An Organizational Analysis of the *Falun Gong*: Structure, Communications, Financing*

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ABSTRACT Drawing on both regime and *falun gong* sources, this article analyses two conflicting depictions of *falun gong*'s organizational structure, communications system and financing base. It first presents the regime's view that *falun gong* was a well organized movement, with a clear hierarchical structure, a centralized administrative system, functional specialization of organizational tasks, a well-developed communications and mobilization system, and a fulsome financial base built on undue profits derived from charging excessive admissions to *qigong* seminars and selling *falun gong* publications and icons at substantial mark-ups. In stark contrast, *falun gong* claimed that it had no organizational structure, no membership rosters, no local offices, telephones or financial accounts; and that its adherents were prohibited from receiving remuneration for teaching *falun gong*, that it charged the lowest training seminars admission and cheapest prices for publications and material. The article attributes the differences to adversarial polemics, the regime's fervour to criminalize, and the *falun gong*'s eagerness to deny those charges. Some of the discrepancies can also be explained by the status of the *falun gong* as an evolving and clandestine social organization with changing features and practices, survival structures and camouflage mechanisms. Both regime and *falun gong* could thus stake their respective claims on different manifestations of the *falun gong* on arguable but ambivalent evidence.

There was no *falun gong* before May 1992. By the time it was officially suppressed on 22 July 1999, the meditation exercise cum spiritual cultivation movement had attracted a following between 2 to 80 million inside China, according to respective official and *falun gong* estimates.[1] Even by the regime's conservative enumeration, it was one of the largest non-government organizations in the history of the People's Republic. From the regime's vantage point, *falun gong*'s ability to mobilize collective action to defend its own interests is more threatening than its size, as it claimed that the movement had mounted 307 protest demonstrations against Party and state organizations from 25 April to 22 July 1999.[2] In

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1. *Renmin ribao* (*People's Daily*), 15 August 1999, p. 1. Official media gave a range of estimates for the number of *falun gong* adherents, from 2 million in the above report, to 40 million in *Nanfang ribao*, 18 March 1999, p. 11. The later, more authoritative figures are 2.1 to 2.3 million, Xinhua, 27 October 2001; Zong Hairen, "Zhu Rongji zai yijiujiujiu nian" ("Zhu Rongji in 1999"), p. 15, Chinese original in September 2001, English text in *Chinese Law and Government*, January–February, March–April 2002. There is also a range of *falun gong* estimates. The most common is 70–80 million domestic practitioners, and over 100 million world-wide, see "Falun gong zhenshi di gushi" ("The real story of *falun gong*") 14 August 1999, in www.Mingui.ca, the *falun gong* website, hereafter *Minghui*. On the high end, one *falun gong* leader in Guangdong claimed that the movement had 130 million followers, *Nanfang ribao*, 27 July 1999, p. 2.

2. *Renmin ribao*, 5 August 1999, p. 1.

the most publicized incident on 25 April 1999, over 10,000 *falun gong* practitioners from six provinces and municipalities demonstrated in front of the central Party and state headquarters in Zhongnanhai from 4 a.m. to 11 p.m. This was branded by official media as the "most serious political incident" since the Tiananmen crisis of 1989.[3] This article analyses the organizational structure, communications process and financial resources of the *falun gong* inside China from its inception in May 1992 to the official ban in July 1999.

Tale of Two Organizations

The nature and extent of the *falun gong* movement could not be more different in the two diametrically opposed accounts of the regime and the movement itself. According to *falun gong* sources, at the time of its suppression on 22 July 1999, it had no national organizational structure, address or authority arrangement. There were also no stated organizational goals, regulations or by-laws. It claims that its practitioners were free to join or leave at any time, not bound by a set of obligations and duties, and not listed in any *falun gong* rosters. Its congregations were sites where adherents gathered to practise meditation and spiritual cultivation. Called guidance stations (*fudaozhan*) like other *qigong* groups, these sites did not have offices, telephones or staff, and maintained no business equipment, material inventory or financial accounts. Their administration was under the respective jurisdiction of the provincial *qigong* organization, the Athletic Commission (*ti wei*), or the Human Body Scientific Research Association, all official and registered organizations. The guidance counsellors' (*fudaoyuan*) primary task was not administration but instruction, teaching new practitioners how to cultivate the *falun gong* method. At least since April 1994, *falun gong* doctrines prohibited contributions in cash or kind, and did not charge for teaching the *falun gong* method.[4] In short, in its own view, the *falun gong* organization was thus little more than a hobby and interest group.[5]

The government's version, on the other hand, claims that the *falun gong* had a clear hierarchical structure.[6] As the head, Li Hongzhi regu-

3. *Renmin ribao*, 13 August 1999, p. 5.

4. There are four sets of *falun gong* regulations. "Demands on *falun dafa* guidance stations" (4/20/1994), Art. 1 stipulates that the guidance stations should not engage in management practices of economic enterprises (*jingji shiti di guanli fangfa*). "Regulations on propagating the doctrine and method for *falun dafa* disciples" (4/25/1994), Art. 4, prohibits the acceptance of fees and gifts during the propagation of *falun gong* doctrine and method. "Norms for *falun dafa* guidance counsellors" (n.d.) Art. 5 stipulates the same. "What *falun dafa* practitioners ought to know" (n.d.), Art. 4, forbids practitioners to heal the sick, and especially to accept fees and gifts for such healing. See http://falundafa.org/book/chibg/dymf_4htm#one.

5. "Yu fa bu rong, yu li bu tong" ("Incompatible with law, illogical in reason"), *Minghui*. Its signatory was "A group of China law workers," dated 11 August 1999; Ye Hao, "An explanation on whether the falungong was organized," in the *Minghui* website, 31 July 1999; "Qian suo falun gong" ("A brief discussion of *falun gong*"), 14 August 1999, *Minghui*.

6. Unless otherwise specified, this section is drawn from the biography of Li Hongzhi compiled by the Research Department of the Ministry of Public Security, published in *Renmin ribao* on 23 July 1999, entitled "Li Hongzhi qi ren qi shi" ("Li Hongzhi: the man, the deeds").

larly issued directives to local units.[7] Organizationally, it was patterned after the administrative apparatus of China, with a centralized system where super-ordinate levels supervised the work of subordinate levels. Within each level, there was functional division of labour with designated personnel responsible for specific organizational tasks. At the institutional apex was the Beijing *Falun Dafa* Research Society, with four subordinate management levels – main station, branch stations, tracts (*pian*) and practice sites (*liangongdian*) – that formed an organizational pyramid.[8] The Beijing *Falun Dafa* Research Society led and managed all the affairs of the main stations throughout China; reviewed and approved their organizational structure as well as the establishment, merger and dissolution of local units; and examined, appointed and dismissed their top administrators (*zhuyao gugan fenzi*). It instituted four sets of stipulations on guidance stations, guidance counsellors, practitioners (*xiulianzhe*), and on how *falun gong* disciples (*dizi*) should spread the method (*chuangong*).[9] The *Falun Dafa* Research Society and main stations organized periodic as well as irregular forums to promote *falun gong*, and masterminded over 300 rallies protesting against official media reports repudiating *falun gong* superstitions and its illegal activities.[10]

There are political and legal issues inherent in the question of whether or not the *falun gong* was a formal organization. Politically, it is in the interests of the regime to demonstrate that the *falun gong* was well organized, to make the point that its many protest rallies were not spontaneous acts of its practitioners, but premeditated protests orchestrated by its leaders to challenge regime authority and disrupt social order.[11] The more organized the *falun gong* could be shown to be, then the more justified the regime's repression in the name of social order was.

Within China's legal framework, if the *falun gong* were only an unorganized collectivity, there was no need for it to register under the "Regulations on the Registration and Management of Social Organizations."[12] On the other hand, if it were an organization, then it would be required to register as a social organization before it could engage in regime-approved collective activities, maintain an institutional bank account, meet Party and government officials, use an official seal and engage in contractual activities as a legal person.[13] Since its application

7. The only example the article cited was a single document dated 31 March 1999, where Li Hongzhi signed the "Notice on clearing up privately-circulated non-[*falun*] *dafa* materials" that was sent to guidance stations and practice sites.

8. *Renmin ribao*, 31 July p. 1; 4 August 1999, p. 1. Study groups were sometimes found within practice sites, see below.

