

BOOK REVIEW

RED HANDED: HOW AMERICAN ELITES
GET RICH HELPING CHINA

PETER SCHWEIZER

NEW YORK: HARPERCOLLINS, 2022, 352 PP.

PATRICK NEWMAN*

“May you live in interesting times” is an apocryphal Chinese curse. Whether of Chinese origin or not, the saying is certainly apt. Americans have lived in interesting times vis-à-vis China: over the past forty years the formerly impoverished nation has soared in political and economic influence and now rivals the United States as the world’s foremost superpower. Criticism by Americans has correspondingly stepped up, from President Donald Trump’s attacks on China’s trade policies to the public’s outrage over the Chinese government hiding the origins and spread of COVID-19 to President Xi Jinping’s recent alliance with Russian President Vladimir Putin. Yet criticism by American politicians, leading businessmen, and other elites has been much more muted, with notable exceptions such as President Trump. Why is there this disconnect?

* Patrick Newman (patrick.newm1@gmail.com) is assistant professor of economics at Florida Southern College and a fellow of its Center for Free Enterprise. He is also a fellow of the Mises Institute.



Some might argue it is because American elites have a broader and internationalist perspective that transcends the parochial and narrow-minded concerns of the public. There is undeniably truth in this statement, because many Americans support protective tariffs against Chinese goods and fail to realize the enormous benefits of globalization and the world-wide division of labor. But the fact that many businesses and politicians recognize the mutually beneficial advantages of free trade does not account for why they are very reticent to criticize other policies of the Chinese government that are blatantly authoritarian and neomercantilist.

Peter Schweizer's *Red Handed* provides the missing piece. He argues that the Chinese government, politically connected businesses, and other influential entities have essentially bought out American elites. Schweizer calls this "elite capture," a term similar to the economic theory of regulatory capture (p.18). Instead of taking over regulatory agencies, special interests (in this case, Chinese interests) take over the relevant American power brokers by granting them various privileges. The American elites, in turn, provide the Chinese government with benefits such as condoning their repressive policies or providing military intelligence. This, of course, comes largely at the expense of the Chinese people who suffer from a repressive regime.

Schweizer's elite capture theory complements Rothbardian studies of cronyism and power elite analysis. Like Rothbard, Schweizer's research investigates the familial and financial connections leading statesmen have and how this influences their policy actions. Schweizer's major advancement in *Red Handed* and previous books is to move past such historical analyses by investigating contemporary figures. While current hypotheses are more likely to be subject to revisions after time has passed and new source material discovered, Schweizer has undeniably tallied up an impressive array of victories. His *Clinton Cash* made media headlines by uncovering how the Clinton Foundation received donations from special interests trying to secure favors from then Secretary of State Hillary Clinton (Schweizer 2015). *Secret Empires* investigated other politicians' attempts to build international empires through their relatives (Schweizer 2018). Most notably, Schweizer showed how Hunter Biden engaged in lucrative business deals with politically connected Chinese and Ukrainian businesses while his father,

then vice-president Joe Biden, worked on diplomatic missives with the two countries. In *Red Handed*, Schweizer focuses entirely on elite capture by China and looks at new evidence since 2018 regarding the Bidens' Chinese connections.

Schweizer does not only concentrate on Democratic politicians. He also focuses on establishment Republicans, including Senate minority leader Mitch McConnell's marriage to Elaine Chao. Known for her previous service as secretaries of labor and transportation, Elaine's father James Chao owns Foremost Maritime, a prominent shipping company linked with the Chinese government and state-affiliated shipping companies. Her sister, Angela Chao, sits on the board of directors of the government-controlled Bank of China. These relationships, Schweizer argues, have influenced McConnell's trade policy positions with China.

Particularly interesting is Schweizer's discussion of the National Basketball Association. An ostensible organ of the Democratic Party, the NBA, along with its owners and players, have increasingly become more outspoken on progressive issues unrelated to basketball, whether it be gun control, the police, affirmative action, or anything related to Donald Trump (whatever happened to Michael Jordan's quip that "Republicans buy sneakers too?"). Schweizer focuses on LeBron James, the second-greatest player of all time, and Joe Tsai, the current owner of the Brooklyn Nets. LeBron James maintains lucrative merchandise deals in China and his fan base there generates an enormous amount of income for him. Tsai is a staunch member of the Chinese Communist Party and tech entrepreneur who made his billions with the politically connected e-commerce giant Alibaba (largely owned by Communist Party elites and recipient of Chinese military contracts). In 2019, when the Houston Rockets general manager Daryl Morey tweeted in support of Hong Kong protests, Tsai and James went ballistic, and the angry reaction in China led to Morey losing his job. Schweizer argues that both men were extremely hypocritical because they have supported contentious social issues in America such as Black Lives Matter (Tsai has in fact donated millions to similar activist groups in the United States). In other words, individuals involved in the NBA can discuss any social issues *except* China's because it might weaken the organization's profitability.

Schweizer rightfully notes that the Chinese Communist Party has become increasingly interventionist and each year moves China further and further away from the benign trading partner many in the Western World hoped it would be. There is much to learn and digest in *Red Handed*. Schweizer uncovers the clandestine connections and business dealings many Americans have with the Chinese government and his theory of elite capture is a valuable contribution to understanding the relationship between economic elites and special interests. To anyone interested in modern-day cronyism, Schweizer's book is a must read.

REFERENCES

- Schweizer, Peter. 2015. *Clinton Cash: The Untold Story of How and Why Foreign Governments and Businesses Helped Make Bill and Hillary Rich*. New York: HarperCollins.
- . 2018. *Secret Empires: How the American Political Class Hides Corruption and Enriches Family and Friends*. New York: HarperCollins.