

John Tamny ([00:00](#)):

There's a new book out about the making of The Godfather, which describes evidently, I'm going to get it, how it nearly almost wasn't made. And then the Wall Street, there's some new TV show on Paramount Network about the making of it and how it just nearly wasn't made so many times. The producer said, "There's no way Marlon Brando, you're not going to get financing for it if you use Brando. He's the wrong guy for the role." And it's amazing how it nearly didn't happen, this icon of American cinema.

Bill Walton ([00:40](#)):

I got a camera. This is a-

John Tamny ([00:43](#)):

Are you Apple or Samsung? I'm Apple.

Bill Walton ([00:48](#)):

Is this like Ford and Chevrolet?

John Tamny ([00:52](#)):

I'm Apple.

Bill Walton ([00:53](#)):

Am I making a statement here?

John Tamny ([00:56](#)):

Probably you are. We probably are and we don't know it.

Bill Walton ([00:59](#)):

We probably are.

Speaker 3 ([01:02](#)):

This is the Bill Walton Show, April 26th.

Speaker 4 ([01:09](#)):

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 ([01:29](#)):

Welcome to the Bill Walton Show. I'm Bill Walton. Well today I've asked my old friend and frequent guest John Tamny to join us again for what I hope will be, expect it will be an extremely interesting contrarian conversation. John is a man who's never seen an opinion that he didn't think that maybe there was another point of view. And usually he's interesting, and most often right. John is Vice President of Freedom

Works and editor of Real Clear Markets, and author of the terrific book, When Politicians Panicked, which is about the government mishandling of the coronavirus pandemic.

Bill Walton ([02:11](#)):

Hey, John.

John Tamny ([02:11](#)):

Great to be here.

Bill Walton ([02:12](#)):

Welcome back. So what do we want to talk about today? I know we want to talk about Elon Musk. I know we want to talk about doctors. We want to talk about inflation. I think we want to talk about the creative process. And we were talking before we came on about, you've written five books now and what that's like and how you conceive of them and how you feel about them after you've written them.

John Tamny ([02:45](#)):

A lot of good subjects today. I want to steal it from you for a second, just because Elon Musk is who everyone is talking about, it seems like right now. And I'm reminded of going to see the movie Working Girl in the late 1980s, classic Mike Nichols. I think it's an excellent film. I saw it with my parents and my dad said to someone we knew in the theater afterwards, "Boy, Hollywood has an interesting way of portraying investment banking, which has nothing to do with investment banking." And so in reading about Elon Musk's financing of his Twitter acquisition, I'm wondering what you, as an investment banker thought. When you read about it, what did the media get right and wrong? What we missing?

Bill Walton ([03:30](#)):

One of the fun parts was, it's a \$44 billion deal, which is the biggest buyout in history. And it meant raising a lot of cash from third parties. And some of the skeptics early on said, well, Elon will never get Wall Street to work with him because he's too controversial. Well, as it turned out, he put together a syndicate that included, I think, every single Wall Street bank and those not even on Wall Street, but outside the US, except for the two that are working for Twitter. And so everybody wanted to come to the party. It's a fee machine. And what he's got now is he's raised \$13 billion from a group of banks. He put up his Tesla stock as collateral, and he raised about 12 and a half billion, but that still leaves him needing \$21 billion in cash and he's only got about 3 billion.

Bill Walton ([04:28](#)):

And so I think people, if there's any MIS apprehension, is that he's necessarily going to come through with all that money on his own. My guess is he's going to find other people to join in the syndicate. I was astonished Jack Dorsey, who I thought was doing a pretty bad job as CEO came out and endorsed Musk's takeover thinking that this would be in the strongest hands with Musk as the owner. And he didn't think it

was good that Twitter was a public company. Jack's going to cash that \$960 million. So there's some chance he could stay in. There's some other investors that could come in. I think the other thing is that this deal's not done. When's it supposed to close, September?

John Tamny ([05:18](#)):

Is that the day? Yeah. There's regulatory hurdles.

Bill Walton ([05:22](#)):

Three or four months. There's regulatory hurdles. We know that the deep state does not want Musk to create an alternative speech platform where the voices that have been canceled are allowed to talk freely. Lot of hostility. So whether it'll be Justice Department, SEC, there's now some talk that Apple is not going to let the Twitter app on their store unless it monitors speech. And so you've got somebody looking over Elon Musk's Twitter to make sure that he was, in their view, doing what they thought Twitter was doing before, which was silencing a lot of people that have been silenced. Have you lost your Twitter account yet?

John Tamny ([06:14](#)):

I haven't, but I am skeptical. I'd be curious. My view is that our side, if you want to call our side, libertarian, conservative, whatever it is, we've overstated the censoring of us by some of the social media. And I know you've got stories, there are stories out there.

Bill Walton ([06:34](#)):

We overstated it?

John Tamny ([06:36](#)):

Well, let me give you my contrarian view on the matter. For one, it's interesting as a market signal, that if you go to most any right of center organization and you look at their communication strategy, a huge part of their strategy is expanding their Twitter presence, YouTube, Facebook, the different social media. So it strikes me that they're able to use it more effectively than sometimes our media will let on. But tell me if I'm wrong, the Hunter Biden laptop story, I'm not questioning it at all, but when you try to censor something, you tend to amplify it. And the fact that they tried to hide something, in many ways, made it blow up as a story.

