



Retirement *Lifestyle*  
**Advocates**

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**RADIO PROGRAM**

Expert Interview Series

Guest Expert: **Peter Schiff**

Founder of Euro Pacific Capital / Schiff Gold

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Dennis Tubbergen:

Welcome back to RLA Radio. I'm your host, Dennis Tubbergen. Joining me on today's program is returning guest, Peter Schiff. Peter is the Founder and President of Euro Pacific Capital, as well as Schiff Gold. I'd encourage you to check out his website at [schiffradio.com](http://schiffradio.com). He is a prolific author and commentator and Peter, welcome back to the program.

Peter Schiff:

Thanks for having me back on.

Dennis Tubbergen:

Well, Peter, let's just jump in after a crazy 2020, in which we saw lockdowns significantly affect the economy. How would you rate the health of the U.S. economy as we speak today?

Peter Schiff:

Well, it's extremely sick. I would say terminal if I were a doctor evaluating it from a medical perspective.

Dennis Tubbergen:

So let me ask you how Fed policy, I think, I'm roughly speaking \$3 trillion was created out of thin air last year, is that going to solve the problem?

Peter Schiff:

Well, actually they created more than that. But no, I mean, it's not going to solve the problem. It is the problem. That is the reason the economy is so sick, is because we'd been given a toxic dose of monetary stimulus. I mean, that is the problem. And it's all this money creation that is not only the reason the economy is so sick, but it's why the government is so big, why there's so much debt, why we haven't been able to restructure the economy in a viable way that would lead to sustained viable economic growth for everybody. Instead, we've temporarily enriched the few at the expense of the many by inflating asset bubbles and undermining legitimate economic growth.

Dennis Tubbergen:

So, Peter, moving ahead, how do you see Fed policy evolving if at all?

Peter Schiff:

Well, I don't see it evolving. I mean, that's the problem. They don't learn from their mistakes. So there is no evolution there. They just repeat the same failed policies over and over again. Now, what's going to put an end to

it is there's going to be a dollar crisis. So that's going to end the party, is when the money that they're printing loses all of his purchasing power, or most of its purchasing power, in which case, the party's over, because what good is money that doesn't buy anything? And unfortunately, that's where we're headed.

Dennis Tubbergen:

And, Peter, I think I read an article, that for the seventh consecutive month, food price inflation was up significantly in vegetable oils and dairy. And, of course, they blame palm oil shortages and everything but the real reason, which is money creation. What is your price inflation forecast given the current policy?

Peter Schiff:

Yeah. Well, first of all, you don't want to fall into the government's game of labeling commodities going up as agriculture inflation or something like that. There's only one type inflation and that's money supply growth. So all inflation comes from the Fed. That is the source of it. Now, as inflation works its way through the economy, because inflation debases the purchasing power of the money that's there, that's how it works, you create more money and so each monetary unit now has less value, and so prices have to go up to clear the market. And so the result of inflation is that prices go up. And so that's why food prices are going up. And that's why a lot of prices are going up.

Peter Schiff:

Now, other things can impact prices, because supply and demand also is a factor. So more money just increases demand, because people have more money to buy stuff. But another factor is supply, and the COVID-19 pandemic and all the lockdowns is actually putting a crimp on supply because fewer people are working and producing. So we have more money to buy stuff, but not as many people working to produce stuff. So prices are just going to take off across the board.

Dennis Tubbergen:

In the past, Peter, I've interviewed John Williams of ShadowStats and Ed Petoskey at the Chapwood Index, and they would both, depending on the part of the country you live in, they would both say that the actual true inflation rate is somewhere between maybe 9% and 13%, depending on, again, what part of the country you live in. Would you say that's an accurate number, or what would your take be?

Peter Schiff:

Yeah, it probably is accurate to a degree. And also, because you have to realize that, if you really want to measure the effect that inflation has on prices I think you have to not just look at how much prices go up, but how much prices would have gone down absent that inflation. So if prices should have gone down by 4% due to increased efficiency and greater productivity and economies of scale, or maybe even due to a decline in demand due to a weak economy, if prices should have gone down by 4%, but instead they go up by 6% because of all the money printing, of all the inflation, then yeah, that's a 10% rate of inflation because your cost of living is 10% higher than it otherwise would have been absent the government inflation. So, again, you just can't look at how much prices went up. It's the net effect that inflation had on prices. And if it turned a 4% drop into a 6% rise, that's 10%.

Peter Schiff:

And you don't want to believe the government propaganda, and this is pure propaganda, that somehow a decline in prices is a bad thing. It's so dangerous the government has to save us from it by creating inflation. Prices going down is a good thing. Everybody wants their costs of living to go down. Nobody wants to have to pay more for stuff. Everybody wants to pay less for stuff. When you can buy stuff for cheaper, you can buy more stuff. You have a higher standard of living. So only in the bizarro world of government is a rising cost of living a good thing, and a falling costs of living a bad thing.

