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CHINA INSIDER

A Mongolian protests at the Ministry of Foreign Affairs in Ulaanbaatar, Mongolia.

CULTURAL SUPPRESSION

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ANTHONY WALLACE/AFP VIA GETTY IMAGES



A man uses his phone as he walks past ATM machines for bitcoin in Hong Kong on Dec. 18, 2017.

OPINION

Why China Rushes to Roll Out Digital Currency

FRANK XIE

In April, the Chinese regime announced that it would launch a digital currency pilot program. In early August, China's four major banks—Bank of China, China Construction Bank, Industrial and Commercial Bank of China, and Agricultural Bank of China—expanded digital currency testing in first-tier cities, such as Shenzhen.

By mid-August, the Chinese Communist Party (CCP) suddenly accelerated its pace and planned to quickly promote the program nationwide.

Zhou Xiaochuan, former governor of the People's Bank of China (2002–2018), said in 2016 that China planned to replace paper currency with digital currency in 10 years. Only a few years have passed, and the CCP hastily launched the digital currency program, way ahead of its original schedule. Apparently, China's political crisis, economic deterioration, and the CCP's increasing survival crisis have collectively led to the hasty, earlier-than-scheduled implementation of the plan.

What is the digital currency launched by the CCP all about? It's an electronic currency used to replace paper money. The digital currency issued by the Central Bank of China is different from the virtual currency in the virtual world; it isn't anonymous and decentralized accounting. It's strictly controlled by the Chinese communist government. It isn't a real cryptocurrency, because its encryption is at the level of users and merchants at most, not the regime and its state-owned banks.

China's digital yuan is named "digital currency (DC)" or "electronic payment (EP)," and the Central Bank of China is still the issuer of currency. User registrations require real names. At least for the time being, digital yuan and paper yuan are equivalent,

and the two are freely exchangeable. The real-name digital currency doesn't have the characteristics of international encrypted currency, nor does it have the characteristics of true anonymity and security.

Mu Changchun, director of the People's Bank of China's digital currency research institute, revealed that as long as people have the DC/EP digital wallets on their mobile phones, transferring funds can be as simple as tapping two phones. They don't even need the internet. In other words, China's digital currency doesn't require internet access, and users can use Bluetooth-like near-field communication (NFC) to complete the payment. This is completely different from Bitcoin and other encrypted digital currencies that are based on blockchain technology. Its confidentiality features are different. It isn't a decentralized accounting, and much less an anonymous payment.

China's so-called digital currency is actually a long-established electronic currency, plus the central bank's gradual removal of paper currency, as simple as that. Many Chinese people have become accustomed to using mobile payment. It has become extremely popular in today's China, as most transactions and settlements are already in electronic form. But there are still many people who are willing to use paper money because they can trade without revealing their identities or whereabouts. For the CCP's corrupt and high-ranking officials, paper currencies can be hidden in secret places, whereas using digital currency will expose all their illegal assets.

Winners, Losers of China's Digital Currency
According to the Chinese-edition BBC, an official of the People's Bank of China said, "The legal digital currency will replace the total cash in circulation (M0)."

The biggest loser is the ordinary Chinese people. As almost everyone in China is already using mobile payment nowadays, switching to digital currencies will not bring more convenience, but will deprive more privacy and rights instead.

Chinese authorities are also asking for digital currency to "replace all currencies" and "realize the reform of the currency operating system."

The Central Bank of China and state-owned banks are the biggest winners of the digitalization of currencies. They no longer need to print, escort, and store paper currencies. Bank tellers no longer need money counters, and don't need to count the remaining cash at the end of the day. There is also no need for a bank vault, except for storing gold and jewelry. Chinese e-commerce companies are among the first to cooperate with the government to accept digital currency, and they will also benefit from the program.

The biggest loser is the ordinary Chinese people. As almost everyone in China is already using mobile payment nowadays, switching to digital currencies will not bring more convenience, but will deprive more privacy and rights instead.

The Central Bank of China claims that digital currencies are decentralized and untraceable. This is an outright lie. The Chinese authorities are able to track the transactions all the way, as it is highly centralized and tightly controlled by the government.

The central bank also claimed that "payment data will be anonymous." In fact, that isn't the case. The government and banks can easily check the data at any time.

When the CCP formally issues digital currency, will they take back equal values of paper money? If not, it's the same as printing money without any cost! If paper money is to be collected by Chinese banks in exchange for digital currency, are there going to be any quotas as restrictions? When North Korea issued a new currency a

few years ago, there was a quota. Many people suffered huge losses from this restriction.

If the same situation occurs in China, corrupt CCP officials will cry, but what they lose is just their illegal and bribery gains; Chinese people will cry because all their hard-earned money will be wiped out by the CCP.

In principle, the yuan digital currency can be used for gold and foreign exchange just like paper currency. However, Chen Sijin, a consultant for the CCTV documentary "Wall Street," said on Weibo that the head of the central bank's monetary policy department had made it clear that the yuan digital currency can't be exchanged for gold and foreign exchange! Has everyone got the message? No wonder that some Chinese netizens say the yuan digital currency is just an electronic food stamp.

Why Did CCP Launch Digital Currency?
One of the reasons may be that it worries about the "Libra" digital currency plan promoted by American technology giants, such as Facebook, and cross-border digital currencies in other Western countries, and even non-government Bitcoin. Therefore, the CCP has a sense of crisis and feels that it needs to take preemptive actions.
China's state-owned banks recently forcibly acquired private enterprises, such as Jack Ma's Alipay and Tencent's WeChat Pay. Apparently, the regime is on its way to play a monopoly role in China's digital payment through such integration and seizures.
The transaction scale of third-party mobile payment in China is as high as 50 trillion yuan (\$7.23 trillion), with Alipay and Tenpay accounting for 55 percent and 39

percent, respectively. China's state-owned banks have been absolutely unwilling to face the acceptance pressure of Alipay and Tenpay for a long time. With the digitization of the yuan, they will no longer have this worry. Bank runs have occurred in various regions in China from time to time in recent years. After the issuance of digital currency, the CCP's burden from small banks running into bank runs will be eased off.

