

# U.S. Rep. Gallagher: Outlines steps Wisconsin can take to protect itself from CCP threats

Posted on Tuesday, Oct 19, 2021

**>> WisPolitics is now on the State Affairs network. Get custom keyword notifications, bill tracking and all WisPolitics content. [Get the app or access via desktop.](#)**

MADISON, WI – Rep. Mike Gallagher (R-WI) today testified before the Wisconsin State Senate Committee on Universities and Technical Colleges to discuss threats higher education institutions face from foreign adversaries.

In his remarks, Rep. Gallagher addressed specific threats posed by the Chinese Communist Party and outlined five ways that Wisconsin can protect itself against these threats. These steps include:

- Ending universities' dependence on China as a source of revenue,
- Blocking technology transfers between campuses and China,
- Divesting endowments and state pensions from Chinese companies,
- Investing in the technological fight for the future, and
- Training the next generation to win the 21<sup>st</sup> century.

In part, Rep. Gallagher said, "It is time to choose. American universities and businesses can choose to side with our country, or they can choose to side with the genocidal communist regime that wants to destroy our way of life. The five steps I've outlined are a start, but they all rest on the assumption that American Universities are still committed to intellectual freedom."

Click [HERE](#) to watch Rep. Gallagher's full testimony, or read his remarks below as they were prepared for delivery.

During a dinner conversation in the Philippines, shortly before the United States entered World War II, Milwaukee's very own General Douglas MacArthur engaged in a debate with his chief of staff as to whether America should suspend Congress and adopt dictatorship during wartime. MacArthur defended democracy, believing its unique advantage is that it allows people "to think, to talk, and keep their minds free, open and supple." The general explained:

“while the dictator state may plan a war, get everything worked out down to the last detail, launch the attack, and do pretty well at the beginning, eventually something goes wrong with the plan. Something interrupts the schedule. Now, the regimented minds of the dictator command are not flexible enough to handle quickly the changed situation. They have tried to make war a science when it is actually an art. He went on to say that a democracy, on the other hand, produces hundreds and thousands of flexible-minded, free-thinking leaders who will take advantage of the dictator’s trouble and mistakes and think of a dozen ways to outthink and defeat him. As long as a democracy can withstand the initial onslaught, it will find ways of striking back and eventually it will win.”

Though MacArthur often failed to live out these democratic ideals himself, the theory, what I call “the MacArthur Curve,” still stands. American crisis response unfolds along a U-Curve. We start slowly and inefficiently (i.e. the descent down the “U”). At some point, if we can withstand the initial onslaught long enough to activate their thousands of flexible, free-thinking minds, democracies start to turn it around as dictatorships start to screw it up (i.e. the turning point or the bottom of the “U”). Then, with increasing momentum, tempo, and confidence, democracies start to claw their way upwards to victory (i.e. climbing the “U”). The MacArthur Curve is the quintessential story we Americans tell ourselves about our national genius. It is the story of America as the “arsenal of democracy” or Freedom’s Forge, the story that allowed us to win World War II by harnessing the industrial capacity of America.

Yet the coronavirus pandemic has highlighted a hard truth: the MacArthur Curve is broken. For two decades both political parties pursued a geopolitical strategy aimed at integrating China into the global economy so as to moderate their behavior and transform them into a “responsible stakeholder.” This strategy failed. As China grew richer, the Chinese Communist Party (CCP) grew more repressive internally and aggressive externally. Meanwhile America became addicted to cheap Chinese goods and debt. We now find ourselves dangerously dependent on China for the supply of critical goods. This created a situation in which CCP officials threatened in March 2020 to cut off the supply of life-saving drugs to the U.S., thereby dooming our country to “sink into the hell of a novel coronavirus epidemic.” Consider the current supply chain catastrophe, which will get worse as China’s energy crisis gets worse.

The situation is unsustainable—a great nation such as ours cannot continue to be held hostage by our greatest adversary. In order to restore America’s industrial capacity, in order to restore our sovereignty, in order to repair the MacArthur curve, we must selectively decouple our economy from China’s. To do so we need the help

of Wisconsin's higher education system. Here are five steps Wisconsin's higher education system can take today to defend our country and restore our sovereignty.

#### Step 1: End University Dependence on China as a Source of Revenue

When the CCP really wants to kill a policy proposal in DC, rather than acting through its embassy, which has a branding problem, it will mobilize proxies that have vested financial interests in a given outcome. Financial dependencies give the CCP leverage over American entities and inevitably lead to lobbying campaigns designed to blunt get-tough-on-China policies.

