

# China Cracks Down on Big Tech, Speculators, and Video Addiction

by Christine Bierre

PARIS, Oct. 28—Faced with the strong regulations that the People’s Republic of China (PRC) is imposing on the giants of tech, artificial intelligence, and video games, anti-Chinese French media are once again running headlines against the “authoritarian power” in China, seeing only “bright red” in this approach. In view of the social and economic damage caused by similar companies in France and across the western world, shouldn’t we rather be inspired by China’s way of dealing with them?

What is happening in China? Are the years of reform and opening up launched by Deng Xiaoping now over? Are we seeing Xi Jinping setting himself up as a new Mao? Will China close itself up once again? On all these questions, the debate is raging in the West and elsewhere.

There is nothing to legitimize these fears. However, taking into account the deterioration of U.S./China relations, which will cut China’s access to needed technologies, the heavy impact of the Covid pandemic and of unfair western demands on energy production (using climate change as a pretext), and the slowing of population growth, President Xi Jinping and the Chinese Communist Party (CCP) have taken a very strong social turn, the only one that can ensure that China will be able to achieve its great dream of national renewal by 2049.

Faced with the policy coming from the United States and its allies to block China’s rise at all costs, including even through war, President Xi Jinping knows that his country must be protected, and that only the people, who have worked so hard since 1949 to make this

nation what it is today, will be able to defend it. But for this to happen, the people must be united, educated, and determined, which requires, in a China where the wealth gap is still enormous, access for all to a common prosperity.

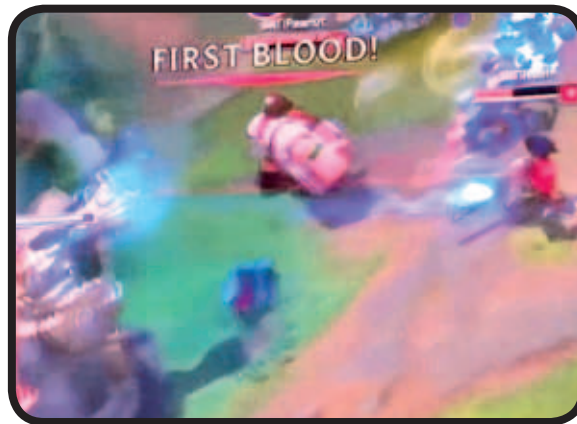
## Regulation of Tech Giants Needed

Protecting China, protecting the people, means reducing the power of the Chinese tech giants which, as in the West, had been threatening to become states within the state, often in defiance of competition and personal data protection laws.

Among the primary companies targeted was Jack Ma’s Alibaba Group, whose financial subsidiary, Ant Group, was prevented by the government from issuing an Initial Public Offering (IPO) on the Hong Kong stock exchange after Ma publicly criticized government regulations for stifling innovation. Ant Group was accused of using its virtual credit mechanism to encourage the poor and the youth to acquire excessive debt, and generally

creating instability in the financial system. Alibaba was hit with a record fine of \$2.67 billion. As for Tencent, the world’s largest video game producer, the state blocked its planned merger of two live streaming subsidiaries, DouYu and Huya, which together account for 80% of the market. Other groups targeted by Beijing regulators include Didi (China’s Uber); Meituan, the home food delivery giant; Kanzhun, a job-listing portal; and Full Truck Alliance, which connects drivers with companies.

In addition to Ant Group, other groups have been



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*Facing increasing corrosive effects on the minds of its citizens, the Chinese government has imposed strong regulations on the giants of tech, artificial intelligence, and video games.*

banned from listing on Wall Street, including ByteDance, a social networking company that owns TikTok. One concern is that the huge personal databases managed by these tech giants could be used against China in any possible conflict. The government moves also intend, more generally, to take measures to prevent the financial and technological decadence of the West from contaminating the Chinese population, since it is through the tech giants and their growing involvement in the Western financial system, via Wall Street in particular, that the ideology of this financial virus can spread to the whole of China.

Does this mean that the CCP wants to do away with these groups, or to return to the countryside, as in the Cultural Revolution? To the contrary, everything leads us to believe that China’s enhanced regulatory policies should have been implemented in the West long ago! The fact that these groups have only been fined, or partially banned from certain operations—bans which can be lifted as soon as corrective measures have been adopted—shows that there is no question of “killing” them, but only of regulating them for the common benefit of the nation.

Since July, the Chinese government has established a stricter legal framework for the operation of tech companies. The Cyberspace Administration requires companies collecting data from more than one million users to undergo a security review before being listed on a stock exchange. In addition, two laws for the protection of personal information and data security were passed in August and will come into effect at the end of 2021. The first one is compared to the European GDPR (General Data Protection Regulation) and the second one could hinder IPOs outside of China.

In the wake of this, in early October, the Chinese government released a document titled, “Ethical Specifications for Next-Generation Artificial Intelligence,” issuing six broad guidelines for ethical AI. These rules require that artificial intelligence systems remain under constant human control and serve the people.



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*Putting people first, President Xi takes personal responsibility for seeing that his poverty alleviation program succeeds. Here he visits a home in Southwest China, April 22, 2019.*

### Common Prosperity and Spiritual Well-Being

Putting the people first means, above all, reducing the disparities in living standards that result from 1% of Chinese citizens holding 30% of the national wealth. As Premier Li Keqiang acknowledged in 2020, although China has successfully eliminated abject poverty, 600 million Chinese still live on an average income of under \$145 per month.

How can these gaps be reduced, especially between urban and rural residents, and ensure common prosperity? This is the question President Xi Jinping himself put on the table during the very interesting 10th meeting of the Central Committee on Economic and Financial Affairs, held on August 17, the content of which sparked lively international debate about China’s future orientations.

