



Retirement *Lifestyle*
Advocates

RADIO PROGRAM

Expert Interview Series

Guest Expert: Peter Schiff
Euro Pacific Capital

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Dennis Tubbergen:

I'm Dennis Tubbergen. You are listening to RLA radio. My guest today is the founder of Euro Pacific Asset Management, Euro Pacific Gold. He is a prolific commentator on all things economic. Mr. Peter Schiff joins me. You can listen to his podcast at schiffradio.com and you can learn more about his work at epacfunds.com, and Peter, welcome back to the program.

Peter Schiff:

Oh, hi Dennis. Thanks for having me on again.

Dennis Tubbergen:

So, Peter, the big news this past week. It seems that there was some insider trading potentially going on at the Fed. For our listeners maybe that aren't familiar with this story, could you just give a brief recap and then give me your take?

Peter Schiff:

Yeah, I think that's the least of our concerns for how the Fed is damaging us, whether or not they're trading stocks. But several of these Fed FOMC members were buying and selling, I don't even think it was individual stocks, maybe just index funds, municipal bonds, and things that maybe their Fed statements may have influenced the markets. And it's possible that some of their decisions on when to buy or when to switch from one asset to another may have been motivated by things that they knew they were going to say, which they also assumed would have some type of impact on the market.

Peter Schiff:

And so they made some opportune transactions, which would be problematic if they were to be using that knowledge for personal gain. But they do far more damage to the economy by pursuing this reckless monetary policy.

Peter Schiff:

I mean, the fact that they profit from it, a lot of people are profiting from their reckless monetary policy. Unfortunately, the vast majority of Americans continue to suffer as a result of what the Fed is doing. And they will suffer even more in the future. Not only as a result of what it's going to keep doing, but what it's already done.

Dennis Tubbergen:

You know, Peter, I had you on the program a couple of years ago, and at that time you said, "Look, you need to get out of the dollar. Inflation is coming."

Dennis Tubbergen:

And at this point you look like a prophet. We certainly have inflation. So how do you see this inflation monster developing moving ahead. You said it's going to get worse. Are we just seeing the beginning of it? Or how do you see this playing out?

Peter Schiff:

Oh yeah, it's going to get much, much worse. And initially, the Fed was out there with this lie about how it's all transitory, we got nothing to worry about.

Peter Schiff:

And then over time they started changing the definition of transitory to temporary, to really like, "Well, the inflation is permanent. It's just that the rate of increase is going to go back down." Right? So whatever big price gains we experienced, well, those are going to stick. But in the future, we'll go back to just 2% a year increases.

Peter Schiff:

But now, even today you had Bullard come out and admit that, well, it doesn't look like we'll be going back down to 2% inflation anytime soon. So we just better get used to higher inflation being with us for a long time, right? So it's like an admission now that this inflation is going to be here. We have to deal with it.

Peter Schiff:

And this is a change from the statements that Powell was making that "Well, we're going to make sure inflation stays at 2%. And if it gets above 2%, we're going to use our tools to bring it back down."

Peter Schiff:

I think now Bullard is basically saying, "We don't have any tools. And even if we had them, we wouldn't use them."

Peter Schiff:

So inflation is not going back down. And people should have figured this out on their own. But now you've got a Fed insider basically hitting you on the head with the fact that the Fed's not going to do anything.

Peter Schiff:

And so maybe at some point we're going to start to see gold and silver prices really go up because I think they haven't gone up that much recently because so many people incorrectly assumed that the Fed is going to put out the inflation fire before it really gets going. But when people start to realize that, no, they're not going to put out the fire, in fact, they're going to add kindling and gasoline to the fire to make sure it's even bigger, then they're going to be rushing to buy as much gold and silver as they can get their hands on.

Dennis Tubbergen:

So, Peter, it seems to me, the Fed has two choices, right? They can continue with currency creation or they can stop. And it seems to me, both of those outcomes are pretty ugly.

Peter Schiff:

Yeah. I mean, that's the same choice that a drug addict has. Right? You can stop taking drugs and deal with the consequences of withdrawal, or you can just take drugs forever until you die of an overdose. Right? So those are our choices. But like most addicts, they end up taking the overdose. Because they just assume they'll quit later, but they just don't want to quit now.

Dennis Tubbergen:

So, Peter, what ultimately does this mean for the U S dollar? I mean, does the dollar exist in the future in your view? Or does it go away? I mean, how does this play out?

Peter Schiff:

Well, I think it will exist in a different form. Remember the original form of the dollar was a weight of gold or silver. That was the definition. The dollar represented actual weight. And you had to have a certain amount of gold or silver. And then if you have the right quantity, that constituted a dollar.