9. See n. 4.

10. Research Department, Ministry of Public Security, "Li Hongzhi."

11. For a collection of English-language government documents relating to the banning of the *falun gong*, see Mingxia and Shiping Hua (eds.), "The battle between the Chinese government and the falun gong," *Chinese Law and Government*, September-October 1999.

12. Zhonghua renmin gongheguo guowuyuan, "Shehui tuanti dengji guanli tiaoli, 1949/10–1993/12" ("Regulations for the registering of social organizations") (13 October 1989) in *Zhonghua renmin gongheguo minzheng fagui huibian* (*Laws and Regulations on Civil Affairs in the People's Republic of China*) (Beijing: Huaxia chubanshe, 1994), pp. 842–45.

13. *Ibid.*

for registration had not been officially approved, the regime charged that both its status and its activities were illegal, and subject to an official ban and dissolution as stipulated in the State Council Regulations.[14]

In what follows there is a review of the institutional history of the *falun gong*, then a description of the organizational, communications and financial aspects of the congregation, and an explanation of the discrepancies between the regime and the *falun gong* accounts. The study draws on the national and local press in China, around a dozen government and *falun gong* books,[15] www.Minghui.ca, its worldwide website, and interviews with a *falun gong* practitioner knowledgeable about its institutional history. Like much documentation in the political history of the People's Republic, these are not objective sources and are often stated in polemical style. But unlike the silence of latter-day defendants whose cries were not audible, the presence of *falun gong* outside China and the advent of the internet has enabled the voices of both victor and vanquished to be heard inside and outside China. It is also the case that extant sources, those of both the regime and the *falun gong*, are richer in detail than most other social movements in 20th-century China within a decade after their emergence. Nevertheless, these are not unbiased sources. An organizational and financial history of the *falun gong* based on its by-laws, financial ledgers, official correspondence or independent investigative reporting is unavailable at this time. Until it is, the subsequent analysis must be regarded as preliminary.

Brief History of the Falun Gong

Both regime and *falun gong* sources agree that Li Hongzhi founded the movement in May 1992.[16] This was after he learnt breathing exercises

14. For official charges that the *falun gong* was an illegal organization, see *Renmin ribao*, 23 July, 11 August 1999, p. 1; *Guangming ribao*, 13 August 1999, p. 5.

15. *Falun gong* publications include Li Hongzhi, *Zhuanfalun* (*Turning of the Dharma Wheel*) (Hong Kong: Falun fofa chubanshe, 1997); Li Hongzhi, *Zhongguo falun gong* (*China's Falun Gong*) (Junshi yiwen chubanshe, 1993). Government publications include: Ju Mengjun (ed.), *Chanchu xiejiao qiankun liang* (*The Universe will be Bright after the Cult is Eradicated*) (Beijing: Xinhua chubanshe, 2001); Cheng Helin (ed.), *Falun gong daqidi* (*Great Exposé of the Falun Gong*) (Beijing: Xiandai chubanshe, 2000); Wang Zhigang and Song Jianfeng, "*Falun gong" xiejiaobenzhi mianmianguan* (*Different Perspectives of the Essence of the Falun Gong Cult*) (Beijing: Lantian chubanshe, 2001); Yen Shi (ed.), *Shiji jupian: Li Hongzhi* (*Swindler of the Century: Li Hongzhi*) (Beijing: Dazhong wenyi chubanshe, 1999); Zhao Jianxun (ed.), *Zui'e – Falun gong shouhaizhe xuelei kongsu* (*Crimes – the Blood and Tears Accusations of Falun Gong Victims*) (Beijing: Zhongguo minzhu fazi chubanshe, 2000); *Toushi xiejiao jiepou falun gong* (*Cult Penetrated – Anatomy of Falun Gong*) (Beijing: Zhongguo qingnian chubanshe, 2001); *Zhuan Falun pipan* (*A Critique of Zhuan Falun*) (Beijing: Beijing chubanshe, 2001); *Xiandai huangyan: Li Hongzhi wailixieshuo pingxi* (*Contemporary Lies: Critical Analysis of the Crooked Theories and Evil Teachings of Li Hongzhi*) (Beijing: Zhongguo shuji chubanshe, 1999); *Falun gong xianxiang pingxi* (*A Critical Analysis of the Falun Gong Phenomenon*) (Beijing: Shehui kexue wenxian chubanshe, 2001); *Bushi "zhen shan ren" er shi "zhen chan ren*" (*It is not "Truth, Kindness, Forbearance" but Real Cruelty*) (Beijing: Xuexi chubanshe, 2001).

16. *Renmin ribao*, 23 July 1999; "A brief discussion on *falun gong*." Elsewhere, *falun gong* publications claim that *falun dafa* is an ancient practice.

from *qigong* classes in 1988, according to the regime,[17] or from Buddhist and Daoist masters since he was eight, according to his autobiography.[18] In June 1992, after giving two successful seminars in Changchun, Li went to Beijing and held training sessions as a research group of the China *Qigong* Scientific Research Society (*Zhongguo qigong keyanhui*).[19] Soon thereafter, together with Li Chang, Wang Zhiwen and Yu Changxin, Li Hongzhi established the *Falun Gong* Research Society (*Falun gong yanjiuhui*),[20] applied for accreditation, and was officially approved as its direct-affiliate branch (*zhishu gongpai*) in August 1993, under the title of *Falun Gong* Research Branch Society (*Falun gong yanjiu fenhui*), while Li was accorded the title of Direct-Affiliate *Qigong* Master (*Zhishu qigongshi*).[21] From May 1992 to September 1994, Li taught *falun gong* through 56 training seminars in Changchun, Harbin and Beijing,[22] from which over 20,000[23] to 200,000[24] learnt Li's unique style of *qigong* exercise.[25] From June 1992 on, the training seminars were organized and marketed through the local branches of the China *Qigong* Scientific Research Society.[26]

In September 1994, Li notified the China *Qigong* Scientific Research Society that he would terminate the training sessions in China to devote his time to the study of Buddhism.[27] Overseas training sessions were discontinued in 1995.[28] The following year saw the first of the regime's crackdown on *qigong* and other "pseudo-science," levying fines of over 8 million *yuan* on a *qigong* organization in Suzhou, and prohibiting the use of *qigong* for healing.[29] In March 1996, Li instructed Ye Hao and Wang Zhiwen, two *falun gong* leaders in Beijing, to file for official withdrawal from the China *Qigong* Scientific Research Society.[30] In September 1996, he informed the China *Qigong* Scientific Research Society that the *falun gong* would no longer organize training seminars in China.[31] Li Hongzhi left for the US to give a training seminar in Houston

17. *Ibid.*
18. *Renmin ribao*, 23 July 1999.
19. Ye Hao, "An explanation"; Cheng Helin, *Great Exposé*, p. 100.
20. Xinhua, Beijing, 27 December 1999; Cheng Helin, *Great Exposé*, p. 123.
21. Ye Hao, "An explanation."
22. Xinhua, Beijing, 27 December 2001.
23. "The real story of *falun gong*," *Minghui*.
24. Zhao Jiemin, "Jiefa jianju jianghu pianzi Li Hongzhi cailiao" ("Materials exposing the swindler Li Hongzhi"), in www.xy.org/_ppfl/website.
25. A *Beijing wanbao*, 7 August 1999 report gave the total number of training seminars as 56.
26. Ye Hao, "An explanation."
27. Chinese Law Workers, "Incompatible with law."
28. *Ibid.*
29. The campaign began in February 1996, when State Councillor Song Jian attacked pseudo-science in his address to the National Conference on Popularization of Science. In May, Suzhou levied a fine of over 8 million *yuan* on the "Shen Chang Centre for Human Body Applied Science and Technology." In August, the Ministry of Propaganda and six other state agencies issued the joint order to "Strengthen the Management of *Qigong* in society." See Cheng Helin, *Great Exposé*, pp. 153–54.
30. "The real story of *falun gong*," *Minghui*.
31. Ye Hao, "An explanation."

