got their mobile device. They want to get the content. They want to review it when they're on public transportation, at home. They want to take it with them.

So the challenge facing us--and we've been pretty successful with this e-mail technique with key word substitution and changing the origins, but you can only go so far as I said. You know it's yesterday's technology frankly.

COMMISSIONER WESSEL: Right.

MR. BERMAN: So we want to look forward as to how we can take advantage of mobile. The problem with mobile is, is that there's only a half dozen carriers. Unlike the Internet which is very spongy and you can take advantage of it, generally, like in the United States, you know, there's Verizon and AT&T, Cingular--I guess they're one and the same--and Sprint-Nextel. There are only a small number of actually mobile carriers, and they can exert much more serious censorship on content than the Internet in general can.

So we're trying to see if we can take video content because VOA Chinese and perhaps RFA someday will produce short three, five, and 15 minute segments. We are in the process of seeing how we can take those, mask the distribution of it, and get it to users. We haven't solved that one yet, but we are frankly running a pilot program with the Ukraine right now to encapture VOA Video Ukrainian, encode it, put it up on a Web site, and have Ukrainians download it, not for Ukraine but for the expected censorship in Russia, which we think will happen soon.

So we're trying to look at various pilot programs with the end goal being China because that's where it's the most wired, if you will,

of countries outside of the West.

COMMISSIONER WESSEL: Does that include viral beaming then or I assume there's probably not enough bandwidth to carry that?

MR. BERMAN: Right. There's generally not.

COMMISSIONER WESSEL: Okay.

MR. BERMAN: By the way, when you say viral, we have resisted even though we've been offered by various folks to try to take advantage of viruses--

COMMISSIONER WESSEL: No, no, I--

MR. BERMAN: We don't want to do it.

COMMISSIONER WESSEL: I don't mean viruses. I mean the ability to spread among people without going through the ISPs, et cetera, the ability to spread it not through the hub and spoke, but around the rim.

MR. BERMAN: Right. We are financing, and they don't necessarily need our finance, but we're participating in an organization called TOR, which has got 10,000 users right now. It's a peer-to-peer sharing system. It's got multiple nodes. They are developing an application for us that will allow any of these 10,000 users to hit a button that says I'd like to help get around censorship in China.

If they hit the button--they don't have to--their IP address will be shot into a general directory that can be distributed to folks inside China, which would--it's a huge reservoir of which to pick.

COMMISSIONER WESSEL: Yes, that's what I understand viral to mean, exactly that.

MR. BERMAN: Yes.

COMMISSIONER WESSEL: An additional question. Over the last several years, there have been stories of a number of U.S. equipment providers, portal services, search engines, et cetera, assisting Chinese authorities in some of their censorship activities.

Do you on a regular basis sit down with these companies, Google, Yahoo, et cetera, to talk to them about your activities, the importance of free access and your concerns about their participation?

MR. BERMAN: I personally sat in the House hearings on Cisco, Microsoft, Google and Yahoo. We have informal chats occasionally with people from Google. We have regular communications with Cisco as equipment suppliers, but as at a policy level, I can say I as the IT director do not have any discussions with them on that, but maybe my colleagues have on some policy-related issues. I haven't.

MR. BAUM: No, we do not. We report, we interview them. When these cases come up in court, for example, there's a case pending in California right now, but we do not try to influence them in any way.

COMMISSIONER WESSEL: Okay. And the follow-up--

CHAIRMAN BARTHOLOMEW: Actually, you are way out of time.

COMMISSIONER WESSEL: Okay.

CHAIRMAN BARTHOLOMEW: We're going to ask, first, gentlemen, if you can give us five or ten more minutes? You've all been very generous. And also, I think there might be some questions that we'll be submitting in writing would be the way to do it.

Commissioner Shea.

COMMISSIONER SHEA: Thank you very much, gentlemen, for your time and testimony this morning. I just have a couple of very broad questions for you, just seeking your general impressions.

Number one, how is the United States, as a general matter, portrayed in the Chinese broadcasting and print media? Do you have any impressions on that?

And secondly, how does the Communist Party leadership use--this is a subject, I think you want to get into, Mr. Southerland, so I'm giving you the opportunity. How does the Chinese Communist Party leadership use the Chinese media to promote nationalism, nationalist sentiment, and what do you perceive as the risks of them doing so?

MR. SOUTHERLAND: Why don't you start with the first one.

MR. BAUM: Certainly, the U.S. being a major trading partner of China and us having a growing relations on all levels, not just trade, but huge tourism to China now and so forth, I think most Chinese have a very favorable view of the United States.

However, as far as the view that is projected by the official media, and let's make no mistake about it, all radio and television stations inside China are state run. There are no private stations, and so they are all controlled through the government, and therefore through the party.

There are very clear efforts to portray the United States as, I don't want to say an enemy, but basically we are in many respects portrayed as an antagonist, whether it's over the issue of Taiwan or Tibet, Iraq. You pick the topic.

Certainly over the issue of North Korea, where we've worked very closely with the Chinese in negotiations, there's a lot of increased cooperation. Nonetheless, there is very clearly an effort to portray China's own interests through its state media and the United States' interests in no way are represented there.

As far as how the CCP is using the media to promote nationalism and so forth, that's a tricky question because it can be a two-edged sword. As you can see with how they've dealt with many of the Japanese issues over "comfort women" and the Nanjing massacre and so forth. They have to be very careful because if they don't act in certain ways that the public expects, it can backfire on them, and they

can be under increasing pressure to take a course of action that might damage their relations with the United States or Japan in a way that it's hard to recover.

I think that the Chinese have worked very hard to try to quell that kind of nationalism. At the same time, they have never hesitated to use it when it helped them.

COMMISSIONER SHEA: Okay. Thank you.

MR. SOUTHERLAND: The reason I mentioned that is I think you want to focus on some danger areas where we don't have an honest accurate media in China, the Chinese then can--the government can then manipulate things, and I think the big area that we don't often talk about because it's not that visible is this area where the Japanese example is a good one, where I think to a certain extent the government allowed or encouraged this latest outburst--what was it--a couple years ago against the Japanese, and then it started to get out of control, and then they reined it in.

It was interesting to watch because they weren't that good at reining it in I would say because of cell phones, short messages that spread the word. Bashing the Japanese becomes very popular with a lot of Chinese. As you all know, it goes back some years partly to a place called, once called Manchuria.

But I think bashing Americans might potentially become more popular. As Bill mentioned, individual Chinese, if you meet them, can be extremely friendly, but at another level, this leaving the American voice out of coverage of, let's say, of Iraq or you name it, TV packaging is a lot better, it looks like a discussion program, you suddenly realize all the discussants are on one side of the issue, and it's not in our favor.

That's why it's important, I think particularly for VOA to make sure our FDA is on the air. But if you read the military literature in China, you will extremely aggressive comments against the United States and not enough specialists, except for maybe Larry Wortzel and Mike Pillsbury and a couple other people, who really actually read what they're saying and read it in Chinese.

It is hostile a lot of it. It is saying let's knock out their satellites if there's a war, and I'm worried about this getting out of control if you don't have good reporting. If you don't ever hear a voice from Taiwan about their side of anything--I'll never forget Taiwan had a half a million march or something against China's attempt to impose--what was called--anti-subversive--

MR. BAUM: Anti-subversive act.

CHAIRMAN BARTHOLOMEW: The Anti-secession.

MR. SOUTHERLAND: Anti-secession, whatever it was, and I can get Chinese television in my office. I watch it to see what's going

on. Chinese TV is all over this country now. They've got all kinds of access. So I watch this stuff to see what they're doing.

How did they handle that big protest in Taiwan? They quoted--they gave an editorial about how bad it was, didn't even mention the protest, showed no pictures of it, and just said Taiwan has made some moves, the Taiwan authorities have made some moves very offensive to China. Then quoted people in this country, Chinese who were sympathetic to the Mainland view on Taiwan. There was no Taiwan voice in there.

It was incredible. That's a good example. Half a million people march in Hong Kong, they can cut off the Hong Kong feeds to the hotels if they want. So I'm worried about this nationalism. It has the potential to get out of control. I would look to you for some guidance on how to deal with it because frankly I find it totally hidden as an issue and then all of a sudden it could burst out in a crisis like the Hainan incident where the--I forget what the airplane is called--reconnaissance, Navy reconnaissance plane.

CHAIRMAN BARTHOLOMEW: EP-3.

MR. BERMAN: EP-3.

MR. SOUTHERLAND: I'll never forget that Clinton made an apology, you know, we did everything, except his apology, or whatever it was, statement was never carried by the Chinese. Our Ambassador could hardly get them on the telephone. We didn't get our side of that story out. The nationalistic sentiment went up. This fighter pilot who knocked into our plane became a hero. That could happen again so we got to watch for the moment when--

MR. BAUM: That's a good example of where VOA stepped in and we did broadcast on television and radio and on the Internet President Bush's statement on it, and provided the U.S. side of the story, and we also provided the Chinese side of the story. And it's funny, when you looked at both sides of the story, it's pretty apparent what happened. It's pretty obvious.

So that's what we try to do--we just tell what happened and people figure it out.

MR. SOUTHERLAND: Not Clinton. Bush. I'm sorry.

CHAIRMAN BARTHOLOMEW: Great. Gentlemen, thank you very much again. I think we probably will have a few questions that we'll submit in writing. If you would be willing to give us just a little bit more of your time in responding to those, we appreciate it.

Thank you very much for the work that you do and we look forward to continuing to talk with you.

We're going to take about a five minute break with the forbearance of our next panelists and then we'll get started. Thank you.

MR. BAUM: Thank you.

[Whereupon, a short recess was taken.]

PANEL II: THE STATE OF CHINA'S INFORMATION CONTROLS

HEARING COCHAIR HOUSTON: Thank you very much. We will now get started with our second panel of the day, which is The State of China's Information Controls. In this panel, we're pleased to welcome two distinguished academics to discuss the composition, structure, and effectiveness of China's informational controls.

Dr. Xiao Qiang is the Founder and Editor-in-Chief of the China Digital Times and the Director of the China Internet Project at the Graduate School of Journalism at the University California Berkeley. Dr. Xiao holds a Ph.D. in astrophysics from Notre Dame and became a human rights activist following the Tiananmen Square massacre in 1989.

Dr. Ashley Esarey is an Adjunct Professor of Political Science at Middlebury College in Vermont and is an analyst for Freedom House. Dr. Esarey received his Ph.D. from Columbia University and has lived and worked in China for a number of years.

His current research interests include media freedom and democratization in China, electoral reform in consolidated democracies, and East Asian politics.

Both panelists have brought with them today a strong understanding of the issue at hand, and we look forward to their remarks. If you will contain your remarks to seven minutes apiece, then we will go with questions after that, and Dr. Xiao, if you would like to begin, please proceed.

STATEMENT OF XIAO QIANG, DIRECTOR, CHINA INTERNET PROJECT, THE GRADUATE SCHOOL OF JOURNALISM UNIVERSITY OF CALIFORNIA AT BERKELEY

MR. XIAO: Thank you, Commissioner Houston, Commissioner Bartholomew, and distinguished Commission members.

First off, a correction. I never got my doctorate degree.

HEARING COCHAIR HOUSTON: Oh, no.

CHAIRMAN BARTHOLOMEW: But it is astrophysics.

MR. XIAO: I was in astrophysics. I was also writing my doctoral thesis and I am teaching in Berkeley journalism school as an adjunct professor, but I'm still hoping some day--at least my parents still hoping some day--. That being said, my research and writing in the last few years at UC Berkeley has been focusing on China's information revolution and its impact, including how the Chinese

government actually controls the Internet to the degree, also the media, and how to use the interactive medial to advance the world's understanding of China.

I have this testimony in written form, so I'm just going to highlight a few points that I would like to stress here. Let me start in 2003, the SARS situation. This Commission heard testimony. That was also, I would say, after the Internet got into China, since the mid-'90s, the 2003 SARS event, together with a few other events on the Internet, was considered a milestone of the Internet and information and activities starting to show the political impact in Chinese society.

It actually created a moment of media opening up after the Internet, breaking of the news, international news agencies followed up, and the Chinese authority could not cover SARS any more, and then there was a moment that let the Chinese media to actually report on the issue and created also a lot of expectations, hope that new leadership, President Hu Jintao, would actually use this opportunity to liberalize the Chinese media control.

Unfortunately, that did not happen in the last four years. The new Chinese leadership turned out, if anything, has more intensified controlling measures and censorships on the media and Internet all together. That's not saying that the Internet has no impact. In the last four years, the different events continue to demonstrate there is a greater and greater public participation in China, very much facilitated by the Internet and the media.

But today what I'm really trying to outline are the control mechanisms which have been in place since the beginning of the Internet, but over the years, I think developed as a dynamic project of Chinese government. It's certainly on their top priority. They use the words "state stability," "information security," "cultural security," "cultural independence." There is number of words that in official media that you can find again and again all describing the government relentless and tireless efforts to control the Internet.

I probably want to start from January 23, President Hu Jintao's speech at the Political Bureau of the Central Committee of the Chinese Communist Party. Hu called the government on different levels' authorities to strengthen the Internet control--this is beginning of this year--saying whether we can cope with the Internet is a matter that affects the development of socialist culture, the security of information, and the stability of the state. He called on officials to improve the technologies, content controls, and network security that are used to monitor the Internet.

I was also testifying before this Commission two years ago, giving a general briefing on the Chinese Internet control mechanism. So today I'm just going to update this general outlook of Internet

control mechanism. It has been there. It has been developing. There are many recent developments, but at the fundamental core are the following:

Number one is there is a set of government agencies that are established and given enormous resources, mandated to control the information. Of course, we all know the Central Propaganda Department, and that is the highest Party organ that is situated to control information and content in general, but one thing needs to be pointed out, since the '90s, the Central Propaganda Department has risen in importance within the party, meaning the head of the Central Propaganda Department now is on the Standing Committee of the Politburo, which is the highest level of the leadership decision-making circle, compared with in early age of the PRC.

Another office which actually has not been mentioned so far at a hearing actually was a government office, is the State Council Information Office, very often called SCIO. The State Council Information Office originally was just a publicity PR office for the State Council dealing with the foreign press. But in the last decade, it's been given the mandate of controlling all the online contents. It became a quite powerful state organ, not only at a central level, but also the counterpart offices at the provincial level and city level have been established.

Every province and city government is an author of the Internet, and they all have information and publicity offices. That's the English translation. In Chinese, they're still being called either external propaganda or propaganda offices. English they're called information publicity. It just sounds better to the English audience.

And this together comprises a vast rather effective network that monitors online information and controls online contents, and I emphasize it is not a coincidence that this same government agency, the office in charge of both functions, one is external propaganda, or you can say responsible for China's perception management, and another function is control the Internet online contents. What they are filtering, what they filter out they don't want the Chinese people to see is also consistent that they don't want the world to see, although there is always a gap between what they present themselves to the world and what really shows up despite their efforts on Internet and air. And that's actually a great use for the Internet, to create a window. It's not a free direct window, but it's still a window to look into what's more reality in Chinese society.

Then there are other agencies, of course, that are responsible for Internet censorship. One of the foremost is the Ministry of Information Industry which is in charge of all the technical telecommunications, software industries, overseas regulations,

importantly giving licensing to the commercial companies, whoever has Internet access conducting a business, and control those commercial entities through the licensing and other regulations is an important measure of how the Chinese government controls the Internet.

And then, of course, there's Internet police which is within the Ministry of Public Security, and that is officially established police section, spread in all of China, again, responsible for Internet security. Very often will say, well, there's computer crimes or network security, of course, you need a police force to do it; every country does. China also.

But if you read the Chinese Internet police's mandate and what they do, it largely focuses on political contents. I put it in my written statement so you can tell their tasks go way beyond technical and computer crimes.

Then there are all together 14 different government agencies from publication to TV and to food and drug agencies. They all have certain control over the Internet content, and Education Department and Cultural Ministry as well. But overall, they are coordinated through the State Council Information Office.

The most secretive but the most powerful one is the Propaganda Department behind the scene. That's the only government or state organ that doesn't have a Web site. You don't face a hearing before that these days. They don't give out written notice. They may make phone calls. They may be giving out directorates, but they are more and more behind the scene, but ever even more powerful than before.

HEARING COCHAIR HOUSTON: Mr. Xiao, if you can just wrap up, that would be great. Thank you.

MR. XIAO: Okay. So let me just say the other issues controlling the Internet including the self-censorship, real name registration, and asking the commercial companies through licensing and registration to make sure that they are responsible.

My conclusion is until now the Chinese party-state has been quite effective in controlling the political impact of Internet, especially they possess enormous resources for social control that prevent online public opinion leading to the collective action in the real space. That's where the real battle is.

However, beneath the surface of these constantly increasing and intensified control measures, there is rising level of public information awareness in Chinese society facilitated by these technologies. The erosion of the party's old ideological and social control is underway and this has profound and far-reaching consequences both for Chinese society and also for China's relations with the United States and other parts of the world.

[The statement follows:]

Prepared statement of XIAO Qiang, Director, China Internet Project, The Graduate School of Journalism University of California at Berkeley

Chairman Bartholomew, Commissioner Houston, and Distinguished Commission members,

My name is XIAO Qiang. I am the Director of the China Internet Project of the Graduate School of Journalism of UC Berkeley, and the Founder and Editor-in-Chief of China Digital Times, an independent news aggregator. Over the last four years, my research has focused on China's information revolution and its impact, including how the Chinese government actually controls the Internet, and the creative use of interactive media to advance the world's understanding of China. It is an honor to be among my distinguished fellow panelists, in front of this important commission.

In today's testimony, I would like to summarize the general mechanisms of Internet control by the Party-state of the People's Republic of China, especially the recent trend of intensified censorship measures.

Let me start with some basic data on China's Internet development. The Internet has been continuing to grow rapidly in China. According to the latest survey from the official China Internet Network Information Center, there were about 168 million internet users in China by the end of June 2007, and an estimated 122 million Chinese have broadband access to the Internet. Compare with the estimated current Internet population in the United States, which ranges from 165 million to 210 million, China is set to overtake the U.S. in the total number of Internet users very soon. I also want to point out the related and even more phenomenal growth in the mobile phone market in China. Currently there are more than 440 million mobile phone users in China, many of whom carry phones with wireless and short message services (SMS) capabilities.

Political Controls

Since the introduction of the Internet in China, the Party-state has been very ambivalent towards this new force in Chinese society: on the one hand, it considers both the Internet and Information and Communication Technologies (ICT) generally as essential parts of the country's economic development, and has actively (and successfully) supported online businesses and e-government projects. On the other hand, it has consistently and tirelessly worked to improve and expand its ability to control online speech and to silence voices that are considered too provocative or challenging to the status quo.

In early 2007, in a talk to the Political Bureau of the Central Committee of Communist Party of China on January 23, President Hu called on government authorities to strengthen Internet controls. Saying, "Whether we can cope with the Internet is a matter that affects the development of socialist culture, the security of information, and the stability of the state," he called on officials to improve the technologies, content controls and network security that are used to monitor the Internet.

To achieve effective control over online content, the Party-state relies on different and overlapping methods: technical filters, regulations and administrative rules, newly established Internet police forces, and, above all, self-censorship from both website administrators and users.

Several political bodies are in charge of Internet content. The most important are the Central Propaganda Department, which ensures that media and cultural content follows the official line as mandated by the

Communist Party, and the State Council Information Office (SCIO). The former is a Party organ: it is notoriously secretive about their operations and is one of the only major party or government offices that does not have a website or any other channel for public information. The latter is an official office of the State Council. It oversees all websites that publish news, including the official sites of news organizations as well as independent sites that post news content. Counterpart offices at the provincial and city levels have also been established. Every provincial and city government has "information and publicity" offices, as lower level counterparts to SCIO's national-level Bureau. All of these offices together comprise a vast and rather effective network that monitors online information and controls online content.

It is worth pointing out that in addition to being in charge of content censorship in Chinese cyberspace, SCIO is the same Party-state organ mandated to provide "external propaganda" for the PRC. In other words, SCIO is responsible for China's "perception management" to the international community.

While the SCIO is chiefly responsible for Internet content, the **Ministry of Information Industry** oversees regulation of the telecommunications and software industries. The government website defines the MII as "a regulatory body in charge of the manufacture of electronic and information products, the communications and software industry, as well as the promotion of informatization of the national economy and social services in the country."

The MII is also responsible for licensing and registering all websites in the country. The Non-Commercial Web Site Registration Regulations, which were enacted in March 2005, require all independent domain names and China-based IP addresses to register with the MII. Previous regulations on website registration had focused on commercial sites.

Since the MII is primarily responsible for the construction and management of China's Internet infrastructure, it is also responsible for building up surveillance and filtering technologies, known collectively as The Great Firewall. The unit which is responsible for this activity is called the National Management Center for Internet and Information Security. All Internet service providers (ISPs) are required to register with the MII in order to connect through the nine gateways to the global Internet.

The Ministry of Public Security, the national law enforcement agency under the State Council, is responsible for monitoring online content and using law enforcement powers to arrest those who violate the regulations.

The Ministry of Public Security established the "Public Information Internet Monitoring Bureau" in 2000, with sub-divisions at every provincial and municipal level. These Internet police monitor websites for "illegal" content, and can order hosting server companies to warn or shut down an offending site.

Internet police are responsible for the following tasks: implementing Internet control policies; together with the MII, developing surveillance and encryption technologies; monitoring online content; forbidding non-media websites from using reporters and publishing independent news content; preventing foreign capital from controlling mainland media; strictly reviewing the licensing process for Internet companies and websites, particularly focusing on information which potentially "threatens national security;" preventing people from using the Internet to organize and mobilize collective actions; and finally, blocking certain overseas online content.

Content and administrative controls

In September 2005, the SCIO and the MII promulgated the Provisions on the Administration of Internet News Information Services, which limited the publishing of news content to websites that have been

approved and licensed by the SCIO in an attempt to centralize and regulate online news. The Provisions outline banned content in a vague and general way, which leaves the government with a lot of leeway in determining who has violated the guidelines. The Provisions state:

> Neither the News Information posted or transmitted, nor the current event electronic bulletin service provided, by Internet News Information Service Work Units may include any of the following content:
>
> (1) violating the basic principles as they are confirmed in the Constitution;
> (2) jeopardizing the security of the nation, divulging state secrets, subverting of the national regime or jeopardizing the integrity of the nation's unity;
> (3) harming the honor or the interests of the nation;
> (4) inciting hatred against peoples, racism against peoples, or disrupting the solidarity of peoples;
> (5) disrupting national policies on religion, propagating evil cults and feudal superstitions;
> (6) spreading rumors, disturbing social order, or disrupting social stability;
> (7) spreading obscenity, pornography, gambling, violence, terror, or abetting the commission of a crime;
> (8) insulting or defaming third parties, infringing on the legal rights and interests of third parties;
> (9) inciting illegal assemblies, associations, marches, demonstrations, or gatherings that disturb social order;
> (10) conducting activities in the name of an illegal civil organization; and
> (11) any other content prohibited by law or rules.

Most websites are not allowed to act as independent news gatherers, and may only reprint news that has been published by official media outlets. According to Article 11 of the Provisions, websites must obtain an Internet news content service license from the SCIO, which has only been granted to a select group of sites, including Sina.com, China's largest online portal. Baidu became the first search engine to obtain one at the end of 2006.

One recent development in administrative control measures is MII's registration rules.
In March 2006, the MII passed the Non-commercial Internet Information Service Management Law, which extended existing registration rules for commercial sites to private sites.

Under the regulations, non-commercial websites with independent domain names and IP addresses from mainland China must register with the MII by providing their real name, address, cell phone number and email address, which are all verified before registration is approved. Web sites that refuse to register, or that post banned content, risk being shuttered by any of the agencies responsible for Internet oversight: their hosting ISP, the local PSB, local Communist Party committees, government "Information and Publicity Departments," which act as the local arms of the SCIO, or other government agencies.

Self-censorship by Internet Companies

Outside of the frequently issued lists of specific taboo topics and forbidden words, the vast majority of online content that is frequently blocked in Chinese cyberspace is not made explicit by the country's censors. Rather, operators of websites, BBSes, blogs and other online forums use their own judgment and informal discussions with government agencies to formulate their own lists of words banned on their services. The Party-state censors' main Internet control strategy is to hold Internet Service Providers and Internet Access Providers responsible for the behavior of their customers, so those business operators have real incentive to proactively censor content on their sites. In Guangdong, for example, regulations posted by the Guangdong Provincial Communications Administration require all BBS systems to have an

individual who is responsible for the content of each individual section of the site. The regulations state, "The system operator will be responsible for the contents of his/her area, using technical means as well as human evaluation to filter, select and monitor. If there should be any content in a BBS area that is against the regulations, the related supervisory department will hold the BBS as well as the individual operator responsible."

