

Speaker 1 ([00:00:04](#)):

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 ([00:00:25](#)):

Okay, well, let's talk about Israel. Israel's built the world's preeminent high-tech economy on roughly 4% of the geographic land area of the Middle East. It's a liberal democracy with free elections. Robust, free, and critical press. If you're Netanyahu, you know how critical it is. It's got an independent judiciary, which we should envy. Human rights groups, women's rights, and gay rights. It also, and I didn't know this, Israel has 2 million Arab citizens who have the same civil rights as do the Jews, and yet Israel's Arabs are the freest Arabs in the Middle East.

George Gilder ([00:01:08](#)):

Yeah. And they aren't rebelling now either. In the middle of this war, everybody predicted after October 7th that there'd be uprisings of the Palestinians within Israel and there hasn't been a peep.

Bill Walton ([00:01:23](#)):

And a man who needs no introduction. George Gilder is here to tell us about it. George, welcome. You jumped right into my splendid intro and you were better than I was. So anyway, here's George Gilder, great, great, great thinker. One of our best economic and technology thinkers in America, maybe the world. He's written *Wealth and Poverty*, *Knowledge and Power*. Most recently, he's rewritten extensively a book he published 25 years ago, called *Israel Test*. And that's what we're going to talk about because this book is filled with more wisdom and information than, I mean, thank you for writing this, George.

George Gilder ([00:02:03](#)):

Thank you.

Bill Walton ([00:02:05](#)):

So what happened? We had this war, everybody thought the Arabs were going to rise up and nothing.

George Gilder ([00:02:10](#)):

And they didn't. In Israel, the Arabs appreciate their freedoms, and prosperity, and longevity in Israel. And they have not supported Hamas or Hezbollah during the course of this horrible war that is still underway there, and that's the upside. Another upside, during the course of this war, venture capital investments in Israel are up some 38%, which is...

Bill Walton ([00:02:56](#)):

In the last year?

George Gilder ([00:02:59](#)):

In the last year.

Bill Walton ([00:03:00](#)):

Unbelievable.

George Gilder ([00:03:00](#)):

Which leading the world. We actually, because of our artificial intelligence boom, are enjoying some 25% increase in venture capital investments. And Israel is 38% or something this year.

Bill Walton ([00:03:18](#)):

Well, you should know you spent a long time in the venture capital industry.

George Gilder ([00:03:21](#)):

Yeah. Yeah. Yeah. But the point I make is, that the US AI industry is dependent on Israel.

Bill Walton ([00:03:34](#)):

Explain that.

George Gilder ([00:03:35](#)):

Well, four or five years ago, an American company called NVIDIA that you've probably...

Bill Walton ([00:03:46](#)):

I've heard of them.

George Gilder ([00:03:47](#)):

That's just now...

Bill Walton ([00:03:47](#)):

I was a happy owner of...

George Gilder ([00:03:48](#)):

And some days it's worth \$3 trillion market cap and is the most valuable company in the world. And it does fuel, NVIDIA's chips fuel the AI efforts of Microsoft, and Amazon, and Google, and Meta, and all the others. Which give the American companies in the world, 70% of world market cap is commanded by American companies, partly because of this AI boom. And it all really originated when NVIDIA, which was a video game company, it had these graphics processors that could manipulate 3-D pixels for video games, bought an Israeli company called Mellanox in Migdal HaEmekin in Israel. And Mellanox as, Jensen Wang of NVIDIA confessed at the time, had a bigger footprint in the data centers of the world than did NVIDIA. And Mellanox makes communications technology and it was the Mellanox NVLinks...

Bill Walton ([00:05:22](#)):

Now Mellanox was an Israeli company?

George Gilder ([00:05:24](#)):

An Israeli company in Migdal HaEmekin in...

Bill Walton ([00:05:27](#)):

But now it's part of NVIDIA?

George Gilder ([00:05:28](#)):

And they've got bought by NVIDIA, after collaborating with NVIDIA and turning these data centers, which are full of racks and racks of computers, into an integrated single hyper-scale computer that could deal with trillions and trillions of tokens or parameters for these amazing artificial intelligence breakthroughs that we all admire today. But that was all enabled by the Mellanox switch fabrics, which are the first communication systems that expand as the amount of data increases automatically. So you don't, an ordinary communications channel, you put more data into it and it slows down or there's less bandwidth per message.

Bill Walton ([00:06:35](#)):

So they solved the problem. Yeah.

George Gilder ([00:06:37](#)):

But what Mellanox did was figure out how to integrate the communication systems of a whole data center and turn them into one hyper-scale computer. And that's the foundation for all this chat GPT and all the AI advances of recent years.

Bill Walton ([00:06:58](#)):

Well, the thing about Israel, Israel after it was formed in 1948, 1949, '48, was a socialist country largely, and it was not doing well. And of all people, when Bibi Netanyahu was elected Prime minister and brought in a lot of the free market ideas he did, that began to change. But the thing that really changed with the collapse of the Soviet Union in '89, something like a million...

George Gilder ([00:07:30](#)):

A million. A million.

Bill Walton ([00:07:32](#)):

... Russian Jews came into Israel who were hyper-free market, pro-democracy, conservative. They were also brilliant scientists, many of them. And so, but Russia had a brain drain...

George Gilder ([00:07:45](#)):

Half of all...

Bill Walton ([00:07:45](#)):

... and they all went to Israel, or most of them went to Israel.

George Gilder ([00:07:48](#)):

Half of all the high-tech workers in Israel are Russians from the Russian Jews.

Bill Walton ([00:07:57](#)):

So that's really the catalyst for this whole launching of the technology.