A survey conducted by the Bank for International Settlements (BIS) in 2019 showed that most central banks have sovereign digital currency projects. The "LBCoin" digital currency issued by the European Union country Lithuania in July is the world's first digital currency issued by the central bank of a sovereign state, but it is only a trial and it is a hybrid currency system, which consists of digital tokens and physical silver coins, mainly used for collection.

The U.S. government has made it clear that the Fed "does not need to issue digital currencies" and that the Fed is only studying the "possibility" of U.S. digital currencies. Japan, on the other hand, hopes the U.S. Federal Reserve will cooperate with the Bank of Japan and six other central banks to jointly study digital currencies. Moreover, Japan's plan is that if the new digital currency of the G-7 countries is successfully launched, it definitely will not have a place for the CCP's digital currency.

Why Rush to Launch Digital Currency?

The CCP's hasty manner when launching its digital currency is actually inconsistent with its usual behavior. The CCP has never been a leader or pioneer researcher in economics and finance, because it dares not take the risk in these fields.

When the CCP promotes digital currency, the risks are extremely high, to the point of being simply astonishing. For example, once the digital currency completely replaces paper money, if any enemy of the CCP is determined to launch a war and attack Bank of China's computer system using electromagnetic explosion (EMP) technology, it may wipe out all digital currencies' history of issuance, transactions, transfers, and payments in one fell swoop. Even their backup electromagnetic records, such as the records on backup hosts, disks, and drums, will be erased, because they are all electromagnetic data, and the CCP can't make a hard copy as a backup, or any other non-electromagnetic method.

How can it be possible that the CCP prints the backup data on paper and uses perforated records? That isn't feasible at all, because the amount of data is too large, a hard copy is neither economical nor efficient, and it's difficult to restore.

I pointed out in the article "The Four Major Conspiracies Behind the CCP's Blockchain Ambition," published in November 2019, that if there is a country with a super-state-of-art computer system, faster and stronger than all other countries, such as the use of quantum computers and more advanced networks, it's also possible to forget the digital currency developed by the CCP in the 3G-4G system and encryption system, and use a condescending posture, just like the way the U.S. Army's fifth-generation stealth fighters attacked Australian natives holding spinners, to crack the CCP's encryption and destroy the CCP's digital currency. The United States has already mastered such technology.

When advertising its digital currency program, the CCP claims that it will help China

"break the U.S. financial blockade, and it is a milestone in the internationalization of the yuan." That is simply a dreamer's wishful thinking.

If the United States really starts the financial blockade, it will make little difference whether the yuan is a paper currency or a digital currency. What's important is that the value of the yuan would take a nosedive. Moreover, after the digitization of the yuan, the CCP will tighten its control and it will be easier for the CCP to manipulate the exchange rate. It will be even more difficult for other countries to accept it. Therefore, the CCP will achieve the opposite result instead—making the internationalization of the yuan more difficult.

There is also a viewpoint that counterfeit currency won't be an issue when digital currency is in use. That isn't the case either. Once the CCP's system is hacked into, fake digital yuan will still circulate. Others say that if China establishes digital currency, it can "get rid of the restrictions and sanctions of the U.S. dollar, because it can clear international trade without going through the SWIFT system." This is even more fanciful. The CCP's digital currency system can't be connected to SWIFT because the transaction is not in U.S. dollars. How can you get rid of the enemy's sanctions if you can't see or touch the enemy at all?

In any case, with regard to why the CCP is forcibly and rapidly launching digital currency, in my opinion, there are seven possible reasons.

1. China's economy is in dire straits, food crises are emerging, grain purchases from Chinese peasants are insufficient, and state-regulated purchases and sales have reemerged. At this point, the supply and marketing cooperatives, the planned economy, and the "planned currency" are simply a perfect combination.
2. Digital currency can help to conceal and obliterate the evidence of the CCP's crazy printing of money and causing artificial inflation, plundering ordinary people, and transferring their assets to corrupt officials.
3. Digital currency can digest the huge amount of funds invested in the housing market, which can cool the real estate boom.
4. Getting ready for decoupling from the U.S. dollar. When decoupling, the yuan will depreciate sharply. If cash is recovered and a large amount of cash is destroyed, it is equivalent to issuing new banknotes. The issuance of digital currency as the new currency will make the devaluation controllable.
5. Use digital currency to monitor people, control dissidents, and maintain political power.
6. The CCP has used big data, surveillance cameras, mobile payments, Party branches, neighborhood committees, etc. to build the world's first-class and most closed "1984" national system. Together with digital currency, the CCP will complement the last element of the "police state."
7. Compete against the new international digital currencies that may be launched by G-7 countries, such as the United States and Japan.

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Views expressed in this article are the opinions of the author and do not necessarily reflect the views of The Epoch Times.

OPINION

Chinese Debt Subjugation on America's Backdoor

Pandemic reveals strings attached to Beijing's loans in Latin America

FERGUS HODGSON



In Latin America, over-indebtedness and runaway public spending were business as usual before the pandemic. For decades, foreign funding for development projects came from multilateral institutions such as the World Bank—until China stepped in.

Seduced by generous loan terms, Venezuela, Argentina, Brazil, Ecuador, Bolivia, and other countries began cozying up to Beijing. Years later, with the pandemic decimating fiscal revenues, now they risk ending up in the pocket of the Chinese Communist Party.

In August, for example, a desperate Ecuadorian finance ministry struck a relief deal with China to delay payments for a year and retain the same interest rate.

Between 2005 and 2018, China lent around \$141 billion to 15 Latin American and Caribbean countries, more than the combined loans from the World Bank, the Inter-American Development Bank, and the Latin American Development Bank. The largest Chinese creditors are the state-run China Development Bank and the Export-Import Bank of China.

Even those who follow the trail of Chinese suitcase diplomacy cannot keep up, as governments often underreported the loans. According to research by economists Carmen M. Reinhart, Sebastian Horn, and Christoph Trebesch, China has provided "about \$1.5 trillion in direct loans and trade credits to more than 150 countries around the globe. This has turned China into the world's largest official creditor."