Bill Walton ([07:21](#)):

Yeah, but it only got amplified after the election.

John Tamny ([07:24](#)):

But even before the election-

Bill Walton ([07:25](#)):

It was shut down before the election.

John Tamny ([07:26](#)):

But even then, I could go on Twitter and talk about Hunter Biden. I could talk about the laptop. If I couldn't put the New York Post article up, I could talk about it. It got around. It's hard to hide the truth. The truth is hard to keep out. Ronald Reagan had no good media on his side in 1984 reelection. USA Today's statistic on it was 93% negative about Reagan. Yet he won 49 states to one. When you have good ideas, they find the audience. And I'm wondering, is there something to that here? Because I know you've been censored so-

Bill Walton ([08:05](#)):

Well, I think there's censorship that's outright, which is where you put something up on YouTube, which we have, particularly, we did a couple shows on ivermectin. Can I mention that now, I don't know, but they certainly didn't want me to. They said it didn't meet with community guidelines. And community guidelines were defined by whatever the CDC was saying. And of course, we now know how credible what the CDC was saying and how agenda driven that was. But I think the censorship that you really worry about is the self-censorship, because everybody's out there trying to put their material out there, but there's a lot of things you don't say, because you think you may end up on the radar screen of some kid in San Francisco that decides to shut you down. And I think it's what's not said that may be a bigger problem than what is said and what's censored. So I think it's at a chilling effect on speech.

Bill Walton ([09:02](#)):

And yeah, I think you've got the oldest newspaper in America and you shut that story down. We now know that the woman who did that was the chief censorship officer, that's wasn't her title, obviously, at Twitter. And she evidently, she's also the general counsel. And during the negotiations with Musk, when it became clear that Musk was going to end up getting the company, she broke down in tears.

John Tamny ([09:34](#)):

Really?

Bill Walton ([09:36](#)):

Because her worldview was not going to predominate. And her worldview was infusing all of the decisions they made about this is okay, this is not okay. You don't want that. And I don't want that. So I do think it's a serious issue. And I don't think the truth quite got out because they did some polls afterwards and there's something like 20%, 30% of the people have voted for Biden said, if they'd known that story, they would not have voted for him. So I wouldn't minimize it. I think it did a lot of damage.

John Tamny ([10:14](#)):

Yeah. It's compelling. I can't, especially, I think your point about what's what people don't say, there's got to be the unseen considered here and are people self-censoring. So I'm not dismissing it all together. But I do think that any time, the other thing I would say is that to the extent that they try to shut down an idea or a

way of thinking, what I like about Elon Musk is that rather than complain, he bought the company or he is trying to buy it. I look back to Rupert Murdoch. Let's look back to the creation of Fox, something widely ridiculed. Now, Murdoch sense was that there was a need for a different point of view, a different approach to the news out there in media. And so he did it and Fox has become wildly successful.

John Tamny ([11:02](#)):

I prefer the old right that rather than saying, oh, we want better treatment from social media. They're liberals, they're left wingers. Oh, guess what? You've just created for us the ultimate market opportunity. We're going to create something new and we're going to knock you out, because let's remember, CNN was not afraid of Fox back in the 1990s.

Bill Walton ([11:24](#)):

Well, CNN was a real news outlet in the 1990s. Kenny here produces this show was one of the first producers, White House producers, for CNN. It was a real news outlet. Now it's just an opinion piece for the Democrat party or maybe the other way around, I don't know. But what's your essential point that there's opportunities for speech to get out, even though all the major platforms are controlled by the left?

John Tamny ([11:58](#)):

Yeah, no, I think so. I think it creates a market opportunity. What does Jeff Bezos always say, your margin's my opportunity. So if you're going to shut down certain avenues of information, that creates an opportunity for someone.

Bill Walton ([12:10](#)):

Well, what do you think about what Jeff Bezos said about Musk, that he may not be the right owner for Twitter because Musk does so much in China that he's going to be compromised by his Chinese connections. What do you think about that?

John Tamny ([12:29](#)):

I tend to be one of these people that thinks that the more engagement there is around the world, the better. I'll stand by my view that there are bad leaders in China that settled science. The Chinese people, it's evident they love us. And all you need to know that is to visit China. Everywhere you go is Americana everywhere you look.

Bill Walton ([12:50](#)):

When's the last time you were there?

John Tamny ([12:53](#)):

Two years ago. The summer before the lockdowns began. And it's fascinating. McDonald's is everywhere. Apple stores everywhere. Nike stores, Buick cars. The Chinese people who were starving for so much of my childhood are conducting a love affair with all things American. And I think you find something similar in other

countries. I've never been to Iran, but it's interesting, growing up in Southern California, it's full of Iranian people. And where it really gets fascinating is Beverly Hills is where the biggest population in many ways of Iranians live peacefully alongside Jewish people. And they get along beautifully. And the Iranian people love the American people. And so I'm always skeptical. I think politicians are bad. I think anyone who's in power, not controlled by market signals is kind of dangerous, but anything that has us doing more with that part of the world, I think the better.

Bill Walton ([13:51](#)):

But who has more power now? Is it the government or is it some of the big companies? I'm here with John Tamny, my favorite contrarian. And we're about to wander into whether the Chinese Communist Party is a force for good or evil in the world.

