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WIRED CHINA: WHO'S HAND IS ON THE SWITCH?

ROUNDTABLE

BEFORE THE

CONGRESSIONAL-EXECUTIVE COMMISSION ON CHINA

ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

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WIRED CHINA: WHO'S HAND IS ON THE SWITCH?

MONDAY, APRIL 15, 2002

CONGRESSIONAL-EXECUTIVE
COMMISSION ON CHINA,
Washington, DC.

The roundtable was convened pursuant to notice, at 2:45 p.m., in room SD–215, Dirksen Senate Office Building, Mr. Ira Wolf (Staff Director of the Commission) presiding.

Also present: John Foarde, Deputy Staff Director; Michael Castellano, Office of Congressman Levin; Jennifer Goedke, Office of Congresswoman Kaptur;Todd Rosenblum, Office of Senator Bach; and Alison Pascale, Office of Senator Levin.

OPENING STATEMENT OF IRA WOLF, STAFF DIRECTOR, CONGRESSIONAL-EXECUTIVE COMMISSION ON CHINA

Mr. WOLF. On behalf of Senator Baucus, the Chairman of the Congressional-Executive Commission of China, and Congressman Doug Bereuter, the Co-Chairman, I'd like to welcome all of you to the fourth roundtable that we've held at the staff level on issues before the Commission. Today we will be discussing the Internet and free flow of information in China, critical issues related to the mandate of the Commission which is to monitor human rights and developments in the rule of law. I was going to go down a list of the future hearings and roundtables, but I just refer everyone to the Commission Web site, *www.cecc.gov*.

We have four participants today. First we have Ted Kaufman who is a member of the Broadcasting Board of Governors, Sharon Hom who is from Human Rights in China, James Mulvenon from RAND, and Kathryn Hauser from the Information Technology Industries Council. We will run this as we do all the roundtables. We start from left to right, no ideological implications here, call it window to wall.

There are 10 minutes for each opening statement. The yellow light in front of you goes on at minute 9, so please try to finish up, although we are flexible on this. Once all four of you have finished, the staff of the commissioners will ask you questions. We hope that it is not so much a question and answer format as we will throw out an idea and we'd like to have discussion among the panelists. Ted, why don't you begin.

STATEMENT OF EDWARD E. KAUFMAN, MEMBER, BROADCASTING BOARD OF GOVERNORS

Mr. KAUFMAN. Thank you and thanks for having me here.

My name is Edward Kaufman, I am a member of the Broadcasting Board of Governors [BBG]. The BBG is a bipartisan group of eight private citizens, plus the Secretary of State, who oversee all U.S. Government, non-military, international broadcasting. This consists of Voice of America [VOA], Radio Free Europe, Radio Liberty, Radio Free Asia [RFA], World Net Television and Radio and Television Marti.

Our budget is approximately $526 million, we have 3,432 employees and we broadcast in 65 languages around the world. We were created by the United States International Broadcasting Act of 1994 as an independent part of the United States Information Agency [USIA]. We became an independent Federal agency in 1999 when USIA was subsumed in the State Department.

The lack of free flow of information in China has strongly concerned the board since the BBG's inception. The Chinese policy regarding the Internet is just an extension of the country's policy toward any objective source of information about what is occurring in China or the rest of the world. All levels of the Chinese Government are committed to controlling any information that might reach the Chinese population.

The government controls from Beijing all radio, television, and Internet dissemination of news throughout China. This is done in what has become a media rich environment. There is the illusion that there are many voices in China, but in reality there's only one.

Wherever you travel there are many newspapers but only one story. Many of the media outlets no longer receive subsidies from the government and must compete for advertising revenue to ensure their financial viability. However, competition does not extend to the news and analysis, which is closely monitored and controlled by the government.

The Chinese Government has become skilled at giving visiting Western policymakers and business representatives the impression of a free press in China. CNN and BBC television are available at most first-class hotels, and the International Herald Tribune and the Asian edition of the Wall Street Journal are sold in hotel lobbies. However, none of these are available to most Chinese.

In an attempt to overcome China's internal censorship and to bring truth and objectivity to China, United States international broadcasting provides comprehensive news and objective information to the people of China every day through radio, television, Internet, and satellite broadcasts. These services are offered in Mandarin, Cantonese, and Tibetan languages by VOA and RFA. Radio Free Asia also has a Uyghur service.

It brings information to millions of eager listeners and viewers. However, these channels are often systematically blocked either by direct jamming or broadcast interference from local stations or other government policies that frustrate free access. It was hoped that China's acceptance in the WTO [World Trade Organization] would result in reduction of jamming. However, since the start of the Chinese New Year the jamming has increased.

This is especially discouraging because the United States has given unprecedented access to Chinese Government international broadcasting. China Government television [CCTV] has wide dissemination in the United States, including California's largest cable network and Washington, DC cable. It will soon be on Time/Warner's cable systems, including New York City and Houston. China's international radio, CRI, broadcasts into the United States without jamming, and is available on AM and FM radio stations across the country.

The lack of reciprocity extends beyond broadcasting to news-gathering. The Chinese Government has allowed VOA only two reporters in China, both for the English service, and no RFA reporters. In addition, they have yet to approve the addition of two Mandarin-speaking reporters for Beijing and Shanghai. The Chinese Government complains about their coverage, but will not allow native speaking reporters to serve in China.

At the same time, China's CCTV and CRI have numerous bureaus and reporters in the United States. CCTV has offices in New York and Washington, DC with two reporters each. CRI has two reporters in their Washington, DC office, two in their New York office, and one in their Los Angeles office.

Because the Internet could provide a new means to transmit information, Beijing fears its threat to their information monopoly. At the same time they recognize the Internet's economic and educational importance. The government has instituted draconian regulations and conducts widespread electronic blocking of particular Web sites, usually international news sources.

Once again, the government choreographs all this activity beautifully. When President George W. Bush visited Shanghai to attend the meeting of Pacific Rim Nations in October 2001, the Chinese Government stopped blocking a number of Internet news sites including those of ANN, the NBC, Reuters, and the Washington Post. These blocks were reactivated immediately following President Bush's departure.

As a result of these governmental measures the Chinese people are woefully short of objective information on the United States and its people. Ironically they believe that they understand the United States quite well from syndicated sitcoms, movies and music videos. Over the long term this prevents the development of a healthy China-United States relationship. In the short term, it is a policy disaster.

The Chinese people's responses to the May 1999 bombing of the Chinese Embassy in Belgrade and the April 2001 captured spy-plane incident are notable. The Chinese Government's monopoly of information media enabled it to orchestrate Chinese public reactions to both incidents. In May 1999, rock-throwing demonstrators attacked the United States Embassy. In April 2001 Chinese domestic media presented a one-sided version of what happened to the United States spy plane but deliberately toned down its rhetoric and the demonstrations were minimal. Finding anyone in China who has heard the United States version of either case is difficult. Ultimately, in a time of crisis with China, the United States president has no way to communicate directly to the Chinese people.

The Chinese people are in the place of an old saying, "the trouble with most folks isn't so much their ignorance, as knowing so many things that ain't so." One of our recent surveys found that 68 percent of the urban dwellers in China consider the United States to be their nation's No. 1 enemy.

The United States cannot afford to have 1.2 billion people, almost 18 percent of the world's population so ill-informed.

What can we do about this?

First, President Bush, State Department officials, and Members of Congress can demand reciprocity from the Chinese, and stop jamming international broadcasts and allow more United States journalists into China.

Second, United States Government pressure can be brought on neighboring countries that are reluctant to allow VOA and RFA to broadcast into China from their countries because of Chinese Government pressure.

More money can be allocated to the infrastructure required to get our signal through. The United States needs refurbished shortwave facilities, access to additional satellites, and leasing of additional medium-wave facilities.

As today's hearing shows, the Internet can be key. Regular use is now at 5.8 percent in China and growing rapidly. Among better-educated 21 percent use the Internet regularly. The Internet is the perfect medium for the United States to communicate directly with individual Chinese citizens. And the United States has to be single-minded in putting pressure on the Chinese to stop blocking our Internet sites. In the meantime, we should spare no expense in finding ways to penetrate the blocking.

The debate on the bill that established the Congressional-Executive Commission on China is full of rhetoric that free trade and economic parity for China would lead to the free flow of ideas. If anything, since the passage of that bill, the Chinese Government has done even more to slow or stop the free flow of information in China.

It is essential for healthy Chinese-United States relations that all levels of the United States Government demand that China end the censorship and the jamming and blocking and deliver on the promise of free flow of information. Thank you.

[The prepared statement of Mr. Kaufman appears in the appendix.]

Mr. WOLF. Thank you very much. Next is Sharon Hom.

STATEMENT OF SHARON K. HOM, ACTING EXECUTIVE DIRECTOR, HUMAN RIGHTS IN CHINA

Ms. HOM. Thank you, Ira. I want to start by thanking Ira Wolf and John Foarde for inviting Human Rights in China [HRIC] to participate in this roundtable.

The inclusion of an international human rights and Chinese NGO [non-governmental organization] perspective, together with business, government, and national security perspectives, will hopefully contribute to a productive and lively exchange and sharing of views.

Founded after the June 4 crackdown, HRIC is an international, non-governmental organization dedicated to promoting a growing

rights consciousness among the Chinese people; supporting the development of civil society; empowering peaceful grassroots activism; advocating effective implementation of China's domestic laws and practices in compliance with international human rights obligations; and acting as a catalyst for democratic social change.

The rapid development of the Internet in China presents significant opportunities and challenges for advancing these human rights goals. We also recognize there are multiple stakeholder interests, including the Chinese Communist Party [CCP], competing PRC [People's Republic of China] ministries and various organs all claiming a piece of what they view as lucrative regulatory territory, domestic Chinese telecoms, foreign investors, media and foreign telecom companies and domestic and international NGO's.

Yet there is probably a point of convergence at this roundtable on the importance of promoting freedom of expression and the free flow of information. From the United States Government's perspective, these are integral to the development of rule of law, democracy, and promotion of civil society initiatives. From the perspective of the private telecom sector, the uncensored flow of free information is at the normative core of free market and exchange values.

From our perspective, the free flows of information, uncensored debate and discussion, and freedom of assembly, are critical for promoting the accountability of government, exposing and addressing corruption, and promoting the emergence of a genuine democratic civil society. However, because political and legal controls constrain the independence of civil society within China, the nurturing of an uncensored virtual civil society through the use of Internet and wireless technology becomes an essential challenge.

In the past 7 years, the astonishing development of the Internet can be seen in the laying of the backbone of thousands of kilometers of fiber optics—longer than the Great Wall—the exponential growth in bandwidth, and now more than 33 million Internet users. The number of people online in China has been rising rapidly in the past 3 years, surging to rates of 152 percent growth.

In terms of wireless technology, currently China has the largest wireless market in the world, nearly 200 million users.

Yet, these numbers also reflect a serious digital divide. The demographics of these users raise concerns about breathless accounts of the capacity for the Internet to allow China to leapfrog other countries. Internet users and their geographic distribution are not representative of China as a whole. The vast majority of Internet users are young, male and college educated. However, I just want to note, the arrest of Internet activists seems to be geographically distributed throughout China in all the provinces. The Internet, however is mainly diffused over the three big cities, Beijing, Shanghai and Guangzhou. By the end of 2000, only 0.76 percent of the Internet users are in rural areas where 80 percent of China's population resides.

This digital divide reflects and contributes to the widening economic and social gap between rural and urban, and underscores the failure of China's economic modernization policy to ensure equal access and treatment in political, economic, social and cultural life to the vast majority. Together with rising social disloca-

tions and growing violent unrest among the millions of unemployed workers, these growing inequalities threaten to undermine the security, stability and fairness of China's modernization and reform efforts.

If the promise of the Internet reaches only the current demographics and growing middle class elite—then the Internet will not be a real tool for democracy or building civil society in China. Inherent in visions of democracy and freedom are broad-based nondiscriminatory access and opportunities for participation. Whether in cyberspace or otherwise, freedom of expression, an independent press, and freedom of assembly are meaningless if they can only be exercised by those connected, rich, educated, or powerful enough to claim these rights.

It is also important to note that during this period of impressive technological advances, the overall human rights situation in China remained—and remains—serious and urgent. Ongoing human rights abuses include the systematic and continued use of torture, the arbitrary administrative detention system, and the ongoing impunity for the violent June 4, 1989 crackdown on unarmed civilians.

The post-September 11 global and domestic focus on anti-terrorism has also allowed China, in the name of security, to continue its violent crackdown on peaceful Muslim and Tibetan advocates for self-determination, political dissidents, labor and democracy activists, and on vulnerable groups, such as rural and migrant populations. At the end of 2001, China imprisoned more journalists than any other country in the world.

And specifically relevant to our discussion today, China has adopted a range of low- and high-tech strategies, including implementation of extensive regulations to censor and control Internet content and access, a network of informers, and the construction of an extensive and sophisticated surveillance system, with the assistance of the foreign telecommunications corporations, notably Canadian and including major United States companies. These strategies have also resulted in self-censorship on the part of commercial Internet service providers and others.

Despite mounting government sophistication at proactive propaganda strategies to use the Internet to promote State interests, the Internet is also a vehicle for human rights activism by mainland and exile groups such as HRIC, the China Democracy Party, the Falun Gong, and the Tibetan exile community. However, individuals within China that seek to deploy Internet strategies are met with arrests and detention. There are at least 20 or more individuals who have been detained in the past year, that's 2001, for alleged illegal on-line activity, that include printing out pro-democracy materials, distributing information on Falun Gong, publishing articles of arrests of Internet activists, promoting political reforms and calling for the reassessment of June 4, and posting information about local human rights violations. These were all deemed to be violating State security.

Increasingly restrictive Internet regulations make it clear that freedom of expression, freedom of assembly, and right to petition the government guaranteed in the Chinese Constitution are not

real freedoms at all when the regime views their exercise as a challenge to its monopoly on political power.

The legal, technological, and policy responses of the PRC Government to control and counter the potential political impact of the Internet also raise important questions regarding conventional wisdom that the Internet will act as an inevitable force for democracy. When Jiang Zemin and current leaders call for the informatization of the economy, the military, and the government bureaucracy , it is clear this does not include any perceived challenges to the monopoly of political and information power held by the Party.

As an example from the NGO trenches, perhaps an example of what the RAND current report refers to using the Internet as a force multiplier, I want to end by briefly describing HRIC's Internet-related initiatives. Our work features a proactive role for mobilizing technology for human rights activism from the base of our interactive Web site. At the end of last year, HRIC re-launched an expanded database driven bilingual Web site that provides easy-to-search functions, direct links to HRIC-sponsored projects such as the June 4 Fill the Square, on-line issues of HRIC's journal China Rights Forum, daily human rights news updates, and an archive of HRIC reports prepared for U.N. bodies and international conferences, and the design of a comprehensive data base on political prisoners in China. HRIC also is currently working with a former student leader of the 1989 Movement and now a professional Internet data base developer to construct a comprehensive, interactive, and authoritative Web site focused on establishing reliable accounts and facts of the June 4 massacre and the subsequent persecutions. This Web site will include the diverse perspective of students, concerned citizens and the government and archival materials such as dazibao—the "Big Character Posters"—pamphlets, meeting records and decisions, photos, audio and videotapes, government announcements and internal documents—wenjian—reports, and interviews on newspapers, and TV and radio coverage.

Together, this Web site and the archive will make historical materials about this pivotal event in contemporary China available to human rights activists, researchers, educators, journalists and the evolving pro-democracy movement.

Looking ahead, we recommend the following areas for ongoing attention by the Commission.

First, identifying and monitoring possible opportunities for intervention and engagement by the United States Government, the private sector, and NGO's.

For example: In October 2002, Shanghai will host the ICANN conference. The complexities and internal debates aside, how can concerns about Chinese Internet censorship, free flow of information, and freedom of association and assembly, be constructively and appropriately raised?

In the lead-up to the 2008 Olympics, we urge the Commission to monitor several human rights concerns, including violations of labor rights, the cleaning-up of areas of Beijing through detention of undesirables, tighter control of the media to maintain a positive domestic picture, shut-downs of media and Web sites, and the continued use of security and anti-terrorism measures to silence legitimate peaceful expression.

With respect to information and surveillance technology, the testing and implementation of security systems during site construction, including digital surveillance cameras, biometric authentication systems, should be carefully monitored to avoid leaving behind the architecture for technological repression and control when the games are finished.

We also end by respectfully noting that the roundtable themes are interrelated and it may be useful for the Commission to consider at some future point, hearings or roundtables that examine the interface between them, for example, the implementation of the WTO and human rights, or in the context of the digital divide, Ethnic Minorities and the Internet. Thank you.

[The prepared statement of Ms. Hom appears in the appendix.]

Mr. WOLF. Thanks very much. James Mulvenon.

STATEMENT OF JAMES C. MULVENON, DEPUTY DIRECTOR, CENTER FOR ASIA-PACIFIC POLICY, RAND

Mr. MULVENON. Good afternoon. Again I'd like to thank Ira Wolf and John Foarde for inviting me to come today. My name is James Mulvenon. I'm a China researcher at the RAND Corporation which is a non-profit, federally funded research and development center, that primarily does most of its work for the United States Government, half of which is on national security matters. In other words I'm the representative of the defense industrial complex on this panel.

RAND in particular has spent the last 5 years or so doing Chinese open source research on a variety of topics between the nexus of the information revolution in China and United States national security.

We've looked at a number of different issues. Export controls—which is now becoming an increasingly vibrant debate here in Washington, particularly on information technologies—China's national information security strategy; the nexus between the Chinese military and Chinese I.T. development, particularly as it effects China's military modernization; the use and monitoring of the Internet by the Chinese Ministry of public security and State security. And last what I'd like to talk about today which is dissident use of the Internet and Beijing's counter strategies. In the back of the room we have a copy of RAND's report by that title, and my co-author, Michael Chase, is with me here today.

It is clear that all around the world from Saudi Arabia to Cuba to Myanmar to the People's Republic of China, dissidents are using the Internet increasingly to organize and communicate with each other, to access banned information, and draw support from a global network of activists and other NGO's. At the same time, however, these governments are struggling to prevent these activists from using the Internet to erode government controls over the flow of information and promote political or social agendas that these regimes find threatening. This has raised an interesting question, the answer of which depends on whether you favor the optimistic or pessimistic scenario. The optimistic scenario is that the Internet is a liberalizing force that will bring greater freedom and openness to these societies and therefore give greater opportunities to its citizens.

But there is a pessimistic scenario that we cannot overlook, which is that these telecommunication and modernization programs favor those organizations within countries that have economies of scale. Having economies of scale these states can use this technological modernization to further the ends of State coercion and repression. And I think we see that balance in China in particular and I'd like to talk about some of the dynamics of that.

Clearly the arrival of the Internet in China has altered the dynamic between the Beijing regime and the dissident community both within China and outside. For the State, political use of the Internet further degrades the Chinese Communist Party's ability to control the flow of information that it deems politically sensitive or subversive into China or within China. The Party however, also has the additional benefit of being able to use Leninist methods to crush potential organized opposition, and as a result, no organization with the capacity to challenge the Chinese Communist Party's monopoly on political power in our view, presently exists in China.

But, however I would point out that the Internet only provides two-thirds of what I would regard as the necessary criteria for political change in China. Those criteria are the ability to coordinate activity, the ability to motivate activity, and then the ability to actually achieve agency with that activity, to actually achieve coercion. If you think about it, the Internet allows activists all over the world to communicate with one another and to coordinate with one another and to provide motivation for one another. But when the Ministry of Public Security kicks in the door of your apartment at 4 o'clock in the morning, that activist is alone. And to that extent there is a limit on the power of the Internet to provide a mechanism for political change short of actual organization and mass activity.

I would point out that there are two different dynamics in terms of dissident use of the Internet that we discuss in the report. Two-way communication on the one hand and one way communication on the other. And they have very different results and motivations. For dissident students and members of groups like Falun Gong, the Internet, especially two-way communication like e-mail and bulletin boards in particular, permit the global dissemination of information for communication, coordination and organization with an ease and rapidity that is unmatched in the history of the world. And it also allows them to do this without attracting the attention of the authorities. The perfect example of that is the 10 to 15 thousand Falun Gong practitioners that showed up uninvited outside the central leadership compound in Beijing in April 1999.

However, the dissident community has also made extensive use of what we deem one-way Internet communication, particularly what's known as e-mail spamming, which has been a particularly successful form of this type of communication. It enables groups to transmit uncensored information to an unprecedented number of people within China and to provide those recipients with plausible deniability. And how they do this is that they don't solicit information via e-mail—you don't have to sign up to be a subscriber to this. They simply buy mass e-mail lists with millions of names on it and they make sure to send those e-mails also to low-level and mid-level Ministry of Public Security officials. So anyone who receives

these e-mails honestly can say that they didn't solicit them and therefore they have plausible deniability about receiving the information. In its simplicity, it is actually quite brilliant. The PRC is unable to stop these attempts because in many cases these groups never use the same originating organization or unit IP address more than once. And there is a trend, I think, toward more groups and individuals becoming involved in activities of this type, which some people have dubbed a form of Internet guerrilla warfare.

Unfortunately the Chinese Government also has recognized this in their own internal writings and it is one of the reasons that they're so scared about it because the activity very much resembles the way they organized themselves in the 1930s, into cells where individuals not necessarily have organizational linkages to other members of the organization. And thus we argue that small groups of activists can therefore use the Internet—as Sharon has pointed out—as a force multiplier to exercise influence disproportionate to their size and financial resources. However, we would also point out that enhanced communication does not always further the dissident cause. We've spent hundreds of hours in dissident chat rooms and bulletin boards and other forums both inside the United States and around the world, and what's clear is that a significant percentage of the communication on these bulletin boards shows us that the Internet is also a new forum for discord and rivalry within the dissident community; and that a significant percentage of these communications are accusations and counter accusations that one or other participant, at any given time in the forum, is an agent of the Ministry of State Security. So there's an awful lot of counterproductive, destructive, destabilizing discussion that's going on amid admittedly positive discussion.

In terms of counter strategies, the Beijing regime, I would argue, has used a combination of what we call high- and low-tech methods. On the high-tech side, this includes blocking of Web sites and e-mails, monitoring, filtering, denial, deception, disinformation, and even in some cases—we document in the report—official hacking of dissident and Falun Gong Web sites. In the past couple of years you could use proxy servers if you were located in China with some ease to get to nearly every site you could possibly want to visit on the global Internet. But we would note that there have been some technical trends in the last year or so that show that the Beijing Government has become increasingly sophisticated at ending the use of proxy servers. In addition, there are a number of other proposals on the table for various flawed ideas for using various types of peer-to-peer networking to be able to enhance the flow of information, and we can talk about that more in the discussion.

The other half of Beijing's strategies which we dub low-tech Leninist—and I would argue make up the bulk of their strategy and also account for the majority of the success of their strategy—are the traditional things that we associate with Leninism which was described once as an organizational weapon. In other words, surveillance, informants, searches, confiscation of computer equipment, regulations and even physical shut down of large sections of telecommunications infrastructure during crisis.

In this case we've often found in going back through examples of arrests, that the Beijing authorities would cue on a particular dis-

sident through non-Internet means, through informants or other methods, then cue on their communications. But in many cases they would simply kick in the door at 4 o'clock in the morning and these articles related again and again that the first thing they do is they grab the hard drive. And often they reconstruct a case against a person in terms of what they've done on the Internet, through this type of physical confiscation rather than anything sophisticated or technology-related. What's key, though, about this strategy on the part of Beijing is that they understand that the center of gravity is not necessarily the information itself. Like all of us, people in China are absolutely drowning in information in the 21st century. But they realize that the key center of gravity is the organization of information and the use of information for political action and that's where the focus of their coercion has been thus far.

The strategy of the security apparatus, I would argue, strives less to actually stamp out every case of the use of the Internet for subversion but instead to create a regulatory and political climate of self-censorship and self-deterrence. A perfect example of this are the regulations about the running of Internet Service Providers [ISP]—who are responsible for the actions of all of their subscribers—which is why the ISP's are the ones who put the monitors within the chat rooms to make sure that people aren't criticizing the Party, rather than the Ministry having to do it all by itself. One Ministry of Public Security official was quoted as saying that, people are used to being wary in the general sense that knowing that you are under surveillance acts as a disincentive. The key to controlling the Net in China is managing people and this is a process that begins the moment you purchase a modem, and one at which the Ministry is very comfortable. And thus in a sense they are in a partnership with Western and other companies in China in that they are looking to make an environment in which people seek profits, not politics.

