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CHINA INSIDER

CHINA'S HOUSING WOES

DEVELOPER
EVERGRANDE COULD
BE THE STRAW
THAT BREAKS THE
CAMEL'S BACK

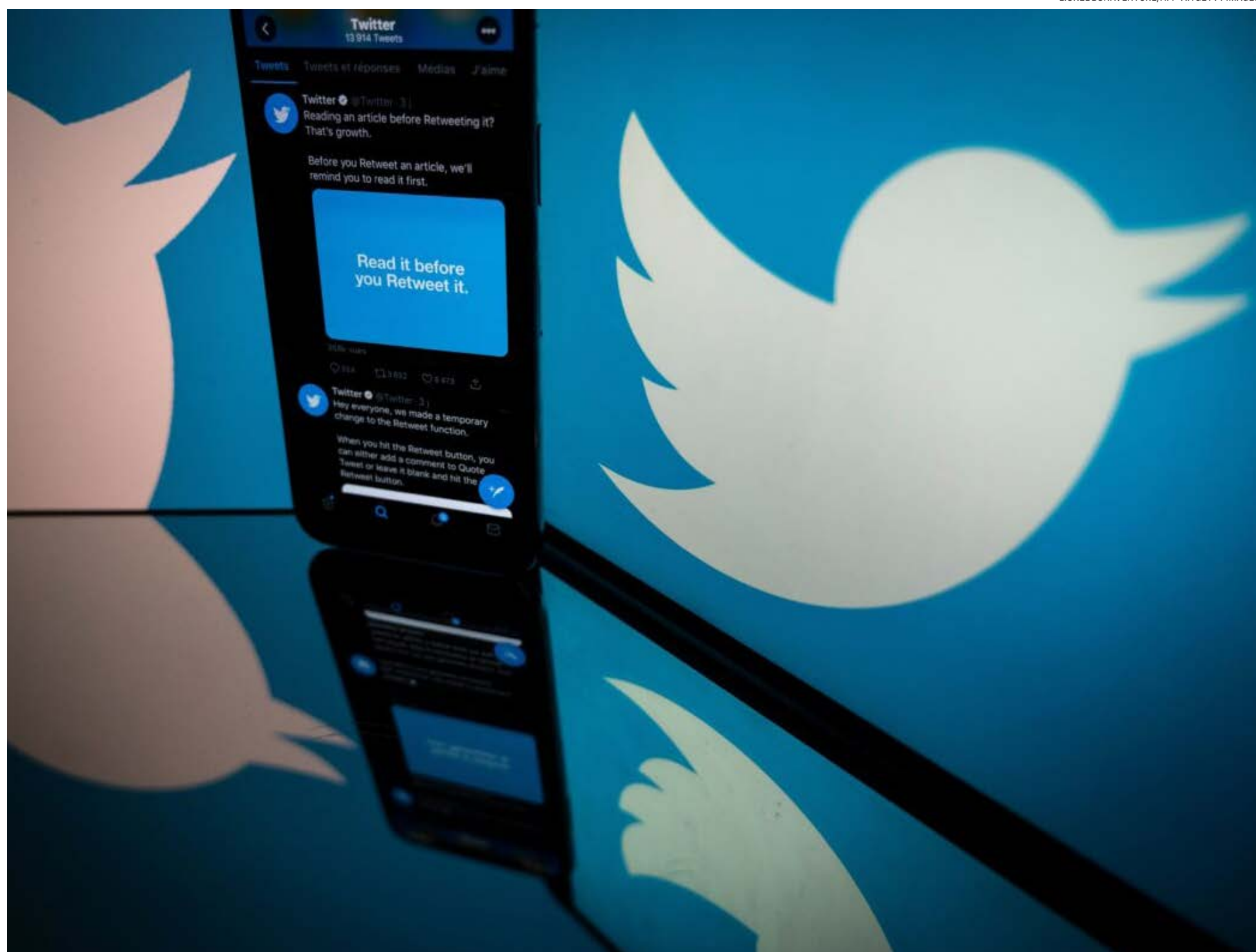
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China Evergrande
Centre in Hong Kong,
China, on March 26,
2018.

OPINION

Chinese Propaganda at Home and Abroad: Complicity of US Actors

Part 2 of 3: Beijing's international propaganda campaign is aided by US citizens and companies, dependent on Chinese money



LIONEL BONAVENTURE/AFP VIA GETTY IMAGES

The logo of Twitter is displayed on the screen of a smartphone and a tablet in Toulouse, France, on Oct. 26, 2020.