Human monitors also manually filter blog posts that contain sensitive terms or topics. For example, Sina.com, one of China's largest portals which also hosts blogs, has a team of monitors which reads over blog posts at all hours. This mechanism actually applies to all electronic forums and blog hosting services

Real name registration

While the MII registration regulations impose real name registration for operators of individual domain names, and not for sites hosted under another domain, the government has been experimenting with expanding the regulations to individual Internet users on a broader scale.

In 2005, the BBS's (Bulletin board systems, or Internet forums) of eight universities in China required students to register using their real names and contact information. At universities in China, BBS remain the most popular and active online forum, and the most popular can have tens of thousands of people online at the same time. Some of the BBS systems, including those at China's top colleges Peking University and Tsinghua University, also blocked access from outside the university, including from alumni.

After the implementation of the real name registration at university BBS's, usage of these forums dropped dramatically. The forum of Wuhan University previously had up to 10,000 users online at peak times, but after the registration rules went into effect, the number dropped to about 1,000.

In late 2006, the Ministry of Information Industry began to conduct research on the technological and legal issues involved in implementing real name registration for blogs. However, the plans for blog real-name registration, which were announced in Chinese media reports, spurred a rare heated public debate. The China Youth Daily wrote in an editorial that. "'anonymity onstage, true identity offstage,' while it may seem to allow web users to avoid facing most people [online] using their own identities, [while it may seem] to preserve their freedom to write, actually means that at no time and in no place will they be free of scrutiny from a set of strange eyes." Facing public outrage, strong resistance from blog-hosting companies and technical hindrances, MII has not made any further effort to implement real-name registration in nation-wide blogging systems.

Conclusion:

Until now, the Chinese Party-state has been quite effective in controlling the political impact of the Internet by developing a multi-layered strategy to control Internet content and monitor online activities at every level of Internet service and content networks. The Party-state still possesses enormous resources for social control, in particular in preventing online public opinion leading to collective action in real space.

However, beneath the surface of these constantly increasing and intensified control measures, there is a rising level of public information and awareness in Chinese society, facilitated by information and communication technologies -- particularly cellphones and the Internet. The erosion of the Party's old ideological and social control is underway, as recent news events, from environment protests in Xiamen to Shanxi brick kilns vividly demonstrated. The long-term implications of this process can have profound and far-reaching consequences, for Chinese society as well as for China's relations with the U.S. and other

countries.

HEARING COCHAIR HOUSTON: Thank you very much, and we look forward to hearing from you more during the question period.

Dr. Esarey.

STATEMENT OF DR. ASHLEY ESAREY
LUCE FELLOW OF ASIAN STUDIES AND ASSISTANT PROFESSOR OF COMPARATIVE POLITICS, MIDDLEBURY COLLEGE, MIDDLEBURY, VERMONT

DR. ESAREY: Good morning or good afternoon. I'm not sure which one it is. I just got back from China so I was up at 3:30 this morning feeling ready for the day. It's a great pleasure to be here today and I'm very grateful to the Commission's invitation. I had a chance to meet Commissioner Houston earlier and was very impressed with her knowledge of China on a previous visit. I understand the Commission had made a previous visit. That's really excellent.

The questions I'm going to talk about today are highlighted in my statement and they are essentially as follows:

The first is how is the media controlled in China? I'm just going to update something I've written previously for Freedom House under the title "Speak No Evil," and I will make a couple of brief comments on this.

I believe He Qinglian is speaking later this afternoon. She's written a book in Chinese on how the media is controlled in China. She's formally a journalist, so she can speak a lot about the subject of media control and with great authority.

The second question I hope to get to briefly is how commercialization of media operations since 1979 has affected media content because there have been some scholars in the United States who have said, hey, the Chinese media is selling advertisements, they care about consumer preference, so maybe that means that the media is going to be out of control or something. So I'll talk a little bit about that.

I do quantitative studies that look at the content of actually more than 10,000 articles thus far in the Chinese media so I have a somewhat different approach from some scholars.

Then, I hope to touch briefly on the extent to which the Internet has led to greater media freedom in combination with the efforts of the news media. If I have a minute, after my introduction, I will talk about the effect of media control on U.S.-China relations.

So what's happening in media control? Essentially, you have a system that is headed by the Propaganda Department as Xiao so rightly

pointed out, and the Propaganda Department is a department of the Chinese Communist Party.

The person who Dan Southerland was talking about earlier, who is kind of the propaganda czar on the Standing Committee of the Politburo, his name is Li Changchun. He is a very powerful individual. Liu Yunshan is the person who heads the Propaganda Department and has done so for some years.

Essentially, they create directives for media content that are sent around to all of the media in China. They used to do this by sending faxes so if you were to walk into a Chinese television station and see the news director, you could almost not avoid seeing a stack of faxes on his desk that were don't report on this university student suicide or don't report on the fact that Deng Xiaoping was locked up for four years during the Cultural Revolution or various other topics of a sensitive nature.

But now the Propaganda Department has become a little bit more cagey about having a paper trail relating to these propaganda directives because they've had some directives exposed in the Western media, and it's been very embarrassing.

So they're now calling journalists in China and sometimes they call people's cell phones. Everyone in China has a cell phone. It's the largest cell phone market in the world. So these phone calls there are not identified as coming from a particular source, but usually the editors know, oh, okay, this is the propaganda department--it's zeroes all the way across apparently.

So editors receive these propaganda directives, and then they comply, because if you don't comply, lots of bad things can happen to you. And then everything is fine; right? Well, maybe not from your perspective.

That's how these propaganda directives get disseminated, and it's a system that is becoming more amorphous than it has been in the past, but still seems to be reasonably effective at dictating the content for the media. How do we know that once these content dictates are out there; they're actually safely complied with? Well, the Propaganda Department has a group of old cadres who sit around and read a gazillion news reports in various provinces, in cities. They write reports on reports, and say this one is ideologically suspect and so forth, and these reports are sent to all the heads of media organizations, and the media organizations are expected to correct their negative tendencies.

So what about this commercialization that's taken place? Because I believe it was Mr. Baum who was talking about how media organizations had been encouraged some time ago, actually in the early 1980s, to walk on their own two feet was the Chinese expression, to be

self-supporting financially, and these organizations started selling advertisements. In many cases they became incredibly lucrative. Some of them didn't. Some of them had problems.

Now, that the market tendency has been to create large media groups in provinces for broadcast media and print media, and what's happened is that some of media perform propaganda functions for party committees, which are the of ruling organizations throughout Chinese territory, and some of the organizations cater to popular preference.

When you pick up a Chinese newspaper, you see lots of advertisements and lots of stories on sports and travel and fashion and American celebrities sometimes--Tom Cruise--whoever is hot recently always gets stories. Probably Paris Hilton--except I think that she’s a little too controversial actually for the taste of the Communist Party.

Anyway, commercialization, according to my research, hasn't actually led to more freedom. In fact, newspapers that are highly commercial in nature have more propaganda than even the party newspapers, the mouthpieces of the party committees. So the market has essentially provided incentives for commercial media to comply with propaganda directives, and this means that journalists censor themselves a bit, the media censors itself, and there isn't a lot of push back from commercial media in China yet.

Some newspapers have attempted to press the limits of political acceptability, and in the case of SARS, in particular, the Severe Acute Respiratory Syndrome that broke out in 2003, that epidemic was of grave concern to a number of media in China, not to mention media around the world, and news organizations in China that tried to tackle it as a serious news story ran into trouble.

Nanfang dushibao, or the Southern Metro Post, was a paper that had its editor-in-chief detained for awhile after some racy SARS-related reporting and some of the other top executives were arrested on corruption charges and sentenced to a few years in prison. I believe they're both still in prison.

That was a clear example to the media of how things can go very wrong if the limit of political acceptability is exceeded. So commercialization hasn't done much to liberalize information flows in China.

What about the Internet? I agree with Xiao that the Internet has been a tremendously liberalizing force for the Chinese media, and there are a few basic reasons for why. There are lots of Internet users now in China. Recent estimates say there are 137 million users. That's second only to the number of users in the United States which is estimated at from between 165 to 210 million users.

Information can make it onto the Internet briefly before the Ministry of Information Industry that Xiao talked about comes in and

forces all the Web portals to remove controversial information.

So undesirable information becomes available to the public, but it doesn't stay on the Internet for very long because it's often erased. But sometimes when a politically controversial news story does appear, the mainstream media picks it up, and a very important example is the recent story involving the kilns in China, the Shanxi kilns. There were something like 600 workers in a state of slavery in Shanxi Province, and Internet sites posted commentary about their situation, and Henan Television, the main television station in Henan Province, picked up the story, other media got a-hold of the story, and all of a sudden it was a serious national news event, not to mention a crisis, for the local Communist Party leadership, and to some extent for the central leadership as well.

Other big changes that happened in the blogosphere, and Xiao and I have written a piece that's going to come out in Asian Survey in awhile about that. If you want an advance copy, you're welcome to send one of us an e-mail. Blogging results in a lot of free expression. Recently, there were mass protests in the city of Xiamen over a chemical factory that was due to be constructed there, and a blogger criticized this paraxylene or PX factory as likely to lead to pollution and he led a kind of a one-man crusade for awhile before he was joined by other bloggers and eventually comments on this factory got into text messages, and before long, a million Xiamen residents were getting text messages about why this factory was going to be like an atom bomb dropped on the city of Xiamen, which is really beautiful. I any of you haven't been there, I certainly recommend you go.

So the Internet is really an area where there is more pressure for freedom of information. Sure, bloggers can have their blog sites shut down and that's a serious problem. But often they can start up a new blog without too much trouble, and the main blogger in Xiamen, a man named Zhong Xiaoyong, was able to resist this chemical plant, and so far he hasn't had any serious problems or so it seems.

I'd like to just conclude by saying something about restrictions on information in U.S.-China relations. I was talking to a senior editor in Beijing a couple weeks ago, and the editor said to me, you know, President George W. Bush has been an invaluable assistant to the Chinese Communist Party. And I said what? And the editor said yes, because of the ability of the Communist Party to spin stories about the Iraq War in a negative light, the Communist Party looks really good right now. The party is also able to portray itself in the media as presiding over a period of great prosperity in China as well as peace. A lot of Chinese I met in Beijing were very pleased with how their country was doing and quite anti-American, probably to an extent that I have yet to experience.

It was clear to me that information controls are not only a problem for Chinese politics domestically, and certainly without more freedom of information you'll never see democratization--at least, I don't think so--but U.S.-China relations are seriously affected by the party's ability to shape the views of its citizens by determining what they can see in the official media.

Thanks.

[The statement follows:][1]

PANEL II: Discussion, Questions and Answers

HEARING COCHAIR HOUSTON: Thank you very much. And I saw an interesting statistic in some of our briefing materials, a poll that said 70 percent of Chinese have a negative impression of the U.S., but 80 percent that was their number one place to go out of China was to the U.S., which is just fascinating to me.

I will take the chairman's prerogative here and ask you each a question. Dr. Esarey, could you talk just a little bit about the Thought Small Working Group and what it does? I'm just fascinated by the title if nothing else. I don't think George Orwell could have come up with a better one.

And Mr. Xiao, could you talk a little bit more about the blogosphere? I'm interested in the prevalence, how many bloggers do we think are out there in China and are they being controlled, and the police force, the Internet police force which is reported to be--what--30,000 people in China, how that impacts the blogosphere?

And Dr. Esarey, if you want to go first, that would be great.

DR. ESAREY: Sure. My pleasure. David Shambaugh at The George Washington University has written this really great piece on propaganda that just came out in the January edition of The China Journal, and he's written about the Thought Work Small Group you asked about. He's much more authoritative on the Thought Work Small Group than I am.

The Thought Work Small Group is essentially a group of individuals who work closely with General Secretary and President Hu Jintao, to determine what should be in the media, and they determine the priorities for the propaganda system in general, which includes control of the media and publications and TV and film and education actually.

But they're most important with regard to the media and they then sit down apparently and have conversations about what should be in the media and they pass these priorities to the Propaganda

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[1] Click here to read the prepared statement of Dr. Ashley Esarey

Department, the Central Propaganda Department, and the Central Propaganda Department mobilizes its staff who then informs the media of the priorities that correspond to the particular moment. Priorities change by the way.

HEARING COCHAIR HOUSTON: Thank you very much.

MR. XIAO: On blogosphere, first off, the general numbers. There are according to the Chinese Internet Research Institute anywhere between 16 to 20 million active bloggers, meaning they updated their blog at least once a week. This is a very large number already, but also you want to envision the structure of the blogosphere. It's sort of Internet of the Internet. The Internet has many things--e-mails and commercial sites, but just think of the blogs as the personal publication platform that has two functions.

One is it's very easy for anybody to publish something. Second is this is a multiple of interpoints--the information can travel horizontally in any direction. However, the blogosphere just like the Internet is also what we call the parallel network structure, which means there's a lot of central points that imagine air lines. These are like major hubs which host most of the blogs. So as long as those major hubs can be effectively controlled, then they by and large control the online contents in a blogosphere.

In other words, you can have dissident or undesirable information on the blogs here and there, but it's very difficult for them to become a massive event, being massively distributed and publicly explicit when the government doesn't want that information seen.

Their main tactic is not going after every individual blogger but to go over those central hubs of the blog hosting companies--and how exactly those control mechanisms work? Let's use a government official word. They start from preventing, meaning intimidation, meaning the regulations, meaning you access the blog hosting or BBS in public forum, and there is an Internet police cartoon shows up, constantly reminding you that the Internet is being watched. So you know that you are not beyond of their reach.

Secondly is gate keeping. The gate keeping is not Internet police. It's every blog hosting company, whoever the company is hosting those places, you are responsible for what's on your server. So you have to hire humans, do whatsoever, using technical measures, to delete information before it shows up on the blogosphere. So that burden is on the commercial side.

And third, they call deleting. After all these things, some blogger is still writing something that they don't want to see. That's the task of propaganda offices or government. They are constantly screening the Internet and find out things they don't want, and then they make phone calls or tell the Internet service take it down, so you

delete it after the fact.

And finally is investigation. That's where police comes in. If it's something very serious, the police will go after, find out who did it, and where did it, who hosted, who distributed, and make sure they get at a person to create an intimidation effect across the Internet.

So it's a very systematic effort, not only just deleting afterwards after the fact. However, despite all of this, I think the sheer number of blogs and the sheer fact that Chinese society now, the different group of interests, different needs to be articulated, much more diverse fight, and the people are less and less intimidated by the government, the censorship measures.

One reason is that those censorship and propaganda measures, they're most effective when they're secretive. So as soon as they're being exposed or somebody talks about it, somebody exposes it, somebody commenting on it, they are becoming much more illegitimate and lose power rapidly. The Internet precisely has that function to creating some transparency to those mechanisms, and that creates a new space for the freedom of information.

HEARING COCHAIR HOUSTON: Thank you very much. That was great information. Commissioner Fiedler.

COMMISSIONER FIEDLER: I have a number of questions, some of which you may want to just send in later. The number of Internet users--I've heard the numbers--it's always an aggregate number. It's never broken down by city, by whether there's a concentration on the coast. For instance, I don't figure 150 million migrant workers have computer access or any more than one percent of it. Is it students? The number in the United States, 210 million, is virtually everybody in the population of over the ages of six months or two or three years, as a comparison in numbers.

So the absolute number doesn't interest me so much, and if any of you could send in information about that, I'd appreciate it.

Two, what role does State Security have, if any? I didn't hear them mentioned, just the PSB. Could the Chinese control the Internet without technology from the United States? I'd like a more recent comment following up on your comments on the shifting the burden to the commercial companies on Yahoo and Google and others who we have heard about over the last couple of years, and whether or not their business is sustainable unless they impose censorship?

DR. ESAREY: Oh, boy, Internet demographics. I actually think Xiao is probably better than I am at answering these questions as well as the Internet police question. I would just point you to a recent study by Deborah Fallows, who is with the Pew Research and American Internet Project.

COMMISSIONER FIEDLER: Yes.

DR. ESAREY: It's very recent. It just came out.

COMMISSIONER FIEDLER: Yes, I saw it. I didn't read it.

DR. ESAREY: That wasn't enough of a breakdown for demographics for you?

COMMISSIONER FIEDLER: I didn't read it.

DR. ESAREY: Okay.

COMMISSIONER FIEDLER: I just downloaded it.

DR. ESAREY: I'm not sure that she breaks down the demographics that well. There's a Chinese organization with the acronym CNNIC. It's the Chinese Internet--I can't spell it out.

COMMISSIONER FIEDLER: Yes, that's all right.

DR. ESAREY: Organization, and it does frequent studies on the Internet. They're usually released in Chinese so, you know, if you can get someone to work out the Chinese for you, that's the best place to go for those demographics.

MR. XIAO: Let's just briefly say that most blogs for Internet users are highly concentrated on the coastal areas, more economically developed areas, and younger urban, probably mostly male population.

However, there is a difference between Internet users and bloggers. Internet users can entail a lot of people using Internet cafes, playing games, because Internet cafes became an inexpensive entertainment for low income migrant workers and teenagers who spend a lot of hours in it.

But with bloggers you have creative content, even just for social or personal reasons. So that's quite a different crowd and it has a different impact. So looking at the bloggers, in a sense politically it's more significant.

The other two questions are actually very good and a very hard. The Ministry of State Security is a highly powerful agency and highly secretive. It's no doubt they have a part of Internet control and they are constantly in a turf war with the PSB on who creates more what they call the monitoring centers and encryption services that are on those major network gateways.

But the actual sites and activities, what they're doing on the Internet, is less known. Usually domestically that's always the PSB that shows at the surface. I'm sure they coordinate their efforts as well.

Then about technology from the United States on censorship and monitoring activities, yes, the most advanced sophisticated technologies are developed in Silicon Valley and other places outside of China. Most of them are from the United States.

However, there is a layer between the China State agencies such as Public Security or State Security. When they use those technologies, for most cases, they don't directly hire the U.S.

companies almost for the same reason--for security reasons--that they don't let the U.S. company directly deal with on that high secrecy level.

They create companies of their own or the company they trust, with the Chinese domestic companies, to do outsourcing them to do those technologies for them. But those Chinese companies, where their technology is coming from, they come from the United States. Yes.

COMMISSIONER FIEDLER: Thank you very much.

HEARING COCHAIR HOUSTON: Thank you. Chairman Bartholomew.

CHAIRMAN BARTHOLOMEW: Thank you very much. Thank you to both of our very interesting witnesses. I've been fortunate to know Xiao for many, many years, and our chairman of this hearing neglected to mention that he is the recipient of one of the MacArthur genius grants, something to which many of us would love to think we aspire, but we'll never achieve. So he's enormously talented, and he did not get for his work in astrophysics, as far as I know. He actually got it for his work in democratization, so we're very pleased to have you here. And Dr. Esarey, I'm pleased to hear that you're working with him and nice to see you here.

There are some many issues that you guys raised. Dr. Esarey, in particular, the impact on U.S.-China relations of these information controls. I think it's very important to emphasize again that whether other people in other countries have freedom of speech and freedom of the press really does have consequences for us here. It's not just some remote issue that is happening someplace else.

I think one of the reasons that some of us keep trying to find out is who are the people who are blogging is does it signify the possibility of a more open future and a more democratized China? You know here in this country it's our young people who are so adept at technology. They have access to and expectations of information flow that some of us can't even imagine, though my mother who is 81 years old is doing probably better on Internet access than I am.

But do we think that it signals some kind of trend that is going in the right direction? That's one question.

I'd like to ask both of you about this issue of access to information versus using that information as an organizing tool. Is there some tipping point at which the information becomes really problematic for the Chinese government?

And, finally, is this troubling issue that many of us see about the role of U.S. companies in facilitating the censorship. We understand that they have many compelling business reasons to be on the ground in China, but are there actions that they should and could be taking in

order to ensure that the promise of the Internet, this free flow of information, is something that all people in the world have access to?

Thanks.

DR. ESAREY: Wow.

CHAIRMAN BARTHOLOMEW: I know. It's a lot.

DR. ESAREY: It's a lot and they're all very good questions and questions that as a scholar I should look at very objectively, but they're actually very emotional for me, perhaps because I have studied this for awhile.

I think blogging really does represent something new and interesting. Although we should be cautious about what bloggers we're referring to because if you've got 20 million active Chinese bloggers, which is a lot, that's more than probably United States and Japan and Taiwan combined.

If you had 20 million active bloggers, how many are actually writing about meaningful political issues and how many of those people who are writing about meaningful political issues are actually read? I don't think too many. But there are some, and their voice does resonate with an increasingly large readership, and some of these people can actually sell advertisements they're so popular.

You've got a small group of political bloggers who are really interesting. But most bloggers are just writing about their personal lives--cats and dogs, celebrities, who they were dating last night and who they're dating tonight. It's really a grab bag of a lot of strange commentary on life as it is in the United States and probably elsewhere in the world. There's a segment of the blogosphere that's important to study for people who are worried about political change in China and debate and I've just done this study. It was so fascinating. I worked with a couple of researchers, and we examined the content of hundreds of blog postings and we found that these blogs are often critical of the Communist Party, more so by a factor of five or six, than the mainstream media.

We also found that bloggers of this certain politically oriented subset were also debating issues in ways that the mainstream media does not, and that there was an absence of propaganda in these blog postings that was very striking, when compared to newspaper reports, for example.

So when I saw this data, I danced around my little office and said blogs matter. Xiao was right because he's been saying blogs matter for a long time. When is access to information going to be troubling for the Chinese Communist Party? I think if people have pretty good access to information in China, so much so that they stop believing propaganda, which dominates the mainstream media, when that moment comes, you may have a tipping point.

When the Chinese citizenry doesn't believe the contents of media that are controlled by the party, they're going to demand something else. And that's why the SARS epidemic was so scary for the Communist Party because there was tremendous pressure in China to get information on this disease that nobody had ever experienced before, and it was spreading fast. There was a clampdown on media freedom after SARS and a lot of soul-searching on the part of journalists. I also think that if journalists get professional in China and they actually report the news because they feel that they have an obligation to society, then you're going to see a change, but right now most journalists are corrupt in ways that make them beholden to government and corporate interests .

I know many Chinese journalist and love them. I've dozens if not more friends who are journalists, and I feel uncomfortable when I hear about them saying I went to a press conference, and I received a red envelope with cash in it, but it doesn't mean anything. It's just to pay for my transportation or whatever, and I'm not beholden to the organization that gave me this red envelope of cash. Corruption is so pervasive that it's hard for the media to write good stories now. I met with an individual working for a PR company in Beijing, who said that he actually pays journalists through a bank transfer after they arrive at press conferences, and then pays journalists after they write the story. Journalists receive even more money if the story is really good for his client.

So it is troubling. The media is going through a transitional period, and I think that demand in China for better information in combination with commercialization is probably going to push the media to generate better products, and when that happens you may see problems for the Communist Party as well.

Xiao.

MR. XIAO: Let me try to be brief and answer the two questions combined, and then the third one, I'll answer separately. I want to be actually cautious. Yes, I say blogs matter, and I'm a blogger myself, but I'll try to resist two things. One is I've been always a human rights activist and a political exile; therefore, I always say something I think is right and say things I want to see happen, which is information freedom in China.

Second is that I've also now have lived in California for awhile in the Bay Area. I've been in touch with so many Silicon Valley people that have this techno-utopian way to say Internet IT solves everything including democracy. Let me try to resist both of those to give my more cautious observation on what the blog and Internet are doing in China.

Yes, it is opening up more space for independent information,

but it's not out of control because the Communist Party still has sufficient control of the Internet, not absolute control, but again sufficient control over this.

Behind this, I think there are several things. One we haven't mentioned. There is a crisis of public trust in the Chinese society that goes with the moral vacuum, goes with the deeper down is the political legitimacy crisis for the Chinese Communist Party itself because you can't deeper down ask your question. Any person who has intelligence will say, now we have a Communist Party who actually conducts capitalism except they maintain their monopoly of the power.

Another sort of deeper thing is that, yes, China's economic growth has been very impressive, it is a growing power, many of those Internet users are what we call the white collar classes. They're well-to-do in the society; they don't want to rock the boat. But at the same time, the Chinese so-called success story is a particular kind. The more economic growth it has, it seems like it's more insecure the state has for the future.