Peter Schiff:

And so obviously the definition of dollar changed over time, because now we think of a dollar as just a piece of paper that has a picture of a dead President on it. But that's not what a dollar originally was. And that's not what it's even legally supposed to be now. But that's what it is.

Peter Schiff:

So I think the dollar will around, but I do think the form will change. I mean, I think it's going to look a lot more like the old dollar, something of real value. But you know where we're going to go between now and then, it's hard to say. But I think that the value of the money that we have today that we call the dollar, Federal Reserve notes, I think most of that value is going to be lost. I don't know if it's all going to be lost.

Peter Schiff:

So, if you have a million dollars, you may not have nothing, but there's not that much difference. Let's say you have a million dollars and you can buy a pack of bubble gum with it. That's not a lot left of a million dollars, but obviously it's not worthless if you could still buy a pack of gum.

Dennis Tubbergen:

So Peter, I've interviewed Rob Kirby, Alasdair McCloud, and they're in your camp that we're going to see inflation. In fact, they both made the point that hyper inflationary events tend to accelerate and culminate very quickly. I'd like your take on that.

Peter Schiff:

Well, historically, that's been the case.

Peter Schiff:

So I would imagine that this episode of hyperinflation, if that's where we end up, will probably be just as quick, if not even quicker, because information moves around the world much faster today than it did, let's say, during Weimar Republic Germany.

Peter Schiff:

So I think once things start spinning out of control, they have the propensity to do it even faster. So I think when it happens, it's going to happen very quickly because it's just a loss of confidence that just happens. And when enough people lose confidence in the dollar, then that creates a snowball effect as they try to get out. Because if there's nobody that wants in, the price just implodes. And as the price goes down, people who had confidence now lose confidence. And now they want out and then more and more people want out.

Peter Schiff:

And as the dollar starts imploding, fewer and fewer people will want them. I mean, merchants will stop accepting them. You know, if you want to buy

things, if I've got a store, I'm not going to sell you products in dollars if I have no confidence in the value of that dollar the following day or the following week. Because I have to take the money you pay me, and I have to replenish my goods. I have to buy more inventory. I have to pay other expenses. And if I'm afraid that the money you give me isn't going to provide much value because it's going to lose purchasing power so rapidly, I'm just not going to accept payment in it.

Peter Schiff:

So I mean, things could fall apart very, very quickly. And I think when it starts, there's no way to know. That's what I've been telling people for years. And obviously I've been very, very early telling people, "This is what's going to happen. And so be prepared for it now, because we don't know exactly when it's going to start, but you need to be prepared for it in advance. Otherwise, you're going to get crushed by the stampede when you're trying to act last minute with everybody else."

Dennis Tubbergen:

Well, my guest today is Mr. Peter Schiff. He is the founder of Euro Pacific Asset Management and Euro Pacific Gold. You can listen to his podcast at schifftradio.com and Peter, as we close this segment, we've got just a few minutes left.

Dennis Tubbergen:

What's your forecast for stocks moving ahead? How do you see that playing out? Will they rise due to inflation? Or do you see this bubble about being ready to burst?

Peter Schiff:

Well, I think the bubble is bursting as we speak in certain types of stocks. Now, the stocks that I think are going to go down are going to be a lot of these momentum, overpriced, over-hyped type stocks, like the Fang stocks, the Facebooks, the Amazons, the Netflixes. A lot of these stocks that everybody's just been piling into. I think those prices are going to come down, at least initially.

Peter Schiff:

I think that other stock prices were probably going to go up. I mean, oil stocks, for example. Companies that make real things that actually pay real dividends and have real products, and that have been trading at fair values to undervalued. People are going to be looking for a place to store their wealth as they're trying to get rid of those momentum stocks and overpriced

currencies and bonds or other paper assets. And they want to get into real things to protect themselves from inflation.

Peter Schiff:

So you're going to see prices of real things going up, but I think the asset class that really has the most to gain from this shift is going to be the mining stocks, the gold and silver mining stocks, because those I think are among the cheapest real assets out there.

Dennis Tubbergen:

Well, my guest today is Mr. Peter Schiff, the founder of Euro Pacific Asset Management and Euro Pacific Gold. I will continue my conversation with Peter when RLA radio returns. Stay with us.

Dennis Tubbergen:

I'm Dennis Tubbergen. You are listening to RLA radio. My guest today is Mr. Peter Schiff, the founder of Euro Pacific Asset Management and Euro Pacific Gold. You can check out his work at epacfund.com and listen to his podcast at schiffradio.com.

Dennis Tubbergen:

And Peter, in the last segment we were talking about the fact that the dollar is certainly not buying what it did. That's probably an understatement. And I'd like your comment on a story that broke a few weeks ago when the country of El Salvador decided now that Bitcoin would be legal tender along with a U S dollar.