on a tourist visa in October 1996, made several attempts to apply for immigration, and finally got his immigrant visa in February 1998,[32] since when he has resided in New York City.[33] Meanwhile, the China *Qigong* Scientific Research Society terminated the registration of the *Falun Gong* Research Society in November 1996.[34] Followers claim that *falun gong* ceased to exist as an organization inside China at that time, and that Li had neither taught training seminars nor met *falun gong* practitioners, save for some rare occasions where he met overseas practitioners visiting China. To provide a legitimate organizational base for the rapidly increasing numbers of *falun gong* practitioners, Li's lieutenants in Beijing applied for registration as a social organization. Its first application to the National Minority Affairs Commission in April 1996 as a non-religious, academic organization on *falun gong* was not granted.[35] Acting on the suggestion of the National Minority Commission, it applied next for registration as a non-religious, cultural organization for the study of Buddhism, to the China Buddhist Federation, which likewise rejected its application. Its subsequent application to the United Front Department as a non-religious, academic organization was similarly denied, and the six signatories of the application were instructed by the superiors in their work units to cease and desist.[36]

Sensing they had come to the end of the road, *falun gong* leaders adopted several survival strategies. In early 1997, they decided to switch to a loose organizational structure.[37] They first wrote to the Ministry of Civil Affairs and the Ministry of Public Security, respectively in November and December 1997, stating their compliance with the regime's decision not to file for registration again.[38] They made a formal declaration that the *Falun Dafa* Research Society would cease to exist, reiterated that it would no longer accept donations, abolished its functional offices of translation, publication purchase and distribution, discontinued the concomitant services of purchasing *falun gong* publications and paraphernalia for practitioners, and terminated its practice of responding to practitioners' enquires over *falun gong* techniques. To demonstrate that there was no longer a centralized, formal command structure, they abolished the nomenclature of main station and main station chiefs, calling these guidance stations as in other stations. To show that the guidance stations were not administrative bodies, they disconnected their telephones, abrogated the position of the liaison officer, and instructed them not to maintain financial accounts or hold inventories. Practitioners would thereafter practise *falun gong* among themselves, or learn from

32. Cheng Helin, *Great Exposé*, pp. 163–64.
33. *Renmin ribao*, 30 July 1999, p. 4; see also Yen Shi, *Swindler of the Century*, p. 75.
34. Cheng Helin, *Great Exposé*, p. 154.
35. There was no special organizational link between the *falun gong* and the National Minority Commission. A *falun gong* source suggested that the choice to affiliate with the Commission could be due to personal connections in the top leadership of both organizations.
36. *Ibid*.
37. *Renmin ribao*, 4 August 1999, p. 1.
38. "The real story of *falun gong*," *Minghui*.

books and videos.[39] In sum, *falun gong* claimed that from June 1992 to September 1994 its activities were legal since they were conducted under the auspices of the officially-registered China *Qigong* Scientific Research Society and its local branches. From September 1994 onwards, it claimed that *falun gong* was already disbanded and no longer existed as an organization inside China.[40] It had no organizational structure and activities, and only interpersonal, horizontal ties existed among practitioners, not vertical links with a centralized structure. The regime, of course, disputed these claims.

Organizational Structure

By the time that the *falun gong* movement was suppressed on 22 July 1999, the regime claimed that it had 39 main stations, 1,900 guidance stations, 28,263 practice sites nation-wide,[41] and 2.1 million practitioners inside China.[42] As reported in official media, the movement was led by the *Falun Dafa* Research Society in Beijing,[43] and presided over by Li Hongzhi[44] Organized generally along the regime's administrative hierarchy as shown in Table 1, the main stations were found on the provincial, region (*qu*) and municipal levels, overseeing the operations of branch stations on the city and district (*zhou*) levels, with subordinate guidance stations established on the county levels and urban districts within cities. At the lowest level, practice sites and study groups (*xuexi xiaozu*) underneath them,[45] were established in groups of villages in rural areas and housing blocks and work units in the cities. The division of main stations, branch stations, guidance stations and practice sites followed those of the main *qigong* organizations at the time.[46] While denying that it had a tight organizational structure, *falun gong* sources do not dispute the number of organizational units, but claimed that they had 70–80 million domestic practitioners,[47] and over 100 million worldwide.[48] *Falun gong* refers to adherents as students (*xueyuan*) and practitioners (*xiulianzhe*),[49] while the regime labels them as believers (*xintu*), disciples (*dizi*)[50] and practitioners (*liangongzhe*, *lianxizhe*, *xiulianzhe*).[51]

The neat hierarchy portrayed by official media masks structural irregularities that social historians are more accustomed to find in evolving

39. *Ibid.*
40. *Ibid.*; China Law Workers, "Incompatible with law."
41. *Guangming ribao*, 3 August 1999, p. 1; Xinhua, Beijing, 27 October 2001.
42. *Renmin ribao*, 15 August 1999, p. 1; Xinhua, Beijing, 27 October 2001. See also n. 1 for another official estimate.
43. In *falun gong* publications, "*falun dafa*" is synonymous with *falun gong*.
44. See n. 33 on Li Hongzhi's whereabouts.
45. *Beijing wanbao*, 7 August 1999.
46. This is suggested by a *falun gong* source.
47. "The real story of *falun gong*," *Minghui*.
48. "A brief discussion on *falun gong*," *Minghui*. See also n. 1.
49. China Law Workers, "Incompatible with law."
50. *Guangming ribao*, 3 August 1999; *Henan ribao*, 1 August 1999, p. 2.
51. *Guangming ribao*, 6 August 1999, reported in Nanjing; 3 August 1999, reported in Shandong; *Gansu ribao*, 6 August, p. 4, both *lianxizhe* and *liangongzhe*; *Gansu ribao*, 22 August; *xiulianzhe* in *Tianjin ribao*, 1 November 1999, p. 1.

Table 1: **Organizational Structure of *Falun Gong***

Administrative level	*Falung gong organization*	*Falun gong officers' title*
National capital	*Falun Dafa* Research Society (Beijing)	President, Vice-President
Province/region municipality	Main stations (39)	Main station chief (*zongzhanzhang*)
City/district	Branch stations (*fenzhan*)	Branch station chief
County, urban district	Guidance stations (19,000)	Guidance station chief (*fudaozhanzhang*)
Village clusters/ housing blocks/ work units	Practice sites (28,000)	
Groups of individuals	Study groups	
Individual	Practitioners (2 million)	

Sources:
Mostly official media, see text.

social organizations. First, the spatial domain of main stations did not always correspond to provincial boundaries. Some provinces had more than one main station. Thus Liaoning had at least four (Dalian, Chaoyang, Lingyuan, Jinzhou);[52] while Shanxi, Hebei and Sichuan each had two.[53] On the other hand, some provinces (Tibet, Inner Mongolia, Ningxia, Fujian) did not have a main station. Their activities were co-ordinated by the main stations of adjacent provinces. Thus Tibet's practice sites were under the jurisdiction of the Chengdu main station, those of Ningxia under the Lanzhou main station, those of Inner Mongolia under the Anshan main station, and those of Fuzhou under the Guangzhou main station.[54]

Secondly, two intermediate layers were introduced to administer subordinate strata that had large numbers of organizational units. To manage the affairs of the 39 main stations, the Beijing headquarters felt the need to elevate the Wuhan main station to a regional hub. As shown in Table 2, the Wuhan main station was also called the "central station" (*zhongxin zhan*) or "southern station" (*nanfang zhan*), and was authorized to supervise the work of eight southern provinces – Hubei, Hunan, Jiangxi,

52. *Renmin ribao*, 3 August, 8 August 1999.
53. Datong and Taiyuan in Shanxi were both main stations, so were Chengdu and Chongqing in Sichuan; Shijiazhuang, and one other unnamed city in Hebei province had main stations.
54. *Renmin ribao*, 3 August 1999; *Fujian ribao*, 5 August 1999.

Jiangsu, Zhejiang, Shanghai, Fujian and Yunnan.[55] Similarly, to supervise the work of the increasingly large number of practice sites, an additional layer of "tracts" were established between the guidance stations and the practice sites. These were reported in urban Shanghai, Nanjing and Changchun, and rural areas of Linqing in Shandong.

Thirdly, the loose organizational structure adopted by the *falun gong* in early 1997 further weakened Beijing control and national-level standards, leading to increasing local variations in organizational forms and functions. For instance, the Beijing headquarters decreed that all main stations were to be abolished and renamed guidance stations in November 1997.[56] But the Harbin main station continued in existence well after the abolition order, until it was renamed in June 1999, after instructions from Beijing.[57] As shown below, the lack of a uniform structure among main stations in different provinces also suggests that *falun gong* was not a tightly organized movement.