If you look at what's underneath, I'll give you example. You look into the Chinese search engine, that's the key place for them to control because that's where the Internet user finds out information. They are hackers going into the Chinese search engine to hack out their list of what they're preventing the user to search, the list of the censored words, hundreds of them that Chinese search engine prevents.

What are these words? Yes, they are Falungong. Yes, they are Taiwan, Tibet, Tiananmen. Far more than that, most of them are political current affairs. Most of them are about politics. For example, the recent list, most of them are about the 17th Party Congress and high politics and those leaders' names. That is they want to make sure there's not an uncontrolled information going around on the Internet and other readers find it.

And also sometimes incidents and public events that if you look into what they fear for people to know, you see that insecurity and fear is actually very deep. It's not getting less and less. It's not like the economics, they're getting richer, they're more open and tolerant; no, it's the opposite. And that is a very sharp tension and it will go for a long time, but it's not going to automatically solve it.

And here is another way to look at it. Sometimes people are being taken away by China's economic growth to say, look, there is a authoritarian regime, it doesn't have a democracy, but they grow economically, maybe they got something right, that we will learn about democracy or institution of the market is wrong.

But not quite. Look at China's economic success story. It's mainly from manufacturing, from those places, those industries and sectors that don't require that much of freedom of information. What

about finance sector? What about services? And China is getting there, heading to the point of unless you are expending the information freedom and fundamentally changing those characteristics of the regime, you can't even get a more domestic market, an economic structure rationally.

There is a sound economic argument that China needs to open more freedom of information as well. Let me give you an example. The head of the China Bank is an official rank in the Chinese political system. Therefore, any news about him, that's political news that's not being reported. But if you want to have a functioning stock market, you cannot let media not report something that happens to the head of the bank.

Therefore, these are tightly related issues that that tension goes on, and it's not going to stop automatically, and it has consequences.

HEARING COCHAIR HOUSTON: Okay. Great. Thank you very much. Perhaps we can revisit these as well if we have a little more time at the end.

Commissioner Wortzel.

COMMISSIONER WORTZEL: Thank you very much for your time and testimony, gentlemen. I guess I'm skeptical of blogs. You have so many people that make trips and it used to be I know exactly what's going on in this country because I talked to the taxi driver or I got my hair cut. In other words, everybody has an opinion, and so what I haven't been able to eke out of your testimony, and I have that trouble in this country, too, is which blogs matter?

How do you know whether this is some fringe idiot? I have a friend who was one of the most knowledgeable weapons designers and salesmen I ever met who now writes blogs on the media. He sends them to me and it drives me crazy. I don't care what he says about the media. But if he wants me to tell me about weapons design, I'd be very interested in his weapons design.

I have to say you guys haven't laid that out yet--how do you know whether it counts?

The second thing I'd like to hear you talk about is whether or not you're actually able to get into and move around China without interference? You're writing things and saying things that are relatively critical of the Chinese government. Are you being followed, or directed toward certain sources? How do we know that we're not getting misinformation or you're not getting misinformation or disinformation?

MR. XIAO: These are very good questions, and that's all what I study about because journalism is all about credibility, and online information, that's the place for rumors and false information, different propaganda, you name it. That happens. It's very hard to

verify whether you're a dog or not.

But it serves both ways. It is true the Chinese Internet as much as any other Internet, there is vast information but very little knowledge or credible information. But the key here is certain credibility emerges. Blogging is sometimes one way to do it because it has continuity and it's harder to fake the continuity.

Another reason is that on Internet, it's easy to fake information, but it also makes it possible for certain information to be vetted--many different eyes looking into it. So you don't have to believe what you read right away. You can wait until that information, let's say reporting about an epidemic disease breaking out in a certain city. It may be false information or it may be incomplete information. But you can wait until, if it's not being censored or deleted, information goes into the public forum, in the eyes of the public of the city or other experts, because somebody will point him out, yes, if it's different. And also some people use real names. Some people have expertise.

So there's a real process of filtering out that information on the Internet as well. This is where we're talking about censor-free environment. It has, it's actually a special expertise you develop who to listen to, who to believe in, and what process you are starting to pick up that information, how to verify it, but within the propaganda censorship mechanism and that creates even more complication.

I haven't mentioned this in my testimony today, but I did two years ago. The Chinese government and the local government and central governments are not hands-off from the propaganda effort. They hire people, they pay them, using false identity online to create information environment favoring to them.

And that is not an isolated case. We're talking about a national phenomenon. One reason is because for the local Chinese Communist Party officials, if there is bad news about them on the Internet, it cannot be deleted. They may not have enough power to reach the Central Propaganda Department to delete nationally, but they can hire people who are in favor of them to create the information towards them as their PR agencies because it's so important.

So the Chinese Internet is highly politicized place. Precisely because of that, the Chinese Internet is not what you read directly is. You have to read into who to believe and what information is true and under what circumstance those censorship effects are shaping affairs. It's quite a tricky but still a very rich information environment.

Finally, about the mobilization. I didn't fully answer that since we're just talking about information. That's where the Chinese authorities fear the most--right--they want to make sure. There's always incidents happening, but most, by and large, they successfully

control those activities. Information doesn't become offline activities, particularly mass media incidents.

However, the Internet has a social function and people interact with each other, and those unintended networks out of certain circumstances do have a role of mobilizing, organizing, that sometimes you see happen like Xiamen environmental protests.

There are no organizations, there are no committees, there is no leader. It's just because a cause is so urgent for every citizen and that just the normal social networks and communication networks are being used and activated for the protests.

DR. ESAREY: Yes, I would just add a couple of things about the bloggers. And I must admit that at the outset of studying bloggers, I shared your skepticism, Commissioner Wortzel. But after doing more analysis and really reading a lot more blogs, I saw that some of the top political bloggers were journalists, who were writing in their blog things that they couldn't publish in their news outlets. After awhile, you read a number of their posts and you get a sense for the kind of pressures they have and the sorts of critiques that they're trying to make, and they often don't directly criticize the state.

They use satirical language, indirect criticism, incomplete expressions, and if you read the comments of their readers, you can see that the readers understand the sort of language that these bloggers are using to communicate these very interesting critiques.

And, as Xiao pointed out, over time, if bloggers blog very frequently, they develop some credibility. I suppose it's like a magazine. If it only comes out once every six months, nobody is going to read it, but if there's a constant supply of information that's considered to be valuable by readers, then they're going to go to that source again and again. You can look at traffic to some extent on these Internet sites as an indication of credibility too. But I wouldn't want to play this up too much.

Another way that bloggers seek to make comments or establish their credibility is by pasting photos. There was a really neat post done by a blogger awhile back. He went to a local government--where was that, Xiao? Where was that government?

MR. XIAO: Which one?

DR. ESAREY: This was Wang Xiaofeng. His--

MR. XIAO: Oh, Beijing.

DR. ESAREY: Oh, it was in Beijing. So there was this local government that had this really lavish government facility.

MR. XIAO: That local government is in Hunan.

DR. ESAREY: It is the Huiji district government in the city of Zhengzhou. Thank you.

MR. XIAO: The blogger is in Beijing.

DR. ESAREY: Thank you. Right. So there's this local government complex in Zhengzhou that's really, really beautiful, and it had manmade lakes and it was just over the top in terms of the expenditure of funds on very lavish government buildings, and the blogger just posted some photos and posted an article on this government complex from the official media that said its construction was a great thing, and he said come now, isn't this excessive? China is a poor country. He said something to that effect, and his readers wrote comments like we should execute these dog officials. Readers were incensed by what they saw in his photos. So a blogger uses evidence, it's helpful for establishing credibility.

As far as the travel, I very fortunately have been able to travel okay in recent years.

HEARING COCHAIR HOUSTON: Thank you very much. Commissioner Videnieks.

COMMISSIONER VIDENIEKS: Commissioner Brookes had to step out for a brief moment, so he asked me to read a couple of questions, and I have one or two of my own.

The first question is, and these are brief, how many cyber cops are there in China? We've heard various numbers.

The second question is, what U.S. policies would increase freedom of information in China?

And my question would be to what extent is the Web a stabilizing or destabilizing force in PRC now given that probably most of the users or participants are in the affluent benefiting provinces?

DR. ESAREY: I'm sorry. Jet lag is kicking in. Your first question?

COMMISSIONER VIDENIEKS: First question was how many cyber cops?

DR. ESAREY: How many cyber cops? I don't know. People say different things, and I'm not even sure that the Chinese government knows.

COMMISSIONER VIDENIEKS: We've heard 30,000.

DR. ESAREY: You hear 30,000 a lot. But I've never seen anyone break down that number, and I'm completely dissatisfied with it, too, so I don't know.

MR. XIAO: Well, let me give you.

DR. ESAREY: Maybe Xiao has. He's probably--

MR. XIAO: I don't have a number.

DR. ESAREY: He's got a better feel for those numbers. He does some--

MR. XIAO: But I tell what I find. First, search Internet police as a Chinese phrase on the Chinese Internet, and you'll get millions of pages. They don't hide themselves these days. Every police station,

everything, they're telling the people we exist. All right.

Secondly, this is an entire division of Internet police that if you simply count, China has how many police stations and police forces, and if you count, if the police station has a table sitting two of those Internet cops, add together more than 30,000.

Shenzhen, which is not China's largest city, and that's on the record, two years ago had 137 working on the Internet police section. That's two years ago, and it has been expanding as well.

COMMISSIONER VIDENIEKS: How many were there?

MR. XIAO: 137. That's two years ago.

COMMISSIONER VIDENIEKS: Of population, of police force?

MR. XIAO: Actually I don't know that off the top of my head.

COMMISSIONER VIDENIEKS: Of users. The question is 137.

MR. XIAO: It's a middle-size Chinese city and--

DR. ESAREY: It's an important city in South China, and you're suggesting that it has 137 Internet police. By American standards, a large-size city.

COMMISSIONER VIDENIEKS: One city.

DR. ESAREY: 137 Internet police. So there are lots of cities in China, hundreds of cities.

MR. XIAO: There are dozens of cities, yes.

DR. ESAREY: So if you estimate, if there are 300 large cities in China, and I sometimes see that statistic, and there 100 police in each of 300 cities and that will get you somewhere in the ball park of the estimated figure. But I don't really think anybody has--

MR. XIAO: Let me just say, it's sufficient enough that wherever there's an Internet connection, there's Internet police. That's very likely.

COMMISSIONER VIDENIEKS: And these are probably other duties as assigned? That's not their primary duty. They probably devote 15 percent or 20 percent of their activity, depending on what the situation is?

MR. XIAO: When I say Internet police, I mean there is a particular department or office. The full name is called Internet Surveillance and Monitoring Bureau. Yes. They are hired just for the Internet per se. Then there is, of course, work with other departments.

That doesn't count the hiring of those civilians who are sort of reporting or go through the sites, informants reporting to them. That doesn't count the government hiring those Internet commentators, paying them, with false identity and commenting. That's all different.

Let me jump to the stability and instability issue, which is related to what we were discussing before. One thing you'll find in

China's Internet is interesting, because China's Internet has also been used as a tool by the central government to keep the local authorities in check and otherwise. For example, those elaborate local authorities' buildings that are being built up, apparently they're violating or they're using too much funds according to the central authority's regulation.

The Internet is a great tool for the central authorities to keep those local authorities in check to a certain degree, and it's being used both ways. But whenever there is a gap between what central wants or different government agencies have different agendas, it's hard for the local authority to completely censor the Internet. The Internet doesn't come local or national. It goes all over the place.

Xiamen's environmental protests is one of those examples. Xiamen local city authorities tried very hard to delete any information in their territory, but it went to national, and the national, they never got a national ban for that discussion, and therefore the discussion went to other places and come back to haunt them, became a protest.

In other words, the public opinion, which before the Internet had nowhere else to go, but now there is alternative space and only really works and plays a role when there are differences between those different government agencies, particularly central and local. If they can get a national ban on things, they're still very effective.

So now you say that function, is that stabilizing or destabilizing? It's stabilizing because to a certain degree, it's strengthening the current regime. It makes the current regime more efficient. But it's also destabilizing because deep down it's changing how the politics work in China, changing the rules, makes the people to possibly participate in certain cases to a certain degree. So, in the long term, I'm still thinking it's a destabilizing force for the current market-Leninism regime.

COMMISSIONER VIDENIEKS: Actually could I ask his last question?

HEARING COCHAIR HOUSTON: Sure.

COMMISSIONER VIDENIEKS: Repeat it again. What U.S. policies would increase freedom of information in China?

DR. ESAREY: It's a great question, and the media is such a sensitive industry in China that it's difficult to pressure the Chinese Communist Party to allow more liberalization, but if there could be more foreign investment in the Chinese media, that might change some things. It might bring in some new ideas for how the media can operate.

But I think that's likely to be a very difficult issue to make progress on, but it's probably worth trying. The U.S. can also make its own media more attractive to Chinese consumers and maybe even think

about catering to the Chinese media market perhaps via the Internet and then lobby for some of the big media organizations. Sure, you've got Yahoo and Google and some others working there, but what if CNN and Fox News had important Chinese language Web sites, would that matter? Would that give people an alternative perspective? Is that impossible? I don't know. It's a wild idea.

And then something that just came to mind is the piracy issue. It's been a policy of the United States now to press, and you guys, you know D.C. much better than I do, but it's been a policy to press China to reduce piracy on films, in particular, and pirated films are ubiquitous in China, especially in urban centers.

You can go to any urban area and get the latest Hollywood film two days after it has its premiere in Hollywood. It's amazing.

CHAIRMAN BARTHOLOMEW: Sometimes before.

DR. ESAREY: Sometimes, yes, the next day. I remember waiting at this pirated video shop to get the "Lord of the Rings: Return of the King," and the first copy was bad and the second copy worked great, and it was like the next day. It was really amazing.

But if you were to impose this anti-piracy legislation, or whatever maneuvers in the World Trade Organization, then you would cut off this conduit through which American perspectives and culture is so easily getting to the Chinese consumer. So it's hard to know how to interpret that as well. And I don't want to open a can of worms here, and I'll end up being out of my depth.

CHAIRMAN BARTHOLOMEW: You did.

DR. ESAREY: Oh, no.

COMMISSIONER WORTZEL: We should have you on with the motion pictures--

DR. ESAREY: Piracy is a complicated issue. Right now Chinese consumers are getting a tremendous subsidy on American cultural products and Microsoft and other software. So if you pressure China to change this, is it going to decrease the number of people who use these products or view movies and weaken America's cultural influence? It's possible.

HEARING COCHAIR HOUSTON: We would really welcome any responses you might have in that regard for us in written form later. In the interest of time, we've got two more follow-up questions before we're expecting Congressman Wolf, so I will defer to Chairman Bartholomew for a follow-up.

CHAIRMAN BARTHOLOMEW: Thank you, and there's just so much. Dr. Esarey, obviously the goal on the pirated products is to get the Chinese to lift their restrictions on U.S. cultural goods going in there. You opened a can of worms, and we could listen to you both all day long.

But I have a question in particular about the journalists now, not so much the journalists who you say are being corrupt and all of that, but these people who you see who are out there trying to cover the stories. Who are they? Are they the citizen journalists that Mr. Southerland made reference to? Are they young people who have come through Chinese journalism schools? Are they older people who have seen it all and have decided that they're tired of seeing it all? Are they people who have participated in journalism training in the West? Where is this coming from? Is it coming from all sorts of places?

MR. XIAO: It's coming mostly from what you call the edge, not from the center. That's what Internet does. An example will be the Xiamen environmental protests. The local authority was really trying to censor information while the protest was going on. They tried so hard, even letting the local cell phone services that are filtering out the words for the certain key words to make sure the cell phone messages are not sending around about those Xiamen protests.

But those two bloggers, they are just normal citizens. One is a street stander in Hunan Province and he blogs and he got excited about citizen journalism idea. He's just a young guy with a cell phone. And another is a blogger who is a journalist. They got excited about this whole thing. From outside of the province, they went there using their cell phone, which is roaming and a different service, and took the pictures and real time reported, and then it became the national thing.

That's one way to do it. Some of those people, you don't know where they're coming from, but they have the motivation and the incentive, which is curiosity, sometimes interest, to report on this.

Second are the people who have the interest and a stake. The example mentioned is that blogger who is a freelance writer living in Xiamen who just felt I'm a resident here, this chemical factory just has a great potential danger that's too close to me, and it too much matters, and I want to speak out. And he has his real identity. He's under intimidation, but he has continued to speak out on this issue, and he's not by himself. There's many, many of them. And therefore they get the truth out.

But also he's a freelance writer. It's not easy for authorities to get to him, and his wife is a lawyer working, making enough income. There's no direct state way to get to him immediately.

And then sometimes you see the people--SARS is an example--Dr. Jiang Yanyong, who is also retired doctor who has nothing more to lose in a certain sense, became the role of the voices. So these are people on the edges. People who have too much to lose don't risk it themselves, but the voice of the edge is now has a way to get into the circulation, and the Internet played a role there.

HEARING COCHAIR HOUSTON: Thank you very much.

Commissioner Shea.

COMMISSIONER SHEA: Thank you. I've been enjoying this conversation very much. In Washington, we have an expression that the cover-up is often worse than the crime, and there's an unfortunately long list of political figures who have learned the lesson the long way. I was just wondering--we've touched on this a little bit during this panel--but can you imagine a situation in which an event occurs, an environmental disaster, a natural disaster, and the Chinese leadership attempts to suppress information about that event in an effort to maintain stability--and the very act of the suppression of information becomes destabilizing because the Chinese people don't like it?

MR. XIAO: Let me quote the very agency who controls the information, which is the State Council Information Office. The Deputy Director of that Office recently got on national TV, CCTV, in China, being interviewed, and specifically commented on this, to say that what he was saying is for the local officials, their usual habit is always cover up the negative news. It can't do that anymore. It doesn't work in the Internet age anymore.

I'm not literally translating him, but more or less he was saying that. Usually they are covering up 90 percent of the negative news, but that's too naive, were his words, that you cannot do that in the Internet age anymore. So he recognized how impossible in the current technological and economic environment, the old sort of regime works.

But he's not recommending democracy either. He's basically saying we need to adapt, we need to have a more sophisticated and adaptive measures to keep the regime functioning, but also not being rigid until things are falling apart.

There's many adaptive measures. A government spokesperson is one of them. Whenever something happens, very often a government spokesperson comes out, has a press conference, puts out their version. At the same time, the other hand, trying to censor information or put a spin on it. That's including their external propaganda, perception management, to the world as well. They are becoming more sophisticated, more subtle, but I don't think any time soon they are giving up.

DR. ESAREY: I agree with Xiao's interpretation of the situation with regard to the government's concern about information transparency. I think that Premier Wen Jiabao is concerned about the effectiveness of his government's policy, and if you have local officials hiding information related to a disease or a natural disaster, or flood, whatever, then you really need information, and you need it fast, and the government is expressing very publicly its concern that it's not getting enough information from lower level officials, and it's

trying to kind of rattle their cages a little bit by passing this new transparency law that will hopefully change the access to information at local levels.

It's supposed to be implemented in May of next year, and you've got this spokesperson system that Xiao mentioned, so I think that the government, especially from the Premier's side, is concerned with information transparency.

Now, interestingly, the--

COMMISSIONER SHEA: To him?

DR. ESAREY: --Propaganda Department--yes, today--

COMMISSIONER SHEA: To him?

DR. ESAREY: To him.

COMMISSIONER SHEA: Right.

MR. XIAO: To him, not to the public.

DR. ESAREY: Right, right, right. He wants information, and the public needs some information, too. But the media helps him get information by writing reports. There are two tracks of reports in China. There are internal reports and there are public reports, but internal reports often don't lead to bonuses for journalists so they don't write them as much as they used to.

So I think the Premier needs public reports in order to shake up the system of prevarication that begins at the local level.

COMMISSIONER SHEA: Thank you.

HEARING COCHAIR HOUSTON: Thank you very much to both of you. This has been a great panel.

We really appreciate your remarks, and we'll look forward to any written materials you'd like to submit. We are waiting for Representative Frank Wolf to make his way over from the House.
Thank you very much.

PANEL III: CONGRESSIONAL PERSPECTIVES

CHAIRMAN BARTHOLOMEW: Mr. Wolf, what an absolute pleasure it is to welcome you here today. You are such an extraordinary champion for human rights in China, for so many issues related to China, and human rights around the world. I really think of you as the conscience of the U.S. Congress.

In some ways introducing you is one of the easiest things I've done and in some ways it's one of the hardest things because I don't know how we can ever express enough appreciation to you for all of your leadership and the improvement that you've made in the lives of people around the world, people who might not even know about the U.S. Congress, but thank you so much for that.

Thank you for your continuing support for this Commission. We really appreciate your support, and it's such an honor for us to have you here today on this topic, which is one of the most important topics that we can be talking about, which is freedom of information, freedom of speech, and access to information.

STATEMENT OF MR. FRANK WOLF, A U.S. REPRESENTATIVE FROM THE STATE OF VIRGINIA

MR. WOLF: Thank you very much. That was very kind of you. I don't know that I merit that, but thank you very much, Carolyn.

Good afternoon. The Chinese government strictly controls the flow of information to its citizens. We know that. It stifles dissent through persecution of minorities and human rights and democracy advocates. There are probably five Catholic bishops that are now in jail today.

The Chinese government imprisons journalists, especially Chinese employees of foreign media. The Chinese government filters the Internet using regulation software and hardware to prevent citizens from obtaining access to it that it deems unacceptable as well as information from foreign media sources.

In 2002, the Chinese government arrested Wang Xiaoning on charges of, quote, "subversion for using his Yahoo account to share articles promoting democracy and to communicate with overseas opposition party."

Mr. Wang was sentenced to ten years in prison after Yahoo's Hong Kong office gave Chinese authorities information about his e-mail accounts. Basically, they contracted the public security work to Yahoo. It's a disgrace. Any stockholder of Yahoo ought to just be embarrassed. To think that that's like a company in the '80s during the Reagan administration helping the KGB to round up Sharansky.

It's beyond us, but that shows you value-wise how things have changed. Late last year Western mountain climbers captured on a videotape, which I saw. It was a horrifying scene, Chinese police shooting from their North Face tents at a group of Tibetan refugees crossing Nangpa La Pass. A 17-year-old Buddhist nun was killed and several others were wounded. They literally picked them off almost like it was a shooting gallery. And yet you heard very little about it--very little from the Congress and very little from the Bush administration.

China targets the Tibetan and Uyghur people for cultural liquidation and actually sent three spies to Fairfax County to spy on

Rebiya Kadeer. They do this in part by controlling the flow of information into their communities.

When evidence of contaminated food imports surfaced this spring, China closed down the factories, dismantled the equipment responsible for the contamination before FDA officials could arrive to inspect them. During the debate over granting China Permanent Normal Trade Relations status, proponents argued that economic liberalization would lead to political liberalization in China. Proponents argue that exposing China to the West ideas and values would lead them to play a more constructive role in the international community. And that the U.S. and other industrialized nations could influence China through economic activity to better respect the rights of its citizens to fundamental human rights and the unfettered practice of faith. Sounds like Paulson today.

Paulson would have been articulating, and you see Paulson never raises these issues. In fact, I wrote every political appointee in the Bush administration, gave them the number to call of the House church, and the House church pastor said we would like to have someone from the administration worship with us, just to be there, the way that it used to be in the '80s when you would meet with dissidents in there, and not one person in the administration called.

I sent a second letter and still no one ever called to go and worship with that person. Instead, we have seen why the protection of basic liberties should not come second to economic growth, as some in the administration think. The China today is worse than the China of yesterday or certainly of last year or of the last decade. It is not progressing; it is regressing. It is more violent; it is more repressive; it is more resistant to democratic values than it was before we opened our ports to freely accept Chinese products.

I strongly believe that our country should be using all tools at its disposal to counter the Chinese government's efforts to cut its people off from accurate and reliable information from the outside world and to prevent the outside world from getting in.

If you look at the last thing, I'll end with this, that other than Bashir in Khartoum, the second most responsible government and group for the genocide in Darfur is China. Seven months ago they went there. The president of China went there and everyone hoped that he was going to announce that he had urged Bashir to make changes and that Bashir was going to make them. Instead, the announcement was that they were going to build Bashir a new palace. And then in response to concerns over the Olympics, the Chinese government went up and hired the producer, Steven Spielberg of Schindler's List, one of my favorite movies. Spielberg now is working for the Chinese government.