Now, to conclude, I would argue that to this point, Beijing's countermeasures—to the Internet—have been relatively successful. Far more successful than most of the Internet champions would have said 5 or 10 years ago about how the Internet was going to single-handedly overturn the regime in Beijing. In fact I would offer a surfing metaphor, to close, as the reason why. Which is to say that everyone on the beach is fascinated that the amateur, who's never surfed before actually got up on this monstrous wave. Which reflects the feeling of many people, I think, of their surprise that the Beijing Government has been successful thus far in being able to shape the information environment in China. But the hope for the future is that everyone on the beach also remains supremely confident that that amateur surfer is going to be crushed mercilessly against the coral reef over the long term. And thus is our hope for liberalization within China. Thank you very much.

[The prepared statement of Mr. Mulvenon appears in the appendix.]

Mr. WOLF. Thanks very much. Kathryn Hauser.

STATEMENT OF KATHRYN HAUSER, SENIOR VICE PRESIDENT, TECHNOLOGY AND TRADE, INFORMATION TECHNOLOGY INDUSTRY COUNCIL

Ms. HAUSER. Good afternoon, I'm Kathryn Hauser. I'm the Senior Vice President of the Information Technology Industry Council, otherwise known as ITI. Thank you for inviting me to speak today on behalf of the 30 member companies of my association. ITI members are the leading providers of information technology products and services and span the entire I.T. industry, from infrastructure to computer hardware, software, services, consumer electronics, e-commerce and Internet services.

Our companies operate globally and are heavily invested in ensuring open international trade, as over 60 percent of their revenues come from foreign sales. China is obviously a key market for ITI members. Many of our companies have longstanding investments and operations there and others are relatively new to the market. But all agree that China represents the most significant growth market for I.T. products and services and we at ITI are actively working to improve our companies' access to this market.

We are hopeful that China's membership in the World Trade Organization will advance domestic economic reforms and expand China's openness to the rest of the world.

The focus of this roundtable on "Wired China, Who's Hand is on the Switch," is timely. We've all observed as have other panelists, the rapid expansion of the Internet in China as well as the steady increase in Chinese domains and Web sites. The China Internet Network Information Center estimates that there are 33.7 million Chinese Internet users and many are predicting that China will soon overtake Japan as the Asian country with the most Internet users. Already, China is the world's largest market for cell phones with nearly 160 million users. As the technology evolves to allow inexpensive Internet access from cell phones, China is likely to have more Internet users than any other country.

All of us are questioning what this means for China, its people, governments, businesses and consumers and for our countries doing business there. As with any issue in China, the role of the government is paramount. Through telecommunications policies beginning in the 1990s, the Chinese Government shaped the growth and diffusion of the Internet and continues to support its expansion today. At the same time the Chinese Government is attempting to control use of the Internet by filtering or blocking access to certain Web sites with objectionable content.

We in industry believe in the power of information technology to generate higher productivity and economic growth, to increase the flow of information, and to better the lives of those that can access it. I want to speak for a moment about the Chinese Government's support for the development of the Internet.

Internet expansion in China is due, we believe, to direct support by the Chinese Government and it continues to support and promote the use of information technology and the Internet to serve its economic goals. Nearly a decade ago in the early 1990s, the Chinese Government began a process called informatization, which was to drive industrial development. It initiated the so-called "golden projects" which established a new Internet protocol communica-

tions network linking government ministries and state-owned enterprises. The goal was to use information technology as a vehicle to modernize the economy, centralize decisionmaking, create a more transparent administrative process between and among government ministries, and establish e-government capabilities. The Chinese Government also deployed broadband technologies, particularly in high-density urban areas, and put a plan in place to rapidly build out the country's telecom infrastructure. These actions paved the way for State Council support for the development of the Internet in China.

In 1996, the State Council set up a Steering Committee on National Information Infrastructure to coordinate Internet policy, taking it out of the hands of the Ministry of Posts and Telecommunications and the Ministry of Electronic Industries. A further restructuring occurred 2 years later in 1998, with the consolidation of functions into the Ministry of Information Industries, known as MII. High-tech and telecom issues became the responsibility of Vice Minister Wu and the MII Minister, with Premier Zhu Rongji, occasionally taking a role.

Last August, the State Informatization Leading Group was formed to provide top-level coordination of intra-agency issues related to the I.T. and telecom sector. Under this leading group, the State Council Informatization Office launched a major initiative to broaden decisionmaking and communication links through e-government.

Chinese Government officials are eager to learn about the United States experience with e-government. We at ITI have forged a link between the State Council Informatization Office and USITO, the United States Information Technology Organization, which is comprised of six United States I.T. associations and serves as our collective voice in China. Vice Minister He of the State Council Informatization Office was in Washington last month and discussed e-government and e-commerce issues with ITI member companies. We will continue this dialog through USITO in Beijing.

The United States should welcome China's e-government initiative. It has the potential to significantly increase transparency of China's governance for its own people. Some of our members believe it will also be the major driver of the growth of the use of the Internet in China, as government information, decisions, and services remain important if not paramount in China. Finally, U.S. companies, including ITI's membership, are best positioned globally to benefit from this growth.

We have already heard from other speakers about how, as the Internet continues to expand in China, the government continues its attempt to tighten controls on on-line expression. What kind of content is the Chinese Government really trying to limit? Much of their attention seems focused on the same issues that have troubled regulators in other countries—exploitative, sexually inappropriate, or criminal uses of the Web. Beyond that, Chinese officials want to limit politically offensive or regime-threatening subjects.

Since 1995, when China first began permitting commercial Internet accounts, the authorities have issued at least 60 sets of regulations aimed at controlling Internet content. The regulations are often vague and broadly worded, but nonetheless form an elaborate

regulatory framework that serves as a statement of policy, justification for monitoring or surveillance, and a set of guidelines for what constitutes illegal activity and a deterrent to Internet users.

When industry has pressed Chinese officials for details, regulators have a hard time or simply refuse to describe precisely what sort of subjects fall into these categories. The very vagueness of Chinese regulations concerning political or religious issues has a chilling effect on all dialog relating to these topics.

We have already heard from other speakers about the recent survey conducted in China about Internet use. I would like to refer the staff to that Web site which is *www.worldInternetproject.org*. It talks about the use of the Internet in China and the ways in which users of the Internet are trying to get around the blocking activities of the Chinese Government.

I think, to conclude, there is a strong role for the United States industry in this debate. First, we must continue to work closely with the Chinese Government to help China expand Internet access broadly throughout the country and to help them benefit from the use of information technologies. Our USITO Office in Beijing is well-positioned to advance this dialog and ITI member companies will actively participate and share their experience with e-commerce and e-government.

A key objective will be to develop a process whereby companies that will be affected by proposed regulations will be permitted to comment on them before they are implemented. In addition, we hope to share information about how other governments are dealing with these problems, encourage Chinese participation in e-commerce occurring around the world, and support government-to-government exchanges on these issues.

We anticipate that this discourse will enable both industry and government to work together to address the regulatory structure and other key issues such as privacy and security.

Whether one considers the Internet primarily a method of mass communication or a product of the telecommunications network, the fact remains that the Chinese leadership continues to see the development and promotion of the Internet as a vehicle for cultural, educational, and economic development in China. This does not mean that the government will not try to control objectionable content, just as many other countries are doing. But it is clear that China is making more information available to more and more people. the United States I.T. industry needs to be part of this effort. Thank you.

[The prepared statement of Ms. Hauser appears in the appendix.]

Mr. WOLF. Thanks, Kathryn, and thanks to all of you for getting us off to a really good start this afternoon. I'll start out if I may. I'd like to talk a little about reciprocity with a question to you, Ted, about what kind of discussions there have been in recent years between the United States Government and the Chinese Government on the issue of reciprocity that you've raised. At least between the radios, the government radios or TV, or in this case cable usage. And then I'd like to get any comments from any others on how we could use the concept of reciprocity more broadly in terms of trying to help open up the Internet inside China.

Mr. KAUFMAN. Well, we've been talking about it with the Chinese Government both directly and also through our Embassy for a long time. We've been talking about jamming specifically and now blocking the Internet for a long time and we've documented with the ITU the fact that China's doing it. Many times the discussion won't go very far because they allege they are not jamming. So it really hasn't been a discussion. It has been one-sided complaining on our part and not much discussion on theirs, because when it comes to reciprocity they know, and none of us ever would suggest, that we would curtail their ability to broadcast in the United States. That's not what we're about, and they know that that's not something that we'd be willing to do. So the discussions are pretty one-sided.

We did make a formal request to the Chinese Government that they expand the number of reporters we have in China. This has been turned down. Right now we have in our English service, two reporters in Beijing. We wanted to open up a Shanghai office and have a Beijing office with two reporters that were Mandarin speakers. The irony is that when you talk to them, one of their complaints is that there isn't enough coverage of what goes on in China, but at the same time they don't want to have more reporters who are Mandarin speakers in the country. So it has really been more of a one-sided discussion. I think this Commission can play a major role in changing that. The Chinese Government is embarrassed about the unfairness of it. In fact, when I first started talking to the government they would say things like "How would you feel if we were broadcasting in your country?" Well now they're broadcasting in our country big time. The response I always give is "how would you feel if you invite someone to your house but they would not invite you to their house?" Without some indication that this is on the agenda of the U.S. Government through the Congress or through the Executive Branch, this is not going to go anywhere. Recently we have talked to the Embassy and the Embassy is in the process of once more going back to them and talking about the whole area of reciprocity. I think it is a good issue to talk about with the Chinese. But I think it has to be done by people other than us.

Mr. WOLF. This has not been very high up on the agenda of the executive branch?

Mr. KAUFMAN. Yes, I think there's been a concern, but you've been doing this for a while now, you know that there's so many issues with China. When do you get to broadcasting? When do you get to free flow of information? That's why the passing of PNTR [permanent normal trade relations] was a wonderful opportunity. Clearly PNTR was based on Kathryn's comment which is if we have the free exchange economically, we will have free exchange of ideas. And I went to China after passage of PNTR thinking that we're going to do this, we're really going to start talking about this. However, it has been very discouraging. I talked to some folks at Voice of America last week and they said, in fact, the jamming since the Chinese New Year has increased, and Radio Free Asia says the same thing. The Chinese Government seems to feel that now that they've gotten PNTR, and they're in WTO that they can stop any progress on free flow of information. The final thing I'll say is it goes back to what happened when President Bush went

there in 2001. They removed all the Internet blocks while he was there and replaced them as soon as he was gone. It is a public relations thing. There's got to be some meat behind our efforts. There has to be some real concern in the Congress and the Executive Branch for anything to happen.

Mr. WOLF. Any other thoughts on the use of reciprocity?

Ms. HOM. Not on reciprocity—but I would like to comment on Ted's PNTR comments. I think one obstacle that comes right up is that trade liberalization, the WTO, and China's being willingness to be part of the international economic regime, does not necessarily translate into willingness to pursue political reforms because China has very clearly bifurcated economic and political reforms. So I think that's the policy wall you hit. But in the context of WTO, WTO membership reflects signing onto general principles and an objective, independent dispute settlement mechanism that is not a national mechanism, but an international one. These principles arguably support movement toward a rule-based system.

Mr. WOLF. Thanks. Let me next go to John Foarde.

Mr. FOARDE. First of all, thank you all for fascinating and profound statements that will really help us grapple with these issues and I've got a zillion questions but we have colleagues here that will also want to ask. So let me address one to Jim. In an exchange on an Internet discussion group last Fall someone suggested to me that for a Chinese Internet user to bypass blocked sites was "technically trivial". But your comments suggest that maybe not so much now as in the past and the Chinese Government may be increasing its sophistication to prevent the use of proxy servers. Could you comment on that and also on the use of peer-to-peer methods to bypass blocks?

Mr. MULVENON. I would say 2 years ago it was quite trivial to go around the blocks. In many cases you would go into an Internet café in China and the Netscape or Explorer browser would be preconfigured with the proxy server to go around it. And the top three bookmarks were lists of proxy servers that you could use to go around and all you had to do was figure out how to program the proxy.

The Chinese Government is pretty slow on the uptake on many of these things but they finish well. In the sense that they've pursued a variety of technical means over the last year, which have allowed them to track proxy server use and much more quickly add those proxy servers to the routing lists to ban them on the routing tables. In a way it becomes a communication problem because the problem with any sort of peer-to-peer or proxy blocking scheme, is you have to be able to communicate to large numbers of people in a very short amount of time, how to get around it or what proxy server to use. Unfortunately, the government is on the same communication channel. And thus you have what in my mind are fundamentally, systematic system flaws, like the idea of Triangle Boy. Where, if you are in China currently, you have to send an e-mail to the Triangle Boy people to get the current list of where the Triangle Boy servers are. Well there's nothing that has stopped the Ministry of Public Security, from simply sending the same e-mail to Safeweb to get the list and to add those proxy servers or those Triangle Boy servers to the blocked routing tables.

So communicating to people within China, in a secure way, about how to get around this stuff without also communicating the keys to that, to the Chinese Government is a fundamental design problem. And I haven't seen anything yet in a technical realm that solves it.

Mr. WOLF. Thanks. Jennifer Goedke with Congresswoman Kaptur.

Ms. GOEDKE. I'd also like to thank each of you for testifying today. My first question would be—when we were considering passing PNTR, we had companies begging us to support this legislation because they thought, great, now we can get into China and everything is going to change. Now that PNTR has passed and more foreign-owned businesses are able to get into China, how can they support some of the reform for the Internet; whether it is through human rights or whether its access, is there anything that some of these companies can do?

Mr. KAUFMAN. There isn't much interest in doing that. In fact, some of the people that are providing the very technology that we're talking about here, to allow the Chinese to block the Internet, are these companies that got in because of PNTR. It seems that what we have is the worst of all worlds, and that is, we've got American corporations in there helping them block the Internet sites and then talking about legitimate objections that the Chinese Government has to politically sensitive material. So I see very little being done by American corporations to do anything but exacerbate the problem.

Ms. HOM. I would basically agree with that assessment—but at risk of sounding somewhat naive—I would like to point out one recent development—a U.N. initiative—The Global Compact, although the NGO community views it quite skeptically at this stage. China hosted a Global Compact meeting in December 2001 attended by large telecom and other companies, including Cisco, Microsoft, and Nokia. As of January 2002, at least 25 foreign companies with a substantial business or investment presence in China have formally indicated their participation in the Global Compact. Basically, the Global Compact is premised on a "learning model," to involve various actors—governments, companies, labor, civil society, and the U.N.—to promote good practices by corporations in three areas: Human rights, labor rights, and the environment. The standards for developing and promoting advocacy approaches are measures by internationally recognized documents and standards set forth in human rights, ILO, and the RIO documents.

So one way that these companies—I think that market power is on the side of security—market power is just on the side of this $80 billion dollar industry. But privacy and the protection of human rights is not going to generate a lot of profits. But it will ultimately affect the bottom line by affecting the stability of the investment climate.

But on the business side, market power is on the side of security concerns that are generating an industry of billions of dollars. Privacy concerns and the protection of human rights are not going to generate a profit that outweighs these market incentives. However, the human rights situation will ultimately affect the bottom line by affecting the stability and viability of the investment climate. So

human rights should be of concern to the private sector. I think some of the key companies joining the Global Compact understand this.

I think one area for the Commission members to pay attention to would be the monitoring of the implementation of the Global Compact. The Global Compact Web site is: *www.globalcompact.org*. It would be good to pay attention to the overlap of companies that are Global Compact participants, Olympics 2008 sponsors, and I.T. companies represented on the Industry Council. I don't think any of the Olympics corporate sponsors would want their names associated with human rights violations and keeping somewhat of a clean public face would be important to these companies. The Commission can also help to ensure that NGO civil actors are at the table. For example, at the Beijing meeting held in December 2001, no independent NGOs were invited.

Ms. HAUSER. I would just add to that by saying: One of the challenges of doing business in China is the need to constantly meet with Chinese Government officials. And what many of our member companies are finding out is they have to broaden and deepen the range of government officials with whom they talk. So that we're no longer talking just to the Ministry of Foreign Affairs but we're getting into very deep discussions within MII or other Ministries depending on the issue. And I mention that because the Chinese Government really wants to implement the WTO, at least that's what they say. But to get them to understand why we need transparency, why global companies need to be at the table participating in the formulation of regulations, is critical. It is not going to be acceptable for the Chinese to hand pick those companies that they want to get input from and then dismiss everyone else and say that they have consulted. That's one of the key points that I wanted to stress in my remarks and I think it is going to be very slow going, but it is the incremental process of speaking to the Chinese Government at all levels where we're really going to begin to see some change.

Mr. WOLF. Do you want to add something, James?

Mr. MULVENON. Obviously, the Chinese regulatory environment is very hostile in the sense that they are constantly moving the goal posts to allow experiments to go forward just to identify the negative outcomes and then revise the regulations.

The one thing United States companies can do to help the situation over the long term is to export more and more advanced technology not to Chinese producers. But let me just give you one example. We are talking about drowning people in volume, much as we are drowned every day with our cell phones, PDA's, e-mail, Internet, everything else. A Sysco gigabit router of which there are hundreds in China transmits a gigabit of information every second. The possibility that the Chinese Ministry of Public Security can filter that rate of data transfer becomes increasingly improbable. No matter what the level of sophistication of their filtering technologies. So in a sense, the more United States companies and other Western companies get in China and modernize that infrastructure, the more increasingly difficult it becomes for a relatively atavistic bureaucracy to really keep up. And if you look at Moore's

Law and other technological curves, it becomes increasingly difficult.

Mr. WOLF. Thanks. I must say the Chairman, Senator Baucus, throughout the PNTR debate and going back probably to the beginning of the annual MFN [Most-Favored Nation] extension debate, has always been skeptical about trying to get business to do something that is not clearly in its interest. This discussion, in answer to Jennifer's question, was something I hope we can follow up on. How can there be human rights activities, human rights reinforcing activities, done by business that's also in business's own interests. Otherwise we continue down a road that has been proven fruitless for the last decade.

Todd Rosenblum, with Senator Bayh.

Mr. ROSENBLUM. I want to touch on what I thought was disappointing testimony in terms of the assessment you are giving in a few areas.

One is in the area of the Chinese Government's ability to control Internet usage versus those trying to work around the government controls. What I'm hearing today is that in fact, at the moment at least, the government has the upper hand. James, you mentioned that in 5 years the government would not at all be able to play a controlling role on Internet usage.

The second area I think I heard some disappointing comments on was in China's initial implementation of PNTR and its WTO commitments in terms of how it has not at all led to a change by the Chinese of openness for industry and allowance for open communication. Looking to the future, knowing what the assessments were 5 years ago, where are the trend lines going? James, you mentioned a minute ago sending faster routers to China is helpful but I imagine the government purchases those same routers and its own filtering speed can increase. Given that the political walls cannot stay so high if China truly wants to compete globally in an economic sense, how does this correlate to the Internet question.

Mr. MULVENON. Well I would just say that from the beginning you have to understand I think that we're not looking at revolution anymore. Tiananmen has certainly soured a lot people on the revolutionary model of political change. And so when I think about how the Internet is actually going to change the situation in China—whether telecom modernization or e-commerce—is it will facilitate the creation of a large body of people who are reasonably affluent, what we might even call under the Chinese definition of a middle class, who like their counterparts in South Korea and Taiwan over a 30-year period began asking themselves the question: Why can't I enjoy the same autonomy in my personal political sphere that I enjoy in my personal economic sphere?

We've already begun seeing many of those trends. The government in my mind doesn't control the Internet. The government has shaped the regulatory and political and coercive environment in China in a way that many people simply self-censor and self-deter themselves. If the Chinese Government strategy from the beginning was to control the Internet, I think it would have failed miserably. But in fact it came up with a much more realistic strategy that was much more tuned to Western business strategy and Western government strategy for dealing with China.

All of those things aside, there are some inevitable forces here. And the inevitable force in my mind is the increasing affluence of the society that will be the engine. And to the extent to which they can use the Internet and the elements of the telecom revolution, to be able to facilitate that, over the long term it will cause people to ask that very uncomfortable question that the Communist Party doesn't want them to ask. Which is, is single party rule the way to continue economic prosperity in China? And for a lot of people it will simply be incongruent with their understanding that competition and variety is what's driving the market dynamism in the economy, but yet the government there's only one-stop shopping.

Mr. KAUFMAN. I couldn't agree more with what Sharon said. If you look at it in the long term, you can't have economic freedom and not have political freedom. But as you know Keynes said "in the long run we'll all be dead." In the meantime, there are some very bad things developing in terms of the Chinese public's opinions about America. You talk to Chinese about America and the Belgrade Embassy and you talk to Chinese about the spy plane and they have distorted views of what happened. They're getting a very distorted view about America. The point is many really do believe the TV sitcoms and music videos are America. So in the interim we may say yes, you know 20 or 30 years from now it will all work out. But, if 4 or 5 years from now we have a real problem over something, and we expect that the Chinese people are going to be sympathetic to our situation, understand our situation, anything about our situation, we're making a mistake. I think the Chinese Government is making a mistake. It is not in their interest to block out Voice of America and not have the Chinese people know more about America, what Americans are about, and how Americans view things. I think it is good to know each other in all cases, and it is not happening. And in fact I think WTO and PNTR has—if you ask for trends—has stopped this flow. They've just decided they don't have to do it. They are extremely, extremely, extremely good at making it look like a media-rich society. Everybody has access to TV, 83 newspapers in Shanghai, competition over the economy, everybody thinks it is all going along fine. But when you get to the bottom line and you do some surveys about what the Chinese people think, it should curl your hair if your hair isn't already curled. [Laughter.]

And it is not getting any better. It is not in the United States or Chinese Government's interest. The only way things will change is if this Commission, if Members of Congress, and if President Bush say, "This is not acceptable." Not because of any other reason but from the United States and Chinese standpoint it is just not good to have 1.2 billion people have an incredibly distorted view of the United States. We talk about the Muslim world, why do they hate us? If we're not careful we're going to end up in the same place with the Chinese.

Mr. WOLF. Thanks, Ted. Alison Pascale is with Senator Levin.

Ms. PASCALE. Hi, thank you for your testimony. It is a very interesting subject. I wanted to ask about whether we could use the WTO in any way, to try to break down this wall that the PRC has put up between economic freedoms and political and informational freedom. And I guess my first thought was maybe it would have

to come from businesses saying that they are being shut out. And it sounds from your comments like that may not happen. Although the comments that you just made maybe could lead us to think that it might be in our government's interest to insist on fairness and reciprocity in terms of what is accessible to the Chinese public in terms of their shaping their views and all of that. So I'd welcome your comments on whether we can use the WTO dispute settlement in any way and who would initiate that.

Ms. HAUSER. I'd just like to offer that in addition to the WTO dispute settlement route, there's another factor affecting change: The increasing strength of the local Chinese industry. The Chinese Government has supported its I.T. industry over the years, and they now have three, four, five major world-class I.T. companies. Great Wall is one of them; Legend is another. These companies will soon be exporting to other countries in Asia. We have to anticipate that the United States I.T. industry will encounter a competitive threat from these local Chinese companies, but this may actually advance some of the market reforms in China. Because once Chinese firms start exporting themselves, they're not going to want to put up with non-transparency in other countries. They're not going to want to put up with tariff barriers or non-tariff measures. We are already seeing some export of high technology products from China to the Asian region, and as this continues, we will see change come.

Ms. PASCALE. Do you mean they'll complain to their government that they're being shut out of Asian markets that they are trying to do business with?

Ms. HAUSER. They could quite well. They're going to have to comply with international standards for the I.T. industry. It is kind of a technical point but it is important. Right now the Chinese develop their own Chinese national standards for a wide variety of products. They do that to the exclusion of international product standards—safety certification and so forth. Once they start exporting, in order to build a market in other Asian countries, they're going to have to build their products to that international standard. Those international standards require openness, transparency and adoption of technical specifications that make products saleable around the world, or connectable. They are not quite there yet.

Ms. HOM. On the WTO, I think that China's entry will test the commitment of the WTO members to certain principles, such as liberalization. After China's entry, and especially in the next 3 to 5 years in light of member implementation schedules, I think there will be some interesting fallout when China's exports increase exponentially onto the market. The second point I want to make is that it is useful to be more specific when we are talking about the WTO and its potential usefulness in promoting human rights, civil society, or democratic concerns. Even recognizing that there are still debates on the human rights and trade—dis—connections, it is useful to distinguish between reference to the WTO as reference to the agreements themselves, the WTO member states—and the different points of intervention or leverage—the WTO Secretariat—primarily viewed by developing countries as a U.S. and E.U. dominated body—or the dispute settlement mechanisms. In addition, it

might be helpful to focus on specific sectors, including telecommunications, financial services, and insurance.