Bill Walton ([14:09](#)):

Anyway, let's back up to this question I'm asking, because you and I come out of a paradigm, I think, that says the private sector, voluntary exchange, people doing business, free to create, free to innovate in a marketplace where good ideas succeed and bad ideas fail. That's a wonderful ideal world that I think we both believe in. And if you look at all the wealth that's been created in the world forever, that's where almost all of it's been created. And you're hard pressed to find where governments have created much wealth, except those that have left a level playing field with good courts and laws and ability for people to be free and innovate. But I'm not sure that's the world we're in now. If you look at the size of the multinationals now and look at the power they have relative to governments, and if you look away the leaders of the multinationals or the big corporations, this whole thing with Disney weighing in, in Florida, this whole issue with Coca-Cola weighing in and the laws in Georgia. I think it's a lot blurrier than just free market versus government.

John Tamny ([15:24](#)):

Yes. But remember the last show we did here with George Will, and I think he's right. Nothing lasts forever. Let's not forget that in the 1960s, it was a known quantity among economists that unless government did something about GM, that it would soon control the whole car market. Three decades later, it was being bailed out by the taxpayer. What was the top top stock in the 1980s? Circuit City, no longer with us. What was one of the highest flyers in the nineties was blockbuster. When it wanted to merge with Movie Gallery in the early parts of the 21st century, FTC said no, too dominant in video rental space, only for Netflix to come in and wipe it out. Netflix, by the way, a company that tried to sell itself twice to Blockbuster and was laughed out of the room.

John Tamny ([16:13](#)):

And you look at the powerful companies that began this century, GE was the most valuable company in the world. How's it doing today? The two most popular and powerful internet companies, AOL and Yahoo, where are they? Enron was the best managed company. Tyco was the next GE. The list goes on. And at that time, let's

remember Apple was stumbling out of bankruptcy. People weren't sure it was going to make it. Amazon was amazon.org, couldn't create profits, but you were laughed at if you owned Amazon shares when the 21st century began. Facebook didn't exist. Microsoft had just been ripped up by the federal government, but managed to survive. The list goes on and on.

John Tamny ([16:58](#)):

And so implicit in the power of business today is that's the frontier, that it's forever. And we know throughout history, that's why we're the richest country in the world because the businesses of today rarely dominate tomorrow.

Bill Walton ([17:12](#)):

But I think, what I'm wondering about, and I'm not sure I've got an absolute answer on this is, that's fine in the economic sphere. We know that a good product is only attractive for a while and somebody comes along with something better and then that is eclipsed. But this is more about the speech argument. And when you look at the small group of companies that control speech, I think that's different from a GM in 1958 or a Circuit City in the 1980s. Those were commercial enterprises aimed at serving customers in a marketplace and somebody else came up with something better to knock them off. I'm concerned about the chilling effect that Google and Facebook, and once upon a time, Twitter, and I hope that changes we're shaping the public debate. It's crossed over into something that's different. Is it a public utility? Should it be regulated? I don't think it should be regulated, but I'm not so sure that this isn't a different issue than just antitrust market concentration issue.

John Tamny ([18:21](#)):

I hear you, but I would say even, business is business and the simple truth is that Twitter is not the frontier of communications. And my honest guess is that Elon Musk didn't buy a company for 44 billion to maintain the status quo. He's got a vision for Twitter that none of us can imagine. That's the only reason he would buy it because he recognizes that as it stands today, Twitter, if it remained what it is, would be wiped off the map. And I think Mark Zuckerberg recognizes this. I think Jeff Bezos recognizes this. I think Google recognizes this. If they stay in place, they will not be very important a few years from now. And so you see them spending tens of billions of dollars a year. They're not doing that out of love, but they recognize that in business, stasis is the path to obsolescence. And so it would be one thing if Twitter were the frontier of communications, but history says clearly that it's not.

Bill Walton ([19:22](#)):

What do you mean, history says, clearly it is not?

John Tamny ([19:25](#)):

Because what dominates today rarely dominates in the future. And certainly that's true in the United States. And so what we see as speech today, what we see as the internet, the future trillionaires in society are going to render the internet yesterday's news. How will they do it, who knows? Because when you think about it,

Jeff Bezos was ridiculed for presuming that Amazon would be something. Silicon Valley is littered with VCs that passed on Google, that passed on Twitter, that passed on every Elon Musk venture that he's ever tried. And so the future's going to be different. It's going to be different companies, but if we knew what those companies were going to be, we'd be billionaires.

Bill Walton ([20:06](#)):

Well, you're making a commercial argument or an investment argument. I'm not so sure you're making a speech argument.

John Tamny ([20:12](#)):

It comes from speech precisely because the future is going to be defined by different companies. The ability of Twitter to be powerful forever, I don't think there's any evidence that-

Bill Walton ([20:24](#)):

Well, can I say this in a different way?

John Tamny ([20:27](#)):

Sure.

Bill Walton ([20:27](#)):

I'm going to improve on what you're saying.

John Tamny ([20:30](#)):

I love it.

Bill Walton ([20:33](#)):

You're going to. Elon Musk's vision is he's seeing an ossified, totally left wing by a social media landscape. And the entrepreneurial opportunity is to come in to provide a service that isn't that, that opens it up for a lot of other kinds of speech. And that in doing that, people are going to flood to the marketplace or the market square, town square of Twitter and they're going to start leaving Facebook. They're going to start talking about Google search engine and whether that's a level playing field. We know it's not. And all of a sudden, he's shining a light on these other companies practices and his is better. And right now we don't have anything to compare it with. He's going to give us that.