So that's about where we are today. I appreciate the Commission's positions that it's taken over the years, and I think it's like anything else. You keep hammering and pushing and eventually this government will collapse. It may not happen in my time here, but then again it may because in 1986, I remember bringing the Polish Ambassador Spasowski who defected over to my house to talk to my kids about communism and democracy and freedom. He pretty much said that communism was strong in Eastern Europe--we had to deal with it--even though he had defected and come into the Reagan White House. And yet two-and-a-half years after he had dinner at my house, the Berlin Wall fell, and it collapsed.

If you ever read Whittaker Chambers' book "Witness," in it, Chambers says when I left the Communist Party, I believed that I was leaving the winning side and joining the losing side, meaning freedom, and then he goes on to say nothing I have seen since has led me to believe I was wrong. Chambers was wrong because of Truman and Kennedy and Eisenhower and Reagan.

So this government will eventually crumble and collapse, and I just don't know when. Maybe 20 years from now, or it could be 20 months from now or, God willing, it could be in 20 days.

PANEL III: Discussion, Questions and Answers

CHAIRMAN BARTHOLOMEW: Thank you, Mr. Wolf. We heard some interesting testimony this morning from Dan Southerland at Radio Free Asia and William Baum who works at Voice of America. They were talking both about problems with jamming, which I know that you're very well aware of, but also about the need for reciprocity of information. That we keep our society open; we have Chinese journalists who are working here; there's a lot of Chinese language media that's taking place, but we don't get that similar sort of treatment for our reporters and journalists in China.

It struck me then, and people asked, in fact, is there anybody in the U.S. government at high levels who is raising these issues with the Chinese government? This might be an issue that we want to have some people in Congress start focusing on Secretary Paulson and an issue that should be raised in the Strategic Economic Dialogue.

MR. WOLF: If that's the decision of your Commission, let us know. I'm sure Mr. Lantos, who is very good on these issues, and others would join. Congressman Smith and, I believe, the Speaker and others would join. So if that's a desire of the Commission, we can do that. I don't know who's here, but there's probably a representative of the Chinese government in this audience today.

CHAIRMAN BARTHOLOMEW: Usually there is.

MR. WOLF: They come to every briefing. They're at every one. They've actually had the audacity, to show you how this town has changed, they retained Patton Boggs. Can you imagine? Every time the ambassador comes over, he must call Patton Boggs and say I'm going to see Congressman X or Y or Z, and if you look, if you go on the list and see who they're visiting, it's quite interesting. That would be like during the '80s, when Sharansky was in jail and Elena Bonner was being persecuted and Solzhenitsyn had to leave the country, to have a prominent law firm in Washington representing the KGB.

It wouldn't have ever happened. So there is someone here and they attend all the meetings, but I'm sure I'd be glad to help in any way we possibly could. I think the administration has just got to get a little more--the President says these things and then after he says them, Paulson never raises it. None of them that ever go over really raise it. Schwab never raises it at the Trade, but if the Commission wants to, we'll be glad to try to help with regard to that.

CHAIRMAN BARTHOLOMEW: Might be interesting. Any questions? Kerri, do you have one?

HEARING COCHAIR HOUSTON: Yes. Just one quick one, Mr. Wolf. Thank you so much for being here today. We really appreciate your candor and your intricate knowledge of this issue. I'm just wondering if there is any activity at all in the House?

Someone had an Internet Freedom bill that was aimed at China. Was it Congressman Smith?

MR. WOLF: Chris Smith.

HEARING COCHAIR HOUSTON: Yes. Is that going anywhere? Is there any possibility for a sense of Congress vote on we need to keep freedom, media freedom in China? Is there anybody in Congress talking about this is my bottom line question?

MR. WOLF: I can't say that there is. Congressman Smith has been very good on this issue. In fact, Chris and I visited a Beijing Prison No. 1 together where we saw Tiananmen Square demonstrators who were making socks. About 30 to 40 percent of them are still in jail today. They're in a different jail.

No, it's really not that powerful an issue. When Yahoo turns in some--no, it really isn't. I think there is less interest in human rights and some of these issues in the Congress today in both political parties than I've seen for a long, long while. The Scoop Jacksons, the Henry Hydes, just aren't really dominant anymore.

And we, Tom Lantos and I, had a Human Rights Caucus Week. We're trying to encourage some freshmen members and some sophomore members, because as you pass the baton on, that they will come up, and there are lot of good ones, and hopefully they will develop the interest, but this is not that compelling issue now that

dominates the Congress.

Have you ever heard the Simon and Garfunkel song--they sang it in Central Park--"A man hears what he wants to hear and disregards the rest"?

CHAIRMAN BARTHOLOMEW: Disregards the rest.

MR. WOLF: It's from I think "The Boxer." It's the same way. They hear what they want to hear and they disregard the rest, so--

CHAIRMAN BARTHOLOMEW: So it's up to all of us, I think, Mr. Wolf, to figure out ways to get people to listen, and one of the things we're trying to focus on today is the fact that lack of access to information other places has consequences for us. And this afternoon, we're going to have some panels that are looking at the food safety and product safety issues and how media controls in China might be fostering some of these problems that we're facing here at home so we can draw some of those connections.

MR. WOLF: Shrimp, catfish, toothpaste. The toothpaste went into the prisons. Toothpaste went into the homeless shelters. They killed American dogs and pets, and yet still the Congress has not really--

CHAIRMAN BARTHOLOMEW: Commissioner Fiedler, you had a question?

COMMISSIONER FIEDLER: I just would you like to expand a little more on the Google, Yahoo, Cisco?

MR. WOLF: I just think it's so shocking, but just an indication to me that the values and the culture of this town have changed. It's just the reality of it. No one would have ever done that during the Reagan administration or during the Carter administration or during the Kennedy administration. You just wouldn't have done that.

Can you imagine somebody coming in and telling President Reagan, the big law firm downtown--remember Akin Gump? The head of Akin Gump, who was on the Foreign Intelligence Advisory Board, went over to China and negotiated the CNOOC deal. And then he flew back and said, like Pontius Pilate, I wash my hands; I will not directly be involved.

But he was on the Foreign Intelligence Advisory Board. He knew everything that was going on. That could never have happened in the '80s or the '70s or the '60s or the '50s. So there's been a culture change in this town and they get away with it.

I saw an article--well, I won't get into it of another person here in Congress, was very strong. He gets out. He's now representing the other side, and it's changing, and so there has been a cultural change on those issues, and there's no punishment, no price to pay.

CHAIRMAN BARTHOLOMEW: Commissioner Wessel.

COMMISSIONER WESSEL: I don't have a question. I simply

want to echo what our chairman said in terms of the inspiration you have been to so many of us for your leadership on these issues, tenacity and being a vocal proponent of human rights and democracy around the globe. So thank you.

MR. WOLF: Thank you.

CHAIRMAN BARTHOLOMEW: Commissioner Wortzel, any questions? You usually have one.

COMMISSIONER WORTZEL: I think what has actually disturbed me here is hearing from two people that I respect a lot, Bill Baum from Voice of America and Dan Southerland from Radio Free Asia, not only about this problem of jamming, but they framed it differently, and they framed it in a way that I haven't heard before. They frame this as a market access issue. The ability of these American media to get into the Chinese market as opposed to the flooding of the American market by the Chinese media.

What I didn't realize is apparently it's a Department of Commerce, FCC issue. So they have no patron obviously in the administration. I really don't think they have one yet in Congress, as we brought up, but it strikes me that this might be something for the Interparliamentary Dialogue if you do get Chinese National People's Congress members here.

CHAIRMAN BARTHOLOMEW: Okay. Anybody else? No. Thank you, Mr. Wolf. We know that you have an awful lot going on. Thank you again for your support and--

MR. WOLF: Thank you all you for the invitation.

CHAIRMAN BARTHOLOMEW: Thank you for participating here today. Just a quick announcement. We're going to be conducting a short business meeting for commissioners only. So we will reconvene the public meeting at 1:30. Thank you.

[Whereupon, at 1:10 p.m., the hearing recessed, to reconvene at 1:30 p.m., this same day.]

AFTERNOON SESSION

PANEL IV: PERCEPTION MANAGEMENT – WHO KNOWS WHAT IN THE PRC?

CHAIRMAN BARTHOLOMEW: Our fourth panel today has been asked to address issues surrounding the effectiveness and implications of China's information controls.

We're very pleased to welcome back to the Commission Ms. He Qinglian, who is a Senior Researcher for Human Rights Watch in New York. She was born in China, spent most of her life living and working there. She earned her bachelor's degree at Hunan University. She has a master's degree in economics at Fudan University.

She has written extensively on media control in China and is recognized as one of the world's preeminent experts in the field. As she does not speak English, her contributions today will be translated by Mr. Cheng, who I understand is also her husband. Is that correct? So we hope it's her words that we'll be hearing.

We also are pleased to welcome Dr. Barrett McCormick, who is a Professor of Political Science at Marquette University in Milwaukee, Wisconsin. He specializes in Chinese politics. His current research involves Chinese media markets and the transformation of China's sphere.

Dr. McCormick's publications include Political Reform in Post-Mao China and articles in journals such as the China Journal, the Journal of Asian Studies, Pacific Affairs, Issues and Studies and Twenty-First Century.

He received his Ph.D. from the University of Wisconsin. It sounds like he's been spending much of his life in Wisconsin. Welcome to Washington.

Thank you both for joining us. Let's begin by hearing Ms. He's written statement and then we'll move on to Dr. McCormick and move to questions. I think, as some of you can see, and, no, we're not shy in terms of asking questions. Thank you.

STATEMENT OF MS. HE QINGLIAN, SENIOR RESEARCHER IN RESIDENCE, HUMAN RIGHTS IN CHINA NEW YORK, NEW YORK

MS. HE: Ladies and gentlemen. It's my pleasure to be here. My English is not good enough so I ask Mr. Xiaonong Cheng to help me with the testimony, after which I will answer oral questions.

CHAIRMAN BARTHOLOMEW: Thank you very much.

MR. CHENG: Please allow me to read the testimony of Ms. He

Qinglian.

[Statement of Ms. He Qinglian as read by Mr. Cheng follows:]

MR. CHENG: The title of the testimony is "Information and Mind Control in China Today: Approaches and Effects."

The first is institutionalized information and mind control in China. As part of China's political institutions, information and mind control has been conducted for more than half century since Chinese Communist Party took power in 1949.

What information control means, through personal control of editors and reporters, all media in China, including newspaper, periodicals, news agencies, TV stations, broadcasting, even movie industry and art performances are functionally categorized and managed as mouthpiece of CCP.

The mind control includes indoctrination from kindergarten to college through officially compiled textbooks as all teachers are categorized as educators of CCP.

Therefore, it is not simply motives of some officials but the system itself that imposes and enforces information and mind control.

Headquarters of the information and mind control is the Central Department of Propaganda of CCP. It sets up rules, policies and arranges officials to positions as directors of key media. In each administrative level, from provincial to county, there is such a department to carry out the job in its own area.

Economic reform and "Opening Policy" from 1979 have never shaken or changed the mechanism of the control. In the 1980s, when CCP had confidence with success and trust of people, it somehow released the control a little bit, but have never tried to remove the whole control system. Mao Zedong had a very famous instruction about the system: It's vital as control of army for safety of the communist rule.

After Tiananmen massacre, the regime tightened the control. In recent years, the control has been further reinforced for fear of losing power.

Following reasons can explain why the regime has such a fear. First, China has now entered into a stage with higher and higher social tension because of rampant corruption of officials and of harder living conditions of majority of population. Chinese people have paid high costs for economic development of recent decades. In the past ten years, 60 million peasants lost their land for living and 3.8 million urban dwellers lost their houses in process of real estate development and construction of infrastructure projects.

Social protests take place in most provinces and the amount of the protests in the past three years has reached to 80,000 each year. In such circumstances, Chinese government sees any criticism or negative

news report as a threat to its rule and has tried every method to block dissemination of such information in order to prevent societal collective action.

Second, by its nature, information control is a crucial component of communist rule. As values and practices of the regime are largely different with universal values of international society, Chinese regime relies upon information and mind control to mislead Chinese population from values of human rights and democracy, and from truth as well. Through the information and mind control, the regime pursues a formation of value system in Chinese system against democracy.

If one asks what is the information that the Chinese regime doesn't want the public to know, standards may vary upon political calculation, while the calculation is made according to its need to maintain political stability and the trust of the population to the government.

For example, since last year, severe environmental pollution has been observed more and more frequently and in many places people begin to organize massive activities to defend the local environment. News reports about environmental pollution have been restricted.

Last month, World Bank prepared a report about China's environmental problems, which mentioned that each year 750,000 Chinese died of air pollution. Chinese government then forced the World Bank to delete the figure with an excuse that it may lead to riots in China.

News reports about poisoned or bad quality food were not banned in China before. However, recently, the media in the U.S., Europe and other countries reported the food problem, and the Chinese reputation and exports may thus be damaged. The issue of food safety has now become politically sensitive.

In this July, Beijing TV station reported the case that a fast food producer in Beijing used recycled cardboard together with some meat to make steamed bun. The news was reported by Tokyo TV station and then a Japanese congressman expressed worries that Japanese sportsmen may have food safety problems during the Olympic 2008.

Chinese government perceived the news utilized by international anti-Chinese forces, so declared that the news the Beijing TV station reported is false news and punished three directors of the TV station.

Moreover, China's National Press Bureau then gave instructions to all media that they should report positive sides of food quality of China.

Number two: Chinese people's perception of the U.S. and how it is controlled? First of all, Chinese people are allowed to know what mouthpiece of CCP tells about the U.S. The Central Department of Propaganda has set up a rule--its term is called "disciplines for

propaganda"--that all media cannot report international news by themselves. They can only reprint what official Xinhua News Agency writes about events outside China.

Living in a society with full of indoctrination and manipulated news reports, Chinese people's perceptions of the U.S. is a strange mixture. In past years, a lot of public opinion polls in China indicated that among many countries in the world, the U.S. is a country 80 percent of Chinese dislike it; however, the U.S. is also a country 70 percent of Chinese people want to go most.

Why is the perception so strange? From the officially controlled information, Chinese people are often indoctrinated with the following: the U.S. was historically a key enemy of China. It not only invaded China but also supported KMT, the Chinese Communist Party's enemy, and nowadays, the U.S. intervenes in domestic affairs of many countries, restrains China with excuse of human rights, supports forces pursuing independence of Taiwan and Tibet, and thus makes the unification in China in trouble.

The U.S. as a hegemony in the world is afraid of a stronger China; therefore, carries out a policy of containment against China. The U.S. is the largest energy consumption country in the world. In order to get energy resources, it tries to control other countries by imposing its own values.

Such indoctrination contains some messages that U.S. is the strongest country in the world and American people live much better than people of most countries. The messages together with private information people brought from the U.S. impressed many Chinese people as well.

Third: regional variation in media control. Generally speaking, media control in big cities in the coastal areas are more flexible, particularly in Beijing, Shanghai, Guangzhou and Shenzhen. As capital, embassies are located in Beijing; international media send their reporters to the city as well. Many universities and research institutions are also located in Beijing.

People in Beijing may have opportunities to get access to non-official information. People in Shanghai also have more opportunities to meet with foreign businessmen than people in other cities.

Guangzhou and Shenzhen are both close to Hong Kong and have a lot of contact with the people in Hong Kong. Therefore, local media in the cities have to be more open-minded, and exactly for this reason, newspapers from the cities are often the bestsellers in other provinces.

In hinterland provinces, however, media control is obviously much more tightened. For example, in Gansu, Henan, and Xinjiang, individuals who criticize local governments could be charged by crimes of endanger state security or overthrow regime. In some

provinces, people even get arrested because they listen to broadcasting programs of VOA or Radio Free Asia. Whereas, governments of Shanghai and Beijing may not do that.

In Guangzhou and Shenzhen, many people collect publications from Hong Kong and usually won't get in trouble for that. But in Hunan Province near Guangzhou, recently there was a case that a person was put in jail in a charge of collecting anti-revolutionary publications.

Number four, approaches and effects of controlling people's perception of history, current affairs and the national identity. Such control mainly involves interpretation of history and China's international relations.

History education, particularly the education of modern Chinese history, is related to rise and success of CCP and its legitimacy. In order to justify its rule, Chinese government makes every effort to smear images of its political rival, KMT, the Kuomintang, in Taiwan and the U.S., which once backed up KMT.

On the other hand, the government hides a series of mistakes, crimes and the failures under its rule, such as Anti-Rightists Campaign, Great Leap Forward Campaign, and the great famine that caused deaths of more than 30 million peasants, the Great Cultural Revolution, and the Tiananmen massacre, et cetera.

In Chinese textbooks of contemporary history, these events are easily ignored or misinterpreted. Now publications of books on the events is still banned. Last year is the 40th anniversary of Great Cultural Revolution, and this year is the 50th anniversary of Anti-Rightists Campaign. Scholars in China are not allowed to organize any academic meeting to discuss the events.

When some of them tried to come to the U.S. to attend conferences about the topics held here they were warned or threatened by State Security police. As a result, many Chinese people who personally experienced events now still don't know much about key facts of the events and younger generations often don't know the events at all.

Indoctrinated by the regime, some young people now even praise Great Cultural Revolution and they perceive Mao Zedong era as an ideal historical period.

Indoctrination about China's international relations focuses on peaceful rise of China, its success in gaining respect and support from various countries, and a failure of U.S. policies against China.

News reports from official Xinhua News Agency carefully selects materials favoring China but ignoring all the bad news the government dislikes. For example, in recent years, Chinese media repeatedly reports success of development of friendship and trust with

Russia and African countries, but when Russia implements policies against Chinese immigrants or people of Saint Petersburg opposed a plan to build a new Chinatown in the city, such news are purposely excluded.

The same situation could be found in China's news reporting about Sino-African relationship. For Chinese audience, if they simply watch TV news and read newspapers, all the news how African people perceive China as a neocolonialism today and how China's government buys votes from African governments in U.N. organizations to defend its human rights record don't exist at all.

Talking about relations between China and developing countries, Chinese people don't know either how revolution was exported to developing countries and armed struggle in the countries trained from Beijing during Mao era or how Khmer Rouge was trained and supported by CCP and why many overseas Chinese escaped from Cambodia hate Red China.

Some independent intellectuals try various ways to get information from outside, but most Chinese people either are not capable to do so or lack enthusiasm to explore truth at possible cost of political risks.

I personally know a Chinese intellectual who received his MBA in China and often thinks about political and social issues. Only after he went to London School of Economics and Political Science for his Ph.D. program and heard directly from his African classmates about criticism of China's neocolonialism did he realize that his perception about Sino-African good relations formed in China was based upon incomplete information and thus not really correct.

As a conclusion, I would like to indicate that two key principles the Central Department of Propaganda employs for media control are as follows:

First, to play the role of mouthpiece of CCP; second, to direct public toward the needs of CCP. The first principle suggests that the media workers in China don't have to have their mind; they should simply follow instructions of the party and speak what is taught and told.

The second principle implies that a function of media in China is to help the party direct public for the needs of the CCP. In other words, people's needs are not counted, and the media, if it wants to survive in China, should work only for the party, even though such work could hurt the interests of people.

If one could understand the principles, he will find it's not so difficult to interpret why some news made in China and some are covered, and why Chinese people's perception about the world is somehow different from that of democratic societies.

[The statement follows:]

Prepared Statement of Ms. He Qinglian, Senior Researcher in Residence, Human Rights in China, New York, New York

1. Institutionalized Information and Mind Control in China

As part of China's political institutions, information and mind control has been conducted for more than half century since Chinese Communist Party took power in 1949. While the information control means, through personnel control of editors and reporters, all media in China, including newspapers, periodicals, news agencies, TV stations, broadcasting, even movie industry and art performance, are functionally categorized and managed as "mouth piece" of CCP, the mind control includes indoctrination from kindergarten to college through officially compiled textbooks, as all teachers are categorized as "educators of CCP". Therefore, it is not simply motives of some officials but the system itself that imposes and enforces information and mind control. Headquarter of the information and mind control is Central Department of Propaganda of CCP. It sets up rules, policies and arranges officials to positions as directors of key media. In each administrative level, from provincial to county, there is such a department to carry out the job in its own area. Economic reform and "Opening Policy" from 1979 have never shaken or changed mechanism of the control. In 1980s when CCP had confidence with its success and trust of people, it somehow released the control a little bit but had never tried to remove the whole control system. Mao Zedong had a very famous instruction about the system: It's vital as control of army for safety of the communist rule. After Tiananmen massacre the regime tightened the control. In recent years the control has been further reinforced for fear of losing power.

Following reasons can explain why the regime has such a fear. First, China has now entered into a stage with higher and higher social tension, because of rampant corruption of officials and harder living condition of majority of population. Chinese people have paid high costs for economic development of recent decades. In the past ten years, 60 million peasants lost their land for living and 3.8 million urban dwellers lost their houses in process of real estate development and construction of infrastructure projects. Social protests take place in most provinces and amount of the protests in the past three years has reached 80,000 each year. In such circumstances Chinese government sees any criticism or negative news report as threat to its rule, and has tried every method to block dissemination of such information, in order to prevent societal collective action. Second, by its nature, information control is a crucial component of communist rule. As values and practices of the regime are largely different with universal values of international society, Chinese regime relies upon the information and mind control to mislead Chinese population from values of human rights and democracy, and from truth as well. Through the information and mind control, the regime pursuits a formation of value system in Chinese society against democracy.

If one asks: What is the information that Chinese regime doesn't want public to know? Standards may vary upon political calculation, while the calculation is made according to its need to maintain political stability and trust of population to the government. For example, since last year severe environmental pollution has been observed more and more frequently and in many places people began to organize massive activities to defend local environment, news reports about environmental pollution have been restricted. Last month, World Bank prepared a report about China's environmental problems, which mentioned that each year 750 thousands of Chinese died of air pollution. Chinese government then forced World Bank to delete the figure with an excuse that it may lead riots in China. News reports about poisoned or bad quality food were not banned in China before. However, as recently media in the U.S., EU and other countries reported the food problem, and China's reputation and export may thus be damaged, the issue of food safety has now become politically sensitive.

In this July, Beijing TV Station reported a case that a fast food producer in Beijing used recycled cardboard, together with some meat, to make steamed bun. The news was reported by Tokyo TV Station, and then a Japanese Congressman expressed worries that Japanese sportsmen may have food safety problem during the Olympic 2008. Chinese government perceived the news utilized by "international anti-

Chinese forces", so declared that the news of Beijing TV Station reported is false news and punished three directors of the TV Station. Moreover, China's National Press Bureau then gives instructions to all media that they should report positive sides of food quality of China.

2. Chinese People's Perception of the US and how it is Controlled?

First of all, Chinese people are allowed to know what "mouth piece" of CCP tells about the US. The Central Dept. of Propaganda has set up a rule (in its term, it's called "discipline for propaganda") that all media can not report international news by themselves; they can only reprint what official Xinhua News Agency writes about events outside China. Living in a society with full of indoctrination and manipulated news reports, Chinese people's perception of the US is a strange mixture. In past years a lot of public opinion polls in China indicate that, among countries in the world, the U.S. is a country 80% of Chinese dislike it; however, the U.S. is also a country 70% of Chinese people wants to go the most.

Why is the perception so strange? From the officially controlled information Chinese people are indoctrinated the following: the US was historically a key enemy of China; it not only invaded China, but also supported KMT (CCP's enemy); in nowadays the US intervenes domestic affairs of many countries, restrains China with excuses of human rights, supports forces pursuing independence of Taiwan and Tibet thus makes unification of China in trouble; the US, as a hegemony in the world, is afraid of a stronger China, therefore carries out a policy of "containment" against China; the U.S. is the largest energy consumption country in the world, in order to get energy resources it tries to control other countries by imposing its own values. Such indoctrination contains some messages that the U.S. is the strongest country in the world and American people live much better than people of most countries. The messages, together with private information people brought from the U.S., impress many Chinese as well.

3. Regional Variations in Media Control

Generally speaking, media control in big cities and coastal areas are more flexible, particularly in Beijing, Shanghai, Guangzhou and Shenzhen. As capital, embassies are located in Beijing, international media send their reporters to the city as well, many universities and research institutes are also located in Beijing. People in Beijing may have more opportunities to get access to nonofficial information. People in Shanghai also have more opportunities to meet with foreign businessmen than people in other cities. Guangzhou and Shenzhen are both close to Hong Kong, and have a lot of contact with people in Hong Kong. Therefore, local media in the cities have to be more open-minded. And exactly for this reason, newspapers from the cities are often the bestsellers in other provinces.