In Africa and Asia, a dozen countries owe at least 20 percent of their nominal GDP to the Chinese state and its subsidiaries. If they're not careful, Latin American countries may one day find themselves in a similar position, scrambling to maintain sovereignty over key sectors such as oil, energy, mining, and telecommunications.

The Infrastructure Debt Trap
Assuming Latin American officials weren't negligent, they signed loan agreements fully aware of the risks. They were perhaps more concerned with amassing votes from grandiose public works that launch hiring sprees, even if they later end up as white elephants.

Constituents, however, have been oblivious, likely by design. Terms and conditions of Chinese loans are notoriously opaque.

They hide clauses that pledge the debtors' natural resources and force local companies to hire Chinese workers and companies in infrastructure projects. This can facilitate corporate espionage and give Beijing power to decide which industries receive funds. Other deals involve shared-management agreements, such as the Brazilian infrastructure fund in which China has invested more than \$20 billion.

Some are just bad deals. In Ecuador, officials agreed to sell China oil in advance. Not only must the South American country deliver 300 million barrels to China through 2024, it has to pay around \$3 billion in related expenses to Chinese companies. Ecuador could have obtained \$3 or \$4 more per barrel had it sold the oil on the open market instead, according to former Energy Minister Fernando Santos Alvide.

The hemorrhaging doesn't stop there. Funds from the anticipated sale go through Chinese banks, which charge more fees before reaching Ecuador's coffers.

The aforementioned conditions only make sense for a country in need of a lender of last resort. Historically, Latin American governments have dug their own graves, taking on more debt without streamlining public expenditures and balancing the books.

A Walled Chinese Garden

The freewheeling loans are part of the ambitious Belt and Road Initiative (BRI) that China began in 2013 to increase its political clout around the world. Above all, Chinese leaders are set on gaining a foothold in new markets they can study and eventually dominate.

Charles Tang, the director of the Brazil-China Commerce and Industry Chamber, explained, "China is not Santa Claus: it wants to make business for its enterprises and also wants to develop political alliances with the majority of countries."

This strategy can lead to supporting nondemocratic regimes. Chinese money, for instance, has been keeping Nicolás Maduro's regime afloat in Venezuela for years. Venezuela owes China around \$20 billion, but its socialist economy has destroyed oil production and is increasingly unable to repay.

The Chinese regime knows there's no way out for the Venezuelan economy, but having a stake in the world's largest oil reserves is the long-term goal.

The Dark Road to Prosperity

China has consciously opted to lend money to developing countries with high-risk financial profiles. Eric Farnsworth, vice

president of the Council of the Americas, argues that Beijing has sought to amass enough bargaining power to impose its interests and pivot global governance away from the United States.

Using foreign aid as a soft-power tool is normal for major developed countries, but secrecy around Chinese loan terms suggests a more nefarious strategy with projects that aren't economically viable.

When Sri Lanka was unable to pay off its debt to Chinese companies in 2017, for instance, the country had to hand over a strategic port.

The early stages of projects might see strong initial investments from China, but the deficit widens in the long run as promised returns fail to materialize, according to Kaho Yu, senior Asia analyst at Verisk Maplecroft.

The most indebted Latin American nations have everything to lose. Besides mortgaging strategic industries, they're putting their geopolitical interests on the line, not to mention the safety of workers. Chinese contractors have offered poor labor conditions while ignoring environmental regulations.

Opaque loan contracts show the sole development China seeks is its own. Amid the trade war with the United States, indebted nations asking for restructuring are between a rock and a hard place.

The current financial crises in Ecuador, Argentina, and Venezuela show other nations what not to do. This includes borrowing from China, a totalitarian regime with no pretense of supporting democracy or human rights at home or abroad—hardly a system to reverse and import via debt agreements.

Nevertheless, once cognizant of this rising problem, there is a foreign-policy opportunity here for the United States. The Trump administration can align with and support financially distressed nations who commit to fiscal discipline, the rule of law, and to containing Beijing's influence in the region.

Paz Gómez, an Econ Americas policy analyst based in Ecuador, contributed to this article.

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ARIANA CUBILLOS/AP PHOTO



An unfinished road that was to be part of South America's first high-speed train, a project abandoned by its Chinese managers, in El Sombrero, Guarico state, Venezuela, on March 21, 2016. Until recently, China had been a lifeline for Venezuela, bankrolling the last two administrations with a mix of cash, loans, and investment commitments. But lately, as China struggles with its own financial woes and the oil used as loan collateral has plunged in value, Venezuela is finding that kind of support harder to come by.



Chinese military soldiers march to their barracks opposite the Great Hall of the People in Beijing on Feb. 24, 2020.

What Is the Chinese Communist Party’s Plan for a War With the US?

WANG HE

Commentary

Is the new U.S.-China cold war about to slide into a hot war? This is a major concern and core issue in the analysis of the Chinese regime’s direction and the unfolding of strategic international patterns. This article will discuss two points of view.

The CCP’s Two Centennial Goals

The first view holds that the Chinese Communist Party (CCP) will not engage in war easily, but hopes to postpone the decisive China-U.S. battle until 2049.

2020 is the first year of a new cold war between China and the United States, and the situation is changing rapidly. What remains unchanged amidst the ever-changing CCP is that it still adheres to the “Two Centennial” goals. And for the sake of these goals, it insists that it is still in the “period of strategic opportunity.” And since it is still in this particular period, the CCP will not rush into war with the United States.

Of course, the huge gap between China and the United States today is also a background factor for the CCP’s unwillingness to start a war. Back in WWII, Japan had some strength to engage in strategic speculation and attack Pearl Harbor. At present, the CCP’s navy doesn’t even have the ability to attack Pearl Harbor, but that’s not the fundamental reason for its unwillingness to start a war. When the CCP seized power in China, it was much weaker than it is now, but since it had the support of the Soviet Union, it still dared to fight a war with the United States in North Korea. In 1969, the CCP was in a border conflict with the Soviet Union over the Zhenbao (also known as Damansky) Island. These examples show that the CCP’s attempts and determination to fight are the fundamental

reasons why the CCP would decide to initiate a war.

