

China and Our Perfidious Elite

Red-Handed: How American Elites Get Rich Helping China Win, Peter Schweitzer, 2022, Harper, pp. 352, \$16.99 hardbound.

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Vladimir Lenin is purported to have said that capitalists will sell the Communists the rope to hang them. There is no evidence that he actually put it that way, but Lenin did write that the capitalists “will furnish credits which will serve us for support of the Communist Party in their countries and, by supplying us with materials and technical equipment we lack, will restore our military industry necessary for our future attacks against our suppliers. To put it in other words, *they will work on the preparation of their suicide.*” It is with this quote that Peter Schweizer begins his book *Red-Handed: How American Elites Get Rich by Helping China Win*, an exposé of what is now happening in the United States, from Washington,

Wall Street, and Silicon Valley to academia. Schweizer is well qualified for this kind of investigative reporting. He is cofounder and president of the Government Accountability Institute, a group of journalists who work to expose crony capitalism and the misuse of taxpayer money. He is the author of well documented books exposing money and its uses in influential circles. One of his latest is *Secret Empires How the American Political Class Hides Corruption and Enriches Family and Friends* (2018) in which he reveals the connections and business arrangements of influential members of the political class of both parties and their families, connections which have made them wealthy and which may compromise their public service.

Schweizer’s latest book continues in this vein, but focuses on the money of the Chinese Communist Party (CCP) and the influence it buys. In this way he adds to a number of other books which describe China’s multi-pronged effort to achieve global hegemony. Among them is Clive Hamilton’s and Mareike Oldberg’s *Hidden Hand: Exposing How the Chinese Communist Party is Reshaping the World* (reviewed in *Academic Questions* winter 2021). In *Red-Handed*, Schweizer tells how,

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after the Cold War, the West expected that China would respond in a cooperative manner to the free market and to the incentives offered by the West. The members of the American business class and political leaders believed that China was no threat but rather a “Western wannabe,” an assumption which Schweizer describes as the “proverbial wisdom” of the time. “Give them free trade, access to technology, and American capital,” so we were told, and they’ll become like us. But that didn’t happen.

When we look back over the history of the rise of China, we see that the flaw in this approach is to believe that everyone holds Western-derived values, not recognizing that other parts of the world might have other traditions that could be directed by its leaders toward different goals. The post-World War II success of the Western democracies in creating a world order based on a free-market system and international cooperation, was achieved only after the Axis Powers and imperial Japan had been crushed, their cities lay in ruins, their former governments discredited, and their economies in shambles. This, however, was not the case with Russia after World War II. It recovered from the conflict, but followed its own course during the Cold War era, a course which had been set by the Marxist revolution of

1917. China did the same in the hands of Mao Zedong and his successors. Today Vladimir Putin is leading his country towards a restoration of Cold War era Russia, based not on Marxism but a vision of the earlier Russian Empire. This is seen clearly in Putin’s published words as well as in his actions in Chechnya, in the takeover of Georgia and Crimea, and now in a full-scale war of conquest in Ukraine, a war which some high placed Russians have described as a war against NATO. And in China, after recovering from the disaster brought on the country by Mao’s Great Leap forward, the CCP has adopted the market economy, what is called state capitalism, but with the CCP’s modifications aimed not at achieving international harmony envisioned in the West, but rather to further its hegemonic goals.

In *Red Handed* Schweizer says that from the White House to Capitol Hill and from the diplomatic corps and national security agencies, to the executive suites of Wall Street and Silicon Valley, and higher education, American elites have pursued their own interests based on profit without regard for its wider implications. Some of them may be convinced that technology will eventually bring the ruling party in Beijing in line with the international market, and as a result that the repressive regime in China

will come to an end. But some of the richest men who have benefited from the capitalist system support the government in Beijing as it is, many feeling that a dictatorship can better deal with innovation and in getting things done.

