



Retirement *Lifestyle*  
**Advocates**

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**RADIO PROGRAM**

Expert Interview Series

Guest Expert: Jeffrey A. Tucker  
Brownstone Institute

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Dennis Tubbergen:

Welcome back to RLA Radio. I'm your host, Dennis Tubbergen. Joining me once again on today's program is returning guest, Jeffrey A Tucker. Jeffrey is the founder and president of the Brownstone Institute. You can check out the articles and resources at [brownstone.org](http://brownstone.org). I would encourage you to do that. And Jeffrey, welcome back to the program.

Jeffrey Tucker:

I always enjoy being on your show, Dennis. Thank you.

Dennis Tubbergen:

Well, let's just start very quickly. Jeffrey, you are the founder of the Brownstone Institute. Just let the listeners know what the Brownstone Institute is all about, and what was your motivation in founding the institute?

Jeffrey Tucker:

I realized in March 2020, when the lockdown happened, that we were entering into a new period of history. That was kind of our World War I, and we needed new voices, new institutions, new ways of thinking to stop that, to recover from that disaster, but then also to stop it from ever happening again.

Jeffrey Tucker:

So I threw myself into public health over the public health issues, and all that's associated with that and its interaction with economics, which is my traditional subject over the next year.

Jeffrey Tucker:

But then earlier this year, I realized my obsessions and focus on this was not only not going away, but it was also the most urgent thing that I could possibly focus on.

Jeffrey Tucker:

So I started the Brownstone Institute solely for that, to mark the occasion of the lockdowns and the mandates. And to essentially provide a counter way to the media monopoly on this topic, where you have the strange situation where you have a minority of scientific establishment, but very vocal minority in league with government, in league with media.

Jeffrey Tucker:

And it's been a complete lockdown, not only of our economies but of information close. So that's when I started to provide an alternative point of view, published a lot of scientific work, but then also publishing the humanities and economics and many other areas, just to urge a new enlightenment, which I think is the only way out of this existing crisis.

Jeffrey Tucker:

We went to a very dark place, and we need to get out of that. And we claim fundamental principles of prosperity, society and social peace.

Dennis Tubbergen:

Well, Jeffrey, before we jump into the economic and financial topics that we want to discuss today, what's your current take on the likelihood of additional lockdowns?

Dennis Tubbergen:

I mean, Australia has seemed to have gone off the rails when it comes to lockdowns and "show me your papers", other countries as well. And then you've got the complete opposite in other parts of the world. So just focusing on the United States, what's the likelihood that we go back down that path?

Jeffrey Tucker:

Well, the administration this morning said that they're not going to go down that path. And I think that announcement this morning was inspired in large part by what is in fact, the largest protest movement in the history of human relations that's been taking place over the last...

Jeffrey Tucker:

Building over the last year, but really this past weekend, we saw protests of tens, hundreds, and thousands in many, many, many countries around the world. So, millions of people on the streets.

Jeffrey Tucker:

These vaccine mandates, in light of the lockdowns, in light of everything that's happened, has really fired people up. At some point, people have said, "I've had enough with this pseudoscience and this compulsion and these divisions, and we're not going to let them destroy us, turn us into a futile states."

Jeffrey Tucker:

So I think what had happened is, the Biden administration is looking at the very bad economic trends in this country. They're looking at declining popularity. Really, devastating poll numbers for the Biden administration, and looking around the world and seeing the world on fire and realizing that they need a different way to approach this topic.

Jeffrey Tucker:

And this is a big change from last week, right? I mean, so last week the administration was saying that we're going to have to go ahead with these vaccine mandates despite court decisions, despite OSHAs having said, they're not going to implement them or enforce them.

Jeffrey Tucker:

So, now we're seeing the Biden administration reverse directions. So, I'm pretty confident we're not going to go down the lockdown direction again. This is a migratory seasonal virus, and we've been trying to crush it for nearly two years now without any success.

Jeffrey Tucker:

The problem is that at some point, they're going to have to admit that not only that... If they don't go to lockdown, they'll have to admit that lockdowns aren't the right thing. And then you come to a real problem with the political establishments which is going to have to admit at some point that they did the wrong thing over 2020 and 2021. That's going to be the real challenge.