Dennis Tubbergen:

So, Peter, what policy is there, if any, that could be pursued at this point by policy makers, perhaps at the Fed, that would reverse this course? What is the proper policy moving ahead in your view?

Peter Schiff:

Well, the proper policy really involves detox. We've been living in this phony bubble economy that's been kept alive by this monetary heroin coming from the Fed. Now, to get off that monetary heroin, just like to get off real life heroin, it's not easy, because you have withdrawal. It's not a fun time going into detox and returning to a normal life where you're not high on drugs. So in order to detox from monetary heroin, there's going to be a deep recession. I mean, that's just unavoidable, deeper than what we've experienced before. Asset prices are going to come down, stock prices, real estate prices. Investors are going to lose money and businesses are going to fail and go bankrupt, and that means lenders are going to lose money and so there's going to be big losses.

Peter Schiff:

And then, of course, the U.S. government is going to have to live within its means. It's going to have to start cutting spending across the board, including for entitlements. So a lot of sacred cows are going to have to get gored, a lot of promises are going to have to be broken, but that's dealing with reality. And so we can bite the bullet, take the pain and then move forward and benefit from the short-term pain with some real longterm gain. Instead, what we keep doing is opting for more heroin so we don't have to deal with the pain of facing reality. But in the process, we make all the problems much, much worse. And so instead of detoxing and quitting the habit, we ended up dying of an overdose, which is where we have hyperinflation and we destroy the dollar. And that's unfortunately where we may be headed.

Dennis Tubbergen:

So, Peter, when you studied past hyper-inflations, Weimar, Germany, Venezuela, Zimbabwe, there always seems to be a tipping point that is reached when the average person, the average citizen says, "Wait a minute, I don't want to hold any of these paper receipts. I need to have canned goods, gold, silver. I need tangible stuff." Do you see that we're going to reach that tipping point here at some point in the near future?

Peter Schiff:

Well, we obviously will reach it. How near in the future is hard to say, whether it's months away or years away. I don't think it's decades away. It's not like way off the distant future. But we have already long since past where that point would have been absent the U.S. dollar's role as the reserve currency of the world. So we've been able to export our inflation all around the world and we've been able to live with huge trade deficits. And so this has really enabled us to go much deeper into debt and to print a lot more money and to build a far more unsustainable economy than we could have done in a vacuum. If we did not have the ability to export the inflation and we can only consume what we produced ourselves, we would have already had a complete implosion.

Peter Schiff:

But because the world has offered us this massive subsidy, they've given us all this rope and we've used it to fashion a very long noose, so at some point we're going to feel that noose. I think it's already taken longer than I would have expected a decade ago. So we're literally living on borrowed time, but we can face the music almost any day.

Dennis Tubbergen:

Peter, time for one more question in this segment. You mentioned the dollar's role as a world reserve currency. Are you seeing that there is another currency or monetary system that might emerge that would displace the dollar's role as the world reserve currency?

Peter Schiff:

Well, I mean, sure. I mean, the dollar wasn't always the reserve currency. In fact, there really wasn't a reserve currency before the dollar. There really was just gold. I mean, gold was money. And the initial reason that the dollar was accepted as the reserve currency is because it was redeemable in gold. It was not only backed by gold, but if you had dollars, you can present them to the Federal Reserve and get a specific quantity of gold on demand. So that's why the dollar was a reserve currency. Before it was the dollar, it was the pound, but the pound was also a receipt for metal. And so the world had always been on a gold standard up until really 1971. That's when we went off the gold standard globally onto the dollar standard, which is a Fiat standard.

Peter Schiff:

And I think that when this system blows up, the most logical move would be to revert to what worked prior to the dollar, to go back to what the world had been using for centuries, and that is a re-monetization of gold. And so that's where we're headed. So I don't think that there's just going to be another fiat currency that is going to emerge as the new reserve where the world's just going to say, "Okay, the dollar is worthless. We'll take euros or we'll take Japanese yen or even Chinese RMB." I mean, it's just a piece of paper. If the dollar could collapse, so could any of paper. So what's going to be needed to have the type of confidence necessary to act as a reserve is gold. You need to have something that's reliable, something that has actual intrinsic value, so the supply is limited. You just can't print an infinite amount of money.

Peter Schiff:

I mean, there's no limit to how many dollars the Fed can create out of thin air. There's no limit to how many zeros they can put after the one. And that would be the case of any other fiat currency. But that's not the case when you have real currency, which is currency backed by money. When you have real money, there is self-imposed constraint. There's a discipline placed on the banks and the politicians and that's what we're going to need.

