"China's Foreign Influence and Sharp Power Strategy
to Shape and Influence Democratic Institutions"

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I would like to thank Chairman Schiff, Ranking Member Nunes, and the other esteemed members of the Committee for the opportunity and privilege of presenting testimony on the critical subject of the impact of China's influence on democratic institutions.

Since the end of the Cold War, the democratic West has placed special emphasis on the idea of integrating nondemocratic regimes into the rules-based international order. For political leaders and analysts in the United States and Europe, integration has been a dominant foreign-policy organizing concept. The democracies' central assumption has been that patient engagement with states would yield clear mutual benefits. By embracing China and other such regimes and encouraging their integration into the global economic system and key political institutions, Western powers hoped to encourage autocracies toward meaningful political reform.

But this approach has not turned out as we anticipated. Rather than reforming, China and any number of other leading repressive regimes have deepened their authoritarianism. And in an era of hyperglobalization, they are turning it outward. Although the autocratic states are today integrated in many ways into the global system, they have tended not to become more transparent and accountable; rather, they have developed policies and practices aimed at undermining democracy's advance. Exploiting globalization and the opportunities presented by integration with open societies, these states are working to reshape the very institutions and arenas that welcomed them.[1]

Over the past decade in particular, the pendulum of global politics has swung in the direction of authoritarian regimes, which are shaping the political environment in a manner that would have been unimaginable even a few years ago.

Even more striking is the resilience that the most influential authoritarian states are displaying, despite the evident weaknesses and flaws of their systems, and the systematic abuses that are found within them. Led by China, these nondemocratic regimes are showing themselves to be entrenched at home, even as they project influence beyond their borders in ways that corrode and undermine democracy and its institutions. The authorities in Beijing have refined and scaled up their instruments of influence and, with them, the ability to manipulate the political landscape of countries beyond their borders. As the leadership in Beijing has become more repressive domestically, China has grown emboldened and more ambitious internationally, with worrisome implications for democratic institutions around the world.

[1] Christopher Walker. "The Authoritarian Threat: The Hijacking of 'Soft Power'." *Journal of Democracy* 27, no. 1 (2016): 49-63. https://muse.jhu.edu/article/607616.

In this new era of contestation, China has claimed a larger role on the global stage and has sought to promote its own preferred ideas, norms, and approach to governance. Beijing's unexpected ability to carry out digital censorship, to use economic leverage to cow voices in the democracies, and more generally to influence democratic systems abroad has created a need for fresh ways of thinking about and dealing with this new situation.

Understanding "Sharp Power"

Through the Belt and Road Initiative and other forms of engagement, China's leadership is placing increasing importance on exerting influence and shaping the political operating environment overseas.[2] To this end, over the past decade China has spent many of billions of dollars to shape public opinion and perceptions around the world in arenas typically associated with "soft power," a term coined by the American political scientist Joseph Nye and understood as the "ability to affect others by attraction and persuasion" or seen as a way to boost a country's positive image. In China's case, such efforts have included thousands of people-to-people exchanges, extensive cultural activities, educational programs—including the ever-expanding network of Confucius Institutes—and the development of media and tech enterprises with global reach.

Although information is increasingly globalized and internet access is spreading, China and other authoritarian states have managed to reassert control over the realm of ideas.[3] In China, the state keeps a firm grip on the media environment, and the authorities in Beijing use digital technologies to press their advantage at home and, increasingly, abroad.

For too long, observers in democracies viewed authoritarian influence through an outmoded lens. Under the direction of the Chinese Communist Party, China has established platforms abroad for educational, cultural, and other forms of influence within undemocratic and democratic societies alike. Over time, it has become clearer that such initiatives tend to be "accompanied by an authoritarian determination to monopolize ideas, suppress alternative narratives, and exploit partner institutions."[4] The unanticipated ability of authoritarian states like China to exert influence abroad has created a need for new terms that can adequately describe this new situation.

Among such terms is "sharp power." This describes an approach to international affairs that typically involves efforts at censorship and the use of manipulation to degrade the integrity of independent institutions. Neither "hard" but nor "soft," sharp power has the effect of limiting free expression and distorting the political environment, as explained in a December 2017 report by

[2] "The Evolution of China's Belt and Road: A Conversation with Nadège Rolland." *Power 3.0*. Podcast audio, January 8, 2019. *https://www.power3point0.org/2019/01/08/the-evolution-of-chinas-belt-and-road-a-conversation-with-nadege-rolland/*.

[3] Xiao Qiang. "The Road to Digital Unfreedom: President Xi's Surveillance State." *Journal of Democracy*, no. 1 (2019): 53-67.