John Tamny ([21:18](#)):

Amen.

Bill Walton ([21:19](#)):

Was that your-

John Tamny ([21:20](#)):

That would certainly be part of it. And he's going to do more than that though. I don't think he's doing this to give me the right to talk about why government's overreacted to the virus on Twitter. I think that's going to be part of it, but Elon Musk, look at his history, there's a reason he's the richest man in the world. Everything he's ever done was so ridiculed by conventional thought at the time. Oh, wait, PayPal.

Bill Walton ([21:46](#)):

Well, I'm willing to go with that, but I want to speculate specifically what you think he's got in mind, because I know he done what he's done.

John Tamny ([21:56](#)):

I would not presume to guess. My only guess is that it's going to be so surprising and that's why he's taking it private. What he's going to do is something that, if Twitter or a public company would be such a distraction, the shares would move so wildly in a public company setting because it's going to be so different from what Twitter's doing now, is my guess, which is why I think it's about more than free speech.

Bill Walton ([22:26](#)):

Well, I think free speech is the product he's going to offer. And I think that's what'll make it attractive and we don't have that right now.

John Tamny ([22:35](#)):

I'll wager that's a small aspect of it. What's going to make it wildly attractive, what's going to make him, if it works, a trillionaire, is that he's got a vision for it that the board-

Bill Walton ([22:49](#)):

This is going to be more interactive. So continue, he's got a vision, but-

John Tamny ([22:53](#)):

He's got a vision for it that I don't think anyone's ever conceived that goes well beyond is my guess, that goes well beyond just free speech. And that's why he is buying it. And that's why he is taking it private. It's it's so counter to what people ever thought of, that I think a lot of us, probably including me, will say, wait, what is he doing?

Bill Walton ([23:13](#)):

Well, let's have fun with this. I look at Tesla and I think he may be moving out of Tesla and getting into something entirely different, more interesting business model because there's this picture of a Tesla car fully decked out with the chassis on it, with the body on it and everything. And then there was another photo right beside it of the Tesla battery. And the Tesla battery is this thousand pound brick, which sits between the four wheels. And I had Mark Mills on and we talked about, what's it take to make that thousand pound battery? Well, you got to mine about 500,000 pounds

of other stuff in order to make it. And if we wanted to scale Tesla and we wanted to make all the electric vehicle, everything's going to be an electric vehicle, you couldn't do it. I mean the mining requirements, the material requirements that go into that battery ...

Bill Walton ([24:10](#)):

And by the way, the battery's just a storage unit. It doesn't create energy. It doesn't produce energy. So you got this thousand pound battery and you compare that to a 60 pound gas tank. We're really sacrificing incredible economic efficiency by going in to electric. I wouldn't be sure that Elon might be saying, well, maybe we push this one as far as we can and I've got to move into another one. And you know when you'll know whether that's true or not, getting back to your first point, how's he going to come up with the 21 million in cash? Well, one of the ways he could do it is selling Tesla stock. Now, if he doesn't do that, he says, gee, I really got to hold it, or he can go out and pass the hat and try to get other people to come into the syndicate. But if he doesn't sell Tesla, that's going to say, well, he believes he wants to keep a lot big chunk of his fortune in that. But what if he sells \$21 million or 18 billion of Tesla? What's that say about his view on the company?

John Tamny ([25:15](#)):

Well, right now I would say he's still pretty bullish because as you say, he would still have a huge position in Tesla. If he had 21 billion total, total and was selling it, you'd be a bit more skeptical.

Bill Walton ([25:29](#)):

I'm trying to out contrary John Tamny.

John Tamny ([25:35](#)):

What I would-

Bill Walton ([25:36](#)):

This is completely speculative.

John Tamny ([25:37](#)):

You know, it's-

Bill Walton ([25:39](#)):

I'm just not sure electric batteries for all the cars in the world and all the trucks in the world is going to be even remotely viable. We're going to hit a wall. We maybe already have hit a wall economically and physically.

John Tamny ([25:52](#)):

And it's interesting there, Tesla nearly died not too long ago. He nearly lost everything on this and he was days from Tesla going bankrupt. And so will it die? It's going to be interesting. My guess is, and I think Mark would agree is that big

thousand pound battery, which one thing about it because of where it's situated, it's rendered Tesla the safest car on the road by far, you just can't flip a Tesla. And so the safety ratings, Tesla beats Volvo, it's just at the tip tip top because of that. But history says with everything, you look at the original IBM computer of the 1960s, it filled a room and it cost over a million dollars and it had no capabilities. Nowadays, I've got a super computer in my pocket this size that is exponentially more capable. You wonder, my guess is that that thousand pound battery is going to get smaller and smaller, smaller, just like everything else. And I say this not as, I have zero engineering knowledge and don't have close to your financial knowledge, but what you see with these advances that usually they're able to create more and more with less and less materials. We'll see.

Bill Walton ([27:06](#)):

Well, the only question, obviously there's going to be better and better batteries, but it's a question of how much time do we have to innovate and create those batteries versus the amount of materials we need to manufacture the conventional batteries. And can we afford it? I don't think we can. But we're being speculative. Let's talk about money. You wrote a book, your first one, your first book was called, Does the Fed Matter?