ANTONIO GRACEFFO

According to the Hoover Institution, Beijing has been conducting an ongoing propaganda campaign in the United States for some time. This campaign has been focused on undermining U.S. confidence and policies, while exploiting the freedom of speech and the current wave of Americans' self-criticism.

The Chinese regime's primary tools have been U.S. social media, classrooms, and mainstream media. More than 200,000 Twitter accounts were found to be working directly for the Chinese Communist Party (CCP), exploiting the death of George Floyd or other U.S. claims of systemic racism. Meanwhile, in China, ethnic Tibetans, Uyghurs, and Mongolians have been the victims of all manner of repression and abuses, including cultural genocide, torture, detention, and crimes against humanity.

U.S. classrooms have been another front where the CCP has waged its propaganda war. The Confucius Institutes (CI), placed on U.S. college campuses, were paid for by China, but came with stipulations that students can't discuss sensitive topics such as human rights, Tibet, the Tiananmen Square massacre, or Taiwan. The CIs were also accused of spying and of keeping tabs on the activities of Chinese and Taiwanese students on U.S. campuses.

One of the CCP's largest mouthpieces, Xinhua News Agency, was allowed to rent a tremendous billboard in New York's Times Square, in 2011. Signage in Times Square is very expensive, and the landlords were happy to accept payment, even from the CCP.

Similarly, over a period of just a few months, China Daily paid millions of dollars to U.S. newspapers, magazines, and other media for propaganda inserts, supplements, printing, and advertising. Over a four-year period, the payments were estimated at a total of \$19 million, of which The Wall Street Journal received \$6 million, while The Washington Post got \$4.6 million. This underscores the fact that the CCP's

international propaganda campaign is aided by U.S. citizens and companies, dependent on Chinese money.

Many of the CCP payments to U.S. media were for inserts that appear to be news stories, but are actually promoting the Beijing narrative of world events. One of these inserts had the headline "Belt and Road aligns with African nations," espousing the benefits of the Belt and Road Initiative (BRI) in Africa, and how the people of Africa welcomed China's friendship and aid. The article failed to mention negative aspects of the BRI, such as debt slavery, corruption, loss of sovereignty, and Chinese businesses driving locals out of certain sectors. Another story told how U.S.-China tariffs negatively affected American homebuyers through the increased cost of lumber.

While this story was meant to discredit then-President Donald Trump for enacting the tariffs, and turn his voters against him, it failed to mention that the tariffs were put in place to save jobs in the U.S. lumber industry or that they were in response to decades of China charging higher tariffs on U.S. products.

The U.S. Department of Justice (DOJ) reported that China Daily paid for \$50,000 of advertising in The New York Times, while it paid \$240,000 to Foreign Policy, \$34,600 to The Des Moines Register, and \$76,000 to the CQ-Roll Call. The total spent by China Daily came to \$11,002,628 paid to newspapers for advertising, plus an additional \$265,822 paid to Twitter. Other recipients of a total of \$657,523 in CCP money were The Los Angeles Times, The Seattle Times, The Atlanta Journal-Constitution, The Chicago Tribune, The Houston Chronicle, and The Boston Globe.

Consequently, the DOJ required China Daily to disclose its activities under the Foreign Agents Registration Act (FARA).

China's media propaganda campaign is enabled by U.S. mainstream media. U.S. left-leaning media have, at times, promoted Beijing's positions while discrediting conservative media, simply for publishing an opposing viewpoint. One example would be outlets that supported China's claims that the origin of COVID-19 wasn't the Wuhan Institute of Virology, while criticizing conserva-

Through its propaganda efforts, U.S. media complacency, and U.S. self-censorship, Beijing is able to portray China as a country with a 'different' but equal style of government.

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

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tive media for publishing evidence to the contrary. At the same time, CCP media in America attempted to shift blame for the origin of COVID-19 to other countries, including the United States.

A subtle example of U.S. media's complicity in Party propaganda is that they often refer to Xi Jinping as the "president" of China, rather than the General Secretary of the CCP. By definition, a president is elected. Not only was Xi not elected, but the constitution of the People's Republic of China was altered, allowing him to remain in power for life.

U.S. self-censorship is another tool in the CCP toolbox. The fear of losing access to Chinese markets drives many U.S. private firms to avoid doing anything that might upset Beijing. U.S. filmmakers are among the worst culprits. Several of the largest U.S. media, including NBC News, CNBC, and MSNBC, are owned by Comcast, which also owns Universal Studios. China is now the most important export market for films, and, consequently, Universal has edited a number of its films to accommodate the Communist Party.

