

Speaker 1: Welcome to the Bill Walton show, featuring conversations with leaders, entrepreneurs, artists and thinkers. Fresh perspectives on money, culture, politics, and human flourishing. Interesting people, interesting things.

Bill Walton: Welcome back to the Bill Walton show. I'm in overtime with Frank Gaffney and Kevin Freeman and we're talking about all things China. One of the things that we wanted to dig into with China is just what's happening on the space warfare front and that they view that quite strategically and so should we.

Kevin Freeman: Absolutely. It's not just space warfare, Bill. As you just talked about in the show, there's a comprehensiveness to the Chinese approach to most things. They see as an integral approach, building commercial capabilities as well as national security capabilities in space, on the moon, in what they call the earth moon system, and critical points in space that will enable them to actually control access to space and use of it by others.

Bill Walton: Yeah, I'm with you.

Kevin Freeman: These are the sorts of things-

Bill Walton: Look, define [inaudible] I'm sort of thinking of warfare. We had Steph [Halfer] on the show, talking about China. He talks about the three warfares, how the economic and the military and the cultural all interrelate. I guess when I ... I'm using in that broader sense of the word.

Kevin Freeman: In the sense of unrestricted warfare?

Bill Walton: I guess you could say it's [crosstalk]

Kevin Freeman: Unrestricted, which is the term they're using now.

Bill Walton: That's the word they're using now.

Kevin Freeman: Well they're using the People's War, which is the People's Liberation Army. It's the People's Republic of China and now they're calling it the People's War.

Bill Walton: This is [crosstalk]

Kevin Freeman: I mean we are at war based on their rhetoric. We're at war right now. And space is a big part of that because it controls energy. I mean Frank is the ideal person to talk to about this because if it weren't for Frank Gaffney, this modern GPS system that we use all the time, that makes it possible for me to look on my iPhone and see where I'm going and does ... So much of our economy is driven off that. That is a space warfare instrument and if it weren't for Frank, it might not exist today.

Bill Walton: You did that with the defense with Reagan?

Frank Gaffney: No. Actually when I was a young staffer on the Senate Arms Services Committee, we were hearing testimony from the then chief of staff of the Air Force, man by the name of General Lou Allen that they didn't need this new-fangled navigation system.

Bill Walton: Air force [crosstalk] GPS.

Frank Gaffney: Which the air force was being told to build. They said they'd been navigating perfectly well without it for years. They basically didn't want to have the air force budget having to carry this national program that was going to involve a considerable expense. And it came down, Bill, to the last item to be decided between the house and the Senate Armed Services Committees in a conference committee in 1981. And honestly, you could have flipped a coin and I wouldn't have been able to tell you any better which way it would come out. Fortunately the Senate position prevailed and this GPS system went into production and it's become what it's become. But the thing is-

Bill Walton: And you worked for a senator that pushed it over the line?

Frank Gaffney: I worked at the time for John Tower who was chairman of the Senate Armed Services Committee. But the reason I say this is we're in a very similar moment right now because the air force has taken, I believe, a very similarly parochial position-

Bill Walton: Myopic.

Frank Gaffney: ... with respect to space warfare. It is being subordinated to the white scarf, fighter pilot kind of priorities of the past. An exception to this is an extraordinary man by the name of Lieutenant General Steven Kwast, who until very recently was the commander of all of the air forces education and training command. And he has been a visionary on space, and he has perceived and taught, frankly, me and probably Kevin and many others about what China's prospective control of space for power, for military activities, for domination of the moon.

Kevin Freeman: Communications.

Frank Gaffney: For exploitation of resources, for projection of power terrestrially would mean for this country both economically and in terms of national security. And for his troubles, the Air Force has forced him into retirement. So we're trying to help President Trump recognize that. I believe this is the general officer he's been looking for now for two and a half years as President of the United States. He's a visionary leader who understands the threat we're facing and has the kind of practical approaches to what we can do to protect ourselves in the face of it that is desperately needed to command the new space force that the president has called for. Rightly so.