George Gilder ([00:08:01](#)):

Israel almost died in 1985. The whole economy collapsed. The [inaudible 00:08:10] bank paralyzed the currency. Devalued massively, it was almost a thousand percent inflation. They had to form a joint emergency government. And Bibi Netanyahu eventually came in as finance minister, and they dismantled with the help of, actually, cooperation of John Snow and the Bush administration. They worked out a whole new regime for Israel, which saved the nation in the 1990s. And it became the fastest growing economy in the world. And it's now in per capita, GDP eclipses Britain, and South Korea, and Japan, and Germany, and all these previous stars.

Bill Walton ([00:09:07](#)):

And your book makes the point that they're hated not only because they're Jewish, because everybody, you know the Jews have been hated through history, but because they're a lot richer now and a lot more impactful because of their technology. And they're punching way above their weight and nobody around them likes that. I mean, he's made the surrounding populations look like they're from the Middle Ages. And guess what? That's pretty much what they're living in with their belief system.

George Gilder ([00:09:40](#)):

And this is the Israel Test. The heart of the Israel Test is how you react to people who excel you in intellect, creativity, wealth, accomplishment. Do you admire them, and emulate them, and learn from them or do you envy, and hate them, and try to tear them down? And this is really the test of capitalism or test of free enterprise, is whether you regard your competitors as expanding opportunities for you and exploring the frontiers of creation for you in the image of your creator, or whether you regard them as somehow a menace to your future.

Bill Walton ([00:10:31](#)):

Well, socialism, Marxism, communism, whatever you call it, is zero-sum.

George Gilder ([00:10:36](#)):

That's right. That's...

Bill Walton ([00:10:37](#)):

Everything's material. They don't believe in expanding the pie. They don't even factor in human ingenuity. Everything is just, what is it, land and capital or something, and the people doesn't come into it. And I think you make the point I totally agree with, is the people are the most invaluable resource we have, at least smart people.

George Gilder ([00:10:59](#)):

It's certainly clear. And it's, we are all dependent on a small minority of geniuses really, who opened the horizons of the future for the rest of the world. And in recent history, a disproportionate number of them have been Jewish. I mean, today, half of the companies among the top 10 market cap companies in the world are founded or led by Jews, and many of them are dependent on Israel. And all the AI ones are ultimately have relied on Israeli inventions for their technology.

Bill Walton ([00:11:49](#)):

You tell a story about Von Mises. This is not just, your book is not just about Israel, although it is.

George Gilder ([00:11:56](#)):

No.

Bill Walton ([00:11:56](#)):

It's about what's happened with Jews over time and across centuries and across cultures. You talk about Charles Murray's book Human, what is it Human Accomplishment?

George Gilder ([00:12:09](#)):

Yeah. Right.

Bill Walton ([00:12:10](#)):

That's an interesting, what are some of the takeaways from that?

George Gilder ([00:12:14](#)):

I mean, Charles Murray just documents that Jewish IQs are decidedly higher than the IQs of any other group.

Bill Walton ([00:12:29](#)):

Well, the thing was, the thing...

George Gilder ([00:12:32](#)):

But the tails of the high IQ distribution are massively Jewish, so that among the geniuses of the world, about half of them have been Jewish. It's just a fact of life...

Bill Walton ([00:12:52](#)):

And they've won disproportionately more Nobel Prizes, they've invented more, and Charles documents in his book.

George Gilder ([00:12:57](#)):

Yep.

Bill Walton ([00:12:58](#)):

But the bell curve, and just to sort of flesh it out for everybody, the bell curve is that big lumpy thing that tails down on either end.

George Gilder ([00:13:06](#)):

That's right.

Bill Walton ([00:13:08](#)):

And the dumb people are at one end and the brilliant people are at the other, the Jews average about what, 110 IQ?

George Gilder ([00:13:14](#)):

Yep.

Bill Walton ([00:13:14](#)):

And maybe, how do you pronounce the word Ashkenazi Jews?

George Gilder ([00:13:19](#)):

Ashkenazi Jews.

Bill Walton ([00:13:20](#)):

Ashkenazi Jews are maybe way above that, 115. And damn it, they all run hedge funds now in New York. A bunch of them attacked my company when it was running, but that's a different show. But anyway, you're saying that the way out in that third and fourth standard deviation, they're disproportionately represented in the 150, 180 IQ category. So they excel in science, math, engineering, the arts, literature...

George Gilder ([00:13:54](#)):

All kinds of things.

Bill Walton ([00:13:55](#)):

... everything. And people don't like that.

George Gilder ([00:13:58](#)):

Yeah, people resent it. And I've just read a book by Solzhenitsyn, which hasn't been published officially in the United States, but it's been published in Europe, called Two Hundred Years Together, and it tells the story of the Jews in Russia. How they arrived in Russia 200 years ago roughly, more than 200 years ago, and went through their pale of settlement, and their crises, and then their Marxist triumph that convulsed Russia, and then finally their exodus with the Jackson Amendment when a million of them were released. And many of them went to Israel and really enabled the great triumph of Israel. And Solzhenitsyn tells the story with passion and indignation about the Marxist phase.

Bill Walton ([00:15:06](#)):

Well he should, I mean...

George Gilder ([00:15:06](#)):

It hasn't published in the United States because it's regarded to be anti-Semitic, but it isn't. It just tells a great historic saga that we all saw. He tells about how, and Stalin was just about to initiate his final anti-Semitic pogrom and he died on Purim.

Bill Walton ([00:15:31](#)):

He died what?

George Gilder ([00:15:32](#)):

On Purim, the Jewish holiday that celebrates Esther saving the Persian Jews.

Bill Walton ([00:15:40](#)):

I didn't realize that, even Hitler did it, and then you're saying even in the '50s when Stalin was still alive, he was planning on doing the same thing in Russia?