Another important trend at the WTO, in response to strong pressures from the international NGO community, is the increasing space for NGO voices, although very small at the moment. So when we think about WTO related issues, we should keep in mind that it is not a static organization or process, especially in terms of China's implementation.of the regulatory structure in place. NGOs, governments, and business can use this opportunity to contribute to the development of a trade regime that incorporates human rights concerns. NGOs can continue to show that we can play a proactive, positive, and productive role in this process.

Mr. WOLF. Mike Castellano with Congressman Levin.

Mr. CASTELLANO. First off thank you very much for your interesting testimony and the useful back and forth here. A couple of you mentioned that we're perhaps in the worst of all worlds in terms of the impact of the role that United States business is having in China. I wonder if you could elaborate on that just in terms of how the United States businesses community in China is contributing to making the worst of all worlds.

Mr. KAUFMAN. I just think they're doing what they do. Which is they're going to the Chinese Government and someone has said here they have to face all of these different regulations. None of the media companies are going in there and saying we're going to really be tough about what we're broadcasting in here. They are saying if you do not want us to broadcast this, we will not broadcast this. I don't see any indication that they're going to play tough with the Chinese Government because you can't play tough with the Chinese Government. They've got the whole game.

And the second thing—I agree with James—technology can help. But it can also hurt if technology to set up filters is sold to the Chinese for Internet filtering. The press is full of information of corporations helping the Chinese set up the same kind of filters that they've set up in the United States to filter out pornography. They just take those same techniques to distort the free flow of information.

The final thing I'd say is the WTO was something that was debated in this country—and there was a great deal of discussion about how economic freedom was going to lead to political freedom. I think the world is beginning to deliver on the economic freedom and I believe the Chinese are committed to delivering on the economic piece. I think they are really dedicated to trying to make WTO work economically. But politically, it is like a dark hole. There is no end and it is not in any corporation's interest to get sideways to the Chinese about these political issues when they've got bigger fish to fry in the economic issues.

Mr. CASTELLANO. Right. I wonder though, do you think it is possible to sort of separate out what we might call legitimate business activities versus—I don't want to use the word illegitimate—but the maybe more troubling activities in terms of the assistance to the Chinese Government of enabling censorship, enabling filtering that we'd view as a violation of First Amendment rights, or as a violation of international human rights?

Mr. KAUFMAN. Sure you could do it—the same way we don't sell strategic weapon systems. Things that we think are strategically sensitive we don't allow American corporations to sell those things to other countries. Clearly, is it in the realm of possibilities? Yes. Could you say that you're required to help with these kinds of things? Yes. I don't recommend it. But I think there is some way you could go down. I think if the United States Government decides that they are going to make this a higher priority than they have in the past, considering the plethora of priorities every time we sit down with the Chinese, then I think the Chinese will come along. But they are only going to do it to the extent that they believe the United States Government is really serious and has it as a priority. As I said in my statement, they are very good. You talk to American businessmen that go over there, they say hey, what are you talking about China? I go to my hotel room I've got CNN, I go down to the lobby there's the Asian Wall Street Journal, what's the problem? They are very, very good at what they do. And they give the people that go over there not just business people but also policymakers, the impression that there is free flow of information.

However, they've got it all under control.

Mr. CASTELLANO. I need to give the ITI a chance to respond to my previous question about your views on the idea of trying to distinguish between legitimate activity and more troubling activity by the United States business community in China.

Ms. HAUSER. Well I think we'd be making a real mistake if we were to go down the slippery slope of trying to restrict the information technologies that American firms can sell in China. I think it would be very short sighted. We've had this long debate in this country about export controls and controlling technologies that we can sell overseas. When you look how quickly technology is evolving, yesterday's supercomputer is today's laptop. And it is just getting more and more that way. So trying to specify technology is crazy in my view.

I think it is also important to look at the experience of American companies when they've invested in China. Once a major American corporation, makes its investment decision to set up business in China, whether manufacturing or setting up sales organizations, it treats its Chinese employees as corporate employees of that company. Companies don't make a distinction between how they treat a Chinese employee and how they treat an employee elsewhere, say Denmark. They are all employees of the same corporation. So the same rules for salaries and bonuses and 401K's and all of the other corporate benefits apply, allowing only for differences in local wage levels and culture. And we've seen in a number of ITI member companies a very positive experience by the employees in China. All of a sudden they work for an American company or a multinational and they have regular, high-wage salaries. That means better wages, better housing, better schooling for their children, etc. It is the whole experience that we've all had in this country. And the same thing goes with the way that corporations adhere to environmental rules. It really is a positive story. The difficulty is in something Sharon mentioned earlier is in small pockets in China.

I think the biggest trend problem that we have facing us is the digital divide issue—the fact that economic development is so uneven throughout that huge country. And that means that the greatest inhibitor to the increased use of the Internet is not government regulation or control or censorship, it is the cost. Can people afford computers? Can they afford to go cyber cafés? Can they afford to get on the Net? And unless we work with the Chinese to help broaden out economic development across the country, the chances of more political difficulties and difficulties for our companies doing business on the East Coast zone there are going to be greater. It is a huge economic issue and political.

Mr. WOLF. Thanks, Kathryn. James even though the red light is on I see you want to add something.

Mr. MULVENON. No, no, it is just an ADD disorder that I'm not taking medicine for. I would just push back a little bit on some of the characterizations that have been made about the Chinese media environment, the Chinese publishing environment and the relationship between American companies and the Chinese Government in terms of regulatory apparatus.

I'd be the first to say that American and Western companies are operating in an extremely uneven regulatory environment. The Chinese Government can move the goal posts in many cases. In many cases the Chinese Ministry of Information Industry, which is the main regulator of the I.T. industry is also the parent of some of the most important economic players in the I.T. industry. A lot of these Chinese companies that Kathryn was talking about like Huawei and Datang and Julong and Zhongxing. These powerhouses which are all becoming globally competitive are all very closely affiliated with the Chinese military, with the Chinese Ministry of Information Industry. These are powerful companies and it is difficult to compete against these companies particularly in an environment like China where there are language barriers and everything else.

Nonetheless, there are some success stories of American companies and groups of American companies pushing back seemingly against insurmountable odds, to change the environment in ways that are very positive. One that I would point to is that there was an episode a few years ago that RAND has written a report about the formation of a set of encryption regulations in China. And once you peeled that a little bit, you found out that this so-called State Encryption Management Commission was in fact controlled by the Ministry of State Security, which is the foreign and counterintelligence service in China.

There were a variety of motivations for them to set up this Commission. They wanted to control all encryption products in China including 56-bit encryption in Web browsers all the way down to that level. On the one hand, these people were very concerned about the proliferation of encryption. They also wanted to get in on the front end of what was going to be a very lucrative e-commerce market. Now when you control the regulatory apparatus, you get to decide whose products are certified first. This is a very powerful position in China. But the American Chamber of Commerce and the United States-China Business Council and the good people at USITO got together long before the Commerce Department got out

of their easy chair and mobilized a very aggressive campaign against this. Going all the way to the highest levels of the Chinese Government and got the regulations modified so that it didn't include Web browsers and other sorts of low level encryption enabled software. But in fact only involved the very high end e-commerce related applications.

So there's a perfect example of where the Chinese Government for a variety of commercial and political and security reasons, tried to corral and regulate an important section of the information technology realm. And by banding together, American companies were able to push back in a very successful way.

We should view WTO the same way. The Chinese view WTO as the opening bargaining position. Long Yongtu has said in public on many occasions that he's going to put a hundred dispute resolution people in Geneva. My response to him is that will be sufficient for your claims against us, you better put another 200 in for our claims against you. It is going to be a very, very acrimonious negotiation like all negotiations are with the Chinese Government. But those are forums where we can really have a lot of progress. And I agree completely with Sharon. The international flavor of that and the fact that those mechanisms are multilateral plays to our advantage. And we are going to be able to exploit those mechanisms to have some pretty interesting fights with the Chinese.

Mr. WOLF. Thanks. Let's start another set of questions if you don't mind. Many Chinese companies use the Internet as a fundamental tool of business. Whether it is marketing, research, developing their own global supply chains, they need an unfettered Internet. Is there any sign that the Chinese Government activities to monitor and control are having an impact on the commercial sides ability to use the Internet? In other words are they able to bifurcate the economic use of the Internet from the political and informational use of the Internet?

Mr. MULVENON. I would just say that it is difficult for a lot of companies to make money on these types of things right now in China. So we have to sort of distinguish what we mean by economic benefit. The dot com implosion affected the Chinese as much as anybody, although it hasn't been written as widely about as others.

To a certain extent I would argue that they rely more on this self-deterrence model, which is to say you have a lot of effective portal activity, for instance, in China. Some are economically lucrative and as long as those Internet service providers and those portals have the so-called "big mamas" sitting in these chat rooms kicking off people who criticize the Communist Party and Jiang Zemin and others—and even that's not as successful as they would like—there's a tremendous amount of economic activity as well as flow of ideas and discussion going on in China that goes on unfettered.

I spend a lot of time on the Internet in China looking at these discussions and it is pretty clear to me that there are large sections of people's daily lives that have simply been abandoned by the Chinese Communist Party in a tacit compact with the population. There is bifurcation between political control and economic prosperity. And I think we miss the point if we focus on the fact that

they continue to crack down on investigative journalists and other people who are trying to push the envelope.

But look at the other side of the debate. Here's this fireworks explosion at this children's school in Southern China and the Chinese Government came out with their typical response which is they weren't making fireworks there and shut down their local investigative journalists who are looking at it. But there was such a national outcry via other investigative journalists from newspapers, from television, and from the Internet, that the Premier of China had to go on television and apologize for lying to the Chinese people about what happened in that school. And that's not just the Internet, that was the entire media environment that made the Chinese Government lose face and have to reverse itself in public on television. These kinds of things didn't happen 5 years ago, 10 years ago, 15 years ago, 25 years ago. And it is because of this liberalization of the media provided that you don't criticize the Party and Jiang Zemin.

Mr. WOLF. John.

Mr. FOARDE. Ted, let's pick up the whole question of jamming for a minute, which I'm interested in. Partially because I was involved in complaining to the Chinese Government about jamming of VOA in mid-1989, just weeks after Tiananmen. VOA is telling you that jamming is redoubled since the first——

Mr. KAUFMAN. It has increased.

Mr. FOARDE [continuing]. Of the, since the Lunar New Year. Has it been uniform across the whole country or just in some parts of it. In other words can I hear VOA if I'm out in the wilds of Gon Zhu, or not in Shanghai or what's the situation?

Mr. KAUFMAN. It varies. Essentially, Mandarin is strongly jammed but you can hear it in lots of parts of the country. Cantonese is strongly jammed. Tibetan is strongly jammed. You can hear it outside Lhasa. Radio Free Asia, even more strongly jammed. It doesn't mean you can't pick it up, but going back to the same thing mentioned earlier about the proxy sites. If you listen 5 nights and it is jammed, are you going to turn up the 6th night?

One thing that's kind of insidious about this is, I've talked to students at a number of universities, and they think it is our not caring enough to broadcast properly. The government says they don't jam. So when people have bad interference or they don't have a good signal, they attribute it to our lack of interest in communicating with them. The government uses different ways to jam. They can jam by broadcasting on the same channel. The big thing now is music that they broadcast over the same stations that we're using. But we're willing to take on the battle with them in terms of jamming and trying to get around jamming. We went through the same thing with the Soviet Union. The problem here is that there is the illusion of a media-rich environment.

I've heard about the fireworks factory and I know about the fireworks factory, but there's stuff that goes on everyday in China. And when you talk to people, I talk to the head of a bunch of newspapers and he said that their news and analysis comes from Beijing. They can have ads, they can compete, they can go after advertisers. They can do all these things, so if you look at it, it looks like a pretty healthy environment economically. It is always healthy

economically. But politically, they've been very, very talented at separating the two out. Like the group that went and obtained the change in the encryption law. I don't have any doubt that if four or five American corporations who are major players in China went, because of an economic concern, to the Chinese Government and expressed their concern, they would get some reaction.

But no one is going to go to the Chinese Government about a human rights violation and no one is going to go to China about the lack of information about America. And every time I hear that over there, it is just like here. Small business people in chat rooms, people listening to radio. It isn't like here. Here, when you turn on your television set, you don't know what you're going to get. Over there, if you want to find out what the government thinks just turn on your television set wherever it is in China. Now, is it 100 percent? No. Is it better than it used to be? Yes. And will it eventually be solved by economic growth and the Internet? I totally agree with it. But in the interim there are some years in here where it could be very dangerous for the United States to have this many people feeling they know what America is, it is even worse. It is not so much what you know, it is what you don't know.

And so that's why we will continue to fight on the jamming, we will continue to fight on blocking the Internet and getting around blocking the Internet and working to do all those sorts of things. But it would sure make life a lot easier if the United States Government said that it was partly their responsibility. We're not going to get it somewhere else. Unless the United States Government steps in and says, jamming is not good idea, Internet blocking is not a good idea, lack of reciprocity is not a good idea. I don't see things changing. Ultimately will it all work out? Probably.

Mr. FOARDE. Anybody else want to comment?

Ms. HOM. I want to pick up on Ted's comment about the diversity of voices but really in fact only one story is presented. I agree that there is a warped perspective by a majority of Chinese about the United States and Americans. But I also think there is a dangerously limited and inaccurate Chinese view about their recent Chinese history, especially since the crackdown in 1989.

There are a number of sensitive issues within China that need healthy debate and discussion, which need more than one story told. These include June 4 and its aftermath, religious freedom, Tibet, Xinjiang, and Taiwan, issues where the only permissible view and the dominant view is the official story.

Mr. KAUFMAN. I just want to say one thing. I've been talking about Voice Of America and I think that's really important, but I could not agree with Sharon more. It is just an easier argument to make about America. But if you think they don't like Voice of America, they hate Radio Free Asia. They hate the fact that someone is over there telling what is actually going on in some of these communities.

It is like what happened with the fireworks factory, except every day there are demonstrations, there are concerns, there are labor violations and that's what Radio Free Asia reports. They really go after Radio Free Asia in terms of jamming which is some indication of what they think about it. I couldn't agree with Sharon more. The Chinese people don't know about China. They don't know what's

going on in China. And I believe in freedom of the press. I believe that what they are doing is creating a time bomb so that when the people do find out, there's going to be a massive explosion. I happen to think it is in China's interest to have Radio Free Asia and Voice of America in there. But the Chinese Government surely does not agree.

Mr. WOLF. Mike.

Mr. CASTELLANO. I'd like to go back to the idea of there being some synergy besides just in theory between WTO obligations and the advancement of freedom of communication in China. And I'm just trying to think and I guess this is just more sort of a comment—I am just trying to think of ways in which concrete WTO obligations which might dovetail nicely. And one example I'm thinking of is the across-the-board provisions of services. We've got a pending WTO round of negotiations and to the extent that we can come up with commitments by China which might make it a lot more difficult for them to do some of the things that they are doing. It would be a situation where the business community would be on board with something that also is helping human rights and could be a sort of a virtuous partnership.

Ms. HAUSER. I think one of the key problems that China is going to face in this next round of WTO negotiations is to meet their international obligations while ensuring a high level of domestic economic growth. And we can question what percentage of economic growth they've had in recent years, but the stability of the current Chinese Government really depends on them growing that economy. And the political issues we can keep separated as long as there is the perception if not the reality of high economic growth. So I think the Chinese are going into the round—the key thing on their mind is how to keep the economy growing while going through all of these very difficult changes.

Ms. HOM. I want to add to that—I think the stability of the current regime is based upon maintaining economic growth and providing economic prosperity. However, in the sectors that are seriously adversely impacted by WTO accession, e.g., the agricultural and subsidized heavy industry sectors, we are already seeing massive unemployment in the hundreds of millions. The official Chinese response to these dislocations appears to say, let's bite the bullet, these are the losers that we have to write off for WTO entry. But the reality of hundreds of millions of unemployed, angry, hopeless workers and peasants storming government offices, or organizing huge protests that can and have turned violent—this undermines overall stability and economic modernization. Operating on a very short event horizon, the official view is really short-sighted if it does not take into account the need to put the human suffering and social costs back into the immediate and long-term picture.

Mr. MULVENON. We also have to realize one thing about the Chinese Government. It took a long time but we were able to convince Zhu Rongji and a number of his key allies in the State Economic Trade Commission that joining WTO was good for them to use as a weapon against their recalcitrant opponents in the bureaucracy.

To the extent to which we have built alliances with Chinese Government officials in using WTO to change China, it is by pointing out the self interests that the two sides had, in breaking up people

in the sort of backward-looking, backward-thinking, sort of atavistic, Li Peng camp that wanted to slow everything down and make sure that China didn't move forward fast.

And we've been able to make a lot of alliances on key issues: Intellectual property rights has been an area where we haven't had as much success as we would have liked. But there have been other areas like these encryption regulations that we can point to where WTO, the United States Government, and United States businesses actually were able to change the way things were done in China for the better, by pointing out the self-interests of certain progressive people in the Chinese bureaucracy.

Mr. WOLF. I know that surveys in China are very suspect. But there was a recent survey by the Chinese Academy of Social Sciences that said, of the people surveyed, 25 percent of the time that they spent on the Internet was on sites outside of China. It was 9 percent on non-Chinese language sites, and 16 percent on Chinese language sites outside of the PRC. It didn't analyze what those sites were. The statistics for teenagers in another survey was that 15 percent of their time was spent on non-Chinese language sites outside of China and 25 percent on Chinese language sites outside of China, that is 40 percent on non-PRC sites. Does that have implications?

Mr. MULVENON. Nor should we view it that way. There is a global Chinese diaspora of information out there. And we've tracked a lot of that traffic that goes to Chinese language sites outside the country and it is to news sites in other places in Taiwan and Hong Kong. And so I would argue that, whereas in the early days in the Internet we had the potential for Chinese Web surfers, because there was so little good quality content, to actually go to a lot of foreign language sites to look for information or just to look around.

From my discussions are with Chinese who spend a lot of time on the Internet, you can spend almost all of your time within a Chinese language Web world. That's not to say that if we put together efforts that are in Chinese they might not go to them, but there's a Chinese world you can stay in.

The level of English language penetration isn't as high as it should be either. But there is a fundamental question here, which is there seems to be this underlying assumption that if only they went to English language materials that somehow they would grasp onto this theoretical truth.

I had the misfortune of landing in China the day we dropped five JDAMS on the Chinese Embassy in Yugoslavia. And of course all my meetings with the military were canceled but I spent my 4 days out in the protests. Sixteen hours a day engaging in Hegelian dialectic with the protesters asking them what they were upset about. And what I found was very curious because I had gone over there saying if you just go to Newyorktimes.com or Washingtonpost.com or Le Monde or Deutche Welle or something, you'll get an account of what really happened.

And the response I got at all levels from students to teachers to cadres to government officials to friends was, Western media and VOA are tools of Western hegemonism and imperialism. And what they're saying is not truth. We're more inclined to believe the gov-

ernment that has been lying to us about Tiananmen, about the Great Leap Forward, about the Cultural Revolution. And I was baffled. I really was, because I kept saying but that government has been lying to you for 30 years, and you know they've been lying to you. They lied to your parents. And they're going to continue to lie to you and these are urban college kids, your most progressive end of the spectrum in terms of their worldliness and cosmopolitanism. And I said there's this world of truth out there and they said "CNN is a tool of the United States Government." And so for me, what it taught me was one thing which was that we can't ignore the function of nationalism. And no one would deny that the major force in China right now replacing all these other ideologies that are bankrupt, is nationalism, which is a filter that they use to process all outside content. And to simply assume that if we provide it, that therefore it will be acknowledged as truth and what the government says is a lie, is overly simplistic in my mind.

Mr. KAUFMAN. I don't know where to start. First off they don't have access—all they know about Voice of America is through reputation because the broadcasts are being jammed. The students you are talking to in the street, the vast majority of Chinese people still don't have access to the Internet, and when they do—they have blocking of sites. They're living in a world where what they hear about outside sources like Deutche Welle and Voice of America and BBC is what the government tells them about Deutche Welle and BBC and Voice of America.

There is the illusion because they can watch TV, they can listen to radio, they can read the newspaper that somehow they're getting objective information but they're not.

When I talked to thoughtful Chinese, when I was over there after the Belgrade bombing, it was appalling. They thought there was no genocide. I said, well, why do you think America is in Kosovo? Why do you think they're there? Is it because of the natural resources? Is it because they want to colonize the country? I could find no one who would believe there was any genocide going on in Kosovo before the American troops went in. All the media in China said there was no genocide in China. Because of jamming they couldn't get it on Voice of America, they couldn't get it on the Internet. The couldn't get it anywhere. So I say this is a situation where they are not getting access to the outside and I think it is beginning to tell. That's why the kids are in the streets, and think the way they do. These students can't listen to Voice of America. They tell me that they can't pick up the reception, they don't listen to other sources and they don't have access to the communication, but they think they do. They think they're living in a media-rich environment.

Mr. MULVENON. The question I would have though, is if they don't believe the U.S. Government's statements about the bombing of the Embassy, if they believe that we are lying. If there is a secret CIA, Pentagon conspiracy that actually bombed it intentionally. We do have to ask ourselves a difficult question. Why would they believe VOA's account?

Mr. KAUFMAN. I'm just saying they're not seeing any U.S. statements. There are no U.S. statements. I haven't seen U.S. statements in the People's Daily. I was over there during that period.

I didn't see a U.S. statement on what happened in the People's Daily or anywhere. Nobody hears what the American President says. There's no access to that kind of information.

Ms. HOM. And Beijing took its time releasing information about the apology.

Mr. KAUFMAN. The apology was not released.

Ms. HOM. I wanted to add to James' point about nationalism because I think that's an ideologically powerful way in which the Chinese Government shapes and manipulates the story. But it is not just the government that plays the nationalism card. Last Fall, during the Olympics bid, I noticed that there were huge banners in Chinese displayed in various McDonald's in Beijing. the banners proclaimed: If China wins, we all win. This is part of the whole corporate positioning that McDonald's is in fact a "Chinese" company.

In other words, if we look at transnational companies as vehicles for opening up the cultural or other space, the real move, at least in the food sector, is to adopt the nationalistic rhetoric that plays well with the local Chinese customers, and to present these companies as "local" companies.

Mr. MULVENON. There was a particularly embarrassing incident involving the general manager of the Microsoft Office in Beijing who very shortly after the Belgrade bombing organized a rally in which the Chinese workers in that office denounced the United States Government for its bombing of the Embassy in Belgrade. Now, Microsoft had the foresight to get rid of her after that rally. But this is symptomatic maybe of the sort of clientitis that unfortunately in as difficult a regulatory and economic environment as China is, it is an understandable instinct. To sort of say, Washington is a hell of a long way from here. And they're not here to protect us everyday when we are trying to do our business. But it is insidious in that respect.

Mr. KAUFMAN. If the feeling is that Voice of America, Radio Free Asia, BBC are some relic of the cold war, and we cannot affect behavior the feeling is wrong. While we were bombing Serbia, during Kosovo, 26 percent of the people in Serbia were listening to Radio Free Europe Radio Liberty and in the Kosovar camps over 80 percent were listening to Voice of America. The broadcast affected what happened in the streets in Belgrade. This is not something that's a holdover from what we did in the cold war. This is an incredibly effective way to have people learn what's going on. Not just the American point of view, but what's going on in their own country. But I tell you, if we are not listened to, there is no way we are going to have the impact in China. The idea that somehow the United States Government position will just get through because there are television sets and so many people in China listen to television and so many people listen to FM or so many people listen to AM or so many people read the newspaper or use the Internet or so many people have satellite dishes, is just not factually correct.

It is an illusion which has very broad appeal. It is a media-rich environment, but not an idea-rich environment, and not an area where the United States will be understood.

Mr. WOLF. John.

Mr. FOARDE. Just a comment that this has been an extremely rich conversation and thank all of you for joining us this afternoon and being so generous with your time.

Mr. WOLF. I do have one more question and this goes back to what you were saying earlier James about the effectiveness of spamming from the outside. Could you distinguish for a second between Chinese Government policies vis-a-vis access to Web sites versus their activities or their practices vis-a-vis use of e-mail. Receiving e-mail, mass e-mail from overseas however the technology is done in spamming, as well as use of e-mail within China. We all give the example of the fireworks factory, but there are, as you said, chat rooms and e-mail within the PRC with an enormous and diverse discussion and debate going on. Could you distinguish between those two: E-mail per se and access to Web sites?

Mr. MULVENON. I would say that until about 6 months ago, e-mail was a much better way of communicating. Because it was very difficult to filter e-mail content. You can filter the headers, so that's why it is critical for people who run VIP Reference like Richard Long and those people to change the "From" line every time they send an e-mail because the Chinese would very assiduously mark the originating address every time. But there's billions of potential IP addresses that you could forward things from.