Structure and Functions of Beijing Office and Main Stations

Not much is known about the internal structure and functions of the *Falun Dafa* Research Society in Beijing. Official media reported that it was led by Li Chang, Wang Zhiwen, Ji Liewu and Yao Jie in 1999.[58] Li Chang headed the *falun gong* inside China after Li Hongzhi went overseas in 1995; Wang was the Vice-President, while Ji and Yao were liaison officers.[59] From *falun gong* reports noted earlier, we know that its Beijing headquarters had a translation committee to render its publications into different foreign languages, a material service committee to manage document distribution, and liaison personnel who handled correspondence from local practitioners over *falun gong* meditation techniques.[60] Beyond these, *falun gong* sources revealed little information on the organizational structures and operations of its Beijing headquarters. Of the four *falun gong* regulations, none was issued in the name of the Beijing *Falun Dafa* Research Society.[61] In the absence of national regulations from Beijing, the Shanghai main station had to write its own regulations and job descriptions of the head officials of guidance stations

55. *Renmin ribao*, 7, 8 August 1999. Wuhan had direct jurisdiction over the first six provinces, and influence over Fujian and Yunnan.

56. *Fujian ribao*, 5 August 1999.

57. *Haerbin ribao*, 1 August 1999.

58. *Renmin ribao*, 13 August 1999, p. 5; Xinhua, Beijing, 27 December 1999. Li Chang was a 60-year-old retired state cadre; Wang Zhiwen was a 50-year-old engineer in the Ministry of Railroads; Ji Liewu was a 36-year-old General Manager of the Hong Kong Office of China Ferrous Metal Industry Corp.; Yao Jie was a 55-year-old woman board member of a real-estate company in Beijing; see Cheng Helin, *Great Exposé*, pp. 198–202.

59. Xinhua, Beijing, December 27, 1999. Ji, who resided in Hong Kong, was responsible for book publishing; *Renmin ribao*, 13 August 1999, p. 5.

60. Ye Hao, "An explanation."

61. Of the four sets of *falun gong* regulations: "Demands on *falun dafa* guidance stations" (4/20/1994), "Regulations on propagating the doctrine and method for *falun dafa* disciples" (4/25/1994), "Norms for *falun dafa* guidance counsellors" (n.d.) and "What *falun dafa* practitioners ought to know" (n.d.), all were issued in the name of Li Hongzhi. See http://falundafa.org/book/chibg/dymf_4htm#one.

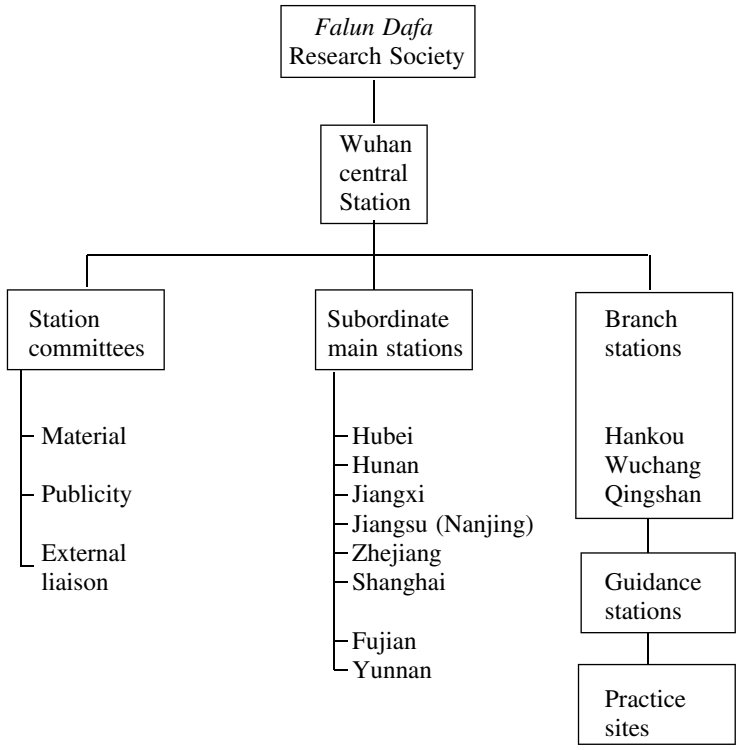
and tracts, and those of instructors.[62] Available evidence then, does not suggest that the *Falun Dafa* Research Society in Beijing was an elaborate national corporate headquarters, with a complex organizational structure, bureaucratic staff and specialized agencies.

Official reports do disclose details of the organizational structure of some of the 39 main stations. We know, for instance, that the Beijing main station had three functional committees (*zu*) – doctrine and method, logistics and operations, and propaganda.[63] Similarly, the Shanghai main station also had three committees – doctrine and method, operations, and propaganda,[64] while the Fuzhou main station had management, propaganda, material, liaison and instruction committees.[65] It is the Changchun main station, the earliest, founded by Li Hongzhi himself, for which there is the most detailed description. Its three divisions and one office in June 1993 were reorganized in late 1993 into two divisions and one office. The doctrine and method division was given the tasks of organizing scientific research on the human body; identifying followers with special physical powers and reporting them to higher levels; instructing and inspecting the ways that local units practise *falun gong*; and examining and evaluating the work of guidance counsellors. The information and material division was empowered to build the information network of guidance stations; collect information at fixed or variable time periods; and establish case files and monitor the progress of adherents practising *falun gong*. The general office was given the task of formulating long-term education programme on *falun gong* doctrine and method; organizing and co-ordinating main station activities and managing its finances; liaising with outside organizations; disseminating the communiqués of the main station committee; selecting meeting sites; and receiving, managing and distributing *falun gong* publications and paraphernalia. Both divisions and the general office were given the additional task of fulfilling chores assigned to them by the main station committee.[66]

Reports on the Wuhan and Changde main stations shed additional light on the structure and functions of the main stations. Like Changchun, the Changde main station in Hunan also served two-way communications functions, exercise instruction and rectification. It also convened bi-weekly meetings for urban *falun gong* leaders to study doctrine; and organized annual conferences on the eighth day of the fourth month in the lunar calendar to promote the *falun gong* method.[67] Apart from the three functional committees (material, publicity and external liaison), the Wuhan main station was subdivided into three geographical stations – Hankou, Wuchang and Qingshan – underneath which were guidance

62. *Renmin ribao*, 2 August 1999.
63. Gongli-gongfa zu, Houqin banshi zu, Xuanchuan zu, see *Beijing wanbao*, 7 August 1999.
64. Gongli-gongfa zu, Banshi zu, Xuanchuan zu, *Renmin ribao*, 2 August 1999.
65. *Fujian ribao*, 5 August 1999.
66. *Renmin ribao*, 4 August 1999, p. 1.
67. *Renmin ribao*, 4 August 1999. The eighth day of the fourth month in the Lunar Calendar was the birthday of Sakyamuni, founder of Buddhism, and the day that Li Hongzhi allegedly adopted and fabricated to be his birthday; see *Renmin ribao*, 23 July 1999.

Table 2: **Organizational Structure of Wuhan *Falun Gong***



stations and practice sites. It was led by a five-person committee that was empowered to make all decisions on local important activities, and personnel appointments and dismissals. In addition, the Wuhan main station had two special functions. First, it was the national distribution centre for *falun gong* books and materials, and distributed 510 containers of publications as container cargo, through vehicles or the postal system to 23 provinces and cities from 1997 to 1999.[68] Secondly, as the southern regional hub of the movement, all instructions and scriptures of the *Falun Dafa* Research Institute in Beijing were communicated through the Wuhan main station to *falun gong* organizations in the eight provinces and municipalities. The following section examines this communications process.

Communications and Mobilization System

The regime claimed that the *falun gong* had a well-developed communications system which it used effectively to mobilize its practitioners in protest rallies to disrupt social order. It suggested that the system

68. *Beijing ribao*, 25 July 1999, *Renmin ribao*, 7 August 1999, p. 2.

consisted of a content classification scheme; a bureaucracy with functional specialization on communications; an institutionalized transmission process, where two-way communications were disseminated in fixed periods up and down the organizational hierarchy; and leadership selection criteria based, in part, on possession of communications equipment.