George Gilder ([00:15:51](#)):

Yeah. They had just, the pogroms in Russia were probably more far-reaching than in Germany. And they were inconvenienced by having Jews all through the high, hundred of the Russian generals were Jews in the second World War. I mean, so Stalin's turn against the Jews was failure of his Israel Test that ultimately precipitated the flight of Jews from Russia, the fall of the Soviet Union, and the rise of Israel now as the leader of the West. And that story Solzhenitsyn tells in a book called Two Hundred Years Together, which is an amazing book that...

Bill Walton ([00:16:48](#)):

I thought the Jews were in Russia longer than 200 years.

George Gilder ([00:16:52](#)):

Not really.

Bill Walton ([00:16:53](#)):

They fled from somewhere else where they were being persecuted into Russia, and then they left.

George Gilder ([00:16:58](#)):

Yeah.

Bill Walton ([00:16:59](#)):

Okay.

George Gilder ([00:17:00](#)):

Their exodus came with the Jackson Amendment. US forced, or kind of pressed, Russia in exchange for various economic benefits to release Jews from Russia. Solzhenitsyn's little disgruntled because everybody in Russia was really imprisoned, and he's envious that only the Jews got to get away to America.

Bill Walton ([00:17:36](#)):

Well, they were smart enough to figure it out. But one of the very interesting points you make is linking this hatred of the Jews as envy people who are more successful, groups of people who are more successful and individuals. And this obsession with equality or equity is so wrong-headed.

George Gilder ([00:18:01](#)):

Yeah.

Bill Walton ([00:18:01](#)):

Because society advances when you promote inequality in a way, which is when you allow people of high talent to do whatever people of high talent can do. And all of society benefits from the top one-

tenth of 1% to do all the creative, build the companies. The Jews are just proportionately entrepreneurial. So we all win, and yet to try to level everybody down is incredibly destructive. And I think about, I spent a lot of time working in, I had some education businesses, I'm out of that business don't recommend it, but what's happening in K-12, particularly in grade schools, they're trying to teach to the bottom 10%, the bottom 20%. They're focused on the lowest performing and they're letting the highest performing kids just fend for themselves. We need to be putting equal amount of resources into high-talent kids.

George Gilder ([00:18:54](#)):

They sure should. I mean, people are not the same. People are different. I mean, we don't see a lot of Jews in the NBA.

Bill Walton ([00:19:10](#)):

You know...

George Gilder ([00:19:19](#)):

And really by collaborating with geniuses wherever they emerge from around the world, America became the leading country. And when we stopped collaborating with genius and begin envying, when we regard success as a theft rather than a gift of, our economy collapses.

Bill Walton ([00:19:52](#)):

The current formulation is because of discrimination.

George Gilder ([00:19:57](#)):

Yeah.

Bill Walton ([00:19:57](#)):

I mean, that's what being said.

George Gilder ([00:19:59](#)):

Which is ridiculous.

Bill Walton ([00:20:01](#)):

Yeah. Amplify that. You've written...

George Gilder ([00:20:06](#)):

The whole idea that, when you look at the most successful people in the United States they're Asian now. Was there a lot of discrimination against the Chinese who were brought to the United States as Helots or as...

Bill Walton ([00:20:27](#)):

Coolies.

George Gilder ([00:20:29](#)):

Coolies and work. I mean, it's just obviously true that we do not have discrimination in the United States. We have a reasonably open economy until recent years.

Bill Walton ([00:20:43](#)):

But they were violently discriminated against at the beginning and they worked their way through it. Their cultural values allowed them to say, look, you're going to prevent us from doing this stuff. We're going to go do something else, then they become wildly successful. So bring us back to Israel. Right now it's September, October 2024, and we've got Israel now, it's almost a year into the attack on October 7th. And we're now, gosh whose being drawn in, Lebanon being drawn in to Hezbollah. Iran is there, I mean, what is it that...

George Gilder ([00:21:24](#)):

It's Hezbollah, which invaded Lebanon and really destroyed Lebanon. Most of the civilized Lebanese, many of them left. Hezbollah had just incredibly disruptive impact on Lebanon. They took it over in order to attack Israel. And their entire purpose is to exterminate Israel, they don't conceal it. Hassan Nasrallah, the head of Hezbollah, declared that he was glad Israel got created because it meant all the Jews would be concentrated in one place where he could kill them. And this is how, this is not a civilized movement. They do not want to negotiate. They want to kill.

Bill Walton ([00:22:28](#)):

And Mein Kampf is a bestseller.

George Gilder ([00:22:30](#)):

They distribute Mein Kampf. It was bestseller in the Middle East.

Bill Walton ([00:22:34](#)):

You don't have to buy it, they just hand it out like a Gideon Bible.

George Gilder ([00:22:37](#)):

Is that right, Jeff? And it's just this movement has to be defeated, and it's encouraging. It really is encouraging.

Bill Walton ([00:22:52](#)):

Well, the way we've got to defeat it, I believe, and you articulate this so well in your book, is this moral relativism that we're really talking about similar societies.

George Gilder ([00:23:03](#)):

Yeah.

Bill Walton ([00:23:03](#)):

And it's just over territory, is not true.

George Gilder ([00:23:07](#)):

Yeah, that's right. It's not true.

Bill Walton ([00:23:10](#)):

I mean, on the one hand, I think I mentioned as the outset, we get a liberal democracy, technology advanced. They support the rights of all sorts of minorities, including Arabs, and push them through. They've been home to...

George Gilder ([00:23:21](#)):

Arabs are 16% of the employees in the high-tech businesses in Israel.

