

**Episode 2,415: The Fake China Threat**

**Guest: Joseph Solis-Mullen**

**WOODS:**  It seems to me that when I'm reading the newspaper, I'm following well-known American political figures, I sometimes encounter people who seem to be very, very sound on a lot of things, and they seem to be very much in favor of a laissez-faire policy, even in international relations.

But then China comes along and all that goes right out the window. So, that's, I presume, why you decided you needed to fill a kind of an intellectual gap here with a book like that. Because even the good people seem to be really, really preoccupied with the issue of China.

But now, before we get into those details, are you aware – other than Ron Paul, who is not actually in government anymore, is there anybody you know of in, let's say, American public life, a political figure, who you think is basically pretty sound on this?

**SOLIS-MULLEN:** Well, Tom, first of all, thank you for having me. And I would say that generally, the only person who I generally agree with all the way around who is still active in American politics – as you said, Dr. Paul is no longer there – would be Tom Massie.

Tom Massie is very sound all around. He is not a China hawk. He's not a China hawk at all. But that's very, very rare. As you say, even people who are generally good and have learned the lessons – particularly of the last 20 odd years – still, when the topic of China comes up, it's almost like a knee jerk reaction.

 Like, whatever the government needs to do is what they should do, and they should get a blank check to do it. And it's very scary. And so, as you said, I viewed this book as a necessary project to add to the discussion.

**WOODS:** It's interesting. Most people don't know this, but I became interested in presidential war powers at one point in my career. And I was interested in the subject of, when was the first time that a president seriously committed forces to some foreign land without consulting Congress?

Now, I'm not talking about you send two people over the border to chase some cattle rustlers or something, but like a significant number of troops. And it's not Harry Truman sending troops to Korea. It's actually William McKinley sending 5,000 Americans after the Boxer Rebellion in China.

So, as you note in your book, the history of China is one of – especially, let's say, the modern history of China in terms of international relations, is a history in which China has found itself put upon by foreign powers who have carved out – sometimes the term is "extraterritoriality".

They've carved out special privileges for themselves within the borders of China. Various powers have kind of disposed of China the way they choose to and built privileges for themselves within China. And that led to a xenophobic response that China should not be treated this way.

So, that's always got to be in the background of China, thinking of itself as a third- or fourth-class citizen on the world stage, to be trampled upon by major powers.

So, in looking at China in 2023, and the United States in 2023, if we presume that the same principle that seems to hold in so many other areas where in order to understand it, we have to know a little bit of the recent history, do you think that also holds with China?

And if so, what history of China do we need to know in order to have the best understanding of what China is up to today?

**SOLIS-MULLEN:** Well, that's a great question. I would say that, yes, any time we're dealing in foreign relations, we should have some idea of the political and social and historical context in which this other power and ourselves are interacting. I think Iran is another great case in point.

But in the case of China, as you say, the United States actually became involved militarily in China way back in the 1840s. It contributed forces to the Second Opium War, fought in the battles of the Taku and Barrier Island reefs and the forts there.

And the United States, of course, as you said, sent troops to help put down the Boxer Rebellion about 50 years later. It also sent expeditionary forces to Korea, which was sort of under Chinese suzerainty, and also to Formosa, Taiwan.

So, again, this is all stuff that we're still thinking in terms of Manifest Destiny, the Civil War hasn't even happened yet, and it's very much absent from our history books. Well, it's very much a part of Chinese state education and propaganda today.

This was the beginning of the "century of humiliation". Now we don't have time to go into the whole details because, as you said, many powers, the Russians, the Germans, the French, the British, everyone was trying to get a piece of China.

Much like the Ottoman Empire in Europe, the "sick man of Europe" who the powers were variously taking pieces from and getting privileges from – as you said, extraterritoriality. Just for anyone who's listening who isn't familiar with that, that's essentially where your citizens will not be subject to the laws of that state.

So, if I were a Britisher and had committed a crime in Qing China (which this was the dynasty we're talking about in the late 19th century, there) I would not have been subject to Chinese laws. I would be turned over to a local British authority to be tried – and obviously let go, generally.

In terms of more modern history (because I just gave a talk about this at a local university) it's interesting to think of Chinese relations in a series of steps. In the 19th century, the US is very much one of the minor powers, a very much secondary or third wheel to the British, the French, the Russians.

After World War One, however, as US power becomes preponderantly greater than the Europeans, it starts to take a much more active role in China. It becomes sort of the forefront Western power who Chinese diplomats and politicians and military leaders deal with increasingly.

