

Frank Gaffney (00:00):

... status really as a mortal enemy of this country makes people aiding and abetting its artificial intelligence work, or for that matter, just about anything else, people batting for the other team and whether that's actually acceptable, especially at a moment when I think the possibility of a shooting war with China is very distinct. Your thoughts?

Bill Walton (00:26):

Well, again, to come back to the Apple situation, to talk about how... To give you an illustration of how deep these ties go, Apple had every single day, 50 business class seats booked from, I think it was San Francisco to Shanghai every single day. And they had their engineers over there for months and months working with the Chinese engineers and developing all their products. And one of the interesting things that's happened is they obviously canceled those because of President Xi's zero COVID strategy. So nobody was going into China. The Chinese engineers though, had learned enough from this process that they began developing on their own. And they really in effect uncoupled from Apple and some of these critical technologies. And so we have given them the-

Frank Gaffney (01:18):

That's what they do.

Bill Walton (01:20):

Sorry, Frank?

Frank Gaffney (01:22):

That's what they do. They essentially expropriate our technology one way or the other, and then they're competing with us and often besting our American companies. The shortsightedness of this by the Apple folks is hard to believe, but it's been done by Boeing and many others.

Bill Walton (01:41):

We need to have a solution that involves the Treasury Department, the CFIUS program that's been set up to really monitor investments coming into the United States from countries outside the US. And it's been primarily economically driven as to whether there's market share issues or monopoly issues, things like that. That needs to be turning its attention to the defense issues, to the security issues. And it also needs to include the Defense Department, maybe the State Department. And we need not only look at the investments coming into the US, but in this case with this AI investing, we need to be looking at the investments meeting outside the United States and how much technology we're transferring to China in particular. And we need to get a handle on it. And we do not have a very good grasp of what's going on at the federal level certainly.

Frank Gaffney (02:37):

To the contrary, it seems we're still quite intent on encouraging it, as best I can tell, which is another issue for a very overdue assessment of what we're doing with respect to the Chinese Communist Party by way of aiding and abetting, as I say, their belligerence against us. Hopefully, this will be one of the things that this new select committee on China and perhaps others in the new Republican House will be focused on like lasers. As I say, very much needed and overdue.

(03:14):

Bill, speaking of production of things, one of the other interesting data points is that the Chinese Communist Party is the world's largest manufacturer of counterfeit and pirated goods. Also, I think probably those manufactured with slave labor among others, produced by Uyghur Muslims that they are genocidally persecuting. This is a pretty unsavory picture that I think speaks to a point that I've made with you many times before, and that is that we're dealing really with a transnational criminal organization, crimes against humanity, commercial crimes, crimes in terms of what they intend to do to us through one kind of warfare or another. What do you make of this record and shouldn't they be held to account for it?

Bill Walton ([04:11](#)):

Well, in one of the rare moments of candor and plain speaking, the US Trade Representative some years started a report called the Review of Notorious Markets for Counterfeiting and Piracy, and that's plain speaking. And coming from Washington, that's refreshing. But what's not refreshing is that almost 75% of the counterfeit goods are manufactured in China. And these are primarily physical goods and they're primarily luxury goods or faux luxury goods because the Chinese are the largest single market in the world for luxury goods. But it's not only done through direct purchases, but the most important way they make this happen is through online markets. There're 39 online markets and 33 physical markets.

([05:06](#)):

And you think of a bizarre trading fair in a sense where something comes in, nobody knows where or somebody knows, but a lot of people don't know where it comes from, and then gets traded as an actual genuine product. And that's only the physical goods market. What's happening on the intellectual property theft market is almost probably more egregious. I think probably most of the theft of intellectual property is by the Chinese. And I don't have the statistics on that, but I think it's at least at that 75% level. And that's where if you're a singer-songwriter musician and you want to make a living from your trade, you can't do it anymore because of the piracy market. And that's happening in film and a lot of the other creative areas that are affected by this. And it's a big issue. And that's a stake in the heart of our creative industries.

Frank Gaffney ([06:07](#)):

Right. Well, and intellectual property more generally, I think, is also being compromised similarly, including the national security content. Bill, this brings me to a last point with you, and that is we're hearing more talk about how the end of the dollar's reign as the reserve currency of the world is at hand, that a new bipolar reserve currency arrangement is in the offing, presumably with Chinese impetus as well as to their benefit. Talk a bit about that, if you would.

Bill Walton ([06:45](#)):

Well, what's happening-

Frank Gaffney ([06:46](#)):

Very quickly. 30 seconds.

Bill Walton ([06:46](#)):

What's happening, we're waking up to the reality that the United States, which was 40% of the world GDP after World War II is now around 20%. And yet, the amount of trade done in the US dollar is still... I don't have the exact numbers. I think it's a robust 60%, 65%, down from 75% 10, 20 years ago.

Frank Gaffney ([07:12](#)):

May not be sustainable. Bill, I'm hard out of time. Again, I apologize for cutting you off once more. Thank you for joining us. And [inaudible 00:07:19].

Bill Walton ([07:18](#)):

It's a really good story. Next time, we'll get to it.

Frank Gaffney ([07:21](#)):

We will pick up where we left off next time. God bless you, my friend. Keep up the great work you do. Come back to us next week, as I hope will all of our audience.

Bill Walton ([07:29](#)):

We will. Okay.

Frank Gaffney ([07:29](#)):

We'll talk with you next time on Securing America.

Bill Walton ([07:31](#)):

Stay tuned for this cliffhanger.

Frank Gaffney ([07:32](#)):

Stay tuned indeed. Go forth and multiply.