Bill Walton ([00:23:28](#)):

So you've got a society that arguably says that's the society, that's the right way to live. And then on the other hand, you've got the Jihadist Society, the Islamic Society, and I don't want to get into the good versus the bad Islam, but certainly Hezbollah doesn't champion women's rights, doesn't champion gay rights, doesn't champion rights of anybody.

George Gilder ([00:23:48](#)):

That's the least of it. They champion killing people, that's the crucial thing. But all this gay rights talk about, it's just, it's sort of a distraction.

Bill Walton ([00:23:58](#)):

So you've been in the intellectual, you've been a dominant figure in intellectual scene for decades. How did the universities get taken over with this toxic anti-Semitism?

George Gilder ([00:24:09](#)):

I think, the spearheaded of it was when they got, they admitted lots of Muslim students because they paid full dollar and they took a lot of money for their endowments from Arab Oil.

Bill Walton ([00:24:37](#)):

Saudi Arabia was funding... Yeah.

George Gilder ([00:24:40](#)):

And then the other students were intimidated and kind of shook up by these Jihadists, who actually had this passionate belief that their vision of the world is correct. And we have a kind of...

Bill Walton ([00:25:07](#)):

So they did it by getting themselves into the universities and then infecting them. But is there anything in the world of critical race theory, or DEI, or any of those other isms that are toxically infecting our culture, is there anything in that promotes the anti-Semitism?

George Gilder ([00:25:27](#)):

I think that...

Bill Walton ([00:25:30](#)):

I'm trying to get at why, I'm trying to figure out why this is so...

George Gilder ([00:25:32](#)):

It's all based on this illusion that all people are the same, and if they perform differently, it's a reflection of discrimination rather than excellence and achievement. That's the essential misconception. And they fail the Israel Test, they envy success rather than emulate success. They see wealth as theft rather than wealth as a gift. And the genius of capitalism is the wealth of the rich is all invested. If it's not invested, it disappears. And that's why the...

Bill Walton ([00:26:30](#)):

Well, that's why sending all the money to the government such a bad idea. Because we've talked about this before, capital needs to be in strong hands. And people, whether they're Jewish or just somebody very smart who is good at money, can take capital and compound it. And that compounding benefits all of society because they create wealth and they're more jobs. And these labels like trickle-down theory couldn't be more evil, in a way, because it's just the opposite.

George Gilder ([00:27:01](#)):

Yeah.

Bill Walton ([00:27:01](#)):

What happens is you're creating great...

George Gilder ([00:27:03](#)):

The surge up.

Bill Walton ([00:27:05](#)):

Yeah, the surge up. And so we're fighting this very, we're fighting a lot of very bad ideas, George.

George Gilder ([00:27:15](#)):

Yeah, they are. They're bad ideas that are prevailing widely in the United States today, and which are being spurned violently in Israel. I mean, Israel rejects this egalitarian vision. And it means that egalitarian objective rather than sub, in the eyes of God, we're all equally blessed. But in performing high-tech engineering jobs...

Bill Walton ([00:27:53](#)):

No, yeah.

George Gilder ([00:27:54](#)):

... we are not all equally endowed. And so Israel has become the leader of the West, I think. With Netanyahu, and with its AI contributions, and its healthcare and biotech innovations, and it's venture investment. I mean, it's really the leading country in the West. And Netanyahu is really the Churchill of our era. And when somebody emerges like Churchill...

Bill Walton ([00:28:35](#)):

George, you just got my show banned on YouTube.

George Gilder ([00:28:38](#)):

What?

Bill Walton ([00:28:39](#)):

We just got banned on YouTube.

George Gilder ([00:28:41](#)):

Oh gosh, oh gosh. Oh, well.

Bill Walton ([00:28:44](#)):

I happen to totally agree with you. But he's the villain then, he's not a social, that's not an approved thought you just uttered.

George Gilder ([00:28:56](#)):

I know.

Bill Walton ([00:28:57](#)):

But okay, so let's criticize Israel.

George Gilder ([00:28:59](#)):

But he's fighting Nazis in the same way. I mean...

Bill Walton ([00:29:04](#)):

Well, he's fighting Nazis because...

George Gilder ([00:29:05](#)):

And the Arabs in Israel are supporting him to amazing degree.

Bill Walton ([00:29:10](#)):

You've got a chapter that spells it out, how similar what they're doing, Hezbollah's doing Hamas, as to what the Nazis were doing. The only difference is the Nazis tried to hide it, and these people put it out on YouTube.

George Gilder ([00:29:25](#)):

Right. Yeah.

Bill Walton ([00:29:26](#)):

And YouTube will let them put that out. But not you telling them that Netanyahu's a great guy. So let's criticize Israel. What's wrong with Israel? We're fans, we recognize all the things it stands for. What do we...

George Gilder ([00:29:45](#)):

They make mistakes like anybody else that takes risks. They make mistakes. They weren't very good on Covid. They adopted all the...

Bill Walton ([00:30:01](#)):

They did the lockdowns as egregiously as anyone.

George Gilder ([00:30:04](#)):

They didn't lock down so much. They were better than we were, but they very aggressively vaccinated and suffered from it. I mean, it's...

Bill Walton ([00:30:18](#)):

But what mistakes...

George Gilder ([00:30:19](#)):

I don't want to go, that's another issue that'll get you banned and I don't want to...

Bill Walton ([00:30:26](#)):

You may have three or four strikes already here.

George Gilder ([00:30:29](#)):

They do have... It's an intense debate. I think their judiciary is conducting lawfare against Netanyahu in a very malicious and destructive way.

Bill Walton ([00:30:51](#)):

So they're doing the same thing to him that they're doing to Trump.

