SECTION 3: CHINA'S DOMESTIC STABILITY

Introduction

Twenty-five years after the Tiananmen Square massacre, many of the same underlying causes of unrest persist today. Land seizures, labor disputes, wide-scale corruption, cultural and religious repression, and environmental degradation have led to hundreds of thousands of localized protests annually throughout China since 2010. The Chinese leadership has consistently responded to increased unrest with repression, censorship, and, occasionally, limited accommodation. Over the past year, ethnic unrest escalated in response to excessive force by China’s internal security forces and the growing radicalization of disenfranchised Uyghurs in the Xinjiang Uyghur Autonomous Region. Militant Uyghur separatists also shifted their tactics from attacking Chinese authorities to targeting civilians and public spaces.

President Xi Jinping, like his predecessors, has made the preservation of Chinese Communist Party (CCP) rule and domestic stability his top priorities. He has issued a series of policy directives and institutional changes to centralize the domestic stability maintenance apparatus under his personal oversight and to expand its scope and capabilities.

The growth of Internet connectivity and social media in China has provided Chinese citizens with new tools to express grievances and organize larger, more numerous, and better coordinated protests. To contain this rising threat to authority, President Xi has instituted new constraints on Internet criticism of the CCP, launched high-profile judicial cases against popular online commentators and advocates, and further tightened news media and Internet controls.

This section—based on a Commission hearing in May 2014 on China’s domestic stability and briefings by U.S. and foreign government officials and outside experts throughout 2014—examines the economic, political, and social tensions that contribute to unrest in China; China’s response to its internal security challenges; and China’s use of media and information controls to contain domestic unrest and manage public opinion. The section concludes with a discussion of the implications of China’s domestic stability and information controls for the United States.

Unrest in China

Because the Chinese government suppresses information about unrest, official statistics on the number of protests in China are difficult to obtain, dated, and often unreliable. Murray Scot Tanner, senior research scientist at CNA, noted in his written statement at the Commission’s May hearing, “In recent years the picture has been harder to track, as Chinese authorities have made it harder
to obtain [this] data, even within their law enforcement system.”

Despite these limitations, a review of information released by China’s Ministry of Public Security (MPS), state-affiliated academic institutions, and official Chinese press reports shows broad trends. Based on figures from the MPS, the number of “mass incidents” grew in number from 8,700 in 1993 to more than 120,000 in 2008. Growth in the number of incidents occurred despite major increases in domestic security budgets and personnel to suppress unrest. More recent data from state-related academic institutions underscore the high level of unrest. Zhu Lijia, director of the public research department of the Chinese Academy of Governance, stated the number of “mass incidents” doubled from 2006 to reach 180,000 in 2010. In 2012, the Chinese Academy of Social Sciences found “mass incidents” regularly exceed 100,000 per year. Based on data of other social unrest indicators from the MPS, Dr. Tanner found that after a sustained increase of two decades, unrest remains at a high level but “may have plateaued somewhat in the past 3–4 years.”

Restrictions on Protests in China

In response to domestic unrest, local governments employ a mixture of repression and concessions. The Chinese government suppresses public protests and dissent through use of internal security forces, legal and extralegal measures, and censorship. (For more information on these measures, see “China’s Responses to Unrest” later in this section). Local governments also use direct bargaining, co-option of protest leaders and participants, and bureaucratic measures such as the imposition of excessive paperwork to register protests. Since 2008, local governments increasingly buy stability through cash payments to protestors and employment opportunities for protest leaders. As a result of local governments’ suppression of unrest and concessionary tactics, “an estimated 80 percent of incidents of large scale unrest from 1995 to 2006 were resolved entirely at the subnational level,” Steve Hess, assistant professor of political science at University of Bridgeport, told the Commission at its May hearing.

Protests in China

Most “mass incidents” remain local, issue-specific, and temporary forms of unrest. According to Dr. Hess, “these actions are: framed around material and issue-specific grievances; lack broad and coordinated coalitions of social actors who are based in diverse societal and economic sectors and geographic localities; and target particular local officials.”

Lawsuits and petitioning are two official channels for Chinese citizens to redress grievances, but these efforts are largely unsuccessful. Public interest lawyers have cited laws and regulations to
advocate for deeper changes in the legal system and strengthen citizens’ rights. Here, too, success is limited. In the few trials that have occurred, local CCP officials with interests in the outcome of a particular case often advised the presiding judge on the trial’s verdict.

Official petitioning, derived from Chinese Imperial rule, provides citizens an avenue to register formal complaints through local petition offices. However, local officials are at times the offending party or complicit with the offender. In response, petitioners often attempt to appeal to national authorities in Beijing, but local officials, whose career advancement in the CCP partly depends on their record promoting domestic stability, often detain citizens in “black jails” before they can reach central government officials. In April 2014, the Chinese government announced changes to the national petitioning system to ban non-Beijing residents from submitting petitions to Beijing. This ban restricts one of the main channels petitioners use to seek redress and may further increase frustration.

The lack of satisfactory channels for redress has led some disgruntled citizens to take direct action against local government officials. Chinese citizens are increasingly organizing larger, more numerous, and better coordinated demonstrations, sometimes involving tens of thousands of protesters. According to Xi Chen, political science professor at the University of North Carolina, these dissatisfied citizens have been able to extract gains from the government by using “troublemaking” tactics: gathering in large numbers, disrupting government operations, marching, conducting sit-ins, and displaying banners with slogans. The success of these tactics remains dependent on the publicity and size of the demonstration, resulting in the common maxim, “Big disturbance, big resolution; small disturbance, small resolution; no disturbance, no resolution.”

The growth in Internet connectivity and social media has provided dissatisfied citizens a new organizational tool and venue for airing grievances to a broader audience. Social media lowers organizational and communication costs, accelerates transmission of information, and broadens disgruntled citizens’ exposure to information outside of official state media channels while expanding their reach. In January 2013, a report by the state-run Legal Daily found that citizens used Weibo, a social media tool, to organize protests in approximately 13 percent of “mass incidents” in 2012. In March 2014, citizens harnessed social media to call attention to protests, involving more than 10,000 people, over the expansion of a paraxylene (PX) factory in Maoming, Guangdong.

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14 The Legal Daily is under the CCP’s Central Politics and Law Commission.
15 Weibo, a microblogging service launched by Sina in August 2009, was one of the first major social media platforms in China.
16 Paraxylene is a chemical used in manufacturing plastic bottles and polyester clothing. The U.S. Environmental Protection Agency found that long-term exposure to paraxylene can harm the respiratory, cardiovascular, kidney, and central nervous systems. Chevron Phillips, “Paraxylene Production Process.”
Province, and subsequent violent crackdown.\textsuperscript{20} Although eventually censored, posts of the Maoming protests became one of the most discussed topics on social media, leading to smaller sympathetic protests in other cities in Guangdong.\textsuperscript{21}

The ability to translate online dissent into action remains limited by citizens’ unwillingness to risk their job, family, or personal safety to protest. Gao Zhisheng, a human rights lawyer who China’s Ministry of Justice named one of the top ten Chinese lawyers in 2001, was recently released from a nine-year jail sentence, where he faced torture, solitary confinement, and malnutrition, for advocating on behalf of Falun Gong practitioners.\textsuperscript{22} In addition, authorities threatened his children, leading him to confess to subversion charges in 2006; authorities harassed and kept him and his family under 24-hour surveillance until his family’s escape to the United States in 2009.\textsuperscript{23}

The Chinese leadership still fears the potential for a sudden national movement and closely monitors and censors social media and the Internet (see “Internet and Social Media Censorship Controls” later in this section). The recent crackdown on Chinese citizens’ pro-democracy remarks and online support for protests in Hong Kong, known as the Umbrella Revolution, demonstrates the CCP’s concern.\textsuperscript{24} Social media and Internet monitoring provides the Chinese government with the identity, location, and network of activist citizens and the leadership of any movement.\textsuperscript{25} More recently, the Chinese government reportedly released a sophisticated phishing attack through a fake application to gain access to Hong Kong protesters’ personal data, phone calls, messages, and location.\textsuperscript{26}

Protestors who express pro-democracy sentiments, share strategies, or attempt to organize demonstrations outside of local or provincial jurisdictions face censorship, arrest, and imprisonment. For example, the Chinese government detained Zhang Zhiru, a prominent Chinese labor activist, for attempting to assist striking workers at Yue Yuen Industrial Holdings, and arrested his colleague, Lin Dong, for communicating with Yue Yuen workers about another strike through QQ, one of China’s most popular instant messaging services.\textsuperscript{27}

**Underlying Causes of Unrest**

Following the Tiananmen Square massacre, the CCP made an implied “grand bargain” with its citizens to reestablish its legitimacy—economic development and a higher quality of life in exchange for relinquishing political freedom.\textsuperscript{28} Since then, the Party has sought to institutionalize this bargain through policies focused on driving economic growth and a patriotic education campaign.\textsuperscript{8} In the last year, several high-level officials have reiterated the CCP’s central role in government. President Xi cautioned that China should not pursue alternative government structures “be-
cause it would not fit us and it might even lead to catastrophic consequences.30

High economic growth rates since the 1980s have raised more than 600 million Chinese citizens out of poverty.30 This rapid economic growth has contributed to a burgeoning and more mobile middle class, an increasingly active and educated young population, and rising public expectations for enhanced quality of life and employment. Simultaneously, China’s changing demographic composition and aging labor force are placing strains on workers, employers, families, and the economy.

Heightened public awareness combined with the growth of Internet connectivity has spurred demonstrations seeking fair compensation for seized land, enforcement of basic labor rights and safe working conditions, equal access to government services, and greater ability to worship. In addition, understanding of the public health risks from severe pollution has contributed to the recent growth in environmental protests. Pervasive corruption exacerbates these concerns.

Although estimates differ, Chinese academics and the U.S. government agree that the two most common causes of “mass incidents” are disputes over labor and land.31 Based on a review of media reports, the U.S. government’s Open Source Center found land and labor disputes accounted for 46 percent of publicly reported “mass incidents” in 2013 and 52 percent in the first half of 2014.32 A 2014 report by the Chinese Academy of Social Sciences similarly found labor disputes and land seizures were the largest causes of “mass incidents”† from January 2000 to September 2013.33

Demographic Challenges

China’s one-child policy that was enacted a generation ago has resulted in a rapid drop in birth rates and the appearance of a new family structure. The “4–2–1” families—consisting of four grandparents, two parents, and one child—have contributed to a rise in household spending on education.34 This family structure, along with insufficient social safety nets, shifts financial burdens eventually to the youngest generation to support their retired parents and grandparents.35 By 2050, approximately a third of China’s population will be 60 years or older—compared with 27 percent in the United States.36 In addition, the one-child policy has distorted gender ratios as Chinese mothers have decided to carry more males than females to full term. By 2020, China will have 30 million more men than women.37 This excess of young, unmarried men has contributed to increases in crime, prostitution, mail-order marriages, and human trafficking.38

Finally, the emergence of a middle class over the last two decades has resulted in more voices pushing for clean air and water, safe food and drugs, and better employment for their children.39 Grandparents and parents have heavily invested in their children’s

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*Open Source Center figures underestimate the scale of unrest because “mass incidents” in China are largely unreported in rural areas and censored by local governments. Despite this limitation, the similar findings of both the Open Source Center and Chinese Academy of Social Sciences suggest broad trends.

†In this particular report, “mass incidents” were defined as protests involving more than 100 people.
education over the last ten years, creating a more educated and skilled workforce. The number of university graduates grew from less than a million in 1999 to nearly 7 million in 2014. At the same time, the job market for these aspirants has not kept pace with this shift, creating a glut of low-income university graduates. Too proud or embarrassed to work in factories, these graduates face higher unemployment and lower wage growth than migrants. A 2014 Peking University survey found more than one-third of recent Chinese graduates rely on their parents for financial support after graduation.

In part to address these issues, the CCP pledged to relax China’s one-child policy in the Third Plenum of the 18th CCP Central Committee in November 2013 and allow select families to have a second child. However, relaxation of the one-child policy is a long-term solution and will not address the near-term financial burdens of an aging population.

