

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

Welcome back. We are following the money with Bill Walton, something we do each week, I'm proud to say. Bill is of course the host of the Bill Walton Show, which I strongly commend to all of you. And Bill, we were talking a bit about China's financing of things. One of the aspects of their global ambitions has been this Belt And Road Initiative, and it has been fueled basically by, well, payday loans for one of a better expression. They make these offers you can't refuse to these mostly developing nations, and oftentimes they can't make the payments. Talk a little bit about bad loans that are now turning up in this portfolio, and what China's doing in response.

Bill Walton ([00:58](#)):

Well, they're engaged in a lending business, it would make Vito Corleone envious. Again, a bit of context. China's launched the Belt and Road Initiative I think 15 years ago or so, and at the behest of president, now President Xi, and it's really his baby. And the grand strategy, of course, is to lend money all the world, to developing countries and make them in debt literally to the Chinese, and also morally to the Chinese as their benefactors. And they've lend about a trillion dollars roughly. Nobody knows for sure, but that's the ballpark. But when you're in the business of lending money to people who cannot repay you, which is what the situation is with most of these developing countries, surprise, surprise, are running into defaults on this.

([01:55](#)):

And they've had defaults rates of 8%, 10% on these loans in the last three years, which is up dramatically. COVID had a big impact on countries all over the world and also has affected these country's ability to repay. In the lending business, eight to 9%, 10% defaults a very big number. And I expect it's going to rise a lot further because if you look at the countries that they're indebted to the Chinese, they never really had any strong source of repayment then that's not increasing, it's probably decreasing. The thing is-

Frank Gaffney ([02:31](#)):

But Bill wasn't the strategy of the Chinese in the event that happened, predictably it would, they would well essentially appropriate the infrastructure that they were building for these guys. And not surprisingly, they've built them as we understand it, pretty much to military standards, so that they can use them for power projection should they choose to do so.

Bill Walton ([02:58](#)):

Well, I completely agree that is the underlying agenda, but the sort of cosmetics they put on it is that they're a development lender, and this is a radically new type development lender. For decades, when the United States and Europe were preeminent, those were the international entities that lent money developing countries. And it was really a form of aid, it wasn't a form of lending. And I don't think anybody really expected we were going to get repaid or repaid in full certainly. China, however, is out now as a hard moneylender, and if you can't repay 100 cents, they want to extract a pound of flesh. And often that could be controlled facility, it could be a port or an airport or some sort of mining operation that they developed.

([03:47](#)):

And there's an incredible conflict going on now between the State Department types who are used to giving away money and China who A, wants their money back. But if they're not going to get their money back, they want control of the assets, and that's a very different dynamic. And Frank, in the

United States, we have a robust set of bankruptcy laws that really guide you through bankruptcies. On the international stage, there are no laws that govern how countries negotiate when they're in default or how they repay. We've made some attempts to put some in place, but they don't really have much teeth.

Frank Gaffney ([04:27](#)):

Yeah. And again, from our point of view, strategically not only I think are we interested in seeing these countries out from under the mauve of Communist China, but to the extent that we might well find ourselves in a shooting war with China, these assets as you call them around the world Bill, are perfectly capable, at least in some cases, of becoming new sources of enemy action against us, and-

Bill Walton ([04:59](#)):

Unlike our lending, which is I guess we're trying to be good people and help people, and I think that's an admirable agenda. The Chinese are, if you look at Asia, they're lending to resource rich countries, so they can control those resources as part of their global economic and military strategy. It's a much more deeper agenda than we've ever been engaged in, and unlikely to.

Frank Gaffney ([05:30](#)):

Yeah, you mentioned Asia. I mean, it's happening in Africa, it's happening in Latin America.

Bill Walton ([05:35](#)):

Yeah. I'm sorry, Africa. Africa was the country. I was-

Frank Gaffney ([05:40](#)):

Continent, yeah. It's largely worldwide phenomenon now.

Bill Walton ([05:44](#)):

Yeah.

Frank Gaffney ([05:44](#)):

Bill, Zambia is one of these countries that is in the midst of this kind of thrash with the Chinese Communist Party. Any insights into how that's likely to shake out? That's a key country and the last time I checked.

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

Well, it really where all these forces I've been talking about are coming to bear. On the one hand you've got our State Department globalist types that are willing to forgive some or all of \$31 billion that Zambians. And of course Zambia has almost no ability to repay. But you've got the Chinese at the table who are also owed a lot of the money and the Chinese are playing hardball, and we've gone back and forth. And unfortunately Frank, I think that given the Biden's administrations climate obsession, they're likely to make climate concessions part of the deals they make with these people. So, all these agendas are being very subtly and I think unfortunately mixed.

Frank Gaffney ([06:45](#)):

We're certainly seeing them giving the Chinese the benefit of the doubt, whenever China and the climate changes invoke. Bill, lastly-

Bill Walton ([06:53](#)):

New cool plan every week, Frank, they're totally on board.

Frank Gaffney ([06:56](#)):

They're committed. Very quickly Bill, critical mineral restrictions out of China, how's that factoring into where we are economically ourselves, let alone others?

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

This is so ominous. The last 10 or so years, countries have been waking up to the fact that they control resources that, or minerals or that are essential for the wind and solar climate initiative. And China as controls a lot of those from mining in China, but also they control a lot through mining in Africa where they own the mines there. And they've begun slapping, increasing export controls on these mission-critical minerals-

Frank Gaffney ([07:41](#)):

Wait a minute, these are the people that we're relying on for all this new green energy stuff. I can't imagine that they're going to turn-

Bill Walton ([07:48](#)):

What could possibly go wrong?

Frank Gaffney ([07:50](#)):

Everything. Bill, we have to leave it at that. Thank you, my friend. Come back to us next week if you would. We'll be right back with more, right after this.