Bill Walton: Where does that stand? He gave the speech what, six months ago, eight months ago? Rolled it out. And what I'm hearing is he's getting nothing but pushback from the Pentagon.

Frank Gaffney: From the air force particularly. And this is a case in point, then so this particular general officer agrees with him.

Bill Walton: And the way to kill it in the cradle is to take the most effective advocate and get rid of them.

Frank Gaffney: Right. And then put somebody else, an air force guy in there who's going to-

Bill Walton: Who won't do anything.

Frank Gaffney: ... go along with the plan of doing nothing.

Kevin Freeman: Yeah, this is the same mentality and you've used the comparison of General Billy Mitchell. It's the same mentality that happened where the navy said, "These airplane things aren't really the instruments of war. They're not really a big deal and you could never ..."

Bill Walton: And he invented the aircraft carrier concept?

Kevin Freeman: Well General Mitchell actually was an advocate. He was a army air corp advocate that ships could be sunk by airplanes, number one. And number two, he traveled into Japan and he came back and said "The Japanese will attack Pearl Harbor, probably on a Sunday morning." And he was court marshaled, and demoted, and treated really poorly. He is the father of the modern air force, if anything. And every president since has come back, and said, "Well General Mitchell was right." General Kwast is right. This is absolutely-

Bill Walton: So what are the Chinese doing on this front? I mean specifically are they launching?

Frank Gaffney: Let me give you a couple of examples.

Bill Walton: What technologies?

Frank Gaffney: What the Chinese are doing is focusing on space control and they have a whole host of technologies. Some of which are ground-based, some of which are space-based, that involve everything from direct physical attack capabilities, to lasers, to robotic systems in space that can reach out and break a satellite that it happens to sidle up to. I mean in other words, techniques that would enable them perhaps without being visibly identified as having done it to neutralize assets that, as Kevin was saying, we have to have. Not just for our national security but just for commerce.

Frank Gaffney: I mean you take out our GPS system, and as I'm sure you know Bill, banking among other things comes to a grinding halt.

Bill Walton: Kevin understands that as well.

Frank Gaffney: If there's even a delay of a couple of seconds in the timing, it's a chaotic situation.

Kevin Freeman: But they're also building solar capabilities to capture solar rays and then beam them back to the earth.

Frank Gaffney: As power.

Kevin Freeman: They could potentially dominate the energy space.

Bill Walton: So how much of that technology is our technology and how much of it's their proprietary technology? Is it a-

Kevin Freeman: Well it's a mix. It's global technology, but a lot of it is our ... We're the innovators in so many of these areas.

Frank Gaffney: But increasingly they're getting good at it too. And more to the point, which goes back to something you talked about earlier. They have policies to actually translate these things into deployed capabilities. A lot of our stuff might be conceived of and even perhaps developed to a level and then usually it gets killed because there isn't the money for it, or there isn't the priority ascribed to it. In other words, they're eating our lunch by oftentimes taking it from us. In other cases though, thanks to the millions of Chinese students that we've trained in our universities, not in English literature by the way, but in the hard sciences.

Bill Walton: Yeah, STEM.

Frank Gaffney: Hard science.

Kevin Freeman: They're writing more papers. They have more STEM graduates. They're really genuinely advancing scientifically. They have some problems because they're not ... They're very creative people, but their system's not very creative and so they have to steal and beg and borrow at times. But they're gaining a dominant position and they have the capability to do this because this is a nation that can impose a one child policy. If they can tell a family how many babies they can have, they can mandate whatever they need to, to accomplish the objective.

Bill Walton: So who in town in D.C. is pushing space force besides President Trump? Because it just occurs to me as we talk here that he has so many never-Trumpers in town

that it seems almost axiomatic that if he pushes it, there are going to be people saying "We don't want it."