Jeffrey Tucker:

So I'm not expecting federal encouragement of business closures, or school closures and things like that, travel restrictions. We could still see them at state level, depending on the politics of it.

Jeffrey Tucker:

But even that is getting a little dicey, because the elections, from the little data we have, they're turning against all these so-called public health measures really hard, and people are being thrown out of office.

Jeffrey Tucker:

And I don't believe that even in places like Michigan, California, Massachusetts, or New York, that the political establishments there are absolutely suicidal. I don't think they're going to do it just for their own political interest.

Dennis Tubbergen:

Well, if you're just joining me, I'm chatting today with the founder and president of the Brownstone Institute, Mr. Jeffrey Tucker. You can learn more about the Brownstone Institute at [brownstone.org](http://brownstone.org).

Dennis Tubbergen:

And Jeffrey, you mentioned that the economic trends in the country are not good. It seems that the Fed's original narrative regarding inflation being transitory is now falling apart. Taking the topic of inflation, how do you see things?

Jeffrey Tucker:

Well, it's terrible right now, and much worse than the data are showing because... We have to remember, most of the data we have is a little misleading on two grounds. One is that it's overly aggregated. So you could have, for example, 6% CPI increase, but a 60% increase in this commodity or that commodity. Building materials, for example.

Jeffrey Tucker:

Last I looked they were up like 75%. Individual products are going through the roof, meat prices and that sort of thing. The other thing about at this data is that it's all old, right. So, whatever we know today is only what was going on two months ago.

Jeffrey Tucker:

And we don't know what's going on today. Right now, it's inflationary trends, we're talking about a real gallop and it's leading and at accelerating pace.

Jeffrey Tucker:

So, I think everything's probably worse than we know. I know for sure that the CPI is clocking Double Digit Rates of increase and sometimes approaching, depending on how you want to reassemble the data year-over-year percentage of increase in the index.

Jeffrey Tucker:

I've generated 40% in some aspects of the PPI, but I think probably we... And the overall CPI, we're looking at double-digit inflation right now, is in some ways of looking at the data, depending on which measure you use. In fact, if you use the Fed's preferred measure, everything looks worse now than it did in 1979.

Jeffrey Tucker:

So, it's much worse than people know. Actually, here's the thing, Dennis, your listeners know everything I just said. They know from their own experience, when they go to the store. They know, if they're builders, when they go to The Home Depot and they look at lumber prices, what's going on.

Jeffrey Tucker:

So, people are out there shopping for car prices or home prices. I mean, it doesn't matter where you look, fertilizer for farms, it's just going through the roof.

Jeffrey Tucker:

And then they read The Wall Street Journal and they're saying, "Oh, 6%." That's not believable at this point. We're looking at a very serious situation. I would say, as bad as it was in the late 1970s that led to complete political upheaval.

Jeffrey Tucker:

So, we're talking about a really dangerous situation right now. The Fed is just simply not trustworthy anymore. They said it was going to be transitory, it's not transitory. And now they're admitting that.

Jeffrey Tucker:

And now they're saying they're going to fix it. Well, they called it in... They caused it. They denied they were causing problems. And now they're claiming to be the ones to fix it. I don't think that third is going to be true.

Dennis Tubbergen:

So Jeffrey, when you look at what happened in the late '70s, I mean, Paul Volcker, who was chair of the Fed at the time, increased interest rates to nearly 20%, which obviously subdued inflation, but isn't the Fed really painted into a corner here?

Dennis Tubbergen:

I mean, if they were to raise interest rates, don't we go into a deflationary period that's going to be just extremely painful? Not to mention the fact that the federal government cannot finance nearly \$30 trillion in debt at 1980 level interest rates.

Jeffrey Tucker:

That's right. So it's going to massively balloon spending and the US government's going to have to shop all over the world to find markets for its debt, while facing the possibility of default. So, the markets will dry up. As interest rates are rising, government spending on servicing the debt will go through the roof.