**Land Seizures**

Compulsory seizures or acquisitions of land remains one of the most common and contentious sources of unrest. Throughout the country, localized disputes occur over inadequate compensation, forced demolition of ancestral homes, and the diversion of money into the pockets of local officials. Land disputes accounted for roughly 25 percent of unrest between January 2013 and June 2014, according to Open Source Center analysis of Chinese and overseas Chinese media. Local governments under the guise of furthering economic development seize land at reduced prices and then resell at a higher rate to factory owners or real estate developers. The price difference is either skimmed by local officials or directed into the local government’s treasury. These sales generate roughly 60 percent of local government budgets. According to the 2010 Nationwide Survey on Rural Land Rights, farmers were unsatisfied in 58 percent of reported land seizures due to low compensation or an unfair process. These seizures occurred despite a central government policy that no overall reduction of agricultural land is allowed and compensation to farmers is to be fair and equitable. A 2014 report by the World Bank found that farmers’ compensation was generally 15 to 20 percent of the market price. Despite attempts by the central government to rein in these seizures through audits and directives, land sales grew 45 percent between 2012 and 2013, reaching an estimated renminbi (RMB) 4 trillion (approximately $645 billion). A 2014 report by the Central Commission for Discipline Inspection (CCDI), the CCP’s anticorruption agency, found illegal land seizures and real estate corruption in 20 of the 21 provinces visited, accounting for 95 percent of all inspections.

**Labor Disputes**

Independent labor unions, which might be expected to advocate on behalf of workers and farmers, do not exist in China. Weak enforcement of basic rights and safe working conditions, the absence

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of collective bargaining and freedom of association, and the inaction of the state-run All-China Federation of Trade Unions (ACFTU) have fostered worker unrest in China. Chinese workers remain largely unable to resolve disputes with employers over low compensation, wage and benefit arrears, factory closures or relocations, and poor working conditions. Migrants from rural areas are particularly vulnerable to exploitation. The ACFTU, an organization under direct CCP control, oversees all representational activity. Workers and most labor experts view the ACFTU as largely ineffective in representing workers’ grievances due to appointment of ACFTU officials by employers and strong CCP control. Attempts to organize outside of the ACFTU are largely suppressed. Local governments are reluctant to step in to protect workers’ rights, which could impact economic growth, employment, and investment. As a result, local governments force negotiated settlements through a mixture of threats of imprisonment, detention, or violence. The China Labor Bulletin, a Hong Kong-based nongovernmental labor rights organization, found that police intervened in approximately 20 percent of the 1,171 recorded wildcat strikes and protests between January 2012 and December 2013, with a noticeable increase in the second half of 2013. Negotiated settlements generally improve compensation for workers but provide little protection for strike leaders, who are generally sacked shortly after the dispute is settled.

Despite tight restrictions, Chinese workers have increasingly held strikes and protests, emboldened by their ability to harness social media and the passage of labor-related legislation in 2008 and 2010. Social media provides a new tool to mobilize and share information on employment conditions and opportunities, allowing workers to compare their conditions and to pursue higher wages. Public debates prior to the passage of legislation in 2008 and 2010 educated the labor force on their legal rights. Furthermore, growing labor shortages caused by the decline in the absolute number of working-age people in China since 2012 have strengthened workers’ bargaining power. As a result, the number of labor disputes reported by the Chinese government increased 50 percent since 2008 (see Figure 1). In April 2014, 40,000 workers at Yue Yuen Industrial Holdings, a supplier for Nike, Adidas, and other international companies, held a two-week strike over retirement benefits and low wages, representing one of the largest labor protests since the 1970s. While these protests are generally unsuccessful, continued labor shortages, soaring living costs, and expectations for

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10 For example, the Chinese government detained Wu Guijin for a year after his involvement in leading a mass protest in Shenzhen over compensation regarding the relocation of a foreign-owned factory. Geoffrey Crothall, “In China, Labor Activism Is Waking Up,” South China Morning Post (Hong Kong), May 1, 2014. http://www.scmp.com/comment/insight-opinion/article/1500631/china-labour-activism-waking.
enhanced retirement benefits as the first wave of migrant workers reaches middle age could spur more disputes.\textsuperscript{65}

\textbf{Figure 1: Total Labor Disputes Handled in China, 2001–2012}

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\caption{Total Labor Disputes Handled in China, 2001–2012}
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\section*{Rural-Urban Divide}

China is undergoing the world’s largest rural to urban migration, placing further strains on families. Over the last three decades, 260 million migrants have moved from rural to urban areas, responding, in part, to government programs that seek to boost growth through urbanization.\textsuperscript{66} However, cities have not developed programs to care for the new city-dwellers due to China’s residency permit system, the \textit{hukou}.\textsuperscript{6} The \textit{hukou} system is hereditary and establishes eligibility for employment opportunities, compensation, and access to government services such as education, healthcare, and housing. Changing the location of one’s \textit{hukou} is very difficult, thereby linking migrants perpetually to the rural areas from which they originated.\textsuperscript{67} Currently, 54 percent of China’s population resides in urban areas but only 36 percent of the population has an urban residency permit.\textsuperscript{68} Urban residents without a permit have limited access to government services, creating a permanent underclass and worsening the rural-urban divide. In some cases, children are left with grandparents or on their own as their parents live and work far away.\textsuperscript{69}

Then President Hu Jintao aggressively sought to reduce this rural-urban divide and increase economic opportunities by shifting economic development to inland provinces, eliminating the agricultural tax for farmers, building rural health clinics and subsidized

\textsuperscript{6}For more information on the \textit{hukou} system, see U.S.-China Economic and Security Review Commission, Chapter 2, Section 5, “China’s Internal Dilemmas,” 2011 \textit{Annual Report to Congress}, November 2011, pp. 115–119.
housing, and supporting more lenient policies toward migrant workers. For example, the Chinese government made significant strides in reducing the healthcare disparity between rural and urban areas, but the government has not been able to overcome soaring medical costs and overcrowding at large hospitals. (For more information, see Chapter 1, Section 3, “China’s Health Care Industry, Drug Safety, and Market Access for U.S. Medical Goods and Services.”) In July, the Chinese government under the leadership of President Xi issued a proposal to loosen hukou restrictions with a goal of reallocating 100 million rural residents to urban areas by 2020. But the plan faces pushback from municipal governments and urban residents, who are concerned over an erosion of service quality and additional costs from an influx of millions of migrants into the system.

Religious Repression

Since its inception in 1999, the U.S. Commission on International Religious Freedom has found systematic and egregious violations of religious freedom in China. The Chinese government maintains tight restrictions on Islam, Tibetan Buddhism, Falun Gong, Catholicism, and Protestantism, through harassing leaders, arresting and detaining practitioners, destroying property, and restricting the dissemination of religious materials. In May 2014, China’s first national security “blue book” designated religion as a serious threat to its national security.

Islam: In Xinjiang, Chinese officials regulate the appointment of religious leaders, conduct surveillance of mosques and practitioners, and detain and arrest practitioners. They also restrict overseas pilgrimages, forbid the observance of Ramadan, and prohibit minors from entering mosques. In 2014, the Chinese government strengthened its ban on men growing long beards, women wearing face-covering veils, and the education of children in religious schools. Since August, the CCP has claimed that it “rescued” nearly 300 children from religious education and detained at least 85 people in connection with the religious schools.

Tibetan Buddhism: The Chinese government maintains sole authority for the selection and education of Tibetan Buddhist lamas, regularly denigrates the Dalai Lama, Tibet’s spiritual leader, and...
rests and detains practitioners, and restricts overseas travel and observance of religious festivals or ceremonies. In addition, the Chinese government interferes with Tibetan Buddhist religious study to include: assigning government and CCP officials to monastery management, locating police stations or security offices on or near monasteries, restricting movement of nuns and monks between monasteries, and forcing participation in “patriotic education” campaigns.

**Falun Gong:** The Chinese government maintains a nationwide campaign to curb the growth of the Falun Gong, a meditation-based spiritual movement, through arbitrary detention, torture, psychiatric abuse, and arrest of practitioners as well as harassment of lawyers who attempt to represent them.

**Christianity:** In the last year, the Chinese government implemented more restrictions on Christianity, which it had previously tolerated through informal understandings and self-censorship between officials and practitioners. Estimates in 2011 placed the number of Christians in China at 60 million with the largest Christian concentrations in Anhui, Fujian, Henan, Jiangsu, and Zhejiang provinces. In April, Professor Fenggang Yang at Purdue University claimed the number of Christians in China will reach 247 million by 2030, making it the largest Christian population in the world. The Chinese government has sought to rein in the public profile and growth of Christianity since early 2014 by demolishing 163 churches and removing crosses or other signs of Christian faith in Zhejiang Province. Catholics have reported church demolitions in Anhui and Henan provinces. In August, the State Administration for Religious Affairs announced that it will construct its own Christian belief system to “adapt to China’s national condition and integrate with Chinese culture.” With the rapid growth of Christianity in China, standoffs between practitioners and officials likely will increase.

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* A cornerstone of Tibetan Buddhist religious education is receiving training from theological experts in various monasteries and religious sites, but restrictions on movement limit the quality and continuity of monastic study.


Environmental and Health Concerns

Greater public awareness of the effects of severe environmental degradation and threats to public health from food and pharmaceutical impurities has led Chinese citizens to demand greater governmental action. Recent official reports, including the first nationwide survey on soil pollution, found that one-fifth of China’s arable land and 60 percent of the country’s water is polluted. The Yale 2014 Environmental Performance Index found Chinese citizens’ exposure to fine particulate matter (PM2.5) the highest in the world, ranking last in a list of 178 countries. Furthermore, the Ministry of Environmental Protection found that only 9 out of 161 cities met the new urban air quality standards for the first half of 2014. This degradation contaminates land, water, and air, posing significant health risks for Chinese citizens. (For an in-depth background on food and health safety challenges in China, see Chapter 1, Section 3, “China’s Healthcare Industry, Drug Safety, and Market Access for U.S. Medical Goods and Services.”)

Public alarm over these health risks and ineffective mechanisms to address these concerns has led to online activism and large-scale protests involving thousands of participants from various socioeconomic classes. The Open Source Center found that the number of environmental protests grew from at least 47 incidents in 2013 to 72 incidents in just the first half of 2014. This increase is partially attributed to a series of environmental protests† against construction of PX factories‡.

Public anger at hazardous levels of air pollution reached a tipping point in 2013 and forced the Chinese government to dedicate additional resources and to allow wider coverage of the issue by official media. The 12th Five-Year Plan on Environmental Protection allocated RMB 3.4 trillion (approximately $546.3 billion) for environmental protection, and the State Council dedicated RMB 1.7 trillion (nearly $277 billion) to reduce air pollution by 2017. Furthermore, Premier Li Keqiang “declared war” on pollution in March 2014 at the National People’s Congress. In April, the National People’s Congress passed amendments to the Environmental Protection Law, which increase penalties for violations, strengthen environmental agencies’ enforcement capability, and hold local governments accountable for their jurisdiction’s environmental quality.

