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CHINA INSIDER

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The
People's
Bank of China
headquarters in
Beijing in this
file photo.

CHINA'S WEAKENING YUAN

THE BIGGEST PROBLEM CHINA
FACES ISN'T REAL ESTATE

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BIOSECURITY

NIH Approves Millions in New Grants to Organization That Funded Wuhan Lab

EVA FU

Millions of federal dollars have continued flowing into EcoHealth Alliance, the New York-based nonprofit under heavy scrutiny for its role in funneling public money to a key laboratory in China for bat coronavirus research that many believe may have caused the COVID-19 pandemic.

On Sept. 21, the National Institutes of Health (NIH) issued three grants to EcoHealth to fund its Asia-based research into viruses that have the potential to infect humans and spark an outbreak, government records show. At a total of \$2.76 million, the funding marks an increase of nearly \$700,000 from the amount awarded in 2021, and is the largest sum the organization has received from the NIH in a single year.

The grants—two of which have received NIH funding for three consecutive years—came amid mounting congressional scrutiny over EcoHealth's years-long partnership with the Wuhan lab that has been at the center of a lab-leak theory on the origins of COVID-19.

Two of the grant projects are headed by the organization's president, Peter Daszak, who has repeatedly dismissed the lab-leak hypothesis, labeling it a conspiracy theory. That EcoHealth has funded risky research by the Wuhan Institute of Virology (WIV) means that U.S. authorities should cease funding the organization altogether, some critics argue.

"Giving taxpayer money to EcoHealth to study pandemic prevention is like paying a suspected arsonist to conduct fire safety inspections. You would think we would have learned a lesson the first time, but here we are again with the same plot but a bigger budget!" Sen. Joni Ernst (R-Iowa) told The Epoch Times in an email.

Controversial Grant to Wuhan Lab

The NIH in July 2020 suspended a multi-year grant worth \$3.7 million to EcoHealth to study bat coronaviruses in China in collaboration with WIV, over concerns the grantees weren't complying with the grant terms. Experts previously told The Epoch Times that the experiments conducted in the grant met the definition of gain-of-function—research that increases the transmissibility or pathogenicity of a virus.

The NIH has denied that characterization. During a review of the concerns, the NIH found that EcoHealth had failed to report a WIV experiment that made the bat coronavirus more dangerous. The agency in November 2021 and again in January asked EcoHealth for copies of laboratory notebook entries and original electronic files from the research conducted at the Wuhan facility, but without success, causing the NIH to eventually terminate the WIV sub-award on Aug. 19, the NIH told the Committee on Oversight and Reform in a letter of the same date.

Despite the termination, the NIH allowed EcoHealth to retain the grant by proposing, within 30 days, an alternative plan to accomplish the goals of the original project without the WIV's involvement, the agency said in another letter on Aug. 19.

The revised grant, according to the first letter, will be screened to ensure it's in line with a 2017 framework governing the



WHO team member Peter Daszak holds a map as he leaves his hotel after the World Health Organization team wrapped up its investigation into the origins of the COVID-19 coronavirus in Wuhan, Hubei Province, China, on Feb. 10, 2021.

With respect to benefits, the research has no—zero—civilian applications.

Richard Ebright, molecular biologist, Rutgers University

Giving taxpayer money to EcoHealth to study pandemic prevention is like paying a suspected arsonist to conduct fire safety inspections.

Sen. Joni Ernst (R-Iowa)



HECTOR RETAMAL/AFP VIA GETTY IMAGES

review of proposed gain-of-function research. If the revised grant were approved, it would also be subject to additional oversight by the NIH, including onsite inspections of sub-recipient labs every six months to review their compliance.

Benefits of New Grant Questioned

The NIH didn't return repeated queries from The Epoch Times to clarify the terms of the September grants, but the new grant, with the project number 1R01AI163118-01A1, appears to be the revised grant that excludes the participation of WIV.

Titled "Analyzing the Potential for Future Bat Coronavirus Emergence in Myanmar, Laos, and Vietnam," the five-year project led by Daszak will focus on three southeastern Asian countries neighboring China, with a goal to "analyze the behavioral and environmental risk factors for spillover of novel CoVs [coronaviruses], identify wildlife-to-human spillover events, assess the risk and drivers of community transmission and spread, and test potential public health interventions to disrupt spillover and spread," according to a project summary published on the NIH website.

The 2022 funding of \$653,392 from NIH is also comparable to the terminated grant, which received roughly \$3.75 million in total from 2014 to 2019.

Richard Ebright, a molecular biologist at Rutgers University who's raised concerns about the government's approach to sponsoring risky research, reviewed the project summary and concluded that the research didn't involve gain-of-function experiments. But he noted that a risk-benefit analysis of the project that seeks to discover new bat viruses looks "highly unfavorable." "With respect to benefits, the research has no—zero—civilian applications," Ebright told The Epoch Times in an email, adding that the "only practical applications of the research are biodefense applications (i.e., discovery and threat assessment of new bioweapons agents)."

On the other hand, "by collecting novel potential pandemic pathogens in remote locations and transporting them to laboratories in human population centers, the research poses high risks of triggering new pandemics," he said.

"In conjunction with EcoHealth's documented track record of inadequate biosafety precautions and reckless procedures during field collection and laboratory research, the risks should be deemed not only as high but as extremely high," he said.