Official media portray an efficient communications system through which *falun gong*'s Beijing headquarters could send messages through intermediate levels to practice sites. Routine communications were sent through the postal system,[69] more time-sensitive messages were delivered via telegram,[70] telephone and facsimile,[71] while written notes, word-of-mouth messages, cellular phones and pagers were also used.[72] The internet was a recent acquisition, through which confidential messages were sometimes encrypted, and it was used extensively especially after the Beijing siege of 25 April 1999, when Li Hongzhi would post his communications on the web from his New York office.[73] At the time, a government intelligence report stated that the *falun gong* communications system was served by over 80 websites.[74] Partly through these electronic age telecommunications equipment, four reports stated that the dissemination process from Beijing to practice sites in Wuhan and Jilin took only hours, and two of these claimed that it invariably took less than a day.[75] Both of these, which originated from the same source,[76] probably referred to more urgent communications. A separate report testified that it would take several days for normal messages to trickle down several management levels.[77] There were few reports that *falun gong* stations maintained membership rosters. The exception was the Hunan main station, which kept a list of contact addresses, phone numbers and postal codes of its 72 cadres.[78]

In actual collective action, the internet was reported to be used by the Beijing headquarters to announce an anti-*falun gong* document aired on China Central Television on 6 July 1999,[79] and an urgent notice was sent on 20 July 1999 to alert local guidance stations to the imminent suppression officially announced two days later.[80] However, telephones remained the predominant means of communication. The Beijing head office generally called its meetings by phone;[81] it also used desk and

69. *Guangming ribao*, 3 August 1999.
70. *Guangming ribao*, 5 August 1999, p. 1.
71. *Renmin ribao*, 2 August 1999, p. 4.
72. *Renmin ribao*, 30 July 1999, p. 4; 31 July 1999, p. 1.
73. *Renmin ribao*, 2 August 1999, p. 4; *Guangming ribao*, 3 August 1999; *Fujian ribao*, 6 August 1999;
74. Zong Hairen, "Zhu Rongji in 1999," p. 13.
75. *Renmin ribao*, 31 July 2 August 1999, p. 4; 7 August 1999, p. 2; *Nanfang ribao*, 11 August 1999, p. 2.
76. Both are from the interview of Liu Wenfang, *falun gong* station chief of Jilin's Siping county.
77. *Guangming ribao*, 3 August 1999.
78. *Renmin ribao*, 4 August 1999, p. 1.
79. *Guangming ribao*, 5 August 1999, p. 2.
80. *Guangming ribao*, 11 August 1999, p. 1.
81. Xinhua, Beijing, 8 August 1999.

cellular phones to contact station chiefs in Tianjin, Hebei, Shandong, Liaoning and Inner Mongolia on 24 April to mobilize attendance for the protest rally in Zhongnanhai the following day, the developments of which were monitored by Li Hongzhi in more than 20 phone calls from Hong Kong.[82] Thereafter, it also used the phone in mid-June 1999 to urge the Shijiazhuang main station to rebut a *Guangming ribao* article critical of *falun gong*.[83] Outside the capital, the Nanjing guidance station was informed of the 25 April rally through a phone call from Beijing, through which it called a meeting of tract leaders, and called on practitioners in Nantong, Kunshan, Wuxi and Yancheng to stage a protest rally in front of the Jiangsu provincial government office.[84] The Harbin main station also called the guidance station in Hegang municipality to urge practitioners to attend the Beijing rally.[85] The line of communication was not necessarily vertical. The Taiyuan main station received a call from Langfang, a guidance station in adjacent Hebei province, to send practitioners to Beijing on the evening of 24 April.[86]

Compared to its ability to mobilize, the communications system of *falun gong* does not appear to be elaborate. Official media reported that three types of documents were disseminated from the Beijing headquarters to lower levels, insinuating that the *falun gong* had a document classifications system like those in the Chinese government and the Communist Party. "Scriptures" (*jingwen*) were instructions and pronouncements of Li Hongzhi; "documents" (*wenjian*) were business correspondence from the Beijing *Falun Dafa* Research Society; while books on meditation exercises and Dharma philosophy constituted the third set of communications.[87] It should be noted that the *falun gong* communications system was much simpler than that of the regime, which had 15 types of Party documents and seven bureaucratic series in the mid-1970s.[88] Unlike the latter, *falun gong* documents were not issued as regular publication series. There was no cataloging scheme that identifies the agency source, or a serial number that indicates the calendar year and month of publication.

Official media also reported that there were *falun gong* personnel and organizations specializing in communications at every administrative level.[89] As the foregoing analysis shows, this is clearly the case until September 1994 at the level of main stations, where one of the three or four committees was entrusted with the task of communications. However, a closer examination shows that they lacked a uniform nomenclature for these committees, a hallmark of a developed communications

82. *Renmin ribao*, 13 August 1999, p. 5.
83. *Guangming ribao*, 9 August 1999, p. 1.
84. *Guangming ribao*, 11 August 1999, p. 1.
85. Xinhua, Harbin, 19 August 1999.
86. Xinhua, Taiyuan, 8 August 1999.
87. *Renmin ribao*, 2 August 1999, p. 4.
88. For a classification of the central Party and government documents see Kenneth Lieberthal, *Central Documents and Politburo Politics in China*. (Ann Arbor: Michigan Papers in Chinese Studies, No. 33, 1978).
89. *Renmin ribao*, 3 August 1999; 4 August 1999, p. 1; 7 August 1999, p. 2.

system. Of the four main stations (Wuhan, Fuzhou, Shanghai, Changchun) on which the internal organizational structures and functions were reported, Wuhan had an external liaison (*duiwai lianluo*) committee,[90] Fuzhou had a liaison committee, Shanghai had a propaganda (*xuanchuan*) committee,[91] and Changchun had an information and material (*xunxi cailiao*) division to establish a network of information among guidance stations, and a general office (*bangongshi*) to disseminate communications from the Beijing *Falun Dafa* Research Society.[92] As noted earlier, *falun gong* claimed that both its central office and local guidance stations had abrogated their liaison units and phone lines after September 1994.[93]

The regime also suggested that there was an institutionalized transmission process, where directives from and reports to the Beijing *Falun Dafa* Research Society were sent sequentially through the hierarchical ladder, from the main station, to county stations, practice sites, study groups and finally to individuals.[94] Printed materials were photocopied by each management level and distributed to the next lower level,[95] often overnight.[96] While mail was generally transmitted sequentially through adjacent management strata, actual communications often short-circuited intermediate levels. Shandong's Linqi guidance station had communicated directly with the Beijing *Falun Dafa* Research Society and vice versa, bypassing the Shandong main station in Jinan.[97] Nanjing's Dachang district guidance station also directly communicated with Li Hongzhi, without going through the Nanjing main station.[98]

It is not evident whether or not there were communications at fixed periods among different *falun gong* levels. One official report suggested that the Beijing *Falun Dafa* Research Society sent directives on monthly activities to the Shenyang main station.[99] Another disclosed that the Anshan guidance station reported to both the Dalian main station and the Beijing headquarters in unspecified fixed periods.[100] However, neither report divulged any content of these communications, nor provided any information on their temporal duration and periodicity. Apart from Shenyang and Anshan, there were no other reports of any communication at fixed periods in either direction between any adjacent administrative levels in any locality.

It was also reported that possession of a residential telephone constituted one of three criteria for leadership selection of a *falun gong*

90. *Renmin ribao*, 7 August 1999, p. 2.
91. *Renmin ribao*, 2 August 1999.
92. *Renmin ribao*, 4 August 1999. p. 1.
93. China Law Workers, "Incompatible with law."
94. *Renmin ribao*, 1 August 1999, p. 2; 7 August 1999, p. 2.
95. *Guangming ribao*, 3 August 1999.
96. Xinhua, Beijing, 2 August 1999.
97. *Jiefang ribao*, 10 August 1999.
98. *Renmin ribao*, 31 July 1999.
99. *Renmin ribao*, 1 August 1999, p. 2.
100. *Renmin ribao*, 3 August 1999.

station.[101] The same report, however, disclosed that this was part of the contingency planning of a local *falun gong* guidance station preparing for government suppression in early June 1999, where it expected that the local *falun gong* leadership would be decimated. It therefore appears that this was not a routine arrangement but crisis management practice where the ability to communicate was essential to organizational survival. Leadership selection criteria reported in other local *falun gong* stations, as well as from the Beijing *Falun Dafa* Society did not include possession of communications equipment as a requirement for leadership.[102]

Finance

Government propaganda protrayed *falun gong* as having lucrative revenue sources from charging exorbitant admissions to *qigong* seminars, and duping practitioners to pay for pricey healing and devotional materials. It alleged that Li Hongzhi himself led an extravagant life style, maintained multiple plush residences and travelled in a fleet of de luxe sedans. As encapsulated by the title of a *Renmin ribao* article, *falun gong* was engaging in a looting scheme of "Crazy squeeze and shocking greed."[103] Predictably, the *falun gong* denies these charges. The section below reviews the claims and counter-claims, analysing the two main sources of *falun gong* revenue – seminar revenue and product sales. It also includes a research note on donations and Li Hongzhi's lifestyle.