However, environmental and health damage will remain an issue due to lax enforcement and restrictions on the creation of cross-provincial or national environmental nongovernmental organizations (NGOs). Local officials are reluctant to implement environmental laws and regulations that reduce economic growth or otherwise hinder officials’ promotion prospects within the CCP. In addition,

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87 PM2.5 is made up of metal, organic chemical, acid, soil or dust, and allergen particulates measuring 2.5 micrometers or smaller in diameter. Excessive exposure to PM2.5 aggravates existing heart and lung disease and is linked to higher incidences of heart attacks, asthma attacks, and bronchitis. U.S. Environmental Protection Agency, “Basic Information,” http://www.epa.gov/airquality/particlepollution/designations/basicinfo.htm.
88 Protests against the construction of PX factories have occurred in Xiamen in 2007, Dalian in 2011, Ningbo in 2012, Kunming in 2013, Pengzhou in 2013, and Maoming in 2014.
89 These figures are based on limited Chinese, Hong Kong, and other media reporting, which likely underestimate the scale of environmental protests in China due to censorship and the remote location of such protests. Open Source Center, China: Anti-PX Protests Raise Social Tension, Impede PX Production, April 16, 2014. ID: CHR2014041629988268.
90 Public alarm over these health risks and ineffective mechanisms to address these concerns has led to online activism and large-scale protests† against construction of PX factories‡.
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local environmental regulators not only lack significant personnel and financial resources but also rely on local governments rather than the Ministry of Environmental Protection for funding, thus creating a weak regulatory system vulnerable to political pressure.\textsuperscript{97} Citizens who attempt to increase public oversight of polluting firms risk harassment or arrest.\textsuperscript{98} Furthermore, restrictions on registering and funding NGOs hamper the development of national or regional environmental NGOs, limiting the ability of the public to challenge vested state and industry interests.\textsuperscript{99}

**Wide-Scale Corruption**

Wide-scale corruption continues to erode the CCP's legitimacy to its citizens. Small-scale profiteering has been augmented by the exploitation of critical economic factors such as land, promotions, investment funds, loans, permits, and construction. This profiteering is increasingly seeping into everyday life for Chinese citizens. Bribes are becoming a prerequisite for access to social services, entry into the best schools, and care in public hospitals. In Beijing, the best public education costs more than double the average annual salary—despite regulations guaranteeing free public education.\textsuperscript{100} The frequency of embezzlement and bribes in new infrastructure projects has resulted in poor construction.\textsuperscript{8} According to a statement by Qiu Baoxing, vice minister of the Ministry of Housing and Urban-Rural Development, in 2010, the average life expectancy\textsuperscript{†} of a Chinese building is 25–30 years compared with 74 years in the United States.\textsuperscript{101} Furthermore, increases in defense spending have created more opportunities for illicit activity by military units responsible for procurement, logistics, and fiscal management.\textsuperscript{102}

Patronage within the military has become institutionalized with lower level officials providing gifts and business deals to higher level officials in return for promotions and assignments.\textsuperscript{103} In 2014, recruits generally paid between RMB 50,000 and 100,000 (roughly $8,000 to $16,000), depending on their family's connections, to ensure an entry-level position in the People's Liberation Army that paid an annual salary of around RMB 20,000 (approximately $3,000).\textsuperscript{104} Consideration for higher level positions requires bribes worth hundreds of thousands of dollars.\textsuperscript{105} Once in these higher level positions, officials expect to receive millions of dollars in bribes for promotions and appointments of subordinates, kickbacks from procurement, and the embezzlement of public funds.\textsuperscript{106} Xu Caihou, former vice chairman of the Central Military Commission, reportedly received RMB 35 million (an estimated $6 million) for promotions from his subordinate Gu Junshan, then People's Liberation Army deputy logistics chief.\textsuperscript{107} Gu Junshan benefited from these promotions, receiving RMB 120 billion (roughly $20 million)
in kickbacks for selling military-owned land in Shanghai for commercial development and distributing more than 400 homes, including more than 10 apartments in an expensive neighborhood in Beijing, as gifts to friends and allies.\textsuperscript{108}

In response, President Xi launched an anticorruption campaign shortly after taking office in 2012. Although leadership transitions in the past have often led to anticorruption crackdowns, recent developments demonstrate that President Xi’s campaign is wider in breadth and larger in scope than previous campaigns in the last three decades.\textsuperscript{109} In 2013, 182,000 party officials of the roughly 80 million CCP members were investigated.\textsuperscript{*} In 2014, the CCDI more aggressively expanded investigations. From January to May 2014, the CCDI disciplined nearly 63,000 officials, a 35 percent year-on-year increase.\textsuperscript{110}

\textbf{‘Fire Chief Wang’— Leading China’s Anticorruption Campaign}

At the helm of Xi Jinping’s anticorruption campaign is the head of the CCP CCDI and member of the Politburo Standing Committee, Wang Qishan. Known colloquially in China as “Fire Chief Wang” for his frequent role as crisis manager, Wang holds a reputation in China “as a leader who is capable and trustworthy.”\textsuperscript{111} For example, in 2004, Wang was appointed to serve as mayor of Beijing to help address the severe acute respiratory syndrome (SARS) crisis.\textsuperscript{112}

Wang’s background indicates he is a powerful figure aligned with President Xi. Cheng Li, director of the John L. Thornton China Center at The Brookings Institution, estimates that Wang is the second most powerful figure in China after Xi Jinping.\textsuperscript{113} Li notes that Wang Qishan and Xi Jinping have been close friends for over 40 years. The two were classmates and study partners as early as 1979.\textsuperscript{114} In terms of Wang’s politics, Brookings’ biography of Wang describes him as “likely [to] promote the development of foreign investment and trade, the liberalization of China’s financial system, and tax-revenue reforms.”\textsuperscript{115} Brookings’ analysis cites Wang’s leadership roles in key Chinese banks and financial regulatory bodies prior to and during the 1997 Asian financial crisis. Wang served as vice governor of the People’s Bank of China (PBOC) and governor of China’s Construction Bank. From 2000 to 2003, Wang also served as the director of the State Council General Office of Economic Reform.\textsuperscript{116}

‘Fire Chief Wang’—
Leading China’s Anticorruption Campaign—Continued

During his administration of the CCDI, Wang has shown that the current leadership in China is serious about cracking down on corruption, at least among Xi’s political enemies. In what was considered his boldest move, Wang successfully proposed a controversial policy to allow investigation of current and retired members of the Politburo Standing Committee.\textsuperscript{117} The change seemed to be a prerequisite for Wang and the CCDI to target the former Politburo Standing Committee member Zhou Yongkang, who is a key political adversary to Xi Jinping.\textsuperscript{118} While Wang’s actions may be construed to mean that he is paving the way for Xi to implement the true economic reforms he has promised, some analysts speculate that Wang’s own history as a princeling through marriage\textsuperscript{*} and his strong ties with major state-owned enterprises indicate that he may favor state monopoly over a greater role for the market in China’s economy.\textsuperscript{119}

Further diverging from previous anticorruption campaigns, the current campaign has targeted greater numbers of high-level officials within the CCP, military, and state-owned enterprises to include: Zhou Yongkang, former Politburo Standing Committee member and secretary of the CCP’s Central Politics and Law Commission;\textsuperscript{†} Xu Caihou, vice chairman of the Central Military Commission under then President Hu; and Jiang Jiemin, the former chairman of China National Petroleum Corporation (CNPC).\textsuperscript{120} Zhou, highly influential in the petroleum sector and domestic security apparatus, became the first current or retired member of the Politburo Standing Committee to be investigated in over three decades.\textsuperscript{121} Xu, the most powerful uniformed military official under President Hu, became the highest-ranking PLA officer to be expelled from the CCP in nearly three decades.\textsuperscript{122} Both Zhou and Xu are linked to the disgraced Chongqing party boss Bo Xilai, who was expelled from the CCP and sentenced to life in prison in 2013.\textsuperscript{123}

The anticorruption campaign has also targeted high-level officials at powerful state-owned enterprises, such as the CNPC, China’s largest national oil company. China’s National Audit Office uncovered 35 cases of bribery and embezzlement at various state-owned enterprises earlier this year and in June reported fraud in 11 state-owned enterprises.\textsuperscript{124} Shortly after, the CCP expelled Jiang Jiemin, the former chairman of CNPC, and Wang Yongchun, the former vice general manager of CNPC.\textsuperscript{125} In total, the CCDI has found 67


high-level officials at state-owned enterprises guilty of corruption, including 38 executives.\textsuperscript{126}

Additionally, the Chinese government has widened the anticorruption campaign to target “naked officials,” who remain in China while sending their children or spouses, usually along with ill-gotten assets, abroad.\textsuperscript{127} The Chinese Academy of Social Sciences estimated that between 1995 and 2008, 20,000 officials fled abroad with $130 billion in assets.\textsuperscript{128} In January, the Organization Department of the CCP’s Central Committee \textsuperscript{9} issued regulations that prohibited “naked officials,” who are viewed as a flight risk, from promotions within the CCP.\textsuperscript{129} In July, Wang Qishan directed CCDI investigators to pursue “naked officials” and dispatched inspection teams in July to ten provinces to identify such officials as part of its broader corruption investigations.\textsuperscript{130} Later that month, the Guangdong provincial government identified 2,190 “naked officials,” resulting in the removal of 866 officials from their posts.\textsuperscript{131}

In September, Cao Jianming, the Procurator-General of the Supreme People’s Procuratorate, announced a six-month campaign in pursuit of suspects of corruption who fled abroad through extradition, repatriation, and persuasion.\textsuperscript{132} The Chinese government in 2013 extradited 762 suspects and recovered $1.7 billion in property and funds.\textsuperscript{133} This year, more than 400 suspects of corruption were either extradited or volunteered to return to China to turn themselves in.\textsuperscript{134} Chinese official media reported that more than 150 corrupt Chinese officials and citizens currently reside in the United States.\textsuperscript{135}

President Xi is attempting to build public support and consolidate power by addressing corruption within the Party and eliminating the power bases of prominent members of different CCP factions that threaten his leadership. In late July, official Chinese media reported that the CCDI was sending a large task force to investigate corruption allegations of CCP members in Shanghai, an enduring stronghold of former President Jiang Zemin.\textsuperscript{136} These moves further suggest that President Xi’s anticorruption campaign is designed at least in part to eliminate potential political threats to his leadership.

Some analysts suggest the anticorruption campaign could help bolster the CCP’s legitimacy in the eyes of the public with the dismissals of high-ranking officials. It could also improve official behavior—at least in the short-run—with reductions in luxury consumption and provide the necessary political capital for President Xi to implement broader institutional reforms in the future.\textsuperscript{137} For analysis on the anticorruption campaign’s potential impact on future economic reform, see Chapter 1, Section 1, “Year in Review: Economics and Trade.”

The campaign is having an effect on the sales of tobacco and liquor, traditional luxury gifts given to Chinese officials in exchange for political favors.\textsuperscript{138} For example, Diageo, the world’s largest liquor firm, experienced a 79 percent drop in 2014 net sales of its high-quality Chinese liquor.\textsuperscript{139} Diageo CEO Ivan Menezes estimates that one-fifth of its high-end Chinese liquor market is attrib-

\textsuperscript{9}The Organization Department of the CCP’s Central Committee is in charge of the selection, promotion, and assignments of CCP officials.
Ethnic Unrest

In the past year, the Chinese government increased its already tight control in the autonomous regions of Xinjiang and Tibet, providing residents there few outlets to resolve grievances ranging from land seizures and demolitions to religious repression.‡ Unrest in these regions remains a highly sensitive issue for the CCP because protests attract considerable international attention and sympathy, challenge CCP and Chinese government rule over the regions where they are located, and reflect what the CCP considers the “three evils” (separatism, extremism, and terrorism).§ The Chinese government maintains “widespread, arbitrary, and unexplained” restrictions on independent reporting.¶

*The VIP gambling market accounts for nearly two-thirds of gambling revenues in Macau.

†The New Citizens Movement is a loosely organized civil society organization that advocates for freedom, justice, equality, and rule of law, specifically the disclosure of government officials' assets. In 2014, the Chinese government launched a crackdown on the group, arresting many of its members. While its total membership is unknown, the CCP views the group as a threat.

‡ In 2009, the Chinese government announced plans to demolish 85 percent of the Old City of Kashgar and redevelop with new construction, but similar to Han Chinese concerns over land seizures, local Uyghur residents report a lack of consultation or transparency and worry over the quality of new construction. Congressional Executive Commission on China, 2013 Annual Report to Congress, October 10, 2013; Joshua Hammer, “Demolishing Kashgar’s History,” Smithsonian Magazine, March 2010.


punishes locals who share information on unrest with foreign news media, and aggressively censors online and social media platforms. Following ethnic riots in Tibet in 2008 and in Xinjiang in 2009, the Chinese government implemented martial law in these regions that is still largely in effect today.

To counter ethnic dissent, the Chinese government pursues a dual track strategy of a heavy security presence and economic investment. On average, spending on public security from 2007 to 2012 increased annually in Tibet by 28 percent and in Xinjiang by 27 percent. Authorities maintain strict controls on political, religious, and cultural expression and further tighten these controls around sensitive anniversaries such as the CCP’s “peaceful liberation” of Tibet in May, the CCP’s founding in July, and the 2009 Urumqi ethnic riots in July. Measures include severe limitations on religious practices and institutions; short-term shutdowns of media and Internet access; restrictions on international and domestic travel; arbitrary detentions, harassment, and imprisonment of Tibetans and Uyghurs; forcible repatriation of ethnic Uyghurs; and compulsory bilingual education.