In hinterland provinces, however, media control is obviously much more tightened. For example, in Gansu, Henan and Xinjiang, individuals who criticized local governments could be charged by crimes of "endanger state security" or "overthrow regime". In some provinces people even got arrested because they listened to broadcasting programs of VOA or RFA, whereas government of Shanghai and Beijing may not do that. In Guangzhou and Shenzhen, many people collect publications from Hong Kong and usually won't get in trouble for that; but in Hunan Province near Guangzhou, recently there is a case that a person was put in jail in a charge of "collecting antirevolutionary publications".

4. Approaches and Effects of Controlling People's Perception of History, Current Affairs and National Identity

Such control mainly involves in interpretation of history and China's international relations.

History education, particularly the education of modern Chinese history, is related to rise and success of CCP and its legitimacy. In order to justify its rule, Chinese government makes every effort to smear images of its political rival, KMT, and the U.S. which once backed up KMT. On the other hand, the government hides a series of mistakes, crimes and failures under its rule, such as "Anti-Rightists Campaign", "Great Leap Forward Campaign" and the great famine caused death of more than 30 million peasants, "Great Cultural Revolution" and Tiananmen massacre, etc. In China's textbooks of contemporary history, these events are either ignored or misinterpreted. Now publication of books on the events is still banned. Last year is the 40 anniversary of "Great Cultural Revolution" and this year is 50 anniversary of "Anti-Rightists

Campaign", scholars in China are not allowed to organize any academic meeting to discuss the event. When some of them tried to come to the U.S. to attend conferences about the topics held here, they were warned or threatened by state security police. As a result, many Chinese people who personally experienced the events now still don't know much about key facts of the events, and younger generations often don't know the events at all. Indoctrinated by the regime, some young people now even praise "Great Cultural Revolution" and perceive Mao Zedong era as an ideal historical period.

Indoctrination about China's international relations focuses on "peaceful rise of China", its success in gaining respect and support from various countries, and failure of US policies against China. News reports from official Xinhua News Agency carefully select materials favoring China but ignore all the bad news the government dislikes. For example, in recent years China's media repeatedly reports successful development of friendship and trust with Russia and African countries, but when Russia implements policies against Chinese immigrants or people of Saint Petersburg opposed to a plan to build a new China town in the city, such news are purposively excluded. The same situation could be found in China's news reporting about Sino-African relationship. For Chinese audience if they simply watch TV news and read newspapers, all the news how African people perceive China as a neocolonialism today and how Chinese government "buy" votes from African governments in UN organizations to defend its human rights record don't exist at all. Talking about relations between China and developing countries, Chinese people don't know either how revolution was exported to developing countries and "armed struggle" in the countries trained from Beijing during Mao era, or how Khmer Rouge was trained and supported by CCP and why many overseas Chinese escaped from Cambodia hate the Red China.

Some independent intellectuals try various ways to get information from outside but most Chinese people either are not capable to do so or lack enthusiasm to explore truth at possible costs of political risks. I personally know a Chinese intellectual who received his MBA in China and often thinks about political and social issues. Only after he went to London School of Economics and Political Science for his Ph.D. program and heard directly from his African classmates about criticism of China's neocolonialism, did he realized that his perception about Sino-African good relations formed in China was based upon incomplete information and thus not really correct.

As a conclusion, I would like to indicate that two key principles the Central Dept. of Propaganda employs for media control are as following: "to play the role of mouth piece of CCP" and "to direct public toward the needs of CCP". The first principle suggests that media workers in China don't have to have their mind; they should simply follow instructions of the party and speak what is taught and told. The second principle implies that function of media in China is to help the party direct public for the needs of CCP; in other words, people's needs are not counted, and media, if it wants to survive in China, should work only for the party even though such work could hurt interest of people. If one could understand the principles, he will find it not so difficult to interpret why some news made in China and some are covered, and why Chinese people's perception about the world is somehow different from that of democratic societies

CHAIRMAN BARTHOLOMEW: Thank you very much. Dr. McCormick.

STATEMENT OF DR. BARRETT MCCORMICK
PROFESSOR, MARQUETTE UNIVERSITY
MILWAUKEE, WISCONSIN

DR. McCORMICK: Thank you very much to the Commission for inviting me to speak here today. It's an honor to have a chance to try and give you some sense of what I think and know, and it's doubly an honor to be seated alongside the distinguished He Qinglian, who I have long respected and admired.

The bad news from China today is that things at present, at least, aren't turning out the way that we might like. Social science gives us all sorts of fairly easy and automatic predictions that say that capitalism is supposed to lead to democracy. Well, maybe contemporary China tells us that democracy needs capitalism more than capitalism needs democracy.

Social science sometimes tries to tell us that as income levels reach a certain point, countries automatically become democracies. Well, the bad news from China is some of the wealthiest people are some of the most resistant to the idea of democratization.

So I think I'd like to commend the Commission for in your--there was a report you issued in June--you called attention to James Mann's work who suggests that it could well be that the United States is going to have to cope with an authoritarian China for a long time to come, and I think that's a wise place to start with.

I would characterize the current situation in China as persistence without legitimacy. By persistence, I mean something a little bit different than stability. This isn't quite the same thing as a system that runs on like a clock. I describe it something more like a car with faulty brakes doing down a mountain road. So far the driver has managed to keep the car on the road, and he may well keep the car on the road, but there are reasons to worry.

And when I say without legitimacy, I mean that in contemporary China today, I don't think that the population genuinely believes in the justice of Chinese government. I think that most people in China are convinced that the government is corrupt and self-serving.

However, most people in China, I think, are willing to do a means-end calculation that says that their best interests lie in being politically passive rather than adopting any kind of active resistance to the state.

With that introduction, let me turn to the same four questions I think that He Qinglian just answered. I'll try to give my own spin on that. I hope it's something better than spin.

What are the principal threats that Chinese leaders perceive that cause them to undertake censorship? I'm going to go back to this idea of their own lack of legitimacy and that the main reason that Chinese authorities censor the media is because they're afraid that they may lose their political power. And I see this happening at two different levels in China. It happens at an institutional level at high levels in the party. We plot grand strategies for how to shape what people know and what the party should tell them.

But it also happens at a much lower level, at an individual level, that individual leaders see threats to their own personal power and privileges. A scandal might pop up or something that would cause them

embarrassment or like this recent head of the Chinese version of the FDA who ends up getting executed. People genuinely fear things like that and use censorship to prevent that from happening.

Now, the censorship system leaves the Chinese government in a bit of a difficult place. On the one hand, they understand that a degree of transparency is necessary for good governance, but on the other hand, China's conservatives have a point as well, which is that there is so much distrust of the Chinese government and so much scandal out there that to simply lift controls on the Chinese press probably really would lead to a genuine threat to stability in China, and so to some extent maintaining this persistence of this current system really does require for there to be censorship.

But this in turn leaves the system open to another problem, which is that as soon as you have a system of censorship, it's going to be manipulated.

Now, try this one on for size. A system of censorship that is publicly accountable to uniform standards, that it's simply a logical impossibility. And what that means is that the system of censorship is perennially open to abuse by individual cadre or individual officials who are going to try to cover up whatever little scandal they shouldn't be covering up.

So what kinds of things get censored in China? I'll speak first about the day-to-day management of the media which is pretty much of a reactive kind of a process. The first thing is that anything that might damage the party's prestige is suspect, and that means that any kind of scandal or financial misdealing or the slaves at the brick kiln or anything like that that might make the party look bad, the presumption is that we don't report things like that. Again, there's a little bit of a tension in order to get at this governance issue.

A second thing is that anything that might cause the public alarm is suspect. So something, a food safety scandal, any kind of rumors that might affect financial markets, pollution, anything, even a crime wave is suspect. We want to keep people calm.

But I think that it would be a mistake to pay too much attention to the reactive side of party censorship. We also need to think about the proactive side. On the proactive side, I won't say very much about the plotting the different things that the Chinese officials want the public to know because you already talked about this Thought Work Small Group this morning, and let's just say that there are people out there thinking about how, what kind of themes the media should take up.

I also want to talk a little bit about a new kind of means. We've discussed a little bit earlier this morning about the Communist Party engaging public relations firms in the United States. I want to

disagree just a little bit or let's say have a different emphasis than what was said this morning in that I think that China really is changing, and one of the ways it's changing is adapting to a more commercial media environment.

And so, for example, to begin to segue into my remarks on what Chinese think about the United States, I want to look at a turning point in Chinese propaganda work, which occurred in the very early '90s with the broadcast of a television show in China called "A Beijing Person in New York," and the gist of it was that after 1989, the government decided that they had to switch from communism or Marxism to nationalism, and the kind of dry standard propaganda that they tried in the post-'89 crackdown just wasn't getting very much traction.

What ended up working was putting on a TV show where Chinese viewers got to be all excited by pictures of beautiful New York City, which after all is a wonderfully attractive environment, but which played to Chinese prejudices about Americans and American society and showed our society to be a nasty competitive cold place that was just riven with anti-Chinese prejudice, and to show a Chinese having a rough time there, but eventually beating the Americans at their own game.

And the Chinese leaders are no fools. It actually turns out that to make propaganda entertaining is a lot more effective than to make it polemical. And so part of the lesson I draw from this is that the Chinese government is getting increasingly sophisticated in the way it pitches its propaganda and can even make propaganda that doesn't look like propaganda.

As for what Chinese think about the United States, my message here is that the nationalist genie is out of the bottle in China and it's going to be very hard to get the nationalist genie back. Chinese far and wide are deeply persuaded that China is the world's victim nation that's been a victim of nasty aggressive powers like the United States and Japan from the 1840s right on down to the present. Democracy is, well, I should say that this world view, this Chinese nationalist world view basically sees world politics as a zero sum game in which any country's gain is another country's loss.

Where many Americans, for example, might imagine that the reasons the United States stands up for Taiwan from time to time is because Taiwan is a democracy and the Taiwanese people have a right to self-determination, in China it would be automatically assumed that the reason the United States does this is just because we want to block China's rise and we're a nasty power that wants to lord it over the rest of the world.

That kind of thinking, I'm sorry to say, in China is so ubiquitous

by now that it actually creates very serious problems for the Chinese leaders. The idea that China is uniquely a victim nation absolutely doesn't square the current state of world politics where unless you count attempts to defend Taiwan as aggression against China, which is a kind of ridiculous point of view I think, there is no power in the world right now that's out to get China, and arguably the world economy generates more benefits for China than any other country in the world.

And when Chinese leaders now try to engage in the normal give and take of international politics, they're held up to impossibly radical nationalist standards by their own people working on the Internet and other places, that makes it hard to for them to make the compromises that are really in China's best interests.

As for who is targeted, I'm just going to repeat a little bit of what Professor He said, that the people that get the worse shake in contemporary China are poor people, and those are mainly rural people and people that live in Western China.

The people that live in the big cities are far more likely to have access to the Internet. The Internet in China is the world's most censored Internet, but the Internet in China is also China's most open media, which is a pretty sad commentary on the rest of Chinese media.

But people that live in rural China probably only have access to broadcast TV. They have a very few channels with a very limited range of information. That even makes it difficult for rural people to get good information about the favorable policies that their government does have for them, and the result is I'd say that this has an enormous role in keeping the large number of rural protests isolated and sporadic.

Last of all, I'd like to say just a few words about how effective this process is and to do that I'll talk a little bit about the means that are used.

In addition to making propaganda more palatable by putting it in an entertaining framework, at present the Chinese government has also made propaganda profitable. And I'll give you one example of how that works.

In most of the world, Google is the leading search engine. In China, there is a local company called Baidu that has beat the pants off Google in the Chinese market. Well, how does Baidu beat the pants off Google? Well, the answer is that Baidu has an office full of people that assiduously test Google to find controversial information that the Chinese government does not want the Chinese people to know.

Every time the Baidu people find something that the Chinese government would prefer to have censored that Google lets slip through, they give a call to the censors at the Chinese government.

From time to time, the Chinese government then reacts by cutting off Chinese users' access to Google and the Chinese users get the idea that Google is an unreliable service.

There is one more thing that Baidu does that is kind of a special privilege granted by the Chinese government, and that is that Baidu is basically an MP3 locator and downloader without any regard whatsoever for the intellectual property of the MP3s. Obviously, Google is not allowed to do that.

Now, the result is that Baidu is making a pile of money in China and Google is hurting in Chinese markets, and the message here is that one of the reasons or one of the ways that Chinese censorship is effective is that Chinese government works to make it very profitable.

I actually don't think that Google is the worst of the U.S. Internet companies. Yahoo, as Representative Wolf mentioned before, is much less scrupled than Baidu.

Earlier, you asked what can the United States do, and I will conclude with what I think are the four most important things the United States can do.

The first one is, is that we have to be realistic, and the realistic part is there isn't that much we can do. Basically what happens in China is going to be decided by Chinese, not by Americans. We're actually, contrary to Chinese propaganda, we're not the boss of the world and we know that.

The second thing that we can do, and I would like to compliment the Commission, is that we have to have hearings like this, and we have to keep this issue alive, and we have to make the process of censorship and denial of human rights in China as public as possible.

The third thing we do is that we engage Chinese officials on these kinds of issues at all levels all the time, and that ranges from civil society groups like Human Rights in China or John Kamm's Dui Hua, and it should most certainly be a part of the U.S. government's ongoing dialogue with China as well.

The third thing is you will all perhaps recall the Sullivan Principles that we had in South Africa. We desperately need some kind of Sullivan Principles, especially for media and high tech firms from the United States that are going to invest in China.

And the fourth thing that we can do is to be true to our own principles and keep ourselves as true to our ideas as possible.

Thank you very much.

PANEL IV: Discussion, Questions and Answers

CHAIRMAN BARTHOLOMEW: Thank you very much. Very interesting testimony from both of you. Dr. McCormick, as you were

talking about this Baidu-Google situation, it really points out that self-censorship climate that is created for Google. If it knows that it's got financial or fiscal business ramifications for testing the boundaries, I presume that it's not going to be putting controversial things up there because not only does it get itself in trouble with the Chinese government, but it also has an impact on its market share.

So there is sort of an extra benefit that the Chinese government would get out of a situation like that, not only do they not have to do the reporting themselves but that they can create a climate where people don't want to be testing the boundaries and putting controversial information up there.

It's the first time I'd heard that situation about Google and I would be interested to know whether they have publicly admitted that they have this kind of dynamic going on? Are you aware if that's the case?

DR. McCORMICK: I recently heard a talk from and had conversations with a representative from Google, Bob Boorstin, and this is pressing problem on Google's mind. They are thinking deeply about this problem and they are in fact engaged with a group of people that's trying to come up with something like the Sullivan Principles.

Google, I think, at least takes the step of at least some of the time when they omit hits from a search because of what the Chinese government, what they imagine the Chinese government wants them to do. They will put a notice at the bottom of the screen saying that in order to comply with Chinese regulations, some hits have been omitted.

Steps like that might be what a Sullivan Principles type thing would say that U.S. firms ought to do. I think that some of the other firms in China have acted without those kinds of scruples.

To their credit, I think that one of the Yahoo guys has confessed that he now thinks that it was a mistake to turn over the name of the Chinese dissident to the Chinese government, but I think that in general Yahoo and Microsoft, as well, I think, I have shown considerably a lower level of scruples than Google, and some of the hardware vendors as well. Nortel and Cisco I think have just generally behaved badly.

CHAIRMAN BARTHOLOMEW: Yes. This concept of Sullivan Principles, I know some people from the human rights community who had been involved in some of those discussions, and they unfortunately gave up in frustration believing that the companies themselves might have been more interested in seeing this as a PR exercise than as a real way to do it, but I think we always have to encourage people to try to come up with something that is meaningful that both allows them to move forward with more confidence, but that also allows the American

people to have more confidence that free access to information is a principle that we in our companies are carrying forward.

Commissioner Fiedler.

COMMISSIONER FIEDLER: Thank you. I have a couple questions. Ms. He, could you speak to the question of the definition of a state secret as effected by the media and others and both things that are real secrets and then things that you and I and the common sense person wouldn't think were secret at all?

MS. HE: [Interpreted from Chinese by Mr. Cheng.] There are two types of state secrets in China. One is the official documents related to government and party with its work. However, the other kind of state secret is considered in Western countries as just news reports.

The first type of state secret is understandable, but the second type of state secret needs to be explained. The second type of state secret in China is actually kind of information. It can be characterized by Chinese government as three levels: the top secret, confidential and secret.

The top secret documents provided only to Politburo members and ministers and governors, no more than 100 people. In China, there is a name called big reference. Confidential means information like official statistics provided to ordinary government officials.

For example, statistics from the official State Statistical Bureau is categorized as secret, confidential. The so-called secret level information is actually internally circulated information from like Xinhua News Agency and from Chinese Communist Party's People's Daily and are provided only to certain level government officials.

According to Chinese laws related to state secrets, all those documents if they leak to foreigners or to ordinary Chinese people, one could be arrested. But in recent years, many people were arrested on the charge of leak of state secret was actually not in the case of leaking such information.

Those people who were under charge of such kind of leak of state secret, actually they simply wrote their prison experiences or what they have seen in China and provide that information to Western media or to the human rights organizations in the West. Then they were charged as leak of state secret.

In one case, there is a lawyer in Shanghai who reported to the human rights organization in the United States that what he has seen in Shanghai by the relocation of urban dwellers, the violent actions during the process, then he was arrested and the local government classified his material as state secret.

COMMISSIONER FIEDLER: As state secret.

MS. HE: [Interpreted.] And then with this charge he was arrested. In my book Media Control in China, I had a chapter talking about this, the different types of state secrets in China.

COMMISSIONER FIEDLER: Thank you very much.

CHAIRMAN BARTHOLOMEW: Thank you. Dr. McCormick, do you want to add anything to that?

DR. McCORMICK: I would, and what I would say is that the Chinese government manipulates the concept of state secret as part and parcel of the old system of censorship, that the rule of law is not strong anywhere in China, and it's particularly weakest when it comes to issues of censorship, and again censorship by its very nature is difficult to hold accountable to any kind of standards, and when they want to get you, they're going to get you is the basic point there.

There is one case that I followed for awhile about a man in the outskirts of Fuzhou, who broke party discipline to post an essay explaining that he had been wearing a bullet-proof vest for five years because he was a county executive, I should say because he had been trying to break a corruption case that involved officials in the municipality for which he worked.

For a week, he was a media celebrity in China. Hundreds of thousands of people posted celebratory comments on the Internet. He was on national TV and all this kind of stuff. Eventually the people, his superiors got to the Central Party authorities and caused them to shut down the discussion. Within a few months, you could read about him again in Chinese newspapers, but this was to explain that he was actually a womanizer who had led a decadent lifestyle and within a year he was basically--I think he was sentenced to life in prison at a trial where none of the witnesses against him were personally present. Instead, they just used depositions that they had collected while they had been interviewed privately at the police station.

And that's the kind of what you're up against in China if you really decide to take on the system.

CHAIRMAN BARTHOLOMEW: Thank you very much. Commissioner Houston.

HEARING COCHAIR HOUSTON: Thanks very much to both of you. If I could, I'd like to drill down a little bit more, particularly with you, Dr. McCormick, about people's attitudes.

In my house, we watch Jay Leno a lot, and he does the "what do you know on the street" thing, the "Jay Walkers," and nine out of ten people don't recognize a picture of President Bush. They have no idea who it is. And one person was asked who is the prime minister of Israel and the answer was Yasser Arafat who is both dead and a Palestinian.

So in America we foment change through chatter, I guess, and

back in the days of John Adams and Tom Paine, they didn't have the Internet, but we still managed to foment change at the grassroots level, and we still do. So my question is how does that, does that or how does that translate into Chinese society?

The last trip we were over there, one of the Chinese people with us told us that the thing that was wrong with America is that every single one of our phone calls is monitored, and I wondered if he really thought that or that was just one of the talking points? And we explained that, on, no, only if a terrorist calls America do we monitor phone calls, and he insisted that all our phone calls were monitored.

So we were also told that most people in China, the only thing they know about Tiananmen is that it's a square in Beijing, and that's it. They don't know anything else. So my question is do people feel censored in China? Do they think they're getting both sides of the issue? Do they recognize the difference and a second to that would be how does that spill over into the activists, the dissident, the NGO community there, and how are they trying to leverage new technology to foment that chance and to circulate that change?

DR. McCORMICK: That's a really good question, and if you all have the next six months, I'll give the answer it deserves. But let me say just a couple of things about that. If you were to think about China when I went there the first time, which would have been in the fall of 1979, at that moment, personal space in China say defined by a woman's sense of fashion and what she could wear was the stitching on the innermost garment she wore, which you could see like a series of collars, and you could tell how radical someone was by the color of the stitching in the inner collar, but all the rest of the clothes pretty much had to be uniform.

And in 1979, most Chinese were required to regularly attend some group meetings where they have to rehearse the propaganda message of the day. Now fast forward to the present moment, and China is a consumer paradise. If I want to buy a high fashion clothes for my dear wife, I'm much better off in Shanghai than I am in Milwaukee, which, well, what can I say? But and certainly if I want to buy computer bits or whatever, China really is a wonderful place for shoppers. And as opposed to being forced to attend meetings where you have to regurgitate the propaganda of the day, people sit at home watching television with a remote control in their hand and change the channel when they don't like it.

And the result is that for most Chinese, the present reality is such a vast improvement over the old reality, and let's add that a lot of the propaganda now comes in the form of things like entertaining television shows, that most Chinese now do not perceive the repression that's there, and let's add a little bit more to that, and think about post-

World War II Germany with Germans saying we just didn't know about the Holocaust, and people don't want to know. It's not good for you to know. It just makes you uncomfortable and could get you in trouble.

And so a lot of the Chinese just don't see the issues that we're talking about here, and that doesn't mean that they're not real. It doesn't mean that we don't have an obligation to call their attention to it, but you can't expect that people are going to be real pleased with you when you do that.

HEARING COCHAIR HOUSTON: Thank you very much. Ms. He, did you have anything to add to that?

MS. HE: [Interpreted.] He did explain well the situation for most young generations. On the other hand, there is a problem that as long as one wants to care about politics or ask questions about it, he's going to have trouble. Just a week ago in capital of Shandong Province, a young lady was arrested. She was charged with disseminating negative information because about two weeks ago there was a flood in the city.

In an underground supermarket, several people died in the flood and the lady, the girl, simply said several words criticizing the local government about its incapability to solve the issue and to keep the safety of the population, and she was immediately arrested on the night when she put the post on the Internet.

Now, there are still more than 80 people who were put in jail simply because they post some posts on the Internet with some sentences or words criticizing the government.

HEARING COCHAIR HOUSTON: Thank you very, very much.

CHAIRMAN BARTHOLOMEW: Thank you. Commissioner D'Amato.

COMMISSIONER D'AMATO: Thank you, Madam Chairman. This Commission has made a recommendation a couple of times that hasn't been adopted into law yet to deal with this whole question of Google and Yahoo and so on providing information to the Chinese government that prejudices dissidents or whoever the Chinese government asks about.

We suggested at one point that each time that such a request is made to any of the companies, that the companies are required to report that publicly to the U.S. government. That's one thing, and then the second item was that they would not be able to honor any requests unless it came through the Chinese legal system, so-called.

My question is what do you think the impact, if any, of these things would be in terms of Chinese government behavior? Would it have any chilling effect or would it have no effect that these things be made public and it would be known widely?

DR. McCORMICK: I think that we have to be sober about our ability to influence what's happening in China, and a big part of the picture there is how quickly China's economy is growing. I think the very latest figures, for example, on the size of China's Internet, is that as of July of this year, there are 162 million Internet users in China, and predictions are that within a year, they will surpass the number of Internet users in the United States, which is currently 211 million, which means adding another 50 million users within the year.

The amount of money that's involved in that kind of growth is very difficult to resist, and we just have to be sober about that. To a certain extent, if we impede American firms from being involved in that growth economy, we're doing the Chinese government a favor. I'm sure the Chinese government would rather deal with Baidu than a well-behaved Google.

After all, a well-behaved Google is not ultimately loyal to the Chinese government the same way Baidu is. So for all of those reasons, I think we have to be cautious.

On the other hand, I think that part of the message about what's going on in China is that with that kind of growth, the Chinese government is going to have an impact on the whole world. And so the issue isn't just about human rights in China; it's how is the global Internet going to work?

And what are we going to do to take a stand to make sure it turns out the way we'd like it to work? And that means that at very least we have to be seen to be publicly active and engaged on these issues. And if the only thing that a set of Sullivan Principles did was to make it clear to the world that the United States thinks that China has a problem, that is on a scale with or as important as apartheid in South Africa, we would have done a very good thing.