Jeffrey Tucker:

I don't think deflation is likely, although we could talk about that. It depends on what happens to the velocity, but I think depression is actually more likely. We'll go through a...

Jeffrey Tucker:

I mean, I'm speculating here, but if we wanted to fix this problem, we're going to be looking at two to three years of really hard time. And I don't think that the Fed is courageous enough to go through that.

Jeffrey Tucker:

And this is actually really kind of a scary realization, the last time that any leaders in the federal government were willing to tolerate a period of depressed economic conditions as a recovery measure was in 1981 and 1982.

Jeffrey Tucker:

Since then, every single crisis from savings and loan, all the way through the dot-com disaster, all the way through the 2008 financial housing meltdown, all the way through 2020 with the lockdown, the prevailing method has been to not tolerate any kinds of downturns, but to inflate our way out of it. So I think that, that'll probably be the method that people use this time.

Jeffrey Tucker:

Unless something changes, Dennis, we could be looking at a classic, what's called a crack-up boom, that really does challenge the value of the dollar and it's durability over time. And I don't want to talk Weimar yet, but the conditions are in place for something that could look really, really rough.

Dennis Tubbergen:

Well, I want to talk more about a crack-up boom, as I think first actually defined by Ludwig von Mises. So we will do that when RLA Radio returns, after these words. Stay with us.

Dennis Tubbergen:

Welcome back to RLA Radio. I'm your host, Dennis Tubbergen, and I am chatting today with the founder and president of the Brownstone Institute, prolific author, Mr. Jeffrey Tucker.

Dennis Tubbergen:

You can learn more about the Brownstone Institute at [brownstone.org](http://brownstone.org), and I would encourage you to check it out. I appreciate the perspective very much. I know you will too.

Dennis Tubbergen:

So Jeffrey, we ran out of time as we were discussing where we go here from an inflation standpoint, depression. You said we're really heading potentially for something called a crack-up boom. So for our listeners, maybe that are not familiar with what a crack-up boom is, could we start there?

Jeffrey Tucker:

Sure. And let me just mention very quickly a Wall Street Journal article that appeared about three days ago by a very naive, under-schooled journalist. These days in economics class, they haven't talked about inflation for 40 years.

Jeffrey Tucker:

So people don't understand anything about it, but you can understand why it is that prices are high and high and high and higher. And yet consumers keep buying and buying and buying. I mean, he literally could not understand it. Now he's thinking in terms of just...

Jeffrey Tucker:

To a plain supply and demand model, you'd expect to buy less at higher prices and buy more at lower prices. That's just sort of the way the law of demand works. Changes in quantities purchased based on price.

Jeffrey Tucker:

So, what's different about an inflationary economy? And this is why he didn't really get it. So under an inflation, what you're doing is you're expecting your money to be worth less in the future than it is today. And you're given a financial incentive to spend rather than save.

Jeffrey Tucker:

And even more than that, you're given a financial incentive to go into to debt because you're hoping to pay off that money in the future, and cheaper in dollars that have less person power, which is to say, in terms of monetary statistics, the velocity of money reverses itself.

Jeffrey Tucker:

Because usually in a crisis, you see the velocity go down and that's been true throughout this crisis. If that turns in the other direction, that indicates a complete change in expectations concerning the inflation.

Jeffrey Tucker:

And so you see more purchases at higher prices, than you would at lower prices. That's one of the reasons inflation is so perverse, that actually it seems to reverse economic law. It's not really reversing economic law. All it do is to add in an additional consideration.

Jeffrey Tucker:

So the laws to find demand are formulated with the presumption of stable money. If the money's not stable, everything can turn in on and stuff, and go the other direction. That's the boom part.

Jeffrey Tucker:

So people buying wildly, and you see that happening in housing right now, right? Buy, sell, buy, sell, buy, sell. Run in here, run in there, run in there. It's happening in cars too. People frantically trying to get new and used cars, and we're back ordered by six months and so on.

Jeffrey Tucker:

And that's not just the chip shortage. That's also, people's frantic desire to turn their cash into something real. And as that accelerates, it seems like wild economic activity, which people confuse with prosperity. They are not the same thing.