The Chinese government also dedicates billions of dollars toward development projects to increase living standards and spur double-digit economic growth. For example, China is planning to build 808 miles of railway lines and 68,351 miles of roadways in Tibet by 2020. Similarly, the Chinese government in 2011 dedicated RMB 2 trillion (roughly $300 billion) on infrastructure in Xinjiang.

For in-depth analysis on Xinjiang and Tibet, see Congressional Executive Commission on China, 2014 Annual Report to Congress, October 9, 2014.
from 2010 to 2015 to include: six airports, 5,200 miles of railways, and 4,446 miles of roadways.152

These infrastructure projects aid extraction of natural resources, attract additional Han migration and tourism, and facilitate rapid deployment of Chinese military troops to China’s western borders.153 In Tibet, the expansion of the railways has improved the accessibility and extraction of Tibet’s mineral reserves, valued at RMB 600 billion (an estimated $98 billion). Natural resource extraction is expected to grow from 3 percent of the region’s GDP in 2010 to account for one-third by 2020.154 However, these mining projects come at the expense of local Tibetans, who must live with severe environmental degradation resulting from mining activities. Local Tibetans also lack royalties or other forms of compensation from these projects—largely overseen by state-owned mining firms with Han Chinese migrant laborers.155 Additionally, the windfall from tourism largely benefits Han Chinese who provide nearly all the services for Chinese tourists, including hotels, restaurants, and transportation.156 Uyghurs face similar issues. One Uyghur scholar noted, “The resources from Xinjiang are going one way, and people from the mainland are coming the other way.”157

Simultaneously, the Chinese government promotes assimilation by providing incentives for interethnic marriages and encouraging Han Chinese migration to ethnic areas to dilute the population of Tibetans and Uyghurs, who are the majority. Under President Xi, the Chinese government is encouraging more interethnic marriages, a policy first implemented in Tibet and recently expanded to Xinjiang.158 Interethnic couples from Tibet and Xinjiang receive cash incentives and preferential access to medical, schooling, and housing benefits.159 As ethnic tension has risen, these benefits have increased. In one Uyghur-dominated province in Xinjiang, couples are eligible for an annual RMB 10,000 (approximately $1,600) subsidy for up to five years as well as up to RMB 20,000 (roughly $3,250) in medical expenses and RMB 5,000 (around $800) per year for their children attending a state-approved Chinese school.160 When combined, these benefits are roughly five times the average annual income for rural residents.161 Additionally, the quasi-military, quasi-commercial Xinjiang Production and Construction Corps* announced plans in August to build seven new cities in the next few years to integrate Uyghurs in Xinjiang’s restive southern region† into Chinese society.162

Despite these attempts to further integrate Tibetan and Uyghur minorities, discriminatory hiring practices‡ continue to expand the

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income disparity between these minority groups and Han Chinese, exacerbating tensions.163 State-owned enterprises continue to hire Han Chinese predominantly. Local governments have reportedly provided subsidies for Han farmers, separating Uyghurs and Tibetans from the economic opportunities of this investment.164 For example, a RMB 534 billion (approximately $87 million) investment by the Xinjiang Production and Construction Corps in its agricultural farms designated 30 percent of the positions at these farms for ethnic minorities with the remaining 70 percent left for Han Chinese.165 In July, Chinese officials announced RMB 20 billion (an estimated $3.2 billion) in funding for Xinjiang’s textile sector to create 800,000 new jobs, but it is unclear how many of these jobs will be designated for Uyghurs.166

Tibet

Self-immolation became a dramatic form of protest against CCP rule following the ethnic riots in 2008. According to Human Rights Watch and Tibetan exile groups, 132 self-immolations have occurred since 2009.167 In response, the Chinese government increased its surveillance in 2012 through the construction of 600 police posts and expansion of volunteer security groups.168 In 2013, the Chinese government further bolstered its presence by stationing 60,000 new officials and Party members in Tibet to conduct political reeducation programs, establish security units for surveillance, and promote economic development.169 The cost and size of this campaign accounts for more than a quarter of the regional budget and the largest proportion of provincial-level officials sent to the countryside since 1949.170 In addition, local governments enacted collective punishment on communities and family members to combat the spread and increasing frequency of self-immolation.171 In the predominantly Tibetan Ruoergai County in Sichuan Province, forms of punishment included three-year bans on family members’ application for loans, business licenses, or government employment; mandatory financial deposits by communities with return dependent on no self-immolations; halt of investment projects for villages and districts where self-immolations occurred; and isolation and financial auditing of monasteries.† Similar guidelines have been found in other counties.172 These actions have contributed to the decline in the number of self-immolations in the last year. Under President Xi, restrictions remain severe.173

Xinjiang

Since 2013, attacks by militant Uyghurs against Han Chinese in Xinjiang have escalated and evolved. Chinese state-run media claims at least 373 people, mainly Uyghurs, have died in Xinjiang-related violence since April 2013, while Uyghur exile groups and the U.S.-government-funded Radio Free Asia report much higher death tolls.174 See Table 1 for a timeline of this violence.

‡For additional information on this policy, see Congressional Executive Commission on China, 2014 Annual Report to Congress, October 9, 2014, pp. 176–178.
### Table 1: Timeline of Recent Reported Major Attacks in China

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 28, 2013</td>
<td>Tiananmen Square Car Bombing</td>
<td>A car bomb was driven into the gate of Tiananmen Square killing five and injuring approximately 40 people. The East Turkestan Islamic Movement (ETIM) claimed responsibility.</td>
</tr>
<tr>
<td>March 1, 2014</td>
<td>Knife Attack Kunming, Yunnan</td>
<td>A group of eight knife-wielding attackers, rumored to be Uyghur separatists, killed 29 people and wounded more than 143 in the Kunming train station.</td>
</tr>
<tr>
<td>April 30, 2014</td>
<td>Train Station Bombing Urumqi, Xinjiang</td>
<td>Shortly after President Xi’s trip to the province, a bombing at the Urumqi train station killed three and injured 79 people. Chinese officials blamed ETIM; the Turkestan Islamic Party (TIP) claimed responsibility.</td>
</tr>
<tr>
<td>May 22, 2014</td>
<td>Market Bombing Urumqi, Xinjiang</td>
<td>Two cars drove through a Han vegetable market and set off homemade explosive devices, killing 43 people and injuring 94.</td>
</tr>
<tr>
<td>July 28, 2014</td>
<td>Violent Clashes Shache County, Xinjiang</td>
<td>Violent clashes between Chinese police and Uyghurs reportedly led to the deaths of 35 civilians and 59 terrorists and the arrest of 215 people. Chinese officials waited a day to report the violence and blamed the bloodshed on ETIM and the influence of foreign terrorist organizations. The number is likely higher with one Han resident claiming more than 1,000 people were killed, and the World Uyghur Congress claiming at least 2,000.</td>
</tr>
<tr>
<td>September 21, 2014</td>
<td>Multiple Bombings Bugur County, Xinjiang</td>
<td>Several bombs detonated in a shop, open market, and two police stations. Chinese official media initially reported 2 deaths and revised its figures five days later to 50 deaths, including 40 ‘rioters’ and 54 injured. Radio Free Asia disputes these figures with reports from eyewitnesses of over 100 people injured.</td>
</tr>
</tbody>
</table>

ETIM is a Uyghur terrorist group seeking an independent Islamic state in Xinjiang. It was designated in 2002 as a terrorist organization on the UN’s 1267 list and the U.S. Department of State’s Terrorist Exclusion Act. Most analysts believe ETIM operated briefly from the late 1990s to the early 2000s, collapsing after the death of its leader in 2003. It was largely replaced by the Turkestan Islamic Party (TIP) in 2005, leading the U.S. Department of State to remove ETIM from their list.

Official Chinese media and government sources labeled these incidents as terrorist attacks and have regularly blamed Uyghur terrorists with ties to the East Turkestan Islamic Movement (ETIM) and Turkestan Islamic Party (TIP) for any violence in Xinjiang. However, many analysts argue that the current influence and reach of Uyghur terrorists within Xinjiang has remained small. Michael Clarke, research fellow at the Griffith Asia Institute, argues that TIP is limited by lack of resources, small membership, and a base of operations in Uzbekistan. Furthermore, Dilxat Rexit, a spokesperson for the World Uyghur Congress, highlighted China’s exaggeration of terrorism in Xinjiang stating, “This so-called charge of terrorism is a way for the government to avoid taking responsibility for the use of excessive force that causes so many casualties.” For example, in May, protests by hundreds of disenfranchised Uyghurs over the arrest of several middle school girls and women wearing headscarves ended in the death of at least two protestors and detention of more than 100 Uyghurs. A complete and rigorous analysis of the scope and nature of the violence in Xinjiang is difficult because Beijing tightly controls travel and media reporting in the region. As a result, available information is fragmented or poorly corroborated.

In addition to rising levels of violence between disaffected Uyghurs and police, the nature of the attacks by Uyghur militants has changed. Whereas Uyghur militants had usually targeted government officials and buildings in Xinjiang, they are now attacking civilians and soft targets in the region. Dr. Clarke explains:

The pattern of the recent attacks does suggest an escalation or even radicalization of Uighur opposition to Chinese rule. In contrast to past episodes of low-level violence in Xinjiang, which have been characterized by low technology and opportunistic attacks on representatives of the state (e.g., police, public security personnel or government officials), the current spate of violence through its targeting of public spaces is clearly designed to be indiscriminate and mass impact in nature.

Moreover, these militants may be employing tactics and strategies learned through their association with other international organizations. In a paper for Strategic Studies Quarterly, Philip Potter, an assistant professor of public policy and political science at the University of Michigan, explains, “China’s ongoing security crackdown in Xinjiang has forced the most militant Uyghur separatists into volatile neighboring countries, such as Pakistan, where they are forging strategic alliances with, and even leading, jihadist factions affiliated with al-Qaeda and the Taliban.”

*ETIM is a Uyghur terrorist group seeking an independent Islamic state in Xinjiang. It was designated in 2002 as a terrorist organization on the UN’s 1267 list and the U.S. Department of State’s Terrorist Exclusion Act. Most analysts believe ETIM operated briefly from the late 1990s to the early 2000s, collapsing after the death of its leader in 2003. It was largely replaced by the Turkestan Islamic Party (TIP) in 2005, leading the U.S. Department of State to remove ETIM from their list.
To help rein in rising unrest in Xinjiang, the Chinese government has stepped up economic development programs and enacted stronger social and religious restrictions to promote stability and to further assimilate the Uyghurs into China’s majority ethnic Han society. In February, the Xinjiang government announced that over the next two years, it would expand its local presence by stationing 200,000 high-level Party members within the region to conduct outreach, increase surveillance, and promote economic development. Instead of easing tension, these restrictions along with pervasive discrimination are increasingly radicalizing Uyghur opposition within Xinjiang.

In addition, President Xi in May 2014 launched a year-long counterterrorism campaign that has led to numerous arrests, public mass sentencing of suspects, new rules for bus carry-on items, and expansion of surveillance. Since the campaign began, Chinese officials have dismantled more than 40 organizations labeled by Beijing as terrorist groups and arrested more than 600 people in Xinjiang. In a show of force, authorities held a public mass sentencing at a stadium in Xinjiang for 55 people and handed out three death sentences for terrorism, separatism, and murder. In July, the Chinese government raised the level of security checks in Urumqi on public transportation and issued stricter rules for bus carry-on items—similar to airlines—that ban liquids, cigarette lighters, and even yogurt. In September, officials in Urumqi sought to further expand surveillance by raising rewards for information on terrorism or religious extremism up to RMB 1 million (roughly $163,000). Approximately RMB 100,000 (nearly $16,000) in rewards was handed out to each of six informants in Hotan in August.

China’s Responses to Unrest

The CCP has historically maintained domestic stability by relying on internal security forces and closely monitoring unrest. Since the late 1990s, rising social unrest has led to increasing public security budgets and personnel dedicated to suppressing dissent. President Xi has further expanded and enhanced China’s domestic stability maintenance apparatus. These changes have implications for freedom of expression and rule of law in China, as well as U.S. economic and security interests.