[4] Christopher Walker and Jessica Ludwig. "The Meaning of Sharp Power: How Authoritarian States Project Influence." *Foreign Affairs*, November 16, 2017. *https://www.foreignaffairs.com/articles/china/2017-11-16/meaning-sharp-power*

the National Endowment for Democracy's International Forum for Democratic Studies that coined the term.[5]

The authorities in Beijing in particular have cultivated economic leverage as a tool for getting others to play by its rules. Beijing's approach seeks to reduce, neutralize, or preempt any challenges to the regime's presentation of itself. Its state-funded research centers, media outlets, people-to-people exchange programs, and network of Confucius Institutes often mimic civil society initiatives that in democracies function independently of government. Meanwhile, local partners and others in democracies are often unaware of the logic that underpins China's foreign policy and how tightly the Chinese authorities control social groups, media, and political discourse at home.

As China expert John Fitzgerald observes: "There is no boundary between politics and what passes for culture in contemporary China. The Cultural Revolution, a violent political movement that ripped China apart in the late sixties, was not called a 'cultural' revolution for nothing. A bitter struggle over power and policy was waged in the cultural realm on the understanding that parties wanting to influence or command a government must first control what is said about them through a country's education, media, and cultural institutions. Politics as we know it, involving opposition, debate, and negotiation, gave way to the politics of controlling universities, media, and culture."[6]

Today, beyond China's borders, the corrosive effects of sharp power are increasingly apparent in a number of such crucial domains, including in the spheres of publishing, culture, academia, and media—sectors that are essential for determining how citizens of democracies understand the world around them. As the International Forum report observes, China's influence activities aim to discourage challenges to its preferred self-presentation, as well as to its positions or standing. Crucially, limiting or muting public discussion of issues deemed unwelcome by the Chinese party-state is a critical characteristic of sharp power.[7]

Publishing

The publishing sector is a sphere in which independent standards of expression are being challenged. In August 2017, Cambridge University Press (CUP) took the controversial step of removing roughly three hundred articles from a Chinese website that hosted the *China Quarterly*. The move came after the PRC's General Administration of Press and Publication threatened to make all CUP-published journals inaccessible from within China. In this case, pushback from

[5] International Forum for Democratic Studies, "Sharp Power: Rising Authoritarian Influence" (Washington, D.C.: National Endowment for Democracy, 2017), 13, *www.ned.org/wp-content/uploads/2017/12/Introduction-Sharp-Power-Rising-Authoritarian-Influence.pdf*.

[6] John Fitzgerald. "China-funded Confucius Institutes Belong on Foreign Influence Register." *Sydney Morning Herald*. March 26, 2019. *https://www.smh.com.au/national/china-funded-confucius-institutes-belong-on-foreign-influence-register-20190325-p517bg.html*

[7] Christopher Walker, Shanthi Kalathil, and Jessica Ludwig, "Forget Hearts and Minds." *Foreign Policy*, September 14, 2018, *https://foreignpolicy.com/2018/09/14/forget-hearts-and-minds-sharp-power/*

the academy and civil society was pivotal in causing CUP to reverse its removal decision.[8] Yet in October 2017, Springer Nature, which is among the world's largest publishers of scholarly periodicals, announced that under PRC pressure it had blocked access on its Chinese-language website to hundreds of articles, many dealing with elite politics, human rights, Taiwan, and Tibet.[9]

The stakes of censorship are growing as PRC authorities improve their capabilities. Independent researchers have observed that in the online editions of journals published in the PRC, dozens of articles dating as far back as the 1950s have been taken out by Chinese censors. As with the Chinese government's pressure on CUP and other publishers, this is about rewriting Chinese history to suit the party-state. The scholar Glenn Tiffert has noted that enterprising censors or hackers can now fabricate versions of the historical record, attuned to shifting CCP ideological or political requirements—and that by simply digitally consolidating sources onto servers under its control, a savvy authoritarian government can project its domestic censorship regime abroad in order to shape public opinion globally.[10] As machine learning and other technological advances accelerate, the precision and comprehensiveness with which the Chinese government and other authoritarian regimes will be able to modernize censorship is bound to grow.

Media

Having learned to control political ideas within their own countries, autocrats are now bending globalization to their own ends by manipulating discourse abroad, especially in the wide-open information space afforded to them by the democracies. Massive investments in overseas media infrastructure play a central role. It is worth noting that Russia has crafted a template for information manipulation that can be adapted to local circumstances and is now applied in countries around the world. China has similarly scaled up a multifaceted effort to shape the realm of ideas. The authoritarians pursue "information sovereignty" (effectively state dominance and control of the internet) within their own borders while treating everything beyond them as fair game.

