



## Media Manipulation Monitor

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Hearing on U.S.-China Relations in 2021: Emerging Risks

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**What you need to know:** China seeks to control the players in its economy. As part of this effort, the Chinese government is increasingly trying to control Chinese companies' involvement in the US market and to retaliate against US companies in China's markets—such as with China's forthcoming anti-sanctions law.<sup>1</sup> A key component of controlling the players is controlling information about the players. China spends billions annually to control its information environment, deploying AI and humans to generate and moderate huge volumes of content. Beijing uses this information control machine to attempt to shape the conversation about the Chinese economy as well as Chinese, US, and other companies in the China and US markets. Distorting economic and financial information makes it difficult for the US government and US companies to make good decisions, because good decision making relies on good data.

**What the data shows:** The Chinese government has pushed the narrative in Chinese media and social platforms that tech companies listed on the NYSE are national security liabilities for China because the US government and US-based investors can demand access to the Chinese companies' data. The Chinese government seeks to crack down on companies and tech leaders, such as Jack Ma, Ant Financial, Alibaba, Didi, and others, who do not fully comply with Beijing's rules and data regulations. Chinese netizens express more support for than opposition to the government's crackdown and have derided US-based tech companies who threatened to pull out of the Hong Kong market. At the same time, the Chinese government has prevented potential dissenting views from forming by censoring news on Chinese social media that suggested these industry leaders' innocence.

**What we recommend:** With such sweeping and sophisticated efforts from China to meddle in markets, control companies, and shape the narrative around its efforts, it is vital to support, combine, and share the data collected across the US government to monitor, evaluate, and disrupt China's information control efforts. Therefore, we recommend that Congress consider:

- **Creating a clearing house aimed at collecting, sharing, and analyzing data about Chinese companies as they operate in US and other non-Chinese markets.** Data will help our government build a clear view of the playing field that they can use to inform timely policies to protect our financial systems and companies and to combat Beijing's

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<sup>1</sup>“Do not mistake delay to anti-sanctions law for Hong Kong as climbdown by China, analysts say, as targeted weapons against Western powers still in works,” South China Morning Post, <https://www.scmp.com/news/hong-kong/politics/article/3145849/do-not-mistake-delay-anti-sanctions-law-hong-kong-climbdown>



efforts to meddle in markets and control the related narrative. This clearing house could work as a central point to understand the evolving threat landscape affecting national financial institutions, strategically important economic sectors and industries, and the American economy as a whole. There may be a partnership opportunity with the National Economic Security and Financial Intelligence Executive.

- **Establishing standards for data collection and protection. Establishing our own standard will help the US lead the ongoing evolution of tech companies' data and privacy standards worldwide—an evolution that China is currently trying to control.** For example, Hong Kong recently passed a new data privacy law that was rejected by US tech companies, including Google, Twitter, and Facebook.

**Background on Thresher's Media Manipulation Monitor (M3) Insights and Data:** Thresher's M3 tracks Chinese government manipulation—such as censorship, propaganda, and inauthentic amplification—of traditional and social media, as well as other types of data. Our system provides a unique look at the PRC's objectives, sensitivities, and vulnerabilities, which we uncover as we monitor what information it seeks to control, silence, and spread online—at home and abroad.

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## **Didi Chuxing: A case study on how the PRC uses information manipulation to advance its economic goals**

The Chinese government is interested in the power and wealth of US capital markets, but wary about the political leverage it gives Chinese companies. Under General Secretary Xi Jinping, the state has increasingly regulated China's private sector to diminish what Xi calls the "disorderly expansion of capital"<sup>2</sup> and decrease foreign influence on China. This regulatory trend gained international attention in July 2021 when Beijing punished one of its tech champions, ride-sharing company Didi Chuxing, for listing on the New York Stock Exchange without the appropriate government offices' approval.

The example of Didi Chuxing offers a case study in how the PRC uses manipulation of social media to advance its economic goals—in this case, attacking a previously lionized domestic tech company for engaging in the US economy in a manner that extends beyond Beijing's control. Our analysis of 250 million Chinese social media posts found the following insights based on the PRC's manipulation patterns during Beijing's July 2021 crackdown on Didi Chuxing's IPO:

**Insight 1:** The Chinese government manipulates social media to try to turn the public against Didi and further its narrative about the need for Beijing to centralize control of tech data policy.

