

Business, Values, and Moral Traps: The Paradox of the Chinese Internet

BY XIAO TIAN

The Internet business is booming in China. If you are thinking of jumping on the bandwagon and investing in the Chinese Internet, however, think twice before you take the plunge.

Some large U.S. Internet companies have had their reputations tarnished after assisting the Chinese Communist Party (CCP) in the creation of China's "Big Brother" Internet.

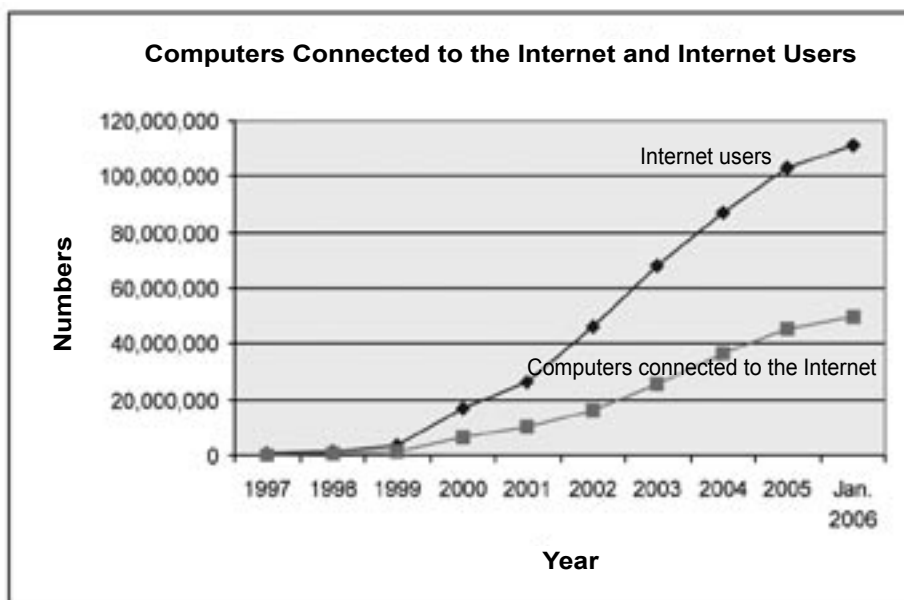


Figure 1. On January 17, 2006, China Internet Network Information Center issued its latest report. As of December 31, 2005, there were 111 million Internet users in China with 64 million using broadband, 694,000 websites and 74,390,000 IP addresses. The number of computers with Internet connections is now standing at 49.5 million as of December 31, 2005.

The number of Chinese Internet users in the past 10 years has increased from 0.6 million to 111 million, to become the second largest in the world after the United States. More than half of the Chinese Internet users, or 64.3 million, have broadband access. This fast growth and enormous market size have made China a hotspot for Internet investors and entrepreneurs. Chinese Internet stocks, such as Sina, NetEase, Sohu, Shanda, and Baidu, have made headlines in the American stock market, and the big American Internet companies have moved into China.

If business meant only business, investment in China would be simple. But, besides the figures of growth rate and profit margin, Chinese cyberspace is also filled with value conflicts and intense struggles between the Chinese people and the ruling communist regime. When foreign companies are not sensitive to those issues, they may find their business inroads into the Chinese Internet have lead them into a shameful trap.

A recent highlight occurred during a February 15th U.S. Congressional hearing where representatives from four big U.S. Internet companies—Yahoo!, Google, Microsoft, and Cisco—faced tough questions from U.S. House Representatives. The focus was the assistance that the four American companies have provided to the Chinese Communist Party (CCP) in the creation of China's "Big Brother" Internet. The companies must have felt the heat when Congressman Tom Lantos from California, a Holocaust survivor with snow-white hair, turned to each representative from the four companies and asked directly, "Are you ashamed?"