The CCP’s Stability Maintenance Apparatus

The set of tools China uses to address social instability cuts across powerful, overlapping institutions, involving the political, security, and legal arms of the Chinese government and CCP—from the national through the local levels. China’s internal security structure includes its three main internal security forces—the Ministry of Public Security (MPS), People’s Armed Police (PAP), and People’s Liberation Army (PLA)—along with the Ministry of State Security,* other state law enforcement organs, state and private se-

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*The Ministry of State Security (MSS) is one of China’s leading civilian intelligence entities responsible for both foreign and domestic intelligence work. It is subordinate to the State Council. Among other responsibilities, the MSS collects intelligence on dissenters in China and reportedly targets Chinese dissidents and prodemocracy groups abroad. For more information, see U.S.-China Economic and Security Review Commission, 2009 Annual Report to Congress, November 2009, pp. 150–151.
security contractors, and citizen volunteers. The legal body of China’s stability maintenance apparatus involves petition offices, courts, procuratorial bureaus, and China’s vast network of legal and extra-legal detention facilities. Finally, the stability maintenance apparatus includes the Party’s Central Propaganda Department, which is responsible for censoring media to prevent discussion of topics that could lead to calls for change, and the Internet censorship apparatus.189

Prior to President Xi, then Politburo Standing Committee member Zhou Yongkang, now under investigation for corruption, largely controlled China’s domestic stability maintenance apparatus by virtue of his position as Secretary of the CCP’s Central Politics and Law Commission. The Central Politics and Law Commission at the time oversaw the political-legal committees across the Chinese government that have jurisdiction over the courts, prosecutors, police, and surveillance. Since coming to power in 2012, President Xi has taken control of the domestic security apparatus by demoting the Central Politics and Law Commission Secretary seat from the Politburo Standing Committee to the regular Politburo, along with creating and chairing the new Central National Security Commission and the Central Internet Security and Informationization Leading Group (see “Internet and Social Media Censorship Controls” later in this section). For a discussion of the Central National Security Commission and its focus on domestic security, see Chapter 2, Section 1, “Year in Review: Security and Foreign Affairs.”

As chair of these new policy bodies, President Xi directly oversees the most important actors and components of China’s domestic stability maintenance apparatus, superseding the Central Politics and Law Commission. The stability maintenance apparatus now has higher level and more centralized leadership under President Xi, potentially enabling China to more effectively and efficiently anticipate and respond to social unrest. Dr. Tanner testified to the Commission that “[President] Xi may be the first Party chief since 1949 to personally head a top committee overseeing domestic security and may be on his way to becoming the most hands-on leader with regard to social control in China’s history.”190

China’s Internal Security Forces

Over the last decade, China strived to improve its ability to suppress “mass incidents” by adding resources to and adjusting the structure and missions of the MPS, PAP, and PLA. These forces now have higher-quality equipment and arms and conduct more realistic training, allowing for faster, more robust, and more lethal responses to sudden outbreaks of unrest.

Ministry of Public Security: According to the CCP, the MPS—along with national and local state security, judicial, and procuratorial bureaus—serve as China’s “first line” of internal security.*

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*According to CCP writings, the MPS serves as the first line of internal security, the PAP functions as the second line, and the PLA occupies the third line. Murray Scot Tanner, “Chapter 3: How China Manages Internal Security Challenges and its Impact on PLA Missions,” in Roy Kamphausen, David Lai, and Andrew Scobell, Beyond the Strait: PLA Missions Other Than Taiwan (Carlisle, PA: U.S. Army War College, April 2009), p. 45.
The ministry, which is subordinate to the State Council, was formed in 1954. The MPS deploys approximately 1.9 million police officers to local Public Security Bureaus that are spread across China.\(^1\)

China supplements MPS officers with additional law enforcement and other personnel, who are mainly supplied by private Chinese security firms, to assist with the challenges of responding to sudden outbreaks of unrest. In a September 2011 speech, then domestic security czar Zhou Yongkang mentioned that 3,000 security companies and a total of over 4.2 million personnel—more than double the number of MPS police officers—assist law enforcement efforts.\(^*\) In addition, cities employ urban management law enforcement officers † charged with enforcing a broad group of city regulations, such as performing forced evictions. Many cases depict these officers violently suppressing dissent, and as a result, citizens often view them unfavorably.\(^2\)

According to its official website, the ministry's main responsibilities are local law enforcement and “maintenance of social security and order.”\(^3\) Local police under the MPS often are the first responders to civil disturbances, dispersing crowds and, alongside local government officials, negotiating settlements with protesters.

In response to a string of violent attacks against civilians since 2013—such as the knife attack at the Kunming train station in March 2014—and rising levels of violence and attacks on police officers in China more broadly, the MPS has increased routine patrols in urban areas.\(^4\) These patrols are focused particularly on high-traffic areas, such as train stations, airports, schools, hospitals, and tourist attractions.\(^5\) Although most MPS officers on routine patrols historically have been unarmed, possessing only non-lethal means to quell unrest (such as pepper spray and clubs), a new policy announced in April 2014 allows officers to carry revolvers while patrolling in major cities and sensitive regions.\(^\dagger\) Reports of accidental shootings by MPS officers in China already have occurred, suggesting a lack of adequate MPS police training for operating firearms. Continued accidental shootings could fuel greater levels of unrest by increasing public resentment of Chinese authorities.\(^6\)

The MPS also has expanded its surveillance and monitoring presence in major cities in an effort to combat terrorism. Security checks at train and subway stations in Beijing and other cities have increased.\(^7\) In addition, the MPS enlisted 850,000 volunteers to monitor suspicious activity in Beijing; other provinces and municipalities have followed. The Beijing Municipal Public Security Bureau began providing awards of up to RMB 40,000 (approx-

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\(^{*}\) Dr. Tanner adds that this figure may not include hundreds of thousands of private security personnel not affiliated with the forces Zhou Yongkang mentioned. Murray Scot Tanner, “Internal Security,” in Chris Ogden, Handbook of China’s Governance and Domestic Politics (London: Routledge, 2013), pp. 90–91.

\(^{†}\) Urban management law enforcement officers are commonly referred to as chengguan. For more background on these officers and their common use of violence to address unrest, see Human Rights Watch, “Beat Him, Take Everything Away,” May 23, 2012. http://www.hrw.org/sites/default/files/reports/china0512ForUpload_1.pdf

"Informationization" refers to the forces' ability to use C4ISR (command, control, communications, computers, intelligence, surveillance, and reconnaissance) capabilities to accomplish missions. Peter Mattis, *Informationization Drives Expanded Scope of Public Security* (Jamestown Foundation China Brief, April 12, 2013).


The PAP consists of three unit groupings: (1) internal security units under PAP headquarters; (2) security guard, border defense, and firefighting units managed by provincial and county-level departments, and MPS bureaus; and (3) hydropower, gold mine, transportation, forestry, and construction units with oversight from PAP headquarters and various ministries. Cortez A. Cooper III, “Chapter 4: Controlling the Four Quarters: China Trains, Equips, and Deploys a Modern, Mobile People’s Armed Police Force,” in Roy Kamphausen, David Lai, and Travis Tanner, *Learning by Doing: The PLA Trains at Home and Abroad* (Washington, DC: National Bureau of Asian Research, November 2012), p. 137.

People’s Armed Police: The PAP is China’s “second line” of internal security. It falls under the direction of the Central Military Commission and State Council. Formed in 1982, the paramilitary police force consists of over 660,000 personnel.¹ Almost two-thirds are assigned to local governments for internal security or to PAP headquarters in Beijing, while most of the remaining personnel are assigned to the MPS for border defense.²

There are generally two types of PAP units responsible for internal security: strategic PAP divisions and provincial PAP units. The 14 strategic PAP divisions are converted PLA infantry divisions.³ These divisions are available to respond to internal disturbances—including riots, terrorist attacks, and emergency operations—anywhere in China and would support the PLA during wartime.⁴ The 30 provincial PAP units are subordinate to provinces, autonomous regions, and centrally-administered cities.⁵ These units usually are the first reinforcements for the local public security bureau during “mass incidents.” PAP units generally are armed with automatic rifles and full riot gear, and operate armored personnel carriers.⁶ Some elite PAP subunits possess sniper rifles, silenced submachine guns, and assault rifles.⁷

The PAP’s ineffective response to the 2009 Xinjiang riots, one of the deadliest incidents of unrest in China in the last decade with almost 200 deaths, provided Beijing with the impetus to accelerate PAP modernization. During the riots, the Xinjiang PAP units failed to provide sufficient warning of the approaching violence and could not stop the attacks without calling in strategic PAP units for reinforcement.⁸ Since the 2009 Xinjiang riots, the PAP has taken...
measures to enhance information sharing and disseminate intelligence within and across units and to high-level leadership in Beijing. The PAP also has increased its ability to rapidly move forces to priority areas by upgrading its facilities in Xinjiang and Tibet; forward-deploying elements of an elite PAP unit to Xinjiang; and improving its capabilities through more realistic and frequent training.206

Beijing’s dissatisfaction with the PAP’s response to the 2009 Xinjiang riots also led the government to make a major change to the PAP’s bureaucratic structure. The 2009 People’s Armed Police Law for the first time clearly delegated authority over the PAP, re-assigning bureaucratic control over deploying the PAP from county officials to provincial officials and explicitly outlining its missions.207 Although the People’s Armed Police Law sought to clarify which officials are allowed to mobilize the PAP in the event of an incident, Dr. Tanner noted to the Commission there is still a bureaucratic struggle between law enforcement and military officials over delegating authority to local officials.208

To facilitate the PAP’s incremental upgrades of its facilities and units, Beijing has increased the PAP budget by over 10 percent every year since 2005 (see Figure 2). The PAP budget has more than doubled in the last five years, from RMB 63.4 billion (approximately $9.3 billion) in 2008 to RMB 136.2 billion (approximately $22.3 billion) in 2013. China did not publicly announce its 2014 PAP budget in March during the annual National Party Congress meeting as it has in past years.

**Figure 2: China’s Official Budget for the PAP, 2003–2013**

(US$ billions)

Note: These numbers represent China’s official PAP budgets, not actual aggregate spending. All budgetary figures are converted from RMB into U.S. dollar (USD) based on China’s year-end nominal exchange rate.

President Xi’s calls for more realistic training in the PAP and frequent visits to PAP units in 2014 following successive violent attacks on civilians in China indicate his greater emphasis on China’s counterterrorism efforts and on developing PAP forces prepared for real-world missions. President Xi’s plans for broader PAP reform, however, are unclear. The Third Plenum Decision called for streamlining the structure of China’s internal security forces, but Beijing has not publicized any subsequent policy decisions.

People’s Liberation Army: The PLA serves as China’s third and final “line” of internal security, and one of its primary missions is to maintain domestic stability and defend Party control. It falls under the direction of the Central Military Commission. The PLA consists of about 2.3 million total active personnel and roughly 510,000 reserve forces. The majority of PLA personnel are subordinate to China’s seven geographically organized military regions and garrisoned near or in major Chinese cities.

Although the PLA increasingly has emphasized external missions beyond China’s borders since 1989, the PLA’s main mission remains to preserve the CCP regime. Beijing can deploy the PLA for internal security missions as necessary. For example, the PLA can provide transportation, logistics, and intelligence support for the MPS and PAP and assist local internal security forces with the protection of key facilities and infrastructure during crises.

Since the mid-2000s, the PLA also has assumed broader domestic responsibilities to include humanitarian assistance and disaster relief (HA/DR).

- According to Chinese state media, the PLA in 2014 has nine national teams consisting of 50,000 troops and 45,000 provincial personnel for HA/DR. In response to the August Yunnan earthquake that killed almost 600 people, the PLA deployed around 10,000 troops and 10 helicopters for rescue operations. The increased frequency and human impacts of national disasters, such as the 2008 Sichuan earthquake that killed 87,150 people, have pushed China to improve domestic readiness and place greater emphasis on HA/DR as a key PLA peacetime activity.

Counterterrorism is another area in which the PLA has assumed greater responsibilities over the last decade.

- In March 2014, Saimati Muhammat, major general and deputy commander of the Xinjiang Military Area Command, said “Xinjiang has been upgrading supplies for border troops and stepped up counter-terrorism training to armed forces.” In addition, the PLA has increased training with the MPS and PAP to improve coordination for offensive counterterrorism operations and border defense.