Jeffrey Tucker:

Economic activity going on is not the same thing as building prosperity. So as these inflation expectations increase, you have the ironic situation where it starts to feed on itself.

Jeffrey Tucker:

So, the more money that people pull out of their cash portfolios to spend, puts hot money on the street with reducing the value of each unit and increasing inflation, which feeds in turn through a kind of public fear that they need to get rid to their dollars sooner.

Jeffrey Tucker:

And you combine that with shortages, which are inevitable, even without supply chain breakages and clogged docks. You're going to get shortages just because production structures are changing too quickly for producers to keep up with. Even without the shortage of chips and so on, you're going to have shortages.

Jeffrey Tucker:

But with all those things, and growing shortages in a whole series of areas right now, empty shelves at the grocery store, turkeys are out at the store two days before Thanksgiving, you could create the conditions that lead to economic panic, and that's what Mises calls crack-up boom.

Jeffrey Tucker:

So it's a panicked mind combined with dramatic losses, and purchasing power of the dollar. And I can't believe I'm even talking about this stuff. I mean, all this stuff is in the textbooks and it's in history, but if things continue as they're going right now, we could be headed for something that we've not seen in our lifetimes.

Dennis Tubbergen:

Well, Jeffrey, when you take a look at the level of currency that's been created, I've seen a number of economists from the Austrian School. They seem to be the only ones talking about it, that have drawn very sobering comparisons between the amount of currency that was created from 1920 to 1922 in Weimar, Germany versus today.

Dennis Tubbergen:

And when you look at the currency creation, I mean, they are right on par. So given the lag between currency creation and inflation kicking in, can we avoid that outcome?

Jeffrey Tucker:

We can avoid it. Whether we will or not, that's another consideration entirely, because I'm not sure if there's any kind of consciousness out there about the relationship between quantitative measures of money and what's happening for prices.

Jeffrey Tucker:

I mean, I can't understand that. Partially the problem is that for 40 years, we've not really had a big problem with inflation. So you've got economists out there who are pretty convinced that we're smart enough to avoid that. That's what they thought in Germany too in 1920.

Jeffrey Tucker:

People always think they're too smart to avoid the errors of the past, and so they repeat them again. So you look at the monetary aggregates and I don't care where you look at, M1, M2 monetary base. No matter which way you look at it, we've seen historic, unbelievable increases in money that has to have some effect.

Jeffrey Tucker:

Now, if all that money stays locked up at the Fed or in people's bank accounts and people aren't doing anything with it, yeah, you could avoid it. And we've extended a trillion dollars for you right now, and you stuck in your mattress, it's not going to have any effect on the prices in your community.

Jeffrey Tucker:

But if you start going out and spending that, it becomes hot money in the streets' going to have a gigantic effect. So, a lot of it comes down to what people do with the money.

Jeffrey Tucker:

And this is why I'm talking about this velocity change. So, if you get a change of psychology out there... And it seems needs to be happening right now. I mean, not in all sectors, but in many sectors we're starting to see a change.

Jeffrey Tucker:

And just looking at the math, the results could be absolutely terrifying. The equation to exchange is a truism. Money x Velocity = Price x Production, okay.

Jeffrey Tucker:

But you change that V, and we've been spared inflation over the last two years because the V is so low, that if that flips to the other direction, things could get out of hand really fast. And nobody would be in a position to do anything about it. That's the scary part.

Dennis Tubbergen:

So Jeffrey, if somebody's listening to this, and obviously I have conversations with people all the time and we only half jokingly say, if you're not a little bit apprehensive, you don't fully understand the situation because that's certainly true.

Dennis Tubbergen:

But what advice would you give someone who's saying, "I've just worked hard all my life. I've saved money in my retirement accounts, and now the rules there are changing. And I just want to have a comfortable retirement like my parents did." It seems that, that's kind of a fleeting dream at this point.

Jeffrey Tucker:

It's a very much a worry. And I think about this myself with... Over the last two years, many people have fled lockdown states. They fled California, Michigan, New York, New Hampshire... not New Hampshire, but Massachusetts and Connecticut. And so on, Rhode Island.