The film "Top Gun" removed a Taiwanese flag from the main character's flight jacket. The remake of "Red Dawn" changed the script, having the United States implausibly invaded by North Korea, rather than communist China. YouTube has been known to defund or delete videos critical of the CCP regime. The general manager of the NBA's Houston Rockets apologized to Beijing after tweeting in support of the Hong Kong pro-democracy protesters.

One of the more bizarre examples of self-censorship was when the European Union removed language blaming China in a report on disinformation.

Through its propaganda efforts, U.S. media complacency, and U.S. self-censorship, Beijing is able to portray China as a country with a "different" but equal style of government, where the citizenry enjoy a high standard of living, a great deal of freedom, and universally support the Communist Party.

Of course, if this were true, the regime would hold general elections and would have no need to censor media and social media at home or abroad.



Chinese paramilitary police and guards stand in front of the entrance to the Forbidden City in Beijing on May 1, 2020.

OPINION

CCP Virus Remaking the World in China's Image

The future darkens as differences between the West and China's techno-dictatorship rapidly vanish

JAMES GORRIE



In 1992, historian Francis Fukuyama wrote that the fall of the Soviet Union signaled "the end of history."

Capitalism Won Over Marxism

There were nuances to Fukuyama's theory, but essentially it held that in the battle between Marxism and Capitalism, Marxism had lost. Communist countries from Cuba to China and everywhere in between were all abject economic failures, murderous regimes, and horrendous polluters that were absolute hellholes. The top-down, anti-God, oppressive communist system had failed to deliver on its promises in every way.

Conversely, free capitalist nations of every stripe performed relatively well in virtually every way that mattered—in living standards, in freedom for people in all its forms, in technological innovation, artistic and political expression, human rights, and even in lowering pollution. All that remained, according to Fukuyama, was the technical management of absorbing the failed Marxist nations into the capitalist global economy.

Making China in Our Image—or Vice Versa?

But a not-so-funny thing happened on the way to the "end of history." A decade before the fall of Soviet communism, the West—led by America—decided that engaging the Chinese Communist Party (CCP) would not only be a counterweight to the USSR, but would also result in China becoming more like the free, capitalist West. The thinking was that by giving money, factories, technology, and markets to the communist Chinese, we could remake the world's most populous nation into a society that resembled our own. We thought we were succeeding, but the 1989 slaughter of 10,000 young students in Tiananmen Square ended that delusion.

After that cruel display by the CCP, the United States doubled down on China. First, the United States responded with weak sanctions and then in 2000, invited the CCP into the World Trade Organization. From 1980 to 2020, China went from a backward agrarian nation unable to feed itself, to rivaling the United States in technology, economic power and global influence. Over those years, what China didn't get legally in terms of intellectual property and technology, it stole from the West, one way or another. That practice continues today.

Current trends show that China is a growing empire with global capabilities and ambitions, disdaining the very Western nations that enabled its rise.

Visitors check a 5G Smart City technology at the China Mobile booth at the GSMA Mobile World Congress 2019 in Barcelona, Spain, on Feb. 26, 2019. The annual Mobile World Congress hosts some of the world's largest communications companies.



DAVID RAMOS/GETTY IMAGES

Social Credit System Emerges

Not too long ago, the CCP gained the technological capabilities—from facial recognition, to cameras, recording devices, GPS locators, and other items—to create a digital surveillance system to monitor, track, identify, arrest, detain, and dispose of those individuals who may or could possibly pose a threat to the State. China's social credit system was born.

Then, the CCP bundled their surveillance technology, marketed it as "smart city" technology, and sold it to other authoritarian regimes around the world. The CCP certainly didn't invent smart tech surveillance, the UK has been among the most surveilled societies on Earth for decades. But China has perfected it.

CCP Virus Brings Totalitarianism

As for censorship and propaganda, the U.S. media and academia fought the Trump administration and its supporters to a degree we hadn't seen before. Negative events were magnified and even invented out of whole cloth, while any positive ones were simply underreported, distorted, or not reported at all.

But all of these developments were only the precursor to what was to come with the debut of the CCP virus (commonly known as the novel coronavirus) in 2019.

As it turns out, we in America have our own homegrown strain of totalitarians who have been ready to be triggered into action. It has become evident that for America's Big Tech moguls, great wealth isn't enough.

They want great power, and indeed, they have it.

Medical Authoritarianism

Sadly, the tech moguls' coordination with the federal government to censor any ideas that contradict the official narrative regarding the CCP virus in America resembles the relationship between the CCP and the state media in China. Social media companies, along with the federal government are using the CCP virus to justify infringing on our Constitutional rights under the guise of "safety."