Frank Gaffney: That's true. And that's been particularly evident in the House under Democratic control. The House Armed Services Committee has taken a very dim view of this idea. I think the Senate Armed Services Committee has been more supportive. There's a lot of confusion about it, frankly, because some people think, "Well, we'll just let the air force do it and it'll be sufficient until the day." I don't agree with that. I think you do need a separate military service and I think General Kwast is exactly the right guy to implement this. Especially because it's so important-

Bill Walton: It's a new domain.

Frank Gaffney: ... that you get this right at the beginning. We don't want to waste time and money-

Kevin Freeman: Just like we [crosstalk] cyber domain, we need a space domain.

Bill Walton: So what line of action should we use for Steven Kwast to help him?

Frank Gaffney: This is a critical period, because the president has the next month to extend his service to our country in uniform. Otherwise at the beginning of September he's retired.

Bill Walton: Okay. Then we're talking in August 2019.

Frank Gaffney: This is August 2019. I think the American people, their elected representatives, he's got a lot of support on Capitol Hill. Getting in touch with the White House, your representatives, the Defense Department. This is an all hands on deck kind of problem at the moment, because if we don't get this right, chances are we're going to lose this space race and we can't afford to do that.

Kevin Freeman: That's why the Pearl Harbor analogy is so good because you would talk to Americans in the night late 1930s, early 1940s and they'd say, "Pearl Harbor, that's just Hawaii. It doesn't impact me." General Mitchell understood how important Pearl Harbor was. Space. "Well, of course nobody's gonna mess with my satellite or GPS." Nobody thinks in those terms. The average American doesn't realize how important this domain actually is. But if Pearl Harbor was compromised and overrun, the west coast was subject to Japanese invasion and few people recognized that. Right now if the Chinese dominate space, our economy's gone. It's that existential. We cannot operate our modern economy without our space assets.

Bill Walton: Explain the risk to our financial assets that you're talking about. It's not just the weapons, but describe how our money is dependent on space.

Kevin Freeman: Everything's transmitted through space. It all goes through satellites. The GPS is an example, but everything is transmitted at one level or another. Our whole telecommunications infrastructure is dependent on satellites. And by the way, if you own the domain of space, you can also set off a small nuclear explosion and wipe out the entire electric grid. So the domain of space is absolutely existential to the United States of America.

Bill Walton: So timeframe for all this. I mean A) we're going to put Steven Kwast on our to do list, but not for the show right now. We've got things to do afterwards. The other side of this, you take something like Gordon Chang has been on your show and he talks about China, he doesn't see them as inevitable. I mean, he looks at their weaknesses and he looks at their incredible abusive, persecution culture. Persecuting Christians, destroying churches, things like that, repressing people. He didn't think the economy's growing at 8%-

Kevin Freeman: No, it's not.

Bill Walton: He thinks it's growing at one or 2%.

Kevin Freeman: That's probably true.

Bill Walton: And their debt is growing, I think as you pointed out, five and a half times faster than their nominal GDP. So if we think we've got a debt problem, they really have a debt problem. And they're losing American currency reserves. I mean, how much pressure is China feeling right now? And I guess the other question is, my sense is in the trade negotiations that we're having, they're not exactly insouciant. They really care about this outcome.

Kevin Freeman: Not a benign implosion expected. Beware the wounded dragon. They're clearly a wounded dragon and they will lash out, and that's my concern. That's where you've got these senior officers in the People's Liberation Army talking about getting America's attention by sinking aircraft carriers. We're talking about killing tens of thousands of American military personnel in order for China to make their point.

Bill Walton: This is discussion among the Chinese military?

Kevin Freeman: Yes, publicly.

Frank Gaffney: They have actually made public statements to that effect. And interestingly enough, our friend Gordon Chang points out that's not official Chinese policy, but on the other hand, they've not been reprimanded for making those statements. They've not been broken in rank or anything. But here's the key point as far as I'm concerned, as we're talking about what do we do about all this? Gordon is certainly right, and Kevin too, that there are vulnerabilities to be exploited with the Chinese and I think we should be doing a lot more of that.

We should be going very, very frontally at the Chinese Communist Party, which is at the heart of the threat that we're facing now.