The business stakes for those U.S. Internet companies are high, making it more than a simple shame game. Congressman Chris Smith, who is on the House Subcommittee on Africa, Global Human Rights, and International Operations, is considering introducing a legislation that bans key Internet technology



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Representatives of Google, Yahoo!, Cisco Systems, and Microsoft appear in a U.S. House of Representatives hearing on February 15, 2006. During the hearing, members of Congress offered repeated condemnations of the U.S. technology companies' cooperation with the Chinese communist regime to censor the free speech and privacy of Chinese users. Over the last few months, public scrutiny of China's state-mandated censorship has grown, thanks to developments such as Microsoft deleting a journalist's blog, Yahoo! turning over information about a Chinese journalist, and Google offering a censored Chinese search service.

exports to China. Chinese victims are considering liability lawsuits against American companies such as Yahoo! for assisting the CCP in tracking down and criminalizing Chinese activists on the Internet. Given the public outcry and the seriousness of the Congressional hearing, U.S. Internet companies have to reevaluate their operations and strategies in China. Should they continue their operations, should they scale down, or should they pull out of the China market totally?

Whatever decision they make, the key issue American companies must understand is that they are dealing with two different entities in China: the Chinese people and the CCP. The Chinese people eagerly embrace the Internet for the freedom it can offer. The CCP embraces the Internet as a tool for advancing its own power and control. Stuck in between, the American companies should stick to a simple principle: It is good to invest in the Chinese people but bad to trade principles for money with the CCP.

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INTERNET AS A SHORTCUT FOR MODERNIZATION

The first hybrid Internet in China was implemented in 1986 by Beijing Computer Application Technology Research Institute with Germany's University of Karlsruhe as its cooperating partner. It was known as the Chinese Academic Network (CANET).¹

In November 1989, the National Computing and Networking Facility of China (NCFC) was created with financing from the World Bank.

The communist regime has an ambitious plan to modernize China—but only its technology, not its social values. Deng Xiaoping labeled it as “Chinese-style socialism,” and it aims at being able to compete with the United States before the middle of the 21st century. The Internet as a new, emerging technology was seen as a shortcut that would enable China to leapfrog ahead. The communist regime was very anxious to get a foothold in the

The Three Golden Projects

The Chinese communist government launched the “Three Golden Projects” in 1993 following the development of information technology worldwide. They are:

The Golden Bridge Project: *The focus of this plan has been on information technology infrastructure development. Its goal is to construct an information expressway to cover the entire nation by using fiber optics, microwaves, satellite, and mobile technology, thereby linking ministry networks, 31 provinces, 500 central cities, and 12,000 large state-owned enterprises.*

The Golden Gate Project: *This project has been concerned with constructing a national economic trading information network by promoting an Electronic Data Exchange system.*

The Golden Card Project: *This scheme has focused on “electronic money” by promoting bankcards. It plans to use bank credit cards as ID cards that provide cardholders' personal, financial, and criminal information. It has targeted more than 300 million people in 10 years.*

<http://www.bjcp.gov.cn/gkjy/xxkx/kp1015~2.htm>



GOH CHAI HIN/AFP/Getty Images

A Chinese worker puts up a signboard for China Telecom's ADSL broadband service provider, along a street in Beijing. China's Internet users have surpassed 110 million, the second largest population of Internet users in the world after the United States. More than half, or 64.3 million users, are connected with broadband service. The thriving Internet business has created both opportunities and conflicts of moral obligations for the service providers due to the Chinese communist government's censorship of the information flowing through the Internet.

new technology, as illustrated by its “Three Golden Projects” plan.

In June 1992 in Japan, China met with the U.S. National Science Foundation and discussed how the NCFC could become Internet connected. China was reportedly advised that, due to the use of Internet by the U.S. government, there were political obstacles.

In early April 1994 in Washington, D.C., Mr. Hu Qiheng, Vice President of the China Academy of Science, reiterated China’s request to the National Science Foundation to be linked to the Internet. On April 20, 1994, the NCFC was connected to the Internet via Sprint.

Since then, the Internet has been the focal point of information technology in China. Its growth in terms of number of users has been exponential and will continue into the indefinite future.

EMBRACE THE UNPRECEDENTED FREEDOM IN CYBERSPACE

The Chinese people welcomed the Internet. In a country where the Communist Party controls the state

media and publication industries, people suddenly found freedom in cyberspace. Chinese students studying in North America and Europe created several popular Chinese websites, and similar websites soon emerged in mainland China. As of December 2005, China boasted 694,000 websites and 74,390,000 IP addresses, according to the China Internet Network Information Center. These websites largely contain personal creations, stories, jokes, pictures, and all sorts of information. If the Internet provides an inexpensive means of self-expression and information sharing for everyone in the world, it was a particular experience of freedom for the Chinese, at least before the CCP began to tightly censor the Internet.