Of course, the Republic of China is proclaimed, 1910, 1911. There's a revolution. Republican China, however, is very weak. The warlords period begins shortly thereafter, and China is very fragmented.

And so, from about the late '20s until the Communist victory in 1949, it's essentially a massive civil war between the Republican forces under Chiang Kai-shek (who would eventually flee to Taiwan under US protection) and then Mao Zedong and the communists.

And then, of course, you have the Japanese who invade China in the 1930s, and you wind up with the second Sino-Japanese War. So, the history of China from about 1850 to 1950, it's kept very much alive in state schooling and state propaganda that China can never allow itself again to be treated in such a way.

Not only by Western powers, but it has very poor historical relations with Japan. These interactions color relations today. Korean and Japanese politicians today, really until recently, weren't really able to talk to each other directly without using a US intermediary because of what had happened.

The US has very fraught relations from 1949 till the late 1960s with communist China. We have a pair of war scares over Taiwan. And of course, we have actual fighting with the Chinese forces in Korea, my grandfather was there.

In the late 1960s, Nixon and Kissinger decided to open to China in order to try and balance against the Soviet Union. So, it was Cold War strategy. And this ushers in a period of fairly good US relations with China.

However, it requires diplomatic normalization, and this is a process that takes place over the 1970s. It begins with Nixon and what's called the "first joint communiqué". This was an agreement between the heads of state that said: *There is but one China, and Taiwan is a part of it.*

Because, you see, the United States government had been recognizing the so-called "Republic of China" on Taiwan as the official government all the way from 1949 to the late 1960s.

This process continued through Carter and then Reagan, producing normalized relations and the end of the US Mutual Defense Treaty with Taiwan that had been signed in the 1950s under Eisenhower.

And so, under these one, two, three communiques (Nixon, Carter, Reagan) the United States promised to respect Chinese sovereignty and to work towards the peaceful reunification of Taiwan and the mainland.

And to slowly, over time, taper off weapons sales – and not to sell them new, more advanced weapons. And not to have high level diplomatic contacts with Taiwan, not to have military contacts with Taiwan, not to have. Troops on Taiwan.

And over the course of the 1990s, as the China relationship stopped having the same meaning to US strategists – because, of course, the Soviet Union is gone now, there's no Soviet Union to use China to balance against security – competition intensifies with China.

We have the so-called "third Taiwan Straits crisis", where Bill Clinton sails the aircraft carriers through the Taiwan Strait. This prompts an effort toward military modernization in China that wasn't really noticed and seized upon until the 20-teens, when you have the pivot to Asia under Obama.

So, from about 1980 to 2012, you essentially have very good relations between the US and China, focused on integrating China into the world economic system.

And the idea here was that as China becomes richer and develops, it will create a middle class who will demand political rights, who will create a Republican China. And then democracies don't fight one another.

So, this idea of trading with China, incorporating it into the American global system, was going to transform China into a democracy and a compliant security partner a la the Europeans. That, of course, did not happen.

And these sort of mistaken assumptions about what would happen, by the early 20-teens that was being recognized in Washington. A lot of people point to the rise of Xi Jinping as being some great turning point. It really wasn't.

You can find lots of very strident, nationalistic, anti-American rhetoric all the way from Deng and Jiang Zemin. They always viewed it as a partnership of equals. That they were not going to be America's junior partner, and that the United States was going to have to respect Chinese sovereignty and prerogatives.

And so, today, where the United States is working very hard to contain China, this has created a very fraught period of relations. Because now, of course, China is pretty wealthy, has modernized its military.

And as we saw when Nancy Pelosi took her trip to Taiwan last year, is very, very capable of blockading Taiwan and that's where we are today, with President Biden saying: *Even though we no longer have a mutual defense agreement with Taiwan, if attacked, we will defend Taiwan militarily.* With no authorization from Congress.

**WOODS:** Right. And as you note in your book, for quite some time, the US regime had maintained what was sometimes called "strategic ambiguity", where we didn't exactly know what would be the US response in that case.

And that was the way the US regime liked it, but now we're getting a bit more clarity on that. So, we'll come back to Taiwan a little bit later. Let's talk about some of the constraints that China faces. We'll get to the economy.

The economy is tricky because I've seen people who are more or less what I would describe as being on our side of things, who are on both sides of the question about the soundness of the Chinese economy. But let's start with internal problems that China faces.