Footage from the Wuhan facility shows a history of disregard for safety standards. Its 2017 promotional video features images of a researcher feeding live bats while wearing only surgical gloves, and some WIV staff collecting bat samples in the field while wearing only regular surgical masks. A researcher from the lab also told Chinese media that he had been bitten by bats while out in the field collecting samples.

Outcry

According to Sen. Roger Marshall (R-Kan.), the NIH's decision to continue funding EcoHealth is inexcusable.

"It is beyond belief that NIH is choosing to be willfully ignorant of EcoHealth Alliance's failure to follow federal laws and NIH's grant policy requirements," the senator, who last month sought to cut multimillion-dollar grants from another U.S. agency to EcoHealth, told The Epoch Times in an email.

"EcoHealth and NIH are operating in tandem to proliferate risky research with deadly pathogens out of the reach of U.S. oversight. It is inexcusable that NIH chooses to extend unprecedented power and funding to Peter Daszak's noncompliant organization and ignore their own policy of holding the principal investigator accountable for the misconduct of its sub-awardee, the Wuhan Institute of Virology," Marshall said.

"Continuing to invest public funds in a company as shady as EcoHealth is dangerous and irresponsible."

EcoHealth is the recipient of dozens of federal grants since 2002. Among these, 13 are still active, the U.S. grant database indicates. The largest single grant came from the U.S. Agency for International Development at \$4.7 million, a five-year award given in 2021. Besides NIH, other grantors were the Department of Defense's Defense Threat Reduction Agency and the National Science Foundation.

Republicans on the House Committee on Energy and Commerce who have been probing EcoHealth's activities also expressed outrage at the continuing funding. "EcoHealth Alliance and Peter Daszak should not be getting a dime of taxpayer funds until they are completely transparent to the Energy and Commerce Committee and the American people. Period," Jack Heretik, spokesman for Energy and Commerce Republicans, told The Epoch Times in an email.

Such spending of taxpayer money is counterintuitive, said Justin Goodman, senior vice president of advocacy and public policy at White Coat Waste Project, which has been probing EcoHealth and WIV's research.

"EcoHealth Alliance's animal experiments should be de-funded, not re-funded," he told The Epoch Times in an email. "This shady group funneled US tax dollars to the Wuhan Institute of Virology for dangerous animal experiments that likely caused the pandemic, skirted a federal ban on gain-of-function research, repeatedly violated transparency law, and obstructed investigations into COVID's origins. Taxpayers should not be forced to fund this reckless rogue lab contractor any longer."

EcoHealth and NIH didn't respond to inquiries from The Epoch Times regarding criticism directed at the new grants.

The P4 laboratory at the Wuhan Institute of Virology in Wuhan, Hubei Province, China, on April 17, 2020.

\$2.76 MILLION

The National Institutes of Health recently issued three grants to EcoHealth totalling \$2.76 million, the largest sum the organization has received from the agency in a single year.

NICOLAS ASFOUR/AFP VIA GETTY IMAGES



Paramilitary police officers march at Tiananmen Square in Beijing on June 4, 2020.

HUMAN RIGHTS

Beijing Arrested 1.43 Million People in 100-Day 'Public Security' Campaign Ahead of National Meeting

MARY HONG

The regime in Beijing has detained 1.43 million people during a three-month campaign dubbed a "public security crackdown" ahead of the Chinese Communist Party's (CCP) national meeting. However, not all those arrested are criminals.

As with other key Party events, the regime has tightened security in the capital in the lead-up to this month's all-important meeting known as the 20th National Congress, when Chinese leader Xi Jinping is expected to secure an unprecedented third term.

The regime's Ministry of Public Security, which set up the "100-day operation" that began on June 25, touted the campaign's success during a Sept. 27 press conference: More than 1.43 million people were arrested and 640,000 criminal cases were resolved.

However, many of the so-called suspects are simply ordinary Chinese citizens, including dissidents, activists, petitioners, Christians, and Falun Gong adherents.

Enemies of the People

The regime claims the operation was the "hard fists" needed to protect vulnerable groups, such as women, minors, the elderly, and the disabled.

The Chinese language edition of The Epoch Times learned that police targeted many non-criminals, including people who dared to speak up in defense of citizens in need.

Lawyer Chen Jiahong has been missing since Sept. 24, when the police visited his home in Guangxi Province in southern China. Chen was previously imprisoned on a charge of "inciting subversion of state power" for his vocal support of victims of the "709 Crackdown," a 2015 mass arrest of civil rights lawyers and rights activists.

Xiang Jinfeng, an outspoken rights activist from Fujian Province on China's southeastern coast, was detained by local police in Longyan City on Sept. 1 on an unknown charge. His family was told only that the detention would last a month, Xiang's brother told The Epoch Times.

CCP's Societal Risk Factor: Petitioners

Petitioning the government in Beijing has become routine for many Chinese who believe their voices need to be heard by the authorities. However, they too have become targets of the latest operation.

Hu Jianguo, a Shanghai activist, once said, "By defending our rights, we are fighting for democracy and freedom, which is our greatest hope in life."

For two weeks, police have been stationed in his garage, watching him day and night,

By defending our rights, we are fighting for democracy and freedom, which is our greatest hope in life.