A good example is the Confucius Institute network, which has rightly come under scrutiny for its lack of transparency and potential for censorship. As one Senate report found, as of 2019, there were Confucius Institutes at more than 100 American colleges, receiving more than \$150 M from the Chinese government. At the federal level we have taken bipartisan steps to fight back against Confucius Institutes. I applaud UW Platteville for closing its Confucius Institute earlier this spring. But some universities are simply re-naming their Confucius Institutes to get around federal restrictions. Universities [also receive communist cash](#) through a wide range of vehicles, including gifts and contracts and support for centers in China.

We must prevent dark foreign money from corrupting our campuses. At a minimum, the entire University of Wisconsin system should commit to full transparency when it comes to foreign sources of funding. Some recent Department of Education investigations have the total amount of undisclosed foreign donations upwards of \$5 billion in the U.S. Until American universities end these dependencies, they will feel compelled to stay within the CCP's good graces, censoring speech and allowing their students to become targets for United Front Work, a concept I will return to in a bit.

#### Step 2: Block Technology Transfer on College Campuses

As Alex Joske chronicled in his groundbreaking report "Picking Flowers, Making Honey," the CCP has a concerted strategy to send researchers abroad to steal technologies abroad and bring them back to China. In response to this report, I authored the [PLA Visa Security Act](#), which would prohibit individuals employed or sponsored by Chinese military institutions from receiving F or J visas to study in the US. In June 2020, the Trump administration effectively implemented this policy via executive order, which the Biden Administration has yet to revoke.

Universities must not only comply with this order, but also exercise more ownership over who they allow to conduct sensitive national security-related research on their campuses. They cannot even assume that individuals who receive visas to study in

the US are fully vetted. There are a growing variety of official government blacklists relating to China: the Commerce Department's Entity List, the Defense Department's Chinese Communist Military Companies and Military-Civil Fusion contributor list, and Treasury's Non-SDN Civil Military Industrial Complex companies list. Wisconsin should not allow anyone affiliated with the Chinese entities on these "blacklists" to conduct research at their universities. Public universities must also end collaborative research in China or with Chinese research institutions because of Chinese law, which means that any technology or research conducted in China or with Chinese entities could at any time be used to advance the malign interests of the CCP. Those interests include retaining Party control at all costs, undermining American leadership, and committing genocide.

### Step 3: Defund Communist Genocide

Over the weekend, Financial Times reported that China tested a [nuclear-capable hypersonic glide vehicle](#) that flew into low-orbit space before landing. These missiles are dangerous not only because they can go very fast, but also because they can maneuver while also going fast, and therefore they undermine our early warning and missile defense systems here at home. This means the Chinese could target ports, major American cities, and whatever else they want in a Taiwan scenario, for example. More troublingly, apparently it caught our intelligence community completely off guard. As one source in the article put it, "We have no idea how they did this." The thing is, we do, because the Chinese hypersonic program has benefited from American semiconductor technology.

This problem is indicative of a larger dynamic in the US-China competition. China has a holistic vision of national power that combines military and commercial technology known as Military-Civil Fusion. Under MCF, there is no purely civilian tech industry in China. Any firm, any innovation can be co-opted at any point by the CCP. Despite this, many American technology companies, universities, and investors continue to partner with Chinese researchers under the auspices that they are working on civilian, non-threatening technologies. But as we saw with the hypersonic test, as we saw in Wuhan, and as we see everyday in Xinjiang, all we are doing is handing the CCP the tools they need to kill Americans or commit genocide. And it's not just me that's said that. Both the Trump and Biden Administrations agree that the CCP is actively committing a genocide against over one million Uighur Muslims in Xinjiang, yet American capital and American retiree money continues to flow into China as asset managers on Wall Street chase double digit returns. Consequently, the retirement security of millions of Americans is connected to the profits of Chinese companies complicit in genocide. U.S. retirement funds are still flowing into Chinese companies that are building things designed to destroy the

U.S. military.

The only way to stop this insanity is to prohibit American college endowments and state and local pension funds from investing in Chinese companies (along with indices like MSCI that have been corrupted by the Chinese Communist Party). I will be introducing federal legislation to this effect, I will work tirelessly to get it into law, and I encourage my state colleagues to do the same. Tax exempt American entities as well as those that receive money from the U.S. federal government should not be profiting off genocide and anti-American propaganda. Those who manage university endowments and state pension funds also have a basic fiduciary responsibility to their investors to stop pouring their retirement money into China. As the recent failed IPOs of Ant Financial and Didi demonstrate, the CCP can systematically destroy any firm it desires at any time. No prudent man would invest in this opaque environment. No prudent man would invest in genocide. And no American would invest in weapons for our greatest enemy.