George Gilder ([00:30:54](#)):

There's the same forces that indicted and criminalized Trump, also are indicted and criminalized Netanyahu. There's the same, it's an evil movement that's global. And when law no longer is founded on morality and truth, that it becomes an instrument of power and can destroy a country. This was the fundamental insight of the founders of the United States, that it was our legal constitutional order was ultimately founded in a Judeo-Christian moral order. And if the Judeo-Christian moral order is eroded, the legal order becomes perverted.

Bill Walton ([00:32:05](#)):

Well, that's what's happening. Yeah.

George Gilder ([00:32:08](#)):

I mean, it's amazing that we don't have any real way to stop a prosecutor, who's obviously just pursuing a political goal. Perverting the courts for political purposes.

Bill Walton ([00:32:29](#)):

Well, New York state...

George Gilder ([00:32:30](#)):

And that happened in Israel as well as in the United States.

Bill Walton ([00:32:36](#)):

Well, in New York, they got the legislature to pass a law, which appeared to appeal to, directed only one man, Donald Trump. Then they found a judge, and a prosecutor and a judge, and an attorney general. It's ugly. So fast forward a year from now, where do you see, I mean, it seems to me like we're heading into something involving lots of missiles and lots of things getting blown up in the Middle East.

George Gilder ([00:33:08](#)):

Well, I...

Bill Walton ([00:33:10](#)):

We're already there with that.

George Gilder ([00:33:10](#)):

I think that we really have to stop the idea that we're going to fight a war with China over Taiwan. Kissinger and Nixon, way back in the 1970s, understood that Taiwan was part of China. And for the West to intervene in Asia, and try to defend Taiwan and render Taiwan as a instrument of Western power rather than part of China, was provocative and would not succeed. So Nixon and Kissinger established the principle with the Chinese that we would recognize Taiwan as part of China. Now we're attempting to stop Taiwan from selling chips to China. I mean, we're trying to prevent Taiwan from even trading with China in high-technology products. And I think this is way overreach, and I think we're just, China is 20 times more powerful than it was when Kissinger and Nixon made that agreement. And what we're doing is we're driving China into the arms of Russia and Iran, and this is a artificial and kind of alliance that our current foreign policy is impelling, in which Trump understood. Trump dealt with these countries transactionally. He understood that the give-and-take of...

Bill Walton ([00:35:25](#)):

Let me press on that.

George Gilder ([00:35:26](#)):

But for us to have a war with China at this point, would destroy the United States. That would be the result of it

Bill Walton ([00:35:34](#)):

Let me engage in hubris, not hubris, but overreach. My own, not yours. I got into a debate with Art Laffer about free trade with China.

George Gilder ([00:35:45](#)):

Oh, yeah.

Bill Walton ([00:35:46](#)):

And I thought that we ought to be very careful about free trade with China because of their larger purpose, their largest design President Xi shows no interest in a liberal free market order. He's very much a totalitarian statist. And so, I thought we had to treat China differently because of those facts. And of course, Dr. Laffer did not agree with me, and I don't think you do either.

George Gilder ([00:36:14](#)):

No, I don't.

Bill Walton ([00:36:14](#)):

So I find myself on the other side of the argument with George Gilder and Art Laffer. So what the hell am I doing here?

George Gilder ([00:36:21](#)):

Well, just look at the US companies are 70% of global market cap. And we attained that position by intimate exchange with China, with constant trade, and technology exchange, and importing Chinese students. And that whole era, where the US and China really were deeply embroiled, resulted in this huge expansion of the US economy. Our companies were gaining 40% margins, while Foxconn and Shenzhen was making 3% margins. They made all our iPhones.

Bill Walton ([00:37:26](#)):

But two concerns, one is the hollowing out of the jobs in America. That did happen. It also happened when they moved to Mexico. The argument that I now begin to appreciate more, is when we talked about trade policy, we also ought to be thinking about labor policy and what happens to jobs. So yeah, I mean, I was guilty. I was in the private equity business for God's sakes. If you got a job, get it to China. They can do it cheaper, better, faster. Well, but you paid a big price for that. Because you look at the Midwest, the JD Vance world, it's been hollowed out. So how do you answer that question? Because Hillary would say, well, we're all going to teach them to be computer programmers and that didn't happen.

George Gilder ([00:38:16](#)):

The country got richer, its longevity increased.

Bill Walton ([00:38:20](#)):

Okay.

George Gilder ([00:38:20](#)):

I just think that that's a wrong theory. What we, it ignores are absolutely catastrophic energy policy. We've got a \$3 trillion program to dismantle our grid and replace it with feckless, inefficient, vulnerable, druidical sun hinges, and windmill totem poles, and this utterly spurious climate religion.

Bill Walton ([00:39:07](#)):

I think I get...

George Gilder ([00:39:09](#)):

Now if we want to dismantle our economy, just have the entire federal apparatus devoted to destructive policies. Of course we're going to get poor, we can't blame China for this. This is us. We did this.

Bill Walton ([00:39:27](#)):

China's building a coal plant every two weeks.

George Gilder ([00:39:29](#)):

That's right. China is...

Bill Walton ([00:39:32](#)):

Two coal plants a week.

George Gilder ([00:39:33](#)):

Yeah, more coal, which is fine. There's nothing wrong with coal plants. That's just...

Bill Walton ([00:39:39](#)):

CO2 is a good thing.

George Gilder ([00:39:39](#)):

What? CO2 is a good thing. It means the client...

Bill Walton ([00:39:43](#)):

Okay, I now can count six or seven strikes on this show.

George Gilder ([00:39:46](#)):

What?

Bill Walton ([00:39:47](#)):

YouTube strikes.

George Gilder ([00:39:48](#)):

Oh, all right.