And in your book, you talk, for example, about the geography of China and the unique challenges that it poses, as well as resource constraints. Now, resource constraints don't necessarily doom you. I mean, Japan doesn't have any oil either, whereas a lot of African countries have all kinds of resources, but they're impoverished. But that is still an issue.

So, what can you say about those things?

**SOLIS-MULLEN:** Those are great questions. Number one, China's geography is very challenging. It's a combination of deserts in the north and west, incredible mountains near its borders with India, the Himalayas are there. To the south, all incredibly dense jungle – imagine Vietnam, right?

And it's surrounded on all these sides by other states. And then on its seaward side there, it's hemmed in by South Korea, Japan, Malaysia, the Philippines, Indonesia. It's in a box, really. It's in a box. And China's population – which, I know you didn't mention population.

But China's population has already peaked. It's going to be graying very fast due to the failures of the one child policy, more state intervention. China is outnumbered by its surrounding states 7 to 1. It's incredibly outnumbered.

The idea that China is going to island-hop its way and dominate all its neighbors is ridiculous. And Murray Rothbard wrote some great articles about it back in the 1950s that you can find in Faith & Freedom, for example.

But in terms of resource constraints, you're absolutely right. It's by no means the end of the world. England wasn't tremendously resource-endowed, nor was Japan. However, they had very interesting strategic situations, and that is just not China's. China has an enormous population, which it cannot feed without imports.

It has an enormous economy which cannot stop running without a constant steady stream. It has no oil of its own. So, it isn't as though in the event of an emergency, some kind of security competition – what would happen is the Malacca Straits would be shut down and all the oil would stop coming from the Middle East.

There's not nearly enough oil flowing from Russia to make up for the difference, and China's economy would essentially ground to a halt. And of course, they're aware of that. They're working on things like more nuclear power, they're burning more coal, et cetera, et cetera.

But China is very dependent on globalization. China is a trading nation. And again, if you look at the states that participated in the sanctions against Russia, these are the same states that would likely participate on sanctions with China in the event of a conflict.

I'm not saying they necessarily would, I'm saying those are the most likely countries to. I think the global South has said very clearly, they're not going to take part in any of this. I think that's the wise decision on their part.

I think it would be wise of Europe not to follow the United States down the primrose path to conflict with China as well. But these are the developed consumer markets where most of China's sales go. So, China does not want a war with the United States, does not want conflict with Western Europe.

These are their consumer markets that they need, and they don't have a developed enough internal consumer market. And the global South can't absorb them, they're just not rich enough.

So, China would like things to stay exactly as they are. They are import and export dependent and they are boxed in by all of their many neighbors. So, that's a tough deal.

**WOODS:** Well, not only are they boxed in, but these various neighbors have their own reasons, each of them, for not wanting to see a particularly aggressive and powerful China. Starting with India, for example, which, as you point out, the US has more or less tried to activate as a counterweight to China.

**SOLIS-MULLEN:** Yes, sure. India is a big player now. I think Washington has been very myopic when it comes to India. They're very used to dealing with Japan and Germany, who are very, very pliant security partners. India is very aware that it can't move, and that China is right next door.

So, while it definitely wants to check potential Chinese encroachments, particularly its own border. And this is something maybe we should mention. China has outstanding border disputes with many, many of these neighbors, including India.

And they fought a border war back in, I believe it was 2020. Several hundred Indian and Chinese troops got in this huge brawl with, like, sticks and rocks. And hundreds of them were beaten and trampled to death.

And the Philippines, the Philippines is a big one because there's also a lot of conflict over the South and East China Seas. Now, the important thing there is the special economic rights that you get.

Basically, if you claim, let's say, a small island that's 100 miles off your coast – or however many, 500 miles off your coast. You now are entitled to a 200-mile wide, all around it, special economic zone. And there's lots of oil and gas, for example, to be had underneath those.

And so, the Scarborough Shoals and Second Thomas Shoal, we just saw the Biden administration last week say: Hey, Beijing, if you fight with the Philippines over these spits of sand, we will fight you over this.

So, it's not just Taiwan, there's danger everywhere over there. Because the Washington really wants to be involved in these disputes. There's disputes with Japan, disputes with Korea, disputes with Vietnam, disputes with Philippines, India. And I think 1 or 2 more I can't remember off the top of my head.

