

Frank Gaffney (00:00):

We are back and I am always delighted to be able to say welcome to both you, of course, but also to our next guest. A regular here at Securing America. His name is Bill Walton. He is the host of his own television podcast program, The Bill Walton show. A master of the universe, now recovering former Allied Capital poobah in Wall Street. And these days a prominent figure in the conservative movement here in Washington, DC and across the nation. We're always thrilled to be able to take stock with him, in a manner of speaking, about what is going on in the world of finance and business and geopolitics. And Bill, it's good to have you back for that purpose. Welcome once again.

Bill Walton (00:53):

Great, Frank, to talking with an American hero, Frank Gaffney.

Frank Gaffney (00:57):

Thank you. Well, let's get that in writing, as they say. Bill, let me ask you about BRICS. There's a lot of talk about this upcoming summit in South Africa in connection with the idea that these guys, no kidding, this time, they really mean it, are going to come up with an alternative to the dollar. Exactly what that looks like and how backed up by gold it is remains to be seen. And yet, in addition to the five countries named in the Brazil, Russia, India, China, South Africa, BRICS acronym, there are 30 or 40 others that are banging at the door asking to be made members as well. Give us your sense of what is likely to eventuate there.

Bill Walton (01:53):

Well, the backstory here is that the US dollar status as reserve currency gives us an enormous clout in the world, and people are forced to hold our debt because it is a reserve currency, which allows us to finance these enormous deficits we're seeing, both trade and currency deficits or budget deficits. But the dollar status, it's about 59% of the world's reserve currency right now. But recollect it was 81% before in the '70s, and then when inflation started raging, it dropped all the way down into the 40% range. And then with the introduction of the Euro, it faded somewhat, but still it's roughly 60%. Euro's about 20%, Japan and Great Britain are another 5% each. And China's way down there at 3%, because nobody trusts the Chinese Communist Party and their currency's not freely convertible. But nevertheless, countries are now seeing what the Biden administration has done with its currency controls and sanctions on Russia, and they want to develop an alternative.

(03:04):

And so they've come up with the idea, which is a good idea, to create a new currency backed by gold. And both China and Russia have been buying gold in enormous quantities in the last year, year and a half, something like that. So they are stockpiling gold, and some of the other minor countries are also doing the same thing. And so there are gold reserves that are piling up there in an effort to back this currency. Of course, we have enough trouble conducting our own currency with just one country, and you begin to think about the political dynamics between Brazil and China and India and Russia and South Africa and the list goes on and on and on.

Frank Gaffney (03:44):

To say nothing of all these others.

Bill Walton (03:46):

And so...

Frank Gaffney (03:46):

Bill, just a question on...

Bill Walton (03:48):

... it'd be quite a meeting.

Frank Gaffney (03:50):

We'd all like to be flies on the wall.

Bill Walton (03:52):

I think I'll try to see if I can get myself invited.

Frank Gaffney (03:55):

Question though: when people talk about gold-backed, obviously there was a time when you could take a piece of paper, I guess, to some window, somewhere, and actually extract the equivalent amount of gold. That day is long passed. Is there any reason to believe that a country like China, that won't make its currency convertible to any other currency, let alone to gold, I think, has that kind of transactional quality in mind? Or is there something else that could be equally confidence-building, I guess, about the value of the currency, without it being actually something you could take and go get your gold back?

Bill Walton (04:50):

Well, I could see it happening in a galaxy far, far away and millions of years from now. The political and the kinetic... The real issue, of course, is we believe China's going to do something about Taiwan and that makes them an incredibly dangerous country, and nobody's really going to trust their currency with that as a backdrop. And any country right now is going to have trouble going off the gold, or going onto the gold standard. If you recollect, Richard Nixon brought us this by uncoupling from gold in 1971, at the advice of Milton Friedman. And that has been catastrophic, and we've seen a debasement of all the currencies worldwide ever since then. I talked with George Gilder about it...

Frank Gaffney (05:39):

I didn't realize that Milton Friedman, who is widely regarded as one of the great sages of economics, was responsible for that bad advice.

Bill Walton (05:48):

I guess we're all flawed. And George Gilder tells that story, and John Tamny, and I think they're absolutely correct, they're quite knowledgeable about it. But it's something we've had to live with ever since, and it's allowed us to finance these enormous deficits. And some people ask, well, is there enough gold in the world to back currencies? And there actually is, even though the size of the economies have grown enormously since the good old days of gold-backed currency. There's probably still enough if you had a meaningful way to provide an exchange to make it happen. But the issues are political, and the issues are also economic. The United States still has by far the largest free market free economy in the world. I wouldn't include China in that category. And so you've got the biggest player that people have to reckon with, which would be us. And China's roughly the same size, but they've taken their currency

out of play. And then you're left with the Euro. Really, European banks, you trust them? And Japan, of course, has been in a deflationary spiral for 25 years now.

Frank Gaffney ([06:54](#)):

This conjures up...

Bill Walton ([06:55](#)):

I hope they do it, Frank.

Frank Gaffney ([06:57](#)):

Yeah, I know you do. You've got this iconoclastic idea that this is actually really going to be good for us. And taking that dose of medicine is not always palatable, obviously.

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

We've been proliferative, Frank.

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

WE have. We have.

Bill Walton ([07:08](#)):

We can't afford to do all this with a trillion dollar deficit.

Frank Gaffney ([07:13](#)):

No, I don't disagree. The question, though, is, will the treatment be worse than the disease itself?

Bill Walton ([07:20](#)):

True.

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

And that's to be determined.

Bill Walton ([07:22](#)):

True, true.

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

Bill, I do want to put in a plug on the other side of a short break about our friend and colleague Kevin Freeman's idea for what we might do to have real gold-backed currency.

Bill Walton ([07:33](#)):

Texas style.

Frank Gaffney ([07:34](#)):

Texas style. We'll be right back with that and more with Bill Walton. Stay tuned.