Hu Jianguo, activist

just to prevent him from going to Beijing to petition the government, he told The Epoch Times on Sept. 28.

Hu said that some other Shanghai petitioners such as Yang Yonglan, Gu Guoping, and Peng Miaolin and her daughter Peng Jun also are under 24-hour police surveillance.

"I told those communists that they are all embezzlers and thieves who keep money abroad and bully the people," he said. "For that, they sent a few more people [to my home], even a van was parked right outside watching us."

Since 2005, the annual number of petitions in China has remained as high as 10 million, according to a 2013 book titled, "Petitions, Democracy, and the Rule of Law: China Topics," by City University of HK Press.

In fact, the total number of complaints about the regime's governance reached 10.24 million nationally in 2000, according to a 2005 research paper by Xiong Yihan, a political science researcher at Fudan University.

Zero-COVID Versus Zero-Petitioners

In 2021 alone, there were more than 3.8 million complaints specifically addressed to the state anti-corruption offices: the Central Commission for Discipline Inspection and the National Supervision Commission.

The regime claimed that corrupt officials at the grassroots level are the major cause of mass incidents.

To crack down on corruption, local officials initiated a "zero-petitioners" campaign.

Shanxi Province adopted the zero-petitioners initiative in 2020 as one of the main tasks of the provincial standing committee of the CCP. This year, the Education Bureau of Jiyuan, in Henan Province, also promoted the zero-petition initiative to ensure proper implementation of the zero-COVID policy.

Wu Shaoping, a human rights lawyer in the United States, said the CCP's harsh controls have created a state of tension and anxiety among the entire society. The pandemic is only an excuse to control people.

He believes the CCP is fully aware that "people's madness [anger] and protests may lead to the collapse of the regime."

In a 2009 interview with the Voice of America, human rights lawyer Jiang Tianyong said that many petitioners were finally "enlightened" through decades of petitioning.

"They realized it's not just the grass-roots officials who are corrupt, but the further they went on with their petitionings, the darker it would get."

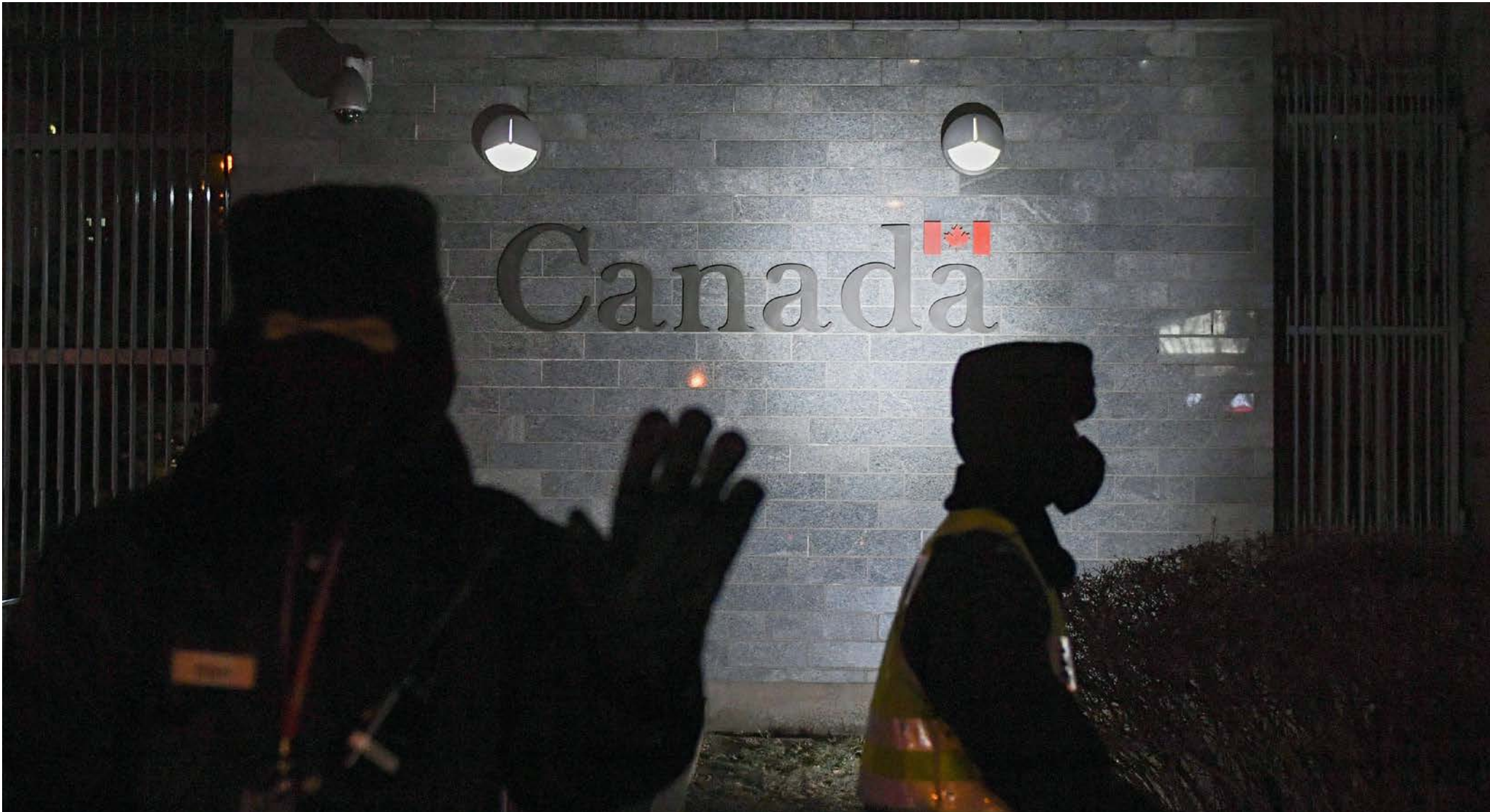
Jiang, who also was arrested in the 709 Crackdown, has been under house arrest and 24-hour police watch since his release in 2019 after two years of imprisonment.