It's as if the Bill of Rights—which not only guarantees our civil rights and freedoms as individuals, but also restricts the authority of the federal government—has itself succumbed to the virus and has been replaced by medically-induced authoritarianism. That's because it has.

The Power of Fear

Sadly, this bothers far too few people in America. Of course, who can argue that relinquishing our rights in the name of medical safety isn't wise or legal? Very few, because if you do, you'll be censured. Publicly excoriated. Unemployed. Cancelled. The reality is that we've been spoon-fed fear day in and day out for 18 months now, we all need to accept that we're too vulnerable, too weak, too afraid to face the world, to face a disease with a 99 percent survival rate, without living under the protection of the State.

And where is China in all of this? Everywhere.

China Gaining Control Over America

In fact, over the past several years, China has been buying up much of American industry—from agricultural farmland and our largest meat processing plants to AMC movie theaters and major media outlets. The consequences of this are chilling: The CCP is gaining great influence on what we put into our bodies and in our minds. That's just the kind of power the CCP likes to have.

What's more, all of these tech giants have made billions of dollars in China and remain deeply connected to the communist regime. Another coincidence. But can anyone really hold that against them? After all, the same could be said of the Biden family. But where does that leave the American people?

A Return to Empires of Old?

For decades, the oppression of the Chinese people by the CCP was regarded the world over as a dismal historical aberration—a dreary dystopian stepchild of the old Soviet dictatorship. The assumption that it would evolve into a more Western-style country has been proven foolhardy. Rather, current trends show that China is a growing empire with global capabilities and ambitions, disdaining the very Western nations that enabled its rise.

From today's perspective, perhaps it is the America that is disappearing before our eyes that is the historical aberration. Its history, marked mostly by the brute force and tyranny that defined empire after empire, now returning to form?

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

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The P4 laboratory on the campus of the Wuhan Institute of Virology in Wuhan, Hubei Province, China, on May 13, 2020.

CCP MILITARY

US Scientific Collaboration With China May Support CCP's Military Programs, Experts Warn

J.M. PHELPS

The United States should cut research collaboration with the Chinese regime so U.S. scientists don't inadvertently assist Beijing's biowarfare program, security experts say.

The warning has taken on fresh urgency after recently released documents show that U.S. funding went to coronavirus research at the Wuhan Institute of Virology (WIV), the facility at the center of the theory that the pandemic originated from a lab leak.

According to the documents obtained by The Intercept, the National Institutes of Health—via U.S.-based health organization EcoHealth Alliance—awarded nearly \$600,000 to the WIV to conduct research, including altering bat coronaviruses that were deemed likely to infect humans.

Any Western funding or research collaboration with the Chinese Communist Party (CCP) directly or indirectly supports the regime's military goals, including its biowarfare program, according to retired U.S. Army Col. Lawrence Sellin. Sellin has also previously worked at the U.S. Army Medical Research Institute of Infectious Diseases and conducted basic and clinical research in the pharmaceutical industry.

"It's important to recognize, in China, there is no distinction between military and civilian research," Sellin said, pointing to the CCP's national strategy of "civil-military fusion."

Civil-Military Fusion

Beijing's doctrine of civil-military fusion prescribes that technological advancements developed by the private sector be leveraged to further the regime's military development. The strategy was "mandated by the Chinese Communist Party's 13th Five-Year Plan in 2016," although it was unofficially operating prior to this, Sellin told The Epoch Times in an email.

Clare Lopez, a former CIA operations offi-

cer, said, "There is a seamless collaboration between military and civilian laboratories in China," adding that this type of fusion doesn't exist in the United States.

"Chinese law requires military facilities to have access to everything performed in civilian labs," Lopez said. She said this became very evident when People's Liberation Army Maj. Gen. Chen Wei, an expert in biology and chemical weapon defenses, took control of the Wuhan lab during the initial stages of the pandemic in early 2020.

While the WIV, which houses a P4 lab (the highest biosafety level), has denied any relationship with the Chinese military, the institute worked for years with military leaders on a state-sponsored project conducting laboratory animal experiments. A January fact sheet by the U.S. State Department also stated that the WIV has engaged in laboratory animal experiments on behalf of the Chinese military since at least 2017, and worked on "gain-of-function" research to engineer chimeric viruses.

Pandemic Origins

Sellin believes that the pandemic "was the direct outcome of a highly organized and extensive biowarfare program of the CCP."

In support of that, Sellin said, "one only needs to look at the structure of the virus to know that it contains features, in particular, the furin polybasic cleavage site, [which is] not found in any of hundreds of close bat coronavirus relatives from which the COVID-19 virus could have evolved."