Proceeds from Training Sessions

Even in his early years as a *qigong* master, government sources claim, Li Hongzhi received compensation to use *qigong* for healing, either as fees at ten *yuan* per patient visit,[104] or more commonly, as voluntary contributions to collection boxes ranging from ten to several hundred *yuan* per donation.[105] As his reputation grew, he organized seminars to teach *qigong*, charging 30–60 *yuan* for each ten-day session.[106] An official report alleges that total *falun gong* receipts in the 56 training seminars it directly organized was 2.84 million *yuan*.[107] From 1992 to 1994, it claims that Li Hongzhi personally received 1.78 million *yuan* in seminar fees.[108]

101. *Renmin ribao*, 6 August 1999, p. 3.
102. The other set of published selection criteria for *falun gong* leaders includes: strong conviction of *falun gong* beliefs; not practising other *qigong* methods; social competence [*huodong nengli*]; and extensive social influence [*shehui yingxiang mian da*]; see *Renmin ribao*, 30 July 1999.
103. *Renmin ribao*, 15 August 1999, p. 1.
104. The 10 *yuan* fee was for 3–5 minute healing sessions in 1992 reported by a former deputy station chief in Taiyuan, Shanxi; *Renmin ribao*, 4 August 1999.
105. Like donation boxes in Christian churches, these were called "*gongde* [merit and piety]" boxes and allegedly placed in some conspicuous places in the auditorium for the congregation to deposit their donation; *Renmin ribao*, 15 August p. 1.
106. *Renmin ribao*, 4 August 1999.
107. Xinhua, Beijing, 27 December 2001.
108. Xinhua, Beijing, 21 October 2001.

In defence, *falun gong* insiders claimed that actual net receipts from these seminars were much smaller than reported by the government. They did not dispute the per person admission fee, which they stated to be 40 *yuan* for each training session.[109] But they pointed out that the regime's accounting method was flawed in several ways. First, in many cases, government sources simply multiplied per head admission cost with total attendance to derive gross income. However repeat participants, constituting over half to three-quarters of attendees, paid only half price.[110] Secondly, the regime failed to mention that the training seminars were organized by and marketed through the China *Qigong* Scientific Research Society and their local branches, which shared much of the income as lump-sum payments or fixed percentage revenue-shares. From July 1993 to September 1994, the hosting *qigong* research society received 40 per cent of the admission receipts.[111] Through this arrangement, *falun gong* claimed that its take in the first four training seminars was only 4,000 to 5,000 *yuan* per seminar, or a total of 20,000 *yuan*, one-tenth of the 200,000 cited by the regime.[112] Thirdly, it claimed that the 4,000 to 5,000 *yuan* was not net income but gross receipts, out of which they had to pay material, personnel, travel and accommodation costs,[113] as well as entertainment expenses for local cadres and special guests.[114]

To rebut government allegations further, *falun gong* sources provided additional accounting on the 13 training seminars in Beijing. As shown in Table 3, there were many gaps in the accounts, only gross figures were reported, with no itemization of *falun gong* expenses. The bottom line according to these sources, however, was that *falun gong* income from these seminars could not be 2 million *yuan* as reported in official sources. To arrive at this figure, total attendance had to be over 50,000 paid person-sessions, not 13,000, all paying the first-time admission charge of 40 *yuan* and none paying the half fee for repeat customers; *falun gong* need not pay the *Qigong* Scientific Research Society its customary 40 per cent revenue share; and it did not incur any event management cost or staff per diem expenses, and was exempt from taxes. In *falun gong* testimony, none of these conditions obtained. However, *falun gong* sources did not provide similar accounting details to refute government claims on seminar income from the subsequent Shandong and Changchun seminars held in 1993–94.

Sale of Falun Gong Products

The regime also suggested that the *falun gong* movement generated prodigious income from sales of congregational paraphernalia. It claimed that books on *falun gong* doctrine and breathing exercises were selling for

109. Ye Hao, "An explanation."
110. "The real story of *falun gong*," *Minghui*.
111. Ye Hao, "An explanation."
112. "The real story of *falun gong*," *Minghui*; *Renmin ribao*, 15 August 1999, p. 1.
113. *Ibid.*
114. Ye Hao, "An explanation."

Table 3: **Receipts from Training Seminars (*falun gong* sources)**

Training seminars	*Total attendance*	*First-time attendees (1)*	*Repeat attendees (2)*	*Receipts from (1)*	*Receipts from (2)*	*Total receipts*	*Share/gross receipts of FDRS*	*FDRS expenses*
1–4 in Beijing, 1992	1,500	850	650	Y34,000 (Y40 each)	Y13,000 (Y20 each)	Y47,000	N/A	Travel, room & board, material, taxes
1–13 in Beijing (including 1–4)	13,000	< 6,500	> 6,500	N/A	N/A	< Y300,000	N/A	Travel room & board, fee for CQRS
2 in MAS	< 3,000	< 750	> 2,250	< Y30,000	< Y45,000	< Y75,000	< Y20,000	Travel room & board, material

Notes:
FDRS = *Falun Dafa* Research Society; CQRS = China *Qigong* Research Society; MAS = Ministry of Aeronautical and Space Engineering.
Source:
"Falun gong xueyuan tan jingji wuxian" ("*Falun gong* students discussed economic frame-up"), *Minghui*.

8.5 *yuan*, voice tapes at 95 *yuan*, VCDs at 165 *yuan*, and video sets at 150–300 *yuan*.[115] There were also badges priced at 3 *yuan* and laminated Li Hongzhi photos at 5 *yuan*,[116] in addition to calendars with Li Hongzhi portraits, exercise suits and cushions with substantial mark-ups.[117] During the trial of the five *falun gong* leaders of the Beijing headquarters on 27 December 1999, the regime charged that the "*Falun Dafa* Research Society" directly edited, distributed, and sold 11.08 million copies of *falun gong* books, 5.31 million copies of video products, 1.29 million posters, and 230,000 badges, totalling 135 million *yuan* of sales and 42.49 million *yuan* of profits.[118] Two months earlier, Xinhua filed a report on cases of illegal sale of *falun gong* products by its leaders. Shown in Table 4, it gave an elaborate accounting of sales through the main *falun gong* centres.

As expected, *falun gong* reported much lower income from these sources. It claimed that the regime's accounting included non-*falun gong* vendors who received the lion's share of profits. For instance, it claimed to have received only standard royalties from the publisher of *Zhongguo falun gong*, while the bulk of the profits went to the publisher, distributors and retailers.[119] It also claimed that after the News and Publication Bureau banned *falun gong* publications on 24 July 1996, it was local publishers which printed pirate editions and reaped all the profits, none of which went to *falun gong* organizations.[120] Similar to its seminar accounting, it claimed that *falun gong* received no revenue from the first batch of videos on breathing exercises, which was produced and distributed by the Zhongguo *Qigong* Scientific Research Society. It claimed that the second batch was produced and sold by Athletic Press, with which it had a verbal agreement to receive an undisclosed sum after sales turned a profit, but only at the discretion of the publisher.[121] The only contract it had signed was for the third batch of videos, which was produced by the Beijing Television Arts Centre under a licensing agreement.[122] *Falun gong* claimed that these videos sold for 55 *yuan*, the lowest retail price in the market for *qigong* teaching videos, only at about half to a third of similar products by other *qigong* groups.[123] Li Hongzhi claimed that total royalty receipts from publishers on all his books inside China were less than 20,000 *yuan*.[124]

115. *Renmin ribao*, 2 August 1999, p. 4; 15 August, p. 1.
116. *Renmin ribao*, 1 August 1999.
117. *Renmin ribao*, 1 August 1999; 15 August 1999, p. 1.
118. Xinhua, Beijing, 27 December 2001.
119. "The real story of *Falun gong*," *Minghui*.
120. *Ibid.*
121. *Ibid.*
122. The contract further stipulated that the *Falun Dafa* Scientific Research Society could distribute the videos among its practitioners when they were needed for training seminars. The source, however, was not clear whether the contract was on a percentage or lump-sum basis; *ibid*.
123. *Ibid*.
124. From Li Hongzhi's response to a reporter's enquiry in his press conference in Sydney, 2 May 1999, published in Yen Shi, *Swindler of the Century*, p. 56.