John Tamny ([27:35](#)):

Who Needs the Fed?

Bill Walton ([27:36](#)):

Who Needs the Fed? So we're now-

John Tamny ([27:39](#)):

There's an argument that the Fed's just not that important.

Bill Walton ([27:42](#)):

Well, that's your argument.

John Tamny ([27:43](#)):

Yeah.

Bill Walton ([27:43](#)):

Anyway, I'm here with John Tamny, my great friend and great reverse engineering thinker. And we're going to talk about why we do not need a Federal Reserve Board.

John Tamny ([27:57](#)):

The Fed is obviously in the news a lot today. I would say, unfairly. Let me ask, I'm so glad we get to have this discussion because you, like me, were from day one against the lockdowns. And the lockdowns, among other things, unemployed 25% of the United States. But what they also did is that much of the world was put out of work. We talk about supply chains and we talk about them as though there's some tangible

object. But you're a businessman, and I know you find that insulting. A supply chain is a consequence of billions of workers around the world developing trillions of commercial relationships over the decades. The supply chain is something that's developed over time. Well, in the year 2020, politicians ripped it up and it became illegal to open up your factory. It became illegal to go to work. And so people were out of work and then they gave us our freedom back and in giving us our freedom back, they expected prices to remain where they were before the lockdowns, which I find exponentially more insulting than Barack Obama's line, "You didn't build that".

John Tamny ([29:15](#)):

And by extension, I find it insulting that people are saying, this is inflation. No, no, no, no. Command and control was imposed. We had miraculously low prices before the lockdowns that were a consequence of global cooperation. That we have higher prices today is a statement, a screaming statement of the obvious to me. You can't just turn back on what was so amazing overnight. And so when people say this is inflation, I say, no, no, no, no. Inflation is a devaluation of the currency. This was command and control. Let's define our terms correctly.

Bill Walton ([29:53](#)):

We killed the supply side.

John Tamny ([29:55](#)):

Yes.

Bill Walton ([29:57](#)):

Now there's another way to say that. I don't like the word supply chain much anymore. I tend to think of the economy as a web of interrelationships. It's three dimensional, like probably with time, four dimensional. And the politicians knew nothing about how the economy works, decided this business was essential, this business was non-essential. Now, by definition, if you're in business and you're making a profit, you're essential somewhere, somehow. You're part of this whole web of interrelationships. And the political class, not just the United States, but all over the world deemed chunks of the economy, not essential. Even, what was it, the governor of Michigan, she decided that one department in Home Depot was essential and this other one wasn't. What the hell does she know?

John Tamny ([30:47](#)):

She-

Bill Walton ([30:49](#)):

And I agree with you. We are paying the price for that right now, because we've broken a lot of the economic relationships, which are essential. They're all essential. And to fast forward it, the thing that I'm finding interesting now, because I'm following what's going on in China. Yeah, there may be a few politicians in China, but the Chinese Communist Party is 80 million members. And so even though it's 1,000,000,004 people and they've got a happy middle class, Chinese Communist

Party's got a lock hand on that country. And look at what's going on with these lockdowns in Shanghai, and 25 million people, largest port in the world, four times larger than Los Angeles. And it's not only Shanghai, but of the hundred largest cities in China, he's got 75 of them locked down, not nearly as badly as Shanghai, but very badly. Trucking, all the transportation, the shipping, I mentioned, manufacturing, some of the service businesses. They've all been arbitrarily shut down by the political class in China. Why on earth would he be doing that? We think we've got problems now with inflation, if you wreck the Chinese productive capacity along with what we've done here in the west, what we're seeing now is just a shadow of what we might be seeing next year.

John Tamny ([32:19](#)):

Agree completely. The one clarification I want to make is, this isn't inflation. If suddenly, oh, I don't know, they ban the growing of honey crisp apples in part of the United States, such that demand for them outstrips supply-

Bill Walton ([32:37](#)):

You're saying it's not money, it's the supply of the stuff that we don't have.

John Tamny ([32:40](#)):

Because if I'm spending a hundred dollars a week on apples when I used to spend 25, I've got \$75 less buying power elsewhere in the economy. A rising price implies a falling price somewhere else and vice versa. Inflation is a devaluation of the currency, which means that prices across the board, the money measure suddenly is shrunken. So in dollars, if you shrink the dollar, everything is more expensive in dollars. And I think it frustrates me as someone as a member of the right. Under George W. Bush, the dollar was severely devalued. It collapsed against the Euro, the Australian dollar, the Canadian dollar, the pound, you name it. And you look at the price of oil when he got into office, it was \$25 a barrel. By 2007, it was \$150 a barrel. Where were all these inflation hawks during Bush's presidency? Because suddenly they're here now. And to me, it, well, wait a second was Biden president in 2020 because ... Biden's an idiot. Okay, settled science. But he wasn't presiding over these lockdowns.

John Tamny ([33:46](#)):

And when America takes a break from reality, the price implications for the world are profound. And so I'm saying there's inflation, which is the devaluation of the currency. And then there's the imposition of command and control. There's a huge difference. This is not inflation. Is CPI registering inflation? Yes, but that just signals that CPI is not a very useful way of measuring, what is currency devaluation, or just as you say, a supply problem.