I would point out that in the last 6 months the real challenge is that American Internet service providers have begun cutting the links to the Chinese Internet domain because China is now the world's largest source of all the annoyance spam that shows up in our AOL inboxes and all of our other inboxes. It is being routed through badly protected Chinese servers and Korean broadband servers to the point where major ISP's in the United States are no longer permitting e-mail from Chinese domains to enter the United States because they assume it is spam. And they are getting so many complaints from their subscribers about China-origin spam. So we are cutting off our nose to spite our face in a sense—all the cliches you want.

ISP's are deciding in the greater good to throw the baby out with the bath water. And what it means is in many cases in the last 6 months, I've had e-mail from Chinese friends that just never arrived. And they came to DC and they said I e-mailed you about my trip and I said well I never got it. And it turns out it was because Qwest or somebody had deleted it before it got to me because they thought it was going to be some rerouted porn spam from Estonia.

Mr. WOLF. Well, thanks. And thank the four of you very much. I didn't mention the specific roundtables that we were going to have and I said to look at our Web site. On June 24 we are going to have one on journalistic freedom in China and we will try to look at that a little more broadly perhaps than we were going to.

We were going to focus on the print media. We will still do that, but we will also try to spread out a bit. And, again, thanks to all four of you, and thanks to all of you who stayed throughout this very interesting session.

[Whereupon, at 4:22 p.m., the hearing was concluded.]

A P P E N D I X

PREPARED STATEMENTS

PREPARED STATEMENT OF EDWARD E. KAUFMAN

APRIL 15, 2002

My name is Edward Kaufman and I am a member of the Broadcasting Board of Governors (BBG). The BBG is a bipartisan group of eight private citizens plus the Secretary of State, who oversee all U.S. Government non-military international broadcasting. This consists of Voice of America (VOA), Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), Worldnet Television, and Radio and Television Marti.

Our budget is approximately $526 million, we have 3432 employees, and we broadcast in 65 languages around the world. We were created by the Broadcasting Act of 1994 as an independent part of the United States Information Agency (USIA) and became an independent Federal agency in 1999 when USIA was subsumed into the State Department.

The lack of free flow of information in China has strongly concerned the Board since the BBG's inception. The Chinese policy regarding the internet is just the extension of their policy toward any objective source of information about what is occurring in China or the rest of the world. All levels of the Chinese Government are committed to controlling any information that might reach the Chinese population.

The government controls, from Beijing, all radio television and internet dissemination of news throughout China. This is done in what has become a media rich environment. There is the illusion that there are many voices in China, but in reality there is only one. Wherever you travel there are many newspapers, but only one story. Many of these outlets no longer receive subsidies from the government, and must compete for advertising revenue and financial viability. However, competition does not extend to the news and analysis which is closely monitored and controlled by the government.

The Chinese Government is especially good at giving visiting Western policymakers and business representatives the impression of a free press in China. CNN and BBC are available at most first-class hotels, and the International Herald Tribune and the Asian edition of the Wall Street Journal are sold in the lobby. However, none of these are available to the most Chinese.

In an attempt to overcome China's internal censorship, and to bring truth and objectivity to China, U.S. international broadcasting provides comprehensive news and objective information to the people of China every day through radio, television, internet, and satellite broadcasts. These services offered in Mandarin, Cantonese, and Tibetan languages by VOA and RFA bring news and information to millions of eager listeners and viewers. However, these channels of communication are often systematically blocked, either by direct jamming of broadcasts, interference from local stations, or other governmental policies that frustrate free access. It was hoped that China's acceptance into WTO would result in a reduction of the jamming. However, since the start of the Chinese New Year, the jamming has increased.

This is especially discouraging because the United States has given unprecedented access to Chinese Government international broadcasting. China government television, CCTV, has wide dissemination in the U.S. including California's largest cable network and Washington DC cable. It will soon be on Time/Warner's cable systems including New York City and Houston. China's international radio, CRI, broadcasts into the U. S. without jamming, and is available on AM and FM radio stations across the country.

The lack of reciprocity extends beyond broadcasting to news gathering. The Chinese Government has allowed VOA only two reporters in China, both English-only, and no RFA reporters. In addition, they have recently turned down a request for the addition of two Mandarin speaking reporters for Beijing and Shanghai. The Chinese Government complains about their coverage, but will not allow native speaking reporters to serve in China.

At the same time China's CCTV, and CRI have numerous bureaus and reporters in the U.S. CCTV has offices in New York and Washington, DC with two reporters each. CRI has two reporters in their Washington DC office, two in their New York office and one in their Los Angeles office.

Because the internet could provide a new means to transmit information, Beijing fears its threat to their information monopoly. At the same time they recognize the Internet's economic and educational importance. The government has instituted draconian regulations and conducts widespread electronic blocking of particular Web

sites, usually international news sources . Once again, the government choreographs all this activity beautifully. When President George W. Bush visited Shanghai to attend the meeting of Pacific Rim nations in October 2001, the Chinese Government stopped blocking a number of internet news sites including those of CNN, the BBC, Reuters, and the Washington Post. The blocks were reactivated following Bush's departure.

As a result of all these governmental measures, the Chinese people are woefully short of objective information on the United States and its people. Ironically, they believe that they understand the United States quite well from syndicated sitcoms, movies, and music videos. Over the long-term this prevents development of a healthy China-U.S. relationship. In the short term it is a policy disaster. The Chinese people's responses to the May 1999 bombing of the Chinese embassy in Belgrade and the April 2001 captured spy-plane incident are notable. The Chinese Government's monopoly of information media enabled it to orchestrate Chinese public reactions to both incidents. In May 1999, rock-throwing demonstrators attacked the U.S. embassy. In April 2001, Chinese domestic media presented a one-sided version of what happened to the U.S. spy plane, but deliberately toned down its rhetoric, and the demonstrations were minimal. Finding anyone in China who has heard the U.S. version in either case is difficult. Ultimately, in a time of crisis with China, the U.S. president has no way to communicate directly to the Chinese people.

The Chinese people are in the place of the old saying, "the trouble with most folks isn't so much their ignorance as knowing so many things that ain't so." One of our recent surveys found that 68 percent of the urban dwellers in China consider the United States to be their nation's No. 1 enemy.

The United States cannot afford to have 1.2 billion people, about 18 percent of the world's population so ill-informed.

What can we do about this?

President Bush, State Department officials, and Members of Congress can demand reciprocity from the Chinese. Stop jamming international broadcasts, and allow more U.S. journalists into China.

U.S. Government pressure can be brought on neighboring countries who are reluctant to allow VOA and RFA to broadcast into China from their countries because of Chinese Government pressure.

More money can be allocated to the infrastructure required to get our signal through. The U.S. needs refurbished shortwave facilities, access to additional satellites, and leasing of additional medium wave facilities.

The internet can be key. Regular usage is now at 5.8 percent in China and growing rapidly. Among better-educated 21 percent use the Internet regularly. The Internet is the perfect medium for the U.S. to communicate directly with individual Chinese, and the U.S. has to be single-minded in putting pressure on the Chinese to stop blocking U.S. internet sites. In the meantime we should spare no expense in finding ways to penetrate the blocking.

The debate on the Bill which established the Congressional-Executive Commission on China is full of rhetoric that free trade and economic parity for China would lead to the free flow of ideas. If anything, since the passage of that bill the Chinese Government has done even more to slow or stop the free flow of information in China.

It is essential for a future of healthy China-U.S. relations that all levels of the U.S. Government demand China end censorship, jamming and blocking and deliver on the promise of a free flow of information.

PREPARED STATEMENT OF SHARON K. HOM

APRIL 15, 2002

INTRODUCTION

Thank you to Ira Wolf and John Foarde for inviting Human Rights in China ("HRIC") to participate in this Internet and Freedom of Expression round-table. The inclusion of an international human rights and Chinese NGO perspective, together with business, government, and national security perspectives, will hopefully contribute to a productive and lively exchange and sharing of views.

Founded after the June 4 crackdown, HRIC is an international non-governmental organization dedicated to the promotion of universally recognized human rights and the advancement of the institutional protections of these rights in China through our education, advocacy, and activist- research programs. HRIC is dedicated to:

- promoting a growing rights consciousness among the Chinese people;

• supporting the development of civil society and empowering peaceful grassroots activism;
• advocating effective implementation of China's domestic laws and practices in compliance with international human rights obligations; and
• acting as a catalyst for democratic social change.

The rapid development of the Internet in China presents significant opportunities and challenges for advancing these human rights goals. We also recognize there are multiple stakeholders interests, including the Chinese Communist Party ("CCP"), competing PRC ministries all claiming a piece of what they view as lucrative regulatory territory, domestic Chinese telecommunications companies, foreign investors, media and telecommunications companies, and domestic and international NGO's.

Yet there is probably a point of convergence at this round-table discussion on the importance of promoting freedom of expression and the free flow of information. From the U.S. government's perspective, these are integral to the development of rule of law, democracy, and promotion of civil society initiatives. From the perspective of the private telecom sector, the uncensored flow of free information is at the normative core of free market and exchange values.

From our perspective, the free flows of information, uncensored debate and discussion, and freedom of assembly, are critical for promoting the accountability of government, exposing and addressing corruption, and promoting the emergence of a genuine democratic civil society in China. However, because political and legal controls constrain the independence of civil society within China, the nurturing of an uncensored virtual civil society through the use of Internet and wireless technology becomes an essential challenge.

HUMAN RIGHTS AND THE INTERNET IN CHINA

In the past 7 years, the astonishing development of the Internet can be seen in the laying of the backbone of thousands of kilometers of fiber optics cables (longer than the Great Wall) , the exponential growth in bandwidth, and now more than 33 million Internet users. The number of people online in China has been rising rapidly in the past 3 years, surging to rates of 152 percent growth.

In terms of wireless technology, currently China has the largest wireless market in the world, nearly 200 million users. Estimates project wireless users in China will total between 350 million and 500 million by 2005.

The digital divide

Yet, these numbers also reflect a serious digital divide. The demographics of these users raise concerns about breathless accounts of the capacity for the Internet to allow China to leapfrog other countries. Internet users and their geographic distribution are not representative of China on the whole. The vast majority of Internet users are young (70 percent are between 18–35), male (92.8 percent in July, 1998, now 69.56 percent), and have college education. The Internet is mainly diffused over the three big cities, Beijing, Shanghai and Guangzhou. By the end of 2000, only 0.76 percent of the Internet users are in rural areas where more than 80 percent of China's population resides.

This digital divide reflects and contributes to the widening economic and social gap between rural and urban areas, and underscores the failure of China's economic modernization policy to ensure equal access and treatment in political, economic, social, and cultural life to the vast majority, including rural inhabitants, ethnic minorities, and migrants. Together with rising social dislocations and growing violent unrest among the millions of unemployed workers, these growing inequalities threaten to undermine the security, stability and fairness of China's modernization and reform efforts.

If the promise of the Internet reaches only the current demographics of urban, educated, male users, and the growing middle class elite, then the Internet will not be a real tool for democracy or building civil society in China. Inherent in visions of democracy and freedom are broad-based, non-discriminatory access and opportunities for participation. Whether in cyberspace or otherwise, freedom of expression, an independent press, and freedom of assembly are meaningless if they can only be exercised by those connected, rich, educated or powerful enough to claim these rights.

General human rights situation

It is also important to note that during this period of impressive technological advances, the overall human rights situation in China remained (and remains) serious and urgent. Ongoing human rights abuses include the systematic and continued use of torture, the arbitrary administrative detention system (with more than 200,000 detained in about 300 Reform through Labor camps, more than 1.7 million detained

in Custody and Repatriation camps), and the ongoing impunity for the violent June 4, 1989 crackdown on unarmed civilians.

The post-September 11 global and domestic focus on anti-terrorism has also allowed China, in the name of security, to continue its violent crack down on peaceful Muslim and Tibetan advocates for self-determination, political dissidents, labor and democracy activists, and on vulnerable groups, such as rural and migrant populations. At the end of 2001, China imprisoned more journalists than any other country in the world, and stepped up domestic surveillance and censorship.

The reality of surveillance and control

And specifically relevant to our discussion today, China has adopted a range of low and high tech strategies, including implementation of extensive regulations to censor and control Internet content and access, a network of informers, and the construction of an extensive and sophisticated surveillance system, with the assistance of foreign telecommunications corporations, such as the Canadian Nortel. These strategies have also resulted in self-censorship on the part of commercial Internet service providers and others.

Despite mounting government sophistication at proactive propaganda strategies to use the Internet to promote State interests, the Internet is also a vehicle for human rights activism by mainland and exile groups including Human Rights in China, the China Democracy Party, the Falun Gong, and the Tibetan exile community. However, individuals within China that seek to deploy Internet strategies (including through E-mail and wireless cellular technology), for logistical and mass organizing purposes, or simply a university study group chat room, are met with arrests and detention. There are at least 20 or more individuals who have been detained in 2001 for alleged "illegal" on-line activities, that include printing out pro-democracy materials, distributing information on Falun Gong, publishing articles critical of arrests of Internet activists, promoting political and democratic reforms, calling for a reassessment of June 4 crack-down, and posting information about local human rights violations.[1]

Increasingly restrictive Internet regulations make it clear that freedom of expression, freedom of assembly, and right to petition the government guaranteed in the Chinese Constitution are not real freedoms at all when the regime views their exercise as a challenge to its monopoly on political power.

The legal, technological, and policy responses of the PRC government to control and counter the potential political impact of the Internet also raise important questions regarding the conventional wisdom often reflected in the media, government, and business communities that the Internet will act as an inevitable force for democracy and free expression. Within China, the Internet and information technology more broadly, is a powerful arena where the free flow of information and freedom of expression is competing with government surveillance, censorship, and control. When Jiang Zemin and current leaders call for the informatization of the economy, the military, and the government bureaucracy, it is clear this does not include any perceived challenges to the monopoly of political power and information held by the Party.

HRIC'S INTERNET INITIATIVES

As an example from the NGO trenches of what a recent RAND report describes as use of the Internet as a "force multiplier," I will briefly describe HRIC's Internet-related initiatives. Our work features a proactive role for mobilizing technology for human rights activism from the base of our interactive website, *www.hrichina.org.* At the end of last year, HRIC re-launched an expanded data-base driven, bilingual website that provides easy-to-search function, direct links to HRIC-sponsored projects such as the *www.fillthesquare.org,* on-line issues of HRIC's journal China Rights Forum, daily human rights news updates, and archive of HRIC's reports prepared for U.N. bodies and international conferences. HRIC also cultivated relationships with Chinese Democracy advocates exploring Internet strategies, and designed sophisticated data base platforms for initiatives such as a comprehensive data base on political prisoners in China.

Historically, the Chinese government has controlled and manipulated public access to information on democratic movements in China. Although 13 years have passed since June 4, the importance of the 1989 democracy movement and the violent government crackdown has not faded with time; it remains a key issue in the political culture of China. This is evident in the impact the publication of The

[1] For a list of individuals detained, site shut-downs, and Chinese Net restrictions, see *http://dfn.org/focus/china/chinanetreport.htm*

Tiananmen Papers had on both the government regime and the Chinese people earlier this year. Yet the Chinese government has continued to insist on the legitimacy and necessity of the government's decisions to call in armed PLA soldiers and tanks of June 4th on unarmed citizens, and it has suppressed independent investigation and documentation of the event. One of the key preconditions for future political transformation in China is the thorough investigation and rehabilitation of the June 4th Massacre and the ending of impunity for those responsible.

HRIC is working with a former student leader of the 1989 Tiananmen Movement and now a professional Internet data base developer, to construct a comprehensive, interactive, and authoritative website focused on establishing reliable accounts and facts of the June 4th Massacre and the subsequent persecutions of the Tiananmen Movement participants. The website *www.64memo.com* will include the diverse perspectives of students, concerned citizens, and the government, and archival materials such as dazibao (Big Character Posters), pamphlets, meeting records and decisions, photos, audio and videotapes, government announcements and internal documents (wenjian), reports and interviews on newspapers, and TV and radio coverage.

The website will use advanced Internet data base technology to build a platform that has functions such as whole text reading, full-text search, catalogue display, catalogue search, linkage among related texts, annotation by the participants to the texts, multimedia display of audio-visual materials, and back-end administration. This platform has the potential to be further developed as an interactive archival website for other human rights issues. A reference archive will also be established to maintain historical materials in conjunction with the website. Together, the website and archive will make historical materials about this pivotal event in contemporary China available to human rights activists, researchers, educators, journalists, and the evolving pro-democracy movement in China.

As an on-line archival web project, *www.64memo.com* is designed to serve as a catalyst in establishing a forum for free communication and reliable information for democratic dissidents and activists who are now spread across the globe. Finally, it will provide a model for other democratic struggles on how to use new technologies more effectively to enhance cohesion, communication, and access to independent and reliable historical information in support of their movements.

LOOKING FORWARD

We recommend the following areas for ongoing attention by the Commission:

1. Identifying and monitoring possible opportunities for intervention and engagement by the U.S. Government, the private sector, and NGO's For example:

—In October 2002, Shanghai will host the ICANN conference. The complexities and internal debates aside, how can concerns about Chinese Internet censorship, free flow of information, and freedom of association and assembly, be constructively and appropriately raised?

—In the lead-up to the 2008 Olympics, we urge the Commission to monitor several human rights concerns, including violations of labor rights during the construction of the sites, the "cleaning-up" of areas of the Beijing through detention of "undesirables," tighter control of the media to maintain a positive domestic picture, shut-downs of media and websites, and the continued use of security and anti-terrorism measures to silence legitimate peaceful expression.

With respect to information and surveillance technology, the testing and implementation of security systems during site construction, including digital surveillance cameras, and biometric authentication systems, should be carefully monitored to avoid leaving behind the architecture for technological repression and control when the games are finished.

2. We also urge the Commission to pay particular attention to the increasingly restrictive Internet regulation and surveillance by Chinese authorities, especially as these regulations interface with China's WTO accession obligations, including the Telecommunications protocols. China's domestic regulatory, surveillance and censorship system must be measured against China's international obligations—both its economic and its human rights obligations. China's legal system must be transparent, accountable, predictable, and fair.

3. We also respectfully note that the round-table themes are interrelated and it may be useful for the Commission to consider at some future point, hearings or round-tables that examine the direct interface and tensions between them, for example, the implementation of the WTO and human rights, or in the context of the digital divide, Ethnic Minorities and the Internet.

Thank you.

PREPARED STATEMENT OF JAMES C. MULVENON

APRIL 15, 2002

From Saudi Arabia, to Cuba, to Myanmar, to the People's Republic of China, the focus of this report, dissidents are using the Internet to organize and communicate with each other, to access banned information, and to draw support from a global network of activists and non-governmental organizations. At the same time, the governments of these countries are struggling to prevent these activists from using the Internet to erode government controls over the flow of information and promote political or social agendas that these regimes find threatening. This gives rise to a series of questions about the political impact of the Internet in authoritarian societies: Does the Internet provide dissidents with potent new tools that they can use to promote their causes, break through the barriers of censorship, and perhaps ultimately undermine the power and authority of non-democratic regimes? Or on the contrary, is it more likely that those authoritarian governments will use the Internet as another instrument to repress dissent, silence their critics, and strengthen their own power?

This report addresses the use of the Internet by Chinese dissidents, Falun Gong practitioners, Tibetan activists, and other groups and individuals in the PRC and abroad who are regarded as subversive by the authorities in China. It also examines the counter-strategies that Beijing has employed in its attempts to prevent or minimize the political impact of Chinese dissident use of the Internet.

The arrival of the Internet has altered the dynamic between the Beijing regime and the dissident community. For the state, the political use of the Internet further degrades the Chinese Communist Party's ability to control the flow of information it deems politically sensitive or subversive into China and within China. The Party, however, can still use Leninist methods to crush potential organized opposition, and as a result no organization with the capacity to challenge the CCP's monopoly on political power presently exists in China.

For dissidents, students, and members of groups like Falun Gong, the Internet, especially two-way communication like e-mail and BBS, permits the global dissemination of information for communication, coordination, and organization with greater ease and rapidity than ever before. Moreover, it allows them to do so in some instances without attracting the attention of the authorities, as exemplified by the unexpected appearance of an estimated 10,000–15,000 members of Falun Gong outside Zhongnanhai, the Chinese central leadership compound, in April 1999.

For the dissident community, even the use of one-way Internet communication, particularly e-mail "spamming," enables them to transmit uncensored information to an unprecedented number of people within China, and to provide recipients with plausible deniability in that they can always claim that did not request the information. In part because of dissident countermeasures (such as the use of different originating e-mail addresses each time), the PRC is unable to stop these attempts to "break the information blockade." There is a trend toward more groups and individuals becoming involved in activities of this type, which some have dubbed a form of "Internet guerrilla warfare."

Small groups of activists, and even individuals, can use the Internet as a force multiplier to exercise influence disproportionate to their limited manpower and financial resources. At the same time, however, enhanced communication does not always further the dissident cause. In some cases it serves as a potent new forum for discord and rivalry between various dissident factions.

In terms of counter-strategies, the PRC regime has made limited use of high-tech solutions, including blocking of web sites and e-mail, monitoring, filtering, denial, deception, disinformation, and even hacking dissident and Falun Gong web sites. Some non-governmental groups have also launched "vigilante hacks" against dissident web sites, which illustrates the difficulty of determining the level of official government sponsorship for such attacks. Beijing's approach, however, is predominantly "low-tech Leninist," employing traditional measures such as surveillance, informants, searches, confiscation of computer equipment, regulations, and physical shutdown of parts of the information infrastructure.

The regime understands implicitly that the center of gravity is not necessarily the information itself, but the organization of information and the use of information for political action. The strategy of the security apparatus is to create a climate that promotes self-censorship and self-deterrence. This is exemplified by the comments of a Public Security Bureau official: "People are used to being wary, and the general sense that you are under surveillance acts as a disincentive. The key to controlling the Net in China is in managing people, and this is a process that begins the moment you purchase a modem."

The government's strategy is also aided by the current economic environment in China, which encourages the commercialization of the Internet, not the politicization of the Internet. As one Internet executive put it, for Chinese and foreign companies, "the point is to make profits, not political statements."

Beijing's countermeasures have been relatively successful on the whole to date. The current lack of credible challenges to the regime despite the introduction of massive amounts of modern telecommunications infrastructure, however, does not lead inexorably to the conclusion that the regime will continue to be immune from the forces unleashed by the increasingly unfettered flow of information across its borders. Indeed, while the regime has done a remarkable job thus far of finding effective counter-strategies to what it perceives as the potential negative effects of the information revolution, the scale of China's information technology modernization would suggest that eventually time will be on the side of the regime's opponents.

PREPARED STATEMENT OF KATHRYN HAUSER

APRIL 15, 2002

Good afternoon. I am Kathryn Hauser, Senior Vice President of the Information Technology Industry Council (ITI). Thank you for inviting me to speak to you today on behalf of the 30 member companies of my association. ITI's members are the leading providers of information technology products and services and span the entire industry: IT infrastructure, computer hardware, software, IT services, consumer electronics, e-commerce and Internet services. Our companies operate globally and are heavily invested in ensuring open international trade, as over 60 percent of their total revenues come from foreign sales.

China is obviously a key market for ITI members. Many ITI companies have longstanding investments and operations there; others are relatively new to this market. But all agree that China represents the most significant growth market for IT products and services, and ITI is actively working to improve our companies' access to this market. We are hopeful that China's membership in the World Trade Organization will advance domestic economic reforms and expand China's openness to the rest of the world.

The focus of this Roundtable discussion, "Wired China: Whose Hand is on the Switch?" is timely. We have all observed the rapid expansion of Internet access in China, as well as the steady increase in Chinese domains and web sites. The China Internet Network Information Center estimates that there are 33.7 million Chinese Internet users, and many are predicting that China will soon overtake Japan as the Asian country with the most Internet users. Already China is the world's largest market for cell phones, with nearly 160 million users. As technology evolves to allow inexpensive Internet access from cell phones, China is likely to have more Internet users than any other country.

All of us are questioning what this means for China, for its people, governments, businesses and customers, and for our companies doing business there. As with any issue in China, the role of the government is paramount. Through telecommunications policies beginning in the 1990's, the Chinese Government shaped the growth and diffusion of the Internet and continues to support its expansion today. At the same time, the Chinese Government is attempting to control use of the Internet by filtering or blocking access to certain websites with objectionable content. We in industry believe in the power of information technology to generate higher productivity and economic growth, to increase the flow of information, and to better the lives of those who can access it.