State dominance over political expression and communication is integral to authoritarian governance. Such control enables the promotion of favored narratives across media platforms, as well as through the words of state officials and surrogates. In an era of global information saturation and fragmentation, the authorities in Beijing understand the "discourse power" that can be exercised through focused and amply funded information initiatives.

As the PRC's media platforms expand and its largest internet firms go global, Beijing's ability to curate information in a systematic and selective manner will only grow stronger, especially in places where local media organizations are vulnerable, and as AI-related capabilities improve.

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[8] Maev Kennedy and Tom Phillips, "Cambridge University Press Backs Down over China Censorship," *Guardian,* August 21, 2017.
[9] Javier C. Hernández, "Leading Western Publisher Bows to Chinese Censorship," *New York Times,* 1 November 2017.
[10] Glenn D. Tiffert, "Turning Scholars into Unpersons," *Hoover Digest,* Summer 2018, pp. 107-114.

One such place is Africa.[11] There, China has made major investments in media infrastructure, and Chinese censorship tactics are being deployed in matters that Beijing deems sensitive. Throughout sub-Saharan Africa, Chinese state-media outlets have bureaus with two sets of editors: There are African editors on the local payroll, but a group of Chinese editors in Beijing vets their decisions, at least regarding stories that the PRC feels strongly about. African reporters might have some latitude to cover local news, but they may well find Beijing rejecting, censoring, or altering their content when Chinese interests are involved—all to ensure that China constantly appears in a "positive" or "constructive" light. The Chinese government gives African journalists "training" and brings them to visit China. Real journalism education, however, is not the goal. Instead, the focus is on taking in Chinese achievements (cultural sites, big infrastructure projects) and on learning how to report from the Chinese government's perspective.[12]

This is part of a global pattern that is also visible in Latin America. China's president Xi Jinping has said that he wants to bring ten thousand Latin American politicians, academics, journalists, officials, and former diplomats to China by 2020.[13]

Through its formidable global media apparatus more generally, China is spreading messages abroad, using a variety of tools, about alternatives to democracy as models of governance, how the media can be controlled, and value-neutral internationalist positions in debates on issues like internet governance and overseas development assistance where Beijing is opposed to support for independent media development.

For instance, China uses a co-production model as one means of transmitting Beijing-friendly messages and arguments to audiences abroad. China analyst David Bandurski describes how the Discovery Channel entered into an agreement with Chinese state-linked partners in an international film co-production effort titled "China: Time of Xi" that reached many millions of viewers across 37 countries in Asia. This effort was billed "as an independent television production" but, as Bandurski notes, while this initiative offered the illusion of independence "the series was in fact a co-production of a three-year content deal inked in March 2015 between Discovery Networks Asia-Pacific and China Intercontinental Communications Centre (CICC), a company operated by the State Council Information Office (CSIO)—the Chinese government organ sharing an address with the Central Propaganda Department's Office of Foreign Propaganda (OFP), responsible for spearheading its official messages overseas."[14]

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[11] See, for example: Andrea Vega Yudico, "China's Multi-Billion Dollar Telecommunications Investment in Africa Poses Threat to Independent Media," Center for International Media Assistance, October 24, 2017, https://www.cima.ned.org/blog/chinas-multi-billion-dollar-telecommunications-investment-africa-poses-threat-independent-media/ and Nick Bailey, "East African States Adopt China's Playbook on Internet Censorship," Freedom House, October 24, 2017, https://freedomhouse.org/blog/east-african-states-adopt-china-s-playbook-internet-censorship.

[12] Emeka Umejei, "Will China's Media Influence African Democracies?" Power 3.0, 2 April 2018, *www.power3point0.org/2018/04/02/will-chinas-media-influence-african-democracies.*

[13] Juan Pablo Cardenal, "China's Elitist Collaborators," Project Syndicate, 17 April 2018, *www.project-syndicate.org/commentary/china-latin-america-engagement-soft-power-by-juan-pablo-cardenal-2018-04.*

[14] David Bandurski, "Documenting China's Influence," China Iresie, November 7, 2018, *https://www.chinoiresie.info/documenting-chinas-influence/*.

Confucius Institutes

Confucius Institutes are controversial because of the lack of transparency with which they operate on university campuses. Although some observers note that many Confucius Institutes activities seem innocuous, emphasizing Chinese language instruction and cultural events such as film exhibitions, other elements of Confucius Institute programming are quite out of place in an open, university setting. The Chinese government's control of staffing and curricula ensures that courses and programming will subtly promote CCP positions on issues deemed critical or sensitive by the Chinese authorities, such as territorial disputes or religious minorities in China.