Jeffrey Tucker:

So Florida and Texas, and they're over there happy doing the thing. But the problem is that we all use is the same money. The economy is infinitely complex and really very interrelated.

Jeffrey Tucker:

And to poultry producers, just to take one example, can't get their meat inspected because 75% of the meat inspectors have quit, because they don't want the vaccine. Well, that's a serious, serious problem.

Jeffrey Tucker:

Or in the case of the clogged docks in Los Angeles, if there's a shortage of truckers because they're demoralized. They don't want to go back, whatever the thing is, you're going to get breakages all over the country.

Jeffrey Tucker:

And then when the money starts dying, that's going to affect Texas and Florida too. So all of which reminds me of a statement that Ludwig von Mises made in 1922, he said, "When civilization is sweeping towards destruction, there's no safe place for anyone. And therefore it's the obligation of every person to throw himself into the intellectual struggle to restore liberty."

Jeffrey Tucker:

And I think about that quote a lot of times, because I don't believe there is a safe space. I mean, I have my friends who own Bitcoin saying, "No, Bitcoin fixes this."

Jeffrey Tucker:

Well, it doesn't really fix it. What it does is that it treats people who own Bitcoin very well in the sense that they're going to be seeing their net worth rise, but what are you going to do with your net worth if there's no food?

Jeffrey Tucker:

If you can't get the products? If you can't get replacement parts for your car? If you can't get anybody to come to your house and repair your heater? You can't eat Bitcoin. You can't burn Bitcoin to keep you warm. So, it's an illusion.

Jeffrey Tucker:

There is no safe space for anybody when things like this happen. That's why they're so deeply, deeply tragic. And I understand your friends and their worry about, they just wanted a peaceful retirement. Well, I agree with that. Look what they've done to us.

Jeffrey Tucker:

So, this is not the people's fault. This is the ruling class's fault, what they've done to us and we desperately need to fix it. And we need to rediscover the wisdom of the enlightenment, but it's going to be a long haul. I'm estimating five or 10 years for recovery from this disaster, if then.

Dennis Tubbergen:

Going back to the Mises' quote that you mentioned, and I won't try to quote it, but don't you think that there are more and more people now trying to understand what's going on? And don't you think that if there's anything positive happening now that there may be less collective apathy among the populace?

Jeffrey Tucker:

You mean now versus say, two years ago?

Dennis Tubbergen:

Yeah, exactly.

Jeffrey Tucker:

I hope you're right about that. I was genuinely shocked when all the lockdowns happened that people did not get scared, that people were not opposed to... People did not go out into the streets to say, no.

Jeffrey Tucker:

I think things have changed, but I don't think they've changed fast enough. And it's one of the reasons I started Brownstone Institute is that... We keep talking about Mises today, of course, but he had a place to go in 1934 when his world fell apart in Vienna. He went to Geneva in Switzerland, and they kept him safe for six years.

Jeffrey Tucker:

We've always... After the fall of Rome, we had monasteries to keep people safe. All times and all places, we have had to have places that dedicated to preserving wisdom, preserving humane values, preserving truth and science in times of crisis.

Jeffrey Tucker:

And so, I really did think that Brownstone Institute needs to exist for that reason, just to preserve and inspire through these darkest times. And I don't believe for a moment we're through the dark times. I wish we were but I just don't believe it.

Jeffrey Tucker:

I think we're headed to yet another crisis and civilization. You'd think we'd learned by now but for some reason, human beings had... Too many years go by, where we have it too good and people forget. So we're about to be reintroduced, so some of the great lessons that previous generations have learned that have since been forgotten.

Dennis Tubbergen:

Yeah. I certainly agree with that. Well, my guest today has been Mr. Jeffrey Tucker. He's the founder and president of the Brownstone Institute. You can learn more at [brownstone.org](http://brownstone.org). I would encourage you to do that.

Dennis Tubbergen:

Jeffrey, always a pleasure to catch up with you. I very much appreciate your perspective and your insights. And keep up the good work. I'd love to have you back down the road.

Jeffrey Tucker:

Thanks so much, Dennis, for having me. Always appreciated.

Dennis Tubbergen:

We will return after these words.