I. CHINESE GOVERNMENT SUPPORT FOR THE DEVELOPMENT OF THE INTERNET

Internet expansion in China is due to direct support by the Chinese Government, which continues to promote the use of information technology and the Internet to serve its economic development goals. Nearly a decade ago, in the early 1990's, the Chinese Government began a process of "informatization" to "drive industrial development." It initiated the so-called "Golden Projects" which established a new Internet protocol (IP) communications network linking government ministries and state-owned enterprises. The goal was to use information technology as a vehicle to modernize the economy, centralize decisionmaking, create a more transparent administrative process between and among government ministries, and establish e-government capabilities. The Chinese Government also deployed broadband technologies, particularly in high-density urban areas, and put a plan in place to rapidly build out the country's telecommunications infrastructure. These actions paved the way for State Council support for the development of the Internet in China.

In 1996, the State Council set up a Steering Committee on National Information Infrastructure to coordinate Internet policy, taking it out of the hands of the Ministry of Posts and Telecommunications and the Ministry of Electronic Industries. Further restructuring occurred in 1998, with the consolidation of functions into the Ministry of Information Industries. High-tech and telecom issues became the responsibility of Vice Premier Wu Bangguo and MII Minister Wu Jichuan, with Premier Zhu Rongji occasionally taking a role.

Last August, the State Informatization Leading Group was formed to provide top-level coordination of intra-agency issues related to the IT and telecom sector. Under this leading Group, the State Council Informatization Office launched a major initiative to broaden decisionmaking and communication links through e-government.

Chinese Government officials are eager to learn about the U.S. experience with e-government. We have forged a link between the State Council Informatization Office and USITO, the U.S. Information Technology Organization, which is comprised of six U.S. IT associations and serves as our voice in China. Vice Minister Liu He of the State Council Informatization Office was in Washington last month and discussed e-government and e-commerce issues with ITI member companies. We will continue this dialog through USITO in Beijing.

The United States should welcome China's e-government initiative. It has the potential to significantly increase transparency of China's governance for its own people. Some of our members believe it will also be the major driver of the growth of the use of the Internet in China, as government information, decisions and services remain important if not paramount in China. Finally, U.S. companies, including ITI's membership, are best positioned globally to benefit from this growth.

As China moves forward with its informatization strategy, including establishing rules and regulations, U.S. industry believes it has much to contribute to the formulation of these rules in terms of global and national practice. We hope and expect that, consistent with China's WTO obligations, we will have timely and effective opportunities to comment upon the development of regulations affecting our businesses in China and look forward to working with Chinese officials toward this end. This includes regulations ranging from the structure of foreign enterprises offering Internet services, to encryption to wireless standards, and much more.

II. RESTRICTIVE MEASURES CONCERNING THE INTERNET

As the Internet continues to expand in China, the government continues its efforts to attempt to tighten controls on on-line expression. What kinds of content is the Chinese Government trying to limit? Much of their attention seems focused on the same issues that have troubled regulators in other countries: exploitative, sexually inappropriate, or criminal uses of the web. Beyond that, Chinese officials want to limit politically offensive or regime threatening subjects.

Since 1995, when China first began permitting commercial Internet accounts, the authorities have issued at least 60 sets of regulations aimed at controlling Internet content. The regulations are often vague and broadly worded, but nonetheless form an elaborate regulatory framework that serves as a statement of policy, justification for monitoring and surveillance, a set of guidelines for what constitutes "illegal" activity, and a deterrent to internet users.

Pressed for details, regulators have a hard time—or simply refuse—to describe with precision what sorts of subjects fall into this category. The very vagueness of Chinese regulations concerning political or religious issues has a chilling effect on all dialog relating to these topics.

There is an irony in these restrictions, since the broader media in China—TV, radio and an evolving print sector—are experimenting with anti-corruption and consumer-oriented stories on a host of topics.

A recent survey of Internet Use in China conducted by the Center for Social Development of the Chinese Academy of Social Sciences suggests that the government's actions may not be sufficient to stop the flow of information. The survey revealed that 10 percent of the users "frequently" use proxy servers and 25 percent of users "occasionally" use proxy servers to get around websites blocked by the Chinese Government. The survey concluded that the main reason non-users are not online is cost (computer, access to Internet, etc.)—not fear of government control. Both users and non-users said they have a positive attitude toward the Internet and believe it will make the world a better place. (See CASS Internet Survey 2000, directed by Prof. Guo Liang and Prof. Bu Wei, available through (*www.worldinternetproject.org.*)

III. ROLE FOR U.S. INDUSTRY

A key objective will be to develop a process whereby companies that will be affected by proposed new regulations will be permitted to comment on them before they are implemented. In addition, we hope to share information about how other governments are dealing with some of these problems, encourage Chinese participation in e-commerce fora around the world, and support government-to-government exchanges on these issues. We anticipate that this discourse will enable both industry and government to work together to address the regulatory structure and other key issues, such as privacy and security.

CONCLUSION

Whether one considers the Internet primarily a method of mass communication or a product of the telecommunications network, the fact remains that the Chinese leadership continues to see the development and promotion of the Internet as a vehicle for cultural, educational and economic development in China. This does not mean that the government will not try to control objectionable content, just as many other countries are doing. But it is clear that China is making more information available to more and more people. The U.S. IT industry needs to be part of this effort.

Thank you.

SUBMISSIONS FOR THE RECORD

PREPARED STATEMENT OF BOBSON WONG, EXECUTIVE DIRECTOR, DIGITAL FREEDOM NETWORK

APRIL 15, 2002

Since January 2000, when the Chinese newspaper People's Daily published new Internet regulations from the State Secrecy Bureau, the Chinese government has cracked down on Internet use that it considers dangerous, arresting several individuals, shutting down sites, and passing new laws that codify existing practice. The Digital Freedom Network (DFN), a U.S.-based organization that promotes and develops the use of Internet technology for human rights activism, has been monitoring the use of the Internet in China. Below is a list of at least 25 individuals in China currently detained for online activity (this list is online at *http://dfn.org/focus/china/netattack.htm).* DFN also has a page containing the latest news related to Net restrictions in China at *http://dfn.org/focus/china/chinanetreport.htm.*

Many of the individuals listed below were detained for months or even years before facing formal charges, usually subversion. Those who get a trial are always found guilty and receive multi-year sentences. The detainees include Falun Gong believers who forwarded material about the movement and others who e-mailed pro-democracy publications to others or published articles online that criticized government officials. Some are not even dissidents. Huang Qi was detained 2 years ago after several overseas dissidents posted material on a missing-persons Web site he used to run about the June 4, 1989 pro-democracy demonstrations. He remains in custody. Wang Jinbo reportedly went on a hunger strike in January 2002 because prison guards would not allow his family to see him.

It is imperative that the United States and other nations act quickly to do everything it can to ensure their release. But even if these 25 individuals were to be freed, there is no guarantee that others won't be arrested and convicted on similar charges. China uses a combination of tough legislation and modern technology to restrict online information. Any online activity that the government considers threatening is banned, including using the Internet to incite the overthrow of State power, topple the socialist system, destroy national unity, promote "cults" (interpreted to mean groups such as the Falun Gong spiritual movement), or support the independence of Taiwan.

To ensure that individuals such as Huang Qi are not imprisoned in China, we should continue to promote technological tools that enable Chinese users to express themselves freely in a reasonable manner. Supporting efforts such as the anonymous proxy service SafeWeb will certainly help. But we must also find a way to reach out to China's young people. Internet users in China today are young, urban, well-educated—a reflection of how economic reforms since the Tiananmen Square crackdown have improved the living standards of many Chinese. But as beneficiaries of official policy, they have little reason to distrust the government and are incredibly suspicious of the United States. In the days after the September 11 terrorist attacks, Chinese bulletin boards were flooded with messages from Chinese users criticizing U.S. arrogance and claiming that the U.S. got what it deserved for "meddling" in the affairs of other nations. These users will grow up to become the future leaders of the world's most populous nation. Reaching out to this generation will require more than encryption software and other technical solutions. It will require that we buildup a relationship of mutual trust with China so that its next generation of leaders will allow its citizens to live in a more open society.

CHINESE INDIVIDUALS CURRENTLY DETAINED FOR ONLINE POLITICAL OR RELIGIOUS ACTIVITY

COMPILED BY THE DIGITAL FREEDOM NETWORK (APRIL 2002)

HTTP://DFN.ORG/FOCUS/CHINA/NETATTACK.HTM

1. **Chi Shouzhu,** a veteran Chinese activist, was detained on April 18, 2001 shortly after printing online pro-democracy material from a Web site using a friend's computer, according to the Hong Kong-based Information Center for Human Rights and Democracy. The center said he was carrying the material when he was detained at a train station in the northeastern city of Changchun. Chi was released in June after serving a 10-year prison term for taking part in 1989 pro-democracy protests.

Leng Wanbao, a dissident living in the northeastern province of Jilin, was interrogated for more than 2 hours by police on April 18, 2001, according to the Paris-based Reporters sans frontières (Reporters without Borders). Police accused him of publishing "subversive articles" on the Internet. Some of Leng's writings were allegedly found on Chi Shouzhu, who was arrested a short time before. (See also "China Cracks Down on Cyber-Dissent," Associated Press, April 19, 2001; Reporters sans frontières protest letter, April 20, 2001, *http://www.rsf.fr/uk/html/asie/cplp01/lp01/190401.html)*

2. **Dong Yanhong,** a staff member at Tsinghua University, was sentenced on December 13, 2001 to 5 years in prison for spreading information on the banned Falun Gong spiritual movement over the Internet, according to the Hong Kong-based Information Center for Human Rights and Democracy. In addition to Dong, five others were sentenced by the Beijing No. 1 Intermediate People's Court on December 13: Liu Wenyu, a professor of electric power at Tsinghua University; Liu's wife Yao Yue, a microelectronics researcher at Tsinghua University; Wang Xin, an academic at Tsinghua University; Tsinghua electronics professor Meng Jun; and Wang Xuefei, graduate student at a Shanghai university. ("6 Convicted in China Falun Gong Case," Associated Press, December 24, 2001, "China Jails Six for Falun Gong Web Activity—Group," Reuters, December 23, 2001.)

3. **Guo Qinghai,** a friend of dissident Qi Yanchen and also a freelance writer, was arrested in September 2000 for "subverting State power." Guo published articles on the Internet that discussed Qi's case and frequently put on overseas online bulletin boards essays promoting political reforms in China. On April 24, 2001, the Information Center for Human Rights and Democracy reported that a court in Cangzhou, in the northern province of Hebei, tried Guo on April 3 for subversion. According to the center, the court did not inform Guo's family of the hearing, the group said. On April 26, 2001, he was sentenced to 4 years in prison. (See also "China Charges, Tries Internet Dissidents: Group," Reuters, April 25, 2001.)

4. **Hu Dalin** was detained on May 18, 2001 by police in the southeastern city of Shaoyang after he published articles online that were written by his father, retired Beijing strategy scholar Lu Jiaping, according to the U.S.-based Chinese dissident e-mail publication V.I.P. Reference. No formal charges have been filed against Hu, but police told family members that he was arrested because of "subversive" activities online, according to the publication. Lu remains free in Beijing. (See also "Denial and Detentions," Digital Freedom Network, May 24, 2001.)

5. **Huang Qi,** 36, an Internet entrepreneur from Chengdu who ran a site containing information about the 1989 Tiananmen Square massacre, was detained on June 3, 2000 on the eve of the massacre's eleventh anniversary. One of the items on Huang's Web site (*http://6–4tianwang.com*), which was originally a Web site about missing persons, was a letter from the mother of a young student killed during the demonstrations. The letter accused police of beating her son to death. On July 14, 2000, Huang's wife Zeng Li was officially notified that her husband was being charged with "subversion. " Huang's trial began on February 13, 2001. It was suspended after Huang Qi collapsed in court on the afternoon of the trial's first day. On June 25, 2001, a relative of Huang's was notified that his trial was rescheduled for June 27. On June 26, the Chengdu Intermediate Court announced that the trial was again postponed indefinitely. On August 14, Huang was tried secretly. No family members were allowed to attend. (See also "Trial of Chinese Website Creator to Reopen This Week," Agence France-Presse, June 26, 2001; "CHINA: Jailed Internet publisher tried in secret," Committee to Protect Journalists, August 16, 2001.)

6. **Jiang Shihua,** a high school computer teacher in Nanchong, was arrested on August 16, 2000 after publishing articles online that criticized the Chinese government. Using the pen name Shumin, which means "common citizen," Jiang started writing and posting articles on August 11, 2000 from the Silicon Valley Internet Café, which he owns. Jiang was immediately charged with "subverting the State power. " According to the Information Center for Human Rights and Democracy, a court in Nanchong sentenced Jiang to 2 years in jail in December 2000. On May 18, 2001, the Higher People's Court in the southwestern province of Sichuan upheld his conviction. (See also "Web dissident sentenced to 2 years imprisonment," Reporters sans frontières Action Alert, March 14, 2001, "Chinese Court Turns Down Internet Dissident's Appeal: Rights Center," Agence France-Presse, May 23, 2001.)

7. **Jin Haike,** a geological engineer, was one of four intellectuals detained in Beijing on March 13, 2001 and charged with subversion on April 20, 2001. Jin, along with Consumer Daily reporter Xu Wei, software developer Yang Zili, and freelance writer Zhang Honghai—had co-founded the "New Youth Study Group," a discussion group that discussed Chinese political reform, particularly in rural areas. The center said that university students participated in the study group's events and that members posted material on a Web site and sent e-mails to each other. A fifth intel-

lectual, Zhang Yanhua, was also detained with the four but was later released. Jin, Xu, Yang, and Zhang were tried on September 28, 2001. (See also "China Said to Charge Four of Subversion," Associated Press, May 21, 2001; "China Charges Four with Subversion: Rights Group," Reuters, May 21, 2001; "Four Chinese intellectuals tried for subversion," Digital Freedom Network, September 28, 2001.)

8. **Li Hongmin** was arrested around June 10, 2001 and sent to a detention center in his hometown of Shaoyang (Hunan Province). Sources for the U.S.-based dissident publication VIP Reference and the Hong Kong-based Information Center of Human Rights and Democracy said that he was arrested after e-mailing copies of the Chinese version of The Tiananmen Papers to friends. The Tiananmen Papers are a collection of documents allegedly smuggled out of China that reveal the decisions of China's top leaders before, during, and after the bloody June 4, 1989 crackdown on pro-democracy demonstrations. (See also "Chinese Held for Distributing 'Tiananmen Papers' on the Internet, Agence France-Presse, July 2, 2001; E-mail with Richard Long, June 27, 2001.)

9. **Liu Wenyu,** a professor of electric power at Tsinghua University, was sentenced on December 13, 2001 to 3 years in prison for spreading information on the banned Falun Gong spiritual movement over the Internet, according to the Hong Kong-based Information Center for Human Rights and Democracy. In addition to Liu, five others were sentenced by the Beijing No. 1 Intermediate People's Court on December 13: Liu's wife Yao Yue, a microelectronics researcher at Tsinghua University; Tsinghua staff member Dong Yanhong; Wang Xin, an academic at Tsinghua University; Tsinghua electronics professor Meng Jun; and Wang Xuefei, graduate student at a Shanghai university. ("6 Convicted in China Falun Gong Case," Associated Press, December 24, 2001, "China Jails Six for Falun Gong Web Activity—Group," Reuters, December 23, 2001.)

10. **Liu Weifang** was sentenced in northwestern China for posting articles on Internet chatrooms that criticized the Communist Party, the Xinjiang Daily reported on June 15, 2001. The paper said that the small business owner was convicted of inciting subversion against State power. Liu had posted several articles in 1999 and 2000 that criticized both the Party and China's top leaders. Although he used the Internet name "Lgwf," Chinese officials determined that he posted the articles. (See also "Chinese Man Sentenced to Three Years in Prison for Cyber Writings," Agence France-Presse, June 18, 2001.)

11. **Lu Xinhua** was detained on March 11, 2001 in Wuhan, capital of central China's Hubei province, according to the Information Center for Human Rights and Democracy. On April 20, 2001, he was formally charged with inciting to subvert State power. The group said that Lu was the most active dissident on the Internet in Wuhan. He often posted on overseas Web sites essays promoting democracy in China and reports on human rights violations in Wuhan. On January 14, 2002, the Wuhan Municipal Intermediate People's Court convicted him and sentenced him to 4 years in prison. Lu was convicted for an article of his in which he attacked Chinese President Jiang Zemin. The article said that only a system of "mutual supervision" and a more stable system of laws would reduce corruption in China, according to Agence France-Presse. (See also "China Charges, Tries Internet Dissidents: Group," Reuters, April 25, 2001; "Two More Chinese Fall Afoul of Internet Laws: Report," Agence France-Presse, April 25, 2001; "Two Chinese political dissidents jailed for airing views on Internet," Agence France-Presse, January 14, 2002.)

12. **Meng Jun,** an electronics professor at Tsinghua University, was sentenced on December 13, 2001 to 10 years in prison for spreading information on the banned Falun Gong spiritual movement over the Internet, according to the Hong Kong-based Information Center for Human Rights and Democracy. In addition to Meng, five others were sentenced by the Beijing No. 1 Intermediate People's Court on December 13: Yao Yue, a microelectronics researcher at Tsinghua University; Yao's husband Liu Wenyu, a professor of electric power at Tsinghua University; Wang Xin, an academic at Tsinghua University; Tsinghua staff member Dong Yanhong; and Wang Xin, graduate student at a Shanghai university. ("6 Convicted in China Falun Gong Case," Associated Press, December 24, 2001, "China Jails Six for Falun Gong Web Activity—Group," Reuters, December 23, 2001.)

13. **Qi Yanchen,** sentenced to 4 years in prison on September 19, 2000, is the first Chinese convicted of subversion for material he wrote that was published on the Internet. The charges stem from articles that Qi wrote for the November 1998 and January 1999 issues of Open magazine in Hong Kong and published under the pen name Ji Li. Qi was also officially charged for writing articles in the May 6, 1999 and May 17, 1999 articles of the U.S.-based Chinese dissident e-mail publication Dacankao (V.I.P. Reference). Qi was arrested on September 2, 1999 in the northeastern Chinese city of Botou. According to V.I.P. Reference, who spoke to Qi's wife Mi Hongwu, Qi Yanchen's right to appeal his conviction expired on September 29,

2000. Although Mi wanted to appeal the conviction, Qi's lawyer decided not to help him due to pressure from the National Security Bureau at Cangzhou.

14. **Wang Jinbo,** 29, was arrested on May 12, 2001 for "defaming" police on the Internet, according to the Information Center on Human Rights and Democracy. He was arrested in Junan town in eastern China's Shandong province. When Wang's father asked for more information about the charges against his son, police threatened to arrest him as well. On December 13, 2001, the Intermediate People's Court in Linyi, Shandong, found Wang guilty of subversion for publishing foreign news articles on the Internet and posting an online message that urged the government to re-evaluate the 1989 crackdown on pro-democracy demonstrations at Tiananmen Square. He began a hunger strike on January 9, 2002 because prison guards did not allow his family to see him. (See also "Chinese dissident arrested for defaming police online," Agence France-Presse, May 12, 2001, "Outlawed party member jailed," Reuters, December 14, 2001, "Rights activist sentenced to 4 years in jail," Deutsche Presse-Agentur, December 14, 2001; "CHINA: China jails dissident for subversion—HK group," Reuters, January 14, 2002.)

15. **Wang Sen,** a member of the banned China Democracy Party, was arrested on April 30, 2001 for seeking to usurp power according to the Information Center on Human Rights and Democracy. Wang had posted an allegation that the southwestern Chinese city of Dachuan's medical center had sold tuberculosis medicine, which was donated by the Red Cross, at inflated prices. He was arrested in Dachuan, located in Sichuan province. (See also "Chinese dissident arrested for defaming police online," Agence France-Presse, May 12, 2001.)

16. **Wang Xin,** an academic at Tsinghua University, was sentenced on December 13, 2001 to 9 years in prison for spreading information on the banned Falun Gong spiritual movement over the Internet, according to the Hong Kong-based Information Center for Human Rights and Democracy. In addition to Wang, five others were sentenced by the Beijing No. 1 Intermediate People's Court on December 13: Yao Yue, a microelectronics researcher at Tsinghua University; Yao's husband Liu Wenyu, a professor of electric power at Tsinghua University; Tsinghua staff member Dong Yanhong; Tsinghua electronics professor Meng Jun; and Wang Xuefei, graduate student at a Shanghai university. ("6 Convicted in China Falun Gong Case," Associated Press, December 24, 2001, "China Jails Six for Falun Gong Web Activity—Group," Reuters, December 23, 2001.)

17. **Wang Xuefei,** graduate student at a Shanghai university, was sentenced on December 13, 2001 to 11 years in prison for spreading information on the banned Falun Gong spiritual movement over the Internet, according to the Hong Kong-based Information Center for Human Rights and Democracy. In addition to Wang, five others were sentenced by the Beijing No. 1 Intermediate People's Court on December 13: Yao Yue, a microelectronics researcher at Tsinghua University; Yao's husband Liu Wenyu, a professor of electric power at Tsinghua University; Wang Xin, an academic at Tsinghua University; Tsinghua staff member Dong Yanhong; and Tsinghua electronics professor Meng Jun. ("6 Convicted in China Falun Gong Case," Associated Press, December 24, 2001, "China Jails Six for Falun Gong Web Activity—Group," Reuters, December 23, 2001.)

18. **Wang Zhenyong,** a 30-year-old former assistant professor in psychology at Southwestern Normal University, was arrested in China for e-mailing four articles about the Falun Gong spiritual group to a colleague, according to the Chongqing Daily seen by Agence France-Presse on June 2, 2001. He downloaded the articles from an overseas Web site in December 2000 and forwarded the articles to a colleague, who then distributed the articles over the Internet. (See also "Academic Arrested in China for Spreading Falun Gong Views Via Internet," Agence France-Presse, June 2, 2001.)

19. **Xu Wei,** reporter for Consumer Daily, was one of four intellectuals detained in Beijing on March 13, 2001 and later accused of unspecified charges. Jin had co-founded the "New Youth Study Group," a discussion group that discussed Chinese political reform, particularly in rural areas. Members posted material on a Web site and sent e-mails to each other. Xu was tried on September 28, 2001. (See also "China Said to Charge Four of Subversion," Associated Press, May 21, 2001; "China Charges Four with Subversion: Rights Group," Reuters, May 21, 2001; "Four Chinese intellectuals tried for subversion," Digital Freedom Network, September 28, 2001.)

20. **Yang Zili,** a software developer known for his outspoken criticism of communism and a grass-roots activist at Beijing University, and his wife Lu Kun were detained by security agents on March 13, 2001. Lu was released 2 days later, but Yang remains in custody. Yang had co-founded the "New Youth Study Group," a discussion group that discussed Chinese political reform, particularly in rural areas. Members posted material on a Web site and sent e-mails to each other. Yang ran

the Web sites *http://thought.home.sohu.com, http://yangzi.00books.com,* and "Yang Zi's Garden of Ideas" (*http://lib.126.com*). Yang received a master's degree in geophysics in 1998 at Beijing University. Yang was tried on September 28, 2001. (See also "Dissident Web Writer Arrested in Beijing," Free China Movement press release, March 24, 2001; "Some Supplementary Information About Yang Zili," Lu Kun; "China Said to Charge Four of Subversion," Associated Press, May 21, 2001; "China Charges Four with Subversion: Rights Group," Reuters, May 21, 2001; "Four Chinese intellectuals tried for subversion," Digital Freedom Network, September 28, 2001.)

21. **Yao Yue,** a microelectronics researcher at Tsinghua University, was sentenced on December 13, 2001 to 12 years in prison for spreading information on the banned Falun Gong spiritual movement over the Internet, according to the Hong Kong-based Information Center for Human Rights and Democracy. In addition to Yao, five others were sentenced by the Beijing No. 1 Intermediate People's Court on December 13: Yao's husband Liu Wenyu, a professor of electric power at Tsinghua University; Tsinghua staff member Dong Yanhong; Tsinghua electronics professor Meng Jun; Tsinghua academic Wang Xin; and Wang Xuefei, graduate student at a Shanghai university. ("6 Convicted in China Falun Gong Case," Associated Press, December 24, 2001, "China Jails Six for Falun Gong Web Activity—Group," Reuters, December 23, 2001.)

22. **Zhang Haitao,** 30, creator of the only China-based Web site on the outlawed Falun Gong, was charged with subversion on October 11, 2000 in Changchun, Jilin Province. Zhang, a computer engineer in the Xu Ri Computer Company, is accused of establishing a site promoting Falun Gong in May and of posting an online petition urging followers to protest the government ban on the group. Authorities shut down his site on July 24, 2000; Zhang was detained on July 29. ("News Update," China Rights Forum (Winter 2000/1), *http://www.hrichina.org/crf/english/00winter/00W16—NewsUpdate.html)*

23. **Zhang Honghai,** a freelance writer, was one of four intellectuals detained in Beijing on March 13, 2001 and later accused of unspecified charges. Zhang had cofounded the "New Youth Study Group," a discussion group that discussed Chinese political reform, particularly in rural areas. Members posted material on a Web site and sent e-mails to each other. Zhang was tried on September 28, 2001. (See also "China Said to Charge Four of Subversion," Associated Press, May 21, 2001; "China Charges Four with Subversion: Rights Group," Reuters, May 21, 2001; "Four Chinese intellectuals tried for subversion," Digital Freedom Network, September 28, 2001.)