"The furin polybasic cleavage site has, for over twenty years, been known to increase transmissibility and lethality in coronaviruses and Chinese People's Liberation Army scientists demonstrated the artificial insertion of such a sequence in 2013"—a genetic engineering technique that has been used for at least a decade.

The U.S. intelligence community, which was directed by President Joe Biden to probe the origins of the pandemic, including the lab-leak theory, recently provided an inclusive report.

US Scientific Collaboration

According to Sellin, China's People's Liberation Army leverages "international scientific knowledge and skills, particularly from the United States, through research collaboration and scientist exchange programs."

"China has made full use of [such collaboration], de facto colonizing specific U.S. research programs that could advance its military objectives," he said, noting that this includes the development of bioweapons.

In a process he referred to as "scientific chain migration," Sellin said Chinese scientists have established laboratories in the United States, invited their colleagues, and

accessed not only knowledge and skills, but also U.S. government funding. As a result, he suspects that hundreds of millions of U.S. taxpayer dollars have been used to directly or indirectly support the CCP's biowarfare program.

"Steps must be taken immediately to terminate the hemorrhaging of American knowledge, skills, and research funding, which continues to be funneled into China's biowarfare program," Sellin said.

Holding the CCP Accountable

Exposing the CCP's organization and operation of its biowarfare programs should be a top priority for the international community, according to Sellin. If the CCP's biowarfare program is going to be rolled back, he said it must begin with the United States taking action.

Lopez agrees, but noted the difficulty in doing so.

"There's no enforcement mechanism to truly hold the Chinese regime accountable," Lopez said, also the founder and president of Lopez Liberty.

Both the United States and China are signatories to the Biological Weapons Convention, which forbids states from developing biological weapons. But the only remedy for complaint, she said, would be to go to the U.N. Security Council, where one of the five permanent members includes China, which would veto any action.

"As a result," Lopez said, "there's not much incentive to take it to the U.N."

To a large degree, rolling back the CCP's biowarfare program rests upon the backs of researchers who continue to turn a blind eye to the regime's continuing coverup of the pandemic origins, according to Lopez.

She questioned whether U.S. researchers may have unwittingly assisted the efforts of the CCP.

"It's not that U.S. researchers are necessarily providing assistance, but they know perfectly well the labs in China are working together on bioweapons—and they don't care."

"At that level of international research, there seems to be a total disregard for the fact they know China runs such a massive bioweapon program," said Lopez.

In the case of rising scrutiny on the WIV over being the potential source of the pandemic, Lopez said: "U.S. researchers don't care; they want to do the research they want to do. And if this requires working with Wuhan, they'll do it anyway."

This, according to Lopez, indicates "complete disregard for international health security, [as it's a] total disregard for the kind of research conducted in China that feeds into a biological weapons program."

J.M. Phelps is a writer and a researcher on Islamist and Chinese threats.

OPINION

The CCP Isn't China, nor Does It Represent the Chinese People

CHING CHEONG



Most people in the West believe that China, the Chinese people, and the Chinese Communist Party (CCP) are all the same. Nothing could be further from the truth. It's time the world wakes up to the fact that the CCP is not China, nor does it represent the Chinese people.

The first politician to point out this fact was former U.S. Secretary of State Mike Pompeo. In a speech at the Richard Nixon Presidential Library and Museum in California in July 2020, Pompeo said: "The Chinese people are completely distinct from the Chinese Communist Party. The biggest lie that they tell is to think that they speak for 1.4 billion people. The CCP fears the Chinese people's honest opinions more than any foe."

On Sept. 1, Professor Miles Yu, former adviser to Pompeo on strategies related to China, took time off his busy schedule and granted me an exclusive interview at his Maryland retreat. He explained why the CCP and the Chinese people are not the same.

Yu, who was born in China and left the country in the mid-1980s, understood what life was like under CCP rule.

"Anyone who has life experience in China would immediately conclude that the interests of the Party and the people are not the same. For example, people want freedom but are denied on the pretext of national security."

According to Yu, it's ironic that while the CCP's interests are at odds with the people's, it shamelessly claims that the Party represents the Chinese population of about 1.4 billion. Whenever Beijing quarrels with the Western powers, it would accuse them of "hurting the feelings of the Chinese people." In other words, the CCP tries to intimidate the West by the sheer size of the population under its control.

In Yu's view, this is like kidnapping the Chinese people for a ransom. "While the CCP silenced the people and tied their hands, they claimed to represent the people they kept hostage—these are exact characteristics of a rogue regime."