One example is the discussion of the Cultural Revolution — the decade-long nationwide catastrophe brought about by the CCP. Many lessons can be and should be learned from the Cultural Revolution, but the CCP does not allow serious discussion on the subject. In cyberspace, however, volunteers have set up a virtual museum of the Cultural Revolution (<http://museums.cnd.org/CR/>) in an effort to collect and preserve evidence, stories, and memories.

Email has been particularly valuable for the Chinese, enabling them to share information that the CCP tries to conceal from them. One example is the popularity of an email newsletter called *VIP Reference (Dacankao)*. Richard Long, a Chinese student in America, started the newsletter in 1997. The newsletter collects news and information that the CCP censors, and then emails the items to mainland China. In 1999 *VIP Reference* sent uncensored political news to 250,000 Chinese email addresses.

When the CCP started to persecute Falun Gong in July 1999, the state-sponsored media was filled with defamation and accusation. In cyberspace, however, Falun Gong practitioners and supporters managed to communicate among themselves and clarify the truth to others. Through emails, stories about the state brutality find their way overseas. Those stories are then posted on the Falun Gong websites operating overseas to be read by people all over the world.



AFP/Getty Images

A few young people, who were sent from the city to the country to learn from peasants, study Mao Zedong’s “Little Red Book” in 1971 in a field. Now Chinese people share their stories and memories of what happened in those days via the Internet.



MIKE CLARKE/AFP/Getty Images

Pro-democracy legislator Albert Ho speaks to the press in Hong Kong on February 8, 2006. Ho was holding a hunger strike alongside renowned Chinese rights attorney Gao Zhisheng in protest of alleged human rights abuses against activists. On February 4, 2006, attorney Gao started a hunger strike to protest the violence against a rights activist, Guo Fexion, by Guangdong police.

A more recent example is how an internal memo posted on the morning of August 15, 2005, by Li Datong, a senior editor at *China Youth Daily* in Beijing, spread on the Internet like wildfire. The memo criticized CCP propaganda and a plan to link reporters' pay to feedback from the CCP. Minutes after he posted it, people in the newsroom began copying and sending it to friends via email and the instant messaging programs used by more than 81 million Chinese.

In the *weiquan* movement—the Chinese people's human rights movement—the Internet has been the most important channel of informing the public about human rights abuses and connecting people from different regions. On February 4, 2006, human rights attorney Gao Zhisheng started a hunger strike in protest of the violence against rights activist Guo Fexion by Guangdong police. As the news spread over the Internet, tens of thousands of people all over the world responded and joined in the hunger strike, including students in Lanzhou University, Jiangsu Province, who learned of the hunger strike from the online version of *The Epoch Times*. The arrest of these students

prompted another wave over the Internet throughout the universities in China. Now, a "blue ribbon" movement in support of these students is unfolding.

BIG BROTHER WOULD NOT GIVE UP CONTROL

The communist regime has implemented a two-prong strategy: content censorship through China law and law enforcement, and the monitoring and control of emails and Web access through technology.

Law and Regulations

Laws and regulations in China have been an integral part of the state apparatus used by the CCP to maintain control. Of the numerous laws and regulations, the website of the Ministry of Information Industry of China posts three Internet regulations issued by the China State Council: "Regulations on the Administration of Internet Access Service Business Establishments," Decree No. 363, September 15,

2002; “Foreign Investment in Telecommunication and Information Administration Regulations,” Decree No. 333, December 11, 2001; and “Measures for the Administration of Internet Information Services,” Decree No. 292, September 25, 2000.²

These rules regulate both the access providers and the Internet users. They require ISPs (Internet Service Providers) to implement measures for monitoring information on the Internet. Access providers operating in “strategic and sensitive areas”—news and forum sites in particular—must now register and record information about visitors to these sites, such as their Internet access IDs, their postal addresses, and their telephone numbers. Such records must be made available for police inspection. To monitor the content of messages sent by Internet users, the access providers

must install software to monitor and copy the contents of “sensitive” email messages. The 10 prohibited topics include those containing “subversive” content, those damaging national images, those advocating religions, and those disrupting social order or otherwise posing a threat to “national security and unity.” Authors of such messages must be immediately reported to the authorities. In addition, foreign companies selling software in China are required to certify themselves in writing to say they will not install spy systems on Chinese computers.