24. **Zhang Ji,** a college student in Heilongjiang Province, was charged on November 8, 2000 with "disseminating reactionary documents via the Internet. " Authorities say Zhang had e-mailed information to U.S.- and Canada-based Web sites of the Falun Gong religious group. They say he also downloaded news about the group and shared it with others in China. ("News Update," China Rights Forum (Winter 2000/1), *http://www.hrichina.org/crf/english/00winter/00W16—NewsUpdate.html)*

25. **Zhu Ruixiang,** a lawyer and former producer of the Shaoyang Radio Station, was charged with subversion and sentenced to 3 years in prison on September 14, 2001 after he forwarded e-mail messages to 12 people inside China. The messages, deemed "reactionary" by a court in Shaoyang in the southern province of Hunan, contained copies of V.I.P. Reference (Dacankao), a daily e-mail publication based in the U.S. consisting of articles and essays related to democracy in China. Zhu was arrested on May 8, 2001, and Public Security Bureau officials confiscated his computer, according to the U.S.-based Free China Movement. (See also "China hands 3-year jail term for relaying e-mail," Agence France-Presse, September 15, 2001; "Official verdict of judgment of Zhu Ruixiang," Digital Freedom Network, September 25, 2001.)

PREPARED STATEMENT OF DAVID COWHIG, FORMERLY WITH THE U.S. EMBASSY IN BEIJING

APRIL 15, 2002

WIRED CHINA: MANY HANDS ON MANY SWITCHES

I would like to share with you some thoughts about China and the Internet based on my 5 years covering the Internet for the Environment, Science and Technology Section of the U.S. Embassy in Beijing. These are my own observations and musings about how Internet fits into the Chinese social and political system. My views expressed here do not reflect the views of the U.S. Government and are not a policy prescription of any kind.

When asking the question "Whose Hand is on the Switch?" about the Internet in China we need to bear in mind that there are many hands and many switches. Chinese provincial and local governments and indeed various parts of the central government have far greater coordination problems than we experience among the Federal, State and local governments in the United States. China might be thought of as a decentralized de facto Federal State that lacks Federal institutions that facilitate central control and coordination such as the Federal court system and regional offices of central government ministries. China is best understood not so much as a Big Brother State but as a loose collection of thousands of provincial and local Party and government little brothers. Many of the provincial little brothers have only nominal allegiance to Big Brother in Beijing. Local officials want to control media not just for Beijing's purposes but also to prevent Beijing to know about their own shortcomings. Many orders and regulations from the central government are ignored from the outset or forgotten after only a few months.

One corollary of the China's shortcomings in the rule of law area is that local governments are not conscientious in obeying orders from Beijing. The result has been that the central government implements policies by national campaigns that are intense for a short time but then swiftly fade away. New regulations are issued not as amendments to old ones but as de novo regulations—apparently a tacit admission that the old ones have faded from memory. Government by political campaign as a Chinese government style is gradually fading as more laws are written down, as China's leaders keep insisting that "officials really should be carrying out their duties according to the law" and as the public learns more about the text of laws and about legal procedures. Improved public knowledge of the law is in some small part one of the benefits of the Internet for China. Although the movement away from government by campaign can be seen in that campaigns are much less disruptive than they were in the past, being aware of the "government by campaign" phenomenon can help us better understand China and the Internet.

What does this mean for the Internet? New tough rules are issued each year but are not systematically enforced. Where enforced, enforcement fades after a few months. Last Spring visiting two dozen "net cafes" in Hunan, I was never asked to produce any ID before using the computer nor was anyone else. Often regulations requiring identification of users were posted prominently on the wall. Although web bar management is supposed to check that clients are not surfing subversive websites, in practice no one pays attention to which sites net café clients are visiting. One could say that the rules were observed only in the sense that one could observe them posted prominently on the wall. Most of the clientele were in their twenties who paid about 3 RMB per hour (25 US cents) to use a computer for online chat, games watching movies (pirate copies of movies were on the café LAN) and browsing websites. The Changsha, Hunan police estimated in Spring 2001 that there were 1000 web cafes in the city. Web cafes in China have a very fuzzy definition that can include not only web cafes but also computer gaming parlors frequented by truant high school students and underground locales that show pornographic films on their computer local area networks. The Changsha police in their spring 2001 crackdown told local newspapers that they were focusing on the pornographic web bars.

Chinese internet sites are supposed to conform to the same general guidelines as the media. See the October 2000 State Council Internet Information Management Regulations.

- Threatening national security, leaking State secrets, overthrowing the government, and harming national unity;
- Harming the reputation or interests of the state;
- Fanning ethnic hatred, discrimination on the basis of nationality, and harming the unity of China's nationalities;
- Harming the State religious policy, propagandizing for evil religions or feudal superstition;
- Spreading false rumors, pornography, gambling, violence, murder, intimidation;
- Insulting or slandering someone, infringing on the legal rights of others;
- Other actions that are contrary to law or administrative regulations.

These regulations, like most Chinese regulations, are so broad that they can be interpreted many different ways. Websites are expected not to originate news—which web managers in turn interpret as meaning don't originate news that is politically sensitive. Many Chinese websites carry news gathered from the 100-plus Chinese newspapers that are online. Thus the news on the web, especially breaking news, is not much better than found in the print press. Some websites, such as Sina.com (*http://www.sina.com.cn*) allow readers to leave their own comments about a news story. Sometimes these comments are much more interesting than the

news stories themselves. If a newspaper somewhere in China does print a relatively daring story, the story will often be picked up by websites throughout the country.

Bad news about corrupt local government in a province often appears in a local paper in another province since the authorities in the other province just don't care so much about suppressing bad news from other provinces. This information can then leak into the first province over the net. Indeed, local officials suppress information not just to prevent their own people from knowing about a problem but also to prevent higher authorities at the provincial or national level to know that the glowing reports they send upwards are not entirely correct.

One dramatic illustration of the power of the Internet in China came after local officials in Jiangxi Province tried to suppress news of an explosion in an elementary school fireworks factory that killed several dozen schoolchildren. Efforts by local officials to falsely claim that a mad bomber and not illegal fireworks assembly was involved was frustrated by a combination of Chinese journalists and the flow of information around China on the Internet.

Often local officials succeed in keeping information from reaching Beijing. At other times Beijing knows but pretends not to know for to reveal that it knows but can do nothing would amount to a confession of impotence. One example of how news of a local disaster spreads on the Internet despite efforts by the local government to suppress is the report "Revealing the 'Blood Wound' of the Spread of HIV/AIDS in Henan Province" spread around China on websites and e-mail about the HIV/AIDS disaster in Henan Province. A translation of the report is available at *http://www.usembassy-china.org.cn/sandt/henan-hiv.htm*

Sometimes after a big event in China or abroad, more information and commentary does leak into China over the Internet from dissident e-mail publications such as VIP Reference (*http://www.bignews.org/*) as well as the Huaxia Digest (from *http://www.cnd.org*), the VOA's Chinese language e-mail news service. The sending e-mail servers of the first two e-mail publications are blocked and so the originating server often changed. VOA Chinese e-mail news is blocked and unblocked depending mostly upon the ups and downs of U.S.—China relations but also upon whether a politically sensitive domestic news event has occurred.

News from some foreign Chinese newspapers, including, interestingly enough, some critical reports from the Singapore Morning News (Zaobao) regularly figure prominently on Chinese news websites. The value added one sees on the web site includes reports from provincial newspapers in faraway Chinese cities that one ordinarily wouldn't see (out of town newspapers are not so easy to get hold of unless you subscribe) and the ability to do searches and compare reports over time and from many different sources. Just as with newspapers and magazines, for websites commercial pressures tend to increase the diversity and freedom of information since more attractive media is also of course more viable in a highly competitive environment.

A great variety of Chinese language books and periodicals are available online. The cost of getting online continues to fall, especially in Internet cafes where the use of a local area network brings connections costs down even lower than they are at home. Online bookstores have appeared in China, although severe problems in the areas of credit (few Chinese have credit cards); distribution and resolution of consumer complaints still severely constrain the development of online services in China. Many books, including some banned publications, are also available at minimal cost on CD–ROM as well as online. Although web content regulations apply to online forums as much as anything else on the net, the sheer volume of messages and it seems oftentimes the reluctance of monitors to cut short interesting conversations.

Although the 15 million users of the Chinese Internet are very few compared to China's 1.3 billion population, the Internet is increasingly arriving in every small town. Together with the rapid expansion of the inter-provincial highway network, the accelerated pace of countryside to city labor migration, the Internet is part of some of the most significant phenomena of the last decade—the shrinking of the distance between urban and rural China and urban China's penetration of rural life.

The Chinese Government's "Government Online" project (*http://www.gov.cn*) has put thousands of Chinese government offices online. Many Chinese laws and regulations are now available online for citizens to consult and act on—already an important progress from the days just a few years ago when "confidential regulations" made it very difficult for citizens to dispute officials on points of law.

Chinese language translations of free market philosophers such as Frederich Hayek are available online on many web sites such as Issues and Ideology (*http://www.wtyzy.com*). Just as discussions in deep or lengthy Chinese academic books can be surprisingly open (perhaps the censors give up after the first 20 pages?), so too are direct contradictions of China's official political and economic ideology com-

mon on the more academic websites. Some of these articles criticize by analogy. An example is an article reprinted from the January 2002 issue of "Yellow River", Li Xianzhi's meditation on the last 10 years of Lu Xun's life considers Lu's critique of one party dictatorship. This article is on the Issues and Ideology website at *http://www.wtyzy.net/linxianzhilxunzhou.htm.* The analysis fits the Communist people's democratic dictatorship perfectly but Lu Xun was talking about Chiang Kai-shek's Nationalist Party. Of course. For example, These websites regularly come under pressure,some have closed, but many very interesting ones are still out there. Forum monitors are required to delete "subversive" messages on China's many open discussion fora, including the sometimes very lively "Strong Country Forum" (http://bbs.people.com.cn/) run by the tongue of the Communist Party of China—the People's Daily.

The State of the web in China reflects the uncertain State of China itself. Most Chinese, including most Communist Party members, want a more democratic and more open society. China's communist leaders fear that the development and modernization brings will help bring will shake their hold on power and lead to social instability. A Chinese provincial vice Governor said a few years ago, "We are the guardians of a dead religion but must hold on for the sake of social stability." China's Internet itself, much more an emblem of modernity and progress than in the United States, will likely trace a wavering path alternating between greater opening as China moves toward greater modernization and progress and tightening at times when the Chinese leadership fears that new ideas and news that might tend to weaken the Party's control.

U.S. Embassy Beijing reports on the Internet in China are available at *http://www.usembassy-china.org.cn/sandt/sandtbak-hp.html#Internet%20and%20Computers*

Several translations and summaries of press clippings from Chinese news reports about the Internet are available at *http://www.usembassy-china.org.cn/sandt/sandsrc.htm*

A list of some of China's more interesting online bookstores and discussion websites can be found at "Beijing Bookworm" at *http://www.usembassy-china.org.cn/english/sandt/bjbkwrm.html*

David Cowhig returned to the United States in July 2001 after 9 years in Okinawa, Taipei and Beijing. dcowhig@bigfoot.com

`Center for Social Development, Chinese Academy of Social Sciences

Frequency Questionnaire of

The Survey on Internet Usage and Impact

in Beijing, Shanghai, Guangzhou, Chengdu and Changsha

Administratively supported by the State Informatization Office
Directed by Prof. Guo Liang and Prof. Bu Wei

Survey Spots and Population:
Since most Chinese Internet users live in the urban area, the survey was concentrated in the 5 major cities including Beijing, Shanghai, Guangzhou, Chengdu, and Changsha. Male and female citizens between ages 17 - 60 in households could be chosen as respondents. 66 local residential communities (Ju Wei Hui) in each city and 10 households in each local residential community were randomly chosen.

Method:
Only one person in each chosen household could answer the questions. The Internet user in the household was prior to answer the questions. If no one in the household had experience of Internet access, the one whose birthday is the closest to the day of interview would be chosen as a respondent.

Duration:
Considering lots of Internet users in China are college students or graduate students (42.6% in this survey), who are not at home except during vacation, the survey was conducted during the Chinese Spring Festival in 2001 (Jan. 20 to Feb. 5). We use this data as the survey result of year 2000.

Sampling:
About 660 individuals were interviewed in each city and the final sampling size of the 5 cities is 3153.

Weighting:
The user samples are weighted in line with the user ratio in each of the five cities, while the non-user samples are weighted in line with the non-user ratio. So the original user sampling size is 1451 and the weighted sampling size is 1045; while the original non-user sampling size is 1702 and the weighted sampling size is 1086. Both users and non-users' sampling error is less than 3% at 95% confidence level.

The Chinese Report:
The original Chinese report can be found at: http://www.chinace.org/ce/itre/

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The CASS Internet Report (2000): Survey on Internet Usage and Impact in Five Chinese Cities

Contact:
Prof. Guo Liang, Institute of Philosophy, Chinese Academy of Social Sciences, Beijing, 100732, China
Tel.: +86-13701362046 (cell); E-mail: guoliang@public.intercom.com.cn

AA. Sex:

	Male	Female	N
Users	60.7%	39.3%	1043
Non-users	45.7%	54.3%	1083

AB. Age:

	Age in average	N
Users	27.01	1041
Non-users	37.21	1082

AC. Education:

	Users (N=1042)	Non-users (N=1084)
Primary school or lower	0.9%	51.2%
Middle school	5.2%	24.1%
High school	34.4%	51.2%
Two years college	26.0%	13.3%
Bachelor degree	29.1%	7.8%
Master degree or higher	3.6%	0.5%
Refused	0.9%	0.6%

AD. Marital status:

	Users (N=1038)	Non-users (N=1086)
Not married	64.6%	28.9%
Married (including long-term cohabitation)	33.0%	67.6%
Refused	2.4%	3.5%

AE. Occupation Users (N=1029) Non-users (N=1079)

1. Factory workers	7.2%	18.6%
2. College or graduate students	42.6%	14.6%
3. Staff in hotel, restaurants and shops, etc.	7.4%	12.0%
4. Private business	5.3%	7.1%
5. Officers or managers	16.0%	13.2%
6. Military or Law Enforcement staff	0.8%	1.3%
7. Employee of Non-profit organizations (Education, Research, Culture, Hospital)	11.2%	6.9%
8. Unemployed	3.7%	10.6%
10. Retired	2.0%	13.7%
11. Corporate Employees	3.3%	1.5%
13. Marketer and dealer	0.0%	0.2%
14. Self employed	0.2%	0.2%
15. Returned overseas Chinese	0.4%	0.1%

AF. How many people are there in your family?

	Average	Minimum	Maximum	N
Users	3.30	1	13	1040
Non-users	3.39	1	11	1076

AG. How many children under 18 years of age in your family live with you?

	None	One	Two	More than two	N
Users	77.6%	21.5%	0.9%	0.1%	1035
Non-users	50.6%	46.7%	2.2%	0.5%	1080

AH. If your children live with you, how old are they? (You may have more than one choice if needed)

	0~5	6~11	12~14	15~18	N
Users	7.0%	5.0%	5.8%	6.8%	1045
Non-users	8.4%	12.7%	12.1%	18.1%	1080

AI. The average monthly income of people in your family is .....

	Users (N=1039)	Non-users (N=1080)
400RMB or less	3.8%	10.8%
401~1000RMB	26.2%	39.1%
1001~1500RMB	21.6%	19.5%
1501~2000 RMB	11.6%	7.8%
2001~3000RMB	10.7%	5.8%
3001~5000RMB	4.1%	2.0%
5001RMB or more	2.1%	0.5%
Refused	10.3%	9.8%
Don't know	9.6%	4.7%

AJ. Do you have one (or more) computer at home?

No

	Yes	No	N
Users	79.9%	20.1%	1041
Non-users	33.2%	66.8%	1085

Yes

AK. Is the computer in your home connected to the Internet?

	Yes	No, but wish to	No, haven't planed to	Not sure	N
Users	84.9%	9.9%	4.8%	0.4%	835
Non-users	25.1%	46.7%	27.4%	0.9%	358

AL. How often do you make phone calls from home (include use of your cell phone but not include work-related calls)

	Users (N=1027)	Non-users (N=1073)
No telephone at home	2.5%	6.1%
Seldom	3.9%	7.1%
1~6 times a week	10.8%	14.3%
1~2 times a day	25.1%	27.9%
3~4 times a day	27.0%	27.1%
More than 5 times a day	30.7%	17.5%

AM. During a typical week, about how many minutes do you spend with .....?

	Users	Non-users
TV	13hrs 23mins (N=1071)	16hrs55mins (N=1071)
Radio	4hrs53mins (N=533)	5hrs54mins (N=544)
Newspapers	5hrs18mins (N=919)	5hrs44mins (N=964)
Video tape/VCD/DVD	4hrs26mins (N=582)	4hrs46mins (N=470)
Books	10hrs16mins (N=873)	7hrs55mins (N=630)
Music cassette/CD/MP3	6hrs51mins (N=701)	5hrs42mins (N=528)
Magazine	4hrs 8mins (N=719)	4hrs 11mins (N=626)
Video games	6hrs1mins (N=344)	7hrs20mins (N=176)
Internet	10hrs28mins (N=1017)	4hrs24mins (N=115)
Telephone	3hrs24mins (N=967)	2hrs32mins (N=930)
Physical exercise	4hrs19mins (N=711)	4hrs50mins (N=557)
Being with friends	8hrs54mins (N=889)	8hrs14mins (N=832)
Computer (not including CD music, VCD and Internet)	12hrs41mins (N=840)	9hrs (N=267)

AN. How important are the following items as sources of information to you?

(NIA=Not Important at All, NI=Not Important, Neu=Neutral, SI=somewhat Important,

VI=Very Important, NK=Not Know, N=Number of respondents. The numbers in the following tables are percentages, except N)

		1. NIA	2. NI	3. Neu	4. SI	5. VI	6. NK	N
TV	Users	3.3	11.3	15.3	44.2	25.7	0.2	1042
	Non-users	3.7	8.1	11.7	45.0	31.3	0.2	1086
Radio	Users	14.0	30.1	22.1	23.8	7.6	2.5	1038
	Non-users	12.2	27.0	17.8	29.1	10.8	3.0	1084
Newspapers	Users	3.6	11.0	20.6	45.0	19.2	0.6	1045
	Non-users	4.2	10.5	16.0	46.7	21.6	1.0	1085
School or work place	Users	4.6	13.5	24.6	35.4	19.5	2.4	1043
	Non-users	6.7	16.8	21.2	33.2	15.8	6.2	1082
Family	Users	3.5	14.1	26.2	32.2	23.2	0.7	1043
	Non-users	2.5	10.2	23.3	36.7	25.6	1.7	1081
Friends	Users	2.8	8.1	23.2	42.8	22.6	0.6	1041
	Non-users	1.5	11.3	25.0	42.2	18.6	1.5	1085
Club or communities	Users	13.5	25.0	25.6	20.3	5.4	10.2	1037
	Non-users	15.9	28.4	16.3	14.7	4.3	20.5	1081
Internet	Users	2.4	8.1	21.3	41.7	24.0	2.6	1043
	Non-users	21.6	22.9	8.8	11.2	3.6	31.9	1079

AO. How important are the following as sources of Entertainment?

		1. NIA	2. NI	3. Neu	4. SI	5. VI	6. NK	N
TV	Users	3.9	13.3	19.9	39.7	23.0	0.2	1044
	Non-users	2.9	8.0	13.4	44.4	30.3	1.0	1086
Radio	Users	17.4	31.1	24.3	20.6	4.8	1.7	1039
	Non-users	12.7	26.5	19.6	29.1	9.5	2.6	1086
Newspapers	Users	5.9	19.0	27.8	35.5	11.1	0.6	1042
	Non-users	4.9	13.4	21.6	42.8	15.8	1.6	1083
School or work place	Users	6.1	18.3	25.4	35.1	12.9	2.3	1041
	Non-users	7.8	19.4	23.6	30.4	14.6	4.3	1083
Family	Users	3.7	11.1	27.1	35.1	22.0	1.0	1042
	Non-users	2.0	8.7	20.5	40.6	26.8	1.3	1085
Friends	Users	2.7	4.8	16.0	43.8	31.8	0.8	1043
	Non-users	1.9	9.2	18.3	45.6	23.4	1.6	1078
Club or communities	Users	12.1	24.3	21.7	24.2	7.9	9.8	1037
	Non-users	15.7	24.2	18.0	16.8	6.7	18.6	1081
Internet	Users	3.4	10.3	21.0	39.8	23.0	2.5	1043
	Non-users	22.6	23.6	9.6	9.4	3.1	31.6	1082

AP. On what scale do you think online information needs to be managed or controlled?

	Users (N=1044)	Non-Users (1084)
Very necessary	23.5%	17.2%
Somewhat necessary	44.2%	29.0%
Neutral	18.3%	14.0%
Not necessary	8.9%	7.8%
Not necessary at all	2.2%	1.0%
Not know	2.8%	31.0%

AQ. Overall, Internet has made the world a .....

	Users (N=1042)	Non-Users (1081)
Better place	50.1%	28.7%
Neither better or worse	43.9%	42.7%
Worse place	1.3%	3.4%
Not know	1.7%	13.6%
Not sure	3.0%	11.6%

AR. Which media avenue can better meet your following needs (You may have more than one choice?)

Users (N=1045) Non-users (N=1086)

		TV	Newspapers	Magazine	Internet	Books	Radio	None of the above
To know news	Users	86.5	69.5	21.1	61.9	15.0	23.4	1.1
	Non-users	91.6	71.2	19.4	11.1	12.8	31.4	1.0
To have information about personal life (shopping, traveling etc.)	Users	56.6	52.6	32.7	58.9	14.5	11.7	3.6
	Non-users	63.7	60.7	25.6	10.4	12.8	19.2	5.8
To have information for study	Users	28.6	35.8	21.1	56.1	61.2	7.9	3.1
	Non-users	43.0	44.0	20.1	12.0	48.7	12.9	6.5
For entertainment or personal hobby (game and music etc.)	Users	59.1	23.0	26.3	67.7	20.8	19.6	4.3
	Non-users	65.2	26.5	18.6	14.7	14.3	24.0	13.6
To express personal opinion, view or publish personal writings	Users	10.0	22.7	14.6	62.8	8.5	4.0	17.0
	Non-users	14.2	21.9	10.9	14.4	6.2	4.9	50.2
To exchange thoughts or information with others	Users	8.8	9.4	6.8	73.4	4.6	4.0	15.5
	Non-users	13.9	14.2	6.8	19.3	4.2	4.9	53.4
To participate in social activities	Users	19.8	16.8	8.2	44.5	5.2	7.1	34.6
	Non-users	19.4	16.6	5.4	12.3	2.8	8.1	55.7
To promote personal relationship (to know or to maintain relationship with friends or colleagues)	Users	9.5	6.4	6.0	63.6	6.1	4.8	27.0
	Non-users	14.7	10.0	5.3	17.3	5.6	4.4	58.6

AS. By using the Internet, I may.....

(**ED**=Extremely Disagree, **DA**=Disagree, **SWA**=Somewhat Agree, **SA**=Strongly Agree, **NS**=Not Sure, **N**=number of respondents.)