Haizhong Ning and Chang Chun contributed to this report.

KEVIN FRAYER/GETTY IMAGES



People line up at a COVID-19 testing site in Beijing on May 4, 2022.



A guard tries to block photos being taken as he and a policeman patrol outside the Canadian embassy in Beijing on Jan. 14, 2019.

TRANSNATIONAL REPRESSION

Unofficial Chinese Police Stations in Canada Likely Number More Than 3, Says Report Co-Author

ANDREW CHEN

The Chinese regime has likely established more unofficial overseas police stations in Canada than the three in Toronto identified in a report by a human rights NGO, a co-author of the report says.

Spain-based Safeguard Defenders published a report in September warning of the regime's "long-arm policing" around the world through what's been dubbed the "110 overseas police stations"—an operation named after the police emergency phone number, 110, in China.

Titled "110 Overseas: Chinese Transnational Policing Gone Wild," the report identified 54 Chinese overseas police stations in 30 countries, including 3 in Toronto. The stations are all under the jurisdiction of two local-level police services in China—the Fuzhou Public Security Bureau in Fuzhou City, Fujian Province, and the Qingtian County police in Zhejiang Province, the report said.

Peter Dahlin, founder and director of Safeguard Defenders and co-author of the report, says that following the release of his organization's findings, security police or related government agencies from North America and Europe have approached his organization asking "to sit down and have a briefing discussion" on the Chinese operations overseas.

"So they are certainly aware of it, at least in some countries," Dahlin told The Epoch Times.

More Locations

While the Chinese authorities say these police stations are created to better serve

its overseas nationals, the report notes the stations have been used to "persuade" up to 230,000 Chinese nationals to "voluntarily" return to China to face criminal proceedings between April 2021 and July 2022.

"Persuasion to return" is a key method of the Chinese regime's "involuntary returns" operations, which include its "Operation Fox Hunt" and the broader "Sky Net" campaign, according to Safeguard Defenders. Many of the targets for persuasion to return were overseas Chinese allegedly involved in telecommunication fraud, though the report said a number of non-suspects and their family members in China have also been targeted for police harassment and intimidation.

Dahlin said that in addition to the three stations in Toronto—two in Markham and one in Scarborough, whose locations were published in a Chinese state media outlet—there are likely other unofficial Chinese police stations either existing or being established in Canada, though they have yet to be discovered.

"We've also seen a [Chinese] government notice that said that 10 different provinces should launch these types of operations on a pilot basis," he said, pointing to the report's citation of a July 5, 2018, news release issued by Beijing.

"So, we have two of these operations uncovered [in Fujian Province and Zhejiang Province]. There might be eight more provinces doing this that could have their own stations, and we have not been able to track down that information yet. That's why we keep saying that... we believe and we have good reason to think that there are more

[overseas Chinese police stations]."

The news release is in relation to the Chinese State Council's 2018 "Work Plan for the Supervision of the National Special Struggle Against Gang Crimes." A Chinese state media outlet reported in January 2019 that Beijing had conducted a first-round one-month supervision training from July to September 2018 in the 10 provinces of Hebei, Shanxi, Liaoning, Fujian, Shandong, Henan, Hubei, Guangdong, Chongqing, and Sichuan.

Another report that year, in April 2019, said the regime had completed a second-round training for another 11 provinces, including Zhejiang Province where the Qingtian police service is located.

Given the large Chinese diaspora population in Vancouver, Dahlin said he would find it "very strange" if the city didn't have at least one 110 police station.

'Transnational Repression'

Safeguard Defenders says its September report is part of its ongoing monitoring of China's growing global transnational repression. Dahlin said it came on the heels of another report by his organization, titled "Involuntary Returns—report exposes long-arm policing overseas."

That earlier report, published in January 2022, looked at the Chinese regime's claim in December 2021 that its Sky Net operations, along with Operation Fox Hunt, have successfully brought some 10,000 "fugitives" back to China from around the globe since 2014, when Fox Hunt was launched as part of Chinese leader Xi Jinping's anti-corruption campaign.

Those operations target what Dahlin de-

scribed as "high-value targets." Officially, Sky Net says it only targets economic criminals and officials accused of crimes like corruption or bribery, according to the Safeguard Defenders report, but Dahlin said Sky Net has been found to also target human rights defenders. Operations against high-value targets are run by the Chinese central police, whereas those involved in lower-level crimes like fraud—who are considered low-value targets—are tracked by the local Chinese police, he said.

