



UNDER PRESSURE

**The Growing Reach of Chinese Influence Campaigns
in Democratic Societies**

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About the Author



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Executive Summary

As the United States and China enter a new period of explicit strategic competition, the tools of that competition will reach far beyond aircraft carriers and fighter jets. The modern era will feature informational rivalry alongside military rivalry – and this is a struggle in which the United States is falling behind. China has in recent years developed a sophisticated overseas influence campaign, ranging from direct political influence to bullying in academia to careful manipulation of foreign companies eager to do business. These efforts are distinct from China’s much-reported economic coercion, where the size of China’s market is used as a cudgel against nation-states and broad industries. Rather, the behaviors examined in this report are far more insidious. By exploiting the open, liberal features of its rivals’ societies, China is seeking to manipulate the voters, institutions, and leadership of democratic systems toward policy outcomes more favorable to Beijing’s interests.

This influence and manipulation campaign is a means for China to employ its wide range of asymmetric capabilities beyond the military sphere. Much as the People’s Liberation Army developed large numbers of cheap missiles meant to obviate the U.S. Navy’s strength, Beijing is attempting to turn the strengths of its competitors’ free, open societies into weaknesses. Democratic politics welcomes participation – but can be vulnerable to the participation of those seeking to subvert it. Free academic inquiry without an agenda can leave universities open to coercion by those institutions *with* an agenda. Private enterprises have much stronger incentives toward profits than principles. Each of these areas of society – politics, academia, and the private sector – helps define public opinion, which in turn shapes the agenda of politics, academia, and the private sector. China is engaging in a long-term effort to short-circuit this cycle, injecting its own influence to shape free societies’ opinions on China and, consequently, how they will react to Chinese behavior.

This report argues that pushing back against this influence campaign is urgent – especially because it has already begun to show success. Australia and New Zealand have elected legislators suspected of having ties to the Chinese government. Academics around the world are being pressured into self-censorship to protect their ability to research in China – or even continue their employment at institutions increasingly dependent on Chinese funding. Quintessentially American companies, from Apple to *The Washington Post*, are hitching their futures to China’s large market and fast-growing economy via commercial relationships that are nonetheless chipping away at their institutional values.

The United States and its partners need to engage in a careful balancing act: countering Chinese influence operations while maintaining the traditional strengths of their democratic and open societies. They must shore up these institutions without subverting them, neutralizing the influence of the Chinese government without damaging the contributions of Chinese communities. That will include:

- *Maintaining Inclusive Politics While Guarding Against Corrosive Influence.* Governments will need to stymie avenues for Chinese influence in politics, from foreign financing to the manipulation of other actors in the policymaking process, such as think tanks, charities, or other advocacy organizations.
- *Buttressing Academic Freedom as Scholarly Exchange with China Deepens.* Where academics are refused entry to China, or they are otherwise intimidated or censored, policymakers should be willing to consider options for retaliation. Any such actions should not inadvertently damage the values they are seeking to protect.
- *Citizens of Open Societies Defending Them.* The stakeholders of free societies are fundamentally the ones that will need to defend them. Policymakers should educate and investigate where necessary – such as where corporate or academic institutions may be violating their professed values – but voters eventually need to decide that institutions are worth maintaining if they are to be protected from Chinese subversion.

Introduction

With the 2018 National Security Strategy, the Trump administration placed inter-state strategic competition at the forefront of American national security policy for the first time since the end of the Cold War. While Russia remains a near-peer competitor increasingly playing the role of global spoiler, China's long-term ascendancy animates this shift toward a new foreign policy paradigm. Yet while the People's Republic is growing more capable – including a military approaching superpower status and an economy powered by a middle class larger than the population of the United States – Beijing still sees direct confrontation with Washington as a distant and undesirable proposition.

That of course does not mean China still happily accepts the rules-based international order as backed by the United States and its partners. Beijing is acting more and more like a revisionist power, interested in developing parallel or alternate institutions and norms that better suit a narrow conception of its interests. This includes weakening incumbent institutions, as well as coercing or undermining the states that back them. In the security realm, China pursues asymmetric capabilities designed to counter traditional U.S. military strengths and introduce doubt in the minds of both Americans and their allies that their forces could prevail in the event of conflict. The People's Liberation Army is still far from parity with the United States, but asymmetric investments like ballistic missiles capable of striking U.S. surface ships from long ranges have managed to create a “strong enough” force capable of eroding confidence in American advantages.