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<sup>2</sup> "China to strengthen anti-monopoly push, prevent disorderly capital expansion," Xinhua, [http://www.xinhuanet.com/english/2021-03/05/c\\_139784906.htm](http://www.xinhuanet.com/english/2021-03/05/c_139784906.htm)



**Insight 2:** Chinese netizens largely support their government's crackdown on Didi and its increased regulation of the tech sector. [Page 5](#)

- Chinese netizens' online behavior indicates they support Beijing's increased regulation of the tech sector to protect data privacy. [Page 6](#)
- Chinese netizens showed greater engagement with government-authored content about app data protection and regulation in 2021 than in years prior on similar content. [Page 7](#)

**Insight 3:** The PRC seeks to downplay the narrative that its regulatory actions introduce new or heightened risk to China markets by censoring alternate narratives and amplifying its propaganda. [Page 7](#)

**Insight 4:** The Chinese government is censoring case details and rumors, attempting to forestall public calls for additional investigations into Didi that may reveal additional concerns or further infractions. [Page 8](#)



## Timeline of Beijing's manipulation of the Didi narrative

**29 June 2021:** Censors removed netizen discussion that Didi gifted many executives large numbers of shares during its IPO. [Very heavy censorship: 51% / 694 interactions](#)

**2–3 July:** Government-affiliated accounts on Chinese social media amplified news that the Central Cyberspace Affairs Commission (CAC) announced an investigation of Didi, purportedly for national security reasons. [Elevated amplification: 172 posts / 176,000 interactions](#)

**2–9 July:** Chinese netizens reacted to news of the Didi crackdown with mostly supportive or neutral sentiment. No significant dissent detected. [14,000 netizen posts / 6 million interactions](#)

**3–4 July:** Censors quashed discussion of Didi's Vice President Li Min denying that Didi granted the US government access to Didi users' data. [Very heavy censorship: 50% / 156,000 interactions](#)

**4–6 July:** Government accounts amplified news of the investigation again, adding that Didi should be removed from app stores in China. [Extensive amplification: 1,055 posts / 2 million interactions](#)

**5 July:** Censors removed netizen discussion about Didi's research lab in California. [Heavy censorship: 13% / 8,900 interactions](#)

**5–7 July:** Chinese netizens expressed derision toward Facebook, Google, and Twitter for threatening to pull out of the Hong Kong market in light of Hong Kong's new Data Privacy Law.<sup>3</sup> [186 netizen posts / 45,000 interactions](#)

**17–19 July:** Government accounts amplified a warning to consumers about how tech companies can trick app users into giving over personal information. [Heavy amplification: 358 posts / 93,000 interactions](#)

**24–25 July:** Censors removed netizens' discussion on Chinese social media that Merrill Lynch and JP Morgan purportedly warned their investors against entering China markets. [Very heavy censorship: 47% / 6,000 interactions](#)

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<sup>3</sup> "Facebook, Twitter, Google Threaten to Quit Hong Kong Over Proposed Data Laws," The Wall Street Journal, <https://www.wsj.com/articles/facebook-twitter-google-warn-planned-hong-kong-tech-law-could-drive-them-out-11625483036>



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## Insight 1: The Chinese government manipulated social media to try to turn the public against Didi and further its data centralization narrative.

The Chinese government amplified the narrative that Didi illegally collected users' personal data while censoring Didi's announcement that it would never hand users' data over to the US government.