In a January 2006 interview, Su Jinsheng, Director of the Telecommunications Office of China’s Ministry of Information Industry, emphasized that the Ministry will coordinate with “relevant content regulating agencies” to “monitor online content.”³



FREDERIC J. BROWN/AFP/Getty Images

Masked for protection from winter viruses and air pollution, a woman reads the news from state-controlled newspapers posted behind glass enclosures on a Beijing street on December 15, 2005. Chinese citizens are repeatedly left in the dark about news events in their own country by the ruling communist government. The CCP was recently accused by international media watchdogs of imposing a news blackout after paramilitary police put down a demonstration in southern China by shooting at the protesters. Paris-based Reporters Without Borders said the government had been able to suppress all domestic reporting after the bloody incident in Dongzhou Village, and the blackout also extended to Internet discussion forums that were ordered to censor all messages posted about the events.

Police Enforcement

The enforcement of the laws and regulations are carried out by 30,000 to 50,000 Internet police. In late February 2001, the Ministry of Public Security released new software designed to keep “cults, sex, and violence” off the Internet in China. The software known as “Internet police 110” was named for China’s emergency police telephone number. It was developed to block access to certain websites to “prevent users from getting unhealthy information from foreign and domestic websites.” The software has been used in Internet cafes to monitor Web traffic. It can also delete or block messages from sources deemed offensive.⁴

Internet police can reportedly trace the activities of the users without their knowledge and monitor their online activities by various technical means. Most commonly used techniques include domain name hijacking, keyword filtering, and IP address blocking.

Chinese Internet companies have been complying with the law in self-censorship. IT analyst Fang Xingdong established Bokee.com, China’s largest blog platform, in August 2002. According to reports, Fang says

his company uses a list of keywords to catch illicit postings. He declined to list his company’s keywords. Ten of Fang’s nearly 400 employees are tasked with trolling for what the keyword filters have missed.

On July 29, 2000, Zhang Haitao, a computer scientist and creator of the only China-based Falun Gong website, was arrested five days after the authorities tracked and banned his site. On October 11, 2000, in Changchun, Jilin Province, he was indicted for “subversion” and for promoting Falun Gong on the Internet. He had previously published an online petition against the communist persecution of the spiritual movement.

In a more recent example, on February 9, 2006, Li Yuanlong, a 46-year-old mainland China journalist with the *Bijie Daily* newspaper in southwestern Guizhou Province, was charged with inciting subversion for posting politically sensitive essays on the Internet through his Hotmail email account.

The February 9, 2006, the criminal complaint filed by the Office of the Procurator in Guizhou Province read as follows (English translation):

Internet Users in China Arrested — A Partial List

Name	Occupation	Date Arrested	
Hao Wu	Blogger and documentary filmmaker	Feb. 22, 2006	
Changing Li	Journalist for <i>Fuzhou Daily</i>	Jan. 25, 2006	
Tianshui Yang	Online journalist	Dec. 23, 2005	
Yuanlong Li	Journalist for the <i>Bijie Daily</i>	Sept. 29, 2005	
Jiangping Li	Freelance journalist, entrepreneur	May 28, 2005	
Tao Shi	Cyber dissident	Apr, 2005	
Lin Zhang	Pro-democracy activist	Jan. 29, 2005	
Yichun Zheng	Yuanhua Liao	Youping Kong	Jingqiu Huang
Zhi Li	Haidong Tao	Yongzhong Luo	Qunwei Huang
Yuxiang Zhang	Zengqi Lu	Shumin Chen	Yan Yin
Jian Li	Qiuyan Yan	Lijun Jiang	Depu He
Changqing Zhao	Lifa Han	Changying Liang	Jianli Yang
Dawei Li	Qiu Tan	Gupkun Fang	Hongmin Li
Sen Wang	Zili Yang	Haike Jin	Wei Xu
Honghai Zhang	Yuhui Zhang	Yanfang Li	Yuxia Jiang
Chunyan Li	Kui Huang	Yan Ma	Yang Lin
Haitao Zhang	Xianbin Liu	Yufu Zhu	Yilong Wu
Qingxiang Mao (occupations and dates arrested omitted)			