The Chinese regime was infuriated by

Pompeo's statement. State-run media Xinhua published a long article that accused Pompeo of "trying to drive a wedge between the CCP and the Chinese people."

Furthermore, the Yu family clan in Anhui Province de-listed Miles from the family tree registrar at the behest of local authorities. In the Chinese tradition, this is regarded as a major insult to the Yu family and a heavy "moral" penalty for Miles.

From the fierce reaction of the CCP, Yu deduced that he and Pompeo had directly touched on the CCP's sore point.

The CCP understands that this distinction between the Party and the people could cost its legitimacy. Before the CCP came to power 100 years ago, it applied the same tactic to undermine the then-ruling Kuomintang, which led to the latter's eventual downfall.

"Therefore, they are hypersensitive when we point out that they in fact do not represent the Chinese people," Yu explained.

Indeed, the "wedge" concept is both-ering the CCP. On Sept. 3, 2020, Chinese leader Xi Jinping gave a speech during the 75th anniversary of the Anti-Japanese War (1937-1945) and said, "The Chinese people will never allow anyone or any forces trying to drive a wedge between the CCP and the Chinese people."

The same theme also came up in the Sino-U.S. meeting in Alaska early this year, when Yang Jiechi, the top official for China's foreign affairs, drew a so-called red line for the United States, warning the latter not to question its legitimacy.

In the past, whenever Beijing complained that a certain U.S. policy "hurts the feeling or the interests of 1.4 billion people," Washington would soften its stance a bit, Yu said. Starting from Pompeo, this rhetoric no longer worked because "we knew that the CCP does not represent the Chinese people."

At the policy level, the Trump administration made a clear distinction between the Chinese people and the CCP. While the administration welcomed Chinese nationals to study in the United States, it imposed restrictions on certain CCP members from entering the country.

"We penalize the CCP for hurting Hong Kong, for genocide in Xinjiang, for intimidating Taiwan, and for violating international law in the South China Sea. All these



Miles Yu, former senior China policy adviser to former U.S. Secretary of State Mike Pompeo in Annapolis, Md.

measures are truly in the interest of the Chinese people but at odds with those of the CCP," Yu said.

Yu believes that by pointing out the obvious fact that the CCP is not the same as China or the Chinese people, this would go a long way toward ending the pro-Beijing appeasement sentiment.

He explained that deep in the American culture, there had been strong sympathy for the Chinese people—thanks to the early Christian missionaries who witnessed the plight and backwardness of the ordinary people. This compassion for the suffering Chinese was best reflected in Pearl Buck's "The Good Earth."

Unfortunately, this benevolence for the ordinary Chinese citizens was skillfully transformed by the CCP, through propaganda and united front tactics, to serve its own interests. This resulted in a strong appeasement sentiment toward the CCP.

"This appeasement policy had survived eight presidents, until Donald Trump," Yu said. He believes that appeasement would naturally die down once people realize that the CCP and the Chinese people share diametrically opposite interests.

Yu concluded: "For over half a century, we had been fooled by the Chinese propaganda into believing that the CCP and China meant the same. For the first time, we broke this myth and this is going to have a significant impact in the days to come."

Anyone who has life experience in China would immediately conclude that the interests of the Party and the people are not the same. For example, people want freedom but are denied on the pretext of national security.

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

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Chinese leader Xi Jinping (center) and lawmakers stand for the anthem during the closing session of the rubber-stamp legislature's conference at the Great Hall of the People in Beijing on March 11, 2021.



STR/APP VIA GETTY IMAGES

OPINION

Beijing Walks Tightrope on Domestic Housing Market

Developer Evergrande could be the straw that breaks the camel's back

FAN YU

In late 1979, then-Federal Reserve Chairman Paul Volcker announced a bold plan to get rid of the high inflation that had plagued the U.S. economy for much of the 1970s—raising interest rates to 20 percent.

The move sent the U.S. economy spiraling into a severe recession for the first few years following it, but it eventually paved the way for a decade of economic recovery and growth. The move was dubbed the “Volcker Moment” years later by economist Mohamed El-Erian.

Is China embarking on its own “Volcker Moment”? That’s the thesis of Japanese investment bank Nomura’s chief China economist Ting Lu, as he described what’s happening in China’s red-hot property market.

It’s not a perfect analogy, but there are some parallels. Beijing’s current goal isn’t to stop inflation, but to halt a decade of rampant real estate speculation and debt expansion.

“[China] has attached national strategic importance to rein in the property sector, directly intervening in credit supply and leaving little scope to dial back these curbs,” Nomura stated in a summary of Lu’s analysis.