Today, the CCP won’t easily engage in a war with the United States because it has greater ambitions and plans: The CCP will defeat the United States in a war in 2049, and communism will dominate the world. This is the essence of the CCP’s “Two Centennial” goals.

In 1997, the work report of the 15th National Congress of the Communist Party of China (NCCPC) first proposed “Two Centennial” goals, which was reiterated in the 16th, 17th, and 18th NCCPC. Finally, during Party leader Xi Jinping’s second term, he clarified the timetable and road map in the 19th NCCPC in 2017: “On the basis of ‘building a moderately prosperous society in all respects’ and realizing the first Centennial goal by 2021, we must strive for another 15 years, building on a moderately prosperous China by 2035, and strive for another 15 years to build an advanced, modern, socialist nation by 2050.”

Then there is the diplomacy under the guidance of Xi: In pursuing diplomacy, China will stay committed to peace, development, and win-win cooperation ... preserve and extend the major “period of strategic opportunity” ... to pave the way for achieving the “Two Centennial” goals and fulfilling the Chinese dream of “national renewal.” Indeed, this deceptive strategy has fooled the international community and provided nearly 40 years of opportunity to the CCP’s “reform and opening” until Donald Trump became the U.S. President in 2017.

The Period of ‘Strategic Opportunity’ Is Gone

Starting in 2017, following drastic changes in China’s domestic and international situation, the CCP’s “period of strategic opportunity” has disappeared. The “Two Centennial” goals are destined

The CCP hopes that Trump will lose his reelection. If China and the United States now engage in military frictions, wouldn’t this help the Trump campaign?

to become an illusion, and the CCP has already been shaken by storms.

However, the CCP’s nature dictates that it will never voluntarily disperse, give way, or improve itself, but will continue on until it hits a dead end. In order to maintain its power as long as possible, it will show off its “strategic determination,” and keep up the image of being the world’s second largest economic power. Embracing this illusion, it insists on proceeding with the “Two Centennial” goals by delaying the war with the United States as long as possible—to 2049.

The above analysis is based on the CCP’s July 30 Politburo meeting. According to Xinhua News Agency, it was determined at the meeting that: “At present and in the future, the country’s development is still in a period of strategic opportunities, but there are new developments and changes in opportunities and challenges.”

The world today is undergoing major changes unseen in a century. Peace and development are still the themes of the times. At the same time, the international environment is becoming increasingly complex, and instability and uncertainty are obviously increasing.”

The Politburo will present its work report to the Central Committee during the plenary session, where attendees will also assess the proposals for formulating the 14th Five-Year Plan (2021–2025) for Social and Economic Development and future targets for 2035, according to Xinhua. This means that there is no strategic decision in place of a war with the United States.

Bluffing Amidst New Developments and Challenges

The second view holds that the

CCP has intensified its strategic military confrontation with the United States, with offensive bluffing as a means to prepare for war.

At the July 30 Politburo meeting, while proclaiming that they are “still in a period of strategic opportunities,” but “there are new developments and changes in opportunities and challenges,” what is the implication in terms of the policy?

China’s military expansion has been aggressive during the last decade.

In the 40 years of “reform and opening up,” the CCP’s economy, science, and technology have grown significantly, and the pace of military expansion has been greatly accelerated.

In terms of planning, in 1997, in order to cope with the “Two Centennial” goals, the CCP also proposed the “three-steps forward” for national defense and military modernization: To roughly lay a solid foundation by 2010; to basically achieve mechanization and information technology by 2020; and to realize modernization of its national defense and the military by 2050.

However, at the 19th Party Congress in 2017, the CCP shifted the third step to be accomplished by 2035.

Also, military expenditure has drastically increased. Assessments of the CCP’s military expenditures are much higher than the data provided by the regime. But even the official data showed double-digit growth from 2011 to 2015, which were 12.7 percent, 11.2 percent, 10.7 percent, 12.2 percent, and 10.1 percent, respectively. From 2016 to 2019, military expenditures were 7.6 percent, 7 percent, 8.1 percent, and 7.5 percent respectively—higher than China’s GDP growth rate. Even in 2020 with

the pandemic raging, there is no target for GDP growth, but the growth rate of military expenditures is still as high as 6.6 percent.

According to data from the Stockholm International Peace Research Institute (SIPRI), the CCP’s military expenditures are second only to the United States’, accounting for about 14 percent of total global military expenditures in 2019. China also has the world’s second largest arms industry, which greatly supports and stimulates the CCP’s global ambitions.

The aggressive military expansion and global ambition was also reflected in the CCP’s “New Era” talk. Since the “reform and opening up,” “the principal contradiction” in Chinese society was described as being between “the ever-growing material and cultural needs of the people and backward social production,” according to Xinhua.

However, at the 19th Party Congress, the CCP revised this as: “What we now face is the contradiction between unbalanced and inadequate development and the people’s ever-growing needs for a better life.”

This so-called evolution of “the principal contradiction” implies the inevitability of military expansion and global ambitions.

It is on this basis that the CCP took aggressive actions recently.

Intensified Military Confrontations With the US in 2020

Strategic military confrontations with the United States greatly intensified in 2020.

China expert Cheng Xiaomong summarized three military operations conducted by the CCP this year.

1. In February of this year, the CCP’s fleet conducted joint exercises with the Air Force, Rocket Forces, and Strategic Support Forces near Midway Island, a U.S. naval air facility 4,350 miles (7,000 kilometers) away from the mainland, demonstrating its ability to approach the United States’ combat stance on Pearl Islands.
2. After occupying the high seas of the South China Sea, building artificial islands and military bases, the CCP publicly declared that it had transformed the high waters near Vietnam and the Philippines into “massive fortresses” for strategic nuclear submarines that use nuclear warhead intercontinental missiles to attack the United States.
3. With the completion of the Beidou-3 global satellite navigation system on July 31, it has vigorously publicized that space war against the United States is ready. The CCP’s international propaganda machine Duowei News stated, “The total completion of the Beidou system also means a substantial increase in China’s military capabilities, as well as the strength of both ‘global war’ and ‘precision war.’”