Chinese authorities portray the Confucius Institutes as being similar to France's Alliance Française or Germany's Goethe-Institut, both of which receive government funding to give language and culture classes. Yet unlike those freestanding organizations, the Confucius Institutes are embedded within educational institutions, most of which are committed to the type of free intellectual inquiry that is impossible at Confucius Institutes themselves. Many casual observers of the Confucius Institutes might not realize that the Confucius Institutes' constitution, found on the website of Hanban (the Chinese arm of the government that directs them), implies that Chinese law applies within the premises of the Institutes.[15] Moreover, the Confucius Institutes employ staffers who at times have sought to block host universities from holding discussions on sensitive topics such as Taiwan or Tibet.[16]

Little about these institutes is transparent; it is hard to say, for instance, what amount of Chinese government money goes to individual host universities. It is also unclear what level of control universities have over curricula within the Institutes because the agreements between these parties often remain confidential.[17]

Technology

China's considerable influence is increasingly evident in the digital space, and a full treatment of the multitude of ways such influence is exerting an impact on democratic standards is beyond the scope of this statement. China and other autocratic regimes have applied the online tools and techniques that they have refined for domestic use at the international level as well. Many of the techniques that are applied abroad are first incubated at the domestic level by the Chinese authorities. Through the online censorship system known as the Great Firewall, Chinese authorities have long been able to manage and restrict what China's people—the world's largest number of internet users inside a single set of national borders—can access when they go online. Now the government is increasingly applying machine learning to combine censorship and surveillance into comprehensive social management, a development that will increasingly impact global freedom of expression. Beijing also has successfully

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[15] Rachelle Peterson, "Outsourced to China: Confucius Institutes and Soft Power in American Higher Education," National Association of Scholars, June 2017, *www.nas.org/images/documents/confucius_institutes/NAS_confuciusInstitutes.pdf*.

[16] Ibid.

[17] Bethany Allen-Ebrahimian, "House Proposal Targets Confucius Institutes as Foreign Agents," *Foreign Policy*, March 14, 2018, *http://foreignpolicy.com/2018/03/14/house-proposal-targets-confucius-institutes-as-foreign-agents-china-communist-party-censorship-academic-freedom*.

pressured global technology platforms such as Google and Facebook (both currently blocked in China) to remove selected content.[18]

Beijing's paramount aim, it seems, is to exert control over key information spheres and the tools for manipulating thoughts, images, and ideas. Its management model is centralized and unitary.[19]

The idea is to enable the regime to pursue the systematic control of multiple forms of communication, extending well into the democracies. As the authorities in Beijing deepen their artificial intelligence (AI) capacities, they are likely to apply these technologies to devise ever more precise methods of social management, including predicting individual behavior and potential collective action.

In China, the companies responsible for developing these technologies are not only partnering with the state security apparatus, but are intertwining themselves within key institutions in democratic societies, giving them an increasing stake in the platforms and algorithms that determine speech on a worldwide basis. Chinese ambitions to become a global powerhouse in big data, AI, and other emerging technologies have significant ramifications for democratic governance globally, yet the community of civil society actors involved in the governance of emerging technologies has yet to engage on this issue in a meaningful way.[20] The full implications of China's wide-ranging activity in the digital sphere on African subcontinent is among the issues that deserves closer attention.[21]

Corrosive Capital

Many emerging and vulnerable democracies face challenges in governing foreign direct investment, including weak accountability in public spending, opaque corporate governance, poor procurement oversight, and lax anti-corruption enforcement. These challenges are easily exploited by authoritarian regimes intent on using state-connected financial resources for reasons other than development or mutual economic benefit, leading to potentially disastrous outcomes for open and democratic governance. When investment and foreign assistance is part of broader conversations involving civil society in developing economies, the effect can be to strengthen such essential features of democratic governance as citizen voice and participation, media independence, transparency, and accountability. If the authoritarian-linked firms and institutions driving the capital flows ignore or even undermine liberal-democratic values and concerns, however, the durability of democratic governance can suffer, corruption can flourish, and authoritarianism can find fertile ground.