Chinese regulators are making it more difficult for developers to obtain financing and for households to make purchases in certain jurisdictions. Recent edicts have tempered housing price increases and decreased the rate of sales growth. Certain regulatory actions—such as the “three red lines” directive aimed to deleverage property developers—have directly hurt developers, with Evergrande, one of the largest, on the brink of bankruptcy.

But we’ve seen this play out before.

Over the years, I’ve written in this publication about the impending doom of China’s real estate market—and was proven wrong—more times than the proverbial boy who “cried wolf.”

Regular readers know that there’s an ebb and flow to the Chinese property market. China has been in a cycle of restraining and then stimulating its real estate market for

the better part of the past 20 years. Regulators announce targeted anti-speculation measures, and if property prices decline, they increase liquidity and loosen borrowing criteria. Over time, property prices have steadily increased nationally.

Beijing has been carefully managing the steady growth of property prices over the years and for good reason. Real estate serves as the main vehicle of wealth for most of the Chinese people—aside from the captains of industry and Chinese Communist Party officials.

To middle-class and upper-middle-class Chinese families, wealth accumulation can either come from real estate or stock market speculation, and most level-headed investors choose real estate. Part of that confidence is an implicit understanding that the Chinese Communist Party (CCP) won’t truly let China’s real estate market collapse.

“But this time is different,” Lu said, fully aware of the dangers of making such a statement on Wall Street.

Beijing is fully committed to deflating the housing market, Lu believes. And the bank cited three goals for doing so: reducing the country’s dependence on foreign technology, raising China’s birth rate, and reducing wealth inequality.

But I don’t believe that this is Beijing’s ultimate goal.

CCP regime boss Xi Jinping does believe wealth inequality is a social issue. But the real estate market is more of a contributor to “common prosperity” than a detractor.

It can be argued that the property market has singlehandedly created China’s middle class. Of course, there are rich citizens owning many units of real estate who are wealthier than others. But much of the household wealth of China’s middle class is tied up in real estate, and China has hundreds of millions of households with only one or two apartment units.

With Xi boldly eyeing a third term as general secretary of the CCP next year, it’s unlikely that he’ll approve a massive decline in property prices. Protests in the streets and social instability are anathema to the ruling CCP.

However, this doesn’t mean that some-

thing can’t go wrong.

China Evergrande, the world’s most indebted property developer, is a wildcard. Evergrande has been in trouble for years, but most recently, the alarm bells have been going off on an imminent default.

Property developers have already defaulted on more than \$6 billion of debt in 2021, according to Bloomberg. Beijing has been letting more firms default and probably wouldn’t be opposed to letting Evergrande and its \$300 billion burden in liabilities go bust, if not for its critical position as the country’s leading property developer.

On Sept. 9, Beijing gave Evergrande a lifeline by allowing it to renegotiate some payment terms with bank lenders. There are 1.5 million customers who have paid Evergrande down payments and are waiting for their apartments to be built. There have already been reports of protests by pending property owners demanding that Evergrande continue construction to deliver their units.

It’s a very delicate situation, and I doubt Xi is keen on seeing a chaotic collapse of Evergrande. How Beijing manages the Evergrande situation bears watching. Will it be allowed to default? Will it continue to restructure? Will Beijing allow Evergrande to fold and either reimburse potential homebuyers or assign another real estate company to finish the construction of existing projects?

Regardless, the CCP is walking on a thin tightrope. To deleverage and temper housing prices while preventing a catastrophe is an increasingly difficult task. And this all needs to be managed against a backdrop of slowing economic growth and lower external demand.

The CCP has pulled it off before, but its margin of error is almost nonexistent now.

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

Fan Yu is an expert in finance and economics and has contributed analyses on China’s economy since 2015.

To deleverage and temper housing prices while preventing a catastrophe is an increasingly difficult task.



A worker pushes cart at the construction site of a housing complex under construction in Beijing on Aug. 15, 2017.

GREG BAKER/AFP/GETTY IMAGES

REUTERS/ALY SONO



People visit a main shopping area in Shanghai, China, on July 12, 2021.

OPINION

China’s Shield and Spear Strategy: Linguistic Protectionism

ANDERS CORR



In August, Shanghai’s education authorities forbade its elementary schools to give English language final exams. That shocked many Chinese nationals, who see English, and the international access it provides, as critical for the country’s economic development. Many others may see English as their passport out of the country.

The Chinese Communist Party (CCP) has other plans for them, and the Western languages they want to speak. Not only are the population’s language skills being taken away, but increasingly, Chinese citizens cannot get passports and passport renewals.