Bill Walton ([00:39:51](#)):

CO2 is good. Our climate policy is madness. It is.

George Gilder ([00:39:54](#)):

Well, it is. And Bill, the leading scientist in the world, we talk about climate scientists, but Will Happer was explaining how...

Bill Walton ([00:40:05](#)):

Will was here in that chair not too long ago.

George Gilder ([00:40:08](#)):

Oh, he was? He was, great. So I don't have to tell you what Bill Happer thinks, but...

Bill Walton ([00:40:15](#)):

Wait, tell us. I heard it. Say it again. Say it again.

George Gilder ([00:40:18](#)):

Freeman Dyson also agrees, the new noble laureate Clauser, who my daughter wrote a book about, who did an entanglement theory, quantum entanglement theory that now's the basis of quantum computing to the, which I think... But anyway, the great scientists understand that there's a bigger threat of too little CO2 than too much CO2.

Bill Walton ([00:40:52](#)):

It's been falling, falling, falling for the last couple hundred million years. It almost reached Death Valley before, a couple of decades ago.

George Gilder ([00:41:05](#)):

And in the Israel Test, we tell a story about Loudermilk, who was an agronomist for the Roosevelt administration in the 1930s. And his job was to find remedies for the Dust Bowl. And this was a terrible, this was a real climate crisis in the 1930s in the United States, far worse than anything that's happened in recent years. And Loudermilk went all around the world investigating different countries and agricultural systems, and the solution to the climate crisis he found in Israel, where they had turned the desert into this blooming land...

Bill Walton ([00:42:02](#)):

Well, the Dust Bowl was in the '30s. Israel was, this was pre-Israel?

George Gilder ([00:42:06](#)):

This was Palestine.

Bill Walton ([00:42:10](#)):

Okay. So they'd figured it out in the Middle East. Okay, before they had...

George Gilder ([00:42:13](#)):

Jewish immigrants...

Bill Walton ([00:42:15](#)):

Had figured it out.

George Gilder ([00:42:16](#)):

... had figured out how to, they eliminated the malarial swamps around. When the Jews came, and the big influx of Jews came to Palestine in the mid-nineteenth century, 1850s and on, there were only between 200 and 300,000 Arabs in the Palestine area. And their average longevity was about 35 years. And [inaudible 00:42:57] near Tel Aviv, was a malarial swamp and it was believed it was impossible to

treat it. I mean, the land was a wasteland. And they've transformed it by planting a million trees by 548 wells. And finally developed world leading desalinization plants and waterworks of all kinds. And to the extent, that during the subsequent a hundred years or whatever while industrial production increased sixty-fold or more, and agricultural production increased sixteen-fold, and they expanded the land under use three-fold, their total use of water, net use of water, dropped 10%.

[\(00:44:13\)](#):

In other words, one of the things that Israel has done is absolutely demonstrate that the so-called water crisis that environmentalists in California prattle about is furious. All the policies needed to address any kind of water crisis have been enacted in Israel and are demonstrated. Israel now exports almost \$3 billion of agricultural goods every year, exports. Israeli farming is as well, is a miracle of, and Loudermilk saw the beginnings of that and wrote a book about Israel.

Bill Walton [\(00:45:14\)](#):

What happened to the Dust Bowl? Did it just, nature took it away, it became a non-issue?

George Gilder [\(00:45:18\)](#):

Finally...

Bill Walton [\(00:45:18\)](#):

Just finally, as nature does, it changed his mind and moved on. Did something else. I want to talk more about climate because to me that's one of the biggest crimes of extant. And I've got three categories of motivations. One, it's a secular religion, this whole thing.

George Gilder [\(00:45:36\)](#):

That's right.

Bill Walton [\(00:45:36\)](#):

Two, it's greed. That's \$3 trillion, that's going to get spent on somebody and they're all Democrat. And four or three, it's power. And if you make, climate really seems to be that centralization of power. And it's the old Klaus Schwab world or whoever...

George Gilder [\(00:45:55\)](#):

Emergency socialism is what I call it in this book.

Bill Walton [\(00:45:59\)](#):

What, life after capitalism?

George Gilder [\(00:45:59\)](#):

Life after capitalism, you declare...

Bill Walton [\(00:46:03\)](#):

Yeah, go ahead.

George Gilder [\(00:46:04\)](#):

You declare a crisis, and then you establish administrative bodies to impose new rules to address a crisis.

Bill Walton ([00:46:19](#)):

Was that Woodrow Wilson that said, "we need a moral equivalent of..." Something, it was like...

George Gilder ([00:46:23](#)):

"Moral equivalent of war."

Bill Walton ([00:46:25](#)):

So war allows government to take control of all the resources, and so you need to find another crisis.

George Gilder ([00:46:32](#)):

Did you ever read Michael Crichton's book on climate, State of Fear?

([00:46:36](#)):

I did. I mean, Michael Crichton had it all long before the rest of, well, I actually already was receptive, but Michael Crichton, who is the...

Bill Walton ([00:46:47](#)):

Did you know him?

George Gilder ([00:46:48](#)):

I didn't know him.

Bill Walton ([00:46:50](#)):

You should of.

George Gilder ([00:46:50](#)):

I read his works. Did you know him?

Bill Walton ([00:46:52](#)):

No. I wish I had.

George Gilder ([00:46:53](#)):

He was a genius science fiction writer. I loved his science fiction works. And he did climate change eloquently and gripping...

Bill Walton ([00:47:08](#)):

Okay, we're going to plug somebody else's book. He's dead. Who's getting the royalties, Michael Crichton. He makes a point. He does...

George Gilder ([00:47:15](#)):

Which is the book on climate change?

Bill Walton ([00:47:17](#)):

State of Fear.