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[18] Paul Mozur, "China Presses Its Internet Censorship Efforts Across the Globe," *New York Times*, March 2 2018.
[19] Qiang, "The Road to Digital Unfreedom: President Xi's Surveillance State."
[20] Lindsay Gorman and Matt Schrader, "U.S. Firms are Helping Build China's Orwellian State," *Foreign Policy*, March 19, 2019, https://foreignpolicy.com/2019/03/19/962492-orwell-china-socialcredit-surveillance/.
[21] Emeka Umejei, "The Imitation Game: Will China's Investments Reshape Africa's Internet?" *Power 3.0 blog*, December 6, 2018, https://www.power3point0.org/2018/12/06/the-imitation-game-will-chinas-investments-reshape-africas-internet/

The situation in Central Europe and the Balkans, where young, aspiring or vulnerable democracies predominate, is illustrative. In countries throughout those regions there are indications that China has sought to utilize various forms of capital inflows, including equity, debt, and aid, to achieve geostrategic aims and divert the region from a trajectory of integration into the community of democratic states. Regional initiatives, such as China's "16+1" initiative to strengthen bilateral ties with former Eastern Bloc countries, offer Beijing an easy alternative to dealing with the EU as a whole.[22] In regions such as the Western Balkans where the interests of local political elites, who retain power by catering to key patronage networks, overlap with China's high tolerance for corruption, Beijing's way of doing business exacerbates existing problems surrounding transparency and accountability.[23]

Indeed, China's BRI, initially conceived as an infrastructure network, has become in essence an operating system for Xi Jinping's vision of an interconnected, China-centric order positioned as an alternative to the existing rules-based international system. In countries where its projects have turned for the worse, its combining of infrastructure financing with geopolitical aims has raised doubt and opposition. In December 2017, for instance, the government of Sri Lanka admitted its inability to repay the US$8 billion that it had borrowed from Chinese firms to build a deepwater port at Hambantota, handing the project to Beijing on a 99-year lease in an instance of what critics have called "debt-trap diplomacy." In other cases, Chinese financing for infrastructure projects under the BRI have seen countries take on unsustainable debt levels for projects of questionable economic viability. For example, in Montenegro a project financed by China's Export-Import Bank to link the coastal port of Bar by road to Serbia has been dubbed "the highway to nowhere" after the government could not afford to take out further loans to complete the overruns of the project.[24]

Such deals with China tend to be characterized by an essential lack of transparency. Patterns across regions and sectors have taken shape that illustrate the extent of the problem. Several other recent cases have come to light, for instance, which demonstrate how Beijing's preference for working directly and exclusively with executive branch elites in its engagement with foreign governments and how this can have had a corrosive effect on the integrity of institutions and governance more broadly.

Ecuador's negotiation under President Rafael Correa of a Chinese-financed loan to acquire surveillance equipment and technology to power its ECU-911 monitoring system also took place in the absence of meaningful public debate, and civil society is only now in a position where it can begin to grapple with the potential ramifications of such an extensive system that has already been put into place.

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[22] Martin Hala, "The 16+1 Initiative: China's Divisive Equation for Central and Eastern Europe," Power 3.0, June 5, 2018.

[23] Kurt Bassuener, "Pushing on an Open Door: Foreign Authoritarian Influence in the Western Balkans," National Endowment for Democracy, May 2019, *www.ned.org/wp-content/uploads/2019/05/Pushing-on-an-Open-Door-Foreign-Authoritarian-Influence-in-the-Western-Balkans-Kurt-Bassuener-May-2019.pdf*.

[24] Noah Barkin and Aleksandr Vasovic, "Chinese 'highway to nowhere' haunts Montengro," Reuters, July 16, 2018. *www.reuters.com/article/us-china-silkroad-europe-montenegro-insi/chinese-highway-to-nowhere-haunts-montenegro-idUSKBN1K60QX*.

When Panama and El Salvador switched diplomatic recognition from Taiwan to the People's Republic of China, key government, private sector, and civil society actors were kept in the dark until after official announcements were made. In the case of El Salvador, its congress has launched an effort to review and halt the advancement of an accompanying agreement to establish a special economic zone that would comprise 14 percent of the country's territory in strategic areas along the coast and give preferential benefits to Chinese firms.[25] Only a few weeks ago, more than a dozen other agreements that the El Salvadorian president had reached with China were made public for the first time, spanning from promoting the Belt and Road Initiative, to scientific and technological cooperation, and educational exchange, among others. In all of these cases, civil society and policymakers have been forced to try to catch up from behind to understand the implications of how such agreements may impact their countries and to retrofit monitoring and accountability mechanisms.

In Argentina, a deal reached with the Cristina Kirchner administration saw the People's Liberation Army given a fifty-year lease to build and operate a space observation station with dual-use capabilities in Patagonia. After recent reporting revealed the agreement provided the Argentine government with no mechanisms for oversight or access to the station,[26] Argentina's national congress launched an investigation and is seeking to revisit the agreement.[27] In Africa, agreements on major deals also fit the pattern.[28]

In the wake of these developments, civil society actors across the world have awakened to the need to scrutinize such investments, or run the risk of their governments finding themselves obliged to sign over strategic assets or territory.