Source: Reporters Without Borders, http://www.rsf.org/rubrique.php3?id_rubrique=119

"Defendant Li Yuanlong purchased a Legend computer in May 2004 and registered an online account at the Bijie Branch of the Guizhou Mobile Telecom Company on February 5, 2005. Li Yuanlong later frequented overseas websites using Freegate and UltraReach software. Between May and August 2005, under the name of Ye Lang or 'yehaolang,' Li Yuanlong published from his email account OmegaCepearec@hotmail.com on the websites of New Century, Boxun, Qingxing Forum, Epoch Times, Yibao, Reminbao, Secret China, and etc., four articles, including 'On Becoming a U.S. Citizen in Spirit,' 'The Commonplace of Living and Sadness of Death,' 'The CCP Party Secretary Who Continued His Meeting While His 80-Year-Old Mother Died,' and 'A Talk about a 100-Year-Old Codger Joining the CCP.' Li

Yuanlong cooked up, distorted, and exaggerated facts and incited subversion of State sovereignty to overthrow the socialist system."

State security agents picked up Mr. Li at his office on September 9, 2005, and he has been in detention ever since.

According to Reporters Without Borders, China has at least 62 Internet dissidents behind bars—more than any other country.

Technology: Golden Shield and the Great Firewall of China

Golden Shield is the latest "Golden Project" that aims at control and censure of the Chinese Internet. It was launched in November 2000, and its first function is



Figure 2. The Internet blocking mechanism of the Great Firewall of China. (Courtesy of Global Information Freedom, Inc.)

At each gateway, in simplified terms the blocking takes place as follows:

1. A user submits a URL (Web address) in the browser.
2. The network checks a URL blacklist database to see if the requested URL is on the list. If it is, the user sees an operation timeout error message or is redirected to a government-approved website. If not, the requested URL passes to the Internet outside of China.
3. The return Web page upon entering the gateway is then checked through a keyword content filter. If the page contains blacklisted words, the user gets an operation timeout error message or a government-approved website. If not, the page opens in the user's browser.

to filter and censor every email traveling in Chinese cyberspace. Its overall purpose is much broader: to integrate a gigantic online database with a comprehensive surveillance network, incorporating speech and face recognition, closed-circuit television, smart cards, credit records, and Internet surveillance technologies. To censor and filter Internet communication between the Chinese Internet and the rest of the world, the communist regime erected the Great Firewall of China.

Isaac Mao, one of China's pioneering bloggers, developed a conceptual model of this "Great Firewall." Soon after he posted it at his blog site, isaacmao.com, in July 2005, the Chinese authorities blocked his site. His site remains blocked to date.

Figure 2 shows the Internet blocking mechanism.

FOREIGN COMPANIES WILLINGLY ENTRAPPED

The Internet technology companies in the United States turned to the Chinese market after the high-tech bubble burst in the late 1990s. The communist regime

had been seeking advanced Internet technology for enhanced censorship and control. While business deals are being made one after another, access by Internet users in China to uncensored information is being correspondingly restricted.

Cisco is known all over the world for, among other things, building corporate firewalls to block viruses and hackers. The communist regime in China posed a unique problem to Cisco: Can Cisco help keep one billion people from accessing politically sensitive websites, now, and forever?

It was reported that, to suit this special need of the China market, Cisco developed a router device, an integrator, and a firewall box customized especially for the regime. China Telecom bought a great number of them. It would not be exaggerating to say that every Chinese firewall has Cisco routers.

As a result of this advanced technology from the West, when Internet users across China search forbidden topics on the Internet, operations time out.