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And as in military competition, China cannot yet claim to match the United States' political, cultural, or economic prowess directly, but is quickly becoming “strong enough” to erode and undermine those institutions that depend on the superiority of American



Chinese soft power and cultural prowess lags behind the United States, but the size of its market still projects influence. Here, director Michael Bay of the Transformers franchise attends an event in Guangzhou. The Transformers films in recent years have declined in the eyes of American audiences and critics, but live on due to their broad popularity in China. (Lintao Zhang/Getty)

example or influence. Hollywood may still shape the global contours of pop culture, but the sheer size of the Chinese box office means it has a growing voice in how movies are made – and what messages they do or do not carry. Silicon Valley continues to chart the frontiers of consumer electronics, but Beijing is using its hundreds of millions of internet users to redefine norms of privacy and data handling. The openness of American society remains an inspiration to many, but the dysfunction of its politics and the recent harshness of its rhetoric is giving China an opening to build a competing narrative of global engagement for states and individuals alike.

This competing narrative buttresses China's asymmetric strategy toward competition with its rivals. The strategy avoids direct confrontation in arenas where China may not be superior but is still strong enough to leave the impression that that confrontation can no longer be considered uncontested. This report will demonstrate that China's efforts at influence and narrative manipulation (sometimes called “sharp power”¹) are distinct from China's much-reported economic coercion at the nation-state level, where the size of China's market is used as a weapon across geopolitics and industries. Rather, the behaviors examined hereafter are meant to do something far more insidious: change the very terms under which China is analyzed and discussed in free societies.

Influencing Politics

As a country with a long history of political and informational manipulation internally, it is unsurprising that China would seek to deploy those same tools beyond its borders. Yet China's early efforts at such external manipulation were clunky and frequently betrayed an incomplete understanding of societies with more popularly responsive politics. In the lead-up to Taiwan's 1996 and 2000 presidential elections, Beijing attempted to intimidate the island's electorate into voting against the more China-skeptical candidates in each contest. From missile tests to thinly veiled threats, Beijing's efforts were not subtle – and not successful. In each election, the candidate they most opposed won, and some analysts believed that China's actions may have even generated enough backlash to help make it so.² Yet Beijing's understanding of democratic governance has since become far more sophisticated. Today, Chinese political influence efforts are more likely to capitalize on their asymmetric capabilities, exploiting the traditional strengths of their targets – in this case, the trusting institutions of open societies – rather than attempt to directly bludgeon electorates with outright intimidation.

Agencies like the United Front Work Department deploy Chinese Communist Party operatives to guide many of these political influence operations, both inside and outside of China. While these groups historically have been focused on subverting internal dissent or attempting to mobilize a Beijing-friendly, statist identity among the overseas Chinese diaspora, their ambitions are growing. These Party organs are now thought to be targeting high-profile political or cultural leaders in neighboring countries and competitors, as well as overseas Chinese student groups and community organizations.³ A leaked teaching manual for the United Front suggests there is now particular interest in cultivating relationships with political candidates in democratic systems, ranging from financial ties to direct policy influence.⁴

One of the most notable examples of these efforts is that of former Australian Senator Sam Dastyari. The Labor Party politician from New South Wales began his promising legislative career as a worldly progressive in 2013 and was soon elevated to manager of opposition business and deputy opposition whip in the Senate – but he was also short on cash, facing campaign shortfalls and tens of thousands of dollars in legal bills.⁵ Dastyari's exciting, iconoclastic image helped cement his status as a rising star – and his financial liabilities may have combined with that image to make him an appealing

target to Chinese influence-seekers. He made use of Australia's lax political finance laws at the time, cultivating relationships with Chinese companies and donors, including Chinese billionaire Huang Xiangmo.

Huang was a prominent donor to both of Australia's major parties and served as chairman of Yuhu Group, an Australian real estate developer, while also being linked to the Chinese government and the United Front.⁶ Huang took a special interest in Dastyari, and Yuhu Group would go on to cover the senator's large cash liabilities. Around the same time, Dastyari began taking public positions sympathetic to China's aggressive and illegal activities in the South China Sea – positions at odds with both the Liberal Party government and his own Labor Party.⁷ Over the course of the next year, the scandal widened, including the revelation that Dastyari had warned Huang that his phone was likely under government surveillance.⁸ As public opprobrium grew, Dastyari was eventually stripped of his leadership roles and pressured into resigning.⁹

Amid an apparent drift in Australians' affections away from the United States and toward China, Dastyari's case helped catalyze a broader re-evaluation of that trend and of Chinese influence in Australian society.¹⁰ Canberra is considering legislation that would bring Australian