Dennis Tubbergen:

Is there anything we should be reading into that?

Peter Schiff:

Well, I think it is just another attempt by a lot of the big-point whales to help manipulate the price of Bitcoin higher by suckering in El Salvador. And to try to lend some type of legitimacy to Bitcoin as legal tender, as the medium of exchange, as a unit of account, as an alternative to the dollar or the Euro by saying, "Hey, look, here's El Salvador. This is the first country to adopt Bitcoin. It's the beginning of a trend, right? Wait until the rest of the world, follows in El Salvador's footsteps." Like El Salvador is going to be this great example. And the rest of the world is just going to follow El Salvador's lead.

Peter Schiff:

And all that is meant to try to get people to buy Bitcoin. Because obviously if all these bigger countries do what El Salvador did, well, the price of Bitcoin is going to be much higher. And so if you buy your Bitcoin now you're going to get rich. And that's all the hype. And I think the reason that the big guys are hyping Bitcoin up so much is because they've got a lot of Bitcoin they want to get rid of.

Peter Schiff:

But in order to sell, they need other people who are willing to buy. But they also have to be cognizant of a lot of other people who have Bitcoin that they don't want to sell, because they want to sell theirs. They don't want to be in competition. So they have to create all this hype so that the holders, the people who bought Bitcoin a long time ago, who have big profits, they have to make sure they don't get out.

Peter Schiff:

So they have to create a lot of greed so that these people are afraid to sell. Because they don't want to miss out on these spectacular profits. Meanwhile, the big money that got in a long time ago, that has lots of Bitcoin, they are unloading as many of their tokens as they can in a way that doesn't wreck the market. They want to just slowly get out so that they can turn their digital tokens into actual cash.

Dennis Tubbergen:

So, Peter, what is your ultimate forecast for these private digital currencies like Bitcoin and Ethereum?

Peter Schiff:

Well, ultimately they're going to zero. I mean, that's their intrinsic value. I just don't know how long it's going to take to get there. Could take a while to go all the way to zero. But they can certainly lose 90, 95, 99% of their value and still not be at zero. But it'll feel like zero for the people who get in now.

Dennis Tubbergen:

For sure.

Dennis Tubbergen:

So what do you think about these countries now moving to digital currencies? China recently pretty much outlawed anything having to do with a private cryptocurrency or digital currency stating they are going to be

rolling their own out here this next year. Janet Yellen and Jerome Powell have both said that a digital dollar is a priority.

Dennis Tubbergen:

How do you see government issued or central bank issued digital currencies evolving as time goes on?

Peter Schiff:

Yeah, I think they're going to be here. And I think it's not a good development. I mean, I think from a technological standpoint, it could make things more efficient. There's no question about that.

Peter Schiff:

But the problem is, you're empowering the government. You're giving the government a weapon to use against its citizens. You're giving them too much information about what we do in our daily lives. Because if you eliminate all forms of cash and every transaction must be effected digitally, that means the government knows every single thing you buy and sell. And they could use that information in ways that may be very destructive of our individual liberties, of our freedoms. And you always have to think, not necessarily about the government we have today. Even if you think today's government is benevolent and they never would misuse this data, you don't know how a corrupt government of the future might use this data, assuming we don't already have a corrupt government.

Peter Schiff:

So I don't like giving up that much privacy. Plus I think it gives the government more power over our money because they have it all. It's all on the computer chip. It's not like we can sock some of it away someplace that they don't know about. They got it all. And if they want to have some kind of negative interest rate, it's very easy to just start taking the money away from you with a negative interest rate. They can put a time limit on the money. They can say, "Hey, you got to go out and spend." They always want to stimulate the economy. They can say, "Hey, you got to go spend like 10% of your money right now, and you have a week to do it. And if you don't spend it, we're taking it away from you."

Peter Schiff:

I mean, or they can direct work and go, "Hey, you got to spend the money at Walmart. And if you don't spend it there, you can't use it."

Peter Schiff:

I don't know. I mean, the government can have all kinds of power to reward certain companies, punish other companies. 'Oh, the money isn't good. If you want to-- Oh, you can't use it to buy guns.'" Right? "Hey, there's no more cash. This is the only money that you have. Oh, by the way, you can't use it to buy guns. You can't."

Peter Schiff:

So who knows, right? They just have too much control over the citizens when you give them that kind of power. And I think that is what governments are attracted to. That's why they want digital currencies. They don't like the black market. They don't like all this cash. They don't know what's going on when people are buying and selling stuff with cash. You know a lot of those transactions escape taxation. How are you going to escape taxation if all your transactions are in digital money, the government is going to know every sale you make. So the government knows that they'll be able to have better control over the population. And you might think, well, that's a good thing if they can get the tax dodgers.