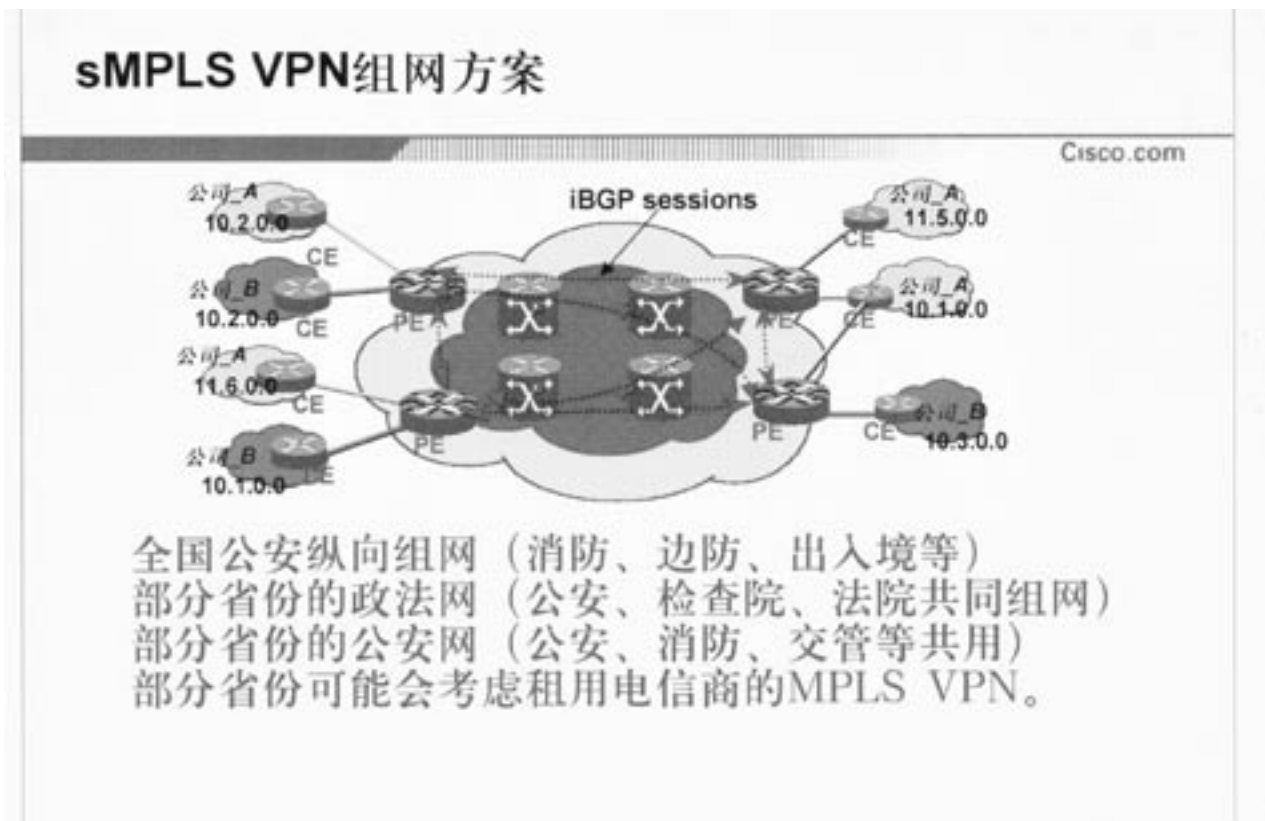


Figure 3. A graph in the presentation by Cisco at a trade fair, depicting a Virtual Private Network for the Chinese law enforcement utilizing the Cisco Multiprotocol Label Switching feature. (Courtesy of Ethan Gutmann)

On March 16, 2002, over 100 Chinese Internet companies signed a "Public Pledge on Self-Discipline for the China Internet Industry." As *People's Daily* reported, "The basic principles of self-discipline for the Internet industry are patriotism, observance of the law, fairness, and trustworthiness." The pledge commits companies to avoid "producing, posting, or disseminating pernicious information that may jeopardize state security and disrupt social stability." By mid-July 2001, over 300 Chinese Internet companies, including Internet service providers and Internet content providers, had signed on.

The foreign players in the Chinese Internet arena, Cisco and Yahoo!, signed on first, followed by Microsoft in June 2005 and Google in January 2006.

One casualty of Yahoo!'s obedience to the communist regime is Shi Tao. Mr. Shi was a journalist. On November 24, 2004, police detained him near his home in Taiyuan City, Shangxi Province. Several months before, he had used his Yahoo! account and emailed to overseas media certain directions that the Propaganda Department had issued to the Chinese media on how to report the upcoming anniversary of the Tiananmen Massacre. On December 14, he was formally arrested and charged with "disclosing State secrets." On April 27, 2005, Mr. Shi was convicted and sentenced to a 10-year prison term. The judgment issued by the court

revealed that the conviction was based on information that Yahoo! provided about its customer's IP address and email account.