Bill Walton ([34:13](#)):

Can I give you a prescription?

John Tamny ([34:15](#)):

Yes.

Bill Walton ([34:16](#)):

Governments just ought get out of the way and let the private economy heal itself and let people get back into whatever they were doing and let what they deemed non-essential, essential.

John Tamny ([34:26](#)):

Yep.

Bill Walton ([34:27](#)):

And that's not the prescription they were hearing.

John Tamny ([34:30](#)):

No, we're not.

Bill Walton ([34:31](#)):

And so if you want to talk about how we get the economy or how to get inflation out of control, let the private sector, let the supply side. Instead, what are they doing? The regulation, what they're doing to shut down fossil fuels and natural gas, et cetera, is just astonishing. They're making it worse. But you're saying it's a supply issue, not a dollar issue.

John Tamny ([34:56](#)):

It's a command and control issue.

Bill Walton ([34:59](#)):

That's interesting.

John Tamny ([34:59](#)):

You have the left saying, economic growth causes inflation. No, the surest sign of economic growth is falling prices. What do you, as an investor do? You supply capital to businesses, not so they can raise prices, so that they can produce more with less. In growing economies, the surest sign, again, is prices going down.

Bill Walton ([35:24](#)):

You agree with my policy prescription?

John Tamny ([35:26](#)):

Well, because your policy prescription is to allow more investment. That's what you're implying.

Bill Walton ([35:31](#)):

We got to open up the supply side.

John Tamny ([35:33](#)):

You open up the economy again. Companies never run out of money, they run out of investor trust. And so right now, investors can't trust the future as much, because look at what you're describing in China. One of the most economically productive countries on earth, these people are suddenly having their freedom to produce taken from them.

Bill Walton ([35:54](#)):

I don't think China's the most economically productive. They've got a massive over-investment. They've got 68 million empty apartments. They've got 30% of their economy in residential real estate. They've got, what do they call them, zombie companies running ... There are thousands of them that are just kept alive by the state who says to the banks, don't call the loan. So I'm not so sure that productive, but they certainly pushed a lot into the being the most aggressive exporter and building up the manufacturing and economy with that, but they still don't have a real consumer economy.

John Tamny ([36:34](#)):

But they export to import. Let's not forget that Apple, the most valuable company in the world, sells a fifth of its iPhones in China. GM sells more cars in China than it does in north-

Bill Walton ([36:44](#)):

But Apple only gets to do that because they won't let certain social media apps on their phones in China. They're working with the Chinese Communist Party hand in hand.

John Tamny ([36:54](#)):

If I offer you billions of dollars, a billion dollar market. And I say, I've got a few requirements, again, I'm not defending it, but it's like the late Jerry Buss-

Bill Walton ([37:05](#)):

You stipulate that this is complicated.

John Tamny ([37:07](#)):

It's very complicated. I think back to Jerry Buss, the owner of the Lakers, suddenly it became the Great Western Forum. They said, "Why are you putting a corporate name on your forum?" He said to the interviewer, "I'll give you \$15 million, if I can call you Billy, rather than Bobby, will you take it?"

Bill Walton ([37:24](#)):

Well, anyway. This is Bill Walton Show. I'm here with John Tamny, who we agree that it is settled science, that Joe Biden is a catastrophe. But I think what's going on in China is really interesting, John, because you believe that they've got this great middle class and they love America. And yet you've got this incredible totalitarian

move by Xi to lock everybody down. And remember, Shanghai's got like 800 subsidiaries of big multinational companies there. They've got 70,000 foreign firms operating in there. And he's just basically said, we're shutting this thing down because of COVID.

Bill Walton ([38:08](#)):

Now you wrote a book on COVID. Politicians Panicked. I think you concluded that COVID, while dangerous, the solution was not locking everything down. And we've got evidence of that. Steve Moore's group and Phil Kirkland just put out a really good study on the 50 states and who benefited from lockdowns and who benefited from opening up. And the jury's in. The states that didn't lock down fared much better economically, life expectancy, all the metrics that are social goods, they did a lot better by not locking down.

Bill Walton ([38:46](#)):

So my question, this inquiring mind wants to know from John Tamny, why would Xi, who I think is a very smart guy, decide that lockdowns are actually going to accomplish anything in China?

John Tamny ([39:01](#)):

It staggers the mind. And I think the markets agree with you. I think the markets thought he was smarter because ... I would be against lock downs even if you could prove to me that they save lives, but we know they don't.

Bill Walton ([39:16](#)):

We both would. If they worked, we'd be all for it.

John Tamny ([39:18](#)):

No, we wouldn't. if you could prove to me that they save lives, I would still say you don't take away freedom because if too much freedom causes me to die, well-

Bill Walton ([39:28](#)):

Well, we got to do the numbers.

John Tamny ([39:29](#)):

Yeah, but with or without numbers, if you can prove to me that being around other people is going to cause me to die, well, then I don't need to be forced to avoid people. I'm just going to do it on my own. But it makes you wonder what is Xi thinking? Without an economy, any country's nothing. Without the most productive city in your economy, with it locked down, what's the game plan here. And some will say, well, he is trying to prove that he's got power. But what does that get you, if you've got no economy?