Chinese financial ties to Australian Senator Sam Dastyari, pictured here, catalyzed the debate over the influence of foreign money in Australia's politics. (Stefan Postles/Getty)

laws closer into alignment with U.S.-style regulation of foreign financing of elections and the explicit registration of foreign agents.¹¹ Similarly, the government has signaled interest in expanding recent reforms to foreign investment guidelines that are designed to apply more scrutiny to Chinese takeovers of strategically important Australian firms and industries.¹² State-level initiatives to slow foreign acquisitions of real estate and housing are also gaining traction after years of surging purchases from mainland China.¹³ The magnitude of Chinese and Australian economic ties means that the precise contours of the two countries' relations will be a matter of public debate for some time, but the extent of Beijing's influence in Australian politics and society is getting a robust examination.

New Zealand also faces significant risks of Chinese interference, but these have not yet sparked a similarly catalyzing debate as in Australia. Disproportionately dependent on international trade, Auckland has for decades leaned forward in its relations with China, especially relative to other Western countries. Aside from deep economic engagement with New Zealand's

the United Front and similar Party organizations.¹⁵ Auckland at times has been reluctant to acknowledge the breadth of these interference campaigns, unfortunately raising the risk that Beijing's efforts to mobilize ethnically Chinese political leaders could eventually succeed, and in so doing, provoke a backlash against the wider community.¹⁶

The case of New Zealand Member of Parliament Jian Yang illustrates the need for greater attention to these issues. Yang, an academic who immigrated from China in 1999, was elected to New Zealand's House of Representatives in 2011 and went on to serve on the select committee for foreign affairs, defense, and trade. In 2017 it was revealed that New Zealand's spy agency was investigating Yang because he had misrepresented or concealed 15 years of work in China's military intelligence sector. In his CVs and residency applications, as well as his public and English-language biographies, Yang substituted in the names of "partner" universities that housed or were attached to the military academies at which he trained recruits to interpret intelligence intercepts.¹⁷ Yang very likely had to have been a formal

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key tourism and agricultural industries, China also has many strategic reasons to seek deeper influence in the country. New Zealand has taken responsibility for the foreign affairs of three other South Pacific nations (Niue, Tokelau, and the Cook Islands), meaning that Auckland ostensibly controls four "votes" in some international organizations, and it is one of the closest access points to Antarctica.¹⁴ Critically, however, New Zealand is also the member of the Five Eyes intelligence sharing alliance (including the United States, United Kingdom, Canada, and Australia) that enjoys the closest relations with Beijing.

This is why in New Zealand, Chinese political influence may be in danger of graduating to direct political participation. New Zealand has an impressive 150-year history of immigration from the broader Chinese diaspora, which has rightfully resulted in the political inclusion and election of ethnically Chinese New Zealand citizens into public service. Yet Beijing is attempting to subvert this otherwise liberal, democratic strength of Auckland's, as those New Zealander leaders of Chinese descent frequently attract attention – if not outright pressure – from

member of the Communist Party to hold the positions that he did in China, and, had he not been elected to parliament, almost certainly would have been denied the security clearance necessary to work on foreign affairs for the government of New Zealand.¹⁸ Even if, as Yang claims, he has severed all ties with Chinese military and intelligence operations, it is striking that he was elevated to a position of legislative oversight of foreign policy without recognition or public discussion of his past work and apparent attempts to conceal it. Whether Yang is a foreign agent or not, Auckland's apparent disinterest in clarifying his past ties to the Chinese state before providing him access to strategically sensitive information seems to validate Beijing's strategies for pursuing political influence.

It hard to know to what extent New Zealand's investigations and Australia's reforms will successfully prevent these efforts at political influence, but they are indicative of how much Beijing has progressed since its first clunky attempts to coerce Taiwanese voters in the late 1990s. Yet Taiwan is also where Beijing is now deploying some of its more nuanced tactics, especially those designed to exploit the Taiwanese

public's general instincts to cultivate cross-strait relationships. While it is illegal for Taiwanese citizens to hold official positions in China, elites from Taiwan engaging in cross-strait commerce with China aspire to be “honorary members” of local branches of the Chinese People's Political Consultative Conference. Municipal or provincial membership in this advisory body is seen as a boon for Taiwanese doing business on the mainland – but it also serves as a link to the United Front, which cultivates relationships with those executives engaging in frequent cross-strait travel and exchange.¹⁹ Those Taiwanese businessmen working with the United Front are thought to receive preferential tax treatments and discounts on travel – especially leading up to election season in Taiwan. Encouraging increased commercial and elite travel before Taiwanese voters go to the polls may be good for both business and politics, and a timely reminder of the monetary value of cross-strait ties.