**WOODS:**  Well, on the question of Taiwan, there can be no doubt about it that if China ever makes a real move on Taiwan, that this would be a net negative for the overall cause of human liberty.

So, is your position that that's a very unfortunate thing, but there is absolutely no way the United States is going to defeat China over Taiwan, so what's the point in trying? What's your position on Taiwan?

**SOLIS-MULLEN:** Well, it's not only my opinion that the United States would lose in an attempt to block China from absorbing Taiwan. That's the opinion of the US war planners and Pentagon. And it's obvious why. I mean, it's 80 miles off the coast of China.

Again, imagine someone trying to invade Cuba, for example, in the United States was determined not to let them. Of course, they couldn't. It's just the curse of geography. In terms of human freedom, of course, human prosperity and freedom would take a terrible, terrible hit, including prosperity in China.

So, I want to emphasize, while Xi Jinping, in particular, is very, very concerned with reuniting Taiwan with the mainland, he does not want to have to accomplish that by military means, because he understands that the costs and risks associated with that are many.

And in Chinese strategic literature and in commentary (they have their own commentary out, just like we do) American declinism is a very common theme. They basically believe that in 10, 15 years, the Americans probably won't even be around here.

They're going to be bankrupt and retrenched and at war with itself, so we don't need to do anything right now. So, the only real thing that I think would prompt a conflict in the immediate future, 2025, 2026, is if Taiwan were to declare independence.

Which they could feel more secure doing now that Joe Biden has said: *Don't worry, whatever happens, if China attacks you, we will step in.* The whole idea of strategic ambiguity was to leave Beijing guessing: *Well, maybe we don't want to invade, because what if the US Navy gets involved.*

And also, to restrain the Taiwanese in Taipei from declaring independence because: *Well, if we do that, Beijing will invade, and we don't know if the United States will protect us or not.* The status quo was working just fine.

But you can see it. Just like with the Biden administration – and this actually goes back to the Trump administration. The Trump administration went to the Philippines and said: *Hey, that mutual defense treaty that we have with you, it's a little bit vague about your offshore island possessions*.

Which, of course, I know the Philippines is a lot of islands. I'm talking about, like, the disputed islands, like the shoals: *We want to extend a blanket guarantee to all of that. The same for Japan.*

Now, at the time, the Philippines under Duterte said: *No thanks. That sounds really dicey. That might not be what we want.*

When Biden came into office, however, and Ferdinand Marcos Jr (the son of the former US-backed dictator there) came to power, he basically opened up new bases for the United States.

And also, has issued a joint statement with the Biden administration saying: *Yes. Now, if these rocks, these disputed islands, are attacked, the US will come to our defense*.

And so, I really feel like under the Biden administration – you hear a lot in the press that: *Biden's weak on China. His administration's weak on China.* That is just domestic political opportunism. If you look at the actual policies that they're pursuing over there, it's very bellicose and very dangerous.

As you said, we will all be much poorer. And good heavens, an actual conflict, even a single carrier going down would cost thousands of American lives. Even if the war didn't go nuclear, I mean, we would be talking about World War Two, World War One, kinds of casualties.

If the war in Ukraine has taught us anything, I hope it's that. That it's not going to be like the Middle East wars, where maybe 30 guys get killed in a month or something.

Which is very unfortunate and a tragedy on an individual level, but we're talking about tens of thousands of people getting killed, maybe more. Probably more.

So, again, the whole point of the book was to try and make a case to people who feel hawkish about China, who are scared of China – because understand that for most libertarians, people I talk to, they just say: *Look, the US has no business doing that. We're not supposed to be an empire anyway.*

And that's good enough for them. And I am one of those people. But I wanted to address some of the specific cases of the hawks, how big they are, how strong their military is, are they going to try and take over the world?

I really wanted to assuage the concerns of people who were amenable to hawkish ideas about China. That was the whole purpose of this book.

**WOODS:** Well, let's go back to more of the disabilities that China has to deal with. And you have a section on the economic challenges. Now, as I said before, I can find people in the – I don't know, what we might call the Austrian investing world who are on both sides of this question.

That China is an economic situation is quite precarious, or China's economic situation at least over the long haul is quite strong. One proponent of that latter view is Jim Rogers, who's been very friendly toward us, and I've had on the *Tom Woods Show.*

And he keeps insisting that his children are learning Chinese because the 21st century is going to be economically the century of China. And my children will be living in the 21st century, and they're going to be prepared for it.