COMMISSIONER D'AMATO: Thank you.

CHAIRMAN BARTHOLOMEW: Ms. He.

MS. HE: [Interpreted.] I believe the approaches the Chinese government takes did increase the fear of most Chinese people. And most Chinese people become more self-disciplined and more cautious. Chinese government sometimes purposely released some information that increased the fear. For example, the Chinese government recently declared that in many cities on the streets, thousands of cameras have been installed to monitor people's regular activities.

Since latter half of 2005, there is a new system established in colleges and universities that the Ministry of State Security recruits many student informants in each classroom to report talking of their teachers in classrooms to the State secret police.

I just recently heard one of my friends in China that such kind of informant system has been established even in elementary schools.

The elementary students are now encouraged to report the talking of their teachers in elementary school to the government.

I personally believe that in the past three years, since Hu Jintao came to power, political system is much worse than under leadership of Jiang Zemin.

CHAIRMAN BARTHOLOMEW: Thank you. Commissioner Wessel.

COMMISSIONER WESSEL: Thank you. I'd like to follow up on some of the questions that have been asked and I'm intrigued by the discussion of the Sullivan Principles, which I believe at the time were directed at seeking to end the apartheid regime. I think that the communist leadership would have serious questions about whether U.S. policy should be directed at ending the communist power.

But when PNTR was argued and was passed by Congress, there were many who believed that it would lead to greater democracy and openness and that U.S. companies would be agents of change. Have you seen that? I understand the discussions about Baidu and Google, et cetera, and the Internet companies, but I'm interested more deeply in many of the companies that have a commercial presence there, as well as those companies here who receive Chinese products? If I remember correctly, roughly one-third of all Chinese exports come to the U.S. market. We have leverage if we chose to use it.

So what would your recommendations be about how to use that leverage? Do you think it's possible or have we so put profits ahead of people that this is really going to be a status quo approach? There's a lot there.

DR. McCORMICK: There is. I think that the first thing to say is that China really is changing, and this transformation from the society in 1979 where people have so little personal freedom to this much more prosperous society with this booming consumer culture that exists in 2007, in the grand sweep of human history, this actually is a good thing, that there are a lot of Chinese that were starving to death before who now have comfortable lifestyles.

One of the ways that I experience change in China is when I first went there, I was a head taller than anyone else in the crowd. Now, I'm kind of average height. That bespeaks a tremendous improvement in public health.

I think that U.S. firms and foreign investment and international trade have been part of this positive transformation, and I think you have to make some distinctions, that the kind of sweatshops subcontracting for low cost goods can be done to acceptable standards, but at times is also done in ways that are really degrading to workers, that don't respect fundamental human rights, and we can put more pressure on our folk to be careful about things like that. When a large

U.S. firm sets up a production line in China and moves U.S. style human resource management to China, I think that's probably a step in a positive direction, and actually does have some kind of good thing in China.

I basically do believe in global trade and change and things like that so I guess my answer to your question is that the devil is in the details, and we really have to try hard to invest in the best ways possible and to be persistent and careful and principled in our dealings, and be judicious in our expectations.

COMMISSIONER WESSEL: Ms. He, any comment?

MS. HE: [Interpreted.] I believe there are three, at least three aspects that need to be discussed. First, the current U.S.-Sino relationship is quite different with that of U.S.-Soviet relations in the Cold War era. At that time, the Soviet Union didn't have a lot of economic interest with other countries.

But now China has a lot of common interests with many modern international companies and interests together and then that caused the second problem. Then, for their own interests, those companies become "panda huggers." Then, they lobbied in their own country for the Chinese government. They make at least two myths. One is marketization will definitely need democratization. They ignore the worsening the situation of human rights in China.

Another myth made is that the Internet will improve the liberalization of media in China. They didn't mention at all that Chinese government asked them to provide high tech to establish a new system called "Golden Shield" project to monitor daily life of people.

My third point is the Chinese economy itself has encountered a lot of new problems. We all know that the products made in China are usually low quality products, but we often don't really focus or pay attention to the cost that the Chinese people pay for the low quality made-in-China products because the Chinese people pay. Their environment was overdrafted and their health and other costs have been paid.

In recent years, many NGOs went to China to try to improve the situation. However, many of them were fooled by the Chinese government. Actually, the worst labor situation in China is not in those European or American companies, those assembly lines in China, but instead the worst situations are in Chinese private and small enterprises.

Those investigations the NGOs did in China were sophisticatedly manipulated by the Chinese government. For example, they often can only investigate the labor situation in foreign companies like American companies. For example, the contractors of Wal-Mart. For example, Reebok. Reports from those American companies give people the

impression that the labor situation in the American companies seemly is the worst case in China, but actually the labor situation in those American companies is relatively much better than the situation in Chinese private enterprises.

For example, did any NGOs from the Western countries report to the world the child labor in Shanxi mine or the deaths, high death rates of those miners in China? For example, in recent reports that eight-to-13 year children were forced to be slave labor in mines.

Personally, I believe that the Chinese government accumulated in the past two decades a lot of experiences in diplomacy. They used the opportunities provided by the democratic system. For example, they can legally lobby in the U.S., but American people cannot do any lobbying in China. For example, American military industries can hire Chinese graduate students and technicians, but no American technician can work for China's military industries. I think if such a situation follows, the Chinese government may take advantage of that.

CHAIRMAN BARTHOLOMEW: Thank you. Commissioner Brookes.

COMMISSIONER BROOKES: I'd like to ask both panelists a question. What do you believe is the purpose of the Chinese government's portrayal of the United States in such a bad light, if you agree with that? I think Ms. He probably agreed with it based on her testimony, but why does the Chinese government portray the United States in such a way? What is its strategic purpose for doing so?

DR. McCORMICK: I think that in the aftermath of the Tiananmen demonstrations, the Chinese government was faced with the problem that its traditional ideology, Marxism or Maoism, had collapsed, and there was a feeling, a sense, which is probably true, that economic growth on its own was not going to be enough of a belief system to keep the government stable.

And looking about for what the alternatives might be, they hit upon the idea of nationalism, and nationalism works best if you have some kind of an opponent, and the United States was basically fit for the bill. As time goes by, the Chinese government shifts its attention. For a few years the United States received top dog and was the most actively vilified country.

After awhile for various reasons, the Chinese government shifted its attentions to Japan, and you know when I was in China a couple years ago and started reading the nationalist newspapers and saw the scandalous treatment of Japanese, I felt like the Gary Larson cartoon where you're looking through the gunsight at the bear and the bear is pointing at the other bear, and you can't help but feel a little better when the Japanese are getting it instead of us.

But I think that it's attention diverting and legitimacy kind of a

thing, and I think it goes back to deep prejudices and long historical currents in Chinese culture. Most people are at least a little bit vulnerable to the idea that our country is a nice friendly country and all the neighbors are creeps. That kind of works.

And it's stunning to me that Chinese that are very cynical and distrustful about anything their government says about China are naively trusting about everything they say about the United States. In some ways it's inexplicable to me, but it actually does work, I guess is the point.

COMMISSIONER BROOKES: Ms. He.

MS. HE: [Interpreted.] There's a difference between the attitude toward Japan and the United States. There were several wars between Japan and China. Chinese people therefore remember those wars. But the situation about the attitude towards the United States is a little bit complicated. United States never invaded China.

In Chinese textbooks, it is said this way. When Japan invaded China, United States and Great Britain helped behind. The Chinese government couldn't provide solid evidence that the United States did something really bad to China.

Therefore, the key point of its propaganda against United States is that the United States is afraid of a stronger China and the United States wants to impose its value system to other countries, and the United States wants to be the marshal of the world and endanger world peace.

And also it talks a lot about the income gap in the States and the racial discrimination. They therefore try to convince China's people that the democracy in the U.S. is a false one. For most Chinese people, that's the only information they can have or hear about the U.S. because in China only according to official document, only the official Xinhua News Agency is able to provide such kind of news and other newspapers cannot report international news by themselves.

Therefore, the attitude of Chinese to the United States is a little bit paradox. On the one hand, they think the United States helped independence of Taiwan and Tibet, and the United States threatens those smaller countries in the world, the weak countries in the world. Also, they know that the United States is one of the prosperous countries in the world.

There were three public opinion polls in the past several years, and the result of the polls are almost the same. 80 percent of Chinese people choose I hate or dislike United States. On the other hand, 70 percent of Chinese people choose the country I want to go most is the United States. It's very complicated issue.

CHAIRMAN BARTHOLOMEW: Wonderful. Thank you very much. You all have been generous with your time. I don't know if you

could spare us say another five minutes. We have two commissioners who have a second round of questions? No? You want to do yours for the record? Commissioner D'Amato has a quick question, Commissioner Fiedler, and then we'll release you.

COMMISSIONER D'AMATO: This is for Dr. McCormick. As an academic and professor, I'm sure you see a lot of Chinese students. We have a huge flow of Chinese students come through American universities and go back to China. My question is why is it that there does not seem to be effect of the American system in terms of ferment among the younger generation in China when you have so much exposure to our values and our country and to dissent and to debate on the American campuses?

Why doesn't this translate or does it into any kind of ferment among the younger generation in China; do you think?

DR. McCORMICK: I'm going to sound like a broken record, but we have to be sober in our expectations, and I think that part of the problem here speaks to the effectiveness of the post-Tiananmen propaganda system. And it also has something to do with the Internet working in ways that we might not have predicted.

In the 1980s when Chinese students came to the United States, they were typically really fed up with stilted kind of propaganda that the Chinese system then had, and when they got to the United States, if they wanted to have any news at all, they had to learn to read American newspapers and watch American television and what not, and as a result, they had what at Marquette we call a transformative experience.

In the 1990s, students have gathered a world view that's partly based on stilted propaganda, but they've swallowed the sugar-coated pill I think, and they arrive in the United States and as opposed to learning good enough English to read the New York Times, they log on to their favorite Chinese media sites every night, and so the impact of visiting the United States, I think, or studying in the United States is much less now than it was ten or 20 years ago.

Having said that, I think that the experience of studying in the United States does have a profound, if subtle, effect, and I guess the way that I would explain that is by saying just a little bit more about the kind of stories that the Chinese government tries to tell the Chinese people.

The usual line that one gets from the Chinese government is that democracy is a good thing, but every country has to have its own kind of democracy. Or democracy is a good thing, but it's a luxury for people who have already had economic development and in order to get economic development, we have to have an authoritarian government.

Or democracy is a good thing, but you have to have a high

caliber of citizens before you can have it, and right now there are too many low quality Chinese. That's actually--this idea that they're a lot of low quality Chinese is actually a very main point of contemporary Chinese propaganda.

And they say that we're bad because we don't respect Chinese. It's a curious thing. But the key point in all of those statements is they start with a recognition that democracy is a desirable goal, and I think that that is the Chinese government's concession to what they understand to be international norms.

I think that having Chinese come to the United States and see that democracy works and that this isn't a heartless cold society, that the message isn't going to take in a lot of cases, but it's still really important for the few that do get it, it's just crucial.

CHAIRMAN BARTHOLOMEW: Dr. McCormick, now I have a question to that, which is, is it some understanding that democratization is a good thing or is it a belief that because there's some international norm about it, that it's a whole lot easier to say democratization is a good thing and then put the caveat than it is to just say we're not interested in democratization at all?

DR. McCORMICK: If you are asking me exactly how cynical are Chinese officials then I'm going to disclaim any ability to assess and I'm just going to let that one go.

CHAIRMAN BARTHOLOMEW: Wonderful. Okay. It is a really a privilege for us to be able to have all of this time to get your expertise and your thoughts on all of this. This has been a really good panel. We thank you very much for your time and for your continued attention to these issues and look forward to working with you as we move through the process.

With the forbearance of our next panel, we'll take a five minute break and then we'll start up again. Thank you very much.

[Whereupon, a short recess was taken.]

PANEL V: THE IMPACT OF PRC INFORMATION CONTROLS ON THE UNITED STATES

HEARING COCHAIR HOUSTON: All the panelists have been very patient in going over time limits, but let's go ahead and get started.

Our last panel is the Impact of the People's Republic of China Information Controls on the U.S., which is really the crux of what we're trying to get at today. This last panel will address the impact that Chinese information controls have on the United States. We will be addressing this issue through the prism of food safety, and we have two outstanding panelists.

The intersection of this is that the lack of access to information in China plays out to a lack of consumer safety here in the United States, and we're very grateful to our two panelists who will be talking about that today.

Mr. Drew Thompson is the Director of China Studies at the Nixon Center in Washington, D.C. Mr. Thompson has worked extensively on issues related to public health in China and prior to joining the Nixon Center worked as the National Director of the China-MSD HIV/AIDS Partnership in Beijing.

He has also served as Assistant Director to the Freeman Chair of China Studies at the Center for Strategic and International Studies and was once the president of a company that manufactured snack foods in China--not steam buns, I hope, with cardboard. Mr. Thompson graduated with a bachelor's degree in Asian Studies from Hobart College and received a master's degree in Government from Johns Hopkins University.

We also have with us Dr. Scott Gottlieb, who is a practicing physician and a Resident Fellow at the American Enterprise Institute. He has served in a variety of capacities at the Food and Drug Administration and served as Senior Policy Advisor at Center for Medicare and Medicaid Services.

On July 18, Dr. Gottlieb testified before the Senate Committee on Commerce, Science and Transportation on the safety of Chinese imports, and he is to be congratulated for his very diligent and hard work trying to protect the American consumer on pharmaceutical safety.

Dr. Gottlieb, if you're ready, go right ahead.

STATEMENT OF DR. SCOTT GOTTLIEB, MD RESIDENT FELLOW, AMERICAN ENTERPRISE INSTITUTE, WASHINGTON, D.C.

DR. GOTTLIEB: Thanks a lot. Ms. Chairman, commissioners, thanks for the opportunity to be here today. In recent weeks in response to mounting concern about the safety and purity of food and medical products imported from China, the government of the People's Republic of China has taken steps to increase their regulatory oversight of the manufacture and export of these products. While these steps are encouraging, I believe taken alone, they are not enough to improve our confidence in these goods.

The Chinese approach to regulation remains conditioned on arbitrary enforcement of existing rules and ad hoc disclosure of findings of shortcomings and wrongdoing.

Until the approach to regulation works to guarantee more

consistent and complete enforcement of their own rules and, in particular, the disclosure of problems associated with these goods, then our ability here in the U.S. to make meaningful steps of our own to better ensure the safety of imported products is hampered.

First and foremost, effective regulation relies on good information about potential safety problems. In China this kind of information is a currency that remains under tight control, eroding confidence in that regulatory system. There are many components to public confidence in government institutions, but principal among them is openness and transparency.

Openness from the perspective of the U.S. and our regulatory bodies is based in large measure on access to information. Transparency means explaining how regulatory agencies act on information they collect, which helps to make sure that regulations are enforced with consistency and predictability. The U.S. FDA helps maintain one of the safest food and drug supplies in the world.

American rule require businesses to disclose information about their performance that consumers can make smarter choices about what they buy, and citizens groups and the press can identify and publicize organizational failures and push for improvements.

Not only does the public need to have access to some of the same definitive information about safety issues possessed by regulatory bodies, but they need to have the ability to understand how regulatory agencies act on these facts.

As I said at the outset, there are encouraging signs of progress in China. The State Food and Drug Administration, the body that regulates drugs inside China, announced on July 12 revised drug registration provisions that on paper will improve supervision of approval standards. Along with these new rules, on April 5, the People's Republic of China State Council also issued the provisions of the People's Republic of China on a Disclosure of Government Information.

This regulation will go into effect May 2008 and is aimed at improving disclosure, for example, requiring administrative agencies to divulge information the government has about issues of, quote, "vital interest to citizens."

It remains to be seen how consistently and completely Chinese officials will follow the new provisions, which themselves use broad and sometimes vague terminology to describe the kinds of information that will be released. In some places, the new regulations refer to the disclosure requirements as voluntary.

With the specter of unhappy consumers both in China and abroad as well as the threat of restrictions on exports of its products, one would hope things inside China could be changing. I recently returned

from a trip to Beijing where among drug officials there was a palpable sense that they need to step up their own standards.

The SFDA is promising that the new provisions will strengthen the drug registration requirements and enable the agency to better ensure safety in part by making the registration process itself more open to the public. Among other things, the regulations would require SFDA to take new steps to confirm the clinical information filed in support of a new drug application to inspect manufacturing sites and to improve the collection of drug samples by picking them at the site of manufacturing instead of relying on samples sent by the applicant as is now commonly the case.

China is taking similar steps when it comes to regulation and oversight of food products. Regulators this year shut down more than 180 illegal food producers. In recent weeks, China's quality inspectors promised to improve quarterly reports to European Union about consumer product safety.

The government said it planned to offer large rewards to citizens who report any illegal practices in the food industry and high ranking officials and regulatory vow to tighten controls over chemicals used by large seafood and meat producers and create a system that holds producers more accountable for selling unsafe products.

They have also taken steps to improve the disclosure of food safety problems, but Article 10 of the provision of the People's Republic of China on a Disclosure of Government Information, the regulation I spoke about previously, already requires the general administration of quality, supervision, inspection and quarantine of China at national and local levels to periodically publish conclusions of spot checks which can be accessed on its official Web site.

The prevailing view is that there is spotty adherence to these provisions at best, meaning information on problems is sporadic and incomplete. Regulatory agencies at the national and local levels are also required to periodically publish lists of facilities that are found in, quote, "serious violations under their Article 72 of the Implementing Rules of Supervision and Administration of Quality and Safety of Food Manufacturers and Process Enterprises," the holding regulation.

Once again, spotty enforcement plagues disclosure requirements and diminishes confidence that genuine problems get disclosed.

Regulators themselves are also susceptible to corruption and local inspectors can easily be persuaded that cracking down on local companies hurts economic development and risks jobs, once again, impinging upon efforts to try to enforce regulations at the level of the manufacturing.

If the enforcement of requirements for disclosure are sporadic,

so are the regulatory requirements themselves in many cases, notwithstanding recent steps taken in Beijing to toughen disclosure rules.

For example, significant findings from safety inspections of drug manufacturing facilities are not routinely published. Ask any American company seeking to do business in China with a particular Chinese manufacturing facility how they go about getting information on a facility and any past violations it may have had, the American firm will describe a Byzantine process they undertake of searching newspapers and unreliable government databases.

On the food side, things get even more complicated because in the maze of regulatory agencies in China with overlapping jurisdiction that mitigate against responsibility-taking. I'll recount just a few of these. China has a law of hygiene for food. Everyone producing food needs a hygiene license that is administered. Then there are local inspections by local administration for industry, commerce that has grassroots authority to take action on a local basis.

Sanitary inspections are done by local health authorities, sometimes in collaboration with another agency called the AIC. Meanwhile AQSIQ is in charge of import and export and quarantine as well as making quality standards.

Finally, when it comes to information about the safety of drugs and food products, there is also an "x" factor that no regulation, no matter how well crafted or enforced, can take measure of. This "x" factor is a filter that resides somewhere at a senior political level where potentially embarrassing or politically damaging disclosures get assessed and filtered.

A recent food safety episode will illustrate what I mean. News reports in China several weeks ago detailed an undercover investigation that found a popular form of food, dumplings, was being made by one large food maker using paper pulp instead of real meat. These reports made their way all the way to American news stations.

After a few days, another report came out from official Chinese news stations, this time saying that the original news was faked and that the news reporters behind the dispatch had themselves been punished, but many people inside the media said the news was, in fact, true, but the government had become wary of inciting a backlash. Since dumplings are a popular staple food someone inside the political apparatus coerced a second report.

The view of food and drug interests doing business in China is that when it comes to information about safety issues, there is a simple abiding faith inside the highest levels of Chinese government. If the government believes information about problems with products or their manufacturing is sensitive, they may suppress it. There is an internal

process in the government that ordinary people cannot figure out.

That means that in the final analysis, although regulations may require the disclosure of certain information, it is highly likely that before it is published, there is an internal review between the regulatory departments and government leaders on how to address the issue and when to publish.

Finally, in China, the historically weak regulations for requirements of public disclosure of problems and more importantly the arbitrary and often sporadic implementation in these rules puts U.S. regulators in an awkward if not potentially dangerous position. The sheer volume of imports coming from China into the U.S. means that regulators here need to take new steps to target their oversight to areas of greatest risk.

They need to take a risk-based approach to the kinds of inspections that we do with food products coming in at the border. Here in the U.S., the lack of reliable information about problems in China prevents our own regulatory agencies, principally the FDA, from being able to target its inspections of Chinese imports and take the necessary steps to implement a risk-based approach to regulation.

We don't know who the past violators are. We don't know who the good actors are and we don't know who the local criminals are. And taking the necessary steps to improve our oversight of safety of imported products is what we need to do in this environment when more and more of the products that we are importing are coming from overseas countries that we don't have good collaboration with, we don't have good ties with, and we don't understand the local lay of the land.

Mrs. Chairman, commissioners, thank you for the opportunity to testify here today. I'd be happy to answer any questions.

HEARING COCHAIR HOUSTON: Thank you very much, Dr. Gottlieb. Before we move on to Mr. Thompson, I just wanted to mention that Dr. Oded Shenkar from Ohio State University was not able to be with us today, but has submitted testimony for the record.

Mr. Thompson.

STATEMENT OF MR. DREW THOMPSON
DIRECTOR OF CHINA STUDIES AND STARR SENIOR FELLOW
NIXON CENTER, WASHINGTON, D.C.

MR. THOMPSON: Thank you. I'd first like to thank the members of the Commission for the opportunity to testify on this very timely and important topic. I was invited to discuss the issue of access to information in the People's Republic of China in food safety,

and I will keep these remarks as brief as I can, hopefully within the seven minute limit.

CHAIRMAN BARTHOLOMEW: We've been lenient today. We've had some rather long seven minutes.

MR. THOMPSON: I'll try my best. I'll also focus my remarks on some of the food issues as opposed to looking more at the mechanisms that we've already discussed today.

While the Chinese government has made progress to increase transparency over the past decade, there are clearly areas where transparency and improvement is needed. This is particularly vital in sectors where inadequate transparency threatens U.S. national interests such as public health the environment and food safety.

It's also helpful to consider some recent crises and responses as they will help us develop strategies and policies that will contribute to increased transparency and safer consumer products both in China and the U.S.

The outbreak of SARS in 2003 and China's bungled handling of the crisis was a seminal event for the new leadership of China, demonstrating that it's impossible to mount a successful cover-up of a public health crisis in modern day China.

It further taught the bureaucracy that any attempt at a cover-up will likely damage the country's reputation. The SARS crisis was a positive catalyst in several ways. SARS spurred debate, investment and reforms in the health care sector, including the establishment of programs to address other infectious diseases such as HIV/AIDS.

SARS also led to increased transparency. The government learned that a lack of openness caused rumors and panic that undermined its own credibility. It also learned about the penetration of new technologies such as cell phones that facilitated independent information exchange between citizens.

Subsequent to the SARS outbreak, laws were revised, a network of government spokespersons was established, and government made a much more concerted effort to release timely information to the public.

More recently, there's been widespread media coverage of dangerous foodstuffs and consumer products in China. The vast Chinese bureaucracy which is often very slow to react to any crisis responded awkwardly to the initial reports of unsafe toothpaste and adulterated pet foods, and it's very likely that some officials ordered editors not to report on the evolving situation reflecting the still widely held concern that release of some information to the public can cause embarrassment, chaos, and social disruption.

However, as the consumer product safety story grew, Chinese officials from numerous government agencies responsible for food safety increased the frequency of their public statements at press

conferences, through the state controlled media and even making informal remarks on the sidelines of public conferences.

However, many officials, particularly at the county and local levels do not embrace this approach. Media engagement is still a very new phenomena. The State Council only made public its list of spokespersons at all of the provincial level governments and the different government ministries in December of 2004.

The government has announced the approvals of several new regulations, some of which Dr. Gottlieb mentioned, which are intended to improve food safety and which will hopefully establish clear standards and contribute to improved transparency.

A better knowledge of laws and the legal framework will enable officials to release information with more confidence. The State Council has also recently established their own equivalent of FOIA, which Dr. Gottlieb also mentioned, which authorizes officials to release important information to the public and that law specifically covers, quote, "information and inspection and monitoring for environmental protection, public health, production safety, food and medicine safety, and product quality," and this very much reflects the concerns that the central government has about provincial and local level officials not releasing information in these critical sectors.