A few thousand dollars or a well-placed sympathetic voice can buy the muzzling of criticism on the low end, while potentially yielding valuable intelligence or even a preferred policy outcome on the high end.

China likely views these efforts at political interference as inexpensive but potentially high-return investments. A few thousand dollars or a well-placed sympathetic voice can buy the muzzling of criticism on the low end, while potentially yielding valuable intelligence or even a preferred policy outcome on the high end. In this way, Beijing's United Front influence operations are distinct from those of, say, Russian hackers and troll farms, but no less dangerous. They are more corrosive than combative, eschewing confrontation in favor of a long-term goal of shifting the terms of discussion around Chinese interests and activities.

By going after the source of their rivals' strengths – the openness of democratic societies – China is finding soft targets vulnerable to asymmetric competition over influence. Even softer a target than politicians and political elites, however, is civil society.

Influencing Opinion Inside Academia

As China rises into a strategic and economic superpower, it is also taking its place as a research and education superpower. The combination of a large student population and lax regulation of scientific experimentation has turned China into one of the world's most foremost sources of groundbreaking research and generated demand for collaboration among international scholars. At the same time, Chinese students have fanned out throughout the world's most prestigious universities, bringing unique and important perspectives – and frequently, full-price tuition checks that can subsidize domestic students.²⁰ Chinese academic engagement with the wider world largely has been a boon for academia broadly and science in particular. But it has also exposed political divisions between the practice of scientific research in Chinese and non-Chinese settings that Beijing's overseas influence peddlers are all too eager to exploit.

While the jurisdiction of Chinese censorship authorities ostensibly ends at its borders, the de facto effects of that censorship do not. For several years, self-censorship has been creeping into the global academy where it interfaces with China – a space that is growing as fast as the country's economy. Earlier this year, the U.S. National Science Foundation reported that China had produced more science publications than the United States for the first time.²¹ While the top Chinese scientists used to leave China to pursue their craft at foreign universities, the world's global scientific flows are now moving in the opposite direction.²² The growing importance of China's role in global scientific research is giving Beijing a new and increasingly powerful tool of influence. Acquiring visas for research in China has become more and more critical, yet also more of a gamble, with mounting evidence that the content of an applicant's research – or the tenor of their previous work – is playing a role in whether their travel being granted or denied.²³ Over the course of two years, 13 American authors of a volume about China's restive Xinjiang province all found their ability to enter to China had been rescinded.²⁴ Another scholar, upon arriving in Beijing with a valid visa, was interrogated and sent home after he spoke up for a Uighur colleague who had fallen into disrepute with Beijing.²⁵ American academia is generating a growing number of anecdotes about students and scholars hesitating to pursue research or other activities they fear will hurt their ability to engage with China in the future.²⁶



Research on China's western provinces and the proliferation of Beijing's domestic security apparatus there has been linked with Western scholars being denied visas to enter China. Here, Uighur children watch Chinese soldiers marching in Urumqi, Xinjiang Province. (Guang Niu/Getty)

Indeed, dangling permission to enter China is no longer needed to intimidate some corners of academia and publishing. In 2017, it was revealed that Cambridge University Press, the oldest publishing house in the world, had begun removing articles from the Chinese digital editions of its academic journals *China Quarterly* and *Journal of Asian Studies*. One local distributor of academic journals – and one seen as a crucial partner for foreign journals seeking to reach Chinese audiences – had reportedly demanded that articles covering issues like the Tiananmen Square protests, the Great Leap Forward, and the Cultural Revolution be removed in return for continued access to the Chinese market.²⁷ Though Cambridge University Press eventually reversed its self-censorship decision in the face of public outcry, individual scholars seeking to publish work on Chinese politics and overseas influence have continued to encounter squeamish publishers and editors around the globe. In Australia, where public debate about the extent of Chinese influence over their society has taken center stage, a book publisher declined to proceed with a prominent scholar's manuscript on Chinese efforts to influence Australian politics and society – over worries that they would be at the receiving end of those Chinese efforts to influence Australian politics and society.²⁸