Implications for the United States

The pattern of China's engagement that has taken shape globally has not eluded the U.S. In recent years, reports of influence that were once episodic have become more frequent as journalists and other observers have begun to look more closely; the patterns of opacity and manipulation that have characterized China's engagements in other parts of the world have come to light here. *China's Influence and American Interests*, a report produced by the Hoover Institution and the Asia Society and released in November 2018 found that "in certain key ways China is exploiting America's openness in order to advance its aims on a competitive playing field that is hardly level. For at the same time that China's authoritarian system takes advantage of the openness of American society to seek influence, it impedes legitimate efforts by American counterpart institutions to engage Chinese society on a reciprocal basis."

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[25] Benjamin Russell, "What a Controversial Deal in El Salvador Says About China's Bigger Plans," *Americas Quarterly*, April 23, 2019, *https://www.americasquarterly.org/content/controversy-el-salvador-china*.
[26] Cassandra Garrison, "China's Military-Run Space Station in Argentina is a 'Black Box,'" *Reuters*, January 31, 2019, *https://www.reuters.com/article/us-space-argentina-china-insight/chinas-military-run-space-station-in-argentina-is-a-black-box-idUSKCN1PP0I2*.
[27] Cassandra Garrison, "Argentine Lawmakers Seek Greater Oversight of Chinese Space Facility in Patagonia," *Reuters*, March 29, 2019, *https://www.reuters.com/article/us-argentina-china-space/argentine-lawmakers-seek-greater-oversight-of-chinese-space-facility-in-patagonia-idUSKCN1RA24I*.
[28] "Report: Kenya Risks Losing Port of Mombasa to China," *The Maritime Executive*, December 20, 2018, *https://www.maritime-executive.com/article/kenya-risks-losing-port-of-mombasa-to-china*.

This report, on whose working group I participated, further observed that "China's influence activities have moved beyond their traditional United Front focus on diaspora communities to target a far broader range of sectors in Western societies, ranging from think tanks, universities, and media to state, local, and national government institutions. China seeks to promote views sympathetic to the Chinese Government, policies, society, and culture; suppress alternative views; and co-opt key American players to support China's foreign policy goals and economic interests."[29]

One example that indicates the global nature of the challenge was reported in November 2015, when it came to light that China Radio International (CRI), Beijing's state-run radio network, was operating as a hidden hand behind a global web of stations on which the Chinese government controls much of the content. According to a Reuters investigation, 33 stations in 14 countries "primarily broadcast content created or supplied by CRI or by media companies it controls in the United States, Australia, and Europe." As part of this elaborate Chinese-government effort to exploit the open media space, more than a dozen stations across the United States operate as part of the CCP's "borrowed boat" approach, in which existing media outlets in foreign countries are used to project China's messages.[30]

The Chinese government has trained its attention on Hollywood, where its presence shapes the industry in ways both visible and unseen. Because China is an increasingly important market for the global film industry, entertainment firms have been striking deals that help give them access to that market, but put them at the mercy of Chinese censors. This leads to content either edited to fit the Chinese market, or proactively shaped to exclude anything the Chinese government might consider sensitive in the first place. Chinese co-productions are also more likely to feature positive depictions of China. Marvel's "Doctor Strange" changed one character's origin story from Tibetan to Celtic; the screenwriter acknowledged that offending China's sensibilities was a concern.[31] Prominent Tibet supporter and actor Richard Gere told The Hollywood Reporter in 2017 that the year before he "had an episode where someone said they could not finance a film with [him] because it would upset the Chinese."[32]

Dealing with the New Environment

The leadership of institutions essential to the functioning of the public sphere within democratic societies—publishers, university administrators, media and technology executives, and others—in

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[29] *China's Influence and American Interests: Promoting Constructive Vigilance*, ed. Larry Diamond and Orville Schell, the Hoover Institution, November 29, 2018, https://www.hoover.org/research/chinas-influence-american-interests-promoting-constructive-vigilance.

[30] Koh Gui Qing and John Shiffman, "Beijing's Covert Radio Network Airs China-Friendly News Across Washington, and the World," *Reuters*, November 2, 2015.

[31] Shanthi Kalathil, "Beyond the Great Firewall: How China Became a Global Information Power," Center for International Media Assistance, March 2017, *https://www.cima.ned.org/wp-content/uploads/2017/03/CIMA-Beyond-the-Great-Firewall_150ppi-for-web.pdf*.