Step 4: Win the Technological Fight for the Future

The previous three steps are defensive in nature—they seek to slow down China in the economic competition by limiting the transfer of technology and funding to our adversaries. But as any Bears fan will tell you, defense will only go so far. We need to go on offense. Federal research and development funding has declined from approximately 12% of the federal budget in the early 1960s to approximately 3% today (or from 2% of GDP at the height of the Cold War to .6% of GDP today). Bills like the [Endless Frontier Act](#) would fix this decline by investing \$100 billion in strategic technology sectors critical to the US-China competition such as AI, robotics, quantum, and biotechnology. The US Innovation and Competition Act would fund the CHIPS act to the tune of \$52 billion, which creates incentives for the domestic manufacturing of semiconductors.

If we pass these bills, the University of Wisconsin system is well positioned to become a regional technology hub, and Wisconsin should seek to become a semiconductor superpower. But it won't happen if our K-12 system and our higher education system can't produce workers. And it won't happen if our higher education system cannot prevent federal government dollars from funding Chinese spies or Chinese technology that is going to be used against us. If we step up and proactively take measures that give confidence to the idea that we can safeguard federal funds, I believe the UW system will be in an incredible position to lead when it comes to the technologies of the future.

Step 5: Cultivate More Kennans

The Chinese Communist Party primary tool of influence is called "United Front" work, or "methods to influence overseas Chinese communities, foreign

governments, and other actors to take actions or adopt positions supportive of Beijing's preferred policies." Confucius Institutes are an example of United Front work, as are bribery and extortion. General Secretary Xi has singled out United Front work as a "magic weapon" to promote the "great rejuvenation of the Chinese nation." But our defense and intelligence communities have a poor understanding of United Front Work.

During the old Cold War we dedicated a significant amount of national resources to developing Russian linguists and experts on the Soviet Union and Soviet satellite countries. In fact, I would argue Wisconsin won the Cold War because Milwaukee produced George Kennan, whose passion for history and facility with the Russian language and with the English language, produced a unique understanding of Kremlin behavior and an ability to write about it in a way that woke up the entire federal government at the time.

Today our universities need to do the same. Rather than proliferating majors that may not allow kids to get jobs or serve our country, we need to cultivate the next generation of experts—those with a deep understanding of Chinese history and language, who are committed to serving their country, and who can also write well and quickly. We also lack deep expertise when it comes to key allies and partners like India, the Philippines, Vietnam, and Indonesia. In key functional areas such as cyberspace we are falling behind. Nationwide there are almost half a million jobs open that are seeking cybersecurity skills; the public sector has 36,000 open jobs. If you want to help students get a good paying job and serve their country at the same time, then the UW system should set a goal of leading the nation when it comes to student participation in programs like the federal CyberCorps: Scholarship for Service program, which supports students pursuing cybersecurity degrees and then hires graduates directly into public sector cybersecurity jobs.

#### Conclusion

During a particularly tense moment in the Korean War, General Douglas MacArthur told the Senate that it was wrong to believe that war can be "applied in a piecemeal way, that you can make half-war, not whole war." As we work to deter a future war with China, we should expect that if deterrence fails, China will wage whole war, not half war. This will include China shutting down exports of critical goods, attacking our critical infrastructure with cyber weapons and perhaps actual weapons, and spreading disinformation on social media to destroy our will to fight. We would be crippled in that scenario. We would not be able to climb up the MacArthur curve to activate Freedom's Forge and the "arsenal of democracy." Put bluntly, we would lose World War III if we maintain the current course either through pre-emptive surrender or battlefield defeat.

To avoid that outcome: it is time to choose. American universities and businesses can choose to side with our country, or they can choose to side with the genocidal communist regime that wants to destroy our way of life. The five steps I've outlined are a start, but they all rest on the assumption that American Universities are still committed to intellectual freedom. After all our education system is responsible for producing the "flexible-minded, free-thinking leaders" that make the MacArthur curve work.

In China they don't have free thought, they have Xi Jinping thought. We cannot go down their path of ideological homogeneity and tech enabled censorship. Our open society encourages risks, tolerates diverse viewpoints and therefore retains a capacity for self-correction. As MacArthur said in that dinner debate: "It costs money and at times does look inefficient but, in the final analysis, democracy as we have it in the United States is the best form of government that man has ever evolved." That's a beautiful legacy that we've inherited and that we should be proud of. American universities are just that, American, and they should be proud to call themselves American.