Ominously, even publishers of natural science journals have experienced pressure to conform to Chinese censorship standards. Springer Nature, the publisher of *Nature* and *Scientific American*, acknowledged in late 2017 that it too was acceding to Chinese requests to remove articles from its digital editions that touched on subjects they deemed sensitive, such as the Tiananmen Square protests or Falun Gong.²⁹ These actions dovetail with Beijing's extensive new efforts to cull the political and historical academic source base inside China, cleansing the historical record of the Chinese Communist Party's missteps and erasing even occasionally-positive discussion of Western political history. Eventually, this will result in the disappearance of a shared historical record between Chinese and foreign academics altogether – and unless the latter are willing to pay lip service to that alternate reality, deny them the increasingly critical access to China that modern research requires.³⁰

The cleavages defining these diverging realities have begun moving from the journal to the classroom as universities in the United States and Australia welcome Chinese students in growing numbers – especially, in a time of tight educational budgets, those that can

pay full tuition.³¹ While it may be natural and expected for students studying internationally to stick up for their homelands in class discussion, there is evidence that the Chinese government and state-run media are encouraging outright academic altercations. Comments by non-Chinese professors or classmates – ranging from bigoted remarks to simply referencing maps that are out of date – have been fodder for social media firestorms that escalate into institutional incidents. In one case, an Australian professor referred to Taiwan as an independent country, resulting in a debate that was covertly videotaped and around which Chinese social media mobilized to attack both the professor and his employer.³² While universities struggle to sift out those instances where Chinese students have legitimate complaints, local Chinese diplomats have fanned the flames of debate. Chinese students who are especially passionate about slights against China – and media savvy – have enjoyed encouraging attention from local consulates or been connected with media appearances back home.³³ In the United States, there are about 150 Chinese Students and Scholars Associations

at institutions from U.C. San Diego to Georgetown University that enjoy government funding attention from Beijing – and also organize vocal protests when prominent China-critical speakers come to campus.³⁴

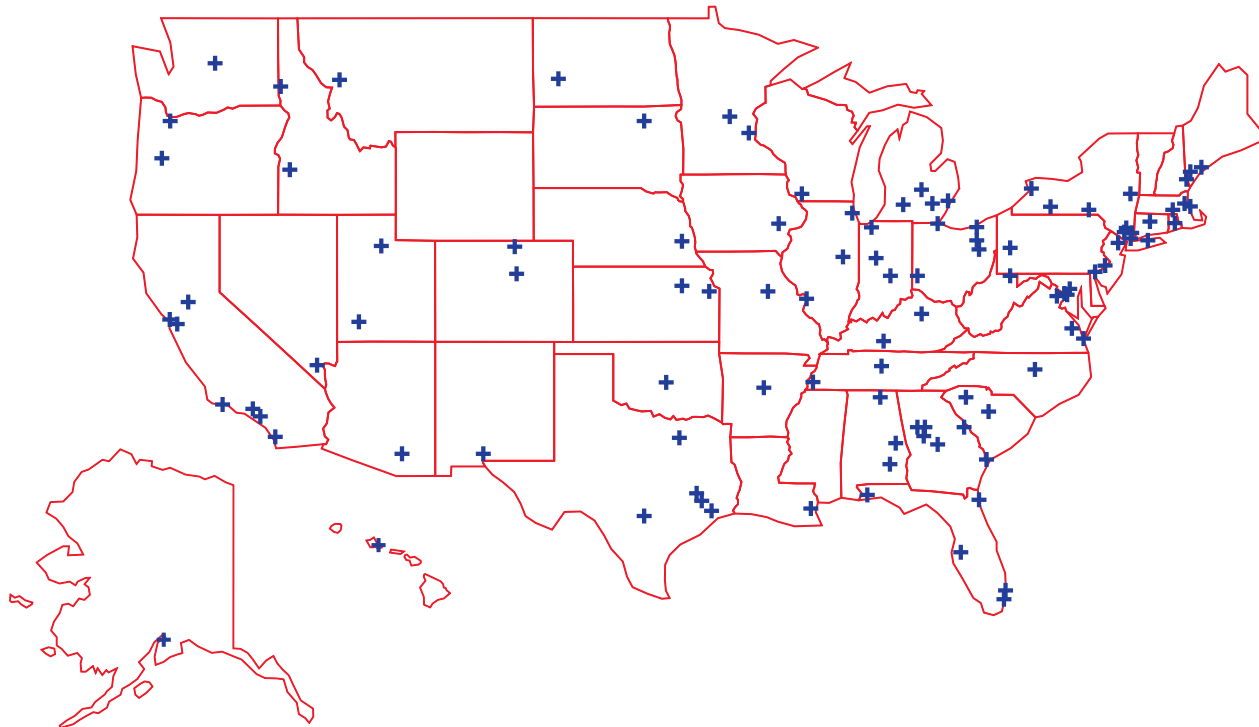
While these tactics seem to be primarily targeted at narrowing the bounds of acceptable discussion in Western educational institutions, these aggressive measures are also wielded against fellow Chinese students. If students studying overseas are seen as enjoying in *too* much academic freedom, they may find news of their transgressions reported back to Chinese authorities by their more ideologically fervent classmates. It is no longer uncommon for the families of these free-thinking Chinese students to be visited by state security agents back in China.³⁵