The infectious disease law was also revised in 2004 in the aftermath of SARS which required disclosure and reporting of infectious disease outbreaks. The Ministry of Health in particular has taken many of those regulations to heart and now releases infectious disease data regularly on its Web site.

While there are signs the situation is improving, like much of the reform process in China, it's neither unconditional nor unequivocal progress. The day after its founding director was executed for bribe taking, the Chinese Food and Drug Administration released new rules that required transparency and independent oversight of the previously opaque drug approval process.

The current Deputy Director of the SFDA was quoted by state media as saying, "Transparency is the enemy of corruption. That's why we've introduced this new regulation."

This is an encouraging development for a political system that has very few checks and balances. However, there are contrasting incidents where information that is relevant to the public is tightly controlled. In 2005, local officials attempted to cover up a pig disease outbreak in Sichuan province and despite punishing four officials for their role in the cover-up, other officials ordered local media to only rely on official press releases.

The World Health Organization has also bee openly critical of the Ministry of Agriculture, both for its handling of information

related to bird flu and to a much more recent and current pig epidemic that's affecting 22 provinces.

Uneven progress can be attributed to several factors, many of which we've already discussed today. Primarily, local officials remain fearful of releasing information that might reflect badly on their performance or affect outside investment in their jurisdictions.

Officials often prefer to selectively release information omitting critical details and statistics, creating what they consider a "correct understanding of the situation."

Lastly, the regulations governing state secrets are ambiguous and this provides another circumstance for state and local officials to apply the national interests or social stability arguments in the broad context of state secretes when they refuse to make information public.

I think understanding of the structure of the food industry will help us develop strategies and policies that will have a higher likelihood of success and also encourage increased transparency within the Chinese system, which will ultimately benefit us.

I'll highlight several challenges very briefly. First, the food processing industry is dominated by small processors with very little knowledge of quality standards or international standards. There are wide estimates of the size of the industry ranging between one million and 450,000 companies, but the consensus is that the majority of them, up to 70 percent, are small processors with less than ten employees.

One government department estimated that there were 200,000 companies that had improper licenses and 164,000 that had no license at all, and this is in addition to the hundred thousand that had been closed in recent crackdowns.

Second, local governments often lack the capacity or incentive to improve oversight or to implement new regulations and dictates from Beijing. Corruption and collusion allows counterfeits and substandard products into the market and it also discourages safe manufacturing practices amongst legitimate processors.

Third, globalization is changing the social and economic landscape in China. The massive investment in infrastructure has expanded China's expressways from 100 kilometers in 1988 to over 41,000 kilometers in early 2006. A 300 kilometer journey that took me nine hours in 1994 was reduced to three hours in 1997.

And this has created huge changes for farmers and had enabled them to get their produce to urban markets faster, and those Chinese urban markets are now increasingly connected to our international ones.

Finally, the political economic system in China lacks many of the structures that contribute to product safety in other countries, primarily strong consumer protection laws and independent courts that

place consumer protection over the local economic and political interests.

In addition, China lacks a robust civil society that can effectively represent the interests of consumers as well as manufacturers. Encouragingly, food security and free trade are common core interests of both the United States and China which allows for active political engagement.

China garners no benefit from shipping substandard or dangerous products to the U.S., so we should view their efforts to improve oversight as genuine.

Following the pet food recall incident, food safety was thrust on to the agenda at the Strategic Economic Dialogue this May which set the stage for the U.S. delegation to visit Beijing this week to hold talks toward signing MOUs on pharmaceuticals and food safety.

The key issue facing the negotiators is whether the resulting MOUs have enough substance to make them effective, or whether the negotiators can agree on the metrics and evaluation process to determine if each side is meeting its obligations.

I'll make four very brief recommendations for how we can more effectively engage the Chinese government to improve transparency in the food and consumer product sectors.

There are a number of opportunities for both the government and the NGOs in the U.S. to engage Chinese counterparts to build an environment where safe production is the norm.

Engagement boosts transparency and it also establishes positive government-to-government relationships which will increase our opportunities to garner more information from the Chinese regulatory system.

The U.S. government has experience establishing company registration as well as product tracking systems, particularly in the aftermath of 9/11 and the initiation of the bioterrorism law in 2002. Engaging central as well as provincial authorities in China to establish lists of qualified exporters would improve traceability in China and increase accountability amongst exporters.

The U.S. currently funds programs supporting the judicial reform process in China which is directly related to public health, food safety and transparency. These programs also reinforce the notion that U.S. intentions towards China are based on common, non-threatening interests that are broadly intended to encourage China to adhere to international standards and norms.

Lastly, I think it's agreed to by many people that the FDA is ill-equipped to address the growing tide of food and drug and device imports. For example, the FDA does not have a permanent presence based in the U.S. embassy or consulates in China. Having a full-time

presence in these critical exporting countries would help prevent unqualified products from reaching U.S. ports and increase our access to information. That would require significant investment in resources and FDA's capacities.

In conclusion, China has a very traditional notion of state sovereignty. It is increasingly outdated as globalization intensifies and China becomes integrated with world markets. What takes place in the backyard processing plant in a distant province potentially affects consumers around the globe. And this is a notion that challenges China's traditional concepts and puts the responsible stakeholder paradigm in a new perspective for them.

If a future consumer product crisis or SARS or avian influenza epidemic occurs, trust between the two countries, which would be built through close cooperation, will increase the likelihood that Chinese authorities will willingly share information in a crisis situation.

Thank you very much.[2]

HEARING COCHAIR HOUSTON: Thank you very much to both of you for your great testimony and we will start the questioning off with Commissioner Wessel.

PANEL V: Discussion, Questions and Answers

COMMISSIONER WESSEL: Thank you both for being here. Excellent testimony on what clearly is a topic that's on the minds of many Americans, not only pet owners now, but families who are worried about what they're feeding their own kids. We're also seeing this, of course, in product safety, not just food, but as you pointed out pharmaceuticals, and we heard testimony last year as to concerns about car parts, airplane replacement parts and many other things. So we're seeing this all the way up and down the product chain in terms of imports.

And as we all know, while China is currently, of course, the subject du jour in terms of these issues, it's not just a China issue. We face many concerns with regard to imports from other countries as well, but it appears to me that China's stability, which is the driving interest of the party in power, is really dependent on export-led growth.

We are seeing, if I recall correctly, roughly one-third of Chinese exports coming to the U.S. market. It appears to me, further to what you talked about in terms of transparency, that we should use the power of our own market to help accelerate and advance their efforts at regulation, oversight and review of their products, and potentially

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[2] Click here to read the prepared statement of Mr. Drew Thompson

by expanding our country of origin labeling laws here.

Dramatically, we've just seen after a five-year fight that beef products now will finally have some product labeling on them.

But if the American consumer has greater information not only on the end-use product but the ingredients, it seems to me that going back up the food chain, no pun intended, that may yield quicker action in the Chinese market for fear that their stability will be undermined if people stop buying their products because they're concerned about product safety.

Could each of you give me your views on country of origin labeling to provide consumers really with the right to know where their products come from and how to gauge their own safety?

DR. GOTTLIEB: I'll give you I think what FDA's standpoint would be, not that I speak for the agency, but I think it's relevant here to consider the perspective of the agency.

The FDA looks at labeling from a public health standpoint. I think when you speak about country of origin labeling, you're really talking about a consumer issue. So if a product was inappropriately labeled as not having a protein that could be allergenic, for instance, that would create a certain public health issue, and that's the place where the agency would necessarily take action.

But in terms of just creating greater consumer awareness around where the ingredients are coming from, from a regulatory standpoint, I think it's awkward to think about imposing the burden on the agency to require that kind of labeling when it doesn't necessarily translate into a public health issue.

It's hard to argue that consumers don't have a right to know where their product is coming from, and manufacturers should refrain from being deceptive about the origin of their products. When you talk about meat or whole products, it might be something that's even achievable. But we're living in an age when a chocolate chip cookie can come from 20 different countries so I think it makes exceedingly hard to actually implement that kind of legislation.

I know there have been proposals to do it, and I know people have thought through this. I think from a practical standpoint it would be somewhat challenging. From a public health standpoint, I think the current labeling regulations address the public health issue. So this really falls outside the FDA's mandate and into a consumer question.

COMMISSIONER WESSEL: Mr. Thompson.

MR. THOMPSON: I think what is valuable is that our system has many of these mechanisms that the Chinese system does not, and recognize the strengths of our system, provide opportunities for them to take what they can in terms of technology from our system. We discussed earlier today about democracy, and it's pretty clear they're

not going to accept Western democracy wholesale, but they'll create some sort of democracy with Chinese characteristics.

I think there are opportunities for us to export our concepts, including industry standards, as opposed to compulsory regulations, and help them better understand the role of a free media, civil society, such as associations, consumer advocates and watchdogs, as well as the manufacturers' associations, which China has, but perform a very different role than the Grocery Manufacturers Association-Food Products Association, which helps food processors adhere to standards and understand the very complicated and evolving labeling laws.

In the case of allergens, it's very, very complicated. The regulations don't require certain, for instance, statements about allergens. If you go through carefully and read the Code of Federal Regulations, it's not there, but unfortunately for the Chinese it's now an industry standard and it's an area that's quasi-regulated on a voluntary basis, which for them is an oxymoron. It's very hard for them to understand how you can voluntarily comply with something. You're either compelled to or not.

But all of that comes about because we have a very strong legal system that puts the onus on the, in this case, an importer if it's an imported product or the U.S. domestic producer if it is locally made. You have insurance companies and you have retail outlets that require your insurance coverage to cover from the manufacturer to the retailer, which puts a great burden on the importer or the processor to design a safe product.

COMMISSIONER WESSEL: I think there are tremendous gaps in the system. My time has expired and I'll seek another round later, but there are tremendous gaps in that liability. An importer of record is not necessarily the distributor, and you may have that importer of record simply insuring against product breakage or actually receipt and not providing derivative liability down the stream for liability for an unsafe product.

MR. THOMPSON: Food products require a million dollars liability.

COMMISSIONER WESSEL: I'm talking about all products, not just food, and ingredients where other nations have already put some labeling in saying this product may contain ingredients, going back to your cookie example, coming from X, Y, Z. I understand that the chips and the sugar and all the other things.

HEARING COCHAIR HOUSTON: Commissioner Fiedler.

COMMISSIONER FIEDLER: Is there any reason that an American citizen should have any degree of confidence about ingesting Chinese food imported into the United States from China? Not Chinese food in--not cuisine food.

MR. THOMPSON: I think you have to really differentiate between products and recognize that there's a broad range of manufacturing quality from poor to the very high end, very high quality products that do come to the states in a variety of sectors. It has been reported that 80 percent of the global vitamin C, ascorbic acid, production is in China, but actually the companies that produce them include European companies based in China.

So they follow essentially the manufacturing standards that they would use in Europe, and when they export to here, they follow our standards, and I think as long as you're consuming products from established manufacturers with brands, from companies with access to technology, capital investment, something to lose in this whole game, then you can have a fairly high level of confidence that you're going to get a safe product.

COMMISSIONER FIEDLER: Yes, go ahead.

DR. GOTTLIEB: To follow up on Drew's point, from a marketplace standpoint, the large manufacturers are taking significant steps to police their own supply chain. If you look at what the U.S. pharmaceutical companies have done for a very long time, when they source their active pharmaceutical ingredient in China, they don't just buy it from a Chinese manufacturer, they'll actually go in and either stand up the facility or help upgrade the facility and maintain very tight control over the manufacture of the product, literally sending inspection teams in every week or so to inspect the plant.

The food producers historically haven't done that, but they're starting to do that, much more vigilantly now, where they'll actually go in and look more closely at the source of production rather than just buying the product on the market.

From a regulatory standpoint, the fact of the matter is we still have an exceedingly safe food supply in this country and strong regulatory protections in place.

But the reality is FDA was conceived as a domestic regulatory agency, not a regulatory agency equipped to regulate a globalized supply chain. We have increasingly reluctant inspectors who have a difficult time going into a lot of the regions where products are being produced. It was one thing when products were produced in Europe and quite another when they're produced in China and other countries that are difficult to get to. So people are increasingly reluctant to go there.

We don't have enough inspectors to do those kinds of foreign inspections. The reality is, and we also don't understand the local culture, the local language, we don't know who the local criminals are, as I've said, so there are things that we can be doing, I think, in this country from a regulatory standpoint certainly to improve our

oversight of these products.

I see no reason, having been at the FDA very recently in a senior role, why American consumers shouldn't be confident in the food supply in this country. But that said, I think there are some significant steps we could be taking to make it even safer.

COMMISSIONER FIEDLER: Let me see if I can restate your answer. If they're European produced and big, we should eat their stuff if it comes from China?

MR. THOMPSON: I said you can be confident that the food is going to be of high quality.

COMMISSIONER FIEDLER: Yes, but here's the problem. I go to the store. I go to Safeway and I go to Giant, and I don't have a list of the big companies with brands in China that are reliable. I don't know whether the packaged frozen peas that came in and were sold to Jolly Green Giant, I have no idea where they're from, and from the testimony we've received today from you and others, nobody else has any idea where they're coming from either until somebody chews on it, dies, and then we go investigate.

How do we have any degree of confidence in what we ingest, with all the problems that you guys have stated and others have stated? I don't understand. I asked a simple question, which was a level of confidence. Now, you're saying FDA has been an agency and blah-blah-blah, that's fine. I didn't attack the FDA. I'm saying how do we know? How do we have any degree of confidence? And I don't think I've got answers from you on that yet. You're avoiding me on it.

DR. GOTTLIEB: Your question is predicated on the assumption that products coming in from China are less safe than products coming in from other countries, and I don't think we have--

COMMISSIONER FIEDLER: No, I didn't address other countries. I'm just addressing China. I just said China. I didn't say Mexico. I might ask the same question about Mexico, but I just asked you the question about China.

DR. GOTTLIEB: But, the question is are you talking about country of origin labeling as a consumer right to know issue or as a safety issue?

COMMISSIONER FIEDLER: No, I'm actually talking about how, after you've said that the system out there is broken, and we don't know what they put in the food, we don't know this, we don't know that, we don't know if the local criminals are sending this stuff into Dole. Then how do we have any degree of confidence in what we put in our mouths? I'm sorry. I'm taking too much time.

DR. GOTTLIEB: I think both of us are saying that there are gaps in the system that right now--

COMMISSIONER FIEDLER: So you're saying that there is no

confidence?

DR. GOTTLIEB: There's a difference between saying there is no confidence and saying that we could take steps to make sure that we are more confident about the oversight of the products coming in from China.

As I've said, we are much better equipped to regulate domestic producers than we are to regulate international producers, not just in China, but all over the world. China happens to be a little bit more difficult for us because we haven't had the bilateral relationships historically that give us access to good information so that we can target out inspectional resources.

You're saying no confidence. I think that's a difficult statement.

COMMISSIONER FIEDLER: If you said to me that I think their apples are better than their lemons, that would be a reasonable answer, but I asked you a general statement, and I don't see--

DR. GOTTLIEB: I think their apples are better than their seafood. How's that?

COMMISSIONER FIEDLER: That's progress. That's progress.

MR. THOMPSON: I think that's a critical point. If you consider that you have varying risks of safety with any food, whether it comes from one country or the other, and if you're consuming raw shellfish or raw seafood, you're at a higher level of risk than you would be consuming, say, frozen peas with a Birds Eye label on the bag bought at a Safeway.

What you can be certain of is if you get a bag of frozen peas that may come from China or Chile or Mexico, wherever, if it says “Birds Eye” on it, and it's bought in a Safeway, and you get sick from it--

COMMISSIONER FIEDLER: I can sue them, yes.

MR. THOMPSON: You can sue their pants off, and as a former food processor, I had little fear of the FDA. I was afraid of getting my pants sued off. I could lose my house.

COMMISSIONER FIEDLER: That doesn't satisfy me if I'm sick.

MR. THOMPSON: Our legal system is very, very effective at weeding out the companies that cut corners, and if Birds Eye cuts corners and has a problem, we have recourse to enforce that.

The problem is Chinese consumers don't have that, and having lived in Beijing for the last year and a half, they have significant problems. Now, that said, the Chinese also have learned to adapt.

I had a cook who would go out and shop in the market, and I gave her very strict instructions everyday. I want you to buy the soy sauce not from the guy with the pump and the 55 gallon drum, but buy it in the bottle and make sure it goes [click sound] when you open it.

Now, the problem is when you've got the very poor rural people that don't know any better and say, oh, yes, but this only costs five

mao and that costs eight mao, I'm going to buy the five mao. Well, the five mao is made with ink instead of good soybeans.

Regarding our discussion about the fake buns, I think Colonel Wortzel lived in Beijing, and I think he knows, especially in the late '80s and early '90s, it was something of an urban legend, the Sweeney-Todd syndrome--God knows what was in your dumplings, and everyone said don't eat there, and don't eat there and there, who knows what meat is in their dumplings.

I also watched that CCTV, or the Beijing TV undercover report. It seemed dodgy to me. It looked like some very, very fine spy cam work that just didn't have that real authentic feel. The pictures were too well framed and it was like someone just took a Handycam and put a black frame around it so that it looked like it was a spy cam, but it didn't look genuine to me when I watched it.

That said, you've got plenty of back alley dumpling makers that probably are cutting corners. If you buy something in a bag that's not well marked, that's not labeled, you don't trust the brand, you're probably going to have a problem, and the Chinese inspectors deal with it the same way.

If they have an uptick in the number of people getting sick in a particular restaurant, they have a risk-based system, they go after that restaurant. If you've got a restaurant with good turnover and good volume and a lot of people, your probability of getting sick there is much lower.

DR. GOTTLIEB: Your question gets to the issue of what we did in the bioterrorism regulations in response to 9/11, which was develop a system inside the FDA or Department of Homeland Security to target inspections and quarantines based on the perception of risk of a product. So whole produce from Canada doesn't get stopped, but loose spices from the Middle East do.

I don't know what the top secret algorithm is, but there's an algorithm for assessing risk. We don't have that, something nearly as good, when it comes to just regular food coming in from countries that falls outside of the bioterrorism framework because we don't have the information to target inspections based on risk.

HEARING COCHAIR HOUSTON: Thank you very much. Commissioner Wortzel, do you have any other questions that are going to make us never want to eat again?

COMMISSIONER WORTZEL: Actually I think Commissioner D'Amato may have the food safety question.

You both have mentioned market-based forces in one form or another. And it's in your written testimony, Dr. Gottlieb. But let me go back again to the same question. And I do this with a lot of witnesses. If I said take off every piece of clothes on you made in

China, how much would you have on? It's not just a rhetorical. I ask this of a lot of witnesses, in other words I have nothing on made in China. There is nothing on my body made in China for a couple of reasons. I can't stand the god-damn government there.

HEARING COCHAIR HOUSTON: Can you prove that to us, Larry?

COMMISSIONER WORTZEL: And that's not always the case, but I go out of my way as a consumer to buy it from Mexico or Cambodia or Indonesia or Czechoslovakia. I go out of my way for a variety of reasons.

So I'm going back to the same thing. If I can look at a shirt, as a consumer, and I can look at a machine tool as a consumer and make an informed decision. I have Haier refrigerators all over my house. I think they make a good refrigerator.

CHAIRMAN BARTHOLOMEW: And that costs a whole lot more than the clothes.

COMMISSIONER WORTZEL: And I can make an informed decision about what I want to buy, I don't care about protecting Chinese citizens from the Chinese government. I don't care. They can kill each other all they want. I don't care how many foods inspectors they have to execute before guys stop polluting their food if it gets here, as long as I know where it comes from.

So, leaving aside regulation, what legislation could be crafted that would allow Americans to know what they're feeding their children, their dogs, their wives, their cats?

Now that's a very different question.

COMMISSIONER WESSEL: In that order.

COMMISSIONER WORTZEL: In any order.

COMMISSIONER D'AMATO: In that order?

COMMISSIONER WORTZEL: Why should I worry that the vitamin I take happens to have the same Chinese wheat gluten in it that killed a thousand dogs? How can I know that? Not regulation. Legislation.

DR. GOTTLIEB: Legislation translates into regulation, but--

COMMISSIONER WORTZEL: Right. Properly written.

DR. GOTTLIEB: I don't know about Drew. I'm by no means an expert on the country of origin legislation. I read it a long time ago. I do think it's important to separate out what is a public health issue and what is a consumer right to know issue.

If you're advocating country of origin legislation labeling as--

COMMISSIONER WORTZEL: I'd label it as consumer right to know.

DR. GOTTLIEB: Okay. So then that's outside my area of involvement and expertise. It gets into what I would like to know as

an individual. I think from a public health standpoint, though, if you're advocating the labeling, country of origin labeling as a public health tool, that needs to be conditioned on the belief that we have definitive information that products from China are more risky than products from other countries.

I think perhaps outside of a small subset of food where we've found voluminous violations, seafood being one of them, that's hard to say right now, given the information we have.

MR. THOMPSON: I have little to add on the labeling regulations. I think it's certainly applicable to raw materials, meat and seafood, though I'm not sure the average consumer ambushed by Jay Leno would know the difference between shrimp from Thailand or shrimp from China. I think something like 90 percent of our imported shrimp comes from Thailand, not China.

So the question is, would it have a major impact? It would help you make a more informed decision, and I think there are many people that would like it to happen.

Again, from drawing on my personal experience, my previous company worked with Alaskan salmon processors, and we purchased Alaskan salmon, which I have a personal preference for. It tastes better than farm salmon. It's a better product; it's organic, even though it's not allowed to be labeled as organic, or free range, but it is wild salmon as opposed to farmed.

We shipped it to China where there was a huge building full of 800 young migrant workers from Sichuan who sat there and cut it up in pieces by hand and packaged it, and then shipped it back from China. And at the bottom, we had a long, long debate with the National Food Processors Association and the FDA about whether we could label it as “Alaskan salmon” or “made in China,” and ultimately it ended up being “made in China,” but it was really “made in China” Alaskan salmon.

COMMISSIONER FIEDLER: Which was accurate.

HEARING COCHAIR HOUSTON: Thank you very much. Chairman Bartholomew.

CHAIRMAN BARTHOLOMEW: Thank you and thank you, gentlemen, for certainly interesting and lively testimony. Larry claims he's asked that of other witnesses before, but I have to say I don't recall.

COMMISSIONER WORTZEL: Nobody challenged me.

CHAIRMAN BARTHOLOMEW: And for those of you who didn't know the reference to Commissioner D'Amato, he got quite ill eating something.

COMMISSIONER WORTZEL: Seafood.

COMMISSIONER D'AMATO: We don't know what.

CHAIRMAN BARTHOLOMEW: Eating seafood when we were in China. A couple points, and then I'd like to try to tie this back into the conversations that were happening earlier today about access to information.

Drew, I also wanted to acknowledge all of your leadership on addressing the global AIDS crisis, particularly the AIDS issue in China, and I think that that gives you a particular perspective on some of the challenges of issues that the government might not want to be facing, the role of the NGO community, all of those things. So thank you for your work on that.

I do want to just say, though, you sort of point to established brands, and I think one of the reasons that the pet food situation was so alarming to people was those were established brands that people were buying. It was the first time that American consumers started having to think about the composite ingredients that go into what they buy.

So it wasn't just generic pet food that they were buying. Those were established brands, and I think, much as I am a pet lover and would be absolutely upset if something happened to my pets, that in some ways it was an important wake-up call for us to deal with a crisis that happened first in pet food before it happens on a large scale on food.

You make reference to the dumplings. It's very interesting to me that I walk away from this quite confused about whether those dumplings were or were not filled with cardboard, and it gets right to the question of access to information, too. We cannot trust that an official statement that comes out from the Chinese government saying, no, that it's not true that those were made of cardboard is true, and there is no way to verify that.

So it's the kind of issue that just because a statement is put out saying there's not a problem here, we can't believe that there's not a problem. That's one point.

Another point is we talk about more MOUs or any of these agreements that take place, but we know that there have been nine agreements on intellectual property rights, and the problem is not so much the fact that there aren't agreements. The problem is enforcement, and that's going to be, I think, a very big challenge that we have.

But I want to go right to the question of access to information. Do U.S. investigators going into China to try to investigate cases of these things when they finally happen have access to information? Did the FDA get the kind of access to the factories where that gluten was being made so that they could determine what was going on?

DR. GOTTLIEB: I don't know what's publicly known with

respect to the difficulty the FDA had on the gluten case. It is, I think, a matter of public record that the FDA did have problems getting in immediately after that, getting access to some of the manufacturing facilities, and it took some high level help to get our inspectors over there.