Cheng considers the first two actions as “totally public challenges to the U.S. military, comparable to the Soviet Union’s 1962 installation of nuclear missiles in Cuba and aimed at the United States.” If the CCP’s navy and strategic nuclear submarines’ challenge is considered the old Cold War against the United States, the CCP’s readiness for space war means the cold war is officially accelerating into space and high-tech competition against the United States in the fast lane.

At this point, I want to mention a fourth military operation: The CCP has strengthened its nuclear armaments and refused to participate in

U.S.-Russia-China trilateral arms control negotiations.

According to a report by The National Interest, China is building a device that’s equivalent to America’s Z Machine, a device that reproduces the conditions of a nuclear bomb and generates energy 22 times stronger than the one made in America.

Furthermore, the CCP is speeding up development on its 12,000-kilometer range JL-3 submarine-launched ballistic missile that is capable of reaching the United States with greater accuracy. The CCP first test-fired the nuclear-capable JL-3 in November 2018 and a third time in December 2019.

In conclusion, although the CCP is currently holding military exercises in multiple maritime areas, escalating its threat of force against Taiwan, and causing the United States to take countermeasures, the probability of the CCP causing even an accidental conflict is very small, let alone engaging in a war with the United States.

Other than the general reasons mentioned above, there are three more specific reasons.

First, the CCP hopes that Trump will lose his reelection. If China and the United States now engage in military frictions, wouldn’t this help the Trump campaign? Therefore, the CCP will exercise self-restraint and is unlikely to fire the first shot.

After the general elections, whether Trump is re-elected or someone else, the CCP will continue to observe. After all, the initiative of the new cold war is in the hands of the United States. The CCP will quietly wait and watch the United States’ moves before making any changes. Rushing into action, such as taking Taiwan by force, is unlikely.

Second, the CCP is well aware of the United States’ will to fight a war and dare not move hastily. After the Korean War, the CCP was a lot less enthusiastic in the Vietnam War. The CCP also learned a lesson from the Cuban Missile Crisis in 1962 when the United States forced the Soviet Union to retreat. The CCP’s confidence is far less than that of the Soviet Union to compete for hegemony with the United States. The CCP dared to engage in the Zhenbao Island conflict with the Soviet Union, but would not dare to try it against the United States.

Third, the CCP virus (the novel coronavirus that causes COVID-19) has hit the United States hard. More Americans have died from the virus, compared to the casualties from 9/11 and the Pearl Harbor attacks. The United States is prepared to hold the CCP accountable for the deaths.

In short, the initiative to start a new cold war is in the hands of the United States, but it is in the hands of the CCP to initiate a hot war. In the current situation, the CCP is far from the point where it would engage in a nuclear war. Therefore, under normal circumstances, the cold war is unlikely to slip into a hot war. Of course, there were many irrational decisions made in the history of the CCP, and that is a different issue.

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CULTURAL SUPPRESSION

Inner Mongolia Authorities Ordered to Suppress Protests as Locals Oppose Mandarin-Only Lessons

NICOLE HAO

A new policy in Inner Mongolia to mandate Mandarin Chinese-only teaching for some school grades and the phasing out of Mongolian as the language of instruction has sparked angry protests across the region in recent weeks.

Tens of thousands of students have walked out of class and refused to return, while adults have staged outdoor protests.

As authorities began arresting protesters, Inner Mongolia government documents revealed that local officials were being asked to suppress protests while monitoring students and pressuring parents into forcing them to return to class.

At least four local Mongolians have committed suicide in protest of the policy, media reports say.

On Sept. 5, the government of Plain Blue Banner (also known as Shuluun Huh Banner) in Xilingol League—one of the 12 administrative regions of Inner Mongolia—announced that they suspended two officials who don’t support the mandatory Chinese-language policy.

The post was quickly removed, but netizens shared a screenshot of the notice online.

Wanted Lists

Inner Mongolia is located in north-central China, with a population of about 25.3 million as of the end of 2018, according to the government statistics. Just over 19 percent (about 4.8 million) are ethnic Mongolian.

While Mandarin is the official dialect and language spoken by China’s majority Han ethnicity, Mongols have their own spoken language and script. The new language policy has fueled local fears that Mongols’ unique cultural identities will gradually be eradicated.

On Aug. 26, Inner Mongolia’s education department issued regulations requiring the region’s first-grade students in primary and middle schools to use standardized Chinese-language textbooks, beginning Sept. 1.

Protests broke out almost immediately, and local police issued wanted lists, seeking information on people who participated in the demonstrations. Horqin district police in Tongliao city, for example, offered rewards to informants of as much as 1,000 yuan (\$146).

On Sept. 6, Linhe district police in Bayannur city announced that they detained five Mongolians who had encouraged students to protest the policy on WeChat, a popular Chinese social media platform.

Leaked Documents

Documents recently obtained by The Epoch Times had been issued by the Xiangshan township government in Ja-

rud Banner, Tongliao. The daily reports from Aug. 24 to Sept. 3 focus on local ethnic Mongolian students, detailing how many Mongol students live in each village, whether they study at a primarily Mongolian-language school, how many students local teachers visited that day, and other information.

One document, dated Aug. 26, directs officials to “maintain public security [a euphemism understood to mean suppressing dissent], maintain and control the education system, control public opinion [online and in society], and promote propaganda” about the language policy.

Should a protest occur, police must respond as soon as possible, the document states. If protesters number more than 100, the government must dispatch forces from the “urban management” and “law enforcement” departments. Teachers from related schools should support the police, while organizers of the protests should be detained.

Should a protest occur, police must go there as soon as possible, the document stated. If protesters number more than 100, the government must dispatch forces from the ‘urban management’ and ‘law enforcement’ departments.

An Aug. 27 notice states that one official from the township government would be assigned to each of the 25 villages in town, and tasked with convincing students to return to school. Government officials, school teachers, and community officials must talk to all Mongolian families in the village individually and report their attitudes about Chinese-language education, the document states.

Also, officials must monitor villagers’ conversations about the protests on social media, such as WeChat, Weibo, and other platforms.

“You must tightly control the public opinion, and must report immediately once you find anything wrong,” the document reads.