Tightening higher education budgets have also exposed international academia to other sources of Chinese political influence. Most notable are Confucius Institutes, of which there are about 100 in the United States. Confucius Institutes operate as semi-independent academic departments on university campuses, offering for-credit language and cultural



Confucius Institutes are quasi-independent academic departments that operate as a part of a host university, offering Chinese language and culture coursework, but are funded by the Chinese government. Despite their secretive partnership terms and restrictions on politically sensitive topics, Confucius Institutes are a compelling financial opportunity for many universities. Here, Baruch College in New York celebrates the opening of a new Confucius Institute focused on global finance. (Xinhua/Wang Ying via Getty Images)

Confucius Institutes



Despite representing significant risks of censorship or interference in curricula by the Chinese government, over 100 U.S. colleges and universities have accepted Confucius Institutes onto their campuses.

education classes, but are largely funded and staffed by the Chinese government.³⁶ Free, high-quality instruction of a language thought critical to students' future careers is a temptation few universities can afford to ignore, but there are non-monetary costs. The terms of universities' associations with these institutes are often private, and in addition to carefully curating the Chinese coursework and discussion so that it adheres to Beijing's censorship guidelines, academics have reported pressure to self-censor in other departments and research areas in order to win or maintain a relationship with a Confucius Institute.³⁷ It is experiences like these that led the American Association of University Professors to condemn Confucius Institutes as threats to academic freedom.³⁸

Chinese state authorities are waging a robust influence campaign against foreign academia and civil society.

From these institutes to student mobilization and coercion to censorship pressures in research

collaboration, Chinese state authorities are waging a robust influence campaign against foreign academia and civil society. In this way, China may over time change public and elite opinion – and with it, the shape of how societies respond to Chinese actions more broadly. Such an undertaking would necessarily be a long-term one, but Beijing has demonstrated a strategic patience for such efforts – the kind that frequently eludes the United States and is absent from the destabilizing outburst of other strategic competitors like Russia.

Private Sector Pressure

While the scramble for funding or preeminence may make academia and politics uniquely vulnerable, private industry and media are not free from the distortionary pressures of state influence. The efforts of Chinese economic statecraft to protect national champions or coerce technology transfers from foreign firms are well documented,³⁹ but, as in the above examples, Beijing is also endeavoring to explicitly alter the nature and values of the foreign firms with which they are engaging. By exerting control over the platforms and content that

define the information consumption of many democratic societies, China hopes to further constrain and manipulate the universe of public opinion about Chinese interests and behaviors. Beijing has already made progress, successfully nudging some of America's most iconic and influential brands to begin moderating their values – including the ones most outspoken about those values – in exchange for greater access to China's burgeoning market.

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Apple, especially in recent years, has capitalized on its image as a quintessentially American firm. As the United States' most valuable company, and one of its most valuable of all time, it enjoys a patina beyond that bestowed by the “Designed by Apple in California” line stamped on each of its products. Perhaps more importantly (especially as popular visions of techno-utopianism are souring in an age of big data), Apple has cultivated a reputation as the tech company concerned with protecting the average user's privacy. From refusing to provide backdoor encryption keys to law enforcement investigators to conceding ground on artificial intelligence research that requires mass collection of personal data, Apple has capitalized on its perceived stature as the most secure and least invasive of America's tech giants.⁴⁰

It is unclear how far those values extend beyond the United States and its more democratic partners. In mid-2017, following a push to expand its operations in China, Apple began removing VPN software from its app store.⁴¹ VPNs, or virtual private networks, had long served as a way for moderately tech-savvy Chinese consumers to circumvent the Great Firewall of China and access censored or foreign content – until Beijing began cracking down on them and other mediums for dissent in the lead-up to its late 2017 Party Congress. Apple CEO Tim Cook said that while they would “obviously rather not” remove the VPN apps, the company was committed to observing the laws of countries in which it operated.⁴² Similarly, after new laws took effect in China requiring local storage of data pertaining to Chinese users, Apple relocated sensitive iCloud encryption keys for those users to China.⁴³ While this is not equivalent to surrendering users' private data to the Chinese government, it does make it much easier for authorities to physically seize the servers upon which that data resides and endeavor to decrypt it themselves.