I think routinely the fact is that inspectors have difficulty accessing these countries. We don't, at least from an FDA standpoint, there's not a lot of inspectors capable of going into these countries who know the culture and can speak the local language, and when they do get into these countries, they have difficulty getting access to both the facilities and the information needed to conduct their own inspections.

It's not just true of China. It's true of other countries as well that have equally underdeveloped regulatory systems.

CHAIRMAN BARTHOLOMEW: Drew, anything?

MR. THOMPSON: I only know what Senator Durbin released from his office about making initial contact with the Chinese government and then having approvals from received about 19 days later. I don't know what the normal processing time for a U.S. government official to make an application to the Chinese government, to then have the background checks, and then have a visit approved.

I know the FDA did make public statements that once the Chinese government had decided to allow thee inspectors to come in, that, for instance, the embassy here in Washington issued visas for some part of the delegation on the same day and other parts within one hour, depending upon when they received the passports. However, the entire process took 19 days.

So what I think the main challenge is, as you said, is enforcement and the challenge that Beijing has working with its localities, and one of the issues is that Beijing, because that was where the application would come from, has to go and apply to Jiangsu Province to get permission for not only the FDA officials, but also the Beijing-based officials, the central government officials, to visit the province.

I've personally been involved in joint inspection teams with the Ministry of Health who have attempted to go and conduct measurement and evaluation, (M&E) investigations on Chinese government-funded programs on HIV/AIDS in a number of provinces. And this was an interesting and positive development in itself, that they wanted to bring in foreign experts to help them evaluate their own programs.

Two out of the seven provinces actually rejected the Ministry of Health's request to visit. Now, they didn't reject it. They postponed the visit. The provinces came up with reasons, but by the time this happened, who knows what happened to those programs? Who knows

what happened to the accounting? Who knows how many patients were shifted from here to there?

CHAIRMAN BARTHOLOMEW: Right.

MR. THOMPSON: So in some ways I think it's important to recognize these are their internal challenges as much as they are challenges that we confront. So seeking opportunities to collaborate with them in a way that increases trust. For instance, I mentioned placing FDA officials on the ground in Beijing on a regular basis to help do more of the liaison work, but I think also what's important is we need to take a look at how other countries manage the problem.

Hong Kong is a good example. Hong Kong deals directly with Guangdong provincial authorities because, as Scott mentioned, they know where the bad guys are. Beijing cannot maintain a current list of manufacturers in each province, but the provinces do. So having provincial-to-U.S. regulator level relations and contacts will help us react more quickly.

Now, that's easy to say. There are 31 provinces. You could maybe focus on the top 18, but combine that issue, recognizing the organizational challenges that they face internally, and then adapting to it, will help us get better access to information, and that includes things like registration lists so that we can essentially develop cartels. How do you make sure that you've got branded products coming out of China? And that includes ingredient suppliers, so you're not just buying on the open market; you need to have qualified suppliers.

Then you have a supplier in China with something to lose. Then the supplier has a business to protect and a brand, and privileged access to the U.S. market, and that's an incentive for them to not cut corners, to not adulterate their product, to keep up with the standards, and that will improve our food supply.

CHAIRMAN BARTHOLOMEW: Right. But it's an important point that you make about the central government not even being able to get access to the information. I read somewhere that by the time the FDA got to at least one of the facilities, it had actually been bulldozed down. So somebody was obviously behind all of that.

But if the problem is also communication between the central government and the provincial governments or even somebody more local than that, it really does call into question whether anything is accomplished by the FDA coming back and saying, guess what, we signed this agreement. You have to question the nature of the agreement and what is it that the agreement gets us.

It is simply not going to be enough to come back and say we've got an agreement because if the agreement is with the central government, and the central government then takes two weeks in order to be able to get into it, it's not giving us the kind of information that

we really are going to need in order to be able to deal with these issues.

One more point and then I'm going to stop. I've been really struck, as I often am, but really struck in a lot of these discussions about it's not just food but consumer product safety examples that have come up, how people in the U.S. government have been dancing around the fact that the source of most of these problems lately has been China.

I think that it is important to acknowledge that we have troubles with products coming in from other countries, but I think given the vast magnitude of products that are coming into this country from China, we do our consumers a disservice by pretending that addressing these problems with China would not be a significant step towards stopping those problems and creating standards that we expect everywhere else.

So it's just a caveat there, which is let's not pretend. If the source of most of our concern is China on these products, let's just admit it and deal with the problem.

HEARING COCHAIR HOUSTON: Thank you. Commissioner D'Amato.

COMMISSIONER D'AMATO: Thank you, Madam Chairman. I'm not going to ask the food question because I know the answer. It's bring your own peanut butter sandwiches. But there was a news program either last night or I think the night before on drugs.

CHAIRMAN BARTHOLOMEW: Dateline.

COMMISSIONER D'AMATO: Dateline. Which was a horrific expose of the uncontrolled nature of criminal access, widespread access by gangs of counterfeit drugs into our system. And it struck me that what you have is an unpoliced series of intermediation in our system that makes it impossible to know whether if you go to a CVS and buy a drug, whether it's counterfeit or not, at least if the news program was in any way accurate.

My question is where do we start with this on both sides of the Pacific? How do you get to a level of confidence that the drugs that are being, Lipitor or whatever it is, being purchased in the local drug store don't have a chance of being fake, not only fake, but dangerous?

I understand that there were some recommendations made a couple of years ago, according to the program, but they've never been implemented by the FDA. But barring the question of consumers going out and finding a laboratory to test the drugs that they're buying, whether they're good, how do you get to a level of confidence here on drugs if the level of criminal activity is anywhere near what was portrayed, a highly lucrative, highly lucrative, and easy to duplicate if you have the technology, the looks of the drugs, the looks of the

product labeling, the containers and so on?

Have you given much thought to a recommendation? What would you recommend where we start here to start putting some more confidence in our system of drug intermediation?

DR. GOTTLIEB: When I was at the agency with Dr. McClellan, we put out a very large report from a counterfeit task force that we had convened to look specifically at this issue with a number of recommendations in it. I think the agency from a policy standpoint has found itself caught in a very awkward cross-current of competing political forces on this issue.

On the one hand, we benefit when it comes to drug regulation from a closed pharmaceutical supply chain in this country that was created with legislation called the Prescription Drug Marketing Act, passed probably 15 years ago in response to an episode of counterfeit ciprofloxacin had made its way into the pharmaceutical supply chain. Some women used it for urinary tract infections, didn't get treated appropriately with it because it was sub-therapeutic, and it created a predictable outcry, and the legislation was in part the result of that episode.

We do have laws in place that effectively closed the pharmaceutical supply chain. Now, that's not to say it's impervious to counterfeits, but we have far more regulation in place than we do say on the food side. But at the same time, over the last two or three years, the agency has been engaged--probably longer than that--five years--the agency has been engaged in a debate over drug reimportation and various proposals that would effectively gut PDMA.

And so, on the one hand, we were trying to advance policies to try to increase the oversight, further close the pharmaceutical supply chain. On the other hand, we're facing legislation that would have undone a lot of the existing regulations. So I think it's been a very awkward debate and hopefully that has shifted in favor of more consumer safety now. I don't hear people talking as much about reimportation. That might be because the dollar is weak against the Canadian currency. I'm not sure.

But with respect to taking steps to try to create more safeguards over the drug products and clamp down on counterfeits, I'd encourage you to take a look at that report. And principal among the recommendations was a proposal to implement an electronic track and trace, a pedigree, to track the chain of custody of drugs.

Right now we've finally implemented that rule probably about eight months ago at FDA. Our FDA finally implemented that rule. But it's still an electronic pedigree. It's still a paper pedigree, not a fully electronic pedigree. I think that the real protections are going to come when we start to have things like tags in the drugs themselves or on

the bottles. You know special dye, special inks, other technology that is available. It's somewhat expensive, but it would enable better tracking and monitoring of drugs put in the supply chain.

MR. THOMPSON: I think the issue of illicit substances presents a challenge to any government. I spent the last two years working in very poor area in southern Sichuan Province, which was on the heroin smuggling trail from Burma running up to Chengdu and then into other markets, such as Xinjiang or Shenzhen and then abroad. It's very difficult for any government, to address underground activities, and that's one of the reasons that HIV/AIDS presented such a challenge to the government.

You're dealing with people who are outside the formal economy. It's very hard to get voluntary compliance from a sex worker, a drug abuser or a smuggler, and I think the issue of counterfeits fits very much into that context in China. We discussed counterfeits earlier today and giggle about, “oh, I got the Harry Potter DVD,” but it's not so funny when it's something you ingest.

We need to recognize that as consumers, we have a responsibility to purchase from reliable vendors and suppliers and hold them accountable. I don't want to repeat my previous recommendations, but it really comes down to having the ability to track and trace products in the supply chain.

It's an area where we have much more experience than the Chinese government. After September 11, the U.S. food defense system essentially was established where every single food manufacturer and distributor is now at least registered. So you can get into a computer and find out who they are and what kind of products they ship and where they're based, and I assume there is a fair amount more information available to regulators in the system.

We threw out some statistics before. The FDA estimated that there were 210,000 companies that had to register, and correct me if I'm wrong, to comply with the Bioterror Act.

But in China, the estimates are between one million and 450,000 processors of which 100,000 had just been closed, 100,000 aren't even registered, and 164,000 are registered but as something else. I think that's part of what you also see in the difficulty regulatory environment in China where you've got somebody who's making industrial chemicals that are being sold and then being used as a food additive, which is not in compliance with the manufacturers license or with the product’s intended “generally recognized as safe” use.

Intentional abuse of the regulatory system is always going to be a challenge, particularly for the FDA which is heavily reliant on voluntary compliance.

COMMISSIONER D'AMATO: Obviously, we do have the

technology available, as you say, to do a much better job of whatever tracking, tagging, and unless we do it, I don't think it's going to happen in China.

DR. GOTTLIEB: We looked at estimates of when it would become cost effective for our manufacturers to voluntarily start implementing that kind of track and trace on their own, and the costs start to come down when you look at the technology curve of some of the new things that are coming along.

For certain products, they're already implementing these--products that are more apt to counterfeiting, some of the controlled substances, basically Pfizer's top five drugs. That company alone has the single-greatest incentive to implement these technologies because they face the most counterfeiting over in China. So you've seen some companies take steps to actually implement these technologies.

HEARING COCHAIR HOUSTON: I'm going to call on myself to ask the last couple of questions, and I hope they're fairly simple. I think they're kind of quantitative.

Dr. Gottlieb, Beau Dietl Associates, Giuliani Partners, GlobalOptions, Neil Livingstone, all of them have studied counterfeit drugs that come over what appear to be Canadian Web site, which are not Canadian Web sites. These drugs are coming from all over the place--Namibia, Beirut, Dominican Republic, and people think they're from Canada.

I think it was Mr. Thompson mentioned that awhile ago, how do we know how much of the dangerous stuff is coming in from China? I know the Asian Triads at one point were trafficking pseudoephedrine over the Canadian border to make methamphetamines. There's clearly a relationship there between the Asian Triad gangs and what's going on in China.

Do you have any idea at all or any sense of how much of those counterfeit or pirated drugs that come in from allegedly Canadian Web sites or allegedly American Web sites come from China?

DR. GOTTLIEB: The FDA has a good sense of how many of the drugs that are coming in from uncertified Web sites are actually counterfeit products. I don't think the agency would know how many of them were coming from China, but that percentage has been reported off of estimates from blitzes that the agency has done, and it's fairly high.

I think the broader question, which is how many counterfeit products are making their way into the pharmaceutical supply chain, is a much more difficult question, where the agency has historically said that they don't necessarily believe that there's an increased number of drugs, counterfeit drugs, coming into the U.S. supply chain, but there's really no way to know for sure.

Certainly all the anecdotal information about the greater sophistication and desire of people to penetrate the market with counterfeit products would suggest that we probably have more of a problem here than we are aware of.

HEARING COCHAIR HOUSTON: Thank you very much. And Mr. Thompson, you gave me heartburn when you said that there's no--Dr. Gottlieb, you could help me with that--that there's no FDA representative at the embassy. We visited all the embassies and all the consulates and there's practically a dogcatcher, a U.S. dogcatcher there. How is that we don't have an FDA representative there?

Is it because the Chinese do not want us to have one there or is it a lack of will or smarts on our side to bring one over there, and do you think that will change because of all the problems that have occurred over the last little while that Chairman Bartholomew referred to?

MR. THOMPSON: There is a health attaché, and there are representatives from the U.S. CDC, and of course the State Department would put the FDA issues under the Science and Technology portfolio in the embassy, so the S&T officers would be responsible for doing liaison and follow-up on these issues.

But that said, the health attaché in Beijing has spent a lot of time in the region and very dedicated and knowledgeable, and I think he's an asset to our country. But he's not an expert on food and drug safety. He doesn't have an extensive or direct network of contacts within the FDA.

So, in some ways, there is representation there, but I don't think it's adequate. I can't speak authoritatively for why the FDA doesn't have somebody there. I would doubt that the Chinese government is rejecting the placement of an FDA representative in the embassy or consulate. I think I would look carefully at also resource constraints within the FDA as the possible reason..

HEARING COCHAIR HOUSTON: Right. It would certainly send a better signal, though, that those concerns are very strong over here.

My other question has to do with sort of the same thing. I know the Department of Energy has people coming over from China all the time, government-to-government. Do we have anyone coming over here from China, any delegations that go to the Consumer Product Safety Commission, that go to FDA, that are learning our system or at least learning our controls and our dissemination of information?

Because the minute the train has the lead paint on it, the Consumer Product Safety Commission is putting out a blurb to alert people. We have recalls here. Clearly, that's very limited in China.

MR. THOMPSON: In 2003, a number of friends from the Ministry of Health came to Washington and I was invited to have a

private dinner with them to discuss their visit. And I knew most of the folks there, and there was one particular gentleman that I had never met before, who didn't speak any English, and I asked, well, what is your responsibility within the Ministry?

And he says, "I'm responsible for food safety." And I asked, what he was doing on this visit? The rest of the officials are infectious disease experts--these are all bird flu and AIDS guys, which is where the real bilateral engagement has been traditionally. And he said, well, "I'm here to look at your FDA and find out how we can make ours better."

I suggested don't only go to the FDA. Go to the National Food Processors Association (NFPA). And he says, yes, but we don't have any way to really apply what they're doing. We have no good way to engage with them and the answer is no, they're not on our agenda. And I think if you look at the Chinese government approach, they really don't have a non-governmental strategy in anything that they're doing.

We can talk about China in Africa, we can talk about regulatory issues in other sectors, such as environment, and we see the emergence of the concept of civil society, but it's not terribly developed and it's not an area the government particularly wants to expand. They have an association system, but the associations don't really represent the manufacturers or the consumers, they're more of a conduit for information between the party and the association's constituency, and that's true for all of the mass line organizations and GONGOs.

So it's an area where I think they have a pretty steep learning curve and it's one I think they really started learning fairly recently. As I mentioned in my written and oral statements, they suddenly are starting to understand, hey, you know, our system doesn't have checks and balances, and that's a problem because without those checks and balances, we have regulators run amuck, and we executed one to show you that we now get it.

Now, the trick is, how do you translate recent Chinese resolve to improve governance and quality into a more consistent effort and push it down the political chain to the local level. I'd also point out that there is resistance to accepting these systems of checks and balances, such as free media and civil society wholesale. The challenge will remain until they develop some sort of politically acceptable substitute within their system that can perform the role that they do in our system. Until they find a suitable and effective mechanism, they're going to face this challenge indefinitely.

HEARING COCHAIR HOUSTON: Dr. Gottlieb.

DR. GOTTLIEB: I can't speak to the bilateral relationship beyond just with the FDA and there's been contact between the FDA

and Chinese regulators. A lot of it, though, has been focused around the desire of the Chinese regulators to try to learn more about our regulatory system to help try to promote some of the drug development in China.

Particularly, there were some discussions around Chinese traditional medicine, where there is lack of clarity around the regulatory process and how they would bring those drugs to the market here in the U.S., which is probably an unrealistic expectation.

I just want to add one follow-up. As far as having an attaché in a foreign country, I'm pretty certain that FDA doesn't have a single person in any country. I don't think that we permanently post people in any country, nor do we have any offices or anything of that sort. To try to expand the scope of the agency to do that would require dramatically more resources.

We have very few resources for those kinds of bilateral types of relationships as it stands. So I'm not quite sure that that's something that could easily be accomplished given the agency's current structure.

HEARING COCHAIR HOUSTON: Thank you very much. I appreciate both of you being here with us. Thanks so very much.

Before we go, I would like to thank our trusty staff, particularly Erik Lundh for putting this great hearing together. Thanks very much, Erik.

[Whereupon, at 4:32 p.m., the hearing was adjourned.]

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

Statement of Alcee Hastings, a U.S. Representative from the State of Florida

Chairwoman Bartholomew, Vice-Chair Blumenthal, Members of the Commission, thank you for the opportunity to testify today on how the Chinese government is limiting its citizens' access to information.

As Chairman of the U.S. Commission on Security and Cooperation in Europe (the Helsinki Commission), I am well aware of central role that the free flow of information, including access to information from diverse sources, plays in nurturing democratic reforms and sustaining all facets of a democracy. In fact, this Thursday I will be Chairing a hearing before the Helsinki Commission on freedom of the media in the OSCE region. If you can control access to information - through the media, through the Internet, or through other means - then you can control *an awful lot*.

I want to start off with a little quiz-it's not too hard, but something to get the audience thinking this morning. What do Jenna Jamison, the Dalai Lama, and the Paris riots have in common?

This is not meant to be a bad joke-this unlikely grouping of people and events is actually a sample of what you would find on the Chinese government's censorship list. China is attempting-and in many ways succeeding-to micromanage the messages on television, newspapers, the Internet and even text messages on mobile phones.

Over 130 million Chinese are now online, and 440 million cell phones are in use in the country. The communication revolution has certainly not passed China by, but just as the Chinese took Marxism and made it their own, the current government in China has created the Internet with Chinese characteristics. Unfortunately those characteristics are not representative of the creativity and innovation that the Chinese are capable of. Instead of the free flow of ideas and information, they have chosen a course of containment and suppression.

In China, information is a double-edged sword. And the government wants to wield it strategically, carefully crafting and controlling at every stage. Not only do they continue to control all print media, but also have established elaborate high and low-tech means to control information on the Internet. What's interesting is that the control goes not just to what we think of dissident speech, but also to careful burnishing of the image of the Party and the government.

But even the Chinese government has recognized some limitations to this approach. Six months ago they started allowing journalists to interview individuals and organizations without asking government approval first. The caveat is that this only applies to foreign journalists and it is scheduled to end with the conclusion of the Olympics on October 17, 2008. It is unfortunate to see such a blatant example of an expiration date being put on media freedom.

I don't need to go into the many, many examples that can be made of how China is controlling information. Later in today's hearing you will hear from the experts on that. I would like to spend a few minutes, however, in drawing a few conclusions on what censorship in China means for the United States.

To put it bluntly, it means a lot.

This is not about China trying to clean up society by banning pornographic websites-this is about the Chinese government propaganda machine trying to maintain control in a rapidly shifting domestic and international landscape.

The Chinese government's control and manipulation of information has led to increased ultra-nationalism and hatred of America. Recent polls in China have shown that the characterization of the United States as a hegemon pervades all Chinese perceptions about America today.

This is a national security issue for the United States.

Chinese Government censorship is also a continuation of the culture of fear and a culture of secrets. And history has shown us that societies do not thrive and governments do not govern well under a veil of secrets and lies. The Chinese population is too big, it's military too strong and its economic influence too great for us to ignore what is happening and the implications for stability.

How much do we-let alone the Chinese people-know what the Chinese government is doing in Africa in its quest for oil and other natural resources? China's investment in Africa now stands at $1.5 billion a year, there are at least 700 Chinese enterprises operating on the continent, and China's trade with Africa is approaching $50 billion. This has made China the second-largest trading partner with sub-Saharan Africa.

China has a long history with Africa, but it has never been in the position it is now of offering incredible sums of aid as well as incredible opportunities for investment and infrastructure development.

It is also offering what are reported to be incredible sums of money to dictators that others countries have steered away from. What would China's 17 millions bloggers say if they knew?

Zimbabwe President Robert Mugabe, for example has turned away from Western food aid that comes with too many strings attached because China is providing aid with no strings attached. President Mugabe has repeatedly said he prefers to forge strong relations with China because it, unlike the West, does not place any political conditions on its investments and aid.

Sudan is yet another example. What do the Chinese people know about China's involvement in Sudan and what is by all accounts its interference in an international solution to the Darfur crisis?

Finally, let's bring this even closer to home and talk about the implications for the safety of food and drug imports. We've all seen the recent reports of tainted dog food and tainted toothpaste. The Chinese themselves, however, have suffered through numerous scandals, albeit many never hear about the danger until it is too late: fake antibiotics leading to the death of children after what should have been routine treatment; laundry detergent mixed into baby formula leading to malnutrition and death for infants; meat and fish products contaminated with chemicals.

Just as Upton Sinclair's book, "The Jungle," and the related articles he published brought about a radical shift in thinking in food safety 100 years ago here in this country, we can say with certainty that a free media and free exchange of ideas not only can improve our lives, it can save our lives. Will a Chinese Upton Sinclair have the opportunity to bring about change in China? I fear not under the current system.

Statement of Tom Harkin, a U.S. Representative from the State of Iowa

I would like to thank the Commission for holding this hearing on access to information in the People's Republic of China, an issue of great importance because of its implications for the trade relationship between the United States and China. Transparency fosters a healthy trade relationship between countries; one of the most critical elements of transparency is allowing a nation to ensure that imports are safe for its consumers. With transparency, when problems with imported goods arise, consumers of those goods can immediately see adequate regulatory action taken in the exporting country, and regulatory officials from both countries can identify areas where improvement is needed and can document the results of actions taken to rectify any problems.

This year, the safety of imported products – especially from China – has been called into question because of a series of well-publicized events that have lead to recalls of large volumes of products. In April, wheat gluten and rice protein concentrate produced in China were found to be laced with a chemical called melamine, used to falsely boost the protein content in the products to command a higher price. This contamination was found after pets in the United States became ill and died, reportedly in the hundreds, from consuming the tainted ingredients in pet food. The contaminated ingredients were also found in animal feed, resulting in human exposure.

In May, toothpaste in the United States and other countries imported from China was found to contain diethylene glycol, an ingredient in antifreeze, prompting officials to warn consumers not to use any toothpaste made in China. In June, 1.5 million toy trains produced in China were recalled because they were manufactured with lead-based paint, and 450,000 tires from China were recalled because they were

defective. Later that month, the U.S. Food and Drug Administration announced a ban on farm-raised eel, shrimp, catfish, basa and dace from China due to contamination with antimicrobial agents not approved in aquaculture production in the United States.

U.S. consumers are not alone in their wariness of products made in China. Panama has experienced perhaps one of the most egregious examples of lack of adequate food and drug safety regulations in China: cough syrup tainted with diethylene glycol – the same ingredient found in toothpaste here in the United States – has led to the deaths of approximately 120 people, with 250 deaths under investigation. To be sure, China is not alone in the production of counterfeit products, or in having problems in its food and drug safety systems. However, the mixed responses from Chinese officials to all of these incidents do not instill confidence in the country's goods. China has promised better oversight and has closed down companies with safety problems, yet at the same time, has blamed affected countries for the counterfeit products, has banned imported products from affected countries, and has widely publicized the execution of a top food and drug safety official who was not involved in recent problems as he was removed from his position in 2005.

China's actions following the incidents highlighted above reveal the lack of transparency in China's regulatory system. It is clear from recent events that China's food, drug, and product safety regulations are in dire need of an overhaul, yet that nation's officials are not forthcoming about what needs to be fixed. Safety problems with products are not documented and made easily accessible, thus keeping the public in the dark regarding what it is consuming, fostering corruption in government, and relieving government officials from taking enforcement action. Although the United States cannot directly fix China's problems, I am interested in receiving recommendations from this Commission on how the United States can work with China to ensure greater access to information surrounding these incidents and thereby to impel China to cure the defects in its safety system for food and other products. Greater transparency in China's food, drug, and product regulations and enforcement actions is a necessary first step to assuring product safety and instilling consumer confidence, both in China and the United States. If this lack of transparency remains, not only will it endanger our trade relationship with China, but it will be to the detriment of consumers around the world.

Statement of Dr. Oded Shenkar, Professor, Fisher School of Management, Ohio State University, Columbus, Ohio

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