



China exerts even tighter controls over online

By Jack Chang

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Beijing - Working out of a Beijing office full of video game designers from around the world, Chinese-born Pin Wang and his startup Substantial Games should be the face of the innovative, forward-looking China that the country's leaders say they want to build.

Pin and his team are attracting investors from across China while launching online games full of swords and sorcery that they hope will dazzle global eyeballs. But for several weeks, Pin's team has struggled with a decidedly down-to-earth problem that's hit countless companies nationwide: They're unable to access their email, shared documents and other online services blocked by China's Internet censors.

"Something that should take 15 seconds takes three or five minutes, and it screws with the way you flow or you work," Pin said. "We don't have the resources to move because we're a startup. But we talk about it all the time."

Chinese controls on information have tightened and loosened over the years, but Pin and others are feeling what many say is China's most severe crackdown in decades on how people learn about the world around them, talk to each other and do business.

On the Internet, in college classrooms and in corporate offices, the Chinese Communist Party has raised the virtual wall separating the most populous country from the rest of the globe. Experts say it reflects a distrust of outside influences that the party thinks could threaten its control on society.

Companies that have depended for years on virtual private networks, or VPNs, to get around Chinese online censors and access business tools have seen those channels squeezed or shut down since the start of the year.

Academics who have long helped Chinese authorities distill foreign ideas into public policy have been told to watch what they say, especially about so-called Western ideas that clash with party doctrine. And many foreign companies that were welcomed into China's booming economy have seen their offices raided by investigators and been forced to pay record fines in antitrust investigations.

Despite Chinese government pledges to create an innovation economy that leads the world, China ranked 22nd out of 50 countries, between Ireland and Spain, in a global innovation index released this month by Bloomberg financial news service.

“To have the best educational system and the best university has nothing to do with how many high-rises you have and how many good dining halls you have,” said Rowena He, a Harvard University lecturer. “The most important thing at the core is the intellectual freedom that makes up life in a university and academia,” she said. “But instead of opening up to reforms, we see the opposite.”

Chinese Foreign Ministry spokeswoman Hua Chunying responded to the concerns of foreign businesses by pointing to a U.N. report showing China became the world’s top destination for foreign direct investment in 2014.

Hua also echoed previous government arguments that people online needed to first obey Chinese regulations on “healthy” Internet use.

“As long as foreign companies in China observe the Chinese law and refrain from undermining China’s national security and consumers’ interest, China will protect their legal rights and welcome their business expansion,” Hua said.

The tighter controls reflect instability within the party as President Xi Jinping shakes up the political landscape in a much-publicized anti-corruption campaign that’s netted thousands of government officials, said prominent China scholar Perry Link. The strategy echoes back to the political purges of Mao Zedong, the founding father of the People’s Republic of China, Link said.

“Since Xi Jinping has come in, the clampdown has been stronger and more unidirectional than anything since the Mao era,” Link said.

Professor Xia Yeliang was among the first to feel the consequences when the economics faculty of prestigious Peking University voted to expel him in October 2013, a month before Xi took power after a lengthy, stage-managed transition. Xia had long been an advocate for democratic reforms in China and helped draft Charter 08, a bold call for sweeping changes to China’s political system.

Xia said more than 20 professors in China have been expelled or otherwise disciplined for their political teachings since Xi came to power. “Through my colleagues, I can sense that the ideological controls are getting much tighter,” said Xia, now a visiting fellow at the libertarian U.S. think tank the Cato Institute.

In that political climate, the government sees the Internet as a top threat and has responded by building a ubiquitous system for censoring what people in China can see online. Xi presides over the powerful Central Internet Security and Information Leading Group, which formed three months after he took power.

The list of controls grows every month.

Late last year, Chinese censors finally blocked all Google services after the U.S. company refused to cooperate with them in 2010. This month, officials required that all Chinese blog and chat room users register with their real names and promise in writing to avoid challenging the political system. In the coming weeks, new cybersecurity regulations will reportedly require foreign companies to turn over sensitive intellectual property and submit their products to security checks.

The party has paid especially close attention to the microblog Weibo and censored messages that touch on sensitive subjects, said Rogier Creemers, a research officer at Oxford University's Programme for Comparative Media Law and Policy.

"Weibo has become a venue for chaotic discussion, and part of the effect it had was it essentially meant the party had lost the initiative and couldn't say what got into the public sphere," Creemers said.

The latest moves are in line with Beijing's longtime approach to regulatory change: It eases control on commercial or other activity, sees how it develops and then promotes aspects it wants while suppressing those it doesn't.

Chinese Internet users, for example, still are avid consumers of social media, e-commerce and video streaming sites, even if the censors are always lurking, said Dali Yang, faculty director of the University of Chicago's center in Beijing.

"This is a society with a tremendous level of information, people who are very well educated in terms of actual information and they know of history going back centuries," Yang said.

Still, while Chinese leaders see the Internet as a source of prosperity and jobs, they are willing to give up commercial gains to enforce political controls. When the government clashed with Google, people in the industry warned that driving out the U.S. search giant would hurt China's development.

Walling off China's Internet has allowed some local websites such as search engine Baidu and Weibo to prosper in the absence of foreign competition. Other local companies, such as Pin's startup, chafe at the restrictions.

Foreign entrepreneurs and companies, meanwhile, are trying to figure out whether the costs of doing business in China outweigh the benefits of tapping the world's second-biggest economy.

Rich Chinese also are looking to leave the country. A survey by the British bank Barclays last year found that 47 percent of more than 2,000 high-worth Chinese are hoping to move within five years. The poll found that their top reasons were greater educational and economic opportunities for their children and overall economic security.

“Beijing is an attractive place to be because of the amazing talent,” said Beijing-based entrepreneur Nils Pihl, who heads the database startup Traintracks. “But it’s getting harder for us to stay, and my social feed is full of other CEOs saying they’re worried they will have to leave.”