Peter Schiff:

Well, the tax dodgers does help keep the government honest. If you make it really hard to avoid taxes, then your tax rates are going to go way up.

Peter Schiff:

One of the reasons that taxes aren't higher is because the government knows if they make taxes too high, more people will cheat. But if you make it impossible to cheat, well then the sky's the limit on taxes.

Dennis Tubbergen:

For sure.

Dennis Tubbergen:

Well, Peter, when you lay out all those potential scenarios, it just occurred to me that that's going to, in and of itself, create a black market. And that's got to be bullish for tangible assets, like gold or silver. Wouldn't you agree?

Peter Schiff:

Well, yeah. I mean, if they outlaw currency, then what can you use as an alternative? You can use silver coins. Sure. I mean, but then now maybe they have to outlaw that.

Peter Schiff:

But then the thing is, how do they know you got it, right? They can't see your silver coins that you have, just like they can't see the currency. If you have hundred dollar bills and you're buying something, they don't know what you're doing. But they could take those a hundred dollar bills away by just saying, "Okay, everything is digital now." And you know, those paper bills are no longer legal tender. Like you can turn them in. Like what the government might say is, "If you have a hundred dollar bill, you can turn it in and they'll give you a digital a hundred dollars." But of course, when you go to turn it in, you better have a good explanation as to where you got it. That's going to be like, "Oh, you got a big briefcase full of hundred dollar bills. How'd you happen to come across those?"

Peter Schiff:

So a lot of people are not going to want to turn them in. They're just going to opt out. They're just going to lose them.

Dennis Tubbergen:

Well, we're chatting today with Peter Schiff. He is the founder of Europe Pacific Asset Management and Euro Pacific Gold. You can check out his work epacfunds.com and listen to his podcast at schiffradio.com.

Dennis Tubbergen:

Peter, what advice would you have for someone in this crazy economic environment who has money in a 401k, who aspires to a traditional stress-free retirement? What would you say to that person?

Peter Schiff:

Well, look, if you want to retire in America today, you need to get out of U S dollar-based assets. No question in my mind that the dollar is going to be retiring rather than you. Because you can't retire on currency that doesn't have any purchasing power, or that loses the vast majority of its purchasing power.

Peter Schiff:

Because retirement is based on the ability of the assets that you've accumulated over your lifetime providing you with an adequate income stream to replace what you used to earn when you still had a job. And so you have to have an income stream that you can retire on.

Peter Schiff:

Well, you're not going to have it. I mean, if inflation just drives prices through the roof, let's say prices go up 10 fold. So everything that used to cost \$10 costs a hundred dollars. And it used to cost a hundred, it costs a thousand.

Peter Schiff:

And if you had \$5 million that you were retiring on, it's not going to feel like \$5 million. It's going to feel like \$500,000. Now \$500,000 may not be enough, right? You needed 5 million.

Peter Schiff:

But you base that on a certain price structure that no longer exists. But what you would have to do now with that \$5 million is turn it into other assets.

Peter Schiff:

That's what I'm doing with people at my asset management company. We're buying stocks around the world that paid dividends that will rise as the value of the dollar goes down, so that your \$5 million portfolio will turn into a \$50 million portfolio, which will provide you with an adequate stream of income so that you can retire and live the lifestyle that you were planning on.

Peter Schiff:

But your plans are going to go up in smoke if you don't make those adjustments beforehand, because your portfolio won't grow enough in value and its income will grow enough to keep pace with the increase in the cost of living.

Peter Schiff:

So you got to do that by divesting yourself of U S dollars. I mean, you could even think of inflation as a tax, which is basically what it is. It's how the government taxes people when it doesn't want to do it honestly. It just prints a bunch of money and spends it into circulation. So the inflation tax is going to wipe out most Americans who were planning on retiring. The government is going to take your retirement money and spend it on all these social programs.

Peter Schiff:

Well, if you don't want to be taxed by inflation, you need to get out of what's being taxed. And that is U S dollars. And any investment asset that is denominated in U S dollars, or pays a return in U S dollars. That's where the

tax is applied. So if you get out of those assets, you avoid the tax, and avoiding the tax is the key to retirement.

Dennis Tubbergen:

Well, my guest today has been Mr. Peter Schiff. You can learn more about his work at epacfunds.com, and I'd encourage you to check out his podcast as I do frequently at schiffradio.com.

Dennis Tubbergen:

Peter, always a pleasure to catch up with you. Appreciate your perspective. And I'd love to have you back down the road.

Peter Schiff:

Oh, sure. I'll be on again. Just let me know. Thanks for having me on this time.

Dennis Tubbergen:

Yeah. Terrific. Well, we will return after these words.

Peter Schiff:

All right.