- **Amplified:** Chinese government-affiliated social media accounts on 2 July 2021 announced and amplified the narrative that Didi had committed various crimes, in particular regarding users' data privacy. The headlines about Didi Chinese state media amplified most heavily in July 2021 were:

Highest post volume campaigns	Chinese
Cyberspace Administration of China: Remove the Didi app from App stores	国家网信办：#滴滴出行App下架#
CCTV exposes: Cell phone apps that carry three traps. Have you fallen into these traps?	#央视曝App弹窗广告三大陷阱# 你中过招吗？
Seven government departments jointly station in Didi's offices to carry out investigation	#七部门联合进驻滴滴开展网络安全审查#
Remove Didi and these 25 other apps from your stores	#下架滴滴顺风车等25款App#
Cyberspace Administration of China: Take Didi off the [app store] shelves!	国家网信办：滴滴出行，下架！

## Insight 2: Chinese netizens largely support their government's crackdown on Didi and increased regulation of the tech sector.

Chinese netizens expressed support for the government's narrative that Didi provided, or might provide, user data to the US government in order to list on the New York Stock Exchange. Chinese netizens support the government's crackdown on Didi as a measure that protects China from US influence.



- **Netizens expressed support.** A random sample from 6,000 netizen posts showed 56% expressing neutral sentiment toward the Didi crackdown and 44% expressing support. Nearly no posts expressed dissent.
- **We assess that the lack of detected dissent was not due to censorship.** M3 algorithms and data collection methods reveal PRC efforts to remove content that expresses disapproval of government action; in this case, M3 did not detect censorship of dissenting opinions.
- **However, censors removed news that might have fueled dissent.** On 3 July, China's internet authorities censored news that Didi's Vice President Li Min said Didi would never hand users' data over to the US government, aiming to limit content that undermined Beijing's claims that Didi had violated data privacy standards.
  - Netizens expressed mixed opinions about the credibility of Li's statement, with some saying it was impossible to give the US access to data stored in China and others saying that Li was lying to defend himself.
  - This news was widely discussed and heavily censored, making it among the top 5% of most manipulated discussions on Chinese social media in 2021.

**Chinese netizens support the increased regulation of the tech sector to protect data privacy.** There is little debate on Chinese social media about the pros and cons of increased government regulation of the tech sector because Chinese netizens are accustomed to the concept of government control but are wary of private sector overreach.

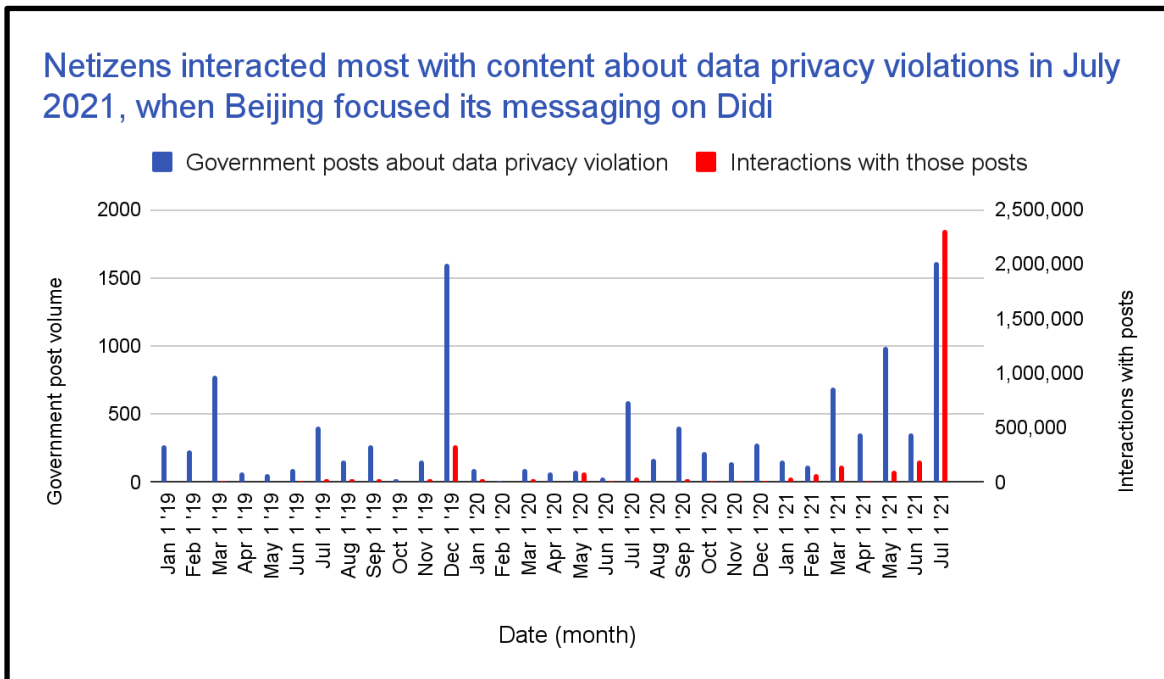
- M3 detected no netizen discussions in July 2021 that expressed concern about Chinese government access to private data, but netizens did express concern about potential US government access to Chinese data. (Any censored conversations would have been captured by M3.)
- Netizens expressed derision toward Facebook, Google, and Twitter on 5–7 July 2021 for opposing the Hong Kong data privacy law. Many expressed hope that these three US companies would pull out of Hong Kong, opening the market for Chinese competitors and depriving democracy advocates—who many mainland Chinese netizens see as separatists—of an online forum.