Frank Gaffney: But here's another piece of it that I think we have to factor in to these considerations of, do we have a choice? Kevin has said, we're at war with China, and I believe that's the case. Not because we want to be or if we even think of ourself as being-

Kevin Freeman: We haven't declared it. They have declared it.

Frank Gaffney: They have. But here's the kicker. You mentioned the one child policy. As a result of that policy being in place now for decades, they've modified it somewhat lately, but for decades there are by some estimates, 40 million men in China, military age men for whom there are no women. Now that is a formula for a problem domestically, obviously. It's also something that lends itself to turning those people into cannon fodder to go find women or resources or whatever else the Chinese want elsewhere. So this thing has the potential bill to move from an unrestricted warfare arena predominantly in the economic space, into one that is highly kinetic. Possibly in the heavens, possibly here on earth. We have to be bending every effort, it seems to me. And I give Donald Trump great credit for doing a lot of this, to understand the full complexion of this threat and to be developing the capabilities that we need. Economic, military, strategic, intelligence, political information that will enable us to compete at a minimum and ideally, well certainly deter if necessary [crosstalk] threat.

Bill Walton: And neither one of you believe we have any choice but to engage. There some people in town that say, "Well you know we're being too tough on them. If we just let up, we'll coexist peacefully and they'll be part of our economic arrangements and we're going to be fine."

Kevin Freeman: This is [crosstalk]

Frank Gaffney: Engage is the wrong word.

Kevin Freeman: This is existential-

Frank Gaffney: To describe what we're talking about.

Kevin Freeman: ... China. Keep in mind our president, he's looking at a country that he thinks should be dominant in charge of the world, but he is also looking at a population problem. Demographically, they're losing population. How do you grow your economy? The only way you keep your head in China is you grow your economy fairly rapidly. So they've been throwing debt at the problem. How do you grow your economy if you take the demographic ... Because GDP growth is innovation, productivity and population. If you don't have innovation, productivity and population and they're not either ... If we restrict on their

access to our intellectual property, that's going to hurt their innovation and capabilities. And the productivity is having problems because it's a bad system.

Kevin Freeman: I mean, I think we agree that the communist system is a bad system, a statist controlling system doesn't work as well as a free system. And their population is dwindling. This is their time. They're going to have to lash out and we have to be prepared for it.

Bill Walton: One of the things I looked at in preparation for our show is this book, interviews with Lee Kuan Yew, who was premier president of Singapore for what, five decades, and turned them from like \$500 per capita GDP to something like 50,000.

Kevin Freeman: Yeah, phenomenal.

Bill Walton: One of the extraordinary things he did when he got into the job was he made English Singapore's first language. Because he felt that English was open architecture, diplomacy, science, business. And by doing that he turned Singapore into this incredible commercial economy. But then he goes ... He's asked here what he thinks about China. He thinks China is a tremendous problem because of the Chinese language and they've got 4,000 characters that forces them to think in a certain way. And in terms of the demographic problem, you really don't immigrate into China. I mean it's not an open society in any sense.

Kevin Freeman: Yeah, not voluntarily. Yeah.

Bill Walton: I mean, so they've got another pressure here, which is he doesn't have even the ability to bring people in to help make things happen. Does that make sense?

Frank Gaffney: Look, I think that it's important for any conversation like this to be balanced by the vulnerabilities of China as well as their strengths.

Bill Walton: Well, that's what I'm probing.

Frank Gaffney: I think some of these may well be significant. The trouble is enough momentum has been imparted to the kind of agenda that we've been warning about here. That even with those problems, even with us perhaps exploiting them modestly a bit ourselves-

Bill Walton: Than change the-

Frank Gaffney: ... the trajectory is likely to be in the wrong direction for quite some time to come. And in that space of time, Bill, and again I'd bring you back to where we started. If the Chinese are able to export this social credit score scheme around the world and enable thereby a degree of forced submission of populations

worldwide. Company Store perhaps being a good analogy, perhaps just colonial imperialism, whatever you want to call it. You could have, well we talked about earlier, a bad patch for the world, for the human rights. [crosstalk]

Bill Walton: How would they export social credit? How would they export facial recognition? How would that manifest?