[32] Gary Maddox, "Richard Gere on how China has damaged his career over his support for Tibet," *Sydney Morning Herald*, 18 May 2017, *https://www.smh.com.au/entertainment/movies/richard-gere-on-how-china-has-damaged-his-career-over-his-support-for-tibet-20170511-gw29g9.html*.

the past did not need to take into account to such a degree the prospect of manipulation or censorship by external authoritarian powers. Today, however, the exertion of sharp power makes it necessary for them to renew and deepen their commitment to democratic standards and free political expression. The mechanisms to achieve a deepening of such commitment are not self-evident or straightforward. To address this challenge, common standards must be developed, with the aim of reducing these institutions' exposure and safeguarding their integrity over the long term. Because in today's world autocracies and democracies are integrated and interdependent in so many new ways, authoritarians must be contested on multiple fronts and levels, including *within* democratic societies and their institutions.

Winning the "Values War"

In the last decade, the global operating environment has changed. In crucial arenas relating to the health and integrity of democratic systems—including the spheres of freedom of expression, the principles that govern technology, and the way in which state-driven capital can be leveraged for political purposes—the impact of leading authoritarian regimes is being felt more acutely. Given China's rapid emergence on the world stage and its more visible authoritarian internationalism, it seems we are approaching an inflection point.

If anything, the challenge presented by China and other ambitious, internationalist autocratic regimes has grown in the most recent period. At the same time, the democracies are only slowly waking up to the fact that they have entered into an era of serious and strategic contestation based on governance models. We have been slow to understand the implications of this struggle over essential values. The values war that has taken shape globally is one between autocratic regimes, on the one hand, whose animating governance principles favor state control, management of political expression, and privileging "rule by law" over rule of law, versus democratic systems, on the other, whose principles are based on open societies, free and independent expression, and rule of law. In an era of hyperglobalization, the battle over these fundamental values is being waged in every region and across diverse polities. How this battle plays out will shape the character of the world we live in.

The CCP's efforts to speak to the world, to shape understanding, and to subtly undercut or overtly assail the democracies should not be underestimated. The authorities in Beijing mean to reforge the established rules and norms of international politics. Plainly said, they represent the leadership of the "unfree world."

Much of the response to date to the China challenge from the democracies has focused on the trade and military dimensions, both of which deserve rightly deserve attention. But we must reckon with the fact that so much of Beijing's activity in recent years may be related to but is distinct from these domains. In order to compete, the U.S. and other democracies will need to address this gap.

A valuable base of experience can be found in Australia, which has recently been facing up to the challenge of PRC sharp power projection. As John Fitzgerald has noted, Australia is not only "on the frontline" of China's overseas influence efforts, but also "at the forefront among

liberal democracies in generating press, community, and government responses in defense of its sovereignty and institutional integrity, as well as the values—including the freedoms of speech, assembly, and religion—that China's influence operations place at risk."[33] The experience of Australia can furnish useful lessons to other advanced democracies now being exposed to Beijing's brand of sharp power.[34]

As democratic societies move into the next stage of dealing with sharp power—crafting workable responses—civil society's role will be critical. The Australian government's efforts to combat foreign interference, and civil society's role in informing and shaping these efforts, underscore the necessity of pursuing what should be understood as a comprehensive response to the multidimensional challenge presented by China. At a fundamental level, any response to this global challenge also needs to consider the essential importance of democratic development in China itself.

NED's Response to the China Challenge

For its part, the National Endowment for Democracy (NED) and its associated institutes have set in motion a response to this multifaceted challenge. NED's programmatic approach to addressing China's influence around the world that threatens democratic norms, standards and institutions is anchored in three interrelated components: developing and accelerating the capacity of think tanks, civil society and journalists to study and analyze Chinese influence in politics, the economy and society; strengthening the ability of these actors, including those working in the civic technology space, to respond appropriately and strategically; and linking efforts at the country level with counterparts engaged in similar work around the world.

The International Republican Institute (IRI) is directly combating CCP malign influence in developing democracies, working with country partners to shine a spotlight on the CCP's influence tactics and bolster democratic resilience to them. IRI is equipping government officials, independent media, political parties, private enterprise, and civil society in these countries with the tools to protect their democratic institutions and sovereignty.

The National Democratic Institute (NDI) conducts a number of initiatives that address China's exertion of authoritarian influence. This includes its work with the Asian Network for Free Elections (ANFREL) and its country member citizen groups to among other things address Chinese and other authoritarian disinformation campaigns that aim to sow divisions and undermine public trust in democratic processes. In Hong Kong, NDI has provided forums for women, youth, and ethnic minorities to constructively participate in policy-making and elevate their voices and priorities. NDI also has conducted a series of missions regarding the development of Hong Kong's constitutional and electoral framework, the enforcement of the rule of law and civil liberties, and prospects for Hong Kong's democratization.