Though ethnic Mongols make up a sizable portion of the local population, only a small percentage of school instructors are able to speak or understand the Mongolian language. In a document dated Aug. 27, township authorities state that at one local middle school, only 28 out of 48 teachers are Mongolians, with only five who can speak Mongolian.

At one local primary school, 33 out of 131 teachers are Mongolians, with only one who can understand and speak Mongolian.



Mongolian students protest for the right to be educated in the Mongolian language in Inner Mongolia, China, in August 2020.

Leaked Document Reveals How CCP Uses ByteDance–Owned App to Spread Propaganda

NICOLE HAO

Chinese tech companies have been documented to co-operate with Chinese authorities on censoring information and pushing Beijing's propaganda messages.

One way the Chinese Communist Party (CCP) uses a popular news aggregator app owned by ByteDance to promote the regime's propaganda content to users was unveiled in an internal document recently obtained by The Epoch Times.

Meanwhile, previous comments by staff at ByteDance's app platforms, detailing the extent to which the software collects user data, raises questions about whether algorithms work similarly at ByteDance's most widely-used app internationally, TikTok, as it seeks to sell its U.S. business before the U.S. administration's appointed deadline of Sept. 15. Citing the app's Chinese ownership, risks to national security, and user data collection, President Donald Trump in late July signed executive orders to effectively ban TikTok from operating in the United States, unless it finds a U.S. buyer.

Document

In 2016, the Luohe city government propaganda bureau issued a notice to all Chinese Communist Party committees in the county and district-level government offices in the city. Luohe is a city located in central China's Henan Province.

The notice informed all-party committees to set up accounts on Toutiao, a popular news aggregator app owned by ByteDance. It then describes how Toutiao can make the propaganda information issued by these accounts appear as recommendations for users that the government has targeted.

The notice informed all-party committees to set up accounts on Toutiao, a popular news aggregator app owned by ByteDance. It then describes how Toutiao can make the propaganda information issued by these accounts appear as recommendations for users that the government has targeted.

"When there's a big event or emergency incident happening, it can distribute information to designated users and users in designated regions. It supports the government in spreading information efficiently," the document stated. The document said that the CCP committees would not need to increase their following for this to be effective.

Algorithm

As early as Jan. 2018, Cao Huanhuan, software architect at Toutiao, explained how its algorithms track users' preferences and habits, in a post on the app's official website.

The algorithm needs to collect three types of information before promoting a post to a user: the characteristics of a post the user interacts with; the user's characteristics; and where the user is when he/she opens the app, according to Cao.

The post's characteristics include which kind of media it is, such as video, photo, picture, or text; the subject of the post, such as yoga, travel, or hip hop; how long it takes the user to read the post, such as video length, photos quantity, and text length; characteristics of the post's creator.

The user's characteristics include hobbies, profession, age, gender, which kind of phone he/she uses, the user's browsing history on ByteDance apps, searching and surfing histories on the internet, shopping history, and so on.

The environment characteristics include the exact position of the user, such as at home, in a restaurant, or traveling abroad, etc.; what time of day; which kind of network the user is using, such as 3G, 4G, 5G, and Wifi; and weather conditions.

The algorithm will also cull the watch histories of other users who are similar to a particular user, such as those with similar hobbies or similar profession.

After the app obtains all three categories of information, an artificial intelligence (AI) tool will generate recommendations to the user.

Cao added that the algorithm can also be used to show suitable advertisements for this user.

ByteDance also created several blacklist databases, Cao said, in which millions of keywords or pictures the Chinese authorities have prohibited would not be allowed on its social media platforms. Any post containing one or more of these contents would be removed immediately, Cao said.

He did not give specifics as to how ByteDance or Toutiao is able to collect such vast amounts of data on users' behavior and preferences, nor how its algorithm would pick up on prohibited content.

ByteDance did not respond to a request for comment.

Implications for TikTok?

But Cao noted that "The different social media platforms from our company [ByteDance] use this same powerful algorithm, but make adjustments according to each platform's business models." And during the World AI Conference held virtually on July 11, Li Lei, director of ByteDance's AI lab, said that his team's designs are for all of ByteDance's owned apps. The company owns over 20 apps.

In a recent job posting for an "algorithm engineer," ByteDance said that the position would be "responsible for the company's domestic and international products' recommendations, ads, system infrastructure, big data, open platforms, and other core technologies."

TikTok did not respond to a request for comment about its algorithm models.

The app's algorithm may be the linchpin of any U.S. deal—as the Chinese regime revised its export

control rules on Aug. 28, mandating that "technology based on data analysis for personalized information recommendation services" must be approved by Chinese authorities before export.

Market analysts have noted that this could mean ByteDance's sale of TikTok's U.S. operations would need approval from Beijing.

Meanwhile, TikTok's Chinese ownership is the crux of the U.S. administration's concerns about the possibility of user data being exploited by Beijing.

In The Epoch Times' previous interview with former Chinese internet censor Liu Lipeng, he said he was scouted by ByteDance in China to become part of a team that would handle censorship on TikTok.

Another Epoch Times report also divulged the close ties between ByteDance and the Chinese Communist Party, with many of its managers also being members of the company's Party unit. Companies in China are required to establish such Party organizations within their offices to ensure that business policies and employees toe the Party line.

Though TikTok has sought to distance itself from its Beijing owner, pointing to its American board members and executives, the app's data collection and alleged censorship practices on international users have come under scrutiny in recent months.

The Epoch Times previously interviewed a Chinese international student whose TikTok account was blocked after he uploaded a video of himself lampooning the Chinese national anthem.

And the Wall Street Journal reported that some TikTok users were praising China in their videos in the hopes of gaming an algorithm that would favor China-friendly content and give them more exposure.

CHINESE INFLUENCE

How the Chinese Regime Targets Foreigners for Recruitment, Monitors Expats

FRANK FANG

From Houston to the small town of Esbjerg in Denmark, the Chinese regime has its eyes on Chinese nationals and foreigners around the world—people it hopes to influence into furthering Beijing's interests.

The list, disclosed in a leaked government document that was recently obtained by The Epoch Times, revealed that the Chinese regime seeks to "cultivate talent" in a wide breadth of sectors and countries.