Table 4: **Sales of *Falun Gong* Products**

Location, dates	*Defendants*	*Scope of operations*	*Total sales*	*Financial arrangements with falun gong*
Wuhan, Hubei 96/7–99/4	Wang Hansheng, Xu Xianglan	Published, produced, distributed to 80 cities and counties of 26 provinces 4.29 million books, 680,000 video products, 40,000 practice suits, 20,000 cushions, 230,000 badges, 1.3 million posters	Y91.24 million sales and Y27.45 million profits	Li Hongzhi and Beijing headquarters provided Y1.076 million of operating funds, and remitted Y137 million to Wang and Xu of unspecified purpose. In return, Wang and Xu paid Li and FDRS Y100 million book sales, Y260,000 and US5,000 of sponsorship fees.
Wuhan, n.d.	Zhu Jiasheng, Wu Qingming, Zhao Mingcai	Printed 3.51 million books, and sold to 40 cities and counties in 50 provinces	Y15.17 million sales, Y3.11 million profit	Zhu paid Y120,000 as royalties to FDRS.

Jinan, since 94/6	Xu Jinliang	Produced and sold to 70 cities and counties 4.3 million video products	Y23.65 million sales, Y8.3 million profits	Gave Y1.2 million to Li and FDRS and a Sontana auto
Changchun, Jilin, n.d.	Xu Yinquan	Sold unspecified no. of books	Y1.3 million profits	Gave > Y200,000 to Li
Harbin, n.d.	Li Hongkui	Sold unspecified no. of books	Y2.51 million, sales	
Beijing, n.d.	Yao Jie, Ji Liewu	Sold 400,000 books published in Hong Kong in Beijing	Y5.9 million sales	Remitted sales receipt to Hong Kong
Beijing, n.d.	Li Xiaobing, Li Xiaomei	Sold unspecified no. of books	> Y500 million sales	Paid FDRS > Y1 million

Source:
Xinhua, Beijing, 21 October 1999.

Allegations of Extravagant Lifestyle

Government reports insinuated that Li Hongzhi led an extravagant life from this alleged exorbitant income. They claimed that he had three cars (Porsche, Jetta, Santana),[125] and four luxurious residences in Changchun, Beijing, New York and Atlanta,[126] but elaborated only on the Changchun residence. The two-level, three-bedroom, two-baths unit had a total of 145 square metres of living space, a dining room, kitchen, living room and bathroom in the ground floor, and a master bedroom as well as a second bedroom for his daughter in the second level, a third room that served as Li Hongzhi's office and a bathroom.[127] Further, it claimed that Ji Liewu and Yao Jie had remitted 6.6 million *yuan* to Li Hongzhi's overseas account.[128] A *falun gong* source countered that the Changchun residence was located in a modest apartment complex with no lights in the corridors and no 24-hour running water. It noted that the Beijing residence was a simple two-unit apartment not owned by Li Hongzhi, that one car, a Jetta, was a gift from a *falun gong* adherent, and a second car was a loan from another disciple.[129] It added that Li Hongzhi stipulated that all *falun gong* income could only be spent on the congregation, not for personal and family use. It further claimed that it was the wife of Li Hongzhi who had been supporting the family.[130]

Beyond these claims and counter-claims, two basic facts about *falun gong* finances remain uncontested. First, whatever their sources of revenue, both the *falun gong* Beijing headquarters and local stations did not appear to lack financial resource. On the revenue side, the immense popularity of the *qigong* training sessions provided an abundant revenue stream and yielded substantial income for the *Falun Dafa* Research Society and Li Hongzhi himself. In addition, even at the low per-unit rate and revenue-sharing arrangements that *falun gong* sources claimed, the large volume of books, videotapes and VCDs would provide handsome royalty income to fill *falun gong* coffers.[131] Apart from these revenue sources, many of its cadres and adherents were members of the professional and management classes with considerable financial means,[132]

125. Xinhua, 21 October 1999.
126. Cheng Helin, *Great Exposé*, p. 165.
127. *Renmin ribao*, 5 August 1999, p. 4.
128. Xinhua, Beijing, 21 October 1999.
129. "The real story of *falun gong*,"
130. "Falun gong xueyuan tan jingji wuxian" ("*Falun gong* students discussed economic frame-up"), *Minghui*.
131. Over 2 million copies of more than 20 titles of books, posters, VCDs and videos were destroyed nation-wide by 29 July 1999, a week after the official ban; *Guangming ribao*, 29 July 1999, p. 1; *Renmin ribao*, 30 July 1999.
132. In Jiangsu province alone, *falun gong* adherents include 233 higher intellectuals, among whom were college professors, senior and chief engineers, *Guangming ribao*, 17 August 1999, p. 1. Many of the top colleges in Zhejiang province had *falun gong* guidance stations, led by university professors, *Nanfang ribao*, 18 March 1998, p. 11. In Changchun, many *falun gong* adherents were professors, mentors of PhD students and top administrators in more than ten colleges; see *Minghui*. Among others, *falun gong* adherents also include the manager of a pharmaceutical company in Kunming, *Renmin ribao*, 25 July 1999, p. 4; an engineering professor in Wuhan, *Renmin ribao*, 27 July 1999, p. 4; a top physician in Dongguan city, *Renmin ribao*, 1 August 1999, p. 4; a software engineer in Hangzhou, *Nanfang*

both willing and able to make substantial financial contribution to the movement.[133] On the expenditure side, it is not apparent that the *falun gong* had to practise frugality in its programmes. Its choices of prominent venues for seminars,[134] costly modes of travel,[135] elegant printers of its books and manufacturers of its videos and VCDs,[136] suggest that it was not bound by tight budgets to seek the low-cost alternatives. Official media also reported that the *falun gong* had plans to construct a new national headquarters in Huailai county on the outskirts of Beijing that would cover 1,000 acres, a three-temple complex, restaurant, car park, and a three-storey, 4,000 seat pavilion with a huge laser-controlled television screen in the podium.[137] Clearly then, the *falun gong* had abundant revenues.

Nevertheless, official charges that the *falun gong* engaged in excessive profiteering and Li Hongzhi led an extravagant life lack both internal and external substantiating evidence. Although the regime had detained the top leadership, interrogated many more of its cadres and scrutinized its internal documents, it had disclosed no financial accounts that established the official charge and credibly countered *falun gong* rebuttals. Defectors, even those once closest to Li, have not offered documented evidence suggesting that he or the *falun gong* top leadership committed acts of financial malfeasance or led extravagant lives. In addition, the financial structure of *falun gong* is not consistent with the charge that it engaged in exorbitant profiteering. Its practitioners were not required to pay membership dues or tithes, lower levels did not have to pay fixed remittances to higher levels, and there were no reports that practitioners were exhorted to donate their assets to their leader. Indeed, *falun gong* sources claimed that its practitioners and local stations were forbidden to engage in healing or sale of *falun gong* products for profit, to form economic enterprises, and to raise funds for any cause or accept gifts in cash or kind.[138] Unlike the prevalent practice of many religious and non-profit organizations inside and outside China which recognize major

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footnote continued

ribao, 18 March 1998, p. 11; the Director-General of 301 PLA Hospital (Li Qihua), *Minghui*; and a real-estate developer in Haikou city in Hainan province, *Nanfang ribao*, 19 October 1999, p. 1.

133. Note the earlier reference to two vehicle loans by Li Hongzhi's disciples to their masters.

134. Dou Wentao, "Falun gong da qidi" ("Great exposé of the *falun gong*"), in www.xys.org/_ppfl/net/fdflg/19990727-1.html

135. Some *falun gong* practitioners in Xuzhou near Nanjing travelled by car, not train, to join the protest rally in Bejing, *Guangming daily*, 11 August 1999, p. 1; four *falun gong* leaders travelled by plane to Beijing to liaise with Beijing *falun gong* members on 31 July 1999, *Nanfang ribao*, 19 October 1999, p. 1.