Fear of the danger of selling out to foreign powers is nothing new. This was a possibility, says Schweizer, recognized by the Founders in the eighteenth century, and expressed by such leaders as Alexander Hamilton, James Madison and George Washington. Madison wrote in 1799 that Britain “being an absolute monarchy in its executive department can distribute its money for secret services with every advantage for safety and success.” In the heyday of European imperialism in the nineteenth century, London’s financial advantage made possible British hegemony over some countries which were not directly under their rule, what was called Britain’s informal empire; This was a way of making those countries dependent on Britain, to Britain’s advantage, while relieving London of the burden of administration. This is a process we see today in China’s Belt and Road Initiative, which some have described as a debt trap for the recipient countries, a move that enhances Chinese influence in Third World countries, giving them access to resource rich areas and allowing

them to establish bases in strategic locations.

In *Red Handed* Schweizer continues the exposé he began in *Secret Empires*, but in this book he focuses on the role China is playing in the ongoing process. He begins with the financial involvement of the Biden family with Communist China, a relationship which was denied by the “mainstream media” before the 2020 election, but which has since been acknowledged by the *New York Times*, the *Washington Post* and others, and is now one of the foreign ties of the Biden family under investigation by a Delaware Grand Jury. Schweitzer then looks at Capitol Hill and those members of Congress who enjoy lucrative commercial ties with China. Among them are Mitch McConnell, who since 2012 has been Republican senate leader, and his wife Elaine Chao, transportation secretary in 2017 in the Trump administration. Her father, James Chao, owns Foremost Maritime which does business with China, a relationship that, as Schweizer describes it, is “a blurring of the line between her family’s business and his official duties.” In some cases, Elaine Chao’s appearances at official functions were cancelled because of concern raised by Department of Transportation (DOT) lawyers. McConnell has talked about China’s military expansion

and human rights, but has been leery of legislation that would restrict commerce, still presuming that free trade would eventually mean a freer China. Schweizer concludes by saying that there is little doubt that “the McConnell-Chao family business fortunes would be disrupted overnight if Beijing looked with too much displeasure at the policy positions he takes toward China.”

Schweizer also discusses politicians who once having retired from public service, go through the revolving door and become business consultants for companies which they once regulated, thus making them what he calls “hired-gun lobbyists.” In this way some of those lobbyists provide channels of influence for the CCP at the highest level of government. Schweizer names names, and provides ample documentation in his description of this kind of connection. The business model for such enterprises headed by former foreign service officers, says Schweizer, is Kissinger and Associates, founded by Henry Kissinger, the former Secretary of State and National Security Advisor in the Republican Nixon and Ford administrations. Schweizer then shows how others in administrations from Nixon through Clinton have “cashed in” with a similar business model.

Schweitzer describes Silicon Valley as America’s innovative center and home to America’s largest tech companies, and Wall Street as the center of the country’s financial interests. From this perspective he examines some of the top executives in Silicon Valley such as Apple’s CEO Tim Cook, Mark Zuckerberg, co-founder of Facebook, Eric Schmidt, CEO of Google, and Bill Gates, one the richest men in the world, a generous philanthropist, and founder of Microsoft. One of the most troubling aspects of the relationship between many tech executives and Beijing is the way Silicon Valley technology is aiding the advancement of Chinese hegemonic ambitions through innovations in the Chinese military, despite the fact that Beijing’s intentions are clear, not only as seen in its actions, but also as stated by Xi Jinping when he said “we should seize *the commanding heights* of technology and future development” for “today’s world [science and technology] innovation has become a critical support for national strength.” To accomplish this end Beijing has developed its “civilian-military fusion,” a way of using science as a national weapon. Appealing to the profit motive, Beijing has “effectively courted and seduced many powerful people in Silicon Valley to willingly, and

sometimes even enthusiastically, play along.”

When looking at America’s financial titans, Schweizer says that too many of them have prospered under a free-market system and have benefited from American rule of law, but “are now actively cheerleading for Beijing and profiting from the regime’s actions.” He refers to those financiers as “masters of the universe,” borrowing a phrase from the novel *Bonfire of the Vanities*, which author Tom Wolfe used to describe those young investors who helped usher in an age of prosperity and greed. Schweizer goes through a list of those financial giants who, he says, have greatly troubling links to authoritarian leaders in Beijing. One of them is billionaire Ray Dalio, the founder of Bridgewater, the world’s largest hedge fund. Schweizer describes Dalio as “a Beijing regime booster.” His firm became a significant player in the Chinese economy, receiving the first license to provide hedge fund investments to locals in China, this just after the publication of his book in 2018 *Principles of Dealing with the Changing World Order* in which Dalio, as elsewhere, makes no secret of his admiration for the authoritarian state capitalism of Communist China.