- The PLA has expanded the frequency and scope of joint counterterrorism training with foreign militaries. In August 2014, China participated in “Peace Mission-2014,” a counterterrorism exercise conducted in Inner Mongolia with over 7,000


troops from all Shanghai Cooperation Organization (SCO) member countries, marking the largest joint SCO military exercise to date. China has participated in previous Peace Mission iterations since 2007, sending only basic support personnel and conducting basic training with other SCO units. In this year’s exercise, China sent new PLA personnel and equipment for the first time, including more specialized Chinese logistics and reconnaissance personnel and an armed drone. In addition, this year’s exercise focused on incorporating information-based conditions and conducting joint operations across SCO countries.

U.S.-China Cooperation on Counterterrorism

In July 2014, the United States and China jointly held the U.S.-China Counterterrorism Dialogue as part of the U.S.-China Strategic and Economic Dialogue. Human Rights Watch criticized the decision of the United States to hold the event, as it could be viewed by Beijing as U.S. acceptance of China’s repressive treatment of Uyghurs as part of its counterterrorism campaign. Since April 2013, Chinese state media has reported at least 323 deaths in Xinjiang alone—internal security forces were responsible for almost half of the casualties and most were killed with little reported evidence the accused assailants were indeed terrorists.

According to Amy Chang, research associate at the Center for a New American Security, the United States should be careful engaging with China on counterterrorism:

The Counterterrorism Dialogue could have been an opportunity for the United States to moderate China’s harsh counterterror activities, but U.S. officials should be concerned that its cooperation is not misconstrued for endorsement of China’s stance. The United States has previously made this mistake: after the September 11 attacks, China capitalized on U.S. vulnerability to terrorism to paint its own domestic ethnic-religious problems as a substantive terrorist issue. In 2002, this resulted in the designation of East Turkestan Islamic Movement (ETIM) as a foreign terrorist organization, granting a carte blanche for China to pursue severe counterterrorist policies without judicious oversight.

Although U.S. cooperation with China on counterterrorism poses many challenges, it also has the potential for positive engagement if exchanges are limited to areas of common concern—such as Middle East jihadist groups and piracy.


China's Legal Mechanisms to Repress Dissent

China has expanded its stability maintenance capabilities by enhancing legal mechanisms to repress dissent. After more than two decades of promising legal reforms—albeit slowly and unevenly implemented—Beijing since the mid-2000s has sought to weaken these legal measures and reassert the Party's control. President Xi's early speeches and official appointments led some observers to be hopeful he would pursue broader legal reforms. However, the wide-scale crackdown on rights advocates and lack of measured progress to strengthen rule of law leave reform in doubt. CCP officials have indicated they will maintain close management of the Chinese legal system, preventing any challenges to the Party.

One of the Chinese government's methods of repressing dissent is the pervasive practice of pressuring judges to resolve civil disputes through Maoist-era mediation instead of trials decided by law. By doing so, China hinders citizens' access to legal counsel and a fair trial. According to Carl Minzner, associate professor of law at Fordham University, mediation sessions involving cases that could generate social unrest are "primarily political conferences aimed at coordinating responses between government bureaus (including the judiciary) and crafting solutions to ward off protest." Such disputes often do not result in fair compensation for litigants and tend to do little to prevent future citizen complaints and unrest. In some cases, the sessions can be held outside of legal channels, and the parties involved in the dispute can be barred from participating.

In the limited trials that do occur, lawyers in China, particularly those handling public interest cases, face more pressure from the Chinese government. For example, lawyers representing politically sensitive individuals often experience regular harassment, the threat of detention, and, in some cases, the revocation of their license or practice. Continuing a trend from the latter years of then President Hu, President Xi is reining in lawyers advocating for justice based on the Chinese constitution. In January 2014, President Xi emphasized that "all political and legal workers should maintain absolute loyalty to the Party."

The CCP also restricts the ability of Chinese citizens to obtain redress for their grievances by detaining critics through extralegal means. For example, extralegal detention allows officials to put citizens expressing dissent into "black jails" and to forcibly admit them into psychiatric and drug rehabilitation facilities* and "legal education classes." These sessions are designed to "educate" dissenters about relevant laws and regulations. In these extralegal detention facilities, citizens lack access to a lawyer and can be held indefinitely.

In a potentially positive development, China recently announced legal reforms meant to remove some tools used by local officials to...
arbitrarily imprison Chinese citizens. One of these reforms was the abolition of the reeducation through labor (RTL) system following the Third Plenum in November 2013. RTL is an extrajudicial, administrative detention system of sentencing for up to three years, with a possible fourth year extension, imposed by police officials against political dissidents and petitioners seeking redress for grievances. China’s new leadership likely seeks to be seen as responding to public outrage over a string of high-profile abuses that have been covered extensively in recent years in official and unofficial media in China and discussed by Chinese Internet users.

Although Chinese state media claims tens of thousands of prisoners had been released from RTL facilities by February 2014, local governments retain methods to detain government critics either extralegally or through the current legal system. Short-term criminal detentions have already increased significantly in the wake of the RTL system’s closure, and other forms of extralegal detention appear to be on the rise.

Local governments also may have economic incentives to continue operating RTL facilities despite central government directives. The Chinese government has long viewed the RTL system as an important source of economic production. As of 2013, an estimated 160,000–260,000 prisoners produce a wide-range of products, some of which China exports to the United States. These RTL facilities are a valuable source of income for local officials and would be difficult to replace.

**China’s Public Security Budget**

The CCP provides China’s stability maintenance apparatus with ample funding to support its expanding missions and capabilities. The official public security budget includes funds for China’s internal security forces, legal apparatus, and censorship regime. In addition, the budget includes other areas that do not apply specifically to stability maintenance, such as public infrastructure, safety, and traffic control.

China’s publicly acknowledged public security spending in 2013 was RMB 778.7 billion (approximately $127.4 billion). Official public security spending increased more than RMB 67 billion (roughly $14 billion) in 2013 from 2012, exceeding national defense spending for the fourth year in a row (see Figure 3). (For more information on China’s national defense budget, see Chapter 2, Section 2, “China’s Military Modernization.”) China’s central government public security budget (not including provincial and local spending) rose 8 percent faster than the official national defense budget from 2007 to 2013, according to data from China’s Ministry of Finance. Nicholas Bequelin, researcher at Human Rights Watch, explains that this trend “shows the party is more concerned about the potential risks of destabilization coming from inside the country than outside, which tells us the party is much less confident.”

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In 2014, China for the first time did not publicly disclose its full public security budget after the annual session of the National People’s Congress, only reporting the central government budget (RMB 205.1 billion or approximately $33.3 billion). China’s decision not to release this figure could be due in part to the sensitive timing of the Party session following multiple violent attacks on Chinese civilians. Dr. Xie Yue, political science scholar at Tongji University and expert on China’s public security budget, asserted, “Once the stability maintenance fund gets too big, especially in comparison with the defense budget, it’s likely to raise concerns among the international community and domestic public. I think [Beijing is] sidestepping the issue on purpose.”

Crackdown on Dissenters under President Xi

President Xi has implemented a campaign not seen in China since the 1970s against individuals expressing dissent. Aside from targeting outspoken dissidents, President Xi has cracked down on popular online commentators and advocates calling for reform under Chinese law. Since President Xi took office, dozens of individuals across civil society—lawyers, writers, activists and others—have been sentenced to one- to four-year jail terms. Dr. Sophie Richardson, China director of Human Rights Watch, testified to the Commission that “people are now being [criminally charged] for activities that previously would have resulted in a mere chat with the

Some of the most notable arrests this year include the following:

- In January, police arrested Ilham Tohti, a Uyghur rights activist and economics scholar, despite his peaceful calls for equal rights to Uyghur minorities. Six months later, Xinjiang prosecutors charged Mr. Tohti with separatism, a charge that carries a potential death sentence. In September, Mr. Tohti was given a life sentence in prison, and all of his assets were seized by court order. Notably, in July, Elliot Sperling, a U.S. scholar on Tibet and Indiana University professor, was denied entry to China, likely due to his ties to Mr. Tohti. Dr. Sperling is part of a growing number of U.S. academics barred from China as a result of their professional work on topics China deems sensitive or their relationships with certain Chinese citizens.

- In January, Xu Zhiyong, lawyer and founder of the New Citizens Movement, was arrested and received a criminal sentence of four years in prison. He was charged with "gathering a crowd to disturb public order." Dr. Richardson, after the April arrests of New Citizens Movement members for anticorruption protests, said, "Ironically, it was in part Xi Jinping's [anticorruption campaign]—as well as Xu Zhiyong's [ideas] and others—that inspired these activists to take to the streets to peacefully support the official campaign."

In addition, the 25th anniversary of the Tiananmen Square massacre in 2014 marked the largest crackdown on public expression yet. According to Human Rights in China, a New York-based non-profit organization, 136 individuals were either detained or arrested, faced restricted movements, or disappeared due to their purported involvement or feared participation in 25th anniversary activities. Nearly a month before the anniversary, Chinese authorities detained Pu Zhiqiang, a well-known human rights lawyer, the day after he attended a private Beijing seminar of 16 liberal academics, lawyers, and others, revisiting the official verdict of the Tiananmen Square massacre. Along with the arrest of Mr. Pu, 12 of the meeting participants spent weeks in detention before eventually being released the day after the anniversary. The Chinese government formally arrested Mr. Pu in June on charges of " picking quarrels and provoking troubles" and "illegally obtaining personal information." As of the publication of this Report, the Chinese government has not announced his sentence.

In September, the Chinese government responded to Chinese citizens’ support for Hong Kong’s Umbrella Revolution with a crackdown on sympathizers and wide-scale censorship. (For more information on the demonstrations in Hong Kong, see Chapter 3, Section 4, “Hong Kong.”) Some Chinese citizens assembled sympathy protests, and others shaved their heads and held umbrellas, distributing these images on microblogs to show unity with their compatriots. In response, the Chinese government has detained more than 40 individuals for distributing images and news of the demonstrations on microblogs, participating in sympathy protests, and attending a poetry reading inspired by the Umbrella Revolution. For example, a Chinese poet was arrested and sentenced to three years in prison for posting a photograph of himself with his head shaved and holding an umbrella in front of a Taiwan flag. In order to prevent images of the protests being shared online, the Chinese government heavily censored news from Hong Kong. For the first time, Beijing reportedly blocked Instagram, a popular mobile photograph sharing application. See “Internet and Social Media Censorship Controls” later in this section for more information on the tightening of information controls in China.

China’s Media and Information Controls

China’s media and information controls also have been tightened since President Xi took office, particularly China’s censorship of private communications and social media. This tightening appears to be driven by a number of factors, including: the expanding reach of domestic media, more extensive foreign investigative reporting in China, the growing number of Chinese Internet users, and the rise of domestic social media platforms. The CCP views these dynamics as threatening its control over information and causing instability. China’s media and information controls have direct implications for U.S. economic interests through its impact on U.S. company operations and profits both within China and abroad.

China’s Domestic Media Controls

Although China already has one of the most restricted media environments in the world, President Xi has increased the government’s censorship of domestic media, especially on the Internet. This censorship is designed to prevent negative coverage and to promote content that follows the CCP’s established narrative of a particular story. The Chinese government can restrict domestic media coverage on virtually all topics but focuses on eliminating content related to autonomy in Xinjiang and Tibet, the Falun Gong spiritual group, writings of political dissidents, Taiwan independence, as well as unfavorable coverage of CCP leaders. Freedom House analysis of leaked state media censorship directives published by China Digital Times, a U.S.-based bilingual China news portal, shows President Xi, like his predecessor, has extensively applied this tactic.

Chinese media over the last decade has increasingly challenged Beijing’s tight grip on the media by pushing the government-instituted limits, particularly with its expanded investigative reporting
A netizen is an Internet user who engages in discussions on social, political, and governmental topics online. Largely due to the increased challenges posed by the proliferation of new media and Internet users driving conversations away from Beijing’s preferred narrative, President Xi has employed more extensive controls on Chinese media personnel than did his predecessor.