		ED	DA	SWA	SA	NS	N
Be distracted to the Net and not work/study well	Users	17.2	56.6	20.4	2.7	3.1	1042
	Non-users	9.7	36.0	29.6	5.9	18.7	1084
Mistake poor acquaintances as friends	Users	15.8	53.9	20.0	4.4	5.9	1042
	Non-users	7.7	37.1	29.9	5.8	19.4	1084
Make new friends	Users	2.0	9.4	55.8	29.1	3.7	1042
	Non-users	1.0	9.5	53.7	19.9	15.8	1084
Send information freely	Users	1.1	4.1	45.9	46.6	2.3	1042
	Non-users	1.3	5.7	45.4	28.6	19.0	1084
Have more information	Users	1.3	4.0	37.1	55.8	1.9	1042
	Non-users	1.0	5.0	42.0	35.7	16.3	1085
Easily expose my privacy	Users	10.6	47.8	25.9	7.8	7.9	1042
	Non-users	6.8	35.1	24.3	7.5	26.3	1084
Easily affected by pornography	Users	11.0	42.6	30.2	9.0	7.2	1042
	Non-users	6.4	27.6	27.8	11.5	26.6	1086
Too dependent on the Internet	Users	10.9	44.4	27.6	10.1	7.0	1043
	Non-users	7.4	29.4	26.6	9.1	27.4	1086
Easily effected by violence	Users	17.5	60.3	15.1	1.8	5.2	1043
	Non-users	9.0	38.4	22.7	4.8	25.0	1085
Have more girl/boy friends	Users	4.7	26.7	49.6	13.5	5.6	1043
	Non-users	3.1	18.8	47.4	8.8	21.9	1082
Buy something I need	Users	5.2	28.0	44.2	13.2	9.4	1042
	Non-users	3.6	16.8	43.8	13.3	22.5	1081
Have an Internet addiction	Users	5.7	31.3	39.6	19.2	4.3	1041
	Non-users	3.8	19.9	37.2	19.4	19.7	1082
Download free/share ware	Users	2.1	15.5	46.2	28.8	7.4	1041
	Non-users	2.5	16.0	32.8	11.0	37.7	1081
Become more lonely and not get used to society	Users	21.9	52.6	16.0	5.0	4.5	1043
	Non-users	10.9	37.9	18.3	7.0	25.9	1083
Receive too many meaningless messages	Users	6.0	30.8	41.1	17.1	4.9	1043
	Non-users	4.3	21.2	33.0	11.5	30.0	1085
May receive too many advertisements	Users	3.6	22.1	47.8	22.0	4.5	1043
	Non-users	3.1	15.3	40.3	15.5	25.9	1083

AT. Do you think the following views or behaviors are suitable to you?
(NS=Not Suitable, NVS=Not Very Suitable, Neu=Neutral, SS=Somewhat Suitable)

		NS	NVS	Neu	SS	Exactly	N
I think politics is only men's business.	Users	28.7	32.1	22.0	14.4	2.8	1043
	Non-users	30.8	30.9	21.7	12.7	3.9	1086
I'd like to know the idea and things of those people who are totally different from me.	Users	4.7	13.0	31.6	41.8	8.9	1043
	Non-users	7.3	20.3	33.4	33.7	5.4	1081
I like to express my opinion more than others.	Users	6.3	26.4	35.9	25.6	5.7	1043
	Non-users	9.6	27.6	35.5	23.3	4.1	1084
I only want to be friends with those who can share my ideas.	Users	10.3	32.7	31.1	21.7	4.3	1041
	Non-users	8.8	28.0	28.6	28.3	6.3	1084
People always think that I do not follow conventionality.	Users	13.4	34.0	30.4	17.7	4.5	1042
	Non-users	21.3	33.1	27.5	14.1	4.0	1081
Although I won't color my hair, I am not against others to do so.	Users	7.8	8.5	20.1	41.2	22.4	1042
	Non-users	8.4	11.8	22.4	39.2	18.2	1085
I only want to deal with those people who come from developed regions.	Users	18.1	32.5	27.3	17.5	4.7	1043
	Non-users	17.5	32.5	27.2	17.5	5.3	1085
I like to know those people whose living conditions are very different from mine.	Users	7.6	18.2	36.0	28.2	10.0	1043
	Non-users	10.4	21.4	33.8	27.8	6.6	1085
I like to discuss questions with people who have different views.	Users	3.6	10.5	35.7	40.9	9.3	1042
	Non-users	5.6	12.3	35.8	39.2	7.1	1084
The older I am, the more hobbies I have.	Users	3.1	17.0	28.8	39.4	11.7	1042
	Non-users	5.6	20.3	32.7	33.8	7.5	1084
Even if I disagree with someone, I am still interested in listening to his/her explanation.	Users	2.5	9.2	28.6	47.2	12.5	1041
	Non-users	2.6	9.4	30.7	46.4	10.9	1084
I always actively try to know or learn something new.	Users	0.8	4.5	28.3	50.3	16.2	1038
	Non-users	2.4	9.9	34.2	42.0	11.5	1084
I always try to do something new.	Users	2.0	8.1	32.9	42.8	14.3	1042
	Non-users	3.0	16.8	36.2	36.0	8.0	1085
I am used to finding new friends outside my workplace or family.	Users	4.7	19.0	30.8	33.4	12.1	1039
	Non-users	8.1	22.2	32.4	27.2	10.1	1085
I can easily get along with those who are from different social positions.	Users	3.2	12.9	35.0	39.5	9.4	1041
	Non-users	5.3	16.4	34.8	34.9	8.6	1086
I can understand those who change their sex by surgery.	Users	21.6	24.1	26.8	21.5	6.0	1041
	Non-users	29.1	24.1	24.7	18.8	3.3	1084
I often join some social activities for collective well-being.	Users	5.9	24.2	40.8	23.8	5.3	1040
	Non-users	7.6	22.7	33.0	30.7	6.0	1084

		NS	NVS	Neu	SS	Exactly	N
In most cases, I am the one who tries new machines or products.	Users	5.6	22.2	31.7	30.2	10.2	1041
	Non-users	11.6	26.8	32.8	22.3	6.6	1082
Because of my ability to get to new things, I feel very young.	Users	2.8	13.1	33.9	38.4	11.8	1041
	Non-users	6.6	19.1	35.2	30.9	8.2	1086
I often discuss national or international news with others.	Users	6.5	18.1	33.2	32.9	9.3	1042
	Non-users	5.3	18.7	34.4	32.7	8.9	1084

AU. Have you ever used the Internet?

	Yes	No	N
Users	100%	0.0%	1045
Non-users	15.5%	84.5%	1086

Yes **No**

BA. The major reasons for you not to get online are..... (you may have more than one choice) **N=1086**

No computer at home (54.7%)
Not enough Chinese information on Web (1.7%)
No interest (13.2%)
No telephone at home (3.2%)
No equipment to access the Internet (12.5%)
Not good for Children (9.9%)
Computer is not good enough (3.2%)
Confused by/fear of technology (4.3%)
Too busy, no time to access the Internet (11.8%)
Too expensive (24.5%)
Do not know how to use the Internet (16.2%)
Other (please specify, 2.3%)

BB. How many people in your family have got online? N=890

1. No one (81.0%) **2.** One (15.8%) **3.** 2~3 people (3.1%) **4.** more than four (0.1%)

BC. Are you going to get online within the coming half year? N=892

1. Yes (16.9%) **2.** No (42.0%) **3.** Haven't decided (41.1%)

BD. The first year you access the Internet was in.....

Year	Users (N=1041)	Non-Users (N=168)
1995 or earlier	2.7%	0.9%
1996	3.9%	1.1%
1997	8.6	3.5%
1998	18.2	19.4%
1999	30.4	26.4%
2000	34.8	43.4%
2001	0.9	5.4%

BE. Have you ever used the Internet in the past half a year?

	Yes	No	N
Users	100%	0.0%	1043
Non-Users	79.6%	20.4%	167

BF. How often do you use the Internet?

	Users (N=1042)	Non-Users (N=132)
Not often	0.0%	96.2%
Less than one time each week	7.7%	1.9%
1~2 times each week	26.2%	0.2%
3~6 times each week	28.8%	0.0%
Once a day	23.7%	1.4%
At least 2~3 times each day	13.7%	0.2%

Non-users (marked by the answers to AU, BE and BF-2) please do not answer the following questions.

CA. What type of connection do you use to access the Internet? N = 1045

1. T1 or T3 (14.2%) **2.** ISDN (17.9%) **3.** Cable Modem (2.8%)
4. 14.4/28.8/33.6 Modem (4.7%) **5.** 56K Modem (60.3%) **6.** DSL（or ADSL）(4.0%)
7. Cell phone (including WAP) 2.1% **8.** Set-top box or WebTV (0.6%)
9. Not sure (7.0%) **10.** Others (most of them are Cyber Café) 3.1%

CB. Now the major problems for you to access the Internet are..... N = 1045

1. Too slow (68.7%) **2.** Not enough Chinese content (1.2%) **3.** Difficulties in connection (39.4%)
4. Computer is not good enough (16.5%) **5.** Can not find the needed information (20.0%) **6.** Children will be influenced by bad information. (4.9%)
7. Too many virus (16.5%) **8.** Too busy to get online (14.4%) **9.** Disinteresting contents (22.4%)
10. Too expensive (54.6%) **11.** Don't know (3.1%) **12.** Other problems (0.8%)

CC. You think your time online is ..... N = 1033

1. Too short (9.3%) **2.** Not enough (40.0%) **3.** Enough (38.5%) **4.** More than enough (11.3%)
5. Too much (1.0%)

CD. On average, how much time do you spend on the Internet at the following places each week?

CD-1. School: 5hrs26min N=193 **CD-2.** Home: 8hrs44min N=697
CD-3. Workplace: 10hrs41min N=280 **CD-4.** Relatives' or friends' home: 3hrs2min N=153
CD-5. Library: 2hrs59min N=34 **CD-6.** Cyber Café: 6hrs59min N=292
CD-7. Others: 7hrs27min N=24

CE. How much time do you spend on the following content?

Teenagers

CE-1. Foreign language Websites: 9.14 % 15 %

CE-2. Overseas Chinese Websites: 14.54 % 25 %

CE-3. Mainland Chinese Websites: 75.82 % 60 %

CF. On average, how much time do you spend each week on the following Internet functions?

CF-1. E-mail: 2hrs27min N=794

CF-2. Downloading tools: 2hrs37min N=442

CF-3. Games: 4hrs28min N=403

CF-4. BBS: 2hrs34min N=241

CF-5. Chat room (IRC): 4hrs15min N=539

CF-6. Personal home pages: 4hrs14min N=129

CF-7. ICQ: 4hrs48min N=343

CF-8. Browse: 5hrs27min N=840

CF-9. Downloading entertainment: 3hrs14min N=568

CG. Your purpose of using the Internet is ..... (you can have more than one answer choice) N=1045

CG-1. E-mail (71.8%) **CG-2.** Music (45.2%) **CG-3.** Personal hobby (52.3%)

CG-4. Games (32.6%) **CG-5.** Work at home (8.1%) **CG-6.** Travel information (11.8%)

CG-7. News (57.4%) **CG-8.** School's work (8.0%) **CG-9.** Banking or payments (2.2%)

CG-10. E-magazines (19.1%) **CG-11.** Check advertisements (9.8%) **CG-12.** Medical information (4.8%)

CG-13. Find a new job (12.9%) **CG-14.** Entertainment (29.8%) **CG-15.** Check bank account (2.7%)

CG-16. To learn computer (28.3%) **CG-17.** Online shopping (10.1%) **CG-18.** knowledgeable info. (31.4%)

CG-19. Auction (2.2%) **CG-20.** Stock business (13.7%) **CG-21.** Remote learning (17.4%)

CG-22. Chat (50.6%) **CG-23.** Express opinion (13.1%) **CG-24.** Other (explain): (2.3%)

CH. In a chat room or BBS you ..... N=1043

1. Often speak (17.5%) **2.** Seldom speak (31.7%)

3. Only read, not speak (13.1%) **4.** Seldom or never use chat room or BBS (37.6%)

CI. You are using ICQ ..... N=1040

1. To contact strangers (16.8%) **2.** To contact acquaintances (36.7%) **3.** Seldom or never use (46.6%)

CJ. Do you use proxy server? N=1037

1. Frequently (9.8%) **2.** Seldom (25.5%) **3.** Never (37.9%) **4.** NK (21.0%) **5.** Refused (5.8%)

CK. How often do you check your E-mail? N=1039

1. No E-mail (19.6%) **2.** Less than once a week (10.7%) **3.** Once a week (17.3%)

4. Once every 2~3 days (23.1%) **5.** Once a day (18.3%) **6.** Twice a day (6.7%)

7. 3~5 times a day (2.8%) **8.** More than 6 times a day (1.5%)

CL. How do you use E-mail?

CL-1. Frequently contacted: 5.72

CL-2. Weekly send private E-mail: 4.11

CL-3. E-mail address: 2.26

CL-4. Weekly send work-related E-mail: 2.63

CL-5. Weekly receive private E-mail: 4.65

CL-6. Weekly forward E-mail on news: 1.03

CL-7. Weekly receive work related E-mail: 2.82

CL-8. Weekly forward E-mail on entertainment: 0.85

CM. Among those friends known from Internet, about .....

CM-1. 3.33 people frequently contact you
CM-2. 2.12 come from other places in the country
CM-3. 1.48 people have met you
CM-4. 0.31 are overseas Chinese
CM-5. 2.85 come from local
CM-6. 0.23 are foreigners

CN. After using the Internet, has there been any change in the amount of time you spend with the following media?

	1. More than before	2. Same as before	3. Less than before	N
CN-1. TV	4.1%	63.6%	32.3%	1037
CN-2. Radio	3.9%	61.3%	34.8%	1033
CN-3. Newspapers	4.1%	72.0%	23.9%	1041
CN-4. Magazines	6.3%	65.0%	28.7%	1038
CN-5. Books	7.3%	70.1%	22.6%	1039

CO. Has communication on the Web increased the number of your frequently contacted friends? N=994

1. No (40.2%) **2.** Increased for 1-5 friends (46.9%)
3. Increased for 6-10 friends (8.8%) **4.** Increased for more than 11 friends (4.1%)

CP. By using the Internet, have you changed your time on other forms of daily communication (i.e. by letter, telephone etc.) with.....?

	1. increased	2. same as before	3. less than before	N
CP-1. Colleagues or classmates	18.0	74.9	7.1	1040
CP-2. Friends (not including those known from the Web)	16.1	75.9	7.9	1039
CP-3. Parents	2.0	89.9	8.1	1039
CP-4. Brothers and sisters	4.1	84.7	11.2	1037
CP-5. Relatives or neighbors	3.2	81.1	15.7	1037
CP-6. Spouse or lover	6.9	86.6	6.5	1005

CQ. How much of the following Internet information resources are reliable?

	1.All	2.Most	3. Half Reliable	4. Small portion	5.None	6.Not sure	N
CQ-1. BBS	2.0	16.3	32.4	23.2	12.2	13.9	1043
CQ-2. Chat room	1.6	11.4	25.5	27.8	21.8	12.0	1043
CQ-3. E-mail	5.3	32.9	30.6	14.6	6.7	9.9	1043
CQ-4. Advertisement	1.1	16.8	33.9	23.8	12.4	11.9	1042

CR. How much do you trust the following source of news?

	1. Don't trust	2. Not very	3. Half Trust	4.Relatively	5.Extremely	6.Not sure	N
CR-1. Domestic TV	.9	3.9	15.3	58.0	19.3	2.6	1044
CR-2. Foreign TV	1.1	3.6	23.2	53.9	12.3	6.0	1045
CR-3. Radio	.8	3.2	16.5	57.6	16.7	5.1	1041
CR-4. Newspaper	.9	2.7	17.1	57.0	19.4	2.8	1041
CR-5. Online news	2.3	8.3	37.1	40.1	7.1	5.0	1042

CS. How much do you trust the following news providers on the Web?

NT=Nor Trust, NVT=Not Very Trust, HH=Half Trust, RT=Relatively Trust, ET=Extremely Trust, NS=Not Sure

	1.NT	2.NVT	3.HT	4.RT	5.ET	6.NS	N
CS-1. Domestic traditional media websites	1.0	3.2	12.6	57.4	18.1	7.8	1043
CS-2. Overseas Chinese news websites	.8	4.1	24.3	47.0	8.0	15.9	1041
CS-3. Foreign traditional media websites	.9	6.0	29.4	41.3	5.8	16.7	1039
CS-4. Domestic portal websites	.8	3.8	20.0	55.3	12.4	7.7	1042
CS-5. Foreign portal websites	1.1	5.6	24.5	47.9	9.3	11.6	1040
CS-6. News in e-mail from domestic sources	1.6	7.2	28.8	38.9	6.4	17.2	1040
CS-7. News in e-mail from foreign sources	2.0	9.3	33.0	30.1	4.8	20.7	1041

CT. By using the Internet .....

SD=Strongly Disagree, NA=Not Agree, AG=Agree, SA=Strongly Agree, NS=Not Sure

	1.SD	2.NA	3.AG	4.SA	5.NS	N
People have more opportunities to express their political views	2.8	15.9	60.8	13.6	6.9	1044
People have more opportunities to criticize government's policies	2.5	20.9	51.0	16.5	9.1	1043
People will have better knowledge on politics	2.6	15.7	55.9	18.3	7.6	1044
Higher officials will know common people's view better.	6.6	21.8	43.8	17.8	10.0	1043

CU. Do you often buy things online? N=1042

1. Everyday (0.3%) **2.** Several times a week (0.5%) **3.** At least once a week (1.7%)
4. At least once a month (2.3%) **5.** Several times a year (4.1%) **6.** Less than two times a year (6.8%)
7. Never buy things online (84.3%)

CV. From the very beginning to now, how much have you spent on online shopping? N=146

Minimum=5, Max=556470, Average=9433.38, SD=56034.13

5-100 RMB (34.4%) 120-200 RMB (14.3%) 250-500 RMB (16%) 600-1000 RMB (16.1%)
1040-2000 RMB (7.8%) 2000-10000 RMB (8.0%) more than 10000RMB (3.4%)

CW. What kind of goods or services have you obtained from the Internet companies?

	1.never	2. not often	3.often	4.very often	N
CW-1. Books	27.7	38.4	21.7	12.2	151
CW-2. Travel (airplane, hotel, etc.)	79.5	6.0	11.2	3.3	142
CW-3. Entertainment	50.5	31.6	11.5	6.3	144
CW-4. Food	70.9	10.7	11.4	6.9	145
CW-5. Apparel	88.6	5.7	4.2	1.5	140
CW-6. Home electricity	72.5	12.0	12.6	2.8	142
CW-7. Computer (hard/soft ware)	51.2	20.3	21.1	7.4	145
CW-8. Family arts and crafts	82.5	10.6	5.4	1.4	143
CW-9. Medical treatment	88.1	6.2	5.2	0.4	138
CW-10. Housekeeping	93.5	3.9	2.3	0.4	135

Internet Use in China

The Internet use is fast growing in China. Compared with the number of the world Internet users has doubled each year since the late 80s, the number of the Chinese Internet users doubled every half a year in the late 90s. It was reported by China Internet Network Information Center (CNNIC, http://www.cnnic.net.cn) that the Chinese Internet population hit 33.7 million in January 2002.

Although there is heavy Internet use in China, few native survey reports on this area have been released. Understanding the Internet use not mare a technical thing, it is largely affected by culture, tradition and political environment; we may assume that Internet use in China is different from the West. Even within China, the Internet use in some developed cities like Beijing and Shanghai may also different from those less developed cities like Changsha and Chengdu. This paper, based on the survey conducted by Guo Liang and Bu Wei in the Center for Social Development, Chinese Academy of Social Sciences (CASS, http://www.cass.net.cn), will try to explain how people are using the Internet in China? What are the demographic difference and the different attitudes toward the Internet between users and non-users? Some comparison to the other countries and regions will also be make.

1. Survey Methodology

Being one of the 26 partners in the World Internet Project (WIP, http://www.worldinternetporject.org), which started from Center for Communication Policy, University of California at Los Angeles (UCLA, http://www.ccp.ucla.edu), the CASS survey, administratively supported by the Chinese State Informatization Office, is intending to use both the cross-sectional and the longitudinal methods to compare the attitude and behavior of the people who are using the Internet to those who do not familiar with this new technology, and to trace the annual behavior and attitude changes of the users as well as non-users.

Considering the survey on telephone is not acceptable to most of the Chinese people, the questionnaire is too complicated for common people to understand via telephone and the Internet online survey is not accurate enough for the academic research, we decided to do the survey by household based face-to-face interview.

Survey location and time

Although the number of Internet users has grown very fast in China, compared with its large population, the percentage of Internet users in the whole country is still very low. Because the survey is basically about the Internet usage, it should be conducted in the area where higher rate of Internet users can be found. At the same time, middle-sized cities should also be covered in the survey to have a relatively whole picture the country. Considering the possibility of doing the fieldwork, we chose the five cities, including Beijing, Shanghai, Guangzhou, Chengdu and Changsha as the survey spots.

Considering a large number of the netizens in China are college students (about 42.6% were found in this survey), and these students usually live in campus except during vacations, we chose the Chinese Spring Festival – during the winter vacation, when most of the students stay at home with their parents – to do the

fieldwork. The actual time to conduct the survey was between January 20 and February 5, 2001.

Sampling

The survey population is defined as the male and female legal citizens between 17-60 years old in the urban areas of the five cities. Considering there may not be enough Internet users in the respondents, we had planned the ratios of Internet users in the respondents would be at least as follows: Beijing (50%), Shanghai and Guangzhou (40%), Chengdu and Changsha (30%). According to the national registered permanent residence of the five cities in 1998, we define the final unit of the sampling is household and no more than one person in each household would answer the questions.

So 66 local resident communities (Jumin Weiyuanhui) were randomly chosen in each city on the principle of equiprobability, and about 660 respondents in the same number of households have been interviewed in each city. In each household, we use the Simple Random Sampling Method (SRSM) to choose the respondent by asking if anyone in the household is using the Internet. So the Internet user was priori to be chosen as the respondent and the one whose birthday is closest to the date of interview was asked to answer the questions if more than one Internet users were found in the household. If no Internet user could be found in the household, the one whose birthday is closest to the date of interview was chosen as "non-user".

As the result, 3,153 people in total were successfully interviewed, including 1,429 Internet users, taking up 45% of the respondents. The ratios of the user respondents in each city are as follows: 60.5% in Beijing, 45.4% in Shanghai, 42.8% in Guangzhou, 36.6% in Changsha and 42.2% in Chengdu.

Weighting

The samples were weighted in accordance with the different population in each city:

(1) The user samples were weighted in line with the user ratio of the five cities.
(2) The non-user samples were weighted in line with the non-user ratio of the five cities.
(3) Comparing the users and non-users in the five cities in total, each sample was respectively weighted in line with its ratio. The source data came from the yearbooks of population statistics, the CNNIC report in January 2001 and the data provided by the local informatinization offices.

So that the actual 1,451 user respondents were weighted down to 1,045, the sampling error was less than 3% at .95% confidence level, while the actual 1,702 non-user respondents were reduced to 1,086 after been weighted, the sampling error is less than 3% at .95% confidence level.

2. The Gap between Internet Users and Non-users

Considering the survey is basically on the Internet impact, occasional users may not reflect the real situation of Internet use, not to say being affected. Only regular users can be compared with those non-users. We define the "users" in this survey as those who had experience of using the Internet for at least six months and are using the Internet at least once a week. Hence the "non-users" in this paper do not necessarily mean that they do not have any experience of accessing the Internet. On the contrary, we find that most of the respondents have had Internet experience. Even 79.6% of the "non-users" had accessed the Internet in the past half year before being interviewed. And some (0.9%) had their Internet experience as early as 1995. Yet few of them use the Internet more than once a week.

We asked those user respondents to tell us when did they begin to use the Internet and find that most users do not have more than two years of the Internet experience. This phenomenon may partly explain some reasons why there is the demographic gap between the users and the non-users in China.

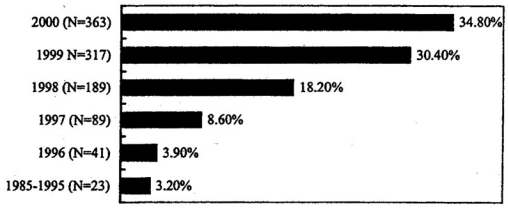


Chart 2-1 The first year of using the Internet

The Gender Gap

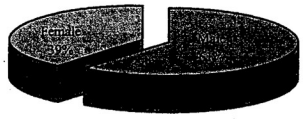


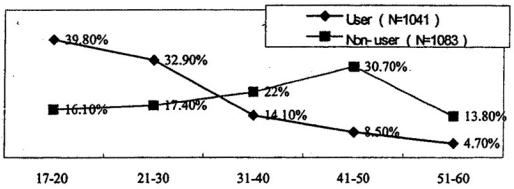
Chart 2-2 Gender distribution

Like the other places in the world where people just begin to use the Internet, the gender gap between the users and non-users is obvious. We found that 60.7% of the user respondents are male, and 39.3% are female (N=1041). (Chart 2-2) After one year, the CNNIC report in January 2002 shows that the gender gap between the Internet users and non-users has not been changed (60% male users and 40% female users). Yet, we may expect the gap will become narrower and even disappear as the Internet use becomes popular, according to the UCLA report (UCLA p. 21).