Bill Walton ([39:59](#)):

Can we go deep and contrarian, because I think the game that Putin's playing and Xi's playing, they both of either [inaudible 00:40:08] or overtly said, we don't care about the economy. We've got our geo strategic aims and those are much more important the economy. And I think there's some ... I mean, look at the net effect of all the sanctions in Russia. Well, Russia's still selling its oil and gas. They just stopped selling it to Poland and Bulgaria and Poland and Bulgaria are saying, oh, we'll find other sources. Well, that's unclear where they're going to find them because Biden has shut down our natural gas business here. Hadn't shut it down, but he certainly cut it back. So I don't know where they're going to find it.

Bill Walton ([40:44](#)):

At the worst case, they're going to have shortages and incredible supply side inflation. And it's going to be very destabilizing for Europe. And I think Xi maybe, it may be the Xi's calculate, let's crush our economy. Let's shut down the web of the economy. And who's that going to hurt a lot? It's going to hurt America a lot because of all the interrelationships we have.

John Tamny ([41:10](#)):

Yeah. The first thing I'll say is that Poland and Bulgaria will still buy Russian gas, they're just going to buy it from those that sell it to.

Bill Walton ([41:19](#)):

No, wait, wait. How's that? He's demanded they pay him in rubles. Are they going to buy Russian ... We're going to have-

John Tamny ([41:24](#)):

We'll just buy it from those that are selling it. Because Russia is still taking euros from friendly nations and so they'll buy it. To this day, there's this myth that the Arabs cut us off in oil in the 1970s. No, they didn't. We still consumed Arab oil. We just bought it from those they sold to. In an economy, you can't account for the final destination of anything. And so I think a lot of that symbolism. The one thing I would say is that you can't have geo-strategic aims if you don't have an economy. The Soviet Union in the 20th century, didn't have an economy to fight a war. China didn't have the economy. I would argue they're more dangerous when they're poor. But if you crush the economy, you don't have the resources to expand globally like you would if you're a rich country. And so there will be deferring views about that. But it staggers the mind.

Bill Walton ([42:19](#)):

You think that, but you're not Xi. I tend to agree with you. The foundation of wealth and power is a robust growing economy, innovative. America won World War II, because we basically had the private sector ingenuity that did an amazing number of things in two or three years to create a war machine that was unparalleled. I'm not so sure Xi. Look at what he's done with the tech companies. He's disappeared many of the tech billionaires. He's shut down the private tutoring industry in China. He's

shown every willingness to take companies out that don't tow whatever line he wants them to tow. I'm not so sure he sees that the way you see it.

John Tamny ([43:17](#)):

No, I think you're right and believe me, this isn't me. I think the long game with China is I think the people love prosperity, and they're increasingly enjoying it. This could be a bad period for them. I'm not drawing moral equivalence. I'll just point out, boy, isn't it interesting how, if you become powerful here, you better have a good Washington presence because they're going to get you here. Bill Gates had the temerity to combine Internet Explorer with his software package and they tried to break up his company. Any company that becomes too successful in the United States, invariably, the CEOs are hauled before Congress because they want you to pay the tithe here. And this isn't to defend Xi, but I think there is a need within politicians, regardless of country and party and everything, to make sure that if you become successful, whose boss, and it sadly happens here too.

Bill Walton ([44:16](#)):

Well. Okay. You rest your case.

John Tamny ([44:20](#)):

No, I don't know what the case is. But isn't it sad? You were up very high at Lehman.

Bill Walton ([44:32](#)):

I was not. I was a senior vice president in the M and A department.

John Tamny ([44:35](#)):

That's pretty high.

Bill Walton ([44:36](#)):

I got paid a lot.

John Tamny ([44:37](#)):

Yeah. I always heard that, and I knew this about Goldman Sachs, but I always heard that any of the good investment banks always had up tiptop, a Republican and a Democrat to deal with Washington.

Bill Walton ([44:50](#)):

I don't think that's true anymore.

John Tamny ([44:52](#)):

Really?

Bill Walton ([44:53](#)):

No. Back in the Goldman Sachs days, they had John Whitehead.

John Tamny ([44:57](#)):

Yeah. That was their Republican.

Bill Walton ([44:59](#)):

And they had another guy. Was it Levy? They always had two guys doing it, now they've gone to one. I'm not so sure they feel they need to do that anymore because the Democrats so control Washington, I don't know the Republicans, even when Trump was in the office, it wasn't clear that Republicans "controlled" Washington.

John Tamny ([45:23](#)):

No.

Bill Walton ([45:23](#)):

And you know, we're supposed to have this big wave election in November of 2022. A lot of Republicans are going to come in, new congressmen. Maybe take control of the Senate. It's unclear to me whether Mitch McConnell or, oh gosh, Kevin McCarthy is likely to be speaker, are going to do much, change much.

John Tamny ([45:43](#)):

Yeah. I think you're right.

Bill Walton ([45:45](#)):

So I don't know. I'm not so sure they need to be bipartisan anymore. Wall Street is just like Silicon Valley, is going hard left. I think probably 90% of the dollars out of Wall Street now go to Democrats, which I think is too bad.

John Tamny ([45:59](#)):

Yeah.

Bill Walton ([46:09](#)):

But we haven't gotten rid of the Fed yet. How are we going to get rid of the Fed? We got a couple minutes here.