136. The publisher of the 1995 edition of *Zhuan falun* was the China Broadcast Press, a reputable publisher. The first two batches of its training videos were produced by the China *Qigong* Scientific Research Society and the China Athletic Press, both having quality problems. Later batches were produced by the Beijing Television Arts Centre (Beijing yishu zhongxin), of much higher quality and cost; see "*Falun gong* students discussed economic frame-up," *Minghui*.

137. *Jiefang ribao* website, 9 August 1999.

138. "Qian suo falun gong," *Minghui*, and in n. 4. This appears to be a general exhortation for practitioners. It is not clear whether *falung gong* injunctions forbade the acceptance of loans of cars and house, as in the case of Li Hongzhi below.

gifts, publish donor names in newsletters and inscribe donor lists on building lobbies, church portals and temple columns, the *falun gong* does not seem to have a donor cultivation or acknowledgment programme. Its website has not featured benefactors and the newsletter does not acknowledge donations. With respect to revenue from its activities and product sales, *falun gong* sources claimed that in setting the price for training sessions, Li Hongzhi annoyed other *qigong* groups by charging the lowest admissions, and that he had refused to adopt profit-maximizing monopolistic methods.[139] The low pricing of *falun gong*'s services and products was not disputed by regime accounts. Indeed, an official report aimed at exposing *falun gong* fraud attributed the fast spread of the movement to the relative inexpensiveness of its publications and videos.[140] Other official media reports also inadvertently disclosed that the publishers of some of the *falun gong* books,[141] as well as the manufacture and sale of its products, were managed and marketed by private vendors unconnected with the movement.[142] Thus the official claim that the *falun gong* engaged in predatory profiteering needs to be qualified.

Discussion and Conclusion

How then, can we reconcile the substantial discrepancy between the regime and the *falun gong* accounts in the foregoing narrative? First, some of the differences can be explained by the adversarial polemics of both sides in the summer and autumn of 1999, when the regime was intent on justifying its suppression of *falun gong* and attempted to establish that the congregation was an illegal organization and evil cult, charges that the *falun gong* was determined to disprove. In the process, both sides were presenting largely selective evidence in support of their respective claims. The convoluted history of the *falun gong*, as well as its strategic structural ambivalence that will be elaborated below, provide ample fodder for both sides to choose on the basis "to each according to his need."

Secondly, part of the differences can be explained by the nature of the *falun gong* as an evolving social organization in recent years. Its organizational structure underwent a major metamorphosis in its seven years of existence as it developed from a local to national movement, from one focused exclusively on training in breathing exercises to one grounded on spiritual cultivation, from one where its application for official organizational status was under review to one where its repeated registration filings were summarily rejected. These different states of the movement led to corresponding changes not only in structural forms, but also organizational principles and practices. Before the *falun gong* terminated

139. *Zhuan falun* (Beijing: Zhongguo guangbo dianshi chubanshe, 1994), p. 342.
140. Yen Shi, *Swindler of the Century*, p. 232; Pi Li Jun, "Falun gong kuaisu chuanbo yuanyin tanxi" ("An analysis of reasons behind the rapid spread of the *falun gong*"), in www.xys.org/_ppf1/net/fdflg/19990712-16.html.
141. *Guangming ribao*, 13 August 1999, p. 5.
142. *Renmin ribao*, 2 August 1999, p. 4.

its training seminars in September 1994, the management of the 56-event programme required the establishment of a formal organizational structure to plan, co-ordinate and implement them, and to handle enquiries about *falun gong* meditation techniques. The administration of its publications programme in Wuhan noted earlier, which distributed 4.3 million copies of books and 680,000 video products,[143] must have also involved the organizational structure of a medium-sized publisher with staff engaged in supply-sourcing, order-filling, warehouse-management, packaging and shipping, billing and book-keeping, with some degree of functional specialization and authority hierarchy. Much of these organizational structures became dispensable when the training seminar was discontinued in late 1994 and the publication programme in July 1996. It is likely that further organizational degradation took place in early 1997, when the *falun gong* formally de-established the *Falun Dafa* Research Society, dismantled much of its Beijing publication, distribution and revenue-generation operations, and officially adopted a loose organizational structure.[144] Depending on whether the temporal context was before or after September 1994, or before and after early 1997, and whether or not some structural stumps remained even as the main organizational stems were removed, the regime's depiction of a well-organized, well-funded and hierarchical *falun gong*, or the latter's self-portrayal as one without a national-level organization, administrative system or command structure, can both be correct.

Thirdly, some of the differences derive from the lack of formal membership requirements and an organizational structure in *falun gong*, at least in some localities and during some periods of its institutional history. Unlike most organized religions, where official membership often entails an explicit profession of faith and expressed compliance with a set of commandments, the *falun gong* claims that it does not have a set of required prohibitions (*jielü*).[145] Further, unlike the Christian sacraments, Judaic kosher, Buddhist abstentions and Islamic pilgrimages, it does not have distinguishing observances that would identify adherents from non-practitioners. Organizationally, the *falun gong* has thus no institutionalized means to delineate members from non-members, authorized from unauthorized agents, and no rites of induction and expulsion. The deficiency of formal membership requirements, compounded by the lack of hierarchical clergy found in other organized religions, results in the absence of local cadres empowered to discipline and purge doctrinal and behavioural heterodoxies. In combination, for much of its history, the *falun gong* had no formal procedures to deal with over-zealous aspirants, black sheep and false prophets. *Falun gong* sources claimed that some of the profiteering and heterodox practices attributed by official sources to the movement were actually those of charlatans and swindlers masquerading as Li Hongzhi's disciples. They named Li Jingchao, Song

143. Xinhua, Beijing, 21 October 1999.
144. *Renmin ribao*, 4 August 1999, p. 1.
145. Personal communications with a *falun gong* practitioner.

Bingchen and Liu Fengcai, who were show-cased by official media as *falun gong* leaders, as examples of unfaithful and treacherous practitioners who were excommunicated by Li Hongzhi for violating *falun gong* doctrine and betraying its cause.[146]

Fourthly, many of the differences can also be explained by the status of *falun gong* as an endangered organization operating outside the law. Like chameleons and other life forms in adversity, the *falung gong* was driven by its self-defence instinct to develop survival structures, dependency relations and camouflage mechanisms. Depending on how benign or threatening the external environment is, it may mimic its surroundings, change its colour and contort its anatomy to avoid detection. This means that not only did *falun gong* structures and functions vary over time, they also changed according to local conditions. While such survival structures and adversity behaviour may succeed in confusing stalking predators, they may also confound investigators and historians. This can partly explain the entangled institutional and financial history of *falun gong*. Since it had no legal status in dealing with authorities and could not maintain a corporate bank account, it chose to become part of the China *Qigong* Scientific Research Society, a duly registered organization, with which it engaged in joint activities, channelled financial transactions and shared revenue. The latter was the source of the difference in regime accounting, which included the receipts of both organizations, and that of *falun gong*, which excluded those of the China *Qigong* Scientific Research Society.

The last two sets of problems became exacerbated in 1996, when *falun gong*'s repeated attempts to register as a social organization were unsuccessful. Unable legally to maintain a formal organizational structure, permissible only for duly registered social organizations, yet feeling the critical need to communicate with its increasing number of practitioners, it chose to dismantle the formal administrative structures in the national and provincial levels, while maintaining an informal communications network. This structural devolution led to some undesirable organizational consequences. The top leadership of the *falun gong* was reduced to a board of directors without corporate divisions, a Papacy without the Roman Curia, a Politburo Standing Committee without the Party Secretariat and State Council. Central administration became minimal, its command and control functions inactive, two-way communications became scarce, while local units gained increasing doctrinal, policy and operational autonomy. This decentralized system, in my view, contributed to the militancy of the local units that antagonized local authorities, leading to spiral conflict escalation. When the central authorities of the regime and *falun gong* became involved, the point of no return was already crossed.

146. See entries on "Huangyan mengbi buliao xueliang di yanjing" ("Lies cannot deceive bright eyes"), "Suowei shijie mori" ("So-called end of the world"), "A brief discussion of *falun gong*," in *Minghui*. For testimonies of Li, Song and Liu, see Cheng Helin, *Great Exposé*, pp. 115–19.