**Chinese netizens showed greater engagement with government-authored content about app data protection and regulation in 2021 than in years prior on similar content.**

Beijing has launched several crackdowns on hundreds of apps that violate users' privacy in the past few years, typically on apps that are not market leaders. Chinese government accounts have authored 10,800 posts about apps violating users' data privacy since 1 January 2019. Netizen engagement peaked when Beijing targeted Didi.



- In December 2019, Beijing launched a campaign against apps that violated users' data privacy, removing 100 apps from the market and educating the public about how to spot violations.
- In July 2020, Beijing launched another campaign, removing 260 apps from the market for user data privacy violations.
- Beijing ramped up its warnings and admonishments of user privacy violations in 2021 Q1 and Q2, but netizen engagement increased twenty-fold when Didi became the target.



### Insight 3: The PRC seeks to downplay the narrative that its regulatory actions introduce new or heightened risk to China markets.

While most Chinese netizens agree with the crackdown on Didi and do not oppose government-led data regulation, debate exists on Chinese social media regarding the speed of Chinese government regulations and its economic repercussions.

- On 24–25 July 2021, China's censors quashed netizen discussion about the US investment management companies Merrill Lynch and JP Morgan, which purportedly issued warnings about China investment risk due to the Chinese government's unpredictability. Censors removed the narrative that Beijing's actions introduce new or heightened risk to China markets.



## Insight 4: The Chinese government is censoring Didi case details and rumors to cut off public demand for more investigations into the company.

China's internet authorities censored rumors about Didi's specific wrongdoings beyond "the serious violation of the illegal collection of personal information"<sup>4</sup>—as Beijing currently describes the crime—to prevent the public from demanding the government investigate specific aspects of the Didi case. Open discussion of specific case details and rumors, such as Didi giving away shares and its research lab in the US, likely would make the government's messaging around the Didi case more difficult—for example, if it turns out that government officials were involved.

**Context:** The Chinese government frequently obfuscates details of legal cases to prevent public inquiry that might result in citizens demanding the government take certain actions, whether stronger or softer on the defendant.

### Data:

- Censors on 29 June—the day before Didi's IPO—removed netizen discussion that said Didi had gifted many of its executives large shares of the company. Censors removed this discussion to quell netizen anger about unequal distribution of wealth and corporate cronyism, in particular regarding large tech companies. **Very heavy censorship: 51%**
- Censors on 5 July—a few days after the government kicked off its crackdown on Didi—removed netizen discussion about Didi's research lab in California. Some netizens surmised that the lab had access to Chinese government officials' private data and that the lab's location in California meant the US also had access to that data. Censors removed these posts probably to avoid netizen demands that Beijing force Didi to close down the California lab, either because China seeks to maintain access to US talent and technology or because it is developing a plan to bring overseas companies home but not ready to act.<sup>5</sup> **Heavy censorship: 12%**

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<sup>4</sup> “严重违法违规收集使用个人信息问题”

<sup>5</sup> “What is China's 'battle for data' and who will be targeted next?,” California News Times, <https://californianewstimes.com/what-is-chinas-battle-for-data-and-who-will-be-targeted-next/461195/>