Kevin Freeman: They're offering it right now.

Frank Gaffney: Right now.

Bill Walton: Okay.

Kevin Freeman: Right now to Venezuela. They're offering it right now involved with the Belt and Road, wherever they install things in the Belt and Road. And they're going to be offering it in 5G.

Frank Gaffney: That's right.

Kevin Freeman: With Huawei. It will be putting in the development capabilities for them to monitor the entire world. If Huawei's 5G is adopted and we've been fighting against that, but if it's adopted, they'll have access to all of the communications of the entire world.

Frank Gaffney: Yeah. A friend of mine calls it 5-Xi after the President.

Kevin Freeman: X-I.

Frank Gaffney: But just to give you an example, Bill, how does this work? The Chinese gave the African Union a headquarters. Gave it them. Build it for them for free. It turns out, of course, the thing was completely wired for sound and every night there would be a download to China of everything that was said in that building, enabling them to exercise a degree of control and influence and coercive power.

Bill Walton: I'm going to ask a question I know the answer to, but I want you two to answer it. Quickly describe how pervasive the Belt and Road initiative is, and what they're doing with their debt trap business, and how they're spreading out throughout the world to these countries. Making deals with a lot of dictators who want a new palace.

Kevin Freeman: I think you're right when you say throughout the world. Initially you think of the Belt and Road as just around China and just connecting their neighbors, but now Belt and Road in Latin America. There's the Arctic version of the Belt and Road. It's throughout Asia, Africa, Latin America-

Frank Gaffney: Europe.

Kevin Freeman: ... And Europe, Yes. And so they've been offering money that ... They have been able to create offerings, financial offerings, debt offerings, mostly because of their large intellectual property theft that might be 200 to \$600 billion a year, is what they've been stealing.

Frank Gaffney: Just from us.

Kevin Freeman: From us, yes. And they've been able to turn around and offer new and greatest technology in exchange for you all have access to our markets, which of course was false. They've never really given American companies true access to the Chinese market.

Frank Gaffney: I was in the movie business briefly, tried to get a US movie released in China. It's not happening. Unless you-

Kevin Freeman: Well, you know what, they bought up Hollywood.

Frank Gaffney: Unless you make it a Chinese movie. In fact, there's an interesting little story going around at the moment. As you may know, Tom Cruise, I guess has done a remake of a Top Gun. And the flight jacket that he wears previously in the first movie, had prominently featured the flag of Taiwan.

Kevin Freeman: And Japan.

Frank Gaffney: And Japan. Both are gone in the make for China.

Kevin Freeman: Richard Gere, phenomenal actor, well known-

Bill Walton: Reverse product placement.

Frank Gaffney: Yeah, displacement.

Kevin Freeman: Richard Gere, phenomenal actor, friend of the Dalai Lama. Richard Gere doesn't get any parts anymore because the Dalai Lama is not acceptable. So they have a massive influence in our universities through the Confucius institutes, a massive influence in Hollywood. You can't make a movie now unless you have Chinese approval.

Frank Gaffney: But this goes to the point about culture as one of the realms of warfare. It's not just the economic, it's not just the national security.

Bill Walton: It brings me to something, I was involved in the Trump transition, helping figure out what we want to do at treasury. CFIUS, which is part of, I guess it's the-

Kevin Freeman: Committee on Foreign Investment in the United States.

Frank Gaffney: ... Foreign Investment in the United States.

Bill Walton: And that had been exclusively focused on economic impact on investments. And now as I understand it, that's turning more to cultural impact. Or am I just being [crosstalk]

Frank Gaffney: I doubt it. I think it's mostly now the case-

Bill Walton: Because you're talking about ... They are pervasively buying properties in Hollywood.