John Tamny ([46:14](#)):

We're never getting rid of the Fed, but let's imagine if the Fed didn't exist. Would government still try to manipulate interest rates? Well, of course. Would government still regulate banks? Of course. The Fed is just an outsourced function of Congress and that's why I don't understand why we focus on it so much. I just finished a book about Germany after World War II and they had rations, 1,550 calories per day. It's not enough to survive. Guess what? When you take away a market, you create another market. The Fed can't control the price of credit. Why do I know this, because I'm sitting in the house of a very successful investment banker. And why were you paid so well? Because there is no such thing as easy money in the real economy. It's precisely because it is so hard to get capital that people like you, and I don't say this because you're here, I view investment bankers as heroic. You have a

lot of money because what people presume about the Fed's ability to do has nothing to do with reality. So my view is, oh God, let the Fed exist. Let politicians blame it for stuff that has nothing to do with. Meanwhile, the real economy will continue to work around it.

Bill Walton ([47:32](#)):

Explain that again. We've talked about it before. I think it's worth bearing. I want to get it into this show. Explain what credit is.

John Tamny ([47:39](#)):

Credit is access to real resources. We borrow money for what it can be exchanged for. Access to human capital, physical capital, trucks, tractors, computers, desk chairs. And so in a growing global economy, naturally, there's more credit. Now, you have a lot of whackos on our side saying, oh, look at this, the growing amount of borrowing out there, that must be a sign of the Fed, easy money. Show me the easy money. Look at a company like Uber, a recent sort of high flying IPO. When it got its first round of funding in Silicon Valley, VC money, a third of the company was sold for \$10 million. Equity. Does that sound like easy money? A company that's worth billions today, you had to give away a third? There is no such thing as easy money. And you are evidence of that because your job was never easy. In fact, you competed with other investment banks to finance good ideas. But they didn't pay you this well because your job was easy, because the Fed just sat there and handed you money. They paid you a lot because you did the impossible.

Bill Walton ([48:45](#)):

Well, the truth is, the credit's never there when you need it. If you don't need it, you got plenty of it. But if you need it, forget it. That's the reality of money. Well, John, we're running out of time. Is there anything else we've missed that we wanted to talk about. What's your next book?

John Tamny ([49:13](#)):

The next book, it's titled Bringing Adam Smith Back into the American Home. And it's an argument Using Adam Smith-

Bill Walton ([49:25](#)):

Which Adam Smith? The Wealth of Nations?

John Tamny ([49:28](#)):

Wealth of Nations.

Bill Walton ([49:30](#)):

Or the Theory of Moral Sentiment?

John Tamny ([49:32](#)):

The Wealth of Nations.

Bill Walton ([49:34](#)):

Okay.

John Tamny ([49:34](#)):

Throughout there is an argument that if you own a house, you are a citizen of the land you live on. If you own stocks and bonds, you're a citizen of the world. And Adam Smith's point was that mobility is one of the greatest drivers of economic growth. We talk about tax cuts and different things, and they all matter. But what arguably is the greatest source of American brilliance? Well, for one, we've attracted the world's drivers forever. Well guess what? When you can come to a place and you're free to move about without any restrictions, you can take your human capital, we've discussed on this show before, human capital is the ultimate investment. What you do with your talent, and you can bring your talents anywhere. Yet, in modern times, politicians have glorified the owning of the home. You know what they call a house in France? If you get into real estate in France, they call it immobile, as in it locks you down to an area. America is about people moving amid restlessly, amid abundance.

Bill Walton ([50:38](#)):

Less and less.

John Tamny ([50:40](#)):

Yeah, yeah.

Bill Walton ([50:41](#)):

Less and less.

John Tamny ([50:42](#)):

But historically, it was. And so the book makes an argument that we're glorifying housing and home ownership to our everlasting detriment. And Adam Smith's Wealth of Nation was very clear about this, this is not something to glorify. So it's making that case and we'll see.

Bill Walton ([50:59](#)):

Interesting. Although mobility, a lot of people are moving to Florida.

John Tamny ([51:03](#)):

Yeah.

Bill Walton ([51:04](#)):

And Texas, the states that didn't lock down. So I think that may be picking up.

John Tamny ([51:08](#)):

Fingers crossed.

Bill Walton ([51:10](#)):

Well, anyway, this has been the Bill Walton Show. I'm here with my great thinking friend, John Tamny, who's got a book coming out soon, talking about how we're going to bring Adam Smith into the American household, at least into American thinking. Looking forward to it.

John Tamny ([51:24](#)):

Yes.

Bill Walton ([51:25](#)):

And John, how do we find you?

John Tamny ([51:27](#)):

You can go on, let's see, realclearmarkets.com. That's where I put all my write ups. You can go on Amazon, hopefully buy lots of my books. Twitter, Facebook, the usual places. Okay.

Bill Walton ([51:38](#)):

Yeah. I use them. They haven't canceled me yet.

Bill Walton ([51:40](#)):

Nah, you, yeah. With the brave new world of Elon Musk, you're not going to be canceled.

John Tamny ([51:46](#)):

That's right.

Bill Walton ([51:47](#)):

Okay. Well anyway, thanks for joining and stay tuned. We're here to talk about what's true, what's right, and what's next. And I think we did some of that today. So hope you enjoyed it, then we'll talk next time.

Bill Walton ([52:02](#)):

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