George Gilder ([00:47:18](#)):

State of Fear.

Bill Walton ([00:47:19](#)):

State of Fear. And he makes a point, that all these climate headlines started coming up in the '90s and there wasn't anything about it before 1989. And what happened in 1989 was the Soviet Union fell and we lost an enemy. We lost the nuclear threat. We lost this, all of a sudden. So his theory and I like it, is that they had to invent a new thing to be afraid of.

George Gilder ([00:47:48](#)):

Yep.

Bill Walton ([00:47:49](#)):

And that was climate. And they built the whole edifice of fear. Kids now, grade school kids are terrified.

George Gilder ([00:47:58](#)):

It's incredible. It's incredible to read. Every day in the paper, they're trying to blame lower test scores on climate.

Bill Walton ([00:48:14](#)):

They are.

George Gilder ([00:48:14](#)):

And longevity. It is a big lie, it's the big lie of our time. And it...

Bill Walton ([00:48:29](#)):

Well, one the most...

George Gilder ([00:48:30](#)):

It's the foundation for the new Marxism that's being imposed, and that is laying waste to our economy today.

Bill Walton ([00:48:40](#)):

Amplified...

George Gilder ([00:48:41](#)):

Countervailed, chiefly by the continuous found of innovation that comes from Israel. That's really the picture.

Bill Walton ([00:48:52](#)):

See, one of the stories that you tell, and I think this is another Israel invention, or maybe not an invention but they're development, is graphene. And we live in this terrible media world and political world, where everything's zero-sum, everything's scarce. We got to shut everything down, we got to reduce population, all that. And we live in a world of super abundance, if you look at things differently.

George Gilder ([00:49:15](#)):

Super... Graphene.

Bill Walton ([00:49:17](#)):

Graphene. Well, that was a thing about, we've got all that China, I know China's great. I don't think they're as great as you do, but they've dumped all these plastics into the rivers. They've got the most polluted rivers on the planet. And it's all going out into the Pacific Ocean, and it's floating around about the size of Texas now. What are we going to do about it?

George Gilder ([00:49:40](#)):

Jim Tour, the head of the material science lab that leads the world in Rice University in Houston.

Bill Walton ([00:49:55](#)):

Right.

George Gilder ([00:49:56](#)):

Regards this is a huge resource, that this plastic island is a resource of carbon to be converted into single layers of graphene that currently self...

Bill Walton ([00:50:17](#)):

If you're listening to this, write that down graphene, because that's the next big thing.

George Gilder ([00:50:21](#)):

Yeah. It's a two-dimensional carbon sheet that is 200 times stronger than steel. A thousand times more conductive than copper. It switches in the terahertz, that's trillions of cycles a second rather than the gigahertz, where silicon pretty much tops out in the gigahertz. And so it's a thousand times better electronic material, and yet it's as flexible as rubber.

Bill Walton ([00:51:10](#)):

So this would...

George Gilder ([00:51:11](#)):

It's invisible.

Bill Walton ([00:51:12](#)):

This would move silicon into a different...

George Gilder ([00:51:18](#)):

Yes. A great scientist at Georgia Tech named Walt de Heer, who Jim Tour at Rice thinks deserves the Nobel Prize, de Heer developed of wafer scale graphene on silicon carbide. And so you use a wafer of silicon carbide, you sublime out the silicon in the top layer and you get a perfect graphene layer. So you have a wafer scale electronics on graphene on silicon carbide. Silicon carbide is all the power supplies and all its the power...

Bill Walton ([00:52:14](#)):

How does this transform the economy?

George Gilder ([00:52:16](#)):

Because it means that data centers, which are currently really a kludge, this is my new paradigm.

Bill Walton ([00:52:29](#)):

Kludge?

George Gilder ([00:52:30](#)):

The kludge is too complex really.

Bill Walton ([00:52:32](#)):

Okay. Kludge.

George Gilder ([00:52:34](#)):

Good word. It loses efficiency as it grows bigger.

Bill Walton ([00:52:39](#)):

Yeah.

George Gilder ([00:52:40](#)):

It doesn't have economies of scale. It's a kludge. They've abandoned planar chips for 3-D chips, and chiplets, and interposes, and layers, and layers. This is the climax of the silicon era in the data centers of the world, which do perform with NVIDIA devices, perform the artificial intelligence.

Bill Walton ([00:53:16](#)):

So this will dramatically reduce the demand for electricity because you got to...

George Gilder ([00:53:19](#)):

Yeah, it's....

Bill Walton ([00:53:19](#)):

This crisis is coming.

George Gilder ([00:53:22](#)):

... thousands of times more efficient than the silicon technology that dominates our data centers.

Bill Walton ([00:53:28](#)):

So what are the barriers to making this happen?

George Gilder ([00:53:30](#)):

What?

Bill Walton ([00:53:31](#)):

What are the barriers to expanding this? Because just to take it back to where we started, my understanding is that Silicon Valley, which is focused on AI and software, is not interested because this is a different type of technology. And so Israel is taking this up and Israel is developing this.

George Gilder ([00:53:51](#)):

Jim Tour couldn't get venture capitalists in the United States to support his companies.

Bill Walton ([00:53:57](#)):

Yeah.

George Gilder ([00:53:57](#)):

And he's got 18, 18 of the companies that spun out of Jim Tour's lab are in Israel. Unfortunately, the chief activity spinning out of Walt de Heer's lab at Georgia Tech is in China. And the China initiative is now investigating Georgia Tech for selling out to China. And the result is they forced de Heer's students to go back to China, where they're lavished with venture capital. But I think that I have a different view. I do not believe China is ultimately our enemy. And I don't like Xi Jinping's politics, but I believe that advances in technology and China have helped the US, just as advances of technology in China and Israel fuel the US economy.