For example, in June and July of this year, China’s top media regulator, the State Administration of Press, Publication, Radio, Film and Television, issued a series of directives intended to further centralize and strengthen the CCP’s control over domestic media outlets. One new rule forbids Chinese journalists from publishing critical news stories without official approval or outside of their assigned topics or regions. Another regulation restricts any use of undefined state and commercial secrets, as well as “unpublicized” information the Party has not already released. A third rule bans any cooperation between Chinese journalists and foreign news agencies. Finally, the Chinese government now requires journalists to sign a secrecy agreement with their employer to obtain press credentials. A single violation of any of these new rules could result in the loss of media credentials and employment. The regulation on cooperation with non-Chinese media personnel reflects the CCP’s growing concerns with the role of foreign media in China obtaining and reporting on news China considers sensitive, such as the wealth of high-level Party officials.

Western organizations that track freedom of press issues worldwide find Chinese restrictions are becoming more stringent and more pervasive both within and outside mainland China. As of the publication of this Report, 30 journalists and 74 netizens are imprisoned in China, according to Reporters Without Borders. China now ranks 175 out of 180 countries on Reporters Without Borders’ 2014 World Press Freedom Index, two places behind Iran. The report also warned this year that “China’s growing economic weight is allowing it to extend its influence over the media in Hong Kong, Macau and Taiwan, which had been largely spared political censorship until recently.” In particular, media freedom in Hong Kong has deteriorated in 2014. Hong Kong journalists have faced increased intimidation, physical abuse, and cyber attacks from mainland China. For more information on the crackdown, see Chapter 3, Section 4, “Hong Kong.”

**China’s Restrictions on U.S. and Foreign Media**

The Chinese government has tightened restrictions on international media in China after several dramatic revelations by Western news organizations embarrassed Beijing in the run-up to the 2012 Chinese leadership transition. This highlighted the government’s inability to isolate Chinese audiences from foreign perspectives. In response, Beijing has delayed and rejected foreign reporters’ visa applications. The government has organized and conducted increasingly sophisticated cyber operations against foreign journalists in China and foreign media companies abroad. Beijing has allowed physical attacks on journalists within China and has used economic incentives and threats to encourage foreign media to

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*A netizen is an Internet user who engages in discussions on social, political, and governmental topics online.*
avoid coverage that might embarrass the government and Party. According to the Foreign Correspondents Club of China (FCCC),* 80 percent of respondents to the FCCC’s 2014 Annual Reporting Conditions Survey believed their work conditions worsened or stayed the same since the previous year, a 10 percent increase over 2013. Half of respondents with Chinese assistants said their assistants faced harassment at least once, exceeding 2013 levels.†

Sarah Cook, senior research analyst for East Asia at Freedom House, testified to the Commission that pressure on foreign media over the past two years has “taken the form of delaying or rejecting visas for journalists known for hard-hitting reporting, especially on human rights or high-level corruption.” Since 2012, China has effectively expelled four leading China journalists—Austin Ramzy of the New York Times in 2014, Paul Mooney of Reuters in 2013, and Melissa Chan of Al Jazeera and Chris Buckley of the New York Times in 2012—by denying them visas. Before then, no accredited foreign correspondent had been expelled from China since 1998, when two journalists were accused of stealing state secrets. Since 2012, Bloomberg and the New York Times have reported visa delays after publishing stories on the amassed family wealth of Xi Jinping and then Premier Wen Jiabao; the New York Times has been unable to obtain visas for new employees—including Philip Pan, its chosen bureau chief in Beijing, who has been waiting for a visa since 2012.

Foreign media companies operating in China are experiencing increased levels of cyber attacks. Dalphine Halgand, U.S. director of Reporters Without Borders, noted in her testimony to the Commission that members of the FCCC continue to be regular targets of cyber attacks designed to infect their computers with malware and spyware. Since 2008, China has also conducted a cyber espionage campaign against U.S. media organizations, with intrusions into the networks of the New York Times, the Washington Post, the Wall Street Journal, and Bloomberg. China likely seeks to use information acquired through these intrusions to shape U.S. press coverage of China by intimidating U.S. journalists’ sources in China and to gain advance notice about negative coverage of China before it is published.

Another disturbing trend is the increasing physical harassment of foreign journalists on the ground in China. Ms. Halgand, in her testimony to the Commission, described the nature of such incidents:

In January this year, journalists covering the trial of cyber-dissident Xu Zhiyong were barred from the courtroom and were even prevented from filming outside when Xu’s trial opened. BBC, Sky News and CNN crews outside were all pushed away violently by uniformed and plainclothes policemen. CNN reporter David McKenzie reported that he was manhandled and detained by police, who broke his crew’s equipment. Two other journalists, Mark Stone and

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*The Foreign Correspondent’s Club is a professional group of international journalists reporting from China.
Finally, China is using economic pressure to induce U.S. and other foreign media organizations’ compliance with its expanding information controls. According to the FCCC, the Chinese government has sought to pressure senior editors of France 24, ARD TV (Germany), and the Financial Times, along with various Japanese news organizations, to restrain reporting from their Beijing bureaus. In addition, after Bloomberg published its story on the wealth of Xi Jinping’s family in 2012, Chinese officials ordered some Chinese businesses to stop subscribing to Bloomberg’s financial data terminals, according to The New York Times. As a result, the company “reportedly suffered significant commercial harm from a drop in sales of its data terminals.” In 2013, Bloomberg News stopped the release of an investigative report about a web of corruption linking one of China’s wealthiest businessmen and high-level Chinese government officials. Bloomberg’s Editor-in-Chief Matthew Winkler explained at the time that “the reporting ... was not ready for publication,” but several Bloomberg writers and editors blamed pressure from Beijing and Bloomberg’s fear of reprisal.

As of the publication of this Report, the Bloomberg report has not been published. Although China currently comprises a small share of Bloomberg’s core terminal market, Bloomberg executives have emphasized that China is an important part of the firm’s long-term strategy to expand into emerging markets. The Bloomberg case demonstrates to other media companies that China is willing to use economic levers to enforce information controls.

Other U.S. media firms have suffered losses in revenue after China blocked access to online content tailored for the Chinese market. China cut off access to the New York Times’ English- and Chinese-language websites in China after the organization published the story on then Premier Wen Jiabao’s family members in 2012, causing heavy losses in revenue from advertisers and Chinese users. In addition, Reuters’ Chinese-language portal faced intermittent outages in November and December 2013 after reporting on the involvement of Wen’s daughter in the JP Morgan hiring scandal. The Wall Street Journal’s own English and Chinese-language websites were similarly censored during the same period as those of Reuters but were blocked again in China on May 31, days prior to the Tiananmen anniversary. As of the publication of this Report, the Wall Street Journal’s websites remain blocked in China.


Internet and Social Media Censorship Controls

The inherent difficulty of monitoring and stopping the spread of information via new Internet and social media—such as Internet videos, blogs, and Twitter-like microblogs—and mobile phone messaging presents challenges to Beijing's ability to manage public dissent. The speed and ease with which the Chinese public can access information and express opinions compresses the timeline for Beijing to respond to heated public demands. According to the official China Internet Network Information Center, as of June 2014, China has 632 million total Internet users—527 million of whom use the mobile Internet. The number of Internet users is expected to continue increasing rapidly; the Boston Consulting Group projects China will have 730 million users by 2016.

Expansion of China’s Internet Control Apparatus

China's Internet monitoring and censorship apparatus is vast—including at least ten government and CCP entities and more than two million personnel—and redundant, with overlapping responsibilities throughout the system.

Beijing's difficulty stopping the spread of Internet video and news related to ethnic riots in Tibet in 2008 underscored for Beijing the need for stronger Internet controls. Then President Hu responded by shutting down YouTube, among other websites. After a brief loosening of Internet controls over the 2008 Beijing Olympics to assuage international concerns about China's Internet censorship, following the games China redoubled its efforts to block non-Chinese websites. The government even expanded the pre-Olympics censorship apparatus. Prior to the 20th anniversary of the Tiananmen Square massacre, China temporarily blocked Twitter. Shortly thereafter, following the 2009 Xinjiang riots, Chinese authorities permanently blocked access to Twitter and Facebook.

Beijing stepped up Internet censorship in 2011 after calls for Arab Spring-inspired pro-democracy protests early that year in cities across China. Tightened Internet controls were part of a broader effort by Chinese officials to prevent or respond quickly to public criticism of CCP authority or legitimacy in the run-up to the 2012 leadership transition. Beijing also created a new central organization, the State Internet Information Office, to better coordinate its massive censorship apparatus.

After assuming China’s top leadership positions in 2012 and 2013, President Xi continued to strengthen China’s Internet control apparatus. In February 2014, President Xi established the new Central Internet Security and Informationization Leading Group.

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The group is tasked with enhancing Internet security, and according to President Xi, aims to “build [China] into a cyber power.” Lu Wei, head of the State Internet Information Office and President Xi’s Internet czar, reportedly serves as director of the group’s administrative office, signaling the prioritization of Internet censorship as one of its main objectives. Although little is known about specific policy measures from the leading group, it is likely intended to centralize and strengthen Internet information controls.

Over the last year, Beijing has initiated several campaigns targeting the spread of “rumors,” “illegal” content, and pornography on the Internet via microblogs, effectively crippling the platform. David Wertime, senior editor at Foreign Policy, explained to the Commission, “While the immediate loss of localized social control has long been a bugbear for Chinese authorities, the [P]arty appears to have realized somewhat belatedly that the social web, often highly critical of government, also threatened its ability to control its message.” As a result of President Xi’s campaign to eradicate online “rumors” and “illegal” content, Weibo users have declined rapidly over the last several years—as much as 70 percent of its users have left according to some estimates. Many of these users shifted to its rival, WeChat. After rapidly increasing its own user base, WeChat was similarly targeted in March 2014. Censors deleted dozens of WeChat accounts, many of which were politically liberal. In August, China passed new regulations on instant messaging platforms—largely targeted at WeChat—requiring real name registration for the first time and banning non-news accounts from sharing political information. As the top instant messaging platform with a user base of 393 million people, WeChat likely will suffer the same fallout as alternative microblog platforms emerge.

In recent years, growth of social media and its potential for creating instability has prompted the CCP to enact new rules and expand the ability to arrest individuals for posting unfavorable content. In December 2012, shortly after President Xi assumed leadership, China announced the passage of a new law allowing censors to delete social media posts or web pages containing “illegal” information and requiring Internet service providers to turn over information to law enforcement authorities. As part of Xi Jinping’s crackdown on Internet “rumors,” China in September 2013 introduced new regulations on online posts: if a post deemed offensive is reposted 500 or more times or viewed more than 5,000 times, the poster could face three years in prison. In April 2014, Chinese blogger Qin Zhihui was reportedly the first person to be arrested under these new regulations, guilty of “slander” and “picking quarrels and provoking troubles.” Hundreds more netizens have reportedly been detained during the crackdown on social media.
China disrupted access to Google products and services in the days around June 4, increasing its Internet censorship to the highest levels yet. The anonymous founder of GreatFire.org, a nonprofit organization that monitors Chinese censorship, said, “It would be wrong to say this is a partial block. It is an attempt to fully block Google and all of its properties.”

A review of Google’s traffic data shows a drop in usage during the most sensitive dates of the anniversary (see Figure 4). Google services remained partially accessible until May 30, when China’s estimated fraction of Google’s normalized worldwide traffic dropped more than fourfold in the days leading to June 4. By comparison, during the same period a year ago, access to Google services remained stable at pre-June 4 levels. Google websites remain blocked in China despite periodic openings of less than a day, as of the publication of this Report.

Figure 4: China’s Fraction of Google’s Worldwide Traffic Normalized, May 26–June 12, 2014

China’s Internet Censorship Tools

The Chinese government is improving its efforts to scrutinize and block “sensitive” terms on Chinese social media platforms that have the ability to instantaneously reach large numbers of followers. China blocks information on the Internet and social media through three main methods: (1) shutting down access to websites through a filtering system—colloquially referred to as the “Great Firewall”; (2) blocking lists of keyword searches; and (3) manually removing text that passes through the first two methods deemed offensive to Chinese censors.

Recent studies have found around 15 percent of total posts are deleted by censors; most are deleted within 24 hours. According to a May 2013 Harvard University study.”

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*Tiananmen Anniversary Disrupts Google Services in Tightest Internet Controls Yet*

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Figure 4: China’s Fraction of Google’s Worldwide Traffic Normalized, May 26–June 12, 2014

Note: The x-axis represents dates. The y-axis depicts China’s estimated fraction of Google’s worldwide traffic. The graphic does not depict real-time Google traffic, but reflects trends in usage.