Shi Tao is now serving his sentence in Chizhang Prison, Hunan Province. He is not alone. Yahoo! also helped send two other Chinese cyber dissidents—Li Zhi and Jiang Lijun, both Yahoo! customers—to prison for terms of eight and four years, respectively. In the case of Mr. Li Zhi, Yahoo! provided Chinese authorities with personal identification data. Mr. Li, a 35-year-old resident of Sichuan Province, used what he believed to be an anonymous Yahoo! account to express his opinions on message boards and in chat rooms.

Microsoft is not far behind in the game. Early in January 2006, Microsoft closed down the Internet blog of prominent Chinese, Beijing-based media researcher Zhao Jing, after he posted articles critical of a management purge at the *Beijing News Daily*. When talking to the media, Mr. Zhao, who uses the pen name Michael Anti, stated, "MSN Spaces (has) now deleted all of my articles. I have no backup and I'm very angry." The MSN Spaces operation, a Microsoft joint venture with state-owned Shanghai Alliance Entertainment, is the top blog hosting service in China.

Microsoft had previously faced intense criticism when it was revealed in June 2005 that its Chinese blogging

Keywords Filtered on the Internet

Rough analysis of a keyword list used by ISPs in their self-censorship to filter content in China shows Falun Gong at about 20 percent; Tibet, Xinjiang, Taiwan at about 15 percent; Names of Chinese leaders and their relatives at about 15 percent; democracy, corruption, and politics at about 15 percent; social unrest, police at about 10 percent; names of dissident writers, political exiles at about 10 percent; pornography-related at about 15 percent. Here are some examples of Chinese words on the list:

multiple parties; democracy; dictatorship; dafa; truthfulness, compassion, and tolerance; Falun Gong; Tiananmen; Taiwan Independence; Jiang Zeming; June 4th; June fourth; Beijing Spring; Beijing authorities; North Korea; tyranny; Xinjiang Independence; military police; police; Epoch Times; Eastern Turkistan; autocracy; Hu Jintao; Hu Ping; Jesus Christ; communism; demonstration; two Chinas; Voice of America; Ma Sanjia; treason; persecution; Rebiya; Renminbao; human rights; tolerate; Wu Hongda [Harry Wu]; student movement; dissidents; one China, one Taiwan; Zhao Ziyang; truth

*[Source: Xiao Qiang, China Digital Times June 14, 2005
http://chinadigitaltimes.net/2005/06/update_the_filt_php]*



PETER PARKS/AFP/Getty Images

Zheng Xiaochun looks at a website in Beijing on November 2, 2005, at a picture of his older brother Zheng Yichun who was sentenced to seven years in prison in September for posting essays online critical of the Chinese communist government. From an esteemed college professor to one of China's most recent prisoners of conscience, the fate of Zheng, 47, has followed a familiar pattern for the country's growing community of cyber dissidents.

service, MSN Spaces, restricted the entry of terms such as "freedom," "democracy," "demonstration," "Dalai Lama," "Falun Gong," and "Taiwan independence." When searching for these words in the subject line, an error message returns saying "Prohibited language, please remove." Not even former and current leaders' names, such as "Mao Zedong" or "Hu Jintao," were allowed, reported *Reuters* on June 14, 2004.

On June 23, 2005, Martin McMahon, an attorney in Washington, D.C., representing Falun Gong practitioners, sent a letter to Microsoft regarding Microsoft censorship. In the letter Mr. McMahon cited *Reno v. ACLU (1997)*, a U.S. Supreme Court decision in which Microsoft was a named plaintiff. The case challenged the *Communications Decency Act* as an unconstitutional violation of the *First Amendment*. The U.S. Supreme Court found the Act was unconstitutional, overbroad, over inclusive, and had a "chilling effect on free speech" on the Internet. We must wonder what

caused the change in Microsoft's position with regard to freedom of speech on the Internet when it came to its MSN Spaces in China. □

~~~ Chinascope original ~~~

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