The PRC State Council Information Office has published a [white paper](#) on the same topic, “China’s Epic Journey from Poverty to Prosperity.” It lists all the areas where in 2021 China has reached the stage of “medium prosperity,” called the *xiaokang* society, a term dating back to the Confucian classics, and later taken up by Deng Xiaoping to define this as the first centennial goal to be reached by the PRC. The paper states that,

*Xiaokang*, meaning “medium prosperity,” has

been the constant aspiration of the Chinese nation since ancient times. More than 2,000 years ago, this term appeared in the *Book of Songs*....

Centuries later, the *Book of Rites* described the ideal state of society that *xiaokang* would bring about.

*Xiaokang* should lead to a state of material but also cultural and spiritual well-being, a state of “great harmony” or *datong*.

During the August 17 Central Committee meeting with President Xi, four key points were presented to define common prosperity, of which

can share in the fruits of the country’s economic development and enjoy a happy life.

Measures for the redistribution of wealth were also discussed. The work of economist Li Yining of Peking University, whose work guided much of the market reform of the past decades, was brought up in this regard. He had argued in 1994 that there were three ways to distribute income: (1) the markets, (2) through public policies such as taxes and social protection, and (3) by way of contributions by philanthropic organizations.

This third vector was activated when Alibaba and Tencent were strongly encouraged to make major



Chinese Academy of Sciences



China knows that it will have to be united, educated, and determined, in order to achieve its modernization goals. This means improving considerably the skills and living standards of its population. At left, the Experimental Advanced Superconducting Tokamak (EAST), a magnetic fusion energy reactor in Heifei; at right, China’s Shenzhou-13 crew entering the Tianhe core module of the Tiangong space station on October 16, for a 6-month mission.

the following is a short summary, as [reported](#) in Xinhua:

Materially, “common prosperity” means that the people generally lead a relatively well-to-do life, in a context of highly developed social productive forces. Spiritually, it means that people are assured of having their spiritual and cultural needs met in their many aspects. Ecologically, it means an environment marked by a harmonious coexistence between man and nature, and healthy and environmentally friendly living and working conditions.

And socially, it means a social environment where people live in harmony, where public services are accessible to all and where everyone

philanthropic contributions—Alibaba in September pledged \$15.5 billion to finance projects aimed at common prosperity, while Tencent pledged \$7.5 billion, in addition to its annual “Giving Day” in which it matches donations to charities offered by companies and individuals.

But it is mainly the second point that was under discussion at the August 17 meeting. Policymakers emphasized the need for stronger and more targeted measures of taxation to increase the proportion coming from the growing number of middle-income households. Property taxes and inheritance taxes are among the measures being considered.

Is this a return to egalitarianism, or the end of the public-private system resulting from Deng Xiaoping’s reforms? Clearly not. If Mao used the term “common

prosperity,” there is no question here of returning to the countryside, nor of abandoning scientific and technical progress as happened during the Cultural Revolution. On the contrary, it is said everywhere that—

[it is] powerful productive forces [that must allow China to continue to] increase the economic cake [to ensure a better distribution of wealth, and that China must] consolidate and develop the economy of the public sector, while encouraging and guiding the development of the economy of the non-public sector ... which also means that it is necessary to allow ... some people to become rich, initially, and then to encourage them to help the others to become rich in their turn.

At the August 17 meeting, Zhejiang, one of the country’s richest provinces, was designated as a test area to explore new paths to common prosperity, to learn from experiences and to serve as an example of how the nation can tackle the problem of unbalanced and inadequate development. Between 2002 and 2007, that province was led by Xi Jinping.

### Protecting the Minds of the Youth

“Protecting the people” also means protecting their minds, and in particular, those of the youth. And here again, the Chinese government has shown the way, by daring to do what no one in the West has dared to do in recent years: regulate the video game industry, which some Chinese officials no longer hesitate to call “spiritual opium.”

The government has limited minors’ access to video games to one hour a day, between 8 and 9 p.m., only on Friday, Saturday and Sunday, and has forbidden the promotion of “malignant culture,” i.e., promotion of degenerate values such as pornography and the glorification of horror or bloody images (assassins, drunkards) etc. An article published in the *Economic Daily* (affiliated with Xinhua News Agency) reports that many teenagers are becoming addicted to online video games and that this is having a negative impact on them. In particular, the article points to Tencent’s “Honor of Kings” game, stating that students often play it for up to 8 hours at a time:

No industry, no sport, can be allowed to develop

in such a way as to destroy a generation, [before calling these games a] spiritual opium.

Finally, Beijing has decided to rein in the private education sector, which has been extremely popular with wealthy parents, paying huge sums for private lessons for their children in order to get into the best universities and get the best jobs, to the detriment of the public education system. Private sector tutoring companies are now prohibited from making corporate profits, listing on the stock exchanges, or accepting foreign investment. The government’s goal is to strengthen public education for all children.



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*Many teenagers are becoming, or are already addicted to online video games. New regulations in China limit minors’ access to one hour a day, 3 days a week, and prohibit pornography, glorification of killing, and drunkenness.*

Through all these measures, we can see China’s 14th Five-Year Plan at work to achieve basic modernization by 2035, and the emergence of a truly modern, socialist, democratic and beautiful state by 2049. In the face of tensions with the United States, China knows that it will have to rely more on itself to pursue its modernization goals: this means improving considerably the skills of the population to realize the productivity breakthroughs needed to improve the standards of living of all the Chinese people, offsetting at the same time a decline in population growth, perhaps becoming negative as a result of the (now removed) one-child policy. But it will not close itself off; it will use the model of “dual circulation,” moving from an economy driven by exports and investment toward one more focused on domestic demand.