"The most common method to do this is to persuade them to return 'voluntarily.' We've also had a number of cases where [Beijing] sent agents—Chinese police officers, undercover—to the target countries; we have a number of people in the U.S. being indicted for this," he said.

A third way, Dahlin said, is to use kidnappings. He noted that his organization has identified 22 cases of kidnapping.

Although his organization hasn't found any cases of direct kidnapping in Canada, Dahlin said that in Canada and the United States, the Chinese regime does "a lot more [of] sending secret agents to intimidate people and that type of operations."

When asked about the severity of the Chinese overseas operations, he said the impact in Canada is "certainly worse than Europe."

"Canada has such a significant Chinese diaspora community—much bigger than pretty much all of Europe together—so certainly, there's a lot more people at risk in Canada," he said, adding that Canada, the United States, and Australia are "the big three" destinations when it comes to Chinese asylum-seekers and relocation.

OPINION

The Best Advice Washington Ever Got on US–Japan Defense

GRANT NEWSHAM



It's exhilarating that Japanese leaders are talking about spending much more on defense and improving the nation's defense capabilities. But they are short on specifics, and with communist China out looking for a fight, it's dangerous to hope Japan figures things out at its own pace.

The Americans, who shoulder the heaviest load in defending the Indo-Pacific region, need the Japanese to do certain things on the defense and security fronts.

What Does Washington Need?

Put simply, the United States needs a Japan Self Defense Force (JSDF) that can fight a war alongside and inter-linked with U.S. forces.

This requires four main things (for starters):

- A JSDF that is adequately funded, equipped, fully manned, and able to fight.
- A JSDF that can operate jointly—or, in other words, Japan's air, sea, and ground forces can operate together.
- Much better interoperability with U.S. forces, to include a joint Japan-U.S. operational headquarters in Japan—rather than expecting to "wing it" when something happens.
- The ability to train U.S. forces in Japan (to defend Japan) without undue restrictions.

The U.S. and Japanese militaries have, mostly on their own senior leaders' initiative, made some progress in the last few years—doing more joint training of a more realistic sort, and much of it in the south, where a war is likely to be fought.

But more is needed, which requires the Japanese government and the civilians who control the JSDF to direct and ensure the necessary improvements.

The late former Prime Minister Shinzo Abe deserves much credit for pushing through revised U.S.–Japan defense cooperation guidelines and reinterpreting "collective self-defense." These allow Japan to play a bigger role in its defense and be a more useful ally to U.S. forces—if it wants to.

But in terms of concrete improvements to both JSDF capabilities and Japan-U.S. operational capabilities, Abe came up short. His successors have said plenty of the right things—but "outcomes" are lagging.

There doesn't appear to be any great

The U.S. government has more influence on Japan's defense policies than alliance managers seem to think.

urgency—despite the now widely recognized threat from the Chinese regime. Keep in mind that the so-called strike capability, which is now a hot topic in Japan, has been under discussion for at least the last 15 years. And building a replacement for the U.S. Marine Corps Air Station Futenma on Okinawa was first promised in 1998. Almost 25 years later, it isn't close to completion.

One can't entirely blame the Japanese for not being in a hurry. U.S. alliance managers—civilian and military—have never really pushed things and too often preemptively think up reasons why something or other is "too hard" for the Japanese to do.

However, the U.S. government has more influence on Japan's defense policies than alliance managers seem to think.

They might usefully recall the advice Japanese leaders offered American officials around 1970 when the Americans wanted to permanently station an aircraft carrier at Yokosuka Naval Base in Japan.

Indeed, this was probably the best advice the United States ever received about dealing with Japan on defense matters. One of the Americans involved explained to this writer what happened. He described it as a three-step process:

Step 1: The U.S. National Security Council decided to homeport a carrier in Japan. But the Tokyo Embassy was hesitant and offered up excuses: "never done in a foreign country before," "the Liberal Democratic Party (LDP) is not all-powerful," "need to wait for the right time," etc.

However, a U.S. Navy lieutenant commander assigned to the Navy's Japan headquarters at Yokosuka brought his big boss to Tokyo in civilian clothes to meet a senior LDP member of the Diet, who also was a former high-ranking defense official. The lawmaker asked several questions.

He then said: "We hope we are correct that the United States wants and needs the U.S.–Japan Mutual Security Treaty, but Japan's need is absolutely critical to our security. Thus, when you really want something important, don't ask our opinion. Tell us what you need very firmly, and don't back down."

Step 2: Kakuei Tanaka succeeded Eisaku Sato as prime minister. One evening at a reception for the diplomatic community at the speaker's official residence, the Diet member asked the U.S. ambassador and the deputy chief of mission to join him in a side room.

The Diet member said that Prime

Minister Tanaka was a good man who could be decisive, but he did not have a good background on security issues. The Diet member said he had been teaching Tanaka about the critical importance of the alliance for Japan's security and telling him that the United States might have a desire to base an aircraft carrier in Yokosuka.

The Diet member told the two Americans that, earlier that day, the prime minister had told him that the U.S. Navy did not need to ask Japan's permission to put a carrier in Yokosuka—but if the United States wanted to ask Japan's permission to do so, Japan would say "yes."

