



# U.S. Institutions Must Get Smarter About Chinese Communist Party Money

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In June, the George H.W. Bush Foundation for U.S.-China Relations honored California Sen. Dianne Feinstein and former U.S. Secretary of State Henry Kissinger with lifetime achievement awards for their contributions to U.S.-China relations. “I’m grateful to accept this award from the Bush China Foundation,” Feinstein said. But what she did not seem to know was more than 85 percent of the foundation’s operating budget—a total donation of \$5 million—came from the China-United States Exchange Foundation (CUSEF), an organization controlled by the Chinese Communist Party (CCP).

Amid the intensifying strategic rivalry between the United States and China, the CCP is increasingly using cash to infiltrate influential U.S. institutions using tactics broadly known as foreign-focused propaganda and United Front influence campaigns. These activities trace back to the party’s creation in 1921, when it began “educating the masses” and “mobilizing friends to strike at enemies.” At the National Meeting on Propaganda and Thought Work in 2013, Chinese President Xi Jinping emphasized cadres should “use innovative outreach methods ... to tell a good Chinese story and promote China’s views internationally.”

But when these tactics, which the CCP calls “soft power” or “people-to-people” relations, target the United States and other liberal democracies, they have a corrosive influence on objective China studies research. By forging close partnerships with prominent foreign “opinion-setters,” Beijing aims to shape perceptions so they adopt and share views consistent with those of the CCP.

As leaders in research and innovation as well as incubators for future U.S. leaders, universities have become prime targets for Beijing’s penetration. In 2015, the FBI began formally warning these institutions about the risks, and five years later, it publicly sounded the alarm. “Of the nearly 5,000 active FBI counterintelligence cases currently underway across the country,” FBI director Christopher Wray said in a 2020 speech, “almost half are related to China.”

But although some like Feinstein and Kissinger have been taken in, many people in Washington are now seeking ways to thwart Beijing’s political influence campaigns. In 2018, members of Congress intervened to stop CUSEF from providing \$2 million for a new China center at the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin. Then, the 2019 National Defense Authorization Act included a provision pressuring colleges with Defense Department-funded foreign language programs to shutter their Confucius Institutes.

These language and cultural centers—which former Chinese Propaganda Minister Liu Yunshan described as overseas outposts of “international propaganda battles against issuers such as Tibet, Xinjiang, Taiwan, human rights and Falun Gong”—have restricted the examination and even discussion of topics Beijing deems unacceptable. And last year, an Education Department investigation into U.S. universities found many are several decades delinquent in disclosing Chinese-sourced donations. The probe uncovered a staggering \$6.5 billion in unreported foreign donations and more than \$1 billion in anonymous foreign financial assistance over the past decade.

Still, many academic institutions have simply refused to disclose their CCP funding while others have closed their Confucius Institutes or renamed them to work around governmental pressure and keep the cash flowing. Tufts University and the University of Michigan shuttered their Confucius Institutes but continue to receive funds from China’s Ministry of Education. Because federal laws single out Confucius Institutes, the Asia Society simply changed the name of its K-12 version of the Confucius classroom to “Chinese Language Partner Network” and kept the money.

Meanwhile, Beijing is also responding in ways U.S. policymakers have yet to fully understand and address. China has rebranded its Confucius Institutes and created groups like the aforementioned Bush Foundation for U.S.-China Relations, which emerged in the aftermath of the Lyndon B. Johnson School of Public Affairs scandal. David Firestein, a retired State Department official who pushed CUSEF funding at the University of Texas, left in 2019 to lead the new organization. Moreover, the Carter Center at Emory University, which also takes money from CUSEF, has provided a platform for CCP diplomats. Without breaking any laws, Beijing is buying the legitimacy of both Republican and Democratic U.S. presidents to launder its propaganda and expand its influence over senior congressional leaders and U.S. statesmen.

To be sure, China is hardly the only government playing the foreign influence game in Washington, but its tactics set it apart from other players. “China has a politically weaponized system of censorship,” said Xiao Qiang, director of the Counter Power Lab at the University of California, Berkeley. “It is refined, organized, coordinated, and supported by the state’s resources. They also have a powerful apparatus to construct a narrative and aim it at any target with huge scale. No other country has that.”

The onus is now on Congress to respond by protecting the integrity of U.S. research and education on China. House members sent a formal inquiry on the matter to Education Secretary Miguel Cardona in mid-June, but so far, it is unclear whether the department has opened any new investigations into noncompliant universities. But the Biden administration and Congress must also take urgent steps. Annual disclosure requirements for universities and a ban on all congressional engagement with such groups are essential first measures—but alone, they are insufficient to stop the flow of CCP-linked funding into U.S. educational institutions.

To do that, Congress could require reciprocity so if Beijing wants to fund U.S. educational institutions, then Washington must also be able to sponsor its own programs at Chinese universities. Short of real reciprocity, however, Congress should restrict the types of gifts and donations U.S. universities can accept from CCP-backed sources. It is time U.S. policymakers acted to blunt the CCP’s influence campaign; the integrity and reputations of its educational institutions depend on it.