[33] John Fitzgerald, "China in Xi's "New Era": Overstepping Down Under," *Journal of Democracy,* no. 2 (2018): 59.
[34] Fitzgerald, "Overstepping"; and John Garnaut, "How China Interferes in Australia," *Foreign Affairs,* 9 March 2018, *www.foreignaffairs.com/articles/china/2018-03-09/how-china-interferes-australia.*

In response to the loans, investment, and aid from non-democratic countries, including China, into emerging democracies with poor governance and weak rule of law – understood as "corrosive capital" – the Center for International Private Enterprise has been working to document how corrosive capital flows into countries, and then to work with its private sector partners to increase resiliency, including through strengthening policies on competition, anti-monopoly, corruption and procurement; building awareness among key state agencies; and increasing public debate. Chinese state-owned enterprises often take advantage of institutional and policy weaknesses to invest without sufficient public sector oversight, private sector consultation, or citizen scrutiny. Once in-country, these funds further corrode governance, exacerbate corruption, increase indebtedness, and in some cases, have resulted in the transfer of sovereign resources.

Crafting a Response to the China Challenge

Given its corrosive impact on critical democratic institutions, China's authoritarian internationalism poses both a rule-of-law and a national security challenge; authoritarian efforts that today target democratic institutions and seek to undermine their integrity represent what should be understood as a serious and persistent nontraditional security threat. Any response to the challenge posed by China will first require dispensing with the inadequate framing of this issue as a simple choice of either shunning or engaging China, which is already deeply integrated into the international system, across every region in the world. Rather, it is the nature and contours of the engagement with China that must be rethought.

The following are key steps, drawn from our Sharp Power report, which can be taken to address the Beijing's influence efforts:

> **Address the evident knowledge and capacity gap on China.** Throughout many societies in which China today is deeply engaged information concerning the Chinese political system and its foreign policy strategies tends to be extremely limited. This places many societies at a distinct strategic disadvantage. There often are few journalists, editors, and policy professionals who possess a deep understanding of China—the Chinese Communist Party, especially—and can share their knowledge with the rest of their societies in a systematic way. Given China's growing economic, media, and political footprint in these settings, there is a pressing need to build capacity to disseminate independent information about China and its regime. Civil society organizations should develop strategies for communicating expert knowledge about China to broader audiences.
>
> **Shine a spotlight on authoritarian influence.** Chinese sharp power relies in part on disguising state-directed projects as commercial media or grassroots associations, for example, or using local actors as conduits for foreign propaganda or tools of foreign manipulation. To respond to these efforts at misdirection, observers need the capacity to put them under the spotlight and analyze them in an independent and comprehensive manner.
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> **Safeguard democratic societies against undesirable Chinese Party State influence.** Once the nature and techniques of authoritarian influence efforts are exposed, countries should build up internal defenses. Authoritarian initiatives are directed at cultivating relationships with the political elites, thought leaders, and other information gatekeepers of open societies. Such efforts are part of Beijing's larger aim to get inside

such systems in order to incentivize cooperation and neutralize criticism of the authoritarian regime. Support for strong, independent civil society—including independent media—is essential to ensuring that the citizens of democracies are adequately informed to evaluate critically the benefits and risks of closer engagement with Beijing and its surrogates. It is impossible to know for certain, for instance, the degree to which intimidation from authoritarian governments has already made scholars and publishers "sensitive-topic averse."[35] Exposing the hidden pressures is a first step toward countering the censors' insidious influence.

Reaffirm support for democratic values and ideals. If one goal of authoritarian sharp power is to legitimize nondemocratic forms of government, then it is only effective to the extent that democracies and their citizens lose sight of their own principles. The Chinese government's sharp power seeks to undermine democratic standards and ideals. Top leaders in the democracies must speak out clearly and consistently on behalf of democratic ideals and put down clear markers regarding acceptable standards of democratic behavior. Otherwise, the authoritarians will fill the void.

Learn from democratic partners. A number of countries, Australia especially, have already had extensive engagement with China and can serve as an important point of reference for countries whose institutions are at an earlier stage of their interaction with Beijing.[36] Given the complex and multifaceted character of Beijing's influence activities, such learning between and among democracies is critical for accelerating responses that are at once effective and consistent with democratic standards.

[35] Phila Siu, "What's the 'Dirty Secret' of Western Academics Who Self-Censor Work on China?" *South China Morning Post* (Hong Kong), April 21, 2018.
[36] See, for example, Fitzgerald, "Overstepping" and Garnaut, "How China Interferes in Australia."