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study, posts calling for collective action have the highest chance of being censored.\footnote{These individuals, hired by central and local government authorities, reportedly receive 50 cents renminbi for each post. U.S.-China Economic and Security Review Commission, Hearing on Stability in China: Lessons from Tiananmen and Implications for the United States, testimony of Sarah Cook, May 15, 2014.} Such censorship reflects the CCP’s overarching goal to prevent coordinated protests and contain dissent locally. According to Xiao Qiang, founder and editor of the China Digital Times, China also blocks the following information: unfavorable coverage of high-level Chinese officials; challenges to the legitimacy of one-party rule; inner-workings of the Party and censorship system; political opposition groups such as the Falun Gong; political reporting not in sync with the CCP and Central Propaganda Department; and major historical events depicting the Party in a negative light.\footnote{These individuals, hired by central and local government authorities, reportedly receive 50 cents renminbi for each post. U.S.-China Economic and Security Review Commission, Hearing on Stability in China: Lessons from Tiananmen and Implications for the United States, testimony of Sarah Cook, May 15, 2014.}

China’s state and Party organs use a number of tools to keep the Internet and microblog platforms free of sensitive content, including: cyber intrusions on activists’ e-mail and computer networks; surveillance of Internet-connected devices and networks; requirements for real-name registration of all websites; restrictions on Internet availability; domestic and foreign company compliance with law enforcement to provide information on netizens; and public outreach, such as employing users to push online content favorable to the Party.\footnote{These individuals, hired by central and local government authorities, reportedly receive 50 cents renminbi for each post. U.S.-China Economic and Security Review Commission, Hearing on Stability in China: Lessons from Tiananmen and Implications for the United States, testimony of Sarah Cook, May 15, 2014.} Ms. Cook noted to the Commission an increase in China’s hiring of so-called “50 Cent Party” members who drive Internet and microblog conversation supportive of the CCP and harass alternative voices.*

The Chinese government also is using offline measures—cracking down on popular microbloggers and leaders of online opinion—to attempt to force netizens to self-censor. For example, Charles Xue, one of these influential online celebrities, had more than 12 million followers before being arrested on prostitution charges as part of the Weibo crackdown and forced to confess on national television for spreading microblog “rumors.”\footnote{These individuals, hired by central and local government authorities, reportedly receive 50 cents renminbi for each post. U.S.-China Economic and Security Review Commission, Hearing on Stability in China: Lessons from Tiananmen and Implications for the United States, testimony of Sarah Cook, May 15, 2014.} The arrest led to a reduction in political commentary on Chinese social media, causing users to switch to other platforms.\footnote{These individuals, hired by central and local government authorities, reportedly receive 50 cents renminbi for each post. U.S.-China Economic and Security Review Commission, Hearing on Stability in China: Lessons from Tiananmen and Implications for the United States, testimony of Sarah Cook, May 15, 2014.}

However, such measures have not succeeded in stamping out online dissent. Citing the increased number and frequency of deleted Weibo posts and usage of circumvention tools to access banned websites, Xiao Qiang testified to the Commission, “As I have followed Chinese social media, it has become clear to me that more and more netizens are less intimidated by repressive measures.”\footnote{These individuals, hired by central and local government authorities, reportedly receive 50 cents renminbi for each post. U.S.-China Economic and Security Review Commission, Hearing on Stability in China: Lessons from Tiananmen and Implications for the United States, testimony of Sarah Cook, May 15, 2014.} Internet users also have responded by shifting the language they use to talk about sensitive topics and bypass censors. According to Mr. Wertime, this strategy includes: using homophones, words that sound similar to those censored; homographs, words that look similar to those censored; and memes, repeated phrases or images that carry a particular cultural or political meaning.\footnote{These individuals, hired by central and local government authorities, reportedly receive 50 cents renminbi for each post. U.S.-China Economic and Security Review Commission, Hearing on Stability in China: Lessons from Tiananmen and Implications for the United States, testimony of Sarah Cook, May 15, 2014.}
Impact of China’s Internet and Media Controls on U.S. Companies

In the past five years, China’s restrictive Internet and media controls are increasingly affecting U.S. affiliates. Twitter, Facebook, and YouTube remain blocked in China in part due to their unwillingness to censor content and China’s accusations that they foment unrest. In Beijing’s view, these platforms’ ability to organize groups of dissenters, demonstrated during the 2011 Arab Spring, present a direct threat to Party control. Liu Xiaoming, China’s ambassador to the United Kingdom, said in an interview this year that these websites are blocked because they violate Chinese law and spread “rumors” unfavorable to the CCP. In September, Lu Wei, director of the State Internet Information Office, said that Facebook “cannot” gain access to China’s market now or in the foreseeable future. As a result, these U.S. firms have lost considerable business opportunities in China, and compliant Chinese “copycat” firms, such as Weibo, RenRen, and Youku, have taken their place.

In addition, U.S. companies are forced to decide whether to relocate their operations in an increasingly difficult business environment or self-censor. Google in 2010 redirected all search traffic from its mainland-based domain to its uncensored Hong Kong domain due to Chinese censorship and cyber intrusions on its software platforms based in China.

In 2014, Reader’s Digest self-censored an English-language novel planned to be printed in China for distribution in several Asia Pacific countries after Chinese authorities objected. Instead of relocating to a printer outside of mainland China and taking on added financial burden to avoid censorship, the company decided to cancel the publication.

Other companies are shelving their freedom of expression values in order to gain access to or maintain their operations in the Chinese market. LinkedIn said it would comply with Chinese censorship in order to enter the Chinese market. “We are strongly in support of freedom of expression. But it was clear to us that to create value for our members in China and around the world, we would need to implement the Chinese government’s restrictions on content,” a spokesman explained. Over the last year, LinkedIn censored content for Chinese-language users beyond the Great Firewall—in this case English-language content for users based in the United States—stating “content posted from China IP addresses will be blocked globally to protect the safety of our members that live in China.”

Apple Corporation, in 2013 removed applications, including anticensorship software, from its China software store. According
to the application developer, Apple said Chinese authorities ordered the removal of the software “because it includes content that is illegal in China.” Early this year, GreatFire.org released a report that found Microsoft’s Bing search engine “censors a vast amount of content that is hosted inside China and which is not censored by China-based internet companies like Baidu.”

In response, Microsoft acknowledged errors and confirmed its policy of “[adjusting] search results to comply with local [Chinese] law or for quality or safety reasons such as child abuse or malware.”

**Implications for the United States**

China’s domestic instability and how Beijing responds to dissent have implications for U.S. interests and U.S.-China relations. Domestic instability in China affects U.S. investment and production in China. A 2014 protest by 40,000 employees at a Nike supplier over low wages halted production for two weeks, leading to an estimated $58 million in losses. Protests at a Cooper Tire factory over the company’s potential sale in December 2013 cost a reported $70 million. Labor shortages and soaring living costs could increase such disputes in the future.

Moreover, in recent years, the increasing impact of Chinese media and Internet censorship on U.S. company operations and profits both within China and abroad has denied some U.S. businesses market access and forced other U.S. businesses to reduce activities in China, relocate operations, and self-censor. As a result, some U.S. firms are losing out on business opportunities in the world’s largest consumer market; others face the difficulty of balancing protections for freedom of expression while operating under China's authoritarian regime.

The recent increased restrictions on freedom of expression and freedom of the press in China undermine the ability of U.S. news agencies and journalists to operate in China. U.S. journalists are facing more frequent harassment, visa restrictions, cyber attacks, and economic incentives and threats. Such policies force U.S. news agencies to reduce operations in China, thereby limiting U.S. news coverage of China.

**Conclusions**

- Heightened public awareness, the growth in Internet and social media use, and the lack of satisfactory channels for redress have led to a large number of “mass incidents” each year. Public outrage centers on land seizures, labor disputes, wide-scale corruption, cultural and religious repression, and environmental degradation. Such incidents challenge the legitimacy and competence of the Chinese Communist Party (CCP) and the government at all levels. Local governments have responded to such incidents with a mixture of repression and concessions.

- This year marked an escalation in violence linked to unrest in Xinjiang. Clashes between Uyghurs and police are increasingly ending in bloodshed, including the death of nearly 100 people in late July. In addition, attacks by militant Uyghur separatists are shifting from targeting government officials and buildings to at-

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*Baidu is China’s most popular search engine.*
tacking civilians and soft targets such as train stations and public spaces.

- In an effort to address the underlying causes of unrest, President Xi has launched robust anticorruption and counterterrorism campaigns, dedicated resources to address the public's environmental and health concerns, and proposed hukou system reforms.

- In response to rising levels of unrest, China's leaders are expanding and improving China's stability maintenance apparatus by streamlining domestic security policymaking, strengthening forces responsible for maintaining internal security, tightening the Party's control over legal institutions, significantly increasing funding for public security, and using information controls to clamp down on dissent.

- With the entire legal apparatus under the CCP's control, local and national officials contain unrest by limiting citizens' access to legal counsel and impartial trials, restricting the ability of citizens to obtain redress for grievances through official channels, and detaining government critics through legal and extralegal means. Although President Xi has implemented several substantial reforms and hinted at others, the same legal mechanisms to target dissent likely will persist, and meaningful reform will remain elusive.

- President Xi has implemented a campaign not seen in China since the 1970s against individuals expressing dissent. In addition to targeting outspoken dissidents, President Xi has cracked down on popular online commentators. This year's 25th anniversary of the Tiananmen Square massacre marked the harshest crackdown on dissenters yet and the tightest online censorship implemented thus far.

- Although China already has one of the most restricted media environments in the world, since President Xi took office, China has increased censorship of domestic and foreign media. China's information controls directly affect U.S. media companies and journalists with China operations through visa restrictions, cyber attacks, physical harassment, favoritism, and threats. Tightened media controls also affect Chinese citizens who face increasing difficulty accessing information sources that express alternative views from the CCP.

- Beijing likely will take calculated measures to strengthen Internet controls. However, China probably will struggle with the rapid and unpredictable development of Internet-based applications and technologies that could help users defy Beijing's current controls. Furthermore, the increasing number and sophistication of Internet users in China makes Beijing's approach vulnerable to public backlash when authorities restrain users' access and network performance, especially in sectors where the Internet has become a critical component of economic growth and commerce.
ENDNOTES FOR SECTION 3


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RECOMMENDATIONS

China’s Military Modernization

The Commission recommends:

• Congress fund the U.S. Navy’s shipbuilding and operational efforts to increase its presence in the Asia Pacific to at least 67 ships and rebalance homeports to 60 percent in the region by 2020 so that the United States will have the capacity to maintain readiness and presence in the Asia Pacific, offset China’s growing military capabilities, and surge naval assets in the event of a contingency.

• Congress appoint an outside panel of experts to do a net assessment of the Sino-American military balance and make recommendations to Congress regarding the adequacy of the current U.S. military plans and budgets to meet the security requirements of the United States in the Pacific.

• Congress ensure the adequacy of open source collection, production, and dissemination capabilities vis-à-vis security issues involving China.

• Congress direct U.S. Pacific Command to brief Congress on the People’s Liberation Army Navy’s participation in the Rim of the Pacific-2014 exercise.

• Congress direct the Department of Defense to provide to Congress its purpose and rationale for its military-to-military engagement planning with the People’s Liberation Army, including proposed programs already discussed with the People’s Liberation Army.

• Given the importance of understanding China’s nuclear and conventional ballistic missile programs, Congress direct the Government Accountability Office to provide an unclassified report, with a classified annex, that examines China’s nuclear and conventional ballistic missile capabilities, intentions, and force structure.

China’s Domestic Stability

The Commission recommends:

• Members of Congress reaffirm their support for human rights, freedom of expression, and rule of law in China and raise citizens’ rights to freedom of speech, expression, and religion in their meetings with Chinese government officials.
Congress support the efforts of the U.S. Agency for International Development, U.S. Department of State, and the National Endowment for Democracy to strengthen governance and improve the well-being of Chinese citizens through capacity-building training programs and exchanges.

Congress closely monitor U.S.-China counterterrorism cooperation to ensure the United States is not endorsing or providing any support for China's suppression of Chinese citizens, including Uyghurs, Tibetans, and other ethnic minorities.

Congress continue to support and fund media outlets that promote the free flow of information and Internet freedom within China.