Step 3: Much later, when all went well, including USS Midway's smooth arrival in Yokosuka in October 1973, the embassy began to take credit for "its" achievement in persuading Japan.

Today's American "alliance managers" could learn from this, though they also should bear in mind that the Japanese are not mind readers.

If the United States needs something from Japan, it should remember that sound advice from 50 years ago that included: "Tell us what you need very firmly and don't back down."

Can the US Speak So Directly to Japan?

Why not? When the prospects of regional conflict are at dangerous levels, and Washington is offering up its servicemen and servicewomen to die on Japan's behalf, it had better ask directly for what it needs from Japan to deter a war or to win one.

Of course, speak politely as you would to a friend and do it quietly. But be very clear as to what is needed and by when. This is all about self-preservation for both nations. And time is running out.

For the record: The U.S. Navy lieutenant commander who set things in motion was James Auer, a former minesweeper skipper. He later served as the U.S. Department of Defense director of Japan affairs and as a professor at Vanderbilt University for many years. He remains one of the most respected people involved in U.S.–Japan affairs.

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

Grant Newsham is a retired U.S. Marine officer and a former U.S. diplomat and business executive with many years in the Asia/Pacific region. He is a director at One Korea Network and a senior fellow with the Center for Security Policy and the Yorktown Institute.

Japan's Defense Minister Nobuo Kishi and U.S. Secretary of Defense Lloyd Austin listen to Japan's national anthem during an honor cordon at the Pentagon in Washington, May 4, 2022.



BRENDAN SMIALOWSKI/AFP VIA GETTY IMAGES

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TRUTH and TRADITION

A NEWSPAPER GEORGE WASHINGTON WOULD READ

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SURVEILLANCE

TikTok Is ‘Everything That You Do Not Want in a Modern Democracy’: Tech Expert

ANDREW THORNEBROOKE
& JAN JEKIELEK

Social media giant TikTok and its nebulous connections to the Chinese Communist Party (CCP) present a threat to U.S. national security, according to one expert.

Geoffrey Cain, an independent investigative journalist and author of a book on the CCP's efforts to build a totalitarian surveillance state, believes that TikTok's troubled emergence, shadowy corporate structure, and connection to China's data laws make it a unique threat to the United States.

"The problem of TikTok is that it is a national security threat to the United States and to countries outside of China," Cain said during a Sep. 29 interview with NTD's "American Thought Leaders."

"It is a disaster waiting to happen, because TikTok, though the company denies it, is fundamentally obligated to follow the laws of China, the laws that were created by the Chinese Communist Party."

TikTok's Move to US Shrouded in Secrecy
Cain highlighted that TikTok is not only owned by Chinese corporation ByteDance, but was also created by one of the company's leaders in artificial intelligence (AI) using funding from U.S.-based Sequoia Capital.

Moreover, Cain said that TikTok's move into the world market occurred under dubious circumstances, as the company only reached a global audience after it was paired with the Santa Monica office of Music.ly, another Chinese-owned social media company.

TikTok did not inform U.S. officials about the merger despite both companies' ties to China, Cain said.

"There are many red flags, but the biggest red flag about this acquisition is that TikTok did not notify the U.S. government about the acquisition," Cain said.

"That should sound alarm bells. Why did TikTok decide not to do that review? It's as if they kind of snuck into the market and placed their software in the hands of the next generation."

Following that revelation, the Trump administration attempted to get TikTok banned or otherwise sold to an American parent company, and the case has been under review by the Committee on Foreign Investment in the United States (CFIUS) ever since.

Cain recently testified before the U.S. Senate about the issue. In his testimony he discussed documented ties between ByteDance, TikTok, and the CCP, including internal meetings at the companies in which employees allegedly praised the CCP. Now, Cain said he believes the CCP is using TikTok to spread its surveillance and censorship around the globe.

"TikTok executives have admitted in the past that the algorithm that TikTok [uses] has been used to suppress bad news coming out of China," Cain said.

Cain referred to the sworn testimony of one TikTok executive who testified before the British Parliament in 2020 that TikTok

The problem of TikTok is that it is a national security threat to the United States and to countries outside of China.

Geoffrey Cain, author and investigative journalist



Geoffrey Cain, author of "The Perfect Police State," in New York on Sep. 22, 2022.

censored or otherwise suppressed information about the genocide of the Uyghurs in China's Xinjiang province at the request of CCP authorities.

Cain also pointed to a moderation guideline leaked back in back in 2019 that showed that TikTok and ByteDance instructed the global moderators, including in America, to suppress any videos showing poverty, slums, or ugly people in China, and to censor critical comments about China's actions in Tibet and Tiananmen Square.

TikTok has said that these policies are no longer in effect.

The CCP Can Access Everything

At the heart of Cain's concern about the risk of TikTok was the intersection of CCP data laws and the relationship between the company and its China-based owners. The CCP's National Intelligence Law and National Security Law, for example, require all companies operating within mainland China or with a majority Chinese stake to hand over all data to the CCP upon request.

This means that any executive at TikTok or ByteDance, if based in China, could be legally compelled by the CCP to hand over the company's data, including information on users' facial recognition, browsing activity, and key-logged passwords.

As such, some security experts have said that TikTok is a "weaponized" application that benefits the CCP's military and espionage campaigns.

"This is where the TikTok and the ByteDance connection becomes extremely problematic," Cain said.