Dennis Tubbergen:

Well, my guest today is Mr. Peter Schiff. I would encourage you to check out his radio program at [schiffradio.com](http://schiffradio.com). He's also the Founder and President of Euro Pacific Capital and Schiff Gold. I'll continue my conversation with Peter when RLA Radio returns. Stay with us.

Dennis Tubbergen:

I'm Dennis Tubbergen. You are listening to RLA Radio. I'm chatting today with the Founder and President of Euro Pacific Capital as well as Schiff Gold, Mr. Peter Schiff. I would encourage you to check out his radio program also at [schiffradio.com](http://schiffradio.com). That's S-C-H-I-F-F Radio.com.

Dennis Tubbergen:

And Peter, in the last segment, you talked about the fact that at some point in your view we're going to have to return to what we always returned to historically when currencies fail, and that is the gold standard. What is your take on cryptocurrencies? I mean, Bitcoin, a dozen years ago, wasn't even worth a penny, and now it's been over 40,000. Do you see any future for cryptocurrencies? To me, it makes no sense.

Peter Schiff:

Yeah. Well, the intrinsic value is no different today at 30,000 a Bitcoin than it was at three cents a Bitcoin, or whatever. I mean, it's still just a digital token that has no real value. In fact, a Bitcoin is really just an arbitrary bundle of Satoshis. One Bitcoin is 100 million Satoshis. So that's really what you're buying, is you're buying Satoshis. And there's 2.1 quadrillion Satoshis out there in total when they finish "mining them" all. So, I mean, the idea that they're scarce is nonsense, because it's a huge number. But also, there's nothing unique about them. I mean, all the other cryptocurrencies, there's thousands and thousands of other cryptocurrencies that really are not any different than Bitcoin, other than they have a different name. But they're just a string of numbers and you can't do anything with it like gold.

Peter Schiff:

Gold is money because it's a valuable commodity, but it's also easily stored and exchanged and it doesn't decay. So if you're worried about inflation, it's hard to store wheat, plus it might go bad. It's hard to store oil. You need a lot of space. But if you store gold, you can always use your gold to buy oil or to buy wheat in the future. There's a historical relationship between those commodities. And there's always going to be demand for gold, because jewelers are going to need gold, computer chip manufacturers are going to need gold, companies that are in the aerospace and in dentistry. I mean, there's a real demand for gold and there are new uses for gold being

discovered all the time. I mean, gold is the most valuable metal in the world for good reason. So you have something real.

Peter Schiff:

Bitcoin is nothing. I mean, you can't do anything with a Bitcoin except speculate on it. So it doesn't have any value, so it can't be a store of value. Now, that doesn't mean the price can't go up. The price of anything can go up as long as there's somebody willing to buy it. But why is there somebody willing to buy Bitcoin? Well, somebody is willing to buy it because they think they can sell it to somebody else who is willing to buy it. And why is that other person willing to buy it? Because he thinks somebody else will buy from him at an even higher price. So it all boils down to the greater fool. That's all it is. It's just a pyramid or a Ponzi. And eventually, it has to collapse, because there is no fundamental buyer for Bitcoin absent the speculator. And there's no telling how long the speculative frenzy is going to go on. I mean, how long did it go on with the tulips in Holland 500 years ago? I mean, eventually it ends.

Peter Schiff:

I mean, look at the phenomenon we had recently with Beanie Babies. I mean, although at least a Beanie Baby had some fundamental value. I mean, they're cute, you could snuggle up with them or something. But for a while, people began thinking that they were investments, which, of course, they're not, and they're just little stuffed animals. But for a while, they kept going up in price and there was a frenzy around it, but eventually it dies out. And the same thing is going to happen with the Bitcoin. I mean, there's no telling how big. I mean, Bitcoin has a good story behind it. It's got a sexy story, but it's all sizzle, it's no steak. And I've heard a lot of dumb things said by people over the years in bubbles, but the dumbest stuff I've ever heard was during the Bitcoin bubble. I mean, the things that people say about Bitcoin, it's so ridiculous, and then the things they say about gold are even more ridiculous.

Peter Schiff:

But as long as the price is going up, the people that bought it think they're geniuses. But the only reason it's gone up is because other people have been just as dumb and they've bought it. But eventually, all the geniuses will be exposed for the fools that they really are, and I'll have the last laugh.

Dennis Tubbergen:

So, Peter, you mentioned moving back to a gold standard, and I happen to think that when you study history, that's the only thing that can happen as well. How might you envision that could occur? It seems to me that there



will be a lot of resistance to that, particularly by countries that have central banks that are printing massive amounts of money. It could lead to some geopolitical tensions. How do you see this maybe transitioning?