For decades, Beijing has maintained such talent-recruitment programs, such as the widely scrutinized "Thousand Talents Plan," which lures overseas Chinese and foreign experts into working in China's science and tech sectors—to help fulfill its ambition of turning China into a high-tech manufacturing powerhouse.

The internal list offers a glimpse into the scale of Beijing's influence operations and also reveals that they stretch across diverse fields.

Another set of documents revealed that amid the COVID-19 pandemic, authorities have begun tracking expatriates living in China and monitoring their health status.

A third set exposed how authorities keep a tight leash on citizens who travel abroad.

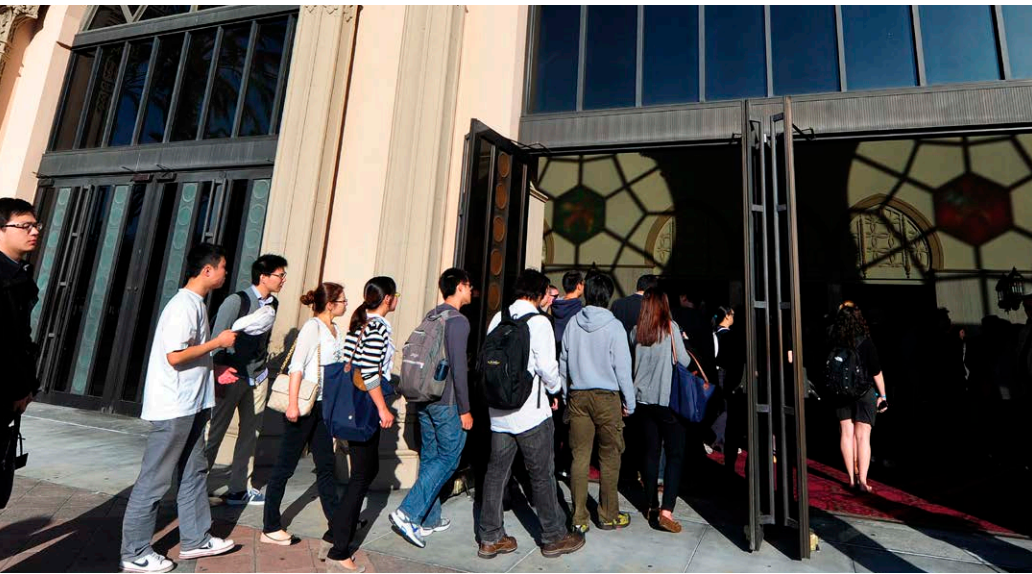
Foreigners and Chinese Living Abroad

The documents were all issued by the Foreign Affairs Office of the municipal government of Daqing. A city with a population of about 2.7 million as of the end of 2019, it's located in northern China's Heilongjiang Province.

In a 2019 document, Daqing's Foreign Affairs Office stated that it would start an initiative called the "one hundred overseas talent cultivation plan."

The central government and many local governments in China have such talent recruitment programs. A 2019 report by the U.S.–China Economic and Security Review Commission estimated that there were hundreds of such programs at the local government level.

Though the office didn't explain how it would carry out its plan, nor its specific goals, it listed 129 "overseas" individuals it would like to recruit. Among them were at least 70 who weren't ethnically Chinese, based on having a non-Chinese name. The document contained only the first names



University students attend a memorial service in Los Angeles on April 18, 2012.

for some of these individuals. But each entry stated their current or former job positions, their career fields, as well as their contact information.

The targeted people span the globe—New Zealand, United Kingdom, Pakistan, Spain, Ghana, Malaysia, and South Africa among them—and work in a variety of fields: staff in the tourism industry, professors at universities, CEOs, and other business executives, chemistry specialists, people working in international trade and business, manager of a waste treatment plant, and so forth.

The list also included several former politicians, including two former mayors of the Australian city of Perth; a former mayor of the Canadian city of St. John; Naheed Nenshi, the current mayor of Calgary; and Jesper Frost Rasmussen, the current mayor of Esbjerg, Denmark.

A spokesperson for Nenshi told The Epoch Times in an email that the Calgary mayor was not aware he was on any list. Calgary has been sister cities with Daqing since 1985, but the Nenshi has not had personal contact with the city's officials, the spokesperson added.

Rasmussen did not respond to a request for comment.

Officials in the local governments of Houston; Tokyo; and Calgary, Canada, were also targeted, in positions such as "high-level policy consultant" and "executive official."

Chinese individuals who were officials at the Japan-based firms Mitsubishi Corp. and Mitsubishi Chemical, as well as a Chinese manager of a Hawaii travel agency, were also on the list.

A 2020 action plan issued by the Daqing office stated that the government would focus on establishing ties with businesses in Japan and South Korea.

The internal list offers a glimpse into the scale of Beijing's influence operations, and also reveals that they stretched into diverse fields.

Health Monitoring

During the COVID-19 pandemic, officials also monitored foreigners in Daqing.

In one document dated Feb. 29, the Daqing office kept a record of over 180 foreigners in the city, including exchange students, teachers, and foreign experts. These expats came from countries such as the United States, Canada, Chad, Morocco, Zimbabwe, South Africa, Taiwan, Sweden, the UK, and Australia.

It stated that local health officials were monitoring their health status due to the pandemic, and showed their detailed personal information, such as passport num-

bers, birthdays, and current residential addresses in China.

Another document, dated April 9, is a "daily work report," which updated the number of foreigners who were either working or studying in Daqing (220).

One section detailed whether foreigners who recently arrived in Daqing were under quarantine.

At the time, those entering Heilongjiang Province were required to be quarantined for 14 days.

For example, an unnamed foreigner was placed under isolation at home after arriving from Chengdu, the capital of southwestern China's Sichuan Province. The foreigner arrived in China from Canada on March 6, the document stated.

Chinese Officials, Teachers

Another document warned that those Chinese officials who travel overseas on business trips were at risk of having their political ideologies changed. The Daqing office set out specific guidelines for these people, before they leave and after they return to China.

Before embarking on their overseas trips, they're to sign a pre-departure letter and undergo training given by the Daqing's state secrecy bureau, the document stated.