Apple is not alone in accepting these trade-offs. Microsoft and Amazon also provide sales and cloud services in China. There may have been a time where more companies, upon being asked to compromise their purported values in exchange for continued market access, would have declined and left that market, but the sheer size of China's internet user base makes that decision unsustainable and uncompetitive. It is also by no means unprecedented for a country to leverage its large

market share to influence private sector behaviors and norms, but in the case of Apple, Microsoft, and Amazon, the compromises they're willing to accept in China could have larger repercussions for the future of the Internet, which is becoming less free, open, and borderless, in large part due to China's actions.

Google and Facebook, who years ago opted to exit and be blocked in lieu of administering censorship and surveillance on behalf of the government, are now looking for ways to tiptoe back into China. Eight years after abandoning most of its China-based internet services, Google plans to open a center on artificial intelligence research in Beijing.⁴⁴ In what was seen as a software olive branch,



U.S. tech giants often cast themselves as quintessentially American companies, but make significant trade-offs on values of privacy and censorship in return for access to the Chinese market. Here, Apple CEO Tim Cook appeared for the first time at an annual conference in China meant to promote Beijing's vision of a more centrally controlled internet. (VCG via Getty)

Facebook has quietly begun submitting limited, self-contained apps to Chinese app stores that are not directly connected to its wider (and blocked) social network.⁴⁵ It remains unclear what privacy or surveillance redlines will still apply as the two companies ease their way back into China – and what other governments will eventually seek similar leeway should Google and Facebook grant it to Beijing. Google CEO Sundar Pichai joined Tim Cook for their first appearances at China’s World Internet Conference in 2017, a significant development given the conference’s mission to promote Beijing’s vision of a more centrally controlled internet.⁴⁶

While the Chinese government has used the size of its market as a cudgel to narrow the bounds of debate for companies seeking to operate in China, it is also wielding economic statecraft to influence media and news coverage for audiences in those companies’ home countries. Most Americans experience Chinese investments in U.S. media via awkwardly inserted characters or products in superhero movies,⁴⁷ but Chinese state-directed efforts are more subtle and insidious. A Reuters investigation found a network of dozens of radio stations around the world – including in the United States – that were majority owned by obscured subsidiaries of government-run China Radio International (CRI).⁴⁸ Fifteen stations in the United States, eight in Australia, and at least one in Europe broadcast news programming designed to explicitly show China in a positive light. In contrast to the professional journalism at some democratic state-backed broadcasters, such as the BBC or Voice of America, CRI stories also appear to conceal or muzzle those headlines that do not align with Beijing’s preferred political narratives. Failing community radio stations from Los Angeles to Washington, D.C., have found financial lifelines in CRI, and either sold station ownership outright or leased a majority of their broadcast time to the Chinese state news purveyor.

But with traditional media outlets across the industry seeking new sources of revenue, it is not just tiny, struggling radio stations that see government-backed money from Beijing as an economic safety net. *The Washington Post* maintains an advertising relationship with *China Daily*, the Chinese Communist Party’s English-language mouthpiece. As one of many paid-content partnerships that make up the *Post*’s BrandStudio program, the *China Daily* funds the newspaper’s “ChinaWatch” portal, which provides stories that are only subtly visually distinct from the *Post*’s legitimate news site and, in the opinion of this author, are decisively Party-friendly.⁴⁹ *China Daily* inserts are also delivered with paper copies of *The Washington Post* in its home market, and, similarly, could be easily

mistaken for real news. When advertising these branding opportunities to other potential funders, however, the Chinese state mouthpiece does not appear on the *Post*’s list of featured brand partnerships.⁵⁰

While China politicizing the power of its economic heft is nothing new, it historically has been discussed at the level of the nation-state or a general industry – e.g., whose tourists would be allowed to enter, which exports will be permitted where, or what technologies can be acquired by which investments. Beijing’s efforts to pressure and shape private industry need to be analyzed with more granularity – and as a part of its broader ambitions to change public opinions about China. These efforts are most noticeable when discussing tech giants or grand manipulation of media coverage, but also reach as far as individual employees’ social media posts or website menus. After Marriott inadvertently distributed a customer survey in early 2018 giving respondents different country listings for Taiwan, Hong Kong, Tibet, and Macau, the company’s Asia-Pacific head gave an abject apology to state media, calling it the biggest mistake of his career.⁵¹