Dalio says he is troubled by American capitalism which he

believes is the best system, but which has not worked well for ordinary people. In viewing the system which has evolved in China, he expresses not only tolerance for its repressive dictatorship, but admiration for what he says it has achieved, accusing many in the West of “persistent anti-China bias,” describing the Chinese regime as a “paternal system,” and saying that critics of the regime should clear their minds. The regime in China, he says, “seeks to develop, promote and record good character and good citizenship,” the reason for its high-tech social credit system which “rates the quality of citizenship.” Each individual, he says, is expected to view himself as part of “the greater whole.” In this way Dalio and others have been constant apologists for the Communist system in China. In return he has been granted rights to establish his investment company there and where, as Schweizer puts it, he enjoys “rock-star status.” He also has a deep personal regard for Wang Qishan, the second most powerful man in the CCP, who Dalio said in 2017 was his “personal hero,” and who the *Economist* (March 26, 2015) has described as “perhaps the most feared leader in China.”

Another billionaire who works in the interest of Beijing is Stephen Schwartzman, who *Fortune* magazine has called the “king of Wall Street.” He

is the founder of the Blackstone Group which he has built into a “financial global titan.” Through Blackstone, Schwarzman has invested both financial and political capital through his partnership with the Communist regime in China. This partnership is troubling, writes Schweizer, for Schwarzman has become a cheerleader for Beijing by “deflecting criticism or painting the regime in a stunningly benign light.” Schwartzman’s attachment to the Communist regime is so strong that he has launched a \$100 million plan to create a global scholarship in China, similar to the one Cecil Rhodes established for students worldwide to study at Oxford University so that they could learn the merits of British civilization. In Schwarzman’s case the university which the students attend is not an independent institution of higher education like Oxford, but Tsinghua University which Schweizer describes as having been established with the cooperation of the CCP, and which serves as a training ground for the CCP and the government elite. This all means, say Schweizer, that “a Wall Street financier worth billions courtesy of the free market system, is funding courses in Marxism-Leninism and a program that preaches the supremacy of Chinese Communism over capitalism.”

Chinese influence is also a growing problem in American higher education. This is seen in the flow of money from China in the form of large donations from wealthy alumni who are linked to China’s power structure. Such money is often underreported by universities, and a U.S. Senate subcommittee reported that universities were “systematically underreporting from China, and were inaccurately disclosing them to the federal government.” Also, the Justice Department has charged individual scholars in the United States for taking money from China for research and failing to disclose it.

This is all in addition to the support of the Chinese government for Confucius Institutes, campus-based programs for the study of Chinese civilization that were found to be used as central nodes in China’s overseas influence campaign. Partly in response to the National Association of Scholars’ 2017 report *Outsourced to China*, state and federal government closed 104 of 118 Confucius Institutes in the United States. However, the NAS released *After Confucius Institutes* in 2022 that found at least sixty-four colleges and universities have reopened “Confucius Institute-like” programs under a different name or have maintained close relationships with the

Chinese entities that cosponsored Confucius Institutes.¹

This is important on a larger scale, for what happens on college campuses does not stay there. Some of the students will one day hold high positions in finance, in innovative technology and in the government, putting them in positions to shape future policy.

All this is becoming ever more apparent as international tensions rise. CIA Director William Burns has acknowledged that China has embarked on a long-term competition with the goal of overtaking the United States in every domain, from economic and military power to space and cyberspace, a move which he describes as geopolitically “threatening,” especially with the possibility of a military invasion of Taiwan. Recently, the U.S. government has become more vocal about the long-standing theft of intellectual property by the Chinese. It is thus becoming safer for those in the university who are aware of this trend and want to report it, but have been afraid they will be ostracized, accused of propagating conspiracy theories, xenophobia, or the ever-ready standby “racism.” Peter Schweizer’s *Red Handed* is an indispensable source of

facts supporting greater oversight and accountability.

¹ Rachele Peterson, *Outsourced to China: Confucius Institutes and Soft Power in American Higher Education*, National Association of Scholars, 2017; Rachele Peterson, Ian Oxnevad, Flora Yan, National Association of Scholars, 2022.