

## Securing America with Bill Walton (part 2) October 24, 2022

Frank Gaffney [\(00:10\)](#):

Welcome back. Bill Walton is with us. We're talking next about China. Bill, there was of course a big celebration in Beijing last week in which the ruler of China, Xi Jinping, has become what I think of as the first Chinese communist emperor, for life evidently. And he began his reign, in fact, shortly before it actually was formalized by publicly humiliating and literally forcing off the stage his predecessor, Hu Jintao, who it was said was about to make some comments suggesting there's real problems with giving essentially unrestricted power to an individual like Hu. He did not look happy at the prospect of being marched straight off that stage into the gulag, but I think that's what was in the offing. Give us your sense of what is likely to come out of a Xi unleashed, as I think of it.

Bill Walton [\(01:16\)](#):

Well, if your viewers would take the time, it's on YouTube. If you want a vivid demonstration of what President Xi's presidency for life will be all about, it's witnessing his predecessors being dragged off the stage. And evidently, Frank, he was dragged off after he was the only one up on the day that didn't applaud after Xi's remarks. And it took a couple of minutes and it was in front of 2,000 people and the global press, and I think that's a great image and symbol of what lies ahead.

[\(01:51\)](#):

And then his speech, he of course reaffirmed his commitment to communist, socialist ideology, and he's already begun taking fairly aggressive steps to try to decouple China from a lot of the world economy. And of course, we're helping that. The Commerce Department issued serious regs about semiconductor manufacturing and technology transfer that's likely to further isolate the Chinese semiconductor industry.

[\(02:23\)](#):

But Xi is taking on an economy now that he in fact created, where real-estate prices and the market, which is 25% of the GDP, is declining rapidly. Teenage unemployment's 20%, 25%, and he continues perversely in these COVID lockdowns, this zero-tolerance lockdown, and that's of course had a tremendous effect on their supply chain and their ability to supply the world with manufactured goods. So we're seeing a new era here, and put on your seat belts.

Frank Gaffney [\(03:00\)](#):

Yeah, it's going to be a rough ride. Bill, there are those who are saying that that decision about cutting off silicon-chip manufacturing technology, know-how, support, including by Americans in China for that purpose, who are now on notice that they will be at risk of criminal misconduct if they persist in it, has already begun to have a dramatic effect in China. There are indeed concerns that this may be tantamount to the decision prior to World War II to deny Japan access to oil out of the Dutch East Indies, and that in turn is said to have triggered the Japanese attack on Pearl Harbor and all that flowed from it. Do you see it that way, Bill, or should we be well delighted that we are finally taking steps that are decoupling us from China as well?

Bill Walton [\(04:02\)](#):

Well, that's an interesting analogy with Japan and pre World War II and gasoline. I think it could well be true. Now, you never know how this is going to work out, but the Biden Administration, much to my initial surprise and delight, has put real teeth into the ability of China to capitalize on our semiconductor

innovation and technologies. Not just us, but all the other suppliers worldwide. I mean, the [inaudible 00:04:32] conjecture business is an extremely intricate interconnection of fabricators, designers, the people that make the machines and make the chips, the materials themselves. It's an extremely complicated global supply chain, and China's been cut out of it, at least for the big, essential things.

[\(04:50\)](#):

Now, why should we do that? Well, one of the things is that the United States, and we've talked about drugs, that China manufactures all of our semiconductors. Not China, but the United States does not produce the critical semiconductors.

Frank Gaffney [\(05:07\)](#):

Taiwan is the principle supplier.

Bill Walton [\(05:07\)](#):

And so for strategic reasons, we need to bring that back in under our control, and this does that. Now, this could be a case where the short-term fix has enormous unintended consequences, and that could be very well China's reaction. I mean, one of their ministers, they had an analyst saying, "We're fine with this. Under President Xi's glorious leadership, we're going to develop our own semiconductor expertise in technologies," and "there is no possibility of reconciliation." So that sounds like a declaration of war.

Frank Gaffney [\(05:48\)](#):

Well, it wouldn't be the first, unfortunately. Back in May of 2019, they explicitly described themselves as now in a people's war against our country, a little-known fact.

Bill Walton [\(05:58\)](#):

Oh, they've declared war on us about every month.

Frank Gaffney [\(06:01\)](#):

Well, and unrestricted warfare before that. Yeah.

Bill Walton [\(06:04\)](#):

Right.

Frank Gaffney [\(06:04\)](#):

Bill, but I think the key point here is that the other source, both for us and for the Chinese, is Taiwan and Xi, could not have been more clear in the speech before the party congress, and I think at the end, that he has determined to take Taiwan, and it's now, I think, a matter of time. It behooves us, it seems to me if we're going to take this position on chips, that we better protect that source of them, and we show Taiwan we don't succumb to the Chinese predictions.

Bill Walton [\(06:39\)](#):

Well, the Taiwan connection is extremely interesting as it relates to the semiconductor story. Taiwan semiconductor manufacturing is the premier chip manufacturer in the world, and it's the only member of the coalition that seems like everybody trusts, and so they've established a position in the supply chain of preeminence and trust. And of course, China, eyeing this, would have other reasons to go after

Taiwan beyond its historical claims on the island, just to say, "Well, let's disrupt semiconductors." And of course, this is a technology that everything else depends on.

Frank Gaffney ([07:20](#)):

Everything depends on.

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

Literally.

Frank Gaffney ([07:23](#)):

Yeah. Bill, we have to leave it at that. I wanted to talk to you about inflation in our country, but that's going to be for next week, and the importance of the election.

Bill Walton ([07:32](#)):

That story will be with us next week, right?

Frank Gaffney ([07:33](#)):

Alas, it will still be with us, and it may make the decision-

Bill Walton ([07:36](#)):

It's not going away.

Frank Gaffney ([07:37](#)):

... on the electoral front too. Bill, thank you for your time today, my friend, as always. The great work you do at the Bill Walton show, keep it up. Come back to us next week, if you would. I thank the rest of you for being with us. I hope you'll come back to us next time on Securing America. In the meantime, go forth and multiply.