So, he certainly feels like it's a good place to invest in. So, what's the con view of that?

**SOLIS-MULLEN:** Well, I would say that a lot of the things that allowed China to become industrialized and rich, those conditions just don't hold anymore. For example, the idea of China being the workshop of the world.

Well, China became the workshop of the world due to differentials in labor costs, labor protection, environmental protections. China is no longer the low-cost workshop of everything.

If you go to Walmart, for example – one of the things that I do when I go to Walmart is I just pick up random items and look and see where they're made.

And several years ago, everything was from China. Today, if you pick it up, you're increasingly getting stuff from Thailand, Vietnam, India. Very interesting stuff. Major multinational corporations are diversifying their supply chains away from China.

And there are a variety of reasons for this. Some of which have to do with the opacity of the political system. Some of it has to do with how draconian their Covid policy was.

We have to imagine some kind of epidemic like that is going to happen again. They shut down their entire economy for years. No multinational wants to deal with that kind of risk.

The other thing I'd say is China had a surplus of working-age population people. That was a one-off boost. That was a great thing they got, but it was one-off. Now China is graying very rapidly. There are going to be half as many Chinese in 50 years as there are now.

India is already much more populous than China, eclipsed them far ahead of what people thought was going to happen 20 years ago. I can't emphasize enough just how bad their demographic situation is.

Now, it's possible that China will stumble upon the key to some sort of general application technology, a so-called "fourth gen technology", general AI, or some great breakthrough that will allow them to boost their productivity and capture so much market share (or something like that).

That China becomes hegemonic in a way that Great Britain was from an industrial standpoint back 200 years ago. Maybe from, say, the end of the Napoleonic Wars to the unification of Germany, let's say, and that China will have that kind of advantage.

But I really find that hard to believe, just because of the way the Chinese state and society are set up. You're essentially asking someone to bet on a centrally planned economy. Yes, China has liberalized a great deal, but it's still effectively a centrally directed economy and banking system and industrial policy.

I just don't think that human beings, no matter how intelligent and how well-intentioned, are ever going to be able to make the maximum amount of prosperity for anyone. Xi Jinping is not a wizard. None of the Chinese are. They've made many, many policy mistakes.

Just look at their real estate sector now. It's not going to be a huge implosion if it happens, simply because the Chinese state can simply turn on the credit taps. They have all sorts of schemes like the Belt and Road Initiative.

The Belt and Road Initiative is an interesting one – and actually, I've been saying for years that it was a big boondoggle, and the Chinese people were losing out.

Finally, you're starting to see some articles where people are saying: *Oh yeah, actually, it might not be a plan to take over the world. It looks like a lot of these are bad investments that aren't returning*.

Well, no, that's because it wasn't their function. Their function was to spawn credit, which could then be put back into the Chinese economy, specifically state-owned, uncompetitive industries that could then export raw material (construction materials, for example) to the developing world.

So, you're seeing a lot of those loans go bad. Again, China's economy will be large. I've never thought that it will surpass the United States. Projections now are that it won't. Projections now are that it will peak in the late 2020s.

 So, yeah, China's economy is good, strong, large. I don't tell people: Don't invest in China. I mean, there are geopolitical risks to investing anywhere. They are serious because the United States and China are increasingly having an adversarial relationship.

But the greater danger would be to see how US policy develops towards China. Will there be more pushes to decouple? If that happens, then maybe investing in China gets more risky. But as things stand right now, I think you're pretty much okay.

**WOODS:** Can you explain the semiconductor issue? Because we're sometimes told the reason the US has to take an interest in China, and particularly on the Taiwan issue, has to do with semiconductors. Now, why is that? And do you think that is a good reason?

**SOLIS-MULLEN:** Semiconductors, yes. So, Taiwan is host to a very large series of fabs. These are factories that make high grade – specifically high-grade – semiconductors. China has a domestic semiconductor industry, but they make very low-end semiconductors.

But there are semiconductors in everything now. They're in cars, microwaves, dishwashers, you name it. They're everywhere. Pretty much everything needs them. Some people call it, like, the "oil of the digital economy". Now, I don't necessarily think that metaphor is perfect, but it's close enough.

They're on Taiwan. Again, this is something that's just kind of happened over the years. There was a lot of lobbying to get those relationships going, to get the technology transfer that needed to happen. I actually wrote an article that dealt with this in part at the Libertarian Institute several months ago.