"There's not going to be a separate line between [TikTok and ByteDance], the Chinese Communist Party will see TikTok as fundamentally a Chinese company and one that needs to report to the Chinese Communist Party."

TikTok previously said that all American user data was stored within the United States.

TikTok has since admitted that this is not true, however, and in a September congressional hearing, TikTok executives refused to commit to stopping the flow of American

data to China.

Cain feared that such data could all too easily be leveraged by the CCP to hunt down and silence its political enemies.

"These could be Hong Kong dissidents, these could be American military commanders, [these] could be anybody who might be of an interesting nature to the Chinese Communist Party," Cain said.

"Those executives are required by Chinese law to hand over the data."

A Threat to the Free and Open Flow of Information

With that in mind, Cain said that allowing TikTok to continue to operate in the United States while it was still owned by ByteDance was a direct threat to U.S. national security.

Moreover, he said, it was incompatible with the freedom of expression valued by democratic nations.

"What is it that separates TikTok and ByteDance operating around the world from what's happening in Xinjiang?" Cain asked.

"[TikTok] might not be literally running the concentration camps, but they have been involved in suppressing and censoring news about these atrocities. They're using fundamentally the same technologies as what the Chinese government has been using to monitor and surveil its people."

To that end, Cain said that the only way to effectively render the threat posed to U.S. citizens by the app inert was to ensure its relationship with ByteDance, and China, is terminated.

Only by transferring ownership of the company away from the CCP and to a domestic company, Cain said, could the threat be mitigated.

"TikTok should at minimum be sold to an American company," Cain said. "We cannot have major Communist Party-connected companies in China running massive social media platforms in America."

"It's the Trojan horse. It's the mole. It's everything that you do not want in a modern democracy."

The Epoch Times has reached out to TikTok for comment.

OPINION

The Biggest Problem China Faces Isn't Real Estate

CHRISTOPHER BALDING



After it joined the World Trade Organization in 2000 and anchored the Chinese yuan (a.k.a. renminbi) to the U.S. dollar, China linked its economy

to the United States. Enforcing a fixed exchange rate regime with strict capital controls, China benefited from large inflows and relatively low-interest rates due largely to the low-interest rate environment in the United States. What happens to the Chinese economy when interest rates increase in the United States?

Sovereign currency policy faces the intractable dilemma of what economists call the "impossible trinity." Countries can have a fixed exchange rate, free capital flow, or sovereign monetary policy but must choose only two of three. Economics textbooks give clean and clear definitions of each. Still, in reality, China tried to manipulate each and come out worse due to its attempts to manipulate the laws of economics.

Chinese Communist Party (CCP) technocrats attempted to create a system where they could enjoy the best of the three options and leave behind the worst parts. China implemented a quasi-fixed exchange rate, which is effectively a U.S. dollar index, with tightly controlled capital flows, and a semi-sovereign monetary policy.

What almost no one noticed with the convoluted creation of Chinese currency policy attempting to adhere to the 'impossible trinity' was that for the last 20 years, China benefited from business cycle synchronization with the United States. Because the yuan was tied directly to the U.S. dollar and the United States kept interest rates low, China could keep its interest rates low.

Now that the Federal Reserve (Fed) is raising interest rates, what impact will this have on China?

First, the days of easy money flows to

China are over. For large parts of the last 20 years, Chinese interest rates were 3-5 percent higher than the United States. With either a fixed or semi-fixed exchange rate, this gave investors in China access to easy higher returns. With portfolio returns and foreign direct investment based upon interest rate differentials between the United States and China, this drew investor capital with fixed or heavily managed exchange rates creating easy returns. Investors have soured on China as an investment destination for a range of reasons. But when baseline returns are higher in U.S. government debt without any of the China issues, the financial motivation will dry up the biggest reason to send money.

Second, this will place enormous upward pressure on Chinese interest rates right as China's economy is teetering. For most of the period since 2000, the Chinese and U.S. economies have been highly correlated. This allowed Chinese interest rates to follow the United States and enjoy a sustained period of low-cost money. However, now as the Fed is seeking to tamp down inflation and overheated demand, China is suffering through its weakest economy in probably post-opening history. Rising interest rates with a teetering banking sector, high consumer debt, and a corporate sector suffering through a wave of defaults risk hyper charging a problem into a crisis. The People's Bank of China (PBOC) faces a trade-off of whether to keep the yuan tied to the U.S. dollar and raise interest rates or reduce the link and let the yuan sink.

Third, rising U.S. interest rates will exacerbate capital outflow pressures from China. When Chinese government interest rates were 3-5 percent higher than in the United States, money flowed to China, seeking higher returns. Now short duration, U.S. government debt yields more than similar Chinese government debt. Add in the weak corporate sector and real estate pressures, and Chinese investors see many reasons to move their money out of China.



A Chinese bank employee counts 100-yuan notes and U.S. dollar bills at a bank counter in Nantong in Jiangsu Province, China, on Aug. 6, 2019.

For countries like Japan or the United Kingdom, capital outflows mean declines in the currency. While China boasts \$3 trillion in reserves, given the size of its economy and local financial market, that \$3 trillion is actually a lot smaller than it appears. The United States now earns a higher rate of safe asset return with significantly less risk, and it becomes obvious why regulators warn banks and investors about moving capital out of China.