Bill Walton ([00:55:07](#)):

But the corollary to the great scientist theory, or the great entrepreneur theory, is the great leader theory or the great evil leader of theory. And I think with Xi, seems to me that Xi has been the driving force of all the bad stuff that's happening in China. And he's the one that's picking up on the center of humiliation and going after...

George Gilder ([00:55:32](#)):

Yep.

Bill Walton ([00:55:32](#)):

He's the one that's hitting these themes hard of nationalism, and he's shutting down the market economy, he's locking up billionaires, he's shutting down private tutoring.

George Gilder ([00:55:42](#)):

It's not locked down. The market economy is being inhibited in various ways, but it's still...

Bill Walton ([00:55:48](#)):

Okay.

George Gilder ([00:55:48](#)):

They still have more venture activity, and more startups, and...

Bill Walton ([00:55:55](#)):

Venture activity has fallen dramatically in the last three years.

George Gilder ([00:55:58](#)):

Yeah, it did.

Bill Walton ([00:55:59](#)):

It has.

George Gilder ([00:55:59](#)):

But they still got it. And they still...

Bill Walton ([00:56:02](#)):

Let me get to my point. I'm going to accept your idea that maybe China's not the biggest threat, but I think Xi is or Xi in his current manifestation. It seems to me you get rid of Xi, you could have a very different leadership in China.

George Gilder ([00:56:14](#)):

We could.

Bill Walton ([00:56:14](#)):

And we could re-engage.

George Gilder ([00:56:16](#)):

And that's happened. I mean, that's happened in the past.

Bill Walton ([00:56:20](#)):

In history.

George Gilder ([00:56:21](#)):

In history. And for us to enable Xi... We've recently tried to stop the Chinese chip industry. To block them from high-tech chips from Taiwan, which makes, most of the leading-edge chips in the world are made in Taiwan. And we're trying to stop the Chinese from having access to Taiwanese chips that use high-tech wafer fab equipment with, some of which comes from the United States. And the result has been that the Chinese chip industry has boomed. Their wafer fab equipment sector has grown 40, 50%, while ours has lost 20% of its sales. The idea that some socialist policy that we impose in the United States can stop China from advancing in technology is just spurious. China didn't steal our technology. They adopted our technology, and our industry standards, and our design rules, and they created a system that allowed American technology to rule the world. And now we're dismantling our leadership through climate change obsessions and through chip act, enshrinement of obsolete tools.

[\(00:58:18\)](#):

And we're driving China into the arms of Russia and Iran. And I believe it's one of the great foreign policy disasters in history, that Henry Kissinger went to his death a few months ago, grumbling against this terrible mistake that we were making in China. I was Henry Kissinger's student in my youth, and I think he was a great thinker. And his success with China was awesome. Deng Xiaoping essentially adopted a western economic principles for China, and they still persist in China as much as they do here. I mean, here we're adopting a new Marxism with diversity, and equity, and administrative tentacles everywhere throughout the economy. And we're banning our energy technology and we're trying to mandate this and that, and I think it's a futile, a big mistake. Which I think we'll get beyond, and I think China will get beyond. But we should avoid a war in the process, and I think Trump understands that, by the way. That's one of the, Trump does not want a war with China. He's smart. The people who imagine that we can have some benefit from fighting a war with China are just demonic.

Bill Walton ([01:00:22](#)):

Well, those are the same people that think it's a good idea...

George Gilder ([01:00:24](#)):

You're too close to DC here.

Bill Walton ([01:00:28](#)):

Well, not that close, but I'm not that infected with it. I think I'm much more... It really doesn't matter what I think. It matters what you think. And we got to wrap, the clock on the wall, my producer's saying, we're supposed to wrap this thing up. We should go Joe Rogan length, but we're not there yet. I not only recommend the Israel Test, but I recommend Life After Capitalism. I recommend Knowledge and Power. I recommend Life After Google. I recommend, which one am I forgetting?

George Gilder ([01:01:01](#)):

Wealth and Poverty.

Bill Walton ([01:01:02](#)):

Wealth and poverty. The anchor...

George Gilder ([01:01:05](#)):

The Spirit of Enterprise, which I wrote before Micron technology went public. That was a daring thing to write a whole book about a company that hadn't even gone public. And Micron technology is now leading the world in memory chips, or it's close to the, it competes with Samsung as the world's leading producer of memory chips.

Bill Walton ([01:01:35](#)):

Okay. Now, so we'll also go by Microns. Do you still own Micron?

George Gilder ([01:01:39](#)):

Well, Micron is a mature company now.

Bill Walton ([01:01:44](#)):

Okay.

George Gilder ([01:01:44](#)):

But I wrote about it in 1985.

Bill Walton ([01:01:48](#)):

Okay. Well, I hate to wrap this up. Anyway, George Gilder's been here today. You're coming back. You got another book in the works on graphene. A lot and it's worth it every time. It gets better every time. Much fun. Okay, so thanks for joining and we'll see, George Gilder will be back. I've got a few people that have a different view about China, but I'm beginning to think that George is correct. It might be fun to have you guys talk, so you could...

George Gilder ([01:02:18](#)):

I'm willing to...

Bill Walton ([01:02:19](#)):

... debate this thing out. It'd be fun.

George Gilder ([01:02:20](#)):

I'm not afraid to debate people.

Bill Walton ([01:02:22](#)):

Oh, I know. All right, well, thanks for joining. Bill Walton, Bill Walton's show. Whatever platform you're watching or listening to, subscribe and ask your friends to subscribe. It's a very unusual show, you won't find much like it elsewhere on the internet. Anyway, glad you took this in and we'll be talking with you soon.