There is now a desperate effort by the United States to rebuild high-grade semiconductor manufacturing capacity here in the United States – places like Texas Instruments, Intel.

It's important to note that Taiwan is not the only source of semiconductors of this kind. Japan, South Korea, the Netherlands, Britain, the United States, all make semiconductors.

It's just been a question of comparative advantage, really. In a globalized economy, things should be made where they can be made the most efficiently. And for 30 years, semiconductors could be made most efficiently on Taiwan.

Now that the United States and China are militarizing the Strait and preparing for a clash over the island, people are seeing that, you know what? There are a lot of additional risks that don't show up in just a basic bean-counting estimation of this, and maybe we need to get our stuff out of there.

So, in terms of fighting over Taiwan just for chips? No, no, not worth it. And the hawks will generally talk in terms of: *The technology will fall into China's hands, and that's why we need to do it*.

That would never happen. Because the United States has already said, publicly, they would destroy – they would literally bomb out of existence those very factories if a war over Taiwan started and they thought they were going to lose. Which, it looks like they would.

So, it's not as though China would even get hold of these plants in the event of a conflict. So, no, I don't think it's worth it. I think it is a pretext, like so many other things. I mean, even if China had them, why wouldn't China want to sell them to the rest of the world?

What good is it just to hold all of the semiconductors? It doesn't make any sense. But of course, if you watch, like, *Meet the Press* or something like that, follow-up questions are never asked. It's just: *Why should we fight over chips?* Well, we should do it for this reason. It's like: *Well, that sounds good to me.*

**WOODS:** Yeah. Right. Well, same thing was about oil: *So-and-so is going to have all the oil*. But what would you do with it? Unless you have a fetish for it, what would you do with it?

**SOLIS-MULLEN:** Drink it?

**WOODS:** Yeah. That's crazy. All right. What was the real story about that whole Chinese spy balloon thing from some months ago?

**SOLIS-MULLEN:** Yes. So, I have a chapter in the book. And I'm actually working on a talk now that I'm going to give it another university about the China threat and the media. Because the spy balloon episode was only one of many great examples of the media just being so easily manipulated and manipulating American public opinion.

So, we all remember the so-called spy balloon. Well, it turns out it wasn't even a spy balloon. So, that was in late February, early March. In July, the Pentagon put out a tiny little, like, two sentence press release saying it turns out that it wasn't collecting any data.

The "spy balloon" wasn't "collecting any data" as it passed over the United States. And when they took it apart, they found that it was just full of, like, over-the-counter, cheap American electronics, and that it was, in fact, just a weather balloon.

And if you go back – and I put links, I put footnotes in the book, so that people can go back and look at not only the Reuters reprint of the Pentagon statement in July, but they can also go look at how the *Washington Post* and everyone was reporting on the "spy balloon" story as it developed.

And initially the military said: *It's no big deal. This stuff happens all the time. There's not a thing wrong with it.*

Within a couple of days, however, the military was saying: *Well, actually, you know what? We've thought it over and this is all part of a giant surveillance scheme by China. They have this fleet of weather balloons, and they're going to be spying on us all the time, and they're doing it all the time.*

And no one in, in the mainstream media said: *Wait a minute. But two days ago, you said it was no problem.* They just picked up the ball and ran with it.

And when the Pentagon came out and said: *Yeah, we were just kidding around, that wasn't true. But thanks for all the extra money and appropriations and stuff for the defense bill.*

Again, no mainstream media even bothered to comment. They're like: *Oh my God, remember that China spy balloon thing that we said was, like, maybe full of anthrax or bioweapons and spying on our nuclear arsenal? Yeah, it wasn't.*

It was incredible. And again, you still see people today saying "the spy balloon". It's like, yes, the spy balloon that wasn't spying, right? Just totally incredible. Because there wasn't even a good narrative around it. There were tons of contradictory statements.

But it was wall-to-wall for a week, all the craziest stuff. It reminded me of going through old papers and seeing people talking about: *Saddam Hussein is going to attack the United States with anthrax, with his cardboard drone program that he has!* In the run up to Iraq War Two.

It's incredible. It's like people's critical thinking – and when you talk to an individual person, they're very smart. They don't fall for this stuff. But for some reason, when you get all the people together, the critical thinking just dissipates away. I don't know, I don't know what it is.

**WOODS:** But what about China's behavior, like, in its own back yard? I think people have a vague sense that they've read an article here and there that China's asserting itself here or being aggressive there, and that this has taken together an indication of grand imperial designs.