Daqing's state security bureau would also provide "education lessons" to these people before and after their overseas business trips.

While the leaked document didn't explain exactly what the pre-departure letter stipulates, Chinese universities also require their teachers to sign such documents before going on business trips overseas.

Changzhou College of Information Technology, which is located in coastal China's Jiangsu Province, requires its teachers to sign one such letter, which required that they not be interviewed by foreign journalists unless with approval from the leader organizing their trip, that they not leave the group without permission to see friends or family members living abroad, and that they not watch any activities organized by members of Falun Gong, a spiritual practice that's been severely persecuted by the Chinese regime since 1999.

Epoch Times staff member Cathy He contributed to this report.

HUMAN RIGHTS

China's 'State-Sanctioned Kidnapping' Has Detained Tens of Thousands: Report

CATHY HE

This year, at least 20 people per day will be "disappeared" by the Chinese communist regime, according to a recent report by human rights group Safeguard Defenders.

These people are taken by authorities, without a court order, and thrown into secret locations, where they are held incommunicado and in isolation for up to half a year. Inside these facilities, people are denied access to a lawyer and family visits, and torture is common, the report, released on Aug. 30, states.

This system, which was legalized in 2013 and officially known as "Residential Surveillance at a Designated Location" (RSDL), allows Chinese police to operate without supervision and endows them with "unparalleled power over its victims," said Peter Dahlin, director of the Madrid-based nonprofit.

Drawing from data on court verdicts posted on China's supreme court database, Safeguard Defenders estimated that between 28,000 to 29,000 people have been placed into RSDL from 2013 to the end of 2019. However, the real number is likely to be far greater given that this figure doesn't include those who were released from RSDL before any trial, the group noted.

"This is mass state-sanctioned

kidnapping," the nonprofit said in a statement.

The regime's "widespread and systemic use" of enforced disappearances, reminiscent of kidnappings by South American dictatorships during the 1960s and 1970s, may constitute a crime against humanity under international law, the report stated.

Dahlin said the system is often used against high-profile targets such as lawyers, NGO workers,

journalists, and foreigners caught under the regime's "hostage diplomacy." These victims are detained for a lengthy period and released without their case proceeding to indictment or trial, the group said.

Last week, the Australian government announced that Cheng Lei, a naturalized Australian citizen born in China and anchor at China's English-language state-run news outlet, was detained un-

der RSDL in August. The reason for the detention is unknown, and no charges have been lodged.

Based on interviews with China's RSDL victims, the group found that a significant number of victims reported physical torture, and all reported psychological torture.

"Once inside, you will live your life inside a small cell, and victims speak of not seeing daylight for months on end, and the fluorescent lights in the room are always on," Dahlin said.

"In fact, the only break from staring into the wall will be the interrogation sessions that often takes place in another room near the cell, most often at night, to ensure disruption of sleep."

Given that RSDL is a form of solitary confinement, its use for more than 15 days constitutes torture under the United Nations Convention Against Torture—a treaty

ratified by China, Dahlin said.

"This report concludes that the average duration of RSDL detention points to the systematic and widespread use of torture," the report states.

Victims speak of not seeing daylight for months on end, and the fluorescent lights in the room are always on.

Peter Dahlin, director, Safeguard Defenders

The Disappeared

The case of prominent Chinese human rights lawyer Gao Zhisheng highlights how the regime uses enforced disappearances to punish its critics.

Gao is a self-taught lawyer who defended citizens who faced religious persecution, such as Falun Gong practitioners and house Christians, as well as those who had their property illegally seized by the regime. Since 2006, the lawyer has been repeatedly disappeared, tortured, and imprisoned. Gao has been missing for more than three years.

Gao's wife, Geng He, who fled to the United States with their children in 2009, previously told The Epoch Times that Gao's brother often visits the local police station in Yilin city in northwestern China's Shaanxi Province to ask about Gao's whereabouts.

"One moment, they will tell him [Gao] is in Beijing and need to ask for instructions from higher-ups. The next moment, they say he is in Yulin, and that they don't know where he is either," Geng said.

Geng has implored the international community to help find her husband.



The logo of Chinese video app TikTok outside the company's new office at the C3 campus in Culver City, Calif., on Aug. 11, 2020.



A policeman patrols in Tiananmen Square ahead of the closing session of the National People's Congress at the adjacent Great Hall of the People in Beijing on May 28, 2020.



TRUTH *and* TRADITION

EXPOSING THE DEADLY COMMUNIST THREAT FOR 20 YEARS

Communism is estimated to have killed at least 100 million people, yet its crimes have not been fully compiled and its ideology still persists. The Epoch Times seeks to expose the history and beliefs of this movement, which has been a source of tyranny and destruction since it emerged. We believe that investigating and exposing the truth is the only way that we can remain safe.

2000



SACRIFICE FOR THE TRUTH
A few months after our founding, 10 Epoch Times staff members in China were jailed and sentenced to long prison terms—ranging from three to 10 years—for exposing communist repression and human rights abuses. Most were tortured.

2003

BREAKING SARS
Three weeks before the CCP admitted that anything was happening, The Epoch Times was among the first to expose the seriousness and scale of the SARS epidemic.

2004

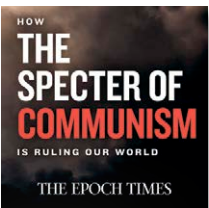


IGNITING A MOVEMENT
Our editorial series “Nine Commentaries on the Communist Party” ignited a grassroots movement in China to reject communism. Since its publication, over 352 million people (and counting) have withdrawn from China’s three major communist organizations.

2006



EVIL BEYOND IMAGINATION
We were the first to report on the state-sponsored forced organ harvesting in China—one of the most underreported atrocities of our time. Prisoners of conscience in China are ravaged, killed, and their organs sold for profit on an industrial scale.



SUBVERSION OF AMERICA
Our series “How the Specter of Communism is Ruling Our World,” systematically exposed the evil nature of communism, and the harm it has brought and continues to inflict on America and the world.

2018

2020



CCP VIRUS
Far ahead of other media in covering the CCP virus, commonly referred to as the novel coronavirus.

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