China tries to square the circle of financial policy by ignoring the realities of economic policy. Even as Chinese regulators recognize that the PBOC's daily fixing price of the yuan deviated significantly from the weighted formula based upon the price of the U.S. dollar, they attempt little more than to plead with banks not to move from the official price. If U.S. interest rates remain above Chinese rates for a sustained period, this will force a change in Beijing policy in front of a set of circumstances not witnessed in modern history. Currently, Beijing is telling markets how to behave and price assets. That can only happen before markets find ways to move money or black markets that pay better prices.

Given the expected multi-year interest rate cycle and probable resulting U.S. dollar strength, Beijing must face some hard decisions. Does it raise interest rates to stem the fall of the yuan in the face of

a teetering economy? Does it defend the yuan and clamp down on international financial flows even harder, given all the outward leaks?

Realistically, we should expect Beijing to delay any type of real decision as long as possible, given the very negative trade-offs it faces. Clamping down further on capital flows will only drive international investment away from an already unattractive destination. Raising interest rates risks taking the Chinese economy over the edge. However, doing nothing also presents risks if markets get spooked by teetering banks, falling asset prices, and a do-nothing approach from Beijing.

The reality is there are no good options, and Beijing will avoid that reality for as long as possible.

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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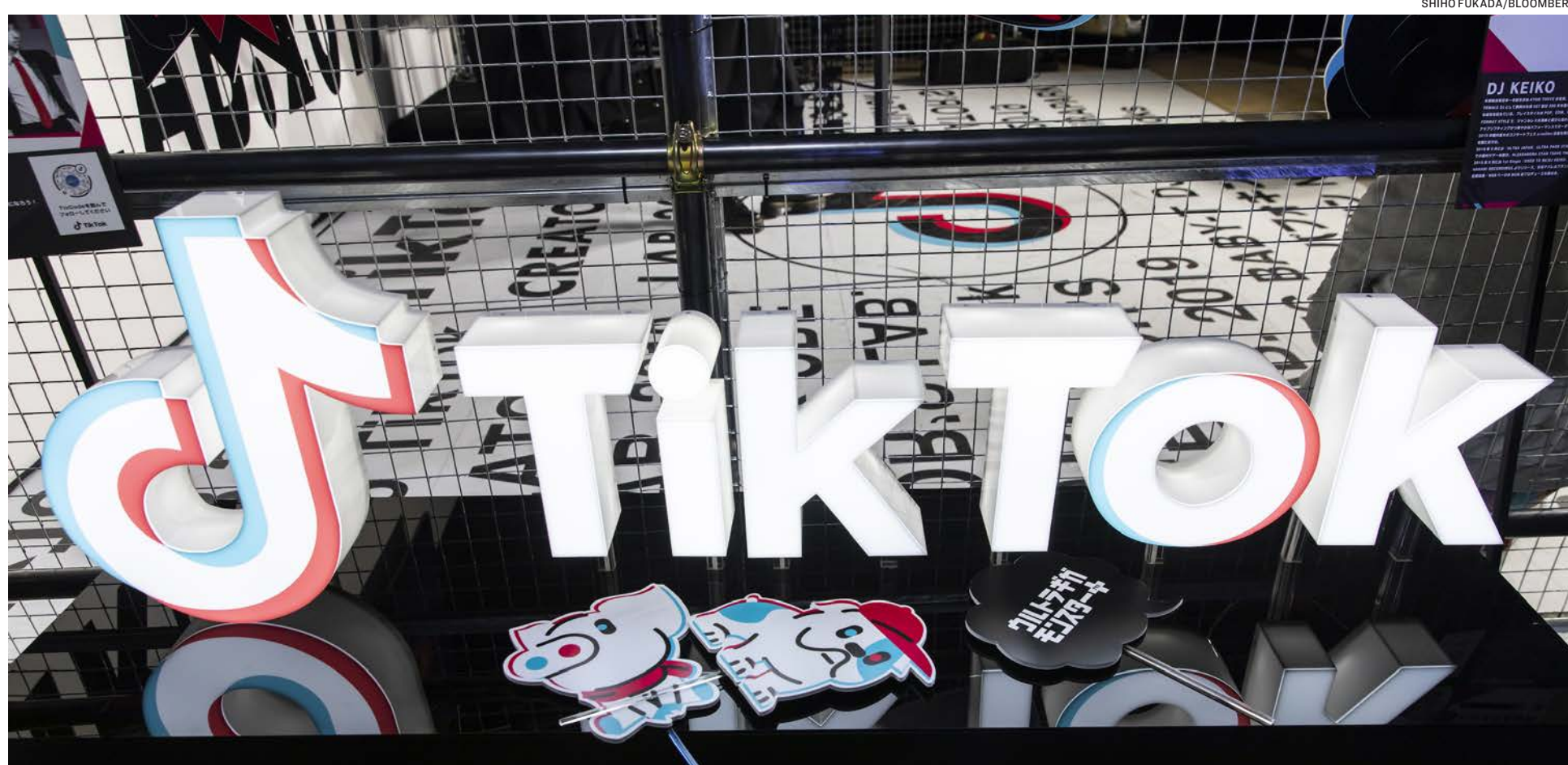
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