The Age Gap

The gap between old and young in using the Internet is evident as well. While those 17-30 years old young guys busy surfing on the Web, gaming and chatting with some one unknown, middle-aged people and older people remain ignorant of the new technology. The significant variance (F=405.972, Sig=.000) was found in the survey that the average age of the users (27.01, N =1041) is much younger than that of non-users (37.21, N =1083). The age distribution between users and non-users is shown in the chart 2-3. It is interesting that the UCLA survey shows that "Internet use is not dominated by young people. Respondents aged 18 and under account for only 15.1 percent of Internet users. Users span all age ranges, with 60.6 percent in the 26-55 age range." (UCLA p.20)

Chart 2-3 Age distribution



The Education Gap

It is obvious that the higher education people have, the more they want to have information. We found that the educational level of the users is significantly higher than that of the non-users by ANOVA (Sig =.000).

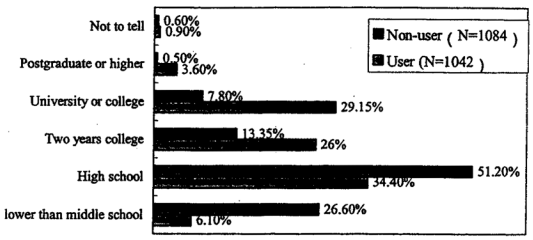
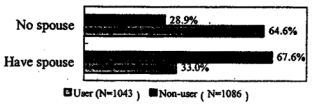


Chart 2-4 Educational level

The Marital Gap

Considering the spouses may affect the Internet use, the marital status of the Internet users should be considered. In the CASS survey, we found by ANOVA that, the different marital status (including long-term cohabitants) between the Internet users and non-users is extremely significant (Sig.=.000): 64.6% of the Internet users do not have spouses and only 33.0% of the users have spouses (user respondents N =1043). The situation in the non-users' group is very different: 67.6% of them have spouse, while 28.9% do not have spouse (non-user respondents N=1086). We may expect the higher ratios of singles in the non-user-group, if long-term cohabitants were not included. These may partly because many Internet users in China are college students.

Chart 2-5 Marital Status



The Gap of Income

Compared with the monthly income in the Chinese household, the expense for the Internet access in China is still relatively high. So the family income could be the gap between users and non-users. The CASS survey shows that the higher income in a family, the more possible for the family members to use the Internet. It is significant (=.000) that the family income of the users is higher than that of the non-users (Sig=.000). The chart 2-6 shows the difference.

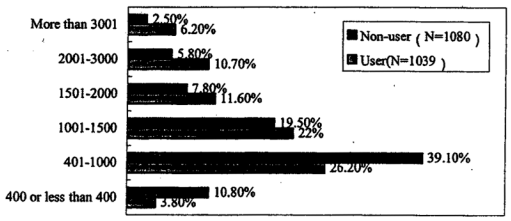


Chart 2-6 Family income

In summary, like the most places in the world where Internet is just introduced, users in China are more likely to be male, young, well paid, well educated (more than 50% of them have had or are having college education) and single (more than 60% of them do not have spouses). Compared with the UCLA result that the income and education could be the gap between the Internet users and non-users while gender and age gap might not as the Internet use become popular, we may expect the gender and age gaps being changed in China in the coming 5 years. To understand the gap better, we asked the following question in the survey:

Why non-users do not get online?

In the CASS survey, we found that 81% of the non-users' households do not have the experience of getting online, and 42% of them were not willing to access the Internet in the coming six months, only 16.9% of them wish to access the Internet, 41.1% of them had not decided yet. Although the notion of Internet is very popular in China, there still remains a long way to let all the people actually using it. The reason for those non-users do not use the Internet is basically the expense. Anyway, China is still a developing country. Most people do not have enough money to buy computers (the CASS survey shows that even 20% Internet users do not have computer at home). Further more, the Internet nowadays is something most people spend money on it instead of earning money from it. Chart 2-7 shows the top 5 reasons why the Internet non-users do not get online and the top 2 reasons are related to household income.

Yet the UCLA survey shows that the top 4 reasons for the American people not using the Internet are: do not have a computer (25.5%), lack of interest in the Internet (21.4%), do not know how to use (6.9%), fear of technology (5.6%)

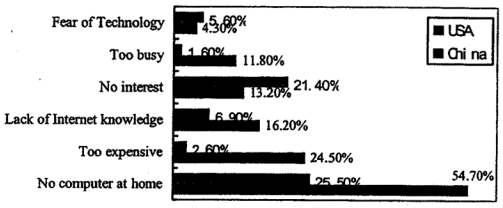


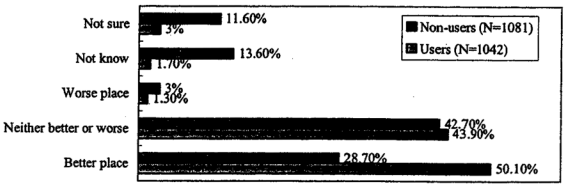
Chart 2-7 Reasons not using the Interent

It seems that although the rate of Internet users in China is not as high as that in the United States but those non-users are more willing to use the Internet. One of the reasons might be that the Chinese people are more positive to the Internet.

3. The Attitude toward the Internet

No matter people getting online or not, most of them have positive attitude toward the Internet in China. Only 3.4% non-users (N=1081) and 1.3% users (N=1041) think the Internet will make the world a worse place. As high as 50% of the users believe the Internet will make the world a better place, and even 28% of the non-users have the same idea. These may prove that the government and media do encourage people getting online. Yet there are about 40% users and the same percentage of non-users do not foresee the impact of the Internet, they chose "neither better nor worse" as the impact of the Internet to the World. This may partly because of the less experience of using the Internet, and we may expect more people will make their mind in the near future.

Chart 3-1 Overall, Internet has made the world a ....



Along with the above-mentioned direct question to let respondents express their idea, we have asked 16 indirect questions to expose the people's attitude toward the Internet as well. To make these questions easier

understood in this paper, we separate them into two groups: one positive (Table 3.1) and another negative (Table 3.2), although they were mixed in the real questionnaire to avoid preconception. From Table 3.31, we can find that having the experience of using the Internet, users are more positive to the Internet than non-users. The only exception is to "buy something", which is not convenient in China.

Table 3.1 Positive group: By using the Internet, I may……

	respondents	Extremely Disagree	Disagree	Somewhat agree	Strongly agree	Not Sure	N
Have new friends	Users	2.0	9.4	55.8	29.1	3.7	1042
	Non-users	1.0	9.5	53.7	19.9	15.8	1084
Send information freely	Users	1.1	4.1	45.9	46.6	2.3	1042
	Non-users	1.3	5.7	45.4	28.6	19.0	1084
Have more information	Users	1.3	4.0	37.1	55.8	1.9	1042
	Non-users	1.0	5.0	42.0	35.7	16.3	1085
Have more girl/boy friends	Users	4.7	26.7	49.6	13.5	5.6	1043
	Non-users	3.1	18.8	47.4	8.8	21.9	1082
Buy something I need	Users	5.2	28.0	44.2	13.2	9.4	1042
	Non-users	3.6	16.8	43.8	13.3	22.5	1081
Download free/share ware	Users	2.1	15.5	46.2	28.8	7.4	1041
	Non-users	2.5	16.0	32.8	11.0	37.7	1081

On the other hand, Internet non-users are more inclined than the users to agree with the negative attitude to the Internet. Table 3.2 shows the difference.

Table 3.2 negative group: By using the Internet, I may……

	Respondents	Extremely Disagree	Disagree	Some what agree	Strongly agree	Not Sure	N
Be distracted to the Net and not work/study well	Users	17.2	56.6	20.4	2.7	3.1	1042
	Non-users	9.7	36.0	29.6	5.9	18.7	1084
Mistake poor acquaintances as friends	Users	15.8	53.9	20.0	4.4	5.9	1042
	Non-users	7.7	37.1	29.9	5.8	19.4	1084
Easily expose my privacy	Users	10.6	47.8	25.9	7.8	7.9	1042
	Non-users	6.8	35.1	24.3	7.5	26.3	1084
Easily affected by pornography	Users	11.0	42.6	30.2	9.0	7.2	1042
	Non-users	6.4	27.6	27.8	11.5	26.6	1086
Too dependent on the Internet	Users	10.9	44.4	27.6	10.1	7.0	1043
	Non-users	7.4	29.4	26.6	9.1	27.4	1086
Easily effected by violence	Users	17.5	60.3	15.1	1.8	5.2	1043
	Non-users	9.0	38.4	22.7	4.8	25.0	1085
Have an Internet addiction	Users	5.7	31.3	39.6	19.2	4.3	1041
	Non-users	3.8	19.9	37.2	19.4	19.7	1082
Become more lonely and not get used to society	Users	21.9	52.6	16.0	5.0	4.5	1043
	Non-users	10.9	37.9	18.3	7.0	25.9	1083
Receive too many meaningless messages	Users	6.0	30.8	41.1	17.1	4.9	1043
	Non-users	4.3	21.2	33.0	11.5	30.0	1085
May receive too many advertisements	Users	3.6	22.1	47.8	22.0	4.5	1043
	Non-users	3.1	15.3	40.3	15.5	25.9	1083

Yet being positive to the function of Internet is one thing, whether or how to improve these functions is another. It is interesting to find that although most people do not against using the Internet, they still think the online information needs to be managed or controlled. Unexpectedly, more Internet users than non-users believe that it is necessary to manage or control the online information. Anyhow, Chinese people have already got used to be "managed and controlled" from their history and experience. The chart 3-2 on the right shows how people answer the question "On what scale do you think online information needs to be managed or controlled".

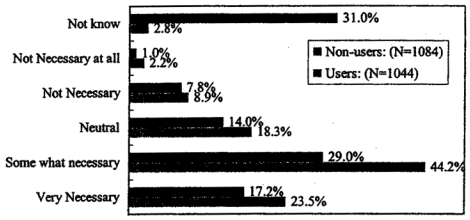


Chart 3-2 Attitute towards the content control

4. Using the Internet

How long as the Internet users

According to the UCLA survey results, "The most experienced Internet users spend a larger amount of time online working at home, looking for news, trading stocks, and making investments. Less experienced Internet users spend more time playing games and pursuing hobbies." (UCLA, p15) Instead of asking people how long have they being using the Internet, we asked them to tell us when was the first year for them to use the Internet and found that most users in China do not have more than two years of experience. The large number of green-hands may explain the following findings that so many people chatting and gaming online in China. The years when the users had their first experience of Internet access are listed in the Chart 4-1 on the right.

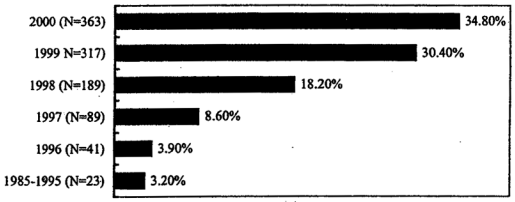


Chart 4-1 The first year to use the Internet

How the users are getting online?

Supposing most people in China were still using modems to access the Internet but do not know whether they still keep the low speed modem, we asked the respondents to tell the type of modem they are using and happily found that most modem users have already given up the low speed modems. Overall, 65% of 1045 users access the Internet by Modem. Yet high-speed access to the Internet other than modem is not popular in China. 17.9% of

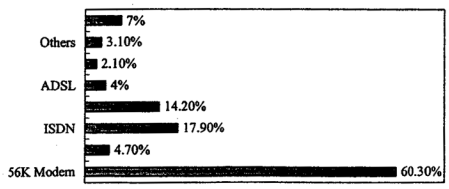


Chart 4-2 How to connect to the Internet

the users are using ISDN, 14.2% are using T1 or T3, and only 4% users are using ADSL. Those who are using Cable Modem, mobile phone, set-top box or Web TV are less than 3% of the user respondents.

It is expected that once accessing the Internet via mobile phone become popular, the Internet users in China will be more than other countries in the world. There are 140 million mobile phone users in China and it makes China the number one mobile phone country in the world. Yet since China Mobile still charges their users 50 Yuan each month for "data access", mobile access to the Internet is too expensive to most of the Chinese people.

Frequency of using the Internet

Considering 20% users do not have computer at home and some young people may not have enough opportunity to use the Internet, we need to check the frequency of the Internet access. The result shows that less than 40% of the users access the Internet every day, and more than 30% of the users only access the Internet less than three times a week. So there are few heavy Internet users in China now. This situation might change once broadband access to the Internet becomes popular in China because the new technology will make the computers "always-on" the Internet.

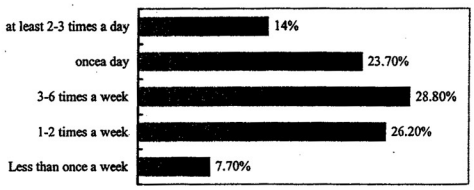


Chart 4-3 Frequency of using the Interent

The problems of accessing the Internet

The survey shows the major problems for the Internet users to access the Internet are related with speed (68.7%), cost (54.6%) and connection (39.4%). Since the question is asked to the users, who are young and single, the ratio of concern about children (4.9%) and the Chinese content (11.2%) is very low. Although we didn't ask the Internet non-users the same question, the result may also explain why Internet non-users do not want to get online. Detailed results are given in Chart 4-4.

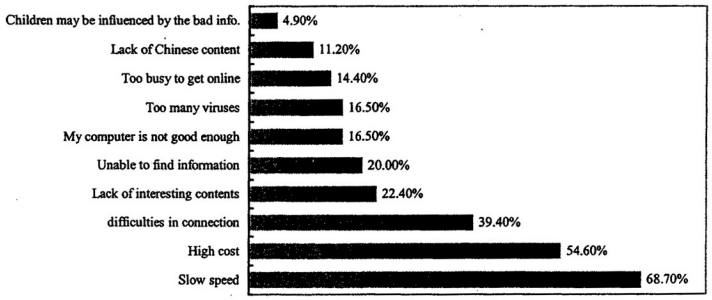


Chart 4-3 The problems of accessing the Internet

Time spent on the different Languages

The Internet is a global network and a window for the Chinese people to communicate to the outside world. Do the Internet users in China really be interested in the information outside of China and how much time they spend on the foreign content? In the survey we found that people spend about 9% for their time on the foreign language content and 15% of their time on the overseas Chinese content. Only 76.2% of times were spent on the Mainland Chinese. That is to say, the Chinese Internet users spend about one quarter of their time on the content from outside China. This phenomenon may highly recommend the Internet as a tool to open China.

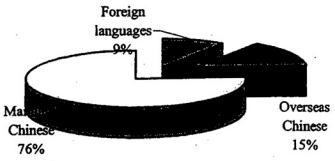


Chart 4-5 Language accessed

At the same time, we did another survey on teenagers in the same 5 cities. We found that children spend even more time on foreign content. About 15% of their online time is spent on foreign language and 25% of their time is spent on the overseas Chinese content. That is to say, these young students spend 40% of their valuable online time, which costs quite some compared with the income, on the content outside China!

The extreme example in the partners in WIP is Japan. According to the survey conducted by Shuji Mikami, Professor of Media Communication, Faculty of Sociology, Toyo University, the Japanese Netizens spend more than 95% of their time only on the content in Japanese. (Chart 4-6)

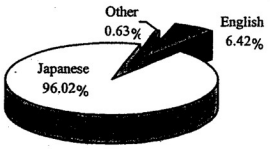


Chart 4-6 Japanese Example

Purpose of using the Internet and the time spend on the different functions

Why people use the Internet? Like most Internet users in the world, E-mail ranks the number one purpose but the online news in China plays greater role. The fact indicates the traditional media can not satisfy people's needs of news, while Internet can provide something more than traditional media. This may explain why sina.com as a news provider so important in China. The detailed frequency is shown in Chart 4-7.

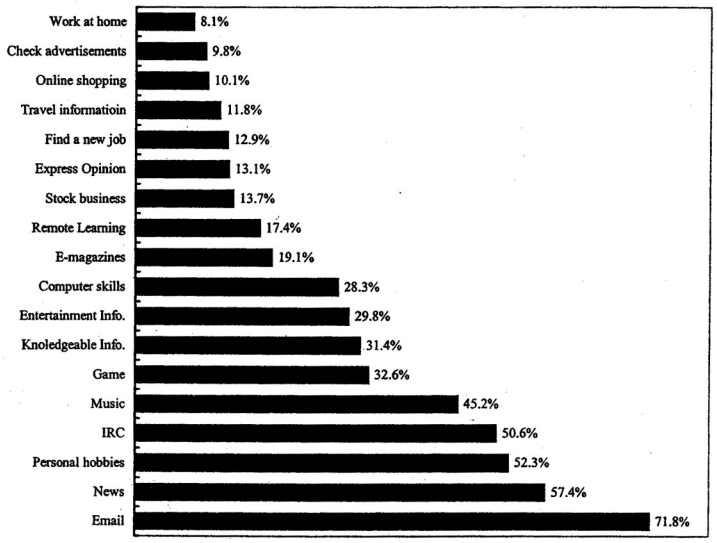


Chart 4-7 The purpose of using the Internet (N=1045)

Another way to expose the purpose of using the Internet is to see how much time they spend on each of the Internet functions. The more time people spend on the function, the more people value that function. The only exception is E-mail because most people use off-line E-mail software (such as Outlook Express or Fox Mail) to save money. The average time people spend on the different Internet functions each week is shown in Chart 4-8.

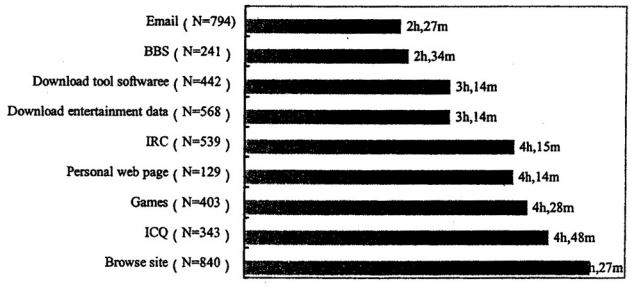


Chart 4-8 Time spent on the functions of the Interent

Internet skill

It is no doubt that the basic skills for using the Internet are Web browsing and E-mailing. Downloading tools should be very important as well because people have to go to the Websites upgrading their anti-virus software. Yet it is un-expected that more people can download entertainment data (such as MP3 or pictures) and chat than those who can download tools. This phenomenon may prove the UCLA conclusion that the less experienced users spend more time on entertainment. The ratio of services people can use is shown in Chart 4-9.

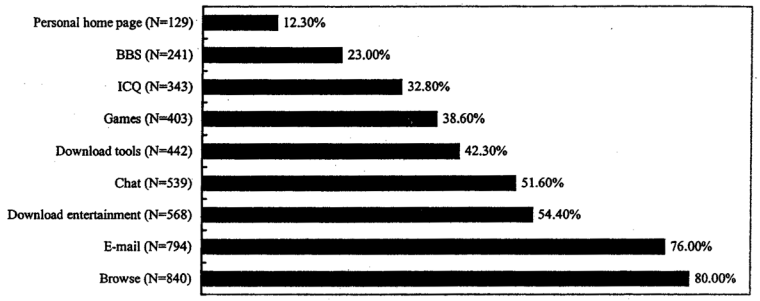


Chart 4-9 Internet skill

The skill of employing proxy server was also proved beneficial, especially for those young students, to cheat the local server and get the free access to the Websites abroad because most universities and colleges provide free access to the Website inside China but charge the traffic of surfing abroad. Even so, the results that 9.8% of the users frequently use proxy server and 25.5% occasionally use are still unexpected. There are 37.9% users do not use proxy server, 21% of the users do not know what proxy server means and 5.8% of the users do not want to answer the question.

E-mail

The survey shows that the most frequently used Internet service is E-mail. 71.8% people choose E-mail as one of their purposes of using the Internet (chart 3.481), and 76% users know how to use E-mail (chart 4-7). Yet less than 30% of users check their E-mail everyday and there are nearly 20% of users do not have E-mail account at all. The average time that the users spend on E-mail is 2 hours and 27 minutes each week (N=794). The frequency of using E-mail is shown in Chart 4-10.

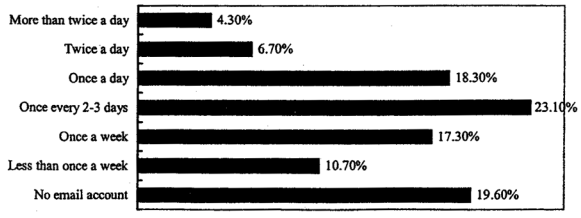


Chart 4-10 Frequency of using email

Although ISP usually provides one E-mail account for each user, we found the average user has 2.26 E-mail accounts and contacts about 5.72 people

frequently.

We have also asked respondents to tell us how many messages they send and receive for the purpose of entertain, news, business and privacy and found that they share (forward) about two E-mails to their friends weekly. Business E-mails are not many. They send and receive about 0.5 business messages every workday and about the same number of the private messages everyday. (See chart 4-11)

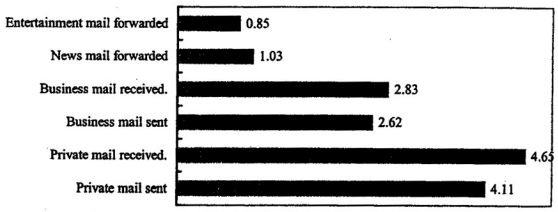


Chart 4-11 Emails sent and received each week

Compared with ICQ and IRC, E-mail is not real time and inter-active tool for communication. The similar phenomena that Chinese people frequently use telephone but seldom or never use answering machine may explain why E-mail is not as much popular used as in the West. One the other hand, short message on cell phone becomes popular in China right now. Yet the in-convenience of input the Chinese language into the cell phone remains a serious problem. Internet can help. Lots of people are using the Internet to send short messages to their friends and colleagues. Some ICP are also providing cell phone message sending service now. We may ask some questions related to this new form of communication next time.

BBS, ICQ and IRC

We found that 50.5% of the users often use IRC and 32% of the users often use ICQ. The average time of using IRC each week is 4 hours and 15 minutes, and the time of using ICQ is 4 hours and 48 minutes per week. Considering half of the users do not use IRC or ICQ, those people who do use IRC or ICQ must spend more than 10 hours each week chatting on Web.

Bulletin board system (BBS) is quite common in China and many of them are about politics. We found 22.6% of the users often use BBS, and the average time of using BBS is 2 hours and 34 minutes per week.

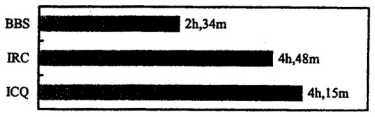


Chart 4-12 Time spent on BBS, ICQ, IRC

Yet listening to others talking is one thing, participate the discussion and sharing the idea is another. The survey shows that not many people like to speak. Same thing happened in the schools that Asian people seldom speak in their class. There are only 17.5% respondents often contribute their opinion with others in chat rooms or BBS, 31.7% of the users seldom express anything; 13.1% just enjoy reading something, and

37.6% of the users seldom or never visit such place. Chart 4-13 shows the result.

36.7% of the users use ICQ to contact their acquaintances and 16.8% users prefer to chat to someone unknown.

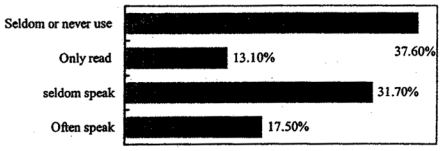


Chart 4-13 Fact of Chating

Online shopping

The Internet is supposed to be an ideal platform for the E-business. Yet it needs some other supporting systems. For years, people have discussed "the lack of three flows" in China: one is lack of information flow (信息流: online data), lack of money flow (资金流: credit system), and lack of cargo flow (物流: delivery system). All these have made online shopping in China just like a dreamed marriage – it feels very good but can not come true. The survey proved that 84.3%of the users have not bought anything online. The total percentage of the users who buy things online more than once a month is only 6%, including everyday (0.3%), several times a week (0.5%), at least once a week (1.7%) and at least once a month (2.3%). It is obvious that the E-business in China has to wait until the other related platforms work properly.

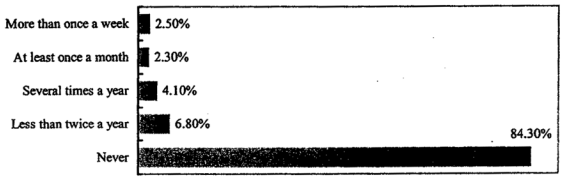


Chart 4-13 Frequency of online shopping

Anticipating the situation that most people might not buy things online, we did not ask many questions on the E-business in the survey this year.

Conclusion

Although the Internet in China is growing very fast, most users do not have more than two years experience online. This made the Chinese Internet is more like entertain and communicate platform rather than an ideal place to do E-business. Most people believe the Internet is a good thing and worth to access but there are still quite some people do not have their opportunities to get online. The number one reason is not politics (government control, etc.) but the expense. These make the gap between the Internet users and the Internet non-users obvious. We may expect the gap becomes not so wide as more and more people get online in the coming years.