Frank Gaffney: But the challenge has been, going back to something we talked about earlier Bill, the challenge has been that committee who's ostensible purpose is to make sure that there are no national security downsides to foreign investment inside the United States is chaired by the Treasury Department, and the Treasury Department never saw a foreign investment that it didn't like. So while there are other agencies that are involved in it, notably the Defense Department, intelligence, it by and large is the case that the chairman-

Bill Walton: And Steven Mnuchin is terrible on these issues.

Frank Gaffney: Terrible.

Kevin Freeman: It's like having investment banking and research housed in the same location. It's bad for investors, right? If you have investment banking and research because you want to get the deal flow from the company and your research department ends up writing, "Oh yeah, that's a tremendous investment. You ought to invest there." So it's housed in one treasury department.

Bill Walton: But wasn't the dot com bubble great though?

Kevin Freeman: Exactly. Yeah, that's what he gave us. Exactly. Pets.com, right there.

Bill Walton: It was every first research that-

Frank Gaffney: China.com is the way you might think about it.

Bill Walton: Yeah. You're watching the Bill Walton show. We are in overtime with Frank Gaffney and Kevin Freeman. I'm tempted to go into double over time, but I think I'd probably exhaust us. So I'd like to get some of your last thoughts, Frank and Kevin about what our viewers ought to be thinking about how to deal with China.

Kevin Freeman: Well, I think first off, viewers need to weaponize their money. They need to realize that whatever their investments are, whether it's in a pension plan or whether it is an individual investment, those investments should not be funding

the demise of their culture and their country. And so they need to get educated. That's why I started my show, Economic War Room was to train-

Bill Walton: Which is a terrific show. It's on BlazeTV.

Kevin Freeman: Yeah. And you can see economicwarroom.com. We train people about the risks of having their money invested against their interests. And so I think that's the first and really most important thing that I can bring as a contribution is to help people weaponize their money.

Bill Walton: Great. Frank?

Frank Gaffney: I have a little show myself. We have a syndicated radio program called Secure Freedom radio. Kevin is one of our featured regulars. As a matter of fact-

Bill Walton: Where do we find Secure freedom?

Frank Gaffney: Secure Freedom radio is a podcast, of course, but it's also terrestrially broadcast on the American Family Network, AFN. But I guess what I would suggest is that, learn about these sorts of things, through the kinds of resources that we're all providing, of course. But also recognize that this might be our last chance, honestly, to get this right. And I give Donald Trump great credit for having the vision and the courage to say, "We're not just going to continue doing business as usual on terms that are clearly unacceptable and unsatisfactory." And he's done that not just in the context of trade. He's developed a national security strategy that very explicitly identifies China as a foreign adversary of the United States.

Frank Gaffney: He has taken on Huawei as an example. Though there's some backing and forthing on on what exactly that's going to entail at the moment., But I think by and large, his attitude has been, call it America First, call it national-security mindedness, call it whatever you wish, but we as a people will have a choice in this election cycle. None of us is into the politics of this I suppose, but I just want to say-

Kevin Freeman: But elections matter.

Frank Gaffney: Elections are going to matter and perhaps never more so than will we continue a robust policy of defending America's vital interest against China, which I don't expect we're going to see from the opposition to Donald Trump, whoever that may be.

Bill Walton: Well, Biden has told us China is not a problem, basically.

Kevin Freeman: He probably told us that and then he told us it might be, but the point is his son took an immense amount of money from the Chinese and that compromises

him, I think beyond repair. But the point is, when you ask what can we do, one of the things we can do is to make sure that our elected representatives understand the gravity of this problem based on the fact that we've gone to school on it ourselves, and that there are practical, necessary things that we can do in the economic space, in space itself, and in other national security arenas and in the culture, to ensure that it comes out right.

Bill Walton: Kevin Freeman, Frank Gaffney, thank you. Tremendously interesting and I must say alarming show, but I think we've got some lines of action that you all provided and let's come back in a few months and figure out where we take it from there. Right. So thanks for joining me on the Bill Walton show over time. Glad you joined us. Thanks.

Speaker 1: Thanks for listening. Want more? Be sure to subscribe at thebillwaltonshow.com or on iTunes.