Peter Schiff:

Well, first of all, you know that all central banks already hold gold on their balance sheets. Banks have it. It's a tier one asset. There's no haircut required on gold. The banking system looks at gold the same way it looks at dollars, euros, yen. So it's already there, it's already part of the banking system. And so what's going to happen is that gold price will just rise substantially to the point where gold will be a much larger percentage of banking reserves, and especially central banks, than it is today. And other central banks that just don't have enough gold will go into the market and buy gold and also help to drive the price higher in the process. But that's what's going to happen. I mean, the biggest change will be in the United States, because, let's say you're a country, a smaller country, that has U.S. dollar reserves. How did you get those dollars? You can't print them.

Peter Schiff:

So other countries had to earn their dollar reserves. They had to export, they had to have trade surpluses, and they had to accumulate dollars. And so the accumulation of those dollars required actual effort, actual productivity. So there would be no change when they have to accumulate gold reserves, because it would be the same thing. Effort would be required for, let's say South Korea, if South Korea wants to increase its gold reserves, it has to earn the gold. It has to produce products and have surpluses and get the gold. So, for that country, it really doesn't matter whether they're storing gold or storing dollars, because either way, they have to work to acquire them. Except when they're acquiring gold, they've at least got something real. When they're acquiring dollars, they've just got are worthless IOUs.

Peter Schiff:

The biggest change is for the United States, because now we have to work for stuff. We just can't print gold the way we print dollars. So if we want to have gold reserves backing up the dollar, and, of course, we already have some, we just don't have enough given how many dollars are out there. And, of course, it remains to be seen, how much gold is actually still left at Fort Knox. I mean, we claim that we have a certain amount, but I'm not even sure when the last audit was performed. My guess is that we don't have enough gold either. But to the extent that we need new gold, more gold, we have to earn it. We can't print it.

Dennis Tubbergen:

I'm chatting today with Mr. Peter Schiff. His website is [schiffradio.com](http://schiffradio.com). I'd encourage you to check it out. Peter, there's this debate between owning gold and owning silver, and a lot of analysts point to the gold silver ratio. Do you have a favorite?

Peter Schiff:

Yeah. Well, obviously, as I said earlier, there are historic relationships between gold and other commodities. That's why gold is a good inflation hedge, because over longer periods of time, those relationships tend to revert to the mean. And so you have some idea of whether gold is cheap or expensive, but you can use it as a store of value. So if you look at the historic price relationship between gold and silver, silver is very cheap right now relative to gold. You can buy a lot of silver, many, many ounces of silver for one ounce of gold, a lot more than the historic average. So if you believe that prices tend to revert to the mean over time, then at some point you would expect silver prices to be much higher relative to gold. So I think that there is probably more longterm bang for your buck in silver. I think that you could probably see a gain in silver relative to gold over time as both metals gain against the U.S. dollar.

Dennis Tubbergen:

To what extent, Peter, do you believe that the gold price and silver price is being manipulated or rigged? We had a JP Morgan Chase recently in the news and paid some significant penalties for rigging the price. Do you think that's still going on and that's why maybe gold and silver prices haven't gone higher?

Peter Schiff:

Well, I don't think there's an organized conspiracy to rig it. I think some of these players may be acting in their own self-interest and some of their actions may work to slow the increase in the price of gold. So maybe the price of gold could be much higher for some of these activities. But look, the price of gold has been steadily rising. It started this century, in 2000, it was under 300 and it's moved above 2000. So if they're trying to suppress the price of gold, they're obviously not succeeding. Now, it's possible that without their efforts, it could be higher, and maybe that would be the case. But I think gold is going to get wherever it's going to get despite any efforts by the banking sector to repress it. And, obviously, look, the last thing the banks want is the price of gold to be soaring. They want people buying bonds. They want to be buying stocks.

Peter Schiff:

The government wants to instill confidence in the dollar and nothing would destroy confidence faster than \$5,000 gold, \$10,000 gold. So to really keep the shell game going, they've got to keep the gold price down. It's like gold's the canary in the monetary coal mine. So if you're trying to kill all the miners with gas, maybe if you can get rid of those canaries or keep those canaries alive somehow, you have a better chance of keeping all the miners where you want them. So I think there is that going on, but I don't think it should deter people from buying gold. In fact, it's actually giving people a better opportunity to buy it, because if the price of gold was much higher, you'd have to pay a lot more to get it.

Dennis Tubbergen:

Well, the clock says we're going to have to leave it there, Peter. My guest today has been the Founder and President of Euro Pacific Capital, as well as Schiff Gold, Mr. Peter Schiff. I'd encourage you to check out his radio program at [schiffradio.com](http://schiffradio.com). And Peter, always a pleasure to catch up with you and have you on the program. Appreciate your perspective and insights and love to have you back down the road.

Peter Schiff:

Sure thing. All right.

Dennis Tubbergen:

We will return after these words.