Chinese nationals should read the writing on the wall, and if possible, emigrate with their families and any wealth they can get out of the country. Of course, many have been doing so for years, especially after the Tiananmen Square massacre of 1989.

Globally, while the number of English speakers, at 1.131 billion, is just marginally greater than that of Mandarin Chinese, at 1.117 billion, a much larger proportion of English speakers have learned it as a second language. French speakers, at 280 million, have an even larger percentage of non-native learners, relative to English. The third most frequently spoken language in the world is Spanish, at 545 million, mostly native speakers.

Over time, the vastly larger number of Western language learners will transform the world into having English as a language

To influence the world, the CCP, therefore, does not need English. It can buy the world’s leaders, just like it buys English translators.

Students sit in a classroom as they study in Shanghai, on Sept. 27, 2017.



CHANDAN KHANNA/AFP VIA GETTY IMAGES

for elites in diplomacy and international business. It is already well on its way, including in the European Union, which no longer includes England, and the Shanghai Cooperation Organization, which needs English in order to communicate with its Indian and Pakistani diplomats.

Some might think that on the cusp of globalizing its own influence and power position, the regime in Beijing would strategically educate its citizens in English so they can more easily influence the world’s politics, and extract technology from the world’s universities and businesses.

The New York Times, in a Sept. 9 article by Li Yuan, quoted a nationalistic lawyer in Shanghai who took issue with anti-English policies from a pro-Beijing perspective. “When could Chinese stop learning English?” he asked, then answered his own question: When China becomes a leader in the most advanced technologies and the world needs to follow it. “Then,” he wrote, foreigners “can come to learn Chinese.”

But the regime can get its technology in other ways, for example, through purchase or cybertheft from scientists, academics, and business people globally. These friendly foreigners are typically naive about the CCP’s intentions, and eager to make revenues from any source, including Chinese government officials and businesses. So they leave themselves vulnerable to monetary persuasion and scientific engagement.

Beijing is unresponsive to arguments that China can influence the world through true soft power, which would require opening itself up, transparency, and thus, vulnerability. It would have to drop its shield, including restrictions on sharing Chinese scientific and political information, and open its internet more generally. Its most effective shield against the world is its great firewall. Beijing will not let this down and make itself vulnerable to the resulting politically-educated Chinese public that would then likely become anti-CCP and a threat to Party power.

The risk is too great, especially when the prize is so distant. The world is nowhere near adopting the Maoist model that the regime relies upon for any real soft power. Turning away from mass education in English is therefore not only a necessary, but an acceptable part of the CCP strategy to “protect” and thus better exploit its own citizenry. Shanghai residents, who are the most cosmopolitan in China, will not need English if they stay put, and foreigners are kept out. Beijing thus has no need for Western universities, Korean pop bands,

and foreign clothing brands that sell themselves in China. Indeed, all are now under pressure from the regime, which sees them as dangerous luxuries.

The CCP is thus turning against its own population of 1.4 billion, in order to make them a gravitational center for its own power, while sending emissaries out to the world as the CCP spear, in order to extract political, economic, and technological power from other countries. Combined, this shield and spear strategy is the method and source of the CCP’s growing power.

Domestic Chinese companies, which use the Chinese language, are easier to control than are Western companies. By encouraging them to trade with each other, they retain Chinese consumer spending to power Chinese jobs, the economy, and taxation, internally. China is not a small country that much relies on the import of consumer goods, foodstuffs, investment, or infrastructure. It can produce its own, and through an independent economy, protects itself from U.S. and allied sanctions over issues such as human rights.

Fortress China has its own water wells of human labor, and its own food supply of abundant taxes. This fortress mentality of Xi Jinping will not remove the illiberal influence that China can have on the world. Its government officials and “billionaires,” who are gatekeepers in the provision of discretionary and targeted market access in China, or billions of investments outside of it, are still welcome to jet around the world. They can acquire any technologies they need, or exert political influence, including through bribery that is deemed necessary for the expansion of CCP power.

The world is thus the CCP’s oyster, because the CCP has the money to purchase, and the capital, technology, and labor controls necessary to retain at its center, any kind of informational or political power that they require it.

To influence the world, the CCP, therefore, does not need English. It can buy the world’s leaders, just like it buys English translators. China’s shield and spear strategy acquires elites through its monetary capture, which is different than the Western strategy of influencing the population as a whole in order to someday democratize China.

To influence China, we need to access the Chinese people and speak their language. But this Western strategy is useless if the CCP can at the same time shield its population, including through cutting down on English language education.

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

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