Can you be a little more specific than I'm being?

**SOLIS-MULLEN:** Absolutely. It's true, China is being very aggressive and assertive in its immediately territorial waters. But again, it's called the South China Sea, the East China Sea, not the South American Sea or the East American Sea.

Look, Japan has a problem with China occupying – what is it, the Diaoyu Islands? Like, these are uninhabitable little spits of rock. And it's basically for economic purposes. Look, America has no interest in that.

The average American has zero at stake in that conflict – or potential conflict. Again, the Second Thomas Shoal or the Scarborough Shoal – I just wrote a whole article on that at the *Libertarian Institute.* Americans don't know where that is or what it is, because it is immaterial to their well-being.

Again, conflict with Vietnam off of its shores because they want to put oil rigs there – again, these are mostly disputes about economic rights in China's immediate environs.

And look, the United States is in a position where they don't have to worry about that, because the United States has weak and pliant neighbors to the north and south and is totally hegemonic in its hemisphere.

And I just ask people: Look, I'm not a fan of China or the Chinese regime or something like that. Like, I'm an American libertarian, of course, don't have any sympathy for their regime.

But just imagine for a minute how Americans (even American libertarians) would react if, say, you woke up and read a report that a Chinese nuclear bomber was flying around off the coast of California. We would be a little bit upset about that. Not pleased.

And yet, for some reason, we read about a Chinese fighter nearly hit an American nuclear bomber that was flying around near China's airspace. And we're supposed to think: *Wow, those Chinese, what is their deal? They're so aggressive with us.*

It's like – just, again, imagine that this was happening to us. We have nothing at stake over there. American people, generally speaking, have nothing to be gained by war with China over any of these disputes.

And yes, they do have disputes. And as I said, lives were lost in a conflict with India just a couple of years ago. Many lives will be lost in a conflict over Taiwan or Japan's offshore possessions or any of those.

But again, these are not the concern of the American people. Like, it will not impact our prosperity at all. What will impact our prosperity is the US government putting the empire, the 800 military bases, all that stuff, on the credit card year after year after year after year.

I mean, we are bankrupting ourselves. The British did not leave India because they decided: *Well, I think it's time to let the Indians have self-government*. They left because they were bankrupt and powerless.

And that is exactly where the United States is going. And I'd like to remind people the British Empire died in 1914 when they decided to get involved in World War One to protect Belgian neutrality. They seized upon the pretext of protecting Belgian neutrality.

But what they were really doing was trying to contain Imperial Germany because they didn't want a pure competitor. That's exactly the situation the United States is in. If the United States simply sat back, who knows how things are going to turn out in China?

Maybe it will become somewhat stronger. Maybe it won't. I feel like if you read the case I make in the book, you have no need to worry about China taking over the world. A) It's not possible. B) It isn't even what they're aiming for.

What they're aiming for is domination of their immediate environment, hegemony over Southeast Asia. And even that is out of their reasonable grasp for all the reasons that I enumerate in the book. And America just needs to sit back, cut its spending, cut its entitlements.

I mean, we are on pace to have $50 trillion in debt by 2030. Interest on the debt is due to become the single largest budgetary item, even larger than our military budget. This is not sustainable. This is what's going to destroy America.

This is what's destroying the livelihoods of American people, is inflation and bad monetary policy and reckless spending. And that's what it is. And it's not for any interest of the American people. It's to protect the Taiwanese people, or the Japanese people.

Even though, again, we talk about them like a monolithic thing: *Well, the Taiwanese don't want this*. There are conflicting opinions on Taiwan. In fact, there's going to be an election next year, and it's very, very likely the anti-independence party is going to win.

We're going to keep an eye on this, but the KMT is probably going to win this coming presidential election because of just how bellicose and risky the government has been over the last several years.

**WOODS:** Well, the book is, by the way, very readable. You can read it very quickly, and get briefed to the extent that any ordinary layman would need to be briefed on this subject. But it's called *The Fake China Threat, and it's Very Real Danger.*

I've got it right here. I'll have it linked in the description of the video, also on the show notes page, which would be TomWoods.com/2415. And Joe, best of luck. Is this your first book?

**SOLIS-MULLEN:**  Yes it.

**WOODS:** Is. Well, congratulations, and hope to see more from you. Thanks very much.

**SOLIS-MULLEN:** Great. Thanks so much for having me, Tom. It's been a pleasure.