Pushing Back Against Undue Influence

The United States and its allies have traditionally depended on their democratic institutions, open societies, and free press as sources of strength and stability. As China increasingly seeks to wield its asymmetric, non-military capabilities in an effort to influence these countries, subverting those strengths, policymakers will need to take action to shore them up so that Beijing does not successfully subvert them into weaknesses. Doing so will require a careful balancing act: neutralizing the corruptive influence of the Chinese government without damaging the contributions, ideas, and innovations of Chinese communities. This will require democratic governments to be clear-eyed about what their strengths are – and what domestic policy decisions may have opened themselves up to having those strengths subverted.

Maintain Inclusive Politics While Guarding Against Corrosive Influence

The influence of money in politics is a subject of considerable debate across many democracies, but the influence of *foreign* money should be especially circumspect. Countries like Australia and New Zealand should finish the process of limiting foreign financing of

domestic politics. They will then need to join the United States in finding methods to ensure Chinese state-backed money does not subvert the policymaking process in other ways – such as through charities, think tanks, or other organizations whose donor rules may be lax enough to allow undetected financial nudges.

At the same time, these open societies must remain as such. Beijing's efforts to mobilize the overseas ethnic Chinese diaspora is a threat to that openness, and governments from Washington to Auckland need to protect their citizens from that exploitation. This will require greater awareness of both the monetary and non-monetary inducements Beijing may be wielding in each country while guarding against rhetoric or policies that could inflame anti-immigrant or anti-Chinese sentiment.

Governments like Taiwan's, which long have been targeted by Chinese influence operations, may have lessons to offer those that are more recently within Beijing's crosshairs. Security cooperation and information sharing agendas with Taipei should include discussion of ways to harden democratic political cultures as well.

Buttress Academic Freedom as Scholarly Exchange with China Deepens

China, with its massive population and burgeoning social and natural science communities, will be a critical collaborator in the future of scholarly research. Nonetheless, policymakers should ensure that academics from the United States and its partners are not pressured to self-censor to continue their research. Universities should set standards for external funding streams with student organizations or independent cultural exchange institutions with nuance. Phi Beta Kappa may need to maintain financial relationships between national offices and local chapters, but Chinese Scholars and Students Associations (and the campuses in which they reside) may not be best served by direct monetary relationships with Beijing.

Similarly, Confucius Institutes are deserving of greater scrutiny. They are not – however much Beijing may argue – equivalent to benign lingual and cultural organizations, such as Germany's Goethe Institutes or France's Alliance Francaise, and the institutes' partnership terms with American universities are unnecessarily shrouded in secrecy. Current law requires that universities disclose details only on foreign contributions that exceed \$250,000 in value; that number should be substantially reduced.⁵²

Citizens of Open Societies Must Defend Them

There is now no doubt that Beijing is intent on subverting the strengths of liberal, open societies – but policymakers must not be the only ones pushing back. It is not the role of politicians to punish private companies for pursuing business in China's large and lucrative market. That *is*, however, the role of consumers. Policymakers should shine a spotlight on under-reported instances where previously trumpeted academic or corporate values are traded for funding or market access, or when those things come with strings attached that would make the average citizen uncomfortable. In this way, stakeholders in free societies hopefully will be able to protect them without having to yield to Beijing-style statist mobilizations. The reassessment of American tech giants in the eyes of the public, for example, appears to be well underway, but Chinese influence in academia – particularly in the form of Confucius Institutes – may require more investigation and leadership from policymakers.

Political leaders also should be willing to look in the mirror and identify areas where their decisions may have created these vulnerabilities to Chinese influence. While it is not government's place to determine what the business model of traditional media should be in the modern age, the steady decline in funding for higher education certainly is within its jurisdiction. Across the United States, overall state funding for public universities (adjusted for inflation) is \$9 billion below what it was before the Great Recession.⁵³ When faced with nearly 10 years of declining budgets, and in an era when a college education has never been more important, it is little surprise that universities began turning toward supplemental monies – be it from large numbers of wealthy foreign students, or language and cultural institutes funded directly by the Chinese government.

If the United States and its partners believe their model is better than Beijing's, they have to be willing to maintain it.

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